



Central Bank of Kenya

Weekly Statistical Bulletin

Key Monetary and Financial Indicators

September 15, 2017

Commercial banks maintained sufficient levels of reserves as the CRR cycle was coming to a close during the week. In the interbank market, the weighted average rate decreased to 4.84 percent in the week ending September 13, 2017 from 5.27 percent recorded in the previous week.

The capital markets performance recovered from last week's decline, mainly driven by price gains amid reduced supply of shares. The bond market segment gained significantly, signalling improved appetite for fixed income securities.

Monetary Policy Operations

The money markets closed the week ending September 13, 2017 liquid, as banks closed the CRR cycle on September 14, 2017. The commercial banks' excess reserves above 5.25 percent averaging requirement amounted to KSh 10.7 billion which was relatively stable compared to the previous week's average of KSh 11.9 billion (Chart 1). Net flows from the issuance of government securities and remittance of PAYEE taxes caused a net liquidity withdrawal of KSh 1.7 billion. (Table 1).

The Interbank Market

The weighted average interbank rate decreased to 4.84 percent in the week ending September 13, 2017 from 5.27 percent recorded in the previous week. The volumes transacted ranged from KSh 11.10 billion to KSh 13.25 billion during the week, giving an average of KSh 10.2 billion compared to an average of KSh 17.1 billion the previous week. The number of deals stood at 30 during the week compared to 25 deals transacted the previous week (Table 2 and Chart 2).

Kenya Shilling Exchange Rate

The Kenya Shilling strengthened against the US Dollar but slightly weakened against the Euro, the Pound Sterling and the Japanese Yen during the week ending September 14, 2017 primarily reflecting the weakening of the US Dollar against major international currencies. The US Dollar performance is attributed partly to geopolitical tension in the Korean peninsula. In the EAC

region, the Kenya Shilling strengthened against all the EAC currencies.

Equity Market

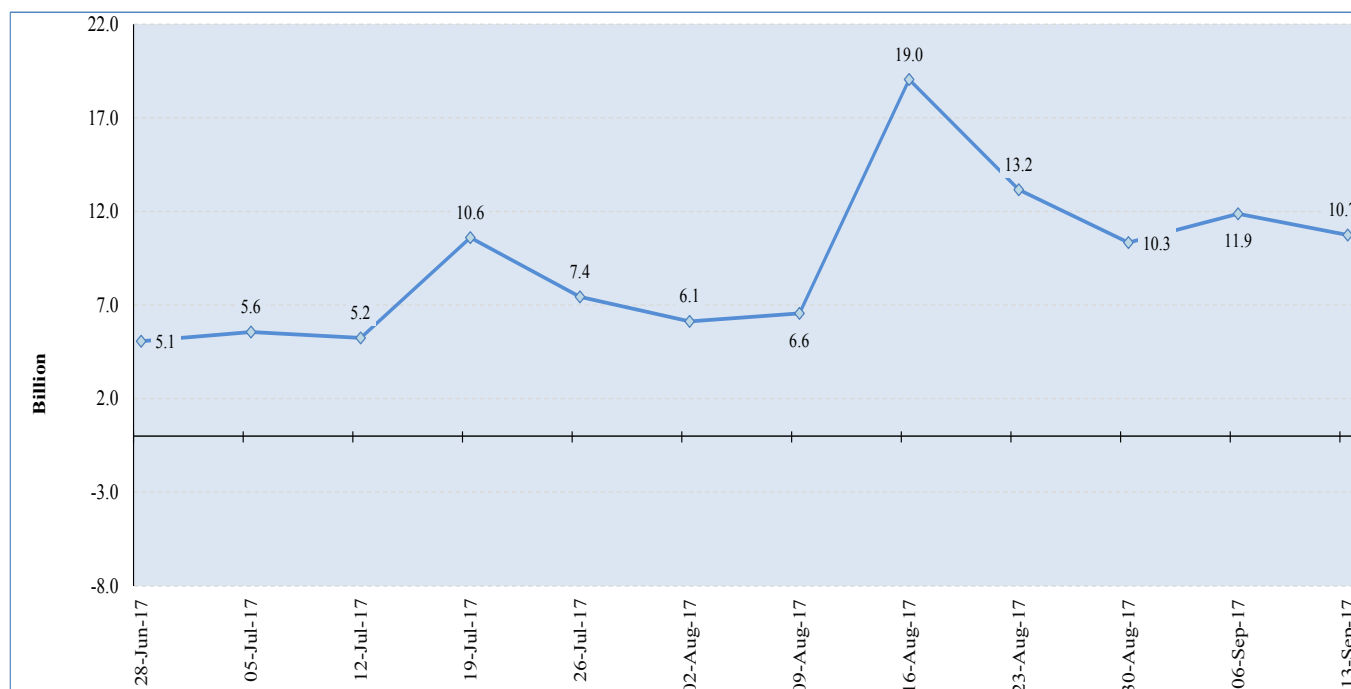
The equities market gained across all the share price indices in the week ending September 14, 2017, reflecting improved investor appetite for risky assets and investor confidence. Consequently, shareholders' wealth, measured by market capitalization, increased by 0.3 percent. The market was, however, constrained in supply of shares, which may reflect investors' positive long term view (Table 4).

Bond Market and Eurobond Yields

The volume of Bonds traded increased significantly by 60.8 percent in the week ending September 14, 2017, with corresponding deals traded increasing by 15 percent. This performance may be explained by investors' sale of old stocks to buy into a cheaper bond currently on offer in the primary market. Kenya's 5-year Eurobond yield shed 1 basis point while the 10-year yield gained 8 basis points, reflecting mixed investor perception.

LIST OF TABLES AND CHARTS

Chart 1: Commercial Banks Excess Reserves



Source: Central Bank of Kenya

Table 1: Liquidity Flows and Open Market Operations (Ksh billion)

	7-Sep-17	8-Sep-17	11-Sep-17	12-Sep-17	13-Sep-17	Total
Liquidity Flows						
Total liquidity injection ¹	14.1	5.5	44.7	12.6	7.4	84.3
Repos Maturities	10.1	0.0	10.0	0.0	0.0	20.0
Reverse Repo Purchases	0.0	0.0	0.0	9.0	2.3	11.2
Term Auction Deposit maturities	0.0	0.0	0.0	0.0	0.0	0.0
T/bills redemptions	0.0	0.0	26.9	0.0	0.0	26.9
T/bills rediscounts	0.0	0.0	0.0	0.0	0.0	0.0
T/bonds redemptions	0.0	0.0	4.0	0.0	0.0	4.0
T/bonds Interest	0.0	0.0	0.0	0.0	0.0	0.0
T/bonds rediscounts	0.0	0.0	0.5	0.0	0.0	0.5
Govt payments	4.0	3.4	3.3	1.6	5.1	17.4
Total liquidity reduction ¹	13.1	7.8	40.4	18.2	6.4	85.9
T/bills (Primary issues)	0.0	0.0	34.4	0.0	0.0	34.4
Tbonds Sales	0.0	0.0	0.0	0.0	0.0	0.0
T/bills/Tbonds (OMO Tap Sales)	0.0	0.0	0.0	0.0	0.0	0.0
Repos	10.0	0.0	0.0	0.0	0.0	10.0
Reverse Repos maturities	0.0	0.0	0.0	9.0	2.3	11.2
Term Auction Deposit	0.0	0.0	0.0	0.0	0.0	0.0
Transfer from Banks -Taxes	3.1	7.8	6.0	9.2	4.1	30.3
Net liquidity injection (+)/Withdrawal (-)	1.0	-2.3	4.3	-5.6	1.0	-1.7
Open Market Operations Outcome						
Posted Amount	10.0	0.0	0.0	0.0	0.0	10.0
Realised Amount - Mop up	10.0	0.0	0.0	0.0	0.0	10.0
Repo (-)	10.0	0.0	0.0	0.0	0.0	10.0
Term Auction Deposits (-)	0.0	0.0	0.0	0.0	0.0	0.0
Reserve Money Position						
Reserve money (actual)	417.9	427.7	414.4	413.9	420.7	

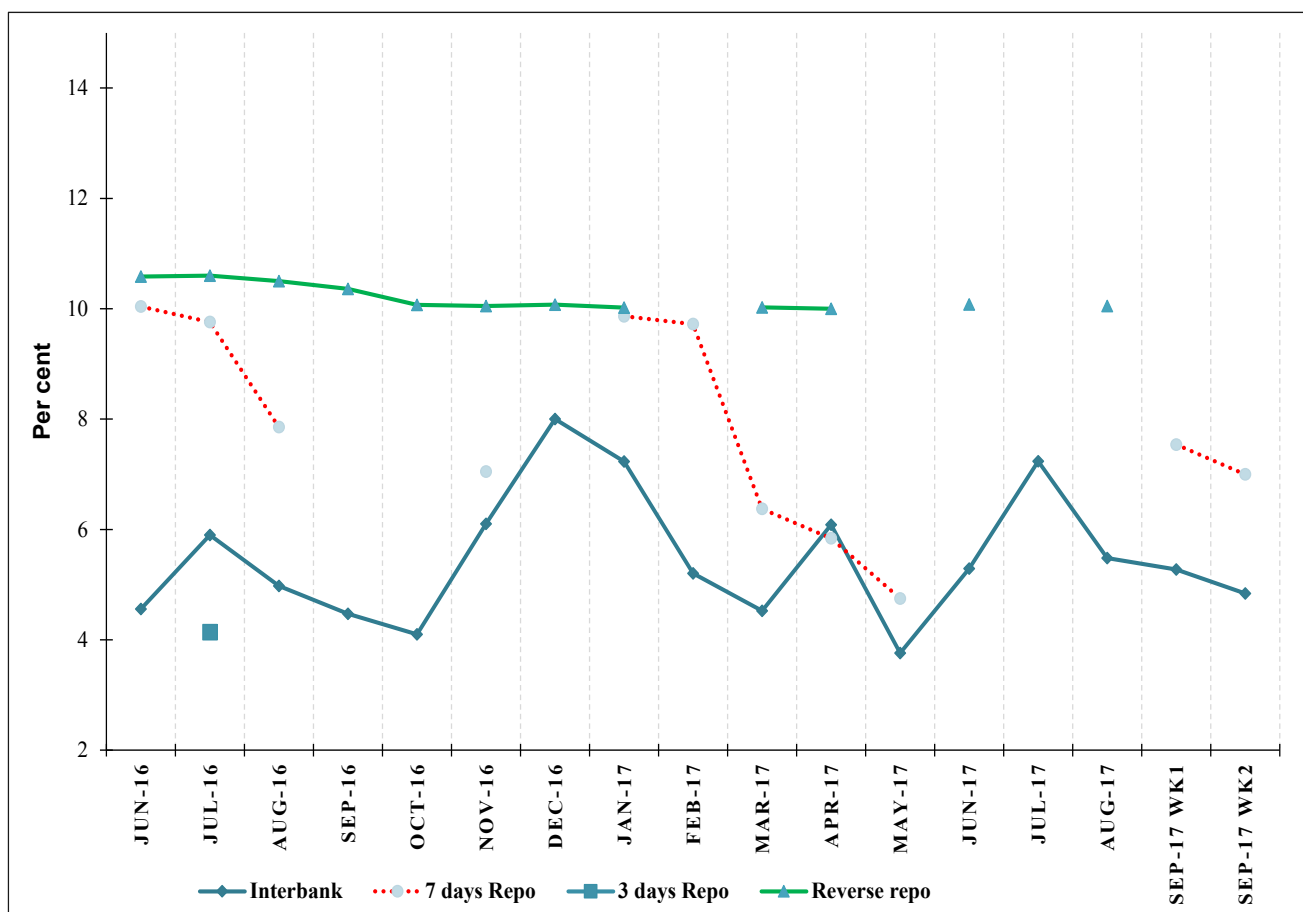
¹ Only main transactions increasing or reducing liquidity are included.

Source: Central Bank of Kenya

Table 2: Interbank Deals, Volumes and Interest Rates

Date	Number of Deals	Value (KSh M)	Average Interbank Rate (%)	7 days Average Repo Rate (%)
24-Aug-17	29	12,300	5.83	-
25-Aug-17	48	22,000	5.55	-
28-Aug-17	37	18,150	5.50	-
29-Aug-17	31	15,720	5.43	-
30-Aug-17	30	17,780	5.10	-
Aug 24, 2017-Aug 30, 2017	35	17,190	5.48	-
31-Aug-17	23	13,250	4.83	7.60
1-Sep-17	26	9,850	4.88	-
4-Sep-17	24	8,575	5.25	7.48
5-Sep-17	27	10,620	5.44	-
6-Sep-17	26	8,700	5.96	-
Aug 31, 2017-Sept 06, 2017	25	10,199	5.27	7.54

Source: Central Bank of Kenya

Chart 2: Structure of Interest Rates

Source: Central Bank of Kenya

Table 3: Kenya Shilling Exchange Rate

	USD	Sterling Pound	Euro	100 Japanese Yen	USHS*	TSHS*	RWF*	BIF*
1-Sep-17	102.81	132.34	121.83	93.14	35.02	21.80	8.07	16.95
4-Sep-17	103.16	133.87	122.22	93.83	34.88	21.72	8.05	16.89
5-Sep-17	103.23	133.75	122.87	94.22	34.87	21.71	8.04	16.88
6-Sep-17	103.25	134.07	122.80	94.52	34.82	21.70	8.04	16.88
7-Sep-17	103.24	134.70	123.05	94.70	34.87	21.69	8.04	16.89
1-7 September 2017	103.14	133.74	122.55	94.08	34.89	21.72	8.05	16.90
8-Sep-17	103.16	134.96	123.87	94.93	34.87	21.72	8.05	16.90
11-Sep-17	102.89	135.85	123.98	94.68	34.99	21.78	8.07	16.95
12-Sep-17	102.70	135.55	123.08	94.43	35.00	21.82	8.09	16.99
13-Sep-17	102.88	136.36	122.88	93.50	34.99	21.78	8.08	16.96
14-Sep-17	102.87	136.41	122.98	93.31	35.00	21.79	8.08	16.96
8-14 September 2017	102.90	135.82	123.36	94.17	34.97	21.78	8.08	16.95

* Units of currency per Kenya Shilling

Source: Central Bank of Kenya

Table 4: Key Weekly Market Statistics

INDICATOR	03-Aug-17	10-Aug-17	17-Aug-17	24-Aug-17	31-Aug-17	07-Sep-17	14-Sep-17	Weekly Change (%)
NASI 100= 2008	158.90	162.00	166.08	168.69	169.16	164.00	164.48	0.29
NSE 25 Share Index	4,235.00	4,328.42	4,045.89	4,482.63	4,485.10	4,301.00	4,305.08	0.09
NSE 20 Share Index 100= 1996	3,774.00	3,903.29	4,457.05	4,052.54	4,027.12	3,805.00	3,813.78	0.23
Number of Deals	7,068.00	3,657.00	9508	6660	7929	7144	5711	-20.06
Total Shares Traded (Million)	215.99	55.87	188.13	117.80	110.72	233.35	115.65	-50.44
Equity Turnover (KSh Million)	5,384.87	1,585.53	4,817.58	3,055.78	3,237.17	6,893.81	3,698.95	-46.34
Market Capitalization (KSh Billion)	2,328.66	2,364.42	2,433.42	2,471.91	2,478.62	2,402.90	2,410.03	0.30
Bonds Turnover (KSh Million)	4,354.16	3,717.46	5,658.65	11,330.59	10,456.25	6,276.37	10,093.75	60.82
5-Year Eurobond Yield (%)	4.40	4.17	4.09	4.07	3.91	4.18	4.17	-0.01
10-Year Eurobond Yield (%)	6.55	6.28	6.09	6.05	6.01	6.16	6.24	0.08

* Percentage points

Source: Nairobi Securities Exchange, Thompson Reuters and Central Bank of Kenya

Table 5 A: Performance of Government Securities

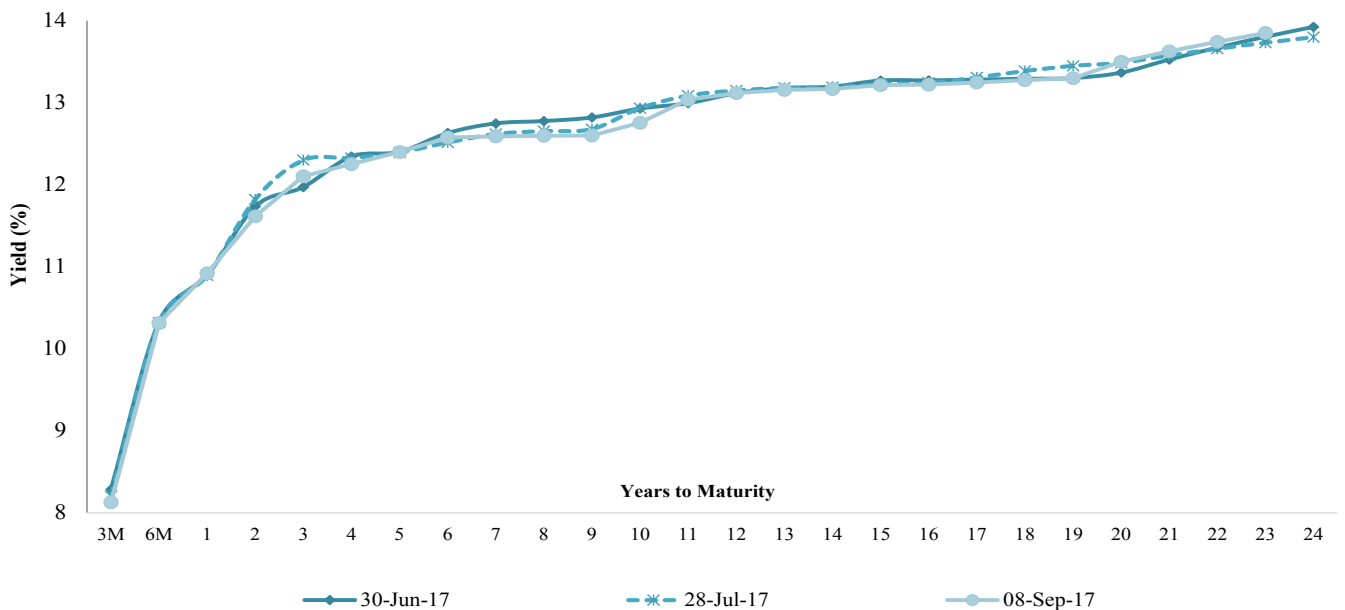
TREASURY BILLS							
91-Day Treasury Bills							
Date of Auction	20-Jul-17	27-Jul-17	17-Aug-17	24-Aug-17	31-Aug-17	07-Sep-17	14-Sep-17
Amount offered (Ksh M)	4,000.00	4,000.00	4,000.00	4,000.00	4,000.00	4,000.00	4,000.00
Bids received (Ksh M)	2,224.60	964.01	3,780.51	4,201.81	2,773.01	4,042.20	4,121.97
Amount Accepted (Ksh M)	2,224.60	857.46	3,780.41	4,201.81	1,577.59	3,996.05	3,521.74
Maturities (Ksh M)	6,835.20	11,427.00	2,268.60	2,268.60	3,167.80	14,028.70	10,251.80
Average interest Rate (%) - 91 Days	8.21	8.20	8.15	8.15	8.14	8.13	8.13
182-Day Treasury Bills							
Date of Auction	20-Jul-17	27-Jul-17	17-Aug-17	24-Aug-17	31-Aug-17	07-Sep-17	14-Sep-17
Amount offered (Ksh M)	10,000.00	10,000.00	10,000.00	10,000.00	10,000.00	10,000.00	10,000.00
Bids received (Ksh M)	4,004.42	4,751.78	18,894.82	5,981.63	14,540.81	22,672.85	9,548.96
Amount Accepted (Ksh M)	3,054.54	4,416.32	18,400.69	5,981.63	11,463.28	20,797.68	8,299.01
Maturities (Ksh M)	5,845.20	2,297.80	16,280.10	16,280.10	22,446.95	0.00	0.00
Average interest Rate (%) - 182 days	10.31	10.32	10.32	10.31	10.32	10.31	10.31
364-Day Treasury Bills							
Date of Auction	20-Jul-17	27-Jul-17	17-Aug-17	24-Aug-17	31-Aug-17	07-Sep-17	14-Sep-17
Amount offered (Ksh M)	10,000.00	10,000.00	10,000.00	10,000.00	10,000.00	10,000.00	10,000.00
Bids received (Ksh M)	1,290.26	9,780.73	12,086.62	12,534.86	15,343.16	10,132.67	8,351.03
Amount Accepted (Ksh M)	1,228.56	9,366.10	11,618.02	12,084.28	13,019.38	9,626.96	6,124.85
Maturities (Ksh M)	3,647.80	6,827.91	5,842.45	5,842.45	9843.8	12870.4	12676.35
Average interest Rate (%) - 364 days	10.89	10.89	10.91	10.91	10.92	10.92	10.93

Source: Central Bank of Kenya

Table 5 B: Performance of Government Securities

TREASURY BONDS							
Date of	27-Apr-17		17-May-17		21-Jun-17	27-Jul-17	31-Aug-17
Tenor	FXD3/2008/11	FXD1/2009/11	FXD 2/2010/10	FXD 1/2009/15	FXD2/2007/15	FXD 1/2007/10	TAP Sale FXD 1/2017/5
Amount		7,000.00	40,000.0		30,000.0	30,000.0	13,000.0
Bids received	3,365.10	6,143.05	14,494.9	24,354.9	39,073.2	19,043.3	17,490.0
Amount	3,272.10	4,009.60	8,532.8	11,463.4	26,409.9	5,190.8	17,530.8
Maturities		0.00	31,079.6		18,746.8	0.0	0.0
Average	11.33	11.97	12.472	13.141	12.520	12.966	12.465

Source: Central Bank of Kenya



Source: Central Bank of Kenya

Table 6: Government Domestic Debt (KSh Billion)

	30-Jun-17	28-Jul-17	04-Aug-17	11-Aug-17	18-Aug-17	25-Aug-17	01-Sep-17	08-Sep-17
1. Treasury Bills (Excluding Repos)	744.15	744.46	740.71	724.15	715.78	727.40	721.64	718.22
(As % of total securities)	35.84	35.85	35.65	35.01	34.75	35.20	35.02	34.33
2. Treasury Bonds	1,331.98	1,331.98	1,337.15	1,344.17	1,344.17	1,339.04	1,339.04	1,374.13
(As % of total securities)	64.16	64.15	64.35	64.99	65.25	64.80	64.98	65.67
3. Total Securities (1+2)	2,076.13	2,076.43	2,077.86	2,068.32	2,059.95	2,066.44	2,060.67	2,092.34
4. Overdraft at Central Bank	-	-	-	12.20	22.22	13.39	21.19	27.27
5. Other Domestic debt*	36.15	35.56	35.55	35.54	36.70	36.71	36.70	36.71
6. Gross Domestic Debt (3+4+5)	2,112.28	2,112.00	2,113.42	2,116.07	2,118.87	2,116.54	2,118.56	2,156.32

* 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 7: Composition of Government Domestic Debt by Instrument (In Percent)

	30-Jun-17	28-Jul-17	04-Aug-17	11-Aug-17	18-Aug-17	25-Aug-17	01-Sep-17	08-Sep-17
Treasury bills (Excluding Repos)	35.2	35.2	35.0	34.2	33.8	34.4	34.1	33.3
Treasury bonds	63.1	63.1	63.3	63.5	63.4	63.3	63.2	63.7
CBK Overdraft to Govt	0.0	0.0	0.0	0.6	1.0	0.6	1.0	1.3
Other domestic debt	1.7	1.7	1.7	1.7	1.7	1.7	1.7	1.7
TOTAL	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0

Source: Central Bank of Kenya

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

	30-Jun-17	28-Jul-17	11-Aug-17	18-Aug-17	25-Aug-17	01-Sep-17	08-Sep-17
Banking Institutions	56.2	56.1	56.1	56.3	55.9	55.8	56.1
Insurance Companies	6.6	6.6	6.7	6.7	6.2	6.3	6.2
Parastatals	6.4	6.6	6.7	6.7	6.5	6.2	6.1
Pension funds	28.1	28.0	27.7	27.5	27.2	27.4	27.3
Other investors	2.7	2.7	2.8	2.8	4.3	4.3	4.3
Total	100.0	100.0	100.0	100.0	100.0	100.0	100.0

Source: Central Bank of Kenya

Table 9: Official Foreign Reserves US\$ Million (Usable)

	13-Jul-17	20-Jul-17	27-Jul-17	03-Aug-17	10-Aug-17	17-Aug-17	24-Aug-17	31-Aug-17	07-Sep-17	14-Sep-17
1. CBK Usable Foreign Exchange Reserves (USD Million)*	7,869	7,781	7,705	7,524	7,446	7,420	7,464	7,487	7,482	7,545
2. CBK Usable Foreign Exchange Reserves (Months of Import Cover)**	5.23	5.17	5.12	5.00	4.94	4.93	4.96	4.97	4.97	5.01

*Excludes Encumbered Reserves

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

Source: Central Bank of Kenya