



Central Bank of Kenya

Weekly Statistical Bulletin

Key Monetary and Financial Indicators

AUGUST 3, 2018

Inflation

Overall inflation stabilized below the midpoint of the Government target band in June and July 2018, largely on account of low food prices. It stood at 4.4 percent in July 2018 compared to 4.3 percent in June 2018. However, energy prices continued to exert pressure on overall inflation. Due to elevated energy prices, fuel inflation increased further to 12.4 percent in July from 11.9 percent in June 2018. Charcoal, electricity and pump prices were higher in July 2018 compared to a similar period in 2017.

Non Food Non Fuel (NFNF) inflation remained below 5 percent in July 2018, reflecting muted demand pressures supported by appropriate monetary policy stance. It increased to 4.0 percent in July from 3.6 percent in June 2018, partly on account of excise tax indexation affecting 'Alcoholic beverages, Tobacco and Narcotics' category (**Chart 1**).

Interbank Market

Tight liquidity conditions prevailed in the interbank money market during the week ending August 01, 2018, partly caused by low Government payments in the early weeks of the fiscal year 2018/2019. As a result of the tight liquidity conditions, the weighted average interbank rate increased to 7.23 percent from 4.08 percent the previous week. The average number of deals also increased marginally to 36 from 35 the previous week. However, the average volumes traded declined to KSh 12.38 billion from KSh 16.92 billion in the previous week as banks utilized the flexibility provided by the 3.00 percent daily minimum CRR requirement and the monthly average of 5.25 percent CRR requirement (**Table 1**).

Exchange Rate

The Kenya Shilling remained relatively stable against major international and regional currencies during the week ending August 2, 2018. The Shilling strengthened against the US Dollar and the Euro but weakened marginally against the Sterling Pound and the Japanese Yen. In the EAC region, the Kenya Shilling continued to strengthen against all the other currencies except the Uganda Shilling (**Table 2**).

Government Securities

The Treasury bills auction of August 2, 2018 recorded a subdued subscription rate of 60.44 percent mainly due to low liquidity associated with low government spending at the beginning of the fiscal year. The auction received bids totaling KSh 14.5 billion against an advertised amount of KSh 24.0 billion. All the three instruments offered were undersubscribed. The interest rates continued to decline except for the 91 days Treasury bill that increased marginally from 7.608 percent on July 26, 2018 to 7.611 percent on August 2, 2018.

Equity Market

Share prices declined in the week ending August 2, 2018 on account of increased supply in the market. All the Share Indices declined reflecting bargain sales. Consequently, shareholders made a paper loss of KSh 27.85 billion through reduced market capitalisation (**Table 4**). This performance could be a reflection of ex-dividend flat prices and generally flat corporate releases (**Table 3**).

Bond Market

The volume of bonds traded in the secondary market increased by 7.75 percent in the week ending August 3, 2018 compared to the previous week. Yields on Kenya's 5-year, 10-year (2028) and 20-year Eurobonds edged up in the week ending August 2, 2018, reflecting rising global interest rates (**Table 3**). Similar upward trend was noted in the yields of bonds of select African countries (**Chart 2**).

Table 1: Interbank Deals, Volumes and Interest Rates

Date	Number of Deals	Value (KSh M)	Average Interbank Rate (%)
19-Jul-18	28	17,950	3.40
20-Jul-18	34	23,550	3.42
23-Jul-18	40	16,640	3.98
24-Jul-18	33	13,220	4.55
25-Jul-18	38	13,240	5.06
July 19 - 25, 2018	35	16,920	4.08
26-Jul-18	43	16,005	5.54
27-Jul-18	40	16,950	6.45
30-Jul-18	36	14,125	7.52
31-Jul-18	28	6,730	8.11
1-Aug-18	33	8,065	8.53
July 26 - August 1, 2018	36	12,375	7.23

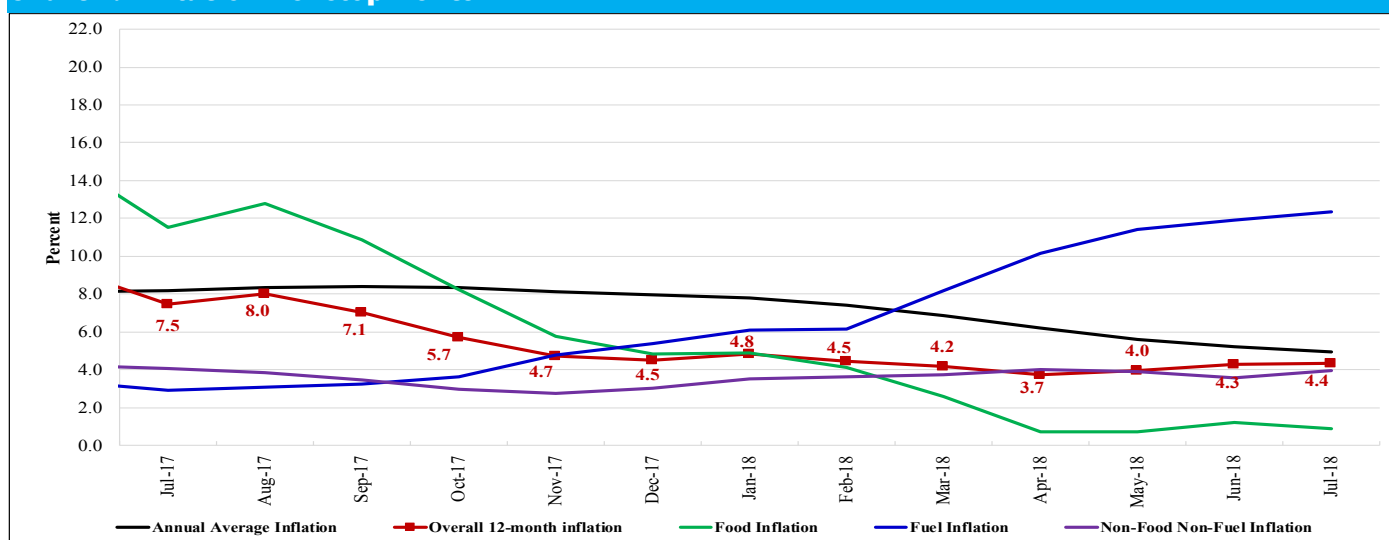
Source: Central Bank of Kenya

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

	USD	Sterling Pound	Euro	100 Japanese Yen	USHS*	TSHS*	RWF*	BIF*
20-Jul-18	100.73	130.81	116.86	89.14	37.13	22.63	8.68	17.50
23-Jul-18	100.74	131.93	117.98	90.05	37.08	22.60	8.68	17.50
24-Jul-18	100.55	131.92	117.74	90.34	37.00	22.67	8.70	17.54
25-Jul-18	100.51	131.90	117.55	90.31	36.81	22.67	8.70	17.55
26-Jul-18	100.49	132.31	117.62	90.72	36.82	22.68	8.73	17.55
July, 20 - 26, 2018	100.61	131.77	117.55	90.11	36.97	22.65	8.70	17.53
27-Jul-18	100.46	132.09	117.39	90.47	36.93	22.68	8.74	17.56
30-Jul-18	100.34	131.58	116.91	90.41	36.93	22.72	8.74	17.62
31-Jul-18	100.41	131.83	117.48	90.45	36.90	22.71	8.73	17.61
1-Aug-18	100.48	131.92	117.66	89.80	36.78	22.70	8.73	17.60
2-Aug-18	100.46	131.84	117.38	89.72	36.83	22.76	8.73	17.60
27 July - 1 August, 2018	100.43	131.85	117.37	90.17	36.87	22.72	8.73	17.60

* Units of currency per Kenya Shilling

Source :Central Bank of Kenya

Chart 1: Inflation Developments

Source: KNBS and CBK staff calculations

Table 3: Key Weekly Market Indicators

INDICATOR	NASI 100= 2008	NSE 25 Share Index	NSE 20 Share Index 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 (%)
20-Jul-18	172.37	4465.49	3314.60	1,071	8.82	270.35	2,547.54	1,360.35	4.602	6.925	7.545	8.564
23-Jul-18	172.43	4467.88	3318.72	1,042	10.65	424.39	2,548.35	887.69	4.403	6.899	7.493	8.571
24-Jul-18	172.38	4466.52	3312.83	1,034	10.19	349.10	2,547.65	3,519.27	4.595	6.873	7.489	8.564
25-Jul-18	173.23	4487.12	3313.81	1,132	14.92	453.36	2,560.29	2,417.55	4.591	6.748	7.381	8.457
26-Jul-18	172.66	4482.53	3312.10	1,092	10.08	279.62	2,551.79	1,866.82	4.346	6.624	7.262	8.322
20 July - 26 July, 2018	172.66	4482.53	3312.10	5,371	54.66	1,776.82	2,551.79	10,051.68	4.346	6.624	7.262	8.322
27-Jul-18	172.47	4477.29	3320.44	1,012	10.19	272.66	2,549.07	1,993.04	4.410	6.511	7.157	8.170
30-Jul-18	172.28	4471.16	3308.75	1,122	22.12	1,128.48	2,546.22	858.20	4.567	6.435	7.074	8.117
31-Jul-18	170.46	4428.65	3296.68	1,031	11.42	373.86	2,519.17	2,416.33	4.286	6.501	7.121	8.159
01-Aug-18	169.93	4433.92	3304.84	953	14.28	436.25	2,511.44	2,515.18	4.291	6.613	7.231	8.283
02-Aug-18	170.78	4456.71	3298.63	1,109	24.41	734.72	2,523.94	3,047.72	4.437	6.685	7.330	8.375
27 July - 2 August, 2018	170.78	4456.71	3298.63	5,227	82.42	2,945.98	2,523.94	10,830.47	4.437	6.685	7.33	8.375
Weekly Change (%)	-1.09	-0.58	-0.41	-2.68	50.79	65.80	-1.09	7.75	0.091*	0.061*	0.068*	0.053*

* Percentage points

Source: Central Bank of Kenya, NSE and Reuters

Table 4: Performance of Treasury Bonds Auctions

Date of Auction	28-Dec-17		28-Mar-18		25-Apr-18		23-May-18		20-Jun-18	25-Jul-18
Tenor	TAP FXD1/2008/15	TAP FXD1/2017/10	TAP FXD 1/2018/5	TAP FXD 1/2018/20	REOPEN FXD 1/2008/15	REOPEN FXD 1/2018/20	FXD1/2018/15	FXD1/2018/25	FXD2/2018/20	
Amount offered (Ksh M)	20,000.0		8,500.0		40,000.0		40,000.0	40,000.0	40,000.0	
Bids received (Ksh M)	2,683.6	5,138.9	7,739.2	7,769.3	22,864.2	9,904.2	20,217.0	10,130.7	13,860.3	
Amount Accepted (Ksh M)	2,683.6	5,138.9	7,739.2	7,769.3	20,152.6	6,786.1	12,863.5	5,171.8	10,512.4	
Maturities (Ksh M)	0.0	0.0	0.0	0.0	0.0	0.0	0.0	26,340.1	0.0	
Average interest Rate (%)	12.581	13.087	12.299	13.336	12.317	13.327	13.078	13.451	13.371	

Source: Central Bank of Kenya

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

Date of Auction	28-Jun-18	19-Jul-18	26-Jul-18	02-Aug-18
Amount offered (Ksh M)	4,000.00	4,000.00	4,000.00	4,000.00
Bids received (Ksh M)	4,597.83	4,235.41	2,024.39	569.78
Amount Accepted (Ksh M)	3,616.61	4,235.41	2,024.39	569.69
Maturities (Ksh M)	1,791.50	2,122.25	1,040.90	4,003.40
Average interest Rate (%) - 91 Days	7.733	7.656	7.608	7.611

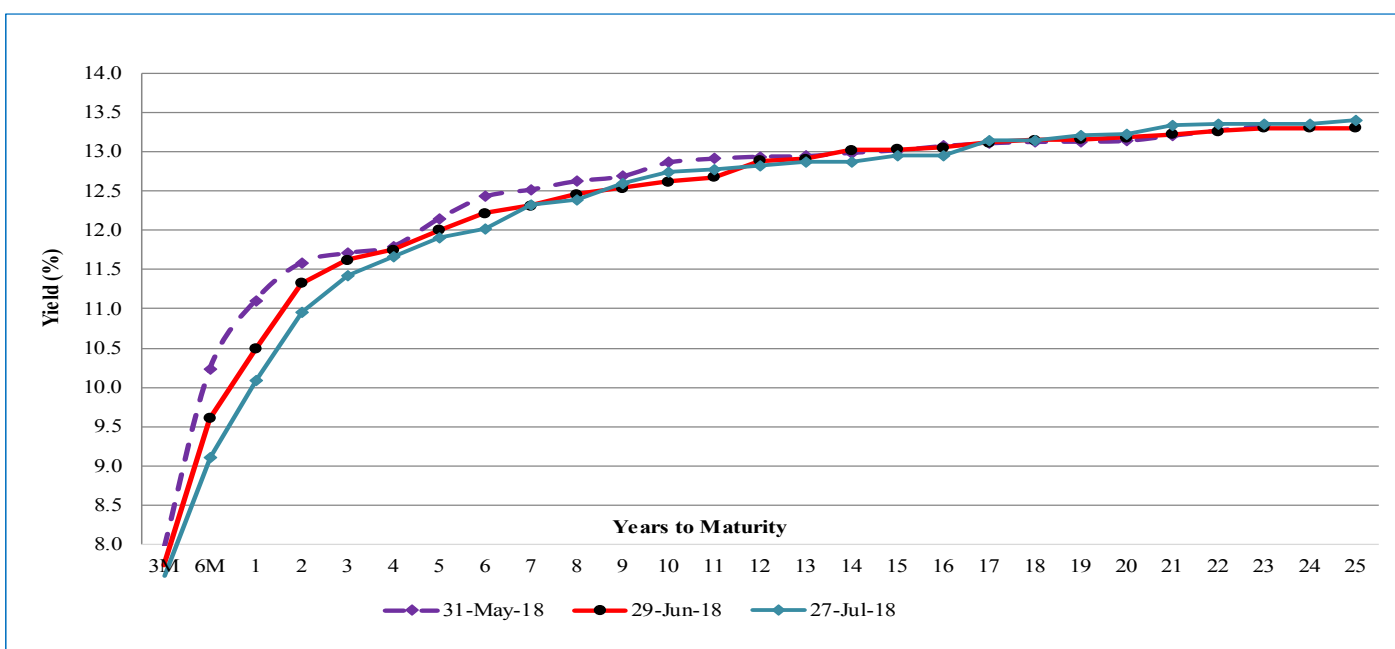
182-Day Treasury Bills

Date of Auction	28-Jun-18	19-Jul-18	26-Jul-18	02-Aug-18
Amount offered (Ksh M)	10,000.00	10,000.00	10,000.00	10,000.00
Bids received (Ksh M)	5,754.39	13,789.37	5,857.68	5,145.99
Amount Accepted (Ksh M)	5,746.90	10,215.72	5,791.06	5,145.03
Maturities (Ksh M)	7,964.00	7,604.50	12,000.00	11,347.25
Average interest Rate (%) - 182 days	9.607	9.194	9.111	9.083

364-Day Treasury Bills

Date of Auction	28-Jun-18	19-Jul-18	26-Jul-18	02-Aug-18
Amount offered (Ksh M)	10,000.00	10,000.00	10,000.00	10,000.00
Bids received (Ksh M)	19,891.37	31,807.50	13,294.83	8,790.67
Amount Accepted (Ksh M)	17,410.65	21,337.25	13,206.31	8,324.37
Maturities (Ksh M)	5,601.20	1,338.30	10,344.15	3,497.20
Average interest Rate (%) - 364 days	10.488	10.238	10.088	10.008

Source: Central Bank of Kenya

Chart 2: Kenya Government Securities Yield Curve

Source: Central Bank of Kenya and NSE

Table 6: Government Domestic Debt (Ksh Billion)

	29-Mar-18	27-Apr-18	31-May-18	29-Jun-18	13-Jul-18	20-Jul-18	27-Jul-18
1. Treasury Bills (Excluding Repos)	772.70	782.94	838.73	878.62	899.68	919.57	946.99
(As % of total securities)	33.59	33.95	35.36	36.75	37.31	38.03	38.73
2. Treasury Bonds	1,527.84	1,523.18	1,533.06	1,511.87	1,511.87	1,498.37	1,498.37
(As % of total securities)	66.41	66.05	64.64	63.25	62.69	61.97	61.27
3. Total Securities (1+2)	2,300.54	2,306.11	2,371.79	2,390.49	2,411.55	2,417.94	2,445.36
4. Overdraft at Central Bank	39.65	44.03	44.35	56.85	36.56	50.99	30.24
5. Other Domestic debt*	31.46	31.50	31.48	31.44	31.68	31.48	31.49
6. Gross Domestic Debt (3+4+5)	2,371.65	2,381.63	2,447.62	2,478.78	2,479.78	2,500.40	2,507.09

* 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)

	29-Mar-18	27-Apr-18	31-May-18	29-Jun-18	13-Jul-18	20-Jul-18	27-Jul-18
Treasury bills (Excluding Repos)	32.6	32.9	34.3	35.4	36.3	36.8	37.8
Treasury bonds	64.4	64.0	62.6	61.0	61.0	59.9	59.8
CBK Overdraft to Govt	1.7	1.8	1.8	2.3	1.5	2.0	1.2
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)

	29-Mar-18	27-Apr-18	31-May-18	29-Jun-18	13-Jul-18	20-Jul-18	27-Jul-18
Banking Institutions	55.3	55.0	55.3	55.2	55.1	55.7	55.7
Insurance Companies	6.4	6.3	6.4	6.2	6.2	6.1	6.1
Parastatals	6.8	7.0	6.9	7.0	7.1	7.1	7.1
Pension funds	27.1	27.3	26.9	27.1	27.1	26.6	26.6
Other investors	4.5	4.5	4.4	4.4	4.5	4.4	4.4
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 (KSh Billion)	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 \$ Billion)	20.4	22.1	22.4	22.8	23.2	25.2	24.9
Public & Publicly Guaranteed External debt (KSh Billion)	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 Billion)	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)

	28-Jun-18	05-Jul-18	12-Jul-18	19-Jul-18	26-Jul-18	02-Aug-18
1. CBK Usable Foreign Exchange Reserves (USD Million)*	8,668	8,857	8,857	8,866	8,832	8,761
2. CBK Usable Foreign Exchange Reserves (Months of Import Cover)**	5.80	5.90	5.90	5.91	5.88	5.84

*Excludes Encumbered Reserves

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

Source: Central Bank of Kenya