



Central Bank of Kenya

# Weekly Bulletin

May 24, 2019

## KEY MONETARY AND FINANCIAL INDICATORS

### Exchange Rate

The Kenya Shilling remained stable against major international and regional currencies during the week ending May 23. It exchanged at KSh 101.22 per US Dollar on May 23, compared to KSh 101.11 on May 16 (Table 1).

### Foreign Exchange Reserves

The CBK usable foreign exchange reserves remained adequate at USD 7,981 million (5.1 months of import cover) as at May 23. This meets the CBK's statutory requirement to endeavor to maintain at least 4 months of import cover, and the EAC region's convergence criteria of 4.5 months of import cover (Table 2).

### Remittances

Diaspora remittances remained strong in April 2019, with inflows increasing to USD 245 million compared to USD 217 million in April 2018. The 12-month cumulative inflows to April increased to USD 2,750 million from USD 2,234 million in April 2018, reflecting a 23 percent growth (Chart 1). North America, Europe and the rest of the world accounted for 47 percent, 24 percent and 29 percent, respectively. Remittances from the US amounted to USD 111.97 million representing 45.6 percent of inflows in April 2019.

### Money Market

The money market was relatively liquid during the week ending May 23. Excess reserves of commercial banks amounted to KSh 11.2 billion in relation to the 5.25 percent cash reserves requirement (CRR). The average interbank rate remained stable at 5.37 percent on May 23 compared to 5.43 percent on May 16. The value traded decreased to KSh 16.9 billion from KSh 17.6 billion in the previous week (Table 3).

### Government Securities Market

The Treasury bills auctions of May 23 received bids totaling KSh 31.5 billion against offered amount of KSh 24.0 billion, representing a performance of 131.4 percent. Interest rates

on the 91 and 182-day Treasury bills declined, while those on 364 days Treasury bill remained the same during the auction (Table 4).

### Equity Market

The total number of shares traded and the NSE 25 share price index increased by 18.42 percent and 0.23 percent, respectively during the week ending May 23. However, the NASI and NSE 20 share price indices, market capitalization and total equity turnover declined by 0.04, 0.84, 0.02 and 10.05 percent, respectively (Table 6).

### Bond Markets

Trading of bonds in the domestic secondary market increased by 0.89 percent during the week ending May 23. In the international market, yields on Kenya's 5-year (2019) and 10-year (2024) Eurobonds declined by 17.4 and 19.3 basis points, but those on the 10-year (2028) and 30-year Eurobonds rose by 8.7 and 10 basis points, respectively (Table 6). The new 7-year (2026) and 12-year (2032) Eurobonds issued on May 15 traded at yields of 7.05 percent and 7.92 percent on May 23 compared to the coupon rates of 7.00 percent and 8.00 percent, respectively. The yields on the 10-year Eurobonds for Ghana and Angola declined during the week (Chart 3).

### Global Trends

Uncertainties in the global financial markets remained during the week ending May 24 reflecting continued US-China trade tensions even as both sides signal a possibility of resumption of talks next week. In the UK, the Prime Minister's leadership is uncertain as disagreements on the terms of Britain's exit from the EU persist.

International oil prices declined during the week following increased US oil production despite OPEC's production cut-backs. Murban oil prices declined to USD 70.21 per barrel on May 23 compared to USD 73.34 per barrel on May 16.

**Table 1: Kenya Shilling Exchange Rates (Indicative Mean Rates)**

	USD	Sterling Pound	Euro	100 Japanese Yen	USHS*	TSHS*	RWF*	BIF*
10-May-19	101.13	131.24	113.20	92.18	37.33	22.77	8.96	18.12
13-May-19	101.07	131.73	113.56	92.09	37.30	22.76	8.97	18.13
14-May-19	101.07	131.73	113.64	92.63	37.33	22.76	8.97	18.13
15-May-19	101.09	131.01	113.52	92.29	37.32	22.75	8.97	18.13
16-May-19	101.11	130.58	113.25	92.47	37.27	22.75	8.97	18.13
<b>May 10-16</b>	<b>101.10</b>	<b>131.26</b>	<b>113.43</b>	<b>92.33</b>	<b>37.31</b>	<b>22.76</b>	<b>8.97</b>	<b>18.13</b>
17-May-19	101.12	129.51	113.20	92.21	37.28	22.75	8.97	18.12
20-May-19	101.11	129.15	113.06	92.20	37.16	22.75	8.83	18.15
21-May-19	101.11	128.85	112.89	91.97	37.21	22.75	8.83	18.15
22-May-19	101.17	128.63	112.91	91.61	37.17	22.73	8.97	18.12
23-May-19	101.22	128.02	113.09	91.71	37.18	22.72	8.96	18.12
<b>May 17-23</b>	<b>101.15</b>	<b>128.83</b>	<b>113.03</b>	<b>91.94</b>	<b>37.20</b>	<b>22.74</b>	<b>8.91</b>	<b>18.13</b>

\* Units of currency per Kenya Shilling

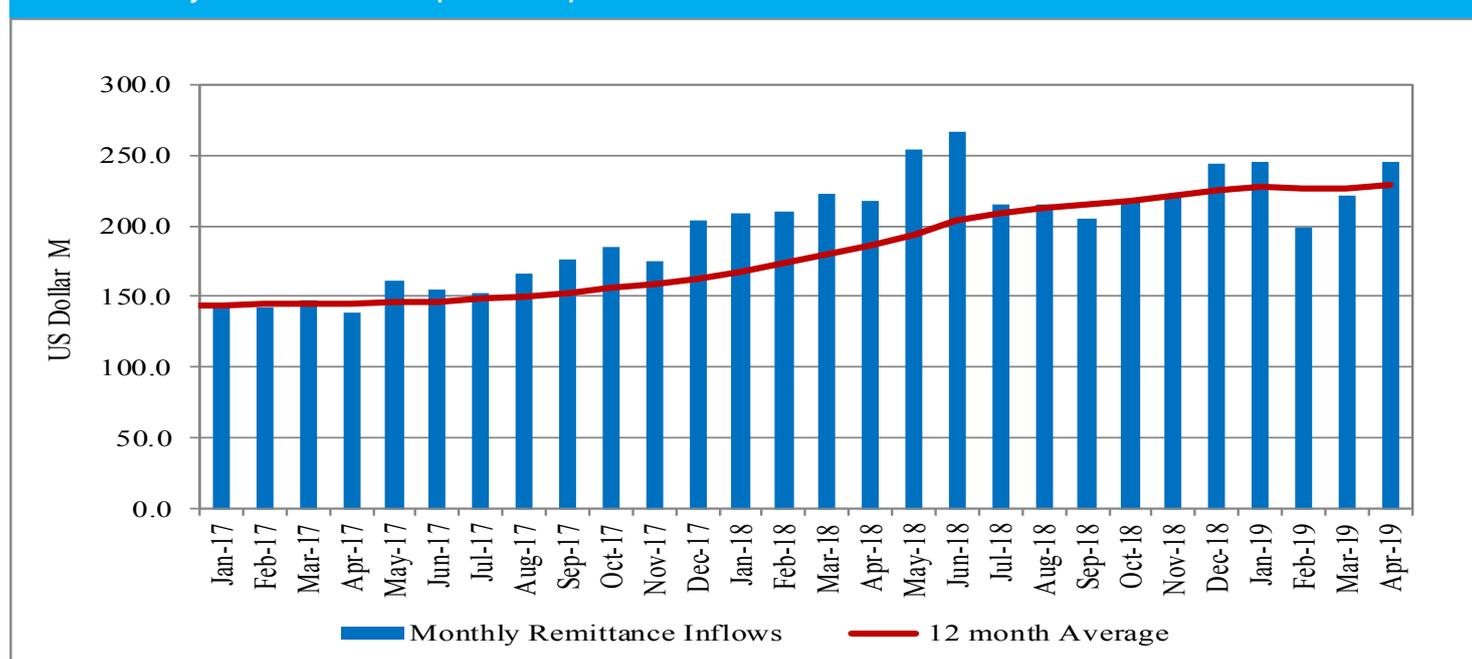
Source: CBK

**Table 2: Official Usable Foreign Exchange Reserves**

	18-Apr-19	25-Apr-19	02-May-19	09-May-19	16-May-19	23-May-19
1. CBK Usable Foreign Exchange Reserves (USD Million)	8,391	8,106	8,010	8,070	8,009	7,981
2. CBK Usable Foreign Exchange Reserves (Months of Import Cover)*	5.40	5.22	5.15	5.19	5.15	5.08

\*Based on 36 months average of imports of goods and non-factor services.

Source: CBK

**Chart 1: Monthly Remittances Inflows (USD Million)**


Source: CBK

**Table 3: Money Market**

Date	Number of Deals	Value (KSh M)	Average Interbank Rate (%)
10-May-19	15	8,225	6.26
13-May-19	27	23,430	5.97
14-May-19	25	24,700	5.53
15-May-19	26	17,925	5.67
16-May-19	23	13,770	5.43
<b>May 10-May 16, 2019</b>	<b>23</b>	<b>17,610</b>	<b>5.77</b>
17-May-19	23	15,200	5.43
20-May-19	21	17,750	5.42
21-May-19	22	14,900	5.36
22-May-19	28	20,010	5.49
23-May-19	25	16,440	5.37
<b>May 17-May 23, 2019</b>	<b>24</b>	<b>16,860</b>	<b>5.41</b>

Source: CBK

**Table 4: Performance of Treasury Bills Auctions**

<b>91-Day Treasury Bills</b>					
Date of Auction	27-Dec-18	28-Mar-19	25-Apr-19	16-May-19	23-May-19
Amount offered (Ksh M)	4,000.00	4,000.00	4,000.00	4,000.00	4,000.00
Bids received (Ksh M)	1,022.73	6,693.92	7,454.68	1,993.12	5,844.10
Amount Accepted (Ksh M)	1,022.73	966.23	7,454.68	1,993.12	5,844.10
Maturities (Ksh M)	5,135.05	1,044.15	5,024.95	4,946.35	5,191.85
<b>Average interest Rate (%)</b>	<b>7.34</b>	<b>7.50</b>	<b>7.30</b>	<b>7.16</b>	<b>7.09</b>
<b>182-Day Treasury Bills</b>					
Amount offered (Ksh M)	10,000.00	10,000.00	10,000.00	10,000.00	10,000.00
Bids received (Ksh M)	5,419.17	7,343.75	14,193.85	795.65	4,637.31
Amount Accepted (Ksh M)	2,550.75	5,908.18	14,120.79	795.65	4,637.31
Maturities (Ksh M)	6,004.40	5,245.70	3,129.85	2,524.65	1,504.35
<b>Average interest Rate (%)</b>	<b>9.00</b>	<b>8.20</b>	<b>8.01</b>	<b>7.81</b>	<b>7.74</b>
<b>364-Day Treasury Bills</b>					
Amount offered (Ksh M)	10,000.00	10,000.00	10,000.00	10,000.00	10,000.00
Bids received (Ksh M)	9,166.14	30,046.91	5,657.52	19,298.08	21,053.04
Amount Accepted (Ksh M)	7,349.57	23,655.49	4,466.63	13,766.47	18,498.62
Maturities (Ksh M)	5,336.65	6,923.80	10,080.10	25,866.45	22,298.10
<b>Average interest Rate (%)</b>	<b>9.95</b>	<b>9.41</b>	<b>9.32</b>	<b>9.31</b>	<b>9.31</b>

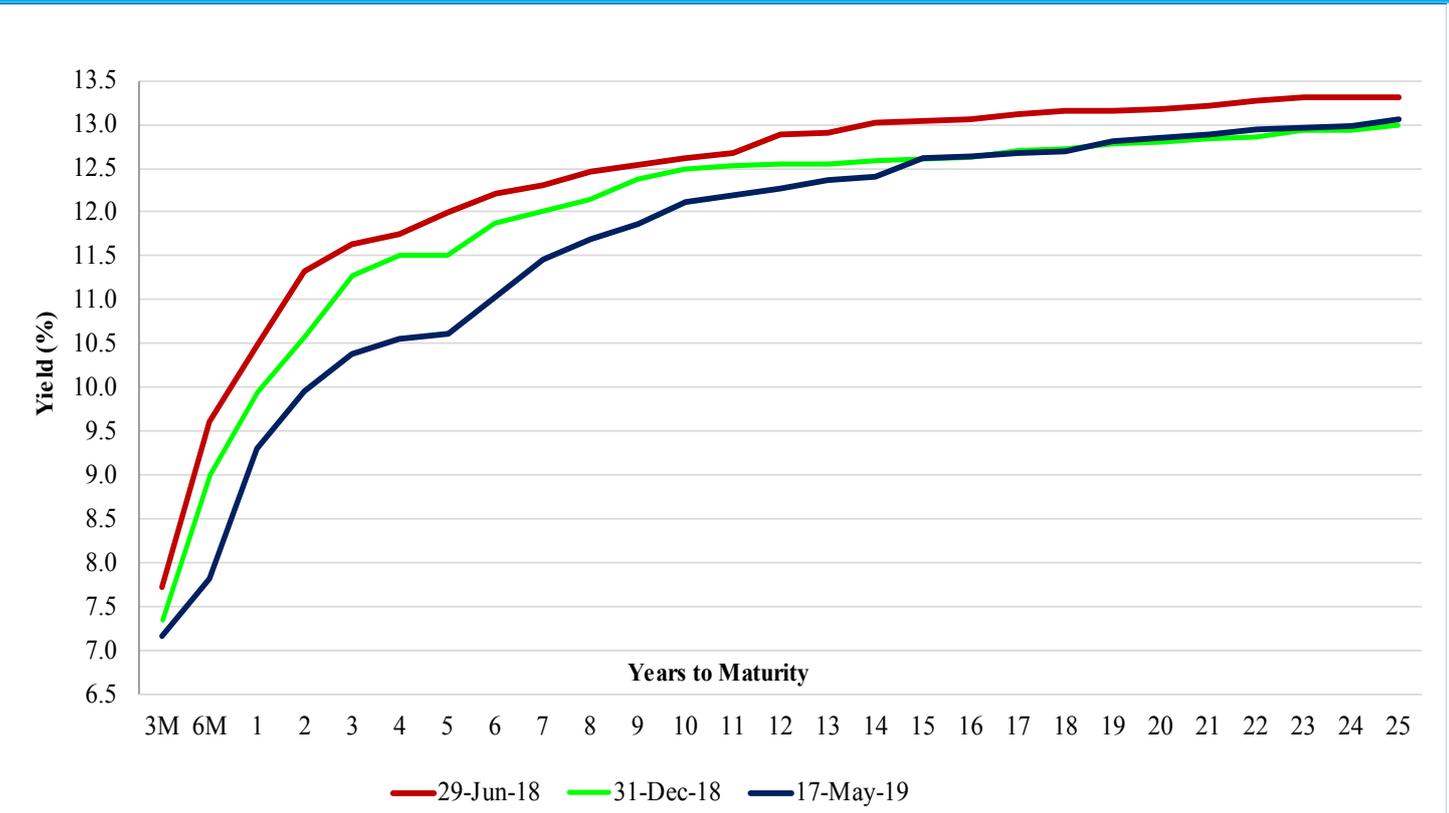
Source: CBK

**Table 5: Performance of Treasury Bonds Auctions**

Date of Auction	06-Feb-19		20-Feb-19	20-Mar-19	10-Apr-19		08-May-19	
REOPEN								
Tenor	FXD1/2019/15	FXD1/2019/5	FXD1/2019/10	IFB/2019/25	FXD 2/2019/10	FXD1/ 2019/20	FXD2/2019/5	FXD2/ 2019/15
Amount offered (Ksh M)	12,000.00		50,000.00	50,000.00	50,000.00		50,000.00	
Bids received (Ksh M)	66,603.10		78,259.02	29,376.22	85,615.54		70,841.20	
Amount Accepted (Ksh M)	15,961.36	20,593.62	32,808.00	16,303.06	51,326.72	9,022.76	39,210.55	19,316.16
Maturities (Ksh M)	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Average interest Rate (%)	12.77	11.30	12.44	12.66	12.30	12.87	10.87	12.73

Source: CBK

**Chart 2: Kenya Government Securities Yield Curve**



Source: Nairobi Securities Exchange (NSE)

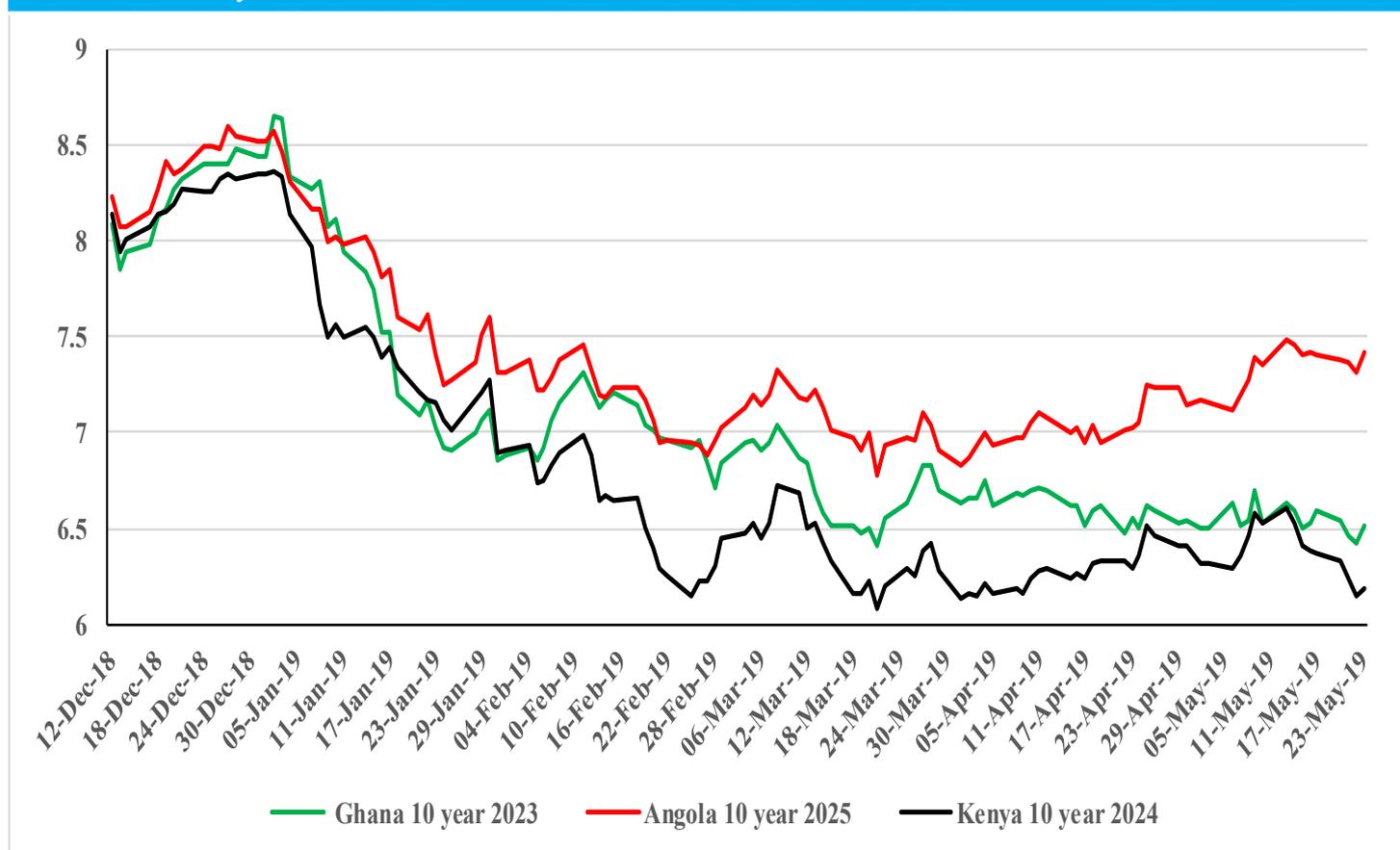
**Table 6: Key Weekly Market Indicators**

INDICATOR	NASI 100=2008	NSE 25 Share Index	NSE 20 Share Index 100=1996	Number of Deals (Shares)	Total Shares Traded (Million)	Equity Turnover (KSh Million)	Market Capitalization (KSh Billion)	Bonds Turnover (KSh Million)	5-Year Eurobond Yield (%)	10-Year Eurobond Yield (%) - 2024	10-Year Euro-bond Yield (%) - 2028	30-Year Eurobond Yield (%)
10-May-19	153.29	3777.82	2757.04	896	10.19	305.14	2,293.44	1,473.42	5.655	6.523	7.563	8.505
13-May-19	150.27	3650.13	2731.57	949	13.19	375.18	2,248.13	1,547.81	5.652	6.610	7.683	8.639
14-May-19	147.01	3552.33	2682.30	1,269	29.40	1,114.18	2,199.23	2,687.09	5.649	6.523	7.623	8.573
15-May-19	146.64	3554.66	2695.62	1,159	26.39	693.60	2,193.66	1,674.85	5.645	6.410	7.509	8.487
16-May-19	145.89	3534.64	2663.45	1,136	13.72	458.87	2,182.24	2,934.33	5.634	6.384	7.452	8.446
<b>May 10-16, 2019</b>	<b>145.89</b>	<b>3534.64</b>	<b>2663.45</b>	<b>5,409.00</b>	<b>92.89</b>	<b>2,946.98</b>	<b>2,182.24</b>	<b>10,317.50</b>	<b>5.634</b>	<b>6.384</b>	<b>7.452</b>	<b>8.446</b>
17-May-19	145.33	3527.52	2665.52	1,154	26.62	620.62	2,173.95	1,714.43	5.737	6.377	7.457	8.516
20-May-19	145.18	3525.80	2636.47	1,018	18.31	540.34	2,170.85	837.44	5.736	6.326	7.446	8.508
21-May-19	146.14	3550.63	2644.90	973	15.41	462.82	2,185.93	1,399.80	5.735	6.234	7.400	8.516
22-May-19	145.69	3546.77	2640.48	1,171	28.99	773.39	2,179.40	2,808.58	5.735	6.148	7.375	8.517
23-May-19	145.83	3542.64	2641.02	905	20.68	253.55	2,181.85	3,648.85	5.460	6.185	7.452	8.546
<b>May 17-23, 2019</b>	<b>145.83</b>	<b>3542.64</b>	<b>2641.02</b>	<b>5,221.00</b>	<b>110.01</b>	<b>2,650.71</b>	<b>2,181.85</b>	<b>10,409.10</b>	<b>5.460</b>	<b>6.185</b>	<b>7.452</b>	<b>8.546</b>
<b>Weekly Changes (%)</b>	<b>-0.04</b>	<b>0.23</b>	<b>-0.84</b>	<b>-3.48</b>	<b>18.42</b>	<b>-10.05</b>	<b>-0.02</b>	<b>0.89</b>	<b>-0.174*</b>	<b>-0.193*</b>	<b>0.087*</b>	<b>0.100*</b>

\* Percentage points

Source: CBK, NSE and Thompson Reuters

**Chart 3: Yields on 10 year Eurobonds for Selected African Countries**



Source: CBK

**Table 7: Government Domestic Debt (KSh Billion)**

	29-Jun-18	28-Sep-18	28-Dec-18	29-Mar-19	26-Apr-19	17-May-19
1. Treasury Bills (Excluding Repos)	878.62	867.51	904.10	949.66	994.76	979.15
<i>(As % of total securities)</i>	<b>36.75</b>	<b>37.14</b>	<b>36.90</b>	<b>36.04</b>	<b>37.01</b>	<b>35.93</b>
2. Treasury Bonds	1,511.87	1,468.50	1,546.29	1,685.66	1,692.89	1,746.21
<i>(As % of total securities)</i>	<b>63.25</b>	<b>62.86</b>	<b>63.10</b>	<b>63.96</b>	<b>62.99</b>	<b>64.07</b>
3. Total Securities (1+2)	2,390.49	2,336.00	2,450.39	2,635.31	2,687.65	2,725.36
4. Overdraft at Central Bank	56.85	36.29	45.86	36.90	14.44	19.10
5. Other Domestic debt*	31.44	168.54	31.61	26.88	26.88	31.45
<b>6. Gross Domestic Debt (3+4+5)</b>	<b>2,478.78</b>	<b>2,540.83</b>	<b>2,527.86</b>	<b>2,699.09</b>	<b>2,728.97</b>	<b>2,775.91</b>

\* Other domestic debt includes clearing items in transit, advances from commercial banks, Pre-1997 Government Overdraft and Tax Reserve Certificates.

Source: CBK

**Table 8: Composition of Government Domestic Debt by Instrument (Percent)**

	29-Jun-18	28-Sep-18	28-Dec-18	29-Mar-19	26-Apr-19	17-May-19
Treasury bills (Excluding Repos)	35.45	34.14	35.77	35.12	36.45	35.27
Treasury bonds	60.99	57.80	61.17	62.34	62.03	62.91
CBK Overdraft to Government	2.29	1.43	1.81	1.36	0.53	0.69
Other domestic debt	1.27	6.63	1.25	1.18	0.99	1.13
<b>TOTAL</b>	<b>100.00</b>	<b>100.00</b>	<b>100.00</b>	<b>100.00</b>	<b>100.00</b>	<b>100.00</b>

Source: CBK

**Table 9: Composition of Government Domestic Debt by Holder (Percent)**

	29-Jun-18	28-Sep-18	28-Dec-18	29-Mar-19	26-Apr-19	17-May-19
Banking Institutions	55.19	54.97	54.53	54.88	52.50	54.17
Insurance Companies	6.23	6.07	6.06	6.16	6.50	6.14
Parastatals	7.04	7.32	7.25	7.10	7.11	7.03
Pension funds	27.09	27.12	27.59	27.49	27.49	28.40
Other investors	4.44	4.52	4.57	4.37	6.41	4.26
<b>Total</b>	<b>100.00</b>	<b>100.00</b>	<b>100.00</b>	<b>100.00</b>	<b>100.00</b>	<b>100.00</b>

Source: CBK

**Table 10: Indicators of Total Government Debt**

	Jun-17	Jun-18	Sep-18	Jan-19	Feb-19	Mar-19
Domestic debt (KSh Billion)	2,111.71	2,478.84	2,540.70	2,604.19	2,691.61	2,699.09
Public & Publicly Guaranteed External debt (US \$ Billion)	22.12	25.34	25.81	27.05	27.05	27.01
Public & Publicly Guaranteed External debt (KSh Billion)	2,294.40	2,560.20	2,605.33	2,729.48	2,707.29	2,721.60
<b>Total public debt (KSh Billion)</b>	<b>4,406.11</b>	<b>5,039.03</b>	<b>5,146.04</b>	<b>5,333.67</b>	<b>5,398.90</b>	<b>5,420.68</b>

Source: National Treasury and CBK