



Central Bank of Kenya

# Weekly Statistical Bulletin

## Key Monetary and Financial Indicators

March 2, 2018

### Inflation

Overall inflation declined in February 2018, and remained below the midpoint of the Government medium term target, largely on account of lower food prices following increased supply due to favorable weather conditions and the supportive government measures undertaken in the second half of 2017 which continue to filter through the economy. Overall inflation declined to 4.5 percent in February 2018 from 4.8 percent in January 2018, the lowest since May 2013 (**Chart 1**).

Food inflation declined to 4.1 percent in February 2018 from 4.9 percent in January 2018, the lowest since March 2013. Although prices of some key food items were higher in February 2018 compared to January 2018, on average the increases were more than counterbalanced by declines when compared to February 2017, reflecting the effects of favorable weather conditions and Government measures. Prices of the following food items increased compared to January 2018: onions (11.07 percent), sukuma wiki (9.17 percent), spinach (8.22 percent), cabbages (7.13 percent), Irish potatoes (7.07 percent), carrots (6.76 percent), tomatoes (3.05 percent), sifted maize flour (1.75 percent), beef with bones (0.38 percent) and fresh milk (0.25 percent). However, the price of sugar declined by 0.87 percent in February compared to January 2018.

Fuel inflation increased marginally to 6.2 percent in February 2018 from 6.1 percent in January 2018, the highest since November 2014. The increase is reflective of the upward adjustment of pump prices and electricity charges (fuel, inflation and forex costs) by the Energy Regulatory Commission (ERC). The energy prices, (electricity, petrol, diesel, and gas-LPG) increased significantly in the month under review compared to February 2017. Fuel inflation has continued to rise since July 2017, largely in line with continued increase in international oil prices.

Non-Food-Non-Fuel (NFNF) inflation rose modestly but remained below 5.0 percent. It increased to 3.6 percent from 3.5 percent in January 2018.

### Activity in the Interbank Market

The volumes traded in the interbank market increased to an average of KSh 13.8 billion during the week ending February 28, 2018 from KSh 10.6 billion the previous week, partly reflecting spillover of VAT tax remittances by banks. Similarly, the number of deals in the interbank market increased to an average of 32 from the previous average of 24. The weighted average interbank rate however, decreased to 4.95 percent from 5.14 percent in the previous week, largely reflective of large banks dominating borrowing at lower rates (**Table 1**).

### Kenya Shilling Exchange Rate

The Kenya Shilling exchange rate strengthened against the Pound Sterling and the Euro during the week ending March 1, 2018 but weakened against the US Dollar and the Japanese Yen. The weakening of the Kenya Shilling against the US Dollar was mainly fuelled by an appreciated Dollar following the announcement by the Federal Reserve Chair of the intention to have a gradual increase in US interest rates. In the EAC region, the Kenya Shilling strengthened against the Uganda Shilling while remaining unchanged against the Rwanda Franc but weakened against the Tanzania Shilling and the Burundi Franc (**Table 2**).

### Equity Market

Trading activity in the equities market rose during the week ending March 1, 2018 as reflected in all market indicators. Consequently, shareholders' wealth measured by market capitalization grew by KSh 18.3 billion or 0.69 percent in the week. The performance of equities may be explained by the

build up in investor appetite for bargain stocks after a period of wait-and-see and expected dividend payouts or capital gains as listed companies release audited financial statements (**Table 3**).

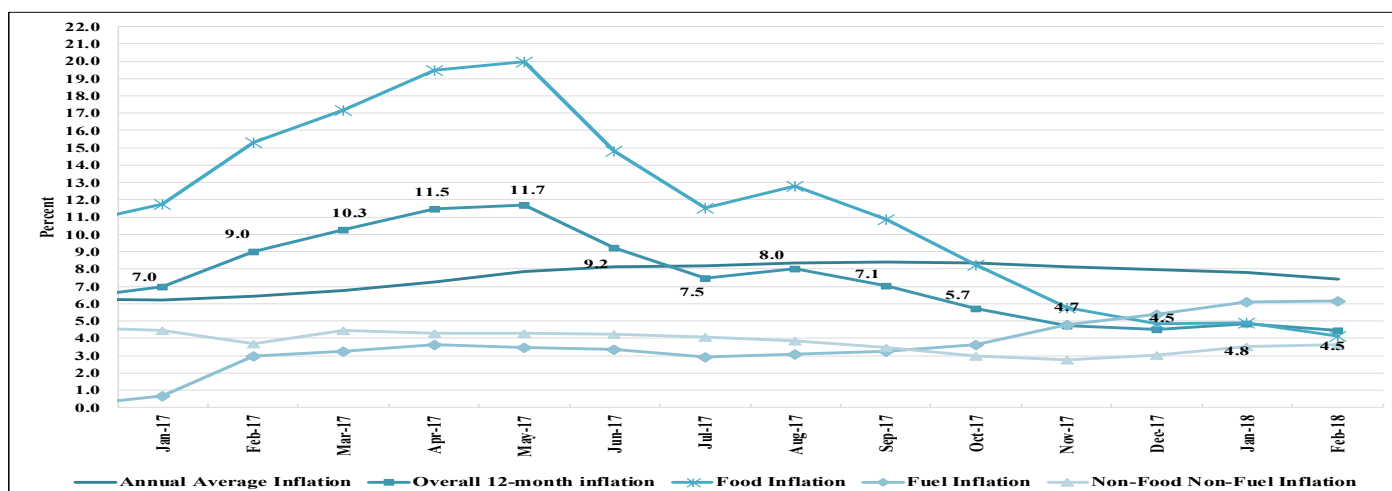
### **Bond Market and Eurobond Yields**

The value of Bonds traded reduced in the week ending March 1, 2018 compared to the previous week on account of reduced yields on Treasury bonds FXD 1/2010/15 & FXD 2/2013/15 on the primary market. The yields on Kenya's 5-year and 10-year Eurobonds reduced, indicating reduced risk perception about the Kenyan economy (**Table 3**).

The overwhelming response to the new Eurobonds issued by Kenya was also a reflection of Kenya's positive global image.

## LIST OF TABLES AND CHARTS

Chart 1: Developments in Inflation Rates



Source: Central Bank of Kenya

Table 1: Interbank Deals, Volumes and Interest Rates

Date	Number of Deals	Value (KSh M)	Average Interbank Rate (%)
15-Feb-18	30	16,450	4.65
16-Feb-18	27	13,450	5.09
19-Feb-18	22	7,080	5.55
20-Feb-18	22	8,640	5.20
21-Feb-18	20	7,130	5.20
<b>Feb 15 , 2018 - Feb 21, 2018</b>	<b>24</b>	<b>10,550</b>	<b>5.14</b>
22-Feb-18	29	8,960	5.38
23-Feb-18	38	16,085	5.09
26-Feb-18	38	19,945	4.90
27-Feb-18	28	13,095	4.69
28-Feb-18	29	10,915	4.72
<b>Feb 22 , 2018 - Feb 28, 2018</b>	<b>32</b>	<b>13,800</b>	<b>4.95</b>

Source: Central Bank of Kenya

Table 2: Kenya Shilling Exchange Rates

	USD	Sterling Pound	Euro	100 Japanese Yen	USHS*	TSHS*	RWF*	BIF*
16-Feb-18	101.25	142.52	126.37	95.04	35.90	22.24	8.38	17.47
19-Feb-18	101.31	142.08	126.19	95.37	35.88	22.24	8.52	17.37
20-Feb-18	101.30	141.52	125.46	94.95	35.82	22.22	8.38	17.47
21-Feb-18	101.30	141.89	125.04	94.53	35.86	22.23	8.38	17.47
22-Feb-18	101.47	141.33	124.99	94.40	35.87	22.19	8.51	17.34
<b>16 -22 Feb 2018</b>	<b>101.33</b>	<b>141.87</b>	<b>125.61</b>	<b>94.86</b>	<b>35.87</b>	<b>22.23</b>	<b>8.44</b>	<b>17.43</b>
23-Feb-18	101.73	141.55	125.36	95.21	35.93	22.14	8.49	17.30
26-Feb-18	101.83	142.41	125.27	95.35	35.93	22.10	8.47	17.27
27-Feb-18	101.74	142.73	125.35	95.23	35.87	22.13	8.49	17.30
28-Feb-18	101.62	141.58	125.02	94.92	35.92	22.15	8.36	17.43
1-Mar-18	101.38	140.17	123.86	94.69	36.00	22.21	8.39	17.47
<b>23 February -1 March 2018</b>	<b>101.66</b>	<b>141.69</b>	<b>124.97</b>	<b>95.08</b>	<b>35.93</b>	<b>22.15</b>	<b>8.44</b>	<b>17.35</b>

Source: Central Bank of Kenya

Table 3: Key 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 (%)
16-Feb-18	180.25	4,511.95	3,713.25	1,162	14	456	2,655.40	2,151	3.712	6.652
19-Feb-18	180.21	4,507.30	3,719.47	1,199	9	254	2,654.84	2,915	3.674	6.507
20-Feb-18	181.74	4,530.28	3,727.33	1,283	35	1,320	2,677.39	4,308	3.707	6.570
21-Feb-18	181.71	4,527.24	3,730.24	1,173	27	1,025	2,676.86	1,952	3.779	6.396
22-Feb-18	180.75	4,510.41	3,719.91	1,152	21	1,069	2,662.77	4,419	3.996	6.396
<b>16-22 Feb 2018</b>	<b>180.75</b>	<b>4,510.41</b>	<b>3,719.91</b>	<b>5,969.00</b>	<b>105.70</b>	<b>4,124.09</b>	<b>2,662.77</b>	<b>15,744.85</b>	<b>4.00</b>	<b>6.40</b>
23-Feb-18	180.78	4,508.45	3,710.97	1,357	21	808.06	2,663.12	2,819	3.839	6.267
26-Feb-18	180.64	4,510.28	3,704.02	1,329	66	1,376.23	2,661.09	1,251	3.796	6.219
27-Feb-18	180.68	4,525.47	3,735.00	1,550	25	864.33	2,661.67	1,839	3.706	6.218
28-Feb-18	181.77	4,563.42	3,750.75	1,326	24	832.76	2,677.81	2,787	3.818	6.266
01-Mar-18	181.99	4,590.04	3,774.04	1,424	97	1,995.55	2,681.02	2,378	3.805	6.289
<b>Feb 23 - Mar 1, 2018</b>	<b>181.99</b>	<b>4,590.04</b>	<b>3,774.04</b>	<b>6,986.00</b>	<b>232.67</b>	<b>5,876.92</b>	<b>2,681.02</b>	<b>11,073.52</b>	<b>3.81</b>	<b>6.29</b>
<b>Weekly Change (%)</b>	<b>0.69</b>	<b>1.77</b>	<b>1.46</b>	<b>17.04</b>	<b>120.13</b>	<b>42.50</b>	<b>0.69</b>	<b>-29.67</b>	<b>-0.191<sup>2</sup></b>	<b>-0.107<sup>2</sup></b>

\* Percentage points

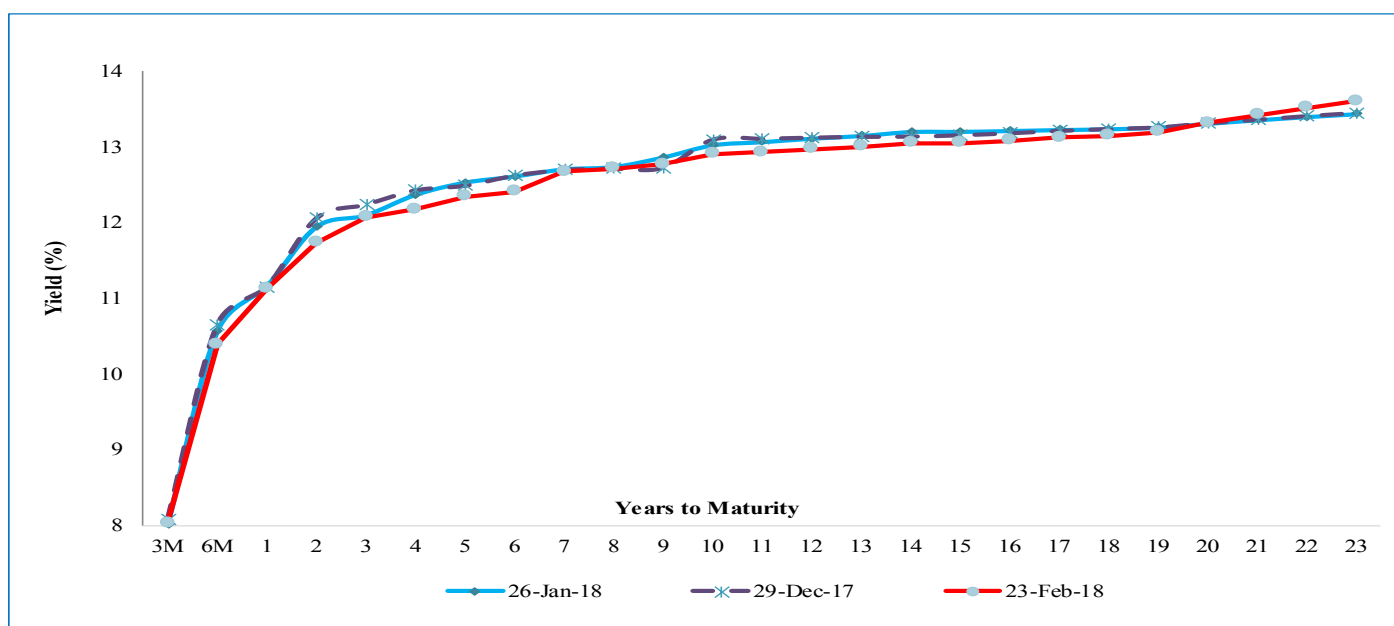
Source: Central Bank of Kenya

Table 4: Performance of Treasury Bonds

Date of Auction	28-Dec-17		25-Jan-18	01-Feb-18	21-Feb-18		01-Mar-18	
Tenor	TAP FXD1/2008/15	TAP FXD1/2017/10	IFB 1/2018/15	IFB 1/2018/15	FXD1/2010/15	FXD2/2013/15	FXD1/2010/15	FXD2/2013/15
Amount offered (Ksh)	20,000.0		40,000.0	35,000.0	40,000.0		27,000.0	
Bids received (Ksh M)	2,683.6	5,138.9	55,756.5	36,231.2	24,141.6		3,819.4	
Amount Accepted (Ksh)	2,683.6	5,138.9	5,041.5	36,207.2	4,444.2	8,761.0	318.0	3,501.4
Maturities (Ksh M)	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Average interest Rate	13.087	13.087	12.505	12.505	12.676	12.906	12.676	12.906

Source: Central Bank of Kenya

Chart 2: Kenya Government Securities Yield Curve



Source: Central Bank of Kenya

**Table 5: Performance of Government Securities**

<b>91-Day Treasury Bills</b>							
Date of Auction	28-Dec-17	25-Jan-18	01-Feb-18	08-Feb-18	15-Feb-18	22-Feb-18	01-Mar-18
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)	5,207.84	3,984.00	5,721.37	2,096.56	4,673.73	4,966.78	7,690.98
Amount Accepted (Ksh M)	2,757.46	3,979.10	5,721.37	2,052.78	4,281.26	4,966.78	7,249.82
Maturities (Ksh M)	4,090.65	514.75	3,874.10	6,978.35	1,791.60	4,428.95	8,677.30
Average interest Rate (%)- 91 Days	8.080	8.004	8.005	8.045	8.050	8.032	8.029
<b>182-Day Treasury Bills</b>							
Date of Auction	28-Dec-17	25-Jan-18	01-Feb-18	08-Feb-18	15-Feb-18	22-Feb-18	01-Mar-18
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)	8,037.18	13,806.67	12,959.45	12,511.30	11,219.01	8,425.54	16,333.90
Amount Accepted (Ksh M)	7,562.55	11,419.50	10,845.65	12,511.30	11,216.78	8,425.54	13,882.04
Maturities (Ksh M)	10,213.40	4,584.45	4,762.65	9,917.50	19,301.50	6,255.45	13,160.00
Average interest Rate (%)- 182 days	10.649	10.564	10.438	10.424	10.403	10.395	10.393
<b>364-Day Treasury Bills</b>							
Date of Auction	28-Dec-17	25-Jan-18	01-Feb-18	08-Feb-18	15-Feb-18	22-Feb-18	01-Mar-18
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)	6,154.09	10,236.21	14,512.30	17,152.71	17,833.93	11,731.74	13,367.63
Amount Accepted (Ksh M)	4,804.81	10,236.21	11,487.10	17,107.76	11,955.19	10,813.27	9,485.24
Maturities (Ksh M)	0.00	1,485.00	6,707.80	6,655.50	10,498.60	1,175.25	3,112.05
Average interest Rate (%)- 364 days	11.151	11.159	11.156	11.159	11.154	11.131	11.135

Source :Central Bank of Kenya

**Table 6: Government Domestic Debt (KSh Billion)**

	27-Oct-17	24-Nov-17	29-Dec-17	26-Jan-18	09-Feb-18	16-Feb-18	23-Feb-18
1. Treasury Bills (Excluding Repos)	734.84	709.79	684.72	711.31	746.60	757.25	754.54
(As % of total securities)	34.38	33.49	31.91	32.93	33.38	33.74	33.80
2. Treasury Bonds	1,402.49	1,409.71	1,461.25	1,448.96	1,490.14	1,487.15	1,477.96
(As % of total securities)	65.62	66.51	68.09	67.07	66.62	66.26	66.20
3. Total Securities (1+2)	2,137.33	2,119.51	2,145.97	2,160.26	2,236.74	2,244.40	2,232.50
4. Overdraft at Central Bank	17.70	33.88	42.32	46.54	24.00	27.92	42.09
5. Other Domestic debt*	40.50	32.83	32.58	32.07	32.06	32.01	31.45
6. Gross Domestic Debt (3+4+5)	2,195.53	2,186.21	2,220.87	2,238.88	2,292.80	2,304.34	2,306.05

\* 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	27-Oct-17	24-Nov-17	29-Dec-17	26-Jan-18	09-Feb-18	16-Feb-18	23-Feb-18
Treasury bills (Excluding Repos)	35.2	33.5	32.5	30.8	31.8	32.6	32.9	32.7
Treasury bonds	63.1	63.9	64.5	65.8	64.7	65.0	64.5	64.1
CBK Overdraft to Govt	0.0	0.8	1.5	1.9	2.1	1.0	1.2	1.8
Other domestic debt	1.7	1.8	1.5	1.5	1.4	1.4	1.4	1.4
<b>TOTAL</b>	<b>100.0</b>	<b>100.0</b>	<b>100.0</b>	<b>100.0</b>	<b>100.0</b>	<b>100.0</b>	<b>100.0</b>	<b>100.0</b>

Source: Central Bank of Kenya

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

	24-Nov-17	22-Dec-17	29-Dec-17	26-Jan-18	09-Feb-18	16-Feb-18	23-Feb-18
Banking Institutions	54.7	54.3	54.6	54.9	54.6	55.0	55.3
Insurance Companies	6.3	6.4	6.4	6.4	6.3	6.3	6.3
Parastatals	7.0	6.9	6.9	6.9	6.8	6.8	6.7
Pension funds	27.6	27.8	27.5	27.5	27.9	27.5	27.2
<b>Other investors</b>	<b>4.4</b>	<b>4.5</b>	<b>4.5</b>	<b>4.5</b>	<b>4.5</b>	<b>4.5</b>	<b>4.5</b>
<b>Total</b>	<b>100.0</b>	<b>100.0</b>	<b>100.0</b>	<b>100.0</b>	<b>100.0</b>	<b>100.0</b>	<b>100.0</b>

Source: Central Bank of Kenya

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

	04-Jan-18	11-Jan-18	18-Jan-18	25-Jan-18	01-Feb-18	08-Feb-18	15-Feb-18	22-Feb-18	01-Mar-18
1. CBK Usable Foreign Exchange Reserves (USD Million)*	7,081	7,044	6,994	7,056	7,074	7,181	7,240	7,235	7,154
2. CBK Usable Foreign Exchange Reserves (Months of Import Cover)**	4.74	4.72	4.69	4.72	4.73	4.80	4.84	4.84	4.78

\*Excludes Encumbered Reserves

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

**Source: Central Bank of Kenya**