



Central Bank of Kenya

Weekly Statistical Bulletin

Key Monetary and Financial Indicators

May 4, 2018

Inflation

Overall inflation has continued to decline largely on account of declining food prices following improved weather conditions. It declined to 3.7 percent in April 2018 from 4.2 percent in March 2018, the lowest level since January 2013. However, the increasing cost of energy continued to exert upward pressure on inflation.

Fuel inflation continued to increase, following significant rise in domestic and international energy prices. It increased to 10.2 percent from 8.2 percent in March 2018, the highest level since April 2012. Charcoal prices increased by 16.9 percent in April 2018 compared to March 2018, and by 55.3 percent compared to April 2017, following scarcity of the commodity resulting from the Government ban on logging. Pump prices of petrol, diesel and kerosene were higher in April 2018 compared to a similar period last year, consistent with rising international oil prices, while electricity prices also increased, arising from increasing electricity adjustment costs (**Chart 1**).

Non Food Non Fuel (NFNF) inflation remains stable below 5.0 percent, reflecting minimal demand pressures in the economy. It increased marginally to 4.0 percent in April from 3.8 percent in March 2018. The increase reflects marginal increases across all categories of NFNF inflation.

Interbank Market

The volumes traded in the interbank market increased marginally to an average of KSh 14.8 billion during the week ending May 2, 2018 from KSh 13.8 billion in the previous week. The slight increase in activity partly reflected the prevailing liquidity

conditions following net payments for government securities and tax remittances by banks. The number of deals in the interbank market increased to an average of 34 compared with an average of 29 in the previous week. Similarly, the weighted average interbank rate increased to 4.84 percent from 4.75 percent in the previous week (**Table 1**).

Exchange Rate

The Kenya Shilling strengthened against the Pound Sterling, the Euro and the Japanese Yen but weakened against the US Dollar during the week ending May 3, 2018. The weakening of the Kenya Shilling against the US Dollar was driven by Dollar demand from commercial banks covering their short positions. In the EAC region, the Kenya Shilling strengthened against the Uganda Shilling but weakened against other currencies (**Table 2**).

Remittance Inflows

Remittance inflows to Kenya through formal channels increased by 5.6 percent to stand at USD 222.2 million in March 2018 from USD 210.4 million recorded in February 2018. The 12-month cumulative inflows to March 2018 stood at USD 2,156 million, 23.8 percent higher than the USD 1,741 million recorded over the same period in 2017. The improved performance reflects increased uptake of financial products by the Diaspora and new partnerships between commercial banks and international money remittance providers (**Chart 2**).

Equity Market

Equity market performance declined in the week ending May 3, 2018, partly due to the shorter trading week. The equity share prices, reflected by NASI 100, NSE 25 and NSE 20 share indices, declined

by 2.69 percent, 1.97 percent and 1.14 percent, respectively during the week ending May 3, 2018. Trading activity, indicated by the equity turnover also decreased by 14.88 percent due to 12.93 percent decline in the number of shares traded and depressed share prices during the week under review. The shareholders wealth as measured by market capitalization declined by 2.69 percent to KSh 2,577.26 billion due to a decline in share prices (**Table 3**).

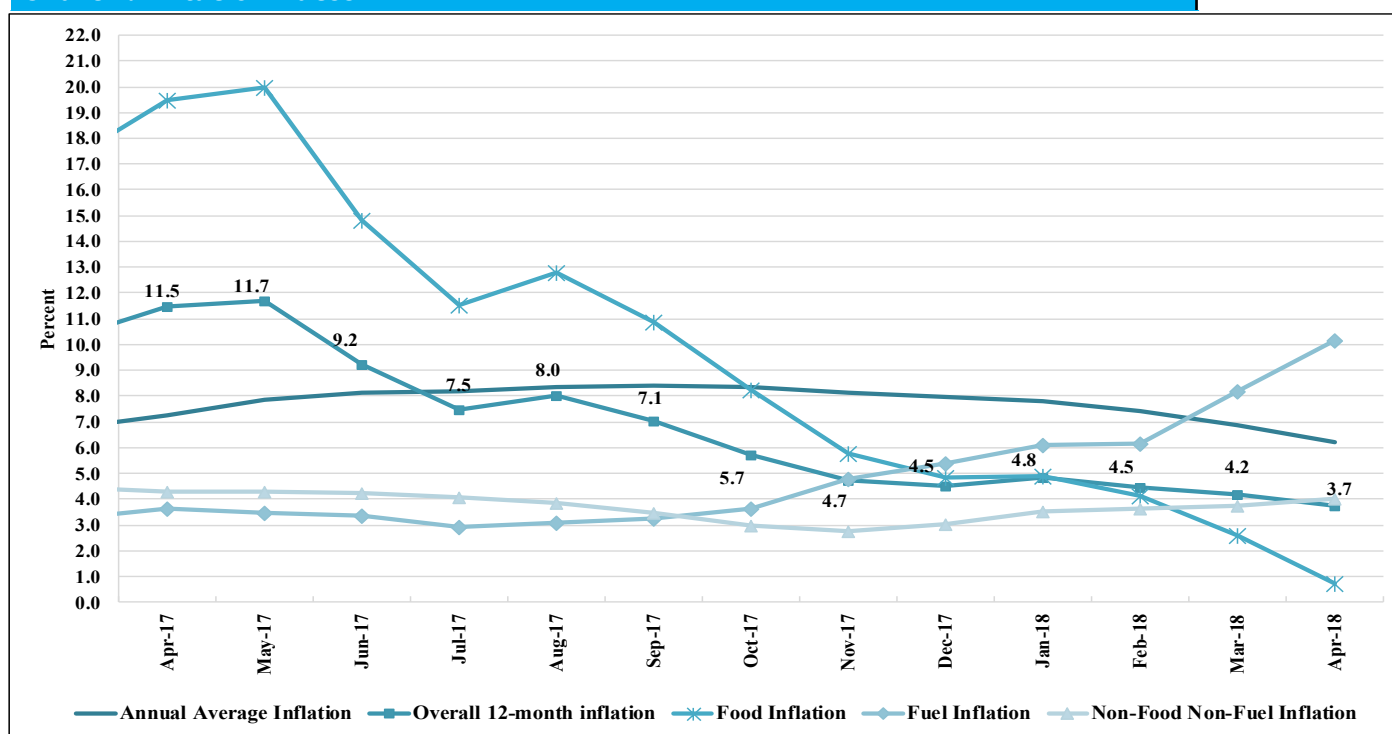
Bond Market and Eurobond Yields

Turnover in the bond market reduced by 56.40 percent in the week under review attributed to shorter trading week. The yields on all of Kenya's Eurobonds increased during the week ending May 3, 2018, reflecting an increase in investors' risk perception.

Government Securities

During the week ending May 4, 2018, the government securities market continued the good performance witnessed in the recent months. The Treasury bills auction of May 3, 2018 received bids totaling KSh 32.8 billion against an advertised amount of KSh 24.0 billion, giving a subscription rate of 136.83 percent. All the three instruments offered were oversubscribed, with the 364-day Treasury bill getting the highest subscription rate of 155.07 percent. The interest rates remained stable with the 91-day Treasury bill rate edging marginally downwards from 8.00 percent on April 26, 2018 to 7.97 percent on May 3, 2018 (**Table 5**).

Chart 1: 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 (%)
19-Apr-18	27	14,050	4.60
20-Apr-18	33	15,050	4.84
23-Apr-18	28	14,675	4.79
24-Apr-18	29	13,850	4.79
25-Apr-18	29	11,130	4.71
April 19 - 25, 2018	29	13,751	4.75
26-Apr-18	35	15,225	4.73
27-Apr-18	36	14,165	4.73
30-Apr-18	34	13,628	4.97
2-May-18	31	16,050	4.92
April 26 - May 2, 2018	34	14,767	4.84

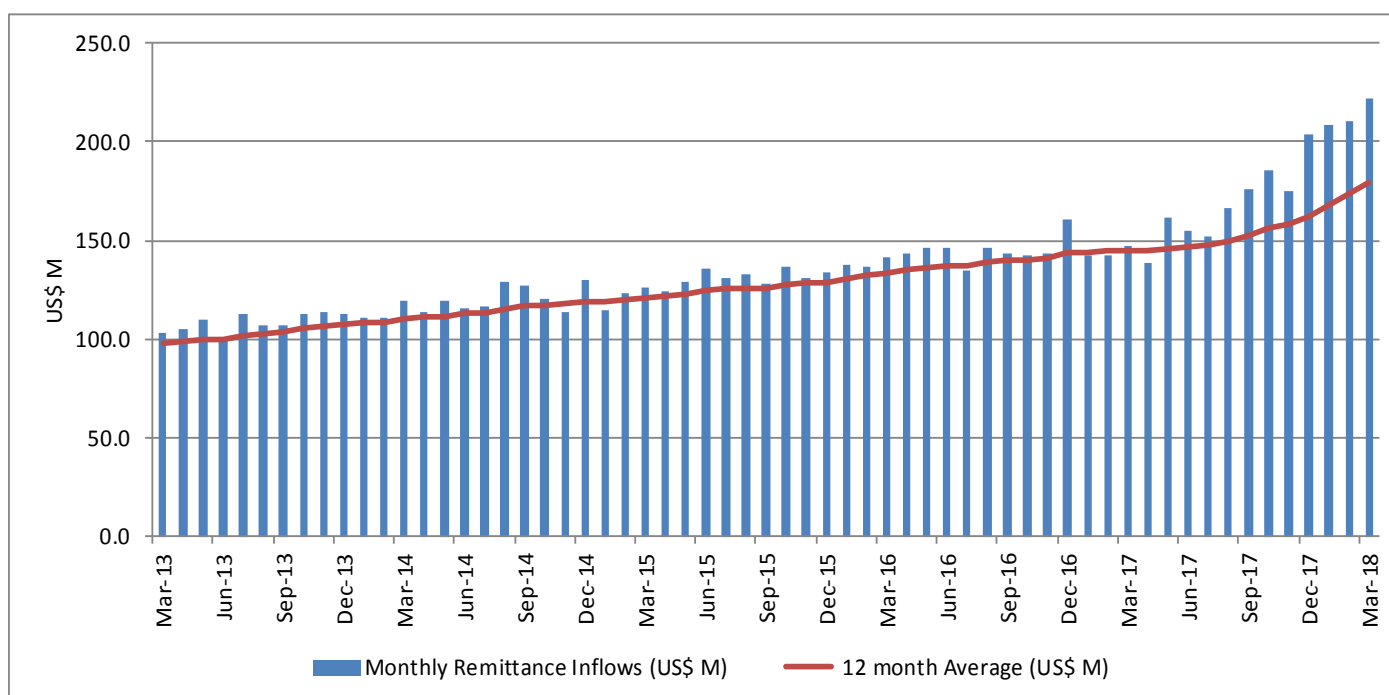
Source: Central Bank of Kenya

Table 2: Kenya Shilling Exchange Rates (Indicative Mean Rates)

	USD	Sterling Pound	Euro	100 Japanese Yen	USHS*	TSHS*	RWF*	BIF*
20-Apr-18	100.26	142.69	124.12	93.40	36.84	22.85	8.65	17.57
23-Apr-18	100.06	140.35	122.76	92.87	36.94	22.82	8.67	17.60
24-Apr-18	99.98	139.60	122.38	92.35	37.01	22.85	8.68	17.75
25-Apr-18	100.05	139.74	122.32	91.76	36.98	22.89	8.67	17.61
26-Apr-18	100.11	139.59	122.03	91.66	37.01	22.79	8.67	17.60
April 20 - 26, 2018	100.09	140.39	122.72	92.41	36.96	22.84	8.67	17.63
27-Apr-18	100.33	140.28	122.20	91.88	36.98	22.76	8.65	17.56
30-Apr-18	100.36	138.31	121.33	91.91	36.98	22.75	8.65	17.55
2-May-18	100.34	137.90	120.47	91.40	37.01	22.76	8.65	17.56
3-May-18	100.19	136.47	119.90	91.15	37.06	22.79	8.66	17.58
April 27 - 3 May 2018	100.30	138.24	120.98	91.58	37.01	22.76	8.65	17.56

* Units of currency per Kenya Shilling

Source :Central Bank of Kenya

Chart 2: Monthly Remittance Inflows (USD Million)

Source: Central Bank of Kenya

Table 3: 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 Euro-bond Yield (%) - 2024	10-Year Euro-bond Yield (%) - 2028	30-Year Euro-bond Yield (%)
20-Apr-18	182.73	4,771.82	3,710.32	1,592	22.34	745.62	2,695.65	2,171.69	4.23	5.98	6.69	7.83
23-Apr-18	180.67	4,709.96	3,716.36	1,513	19.57	600.73	2,661.57	2,082.42	4.36	6.09	6.79	7.94
24-Apr-18	179.96	4,701.30	3,697.28	1,666	32.24	1,043.19	2,651.13	2,244.53	4.35	6.06	6.74	7.86
25-Apr-18	180.54	4,716.47	3,694.74	1,473	36.46	1,137.78	2,659.68	2,437.82	4.41	6.16	6.82	7.96
26-Apr-18	179.79	4,703.30	3,705.36	1,455	20.10	607.41	2,648.55	1,454.91	4.47	6.12	6.77	7.94
20 Apr-26 Apr, 2018	179.79	4703.30	3705.36	7,699	130.71	4,134.73	2,648.55	10,391.38	4.47	6.12	6.77	7.94
27-Apr-18	179.48	4,693.87	3,723.30	1,465	21.41	735.03	2,644.04	408.98	4.47	6.14	6.81	7.97
30-Apr-18	179.53	4,700.38	3,735.06	1,315	22.79	746.49	2,644.69	879.48	4.46	6.13	6.85	7.99
01-May-18	PUBLIC HOLIDAY											
02-May-18	175.84	4,619.20	3,689.59	1,37	29.90	827.67	2,590.33	1,420.12	4.77	6.46	7.14	8.24
03-May-18	174.96	4,610.41	3,662.98	1,333	39.71	1,210.32	2,577.26	1,822.12	4.72	6.41	7.10	8.15
27 Apr-3 May, 2018	174.96	4610.41	3662.98	5,483	113.81	3,519.51	2,577.26	4,530.69	4.72	6.41	7.10	8.15
Weekly Change (%)	-2.69	-1.97	-1.14	-28.78	-12.93	-14.88	-2.69	-56.40	0.25*	0.28*	0.17*	0.20*

* Percentage points

Source: Central Bank of Kenya, NSE and Reuters

Table 4: Performance of Treasury Bonds

Date of Auction	01-Mar-18		21-Mar-18		28-Mar-18		25-Apr-18	
Tenor	TAP FXD1/2010/15	TAP FXD2/2013/15	FXD1/2018/5	FXD1/2018/20	TAP FXD 1/2018/5	TAP FXD 1/2018/20	REOPEN FXD 1/2008/15	REOPEN FXD 1/2018/20
Amount offered (Ksh M)	27,000.0		40,000.0		8,500.0		40,000.0	
Bids received (Ksh M)	318.0	3,501.4	37,645.9	13,738.8	7,739.2	7,769.3	22,864.2	9,904.2
Amount Accepted (Ksh M)	318.0	3,501.4	23,065.3	8,491.0	7,739.2	7,769.3	20,152.6	6,786.1
Maturities (Ksh M)	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Average interest Rate (%)	12.676	12.906	12.299	13.336	12.299	13.336	12.317	13.327

Source: Central Bank of Kenya

Table 5: Performance of Treasury Bills**91-Day Treasury Bills**

Date of Auction	12-Apr-18	19-Apr-18	26-Apr-18	03-May-18
Amount offered (Ksh M)	4,000.00	4,000.00	4,000.00	4,000.00
Bids received (Ksh M)	1,754.94	5,173.57	1,069.85	4,914.98
Amount Accepted (Ksh M)	1,735.48	2,147.76	1,036.04	3,934.58
Maturities (Ksh M)	4,925.70	1,722.90	3,936.00	5,829.15
Average interest Rate (%) - 91 Days	8.000	8.000	8.000	7.974

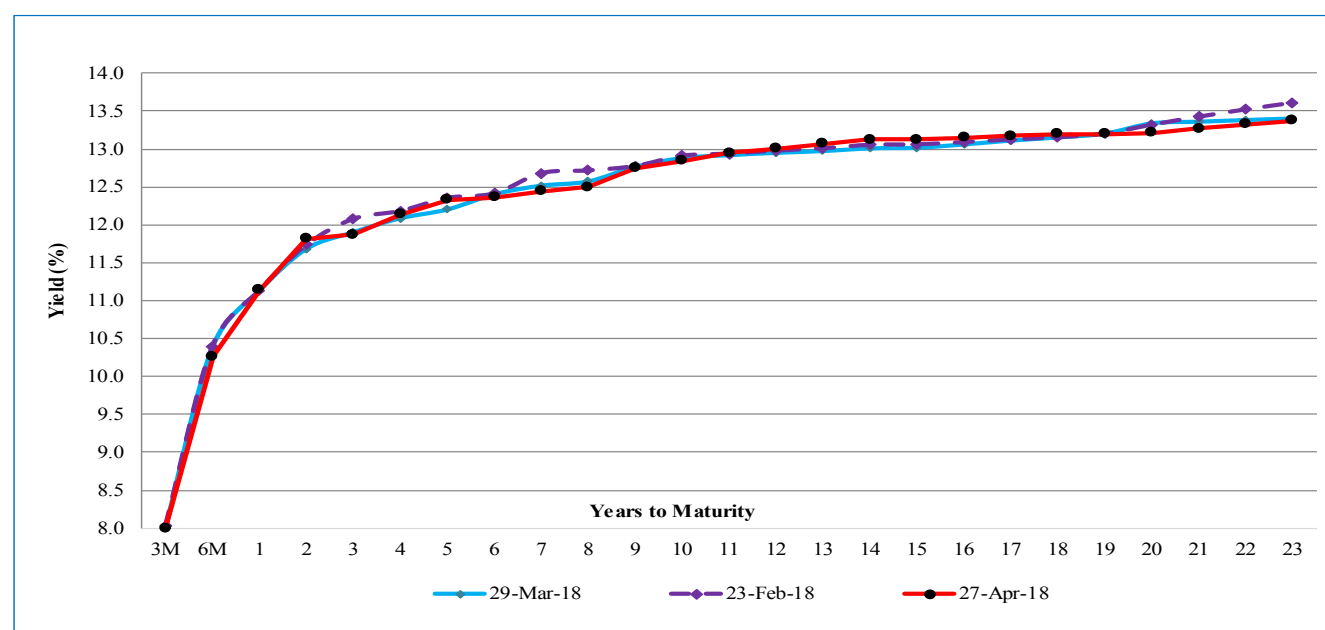
182-Day Treasury Bills

Date of Auction	12-Apr-18	19-Apr-18	26-Apr-18	03-May-18
Amount offered (Ksh M)	10,000.00	10,000.00	10,000.00	10,000.00
Bids received (Ksh M)	6,951.92	17,953.91	11,556.79	12,417.06
Amount Accepted (Ksh M)	6,850.89	15,985.32	9,369.59	8,134.53
Maturities (Ksh M)	4,560.60	4,580.10	1,425.20	4,414.10
Average interest Rate (%) - 182 days	10.268	10.266	10.268	10.269

364-Day Treasury Bills

Date of Auction	12-Apr-18	19-Apr-18	26-Apr-18	03-May-18
Amount offered (Ksh M)	10,000.00	10,000.00	10,000.00	10,000.00
Bids received (Ksh M)	12,191.99	15,863.25	12,843.13	15,507.04
Amount Accepted (Ksh M)	12,190.19	13,613.80	9,124.17	14,561.47
Maturities (Ksh M)	11,375.50	21,531.30	8,849.45	9,842.95
Average interest Rate (%) - 364 days	11.135	11.137	11.143	11.145

Source: Central Bank of Kenya

Chart 3: Kenya Government Securities Yield Curve

Source: Central Bank of Kenya and NSE

Table 6: Government Domestic Debt (Ksh Billion)

	16-Mar-18	23-Mar-18	29-Mar-18	06-Apr-18	13-Apr-18	20-Apr-18	27-Apr-18
1. Treasury Bills (Excluding Repos)	766.39	768.30	772.70	766.78	775.30	776.90	782.94
<i>(As % of total securities)</i>	33.87	33.93	33.59	33.19	33.44	33.48	33.95
2. Treasury Bonds	1,496.20	1,496.20	1,527.84	1,543.42	1,543.42	1,543.42	1,523.18
<i>(As % of total securities)</i>	66.13	66.07	66.41	66.81	66.56	66.52	66.05
3. Total Securities (1+2)	2,262.59	2,264.50	2,300.54	2,310.19	2,318.71	2,320.32	2,306.11
4. Overdraft at Central Bank	46.49	46.02	39.65	39.65	35.33	10.08	44.03
5. Other Domestic debt*	31.45	31.45	31.46	31.51	31.45	31.46	31.50
6. Gross Domestic Debt (3+4+5)	2,340.52	2,341.97	2,371.65	2,381.36	2,385.50	2,361.86	2,381.63

* 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 (Percent)

	16-Mar-18	23-Mar-18	29-Mar-18	06-Apr-18	13-Apr-18	20-Apr-18	27-Apr-18
Treasury bills (Excluding Repos)	32.7	32.8	32.6	32.2	32.5	32.9	32.9
Treasury bonds	63.9	63.9	64.4	64.8	64.7	65.3	64.0
CBK Overdraft to Govt	2.0	2.0	1.7	1.7	1.5	0.4	1.8
Other domestic debt	1.3	1.3	1.3	1.3	1.3	1.3	1.3
TOTAL	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)

	16-Mar-18	23-Mar-18	29-Mar-18	06-Apr-18	13-Apr-18	20-Apr-18	27-Apr-18
Banking Institutions	55.3	55.3	55.3	55.4	55.1	54.8	55.0
Insurance Companies	6.3	6.3	6.4	6.4	6.4	6.4	6.3
Parastatals	6.8	6.8	6.8	6.8	6.9	6.9	7.0
Pension funds	27.1	27.1	27.1	26.9	27.2	27.3	27.3
Other investors	4.5	4.5	4.5	4.5	4.5	4.5	4.5
Total	100.0	100.0	100.0	100.0	100.0	100.0	100.0

Source: Central Bank of Kenya

Table 9: Indicators of Total Government Debt

	Mar-17	Jun-17	Sep-17	Dec-17	Jan-18	Feb-18	Mar-18
Domestic debt (Kshs Bn)	1,944.95	2,111.71	2,172.84	2,220.35	2,247.32	2,338.21	2,371.65
Public & Publicly Guaranteed External debt (US \$ Bn)	20.4	22.1	22.4	22.8	23.2	25.2	24.9
Public & Publicly Guaranteed External debt (Ksh Bn)	2,101.39	2,294.40	2,310.20	2,349.28	2,377.52	2,563.07	2,512.43
Total public debt (Ksh Bn)	4,046.35	4,406.11	4,483.03	4,569.63	4,624.84	4,901.29	4,884.08

Source: National Treasury and Central Bank of Kenya

Table 10: Official Foreign Reserves US\$ Million (Usable)

	29-Mar-18	05-Apr-18	12-Apr-18	19-Apr-18	26-Apr-18	03-May-18
1. CBK Usable Foreign Exchange Reserves (USD Million)*	8,848	8,816	8,833	9,495	9,509	9,142
2. CBK Usable Foreign Exchange Reserves (Months of Import Cover)**	5.91	5.89	5.90	6.35	6.36	6.11

*Excludes Encumbered Reserves

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

Source: Central Bank of Kenya