



Central Bank of Kenya

# Weekly Bulletin

March 22, 2019

## KEY MONETARY AND FINANCIAL INDICATORS

### Exchange Rate

The Kenya Shilling remained relatively stable against major international and regional currencies during the week ending March 21. It exchanged at KSh 101.01 per US Dollar on March 21, compared to KSh 100.24 on March 14 (Table 1).

### Foreign Exchange Reserves

The CBK usable foreign exchange reserves remained adequate at USD 8,321 million (5.4 months of import cover) as at March 21. This meets the statutory requirement of maintaining at least 4 months of import cover, and the EAC region's convergence criteria of 4.5 months of import cover (Table 2).

### Money Markets

The money market was liquid during the week ending March 21, partly due to Government payments, which offset tax remittances by banks. Commercial banks' excess reserves stood at KSh 25.6 billion in relation to the 5.25 percent cash reserves requirement (CRR). The average interbank rate declined to 2.26 percent on March 21 from 3.48 percent on March 14. Similarly, the average number of interbank deals decreased to 12 from 15 in the previous week, while the average interbank volumes traded remained relatively unchanged at KSh 3.5 billion compared with KSh 3.8 billion (Table 3).

### Government Securities

The Treasury bills auction of March 21 received bids totaling KSh 47.7 billion against an advertised amount of KSh 24.0 billion, representing a performance of 198.86 percent. Interest rate on the 91-day Treasury bills increased slightly while those of 182-day and 364-day Treasury bills declined marginally (Table 4).

The 25-year Infrastructure bond offered at the March 20 auction received bids totaling KSh 29.3 billion against an advertised amount of KSh 50.0 billion, recording a performance of 58.75 percent. The average interest rate was 12.66 against a

coupon rate of 12.20 percent (Table 5).

### Equity Market

Trading activity at the NSE recorded increased prices but reduced turnover during the week ending March 21. The NASI and NSE 25 share price indices improved by 2.56 percent and 2.86 percent, respectively, while the NSE 20 and the number of shares traded reduced by 0.46 percent and 5.44 percent, respectively. As a result, market capitalisation increased by 2.56 percent (Table 6).

### Bonds Market

The bond's turnover in the secondary market increased by 2.26 percent during the week ending March 21. In the international market, yields on Kenya's 5-year, 10-year (2024), 10-year (2028) and 30-year Eurobonds reduced by 17.5, 19.9, 11.7 and 11.7 basis points, respectively (Table 6). The 10-year Eurobond yields for Ghana and Angola also declined during the week (Chart 2).

### Global Trends

Uncertainties remained in the global scene. The EU leaders agreed to the request by the UK Government to delay Brexit until May 22. This is subject to the UK parliament approving the withdrawal deal negotiated with the EU. Furthermore, President Trump's statement that the US tariffs on Chinese products could stay on for an extended period of time, increased uncertainty ahead of resumption of trade talks in the last week of March.

International oil prices increased slightly during the week ending March 21, reflecting an unexpected reduction in crude oil inventories. Murban oil price increased to USD 69.47 per barrel on March 21 compared to USD 69.26 per barrel on March 14.

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

	USD	Sterling Pound	Euro	100 Japanese Yen	USHS*	TSHS*	RWF*	BIF*
8-Mar-19	99.71	130.80	112.22	89.23	37.08	23.72	9.03	18.10
11-Mar-19	99.65	130.23	111.79	89.80	37.28	23.53	9.04	18.27
12-Mar-19	99.61	130.13	112.06	89.70	37.09	23.54	9.04	18.12
13-Mar-19	100.19	131.30	113.02	90.11	36.93	23.41	8.99	18.02
14-Mar-19	100.24	132.05	113.25	90.03	37.11	23.39	8.99	18.01
<b>March 8-14</b>	<b>99.88</b>	<b>130.90</b>	<b>112.47</b>	<b>89.77</b>	<b>37.10</b>	<b>23.52</b>	<b>9.02</b>	<b>18.10</b>
15-Mar-19	100.17	132.72	113.24	89.76	37.10	23.41	9.00	18.02
18-Mar-19	100.30	133.28	113.70	89.91	36.94	23.38	8.99	18.00
19-Mar-19	100.66	133.18	114.22	90.25	36.76	23.30	8.96	17.94
20-Mar-19	100.85	133.86	114.53	90.37	36.74	23.25	8.80	18.08
21-Mar-19	101.01	133.11	114.69	90.64	36.68	23.22	8.93	17.88
<b>March 15-21</b>	<b>100.60</b>	<b>133.23</b>	<b>114.07</b>	<b>90.19</b>	<b>36.84</b>	<b>23.31</b>	<b>8.93</b>	<b>17.98</b>

\* Units of currency per Kenya Shilling

Source :Central Bank of Kenya

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

	14-Feb-19	21-Feb-19	28-Feb-19	07-Mar-19	14-Mar-19	21-Mar-19
1. CBK Usable Foreign Exchange Reserves (USD Million)	8,143	8,109	8,196	8,148	8,392	8,321
2. CBK Usable Foreign Exchange Reserves (Months of Import Cover)*	5.34	5.31	5.37	5.29	5.45	5.40

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

Source: Central Bank of Kenya

**Table 3: Money Market**

Date	Number of Deals	Value (KSh M)	Average Interbank Rate (%)
8-Mar-19	24	7,515	3.34
11-Mar-19	15	3,450	3.72
12-Mar-19	14	3,380	3.96
13-Mar-19	8	1,580	4.39
14-Mar-19	12	2,900	3.48
<b>March 8-14, 2019</b>	<b>15</b>	<b>3,765</b>	<b>3.78</b>
15-Mar-19	14	3,640	3.51
18-Mar-19	12	3,465	3.04
19-Mar-19	15	3,465	2.63
20-Mar-19	8	3,400	2.31
21-Mar-19	11	3,745	2.26
<b>March 15-21, 2019</b>	<b>12</b>	<b>3,543</b>	<b>2.75</b>

Source: Central Bank of Kenya

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

Date of Auction	28-Feb-19	07-Mar-19	14-Mar-19	21-Mar-19
Amount offered (Ksh M)	4,000.00	4,000.00	4,000.00	4,000.00
Bids received (Ksh M)	2,936.05	677.22	3,067.71	2,735.65
Amount Accepted (Ksh M)	2,936.05	677.22	3,067.71	2,735.65
Maturities (Ksh M)	10,458.05	7,021.75	942.25	2,843.50
<b>Average interest Rate (%)</b>	<b>6.89</b>	<b>6.89</b>	<b>6.84</b>	<b>7.70</b>

**182-Day Treasury Bills**

Date of Auction	28-Feb-19	07-Mar-19	14-Mar-19	21-Mar-19
Amount offered (Ksh M)	10,000.00	10,000.00	10,000.00	10,000.00
Bids received (Ksh M)	7,761.43	6,143.70	7,956.14	9,057.50
Amount Accepted (Ksh M)	7,713.51	3,839.88	4,720.69	5,610.17
Maturities (Ksh M)	6,961.05	10,111.30	7,586.40	11,552.25
<b>Average interest Rate (%)</b>	<b>8.32</b>	<b>8.32</b>	<b>8.27</b>	<b>8.23</b>

**364-Day Treasury Bills**

Date of Auction	28-Feb-19	07-Mar-19	14-Mar-19	21-Mar-19
Amount offered (Ksh M)	10,000.00	10,000.00	10,000.00	10,000.00
Bids received (Ksh M)	8,078.76	14,988.16	26,620.75	35,932.63
Amount Accepted (Ksh M)	6,253.42	14,988.16	16,131.45	26,630.95
Maturities (Ksh M)	10,504.65	19,913.70	20,659.25	15,076.35
<b>Average interest Rate (%)</b>	<b>9.48</b>	<b>9.47</b>	<b>9.44</b>	<b>9.41</b>

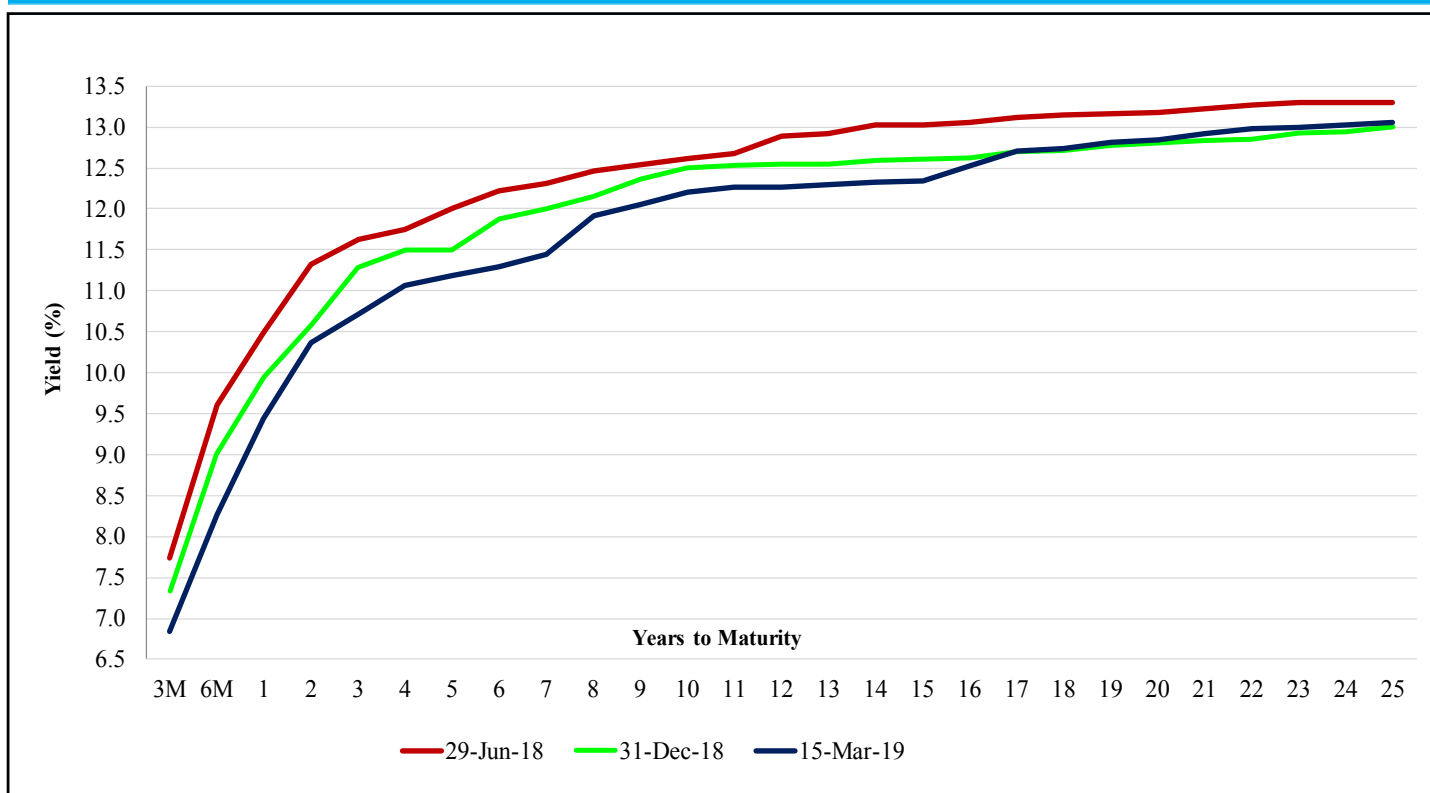
Source: Central Bank of Kenya

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

Date of Auction	23-Jan-19		06-Feb-19		20-Feb-19		20-Mar-19
	FXD 1/2019/2	FXD 1/2019/15	REOPEN FXD 1/2019/2	REOPEN FXD 1/2019/15	FXD 1/2019/5	FXD 1/2019/10	IFB/2019/25
Tenor	FXD 1/2019/2	FXD 1/2019/15	FXD 1/2019/2	FXD 1/2019/15	FXD 1/2019/5	FXD 1/2019/10	IFB/2019/25
Amount offered (Ksh M)	40,000.00		12,000.00		50,000.00		50,000.00
Bids received (Ksh M)	101,973.00		66,603.10		78,259.02		29,376.22
Amount Accepted (Ksh M)	23,774.63	14,719.75	7,470.38	15,961.36	20,593.62	32,808.00	16,303.06
Maturities (Ksh M)	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Average interest Rate (%)	10.70	12.86	10.33	12.77	11.30	12.44	12.66

Source: Central Bank of Kenya

**Chart 1: Kenya Government Securities Yield Curve**



Source: Nairobi Securities Exchange

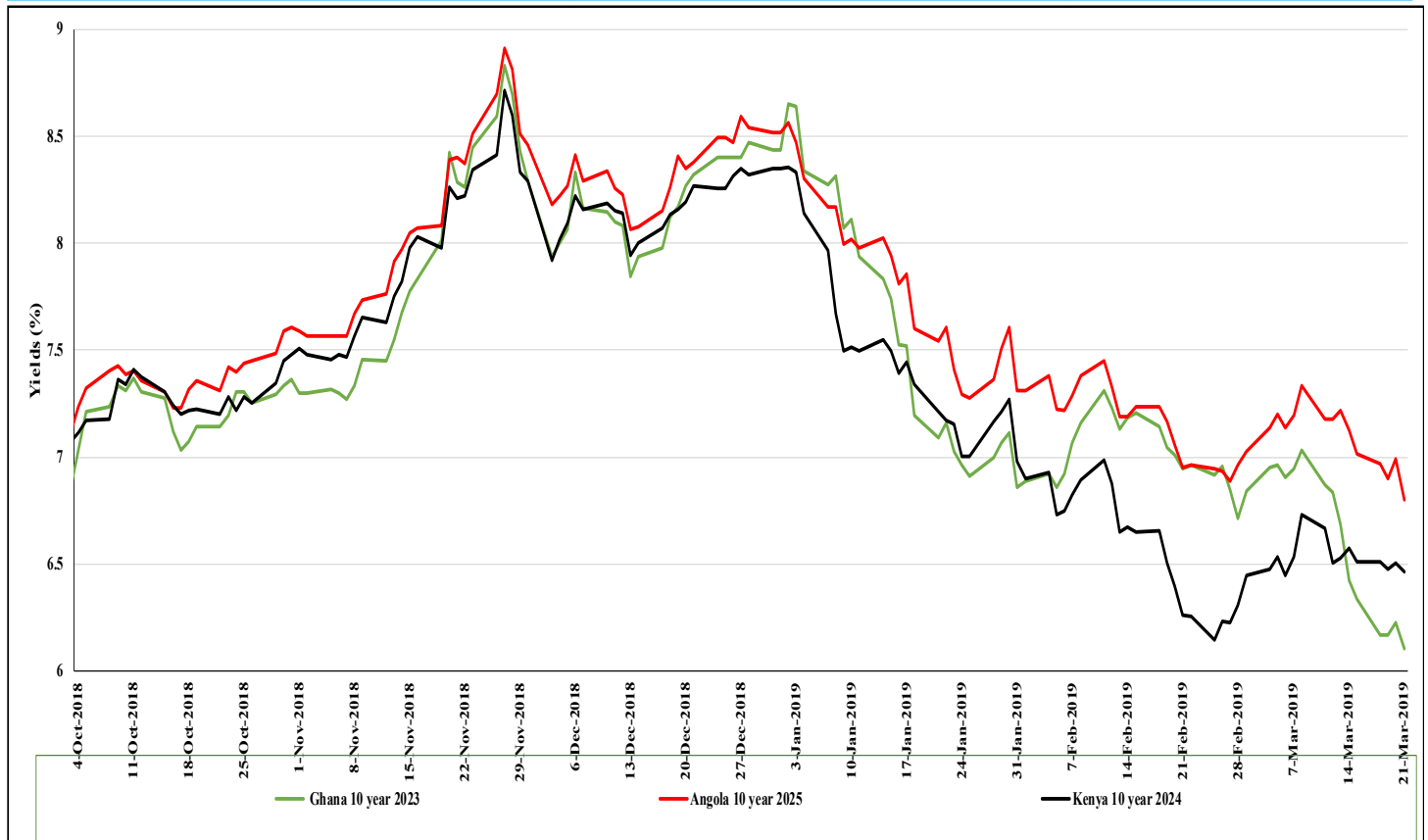
**Table 6: Key Weekly Market Indicators**

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 Euro-bond Yield (%)	10-Year Eurobond Yield (%) - 2024	10-Year Eurobond Yield (%) - 2028	30-Year Euro-bond Yield (%)
8-Mar-19	156.11	3,905.05	2,915.54	895.00	24.09	663.77	2,337.22	2,675.20	5.660	6.729	7.521	8.543
11-Mar-19	154.46	3,878.30	2,893.18	747.00	4.44	118.15	2,325.40	3,224.89	5.662	6.668	7.365	8.388
12-Mar-19	155.15	3,877.83	2,885.93	958.00	16.53	353.55	2,322.87	2,371.78	5.348	6.507	7.268	8.292
13-Mar-19	154.46	3,868.61	2,875.98	1,013.00	20.21	633.85	2,312.43	3,045.50	4.962	6.527	7.308	8.284
14-Mar-19	155.44	3,886.43	2,868.81	980.00	31.50	517.41	2,327.26	2,848.68	4.859	6.436	7.192	8.204
<b>March 8-14, 2019</b>	<b>155.44</b>	<b>3886.43</b>	<b>2868.81</b>	<b>4,593.00</b>	<b>96.77</b>	<b>2,286.73</b>	<b>2327.26</b>	<b>14,166.04</b>	<b>4.859</b>	<b>6.436</b>	<b>7.192</b>	<b>8.204</b>
15-Mar-19	158.07	3,940.11	2,896.04	1,103.00	37.69	1,445.58	2,366.71	2,057.24	4.848	6.334	7.077	7.077
18-Mar-19	160.15	3,971.97	2,903.80	1,085.00	27.54	966.96	2,397.83	2,688.71	4.876	6.168	7.020	7.020
19-Mar-19	158.93	3,957.62	2,892.44	1,141.00	36.32	957.35	2,379.59	3,485.67	4.865	6.167	6.945	6.945
20-Mar-19	160.26	3,979.37	2,871.95	1,014.00	15.99	513.88	2,399.46	2,768.24	4.893	6.226	7.075	7.075
21-Mar-19	160.97	3,997.58	2,855.63	1,125.00	22.90	498.86	2,410.26	3,486.59	4.821	6.103	6.938	6.938
<b>March 14-21, 2019</b>	<b>160.97</b>	<b>3997.58</b>	<b>2855.63</b>	<b>4,343.00</b>	<b>117.54</b>	<b>3,883.77</b>	<b>2410.26</b>	<b>14,486.45</b>	<b>4.893</b>	<b>6.226</b>	<b>7.075</b>	<b>7.075</b>
<b>Weekly Change(%)</b>	<b>3.56</b>	<b>2.86</b>	<b>-0.46</b>	<b>-5.44</b>	<b>21.47</b>	<b>69.84</b>	<b>3.57</b>	<b>2.26</b>	<b>-0.270*</b>	<b>-0.057*</b>	<b>-0.085*</b>	<b>-0.149*</b>

\* Percentage points

Source: Central Bank of Kenya, NSE and Thompson Reuters

**Chart 2: Yields on 10 year Eurobonds for Selected African Countries**



Source: Thomson Reuters

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

	29-Jun-18	28-Dec-18	15-Feb-19	22-Feb-19	01-Mar-19	08-Mar-19	15-Mar-19
1. Treasury Bills (Excluding Repos)	878.62	904.10	963.83	968.21	971.54	961.16	944.94
<i>(As % of total securities)</i>	<b>36.75</b>	<b>36.90</b>	<b>37.38</b>	<b>37.49</b>	<b>36.80</b>	<b>36.55</b>	<b>36.15</b>
2. Treasury Bonds	1,511.87	1,546.29	1,614.60	1,614.60	1,668.63	1,668.63	1,668.83
<i>(As % of total securities)</i>	<b>63.25</b>	<b>63.10</b>	<b>62.62</b>	<b>62.51</b>	<b>63.20</b>	<b>63.45</b>	<b>63.85</b>
3. Total Securities (1+2)	2,390.49	2,450.39	2,578.43	2,582.81	2,640.17	2,629.79	2,613.76
4. Overdraft at Central Bank	56.85	45.86	22.69	15.06	19.67	19.26	37.35
5. Other Domestic debt*	31.44	31.61	31.41	31.42	31.41	31.42	31.78
<b>6. Gross Domestic Debt (3+4+5)</b>	<b>2,478.78</b>	<b>2,527.86</b>	<b>2,632.52</b>	<b>2,629.30</b>	<b>2,691.25</b>	<b>2,680.47</b>	<b>2,682.89</b>

\* 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-Dec-18	15-Feb-19	22-Feb-19	01-Mar-19	08-Mar-19	15-Mar-19
Treasury bills (Excluding Repos)	35.45	35.77	36.61	36.82	36.10	35.86	35.22
Treasury bonds	60.99	61.17	61.33	61.41	62.00	62.25	62.20
CBK Overdraft to Government	2.29	1.81	0.86	0.57	0.73	0.72	1.39
Other domestic debt	1.27	1.25	1.19	1.20	1.17	1.17	1.18
<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>	<b>100.00</b>

Source: Central Bank of Kenya

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

	28-Dec-18	08-Feb-19	15-Feb-19	22-Feb-19	01-Mar-19	08-Mar-19	15-Mar-19
Banking Institutions	54.53	54.43	54.56	54.51	54.31	54.38	54.93
Insurance Companies	6.06	6.09	6.06	6.19	6.20	6.24	6.20
Parastatals	7.25	7.31	7.22	7.11	7.23	7.24	7.04
Pension funds	27.59	27.57	27.59	27.62	27.78	27.82	27.49
Other investors	4.57	4.60	4.57	4.57	4.48	4.33	4.34
<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>	<b>100.00</b>

Source: Central Bank of Kenya

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

	Jun-17	Dec-17	Jun-18	Sep-18	Oct-18	Nov-18	Dec-18
Domestic debt (KSh Billion)	2,111.71	2,220.35	2,478.84	2,540.70	2,535.75	2,563.42	2,548.77
Public & Publicly Guaranteed External debt (US \$ Billion)	22.12	22.76	25.34	25.81	26.07	26.42	26.74
Public & Publicly Guaranteed External debt (KSh Billion)	2,294.40	2,349.28	2,560.20	2,605.33	2,654.69	2,709.01	2,723.73
<b>Total public debt (KSh Billion)</b>	<b>4,406.11</b>	<b>4,569.63</b>	<b>5,039.03</b>	<b>5,146.04</b>	<b>5,190.44</b>	<b>5,272.43</b>	<b>5,272.50</b>

Source: National Treasury and Central Bank of Kenya