



Central Bank of Kenya

Weekly Bulletin

December 21, 2018

KEY MONETARY AND FINANCIAL INDICATORS

Exchange Rate

The Kenya Shilling exchange rate strengthened against major international and regional currencies during the week ending December 20. The Shilling's value against the US dollar strengthened to 101.94 on December 20 compared to 102.66 on December 13 (Table 1).

Foreign Exchange Reserves

The CBK usable foreign exchange reserves remained strong at USD 8,005 million (5.3 months of import cover) as at December 20. This fulfils the requirement to endeavor to maintain at least 4 months of import cover, and the EAC region's convergence criteria of 4.5 months of imports cover (Table 2).

Remittances

Inward remittance flows remained resilient and improved to USD 220 million in November 2018, which was 26 percent higher than in November 2017. The 12-month cumulative inflows to November increased to USD 2,658 million from USD 1,904 million in the 12 months to November 2017, reflecting a 40 percent growth (Chart 1). North America, Europe and the rest of the world accounted for 47 percent, 33 percent and 20 percent, respectively, of the total remittance in November.

Money Market

Liquidity in the money market improved during the week ending December 20, partly due to the commencement of a new CRR cycle on December 15. Commercial banks' excess reserves stood at KSh 33.2 billion in relation to the 5.25 percent cash reserves requirements (CRR). The average interbank rate declined to 7.0 percent on December 20 from 11.0 percent on December 13. The average number of interbank deals decreased to 27 compared to 45 in the previous week, while the average interbank volumes traded decreased to KSh 13.8 billion compared to KSh 15.3 billion in the previous week (Table 3).

Government Securities Market

The Treasury bills auction of December 20 received bids totaling KSh 22.5 billion against an advertised amount of KSh 24.0 billion, representing a performance rate of 93.9 percent. The performance of the 364-day Treasury bill was the highest at 126.9 percent attracting bids amounting to KSh 12.7 billion. Interest rates on the 91-day Treasury bill decreased marginally, while that of 182 and 364-day Treasury bill instruments rose slightly during this week's auction (Table 4).

Equity Market

The equity market recorded mixed performance in the week ending December 20, reflected by 0.8 percent and 3.0 percent decline in NASI 100 and NSE 25 and a 0.6 percent increase in NSE 20 share price indices. The equity turnover declined by 10.2 percent despite an 18.8 percent increase in the volume of shares traded. Consequently, market capitalization declined by 0.8 percent (Table 6).

Bond Markets

The secondary bond market activity improved with the volume of bonds traded increasing by 14 percent in the week ending December 20. In the international bond market, yields on all Kenya's Eurobonds increased (Table 6). Yield on Ghana's and Angola's 10-year Eurobonds also increased (Chart 2).

Global Trends

Major global equities markets activity exhibited a slowdown in the week ending December 20 as compared to the previous week, which was a reaction to the Fed interest rate increase from 2.25 percent to 2.5 percent. Although the increase is largely anchored on economic fundamentals, financial markets feared the hike could dampen US economic growth.

Murban Oil Price dropped to USD 56.23 per barrel on December 20 from USD 60.45 per barrel on December 13 driven mainly by fear of oversupply in the market.

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

	USD	Sterling Pound	Euro	100 Japanese Yen	USHS*	TSHS*	RWF*	BIF*
7-Dec-18	102.60	130.97	116.52	90.86	36.40	22.42	8.69	17.40
10-Dec-18	102.45	130.85	116.69	90.85	36.44	22.45	8.70	17.43
11-Dec-18	102.47	129.66	116.96	90.79	36.45	22.45	8.70	17.43
12-Dec-18	HOLIDAY							
13-Dec-18	102.66	129.43	116.82	90.70	36.29	22.41	8.69	17.40
December 7-13, 2018	102.54	130.22	116.75	90.80	36.39	22.43	8.69	17.41
14-Dec-18	102.57	130.00	116.72	90.39	36.07	22.42	8.70	17.41
17-Dec-18	102.53	129.08	116.01	90.39	36.11	22.43	8.70	17.42
18-Dec-18	102.48	129.28	116.32	91.04	36.15	22.44	8.71	17.43
19-Dec-18	102.38	129.79	116.52	91.05	36.11	22.46	8.72	17.45
20-Dec-18	101.94	128.73	116.28	90.75	36.25	22.56	8.75	17.53
December 14-20, 2018	102.38	129.38	116.37	90.73	36.14	22.47	8.72	17.45

* Units of currency per Kenya Shilling

Source :Central Bank of Kenya

Table 2: Official Usable Foreign Exchange Reserves

	15-Nov-18	22-Nov-18	29-Nov-18	06-Dec-18	13-Dec-18	20-Dec-18
1. CBK Usable Foreign Exchange Reserves (USD Million)	8,063	8,030	8,039	7,965	7,980	8,005
2. CBK Usable Foreign Exchange Reserves (Months of Import Cover)*	5.34	5.32	5.32	5.27	5.23	5.25

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

Source: Central Bank of Kenya

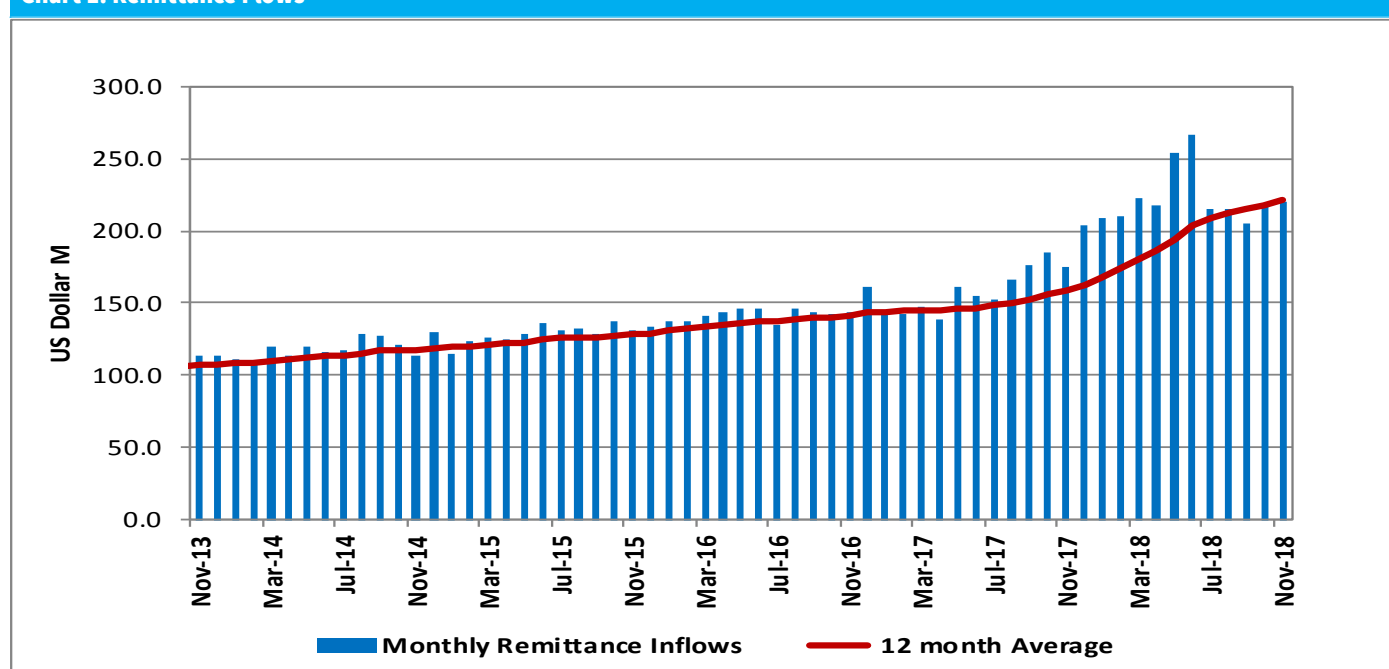
Chart 1: Remittance Flows

Table 3: Money Market

Date	Number of Deals	Value (KSh M)	Average Interbank Rate (%)
7-Dec-18	45	12,375	8.24
10-Dec-18	36	18,695	8.85
11-Dec-18	44	12,335	9.77
12-Dec-18		HOLIDAY	
13-Dec-18	55	17,920	10.96
December 7-13, 2018	45	15,331	9.45
14-Dec-18	37	12,700	11.34
17-Dec-18	21	6,850	10.17
18-Dec-18	25	12,745	7.87
19-Dec-18	24	15,590	7.21
20-Dec-18	29	20,950	6.99
December 14-20, 2018	27	13,767	8.72

Source: Central Bank of Kenya

Table 4: Performance of Treasury Bills Auctions**91-Day Treasury Bills**

Date of Auction	29-Nov-18	06-Dec-18	13-Dec-18	20-Dec-18
Amount offered (Ksh M)	4,000.00	4,000.00	4,000.00	4,000.00
Bids received (Ksh M)	10,793.20	6,910.97	931.54	2,805.55
Amount Accepted (Ksh M)	10,304.18	6,910.97	931.54	2,805.55
Maturities (Ksh M)	11,803.50	2,564.75	7,445.80	5,541.25
Average interest Rate (%)	7.34	7.34	7.35	7.34

182-Day Treasury Bills

Date of Auction	29-Nov-18	06-Dec-18	13-Dec-18	20-Dec-18
Amount offered (Ksh M)	10,000.00	10,000.00	10,000.00	10,000.00
Bids received (Ksh M)	4,822.26	992.24	1,606.83	7,030.64
Amount Accepted (Ksh M)	4,338.78	990.27	1,606.83	4,165.64
Maturities (Ksh M)	5,877.00	12,325.60	4,145.80	17,895.35
Average interest Rate (%)	8.24	8.24	8.24	8.26

364-Day Treasury Bills

Date of Auction	29-Nov-18	06-Dec-18	13-Dec-18	20-Dec-18
Amount offered (Ksh M)	10,000.00	10,000.00	10,000.00	10,000.00
Bids received (Ksh M)	2,609.33	3,145.70	3,167.72	12,689.08
Amount Accepted (Ksh M)	2,609.33	2,731.52	2,885.06	12,689.08
Maturities (Ksh M)	6,810.80	7,855.10	8,812.40	10,665.25
Average interest Rate (%)	9.56	9.57	9.59	9.74

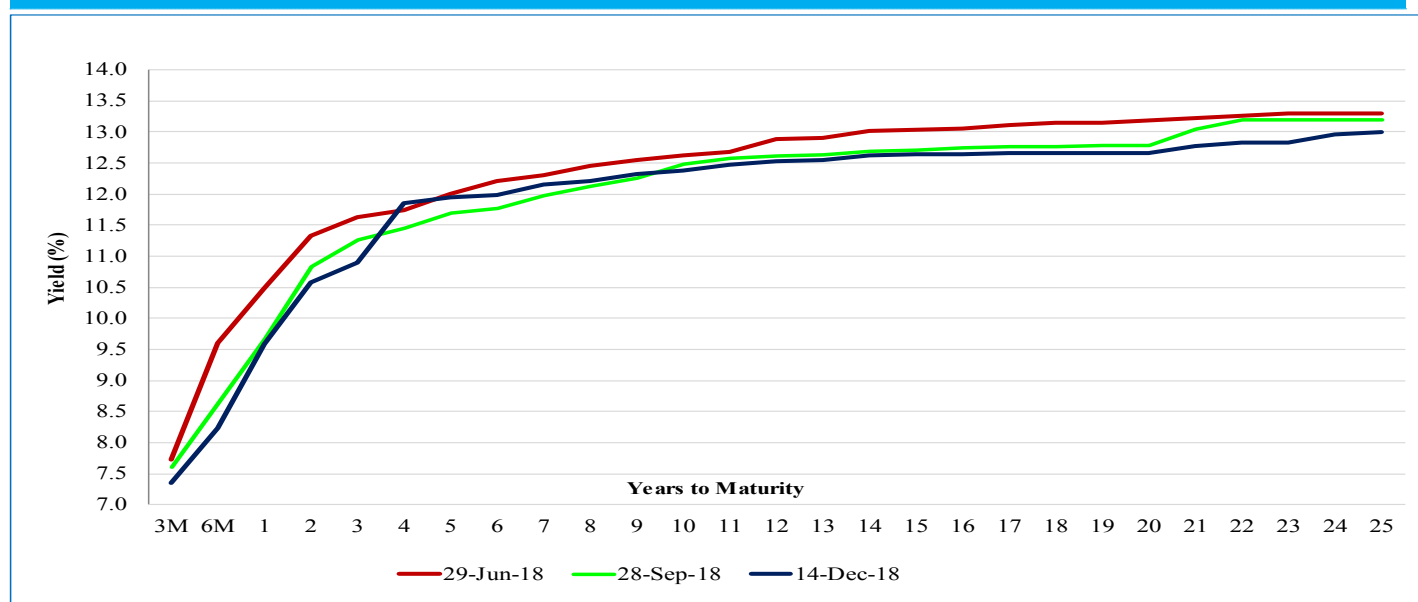
Source: Central Bank of Kenya

Table 5: Performance of Treasury Bonds Auctions

Date of Auction	19-Sep-18		17-Oct-18	31-Oct-18	14-Nov-18	28-Nov-18	13-Dec-18
	REOPEN	REOPEN				TAP	
Tenor	FXD1/2018/10	FXD1/2018/20	FXD2/2018/15	FXD2/2018/15	IFB1/2018/20	IFB1/2018/20	FXD2/2018/10
Amount offered (Ksh M)	40,000.0		40,000.0	32,000.0	50,000.0	22,410.0	40,000.0
Bids received (Ksh M)	32,466.5		27,045.4	25,375.6	40,393.3	8,726.5	28,860.5
Amount Accepted (Ksh M)	21,244.6	5,308.4	7,854.1	21,261.9	27,588.4	8,726.5	26,159.0
Maturities (Ksh M)	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Average interest Rate (%)	12.665	12.931	12.746	12.734	12.156	12.156	12.502

Source: Central Bank of Kenya

Chart 2: Kenya Government Securities Yield Curve



Source: Nairobi Securities Exchange (NSC)

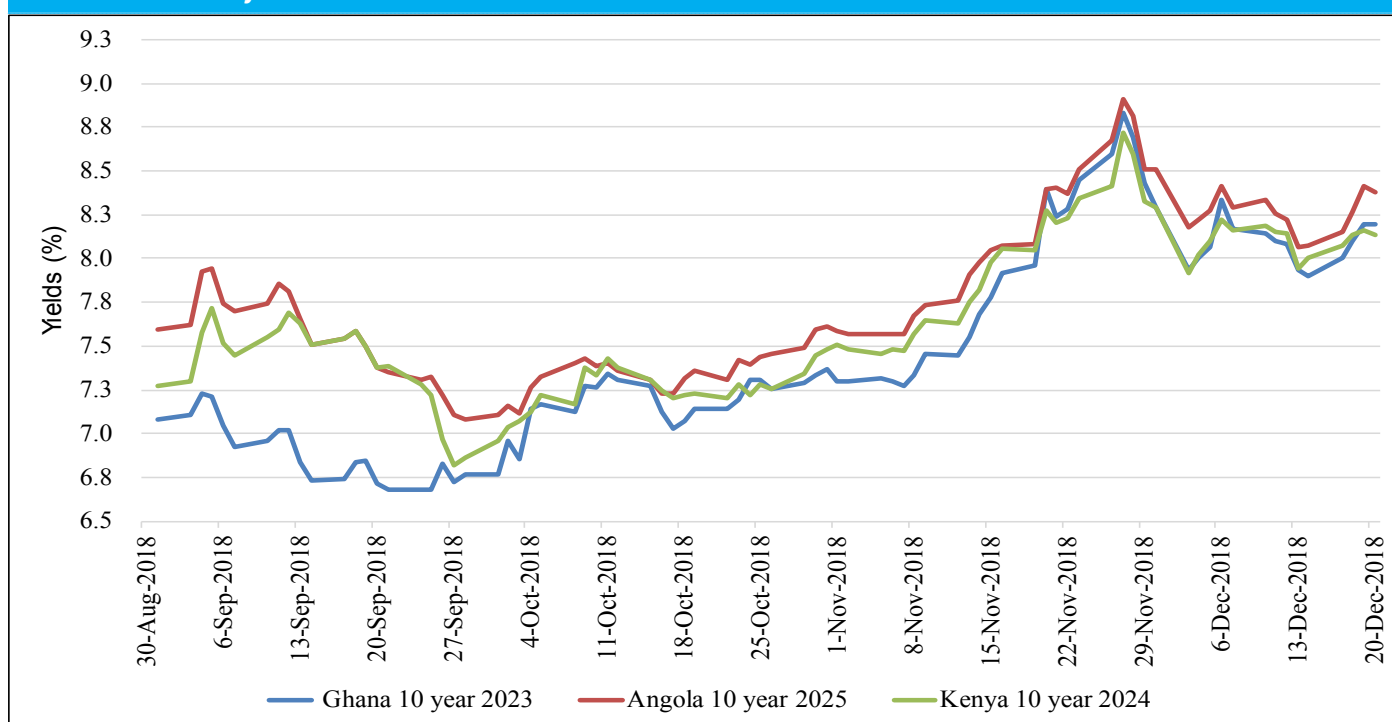
Table 6: Key Weekly Market Indicators

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 Turn-over (KSh Million)	5-Year Euro-bond Yield (%)	10-Year Euro-bond Yield (%) - 2024	10-Year Euro-bond Yield (%) - 2028	30-Year Euro-bond Yield (%)
7-Dec-18	144.05	3687.69	2819.00	1103.00	18.70	526.19	2156.34	1885.35	5.486	8.157	8.922	9.696
10-Dec-18	142.52	3656.08	2772.19	914.00	18.08	398.07	2133.37	1049.48	6.111	8.187	8.966	9.726
11-Dec-18	140.88	3630.65	2764.28	1191.00	30.73	1162.71	2108.78	1221.12	5.483	8.152	8.966	9.679
12-Dec-18	HOLIDAY								4.900	8.141	8.751	9.661
13-Dec-18	140.90	3626.73	2762.34	1126.00	38.37	931.19	2109.09	1655.57	4.788	7.971	8.752	9.528
Dec 7-13, 2018	140.9	3626.7	2762.3	4334.0	105.9	3018.2	2109.1	5811.5	5.378	7.943	8.667	9.508
14-Dec-18	142.53	3633.77	2759.18	1124.00	35.19	827.27	2133.49	842.73	5.475	8.002	8.625	9.557
17-Dec-18	142.26	3610.55	2754.30	944.00	12.84	272.88	2129.39	866.06	5.623	8.073	8.667	9.585
18-Dec-18	142.07	3588.54	2779.25	1255.00	28.01	526.76	2126.54	1104.77	5.873	8.133	8.774	9.682
19-Dec-18	140.95	3545.91	2773.24	944.00	25.78	428.95	2109.78	2040.77	5.874	8.157	8.818	9.744
20-Dec-18	139.82	3518.75	2780.16	1042.00	23.92	653.26	2092.88	1768.88	5.875	8.195	8.884	9.756
Dec 14-20, 2018	139.8	3518.8	2780.2	5309.0	125.7	2709.1	2092.9	6623.2	5.875	8.195	8.884	9.756
Weekly Change (%)	-0.8	-3.0	0.6	22.5	18.8	-10.2	-0.8	14.0	0.50*	0.25*	0.22*	0.25*

* Percentage points

Source: Central Bank of Kenya, NSE and Thompson Reuters

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



Source: Thomson Reuters

Table 7: Government Domestic Debt (KSh Billion)

	29-Jun-18	28-Sep-18	26-Oct-18	23-Nov-18	30-Nov-18	07-Dec-18	14-Dec-18
1. Treasury Bills (Excluding Repos)	878.62	867.51	952.56	959.73	950.13	943.46	931.76
<i>(As % of total securities)</i>	36.75	37.14	38.41	38.36	38.21	37.90	37.61
2. Treasury Bonds	1,511.87	1,468.50	1,527.62	1,542.15	1,536.79	1,545.63	1,545.63
<i>(As % of total securities)</i>	63.25	62.86	61.59	61.64	61.79	62.10	62.39
3. Total Securities (1+2)	2,390.49	2,336.00	2,480.18	2,501.88	2,486.91	2,489.09	2,477.38
4. Overdraft at Central Bank	56.85	36.29	23.44	35.25	44.89	42.17	44.27
5. Other Domestic debt*	31.44	168.54	31.56	31.53	31.53	31.53	31.62
6. Gross Domestic Debt (3+4+5)	2,478.78	2,540.83	2,535.18	2,568.66	2,563.34	2,562.78	2,553.27

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

Source: Central Bank of Kenya

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

	29-Jun-18	28-Sep-18	26-Oct-18	23-Nov-18	30-Nov-18	07-Dec-18	14-Dec-18
Treasury bills (Excluding Repos)	35.45	34.14	37.57	37.36	37.07	36.81	36.49
Treasury bonds	60.99	57.80	60.26	60.04	59.95	60.31	60.54
CBK Overdraft to Government	2.29	1.43	0.92	1.37	1.75	1.65	1.73
Other domestic debt	1.27	6.63	1.24	1.23	1.23	1.23	1.24
TOTAL	100.00	100.00	100.00	100.00	100.00	100.00	100.00

Source: Central Bank of Kenya

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

	29-Jun-18	28-Sep-18	26-Oct-18	23-Nov-18	30-Nov-18	07-Dec-18	14-Dec-18
Banking Institutions	55.19	54.97	54.74	54.63	54.83	54.65	54.48
Insurance Companies	6.23	6.07	6.09	6.01	5.95	5.96	5.99
Parastatals	7.04	7.32	7.50	7.67	7.54	7.43	7.46
Pension funds	27.09	27.12	27.15	27.17	27.16	27.41	27.51
Other investors	4.44	4.52	4.52	4.51	4.52	4.55	4.56
Total	100.00	100.00	100.00	100.00	100.00	100.00	100.00

Source: Central Bank of Kenya

Table 10: Indicators of Total Government Debt

	Jun-16	Jun-17	Sep-17	Dec-17	Mar-18	Jun-18	Sep-18
Domestic debt (KSh Billion)	1,815.13	2,111.71	2,172.84	2,220.35	2,371.65	2,478.84	2,540.70
Public & Publicly Guaranteed External debt (US \$ Billion)	17.77	22.12	22.38	22.76	24.91	25.34	25.81
Public & Publicly Guaranteed External debt (KSh Billion)	1,796.20	2,294.40	2,310.20	2,349.28	2,512.43	2,560.20	2,605.33
Total public debt (KSh Billion)	3,611.33	4,406.11	4,483.03	4,569.63	4,884.08	5,039.03	5,146.04

Source: National Treasury and Central Bank of Kenya