



Central Bank of Kenya

Weekly Bulletin

January 18, 2019

KEY MONETARY AND FINANCIAL INDICATORS

Exchange Rate

The Kenya Shilling remained stable against major international and regional currencies during the week ending January 17. The Shilling's value against the US Dollar was 101.7 on January 17 compared to 101.8 on January 10 (Table 1).

Foreign Exchange Reserves

The CBK usable foreign exchange reserves remained strong at USD 8,047 million (5.3 months of imports cover) as at January 17. This fulfils the requirement to endeavor to maintain at least 4 months of imports cover, and the EAC region's convergence criteria of 4.5 months of imports cover (Table 2).

Remittances

Remittance inflows improved to USD 244 million in December 2018, which was 20 percent higher than in December 2017. The 12-month cumulative inflows to December increased to USD 2,697 million from USD 1,947 million in the 12 months to December 2017, reflecting a 39 percent growth (Chart 1). North America, Europe and the rest of the world accounted for 45 percent, 32 percent and 23 percent, respectively, of the total remittances in December 2018.

Money Market

The money market remained liquid during the week ending January 17, as commercial banks began the new cash reserves requirements (CRR) cycle. Commercial banks' excess reserves stood at KSh 22.6 billion in relation to the 5.25 percent CRR. The interbank rate increased to 3.35 percent on January 17 from 2.26 percent on January 10. The average number of interbank deals increased to 24 from 20 in the previous week, while the average interbank volumes traded increased to KSh 13.5 billion from KSh 10.1 billion (Table 3).

Government Securities Market

The Treasury bills auction of January 17 received bids totaling KSh 38.7 billion against an advertised amount of

KSh 24.0 billion, representing performance of 161.4 percent. The 364-day Treasury bill attracted the highest bids amounting to KSh 17.6 billion. Interest rates on all Treasury bill tenures declined marginally (Table 4).

Equity Market

The equities market recorded good performance in the week ending January 17. All the NSE Share Indices gained with the NASI, NSE 25 and NSE 20 rising by 2.6 percent, 2.9 percent and 2.7 percent, respectively. The number of shares traded increased by 18.9 percent while equity turnover increased by 45.1 percent. As a result, market capitalization increased by 2.6 percent (Table 6).

Bond Markets

Trading in the domestic secondary bonds market declined by 18.6 percent in the week ending January 17 (Table 6). In the international markets, yields on Kenya's 10-year (2024), 10-year (2028) and 30-year Eurobonds declined. However, the yield for the 5-year rose marginally (Table 6). The yields on 10-year Eurobonds of Ghana and Angola also declined during the week (Chart 3).

Global Trends

Global market sentiment during the week was dominated by Brexit following the overwhelming rejection of the UK Government's Brexit deal by Parliament. Nevertheless, the British Prime Minister won a no-confidence vote implying that Britain would avoid a 'no-deal' Brexit, which would have been harmful to the UK economy. In the US, the partial government shutdown continued, making it the longest in US history and increasing concerns over its impact on the economy.

International oil prices remained generally stable during the week. Murban oil prices stood at USD 61.47 per barrel on January 17, the same level as that on January 10. OPEC announced plans to hold an extra-ordinary meeting in April 2019 to discuss the state of the oil market and the production cut deal.

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

	USD	Sterling Pound	Euro	100 Japanese Yen	USHS*	TSHS*	RWF*	BIF*
4-Jan-19	102.16	128.72	116.08	94.84	36.45	22.51	8.74	17.55
7-Jan-19	102.10	129.20	116.25	94.31	36.48	22.53	8.61	17.56
8-Jan-19	101.87	129.91	116.63	94.10	36.62	22.58	8.78	17.60
9-Jan-19	101.96	129.97	116.68	93.73	36.60	22.56	8.77	17.59
10-Jan-19	101.86	129.75	116.74	93.66	36.62	22.83	8.78	17.61
January 4-10	101.99	129.51	116.47	94.13	36.56	22.60	8.74	17.58
11-Jan-19	101.75	129.82	117.36	94.08	36.46	22.86	8.79	17.63
14-Jan-19	101.74	130.49	117.31	94.04	36.52	22.87	8.79	17.63
15-Jan-19	101.70	130.68	116.57	94.01	36.37	22.62	8.79	17.95
16-Jan-19	101.71	130.67	116.30	93.80	36.23	22.62	8.79	17.64
17-Jan-19	101.70	130.73	115.85	93.50	36.38	22.66	8.80	17.64
January 11-17	101.72	130.48	116.68	93.89	36.39	22.73	8.79	17.70

* Units of currency per Kenya Shilling

Source :Central Bank of Kenya

Table 2: Official Usable Foreign Exchange Reserves

	13-Dec-18	20-Dec-18	27-Dec-18	03-Jan-19	10-Jan-19	17-Jan-19
1. CBK Usable Foreign Exchange Reserves (USD Million)	7,980	8,005	8,001	8,019	7,983	8,047
2. CBK Usable Foreign Exchange Reserves (Months of Import Cover)*	5.23	5.25	5.24	5.26	5.23	5.27

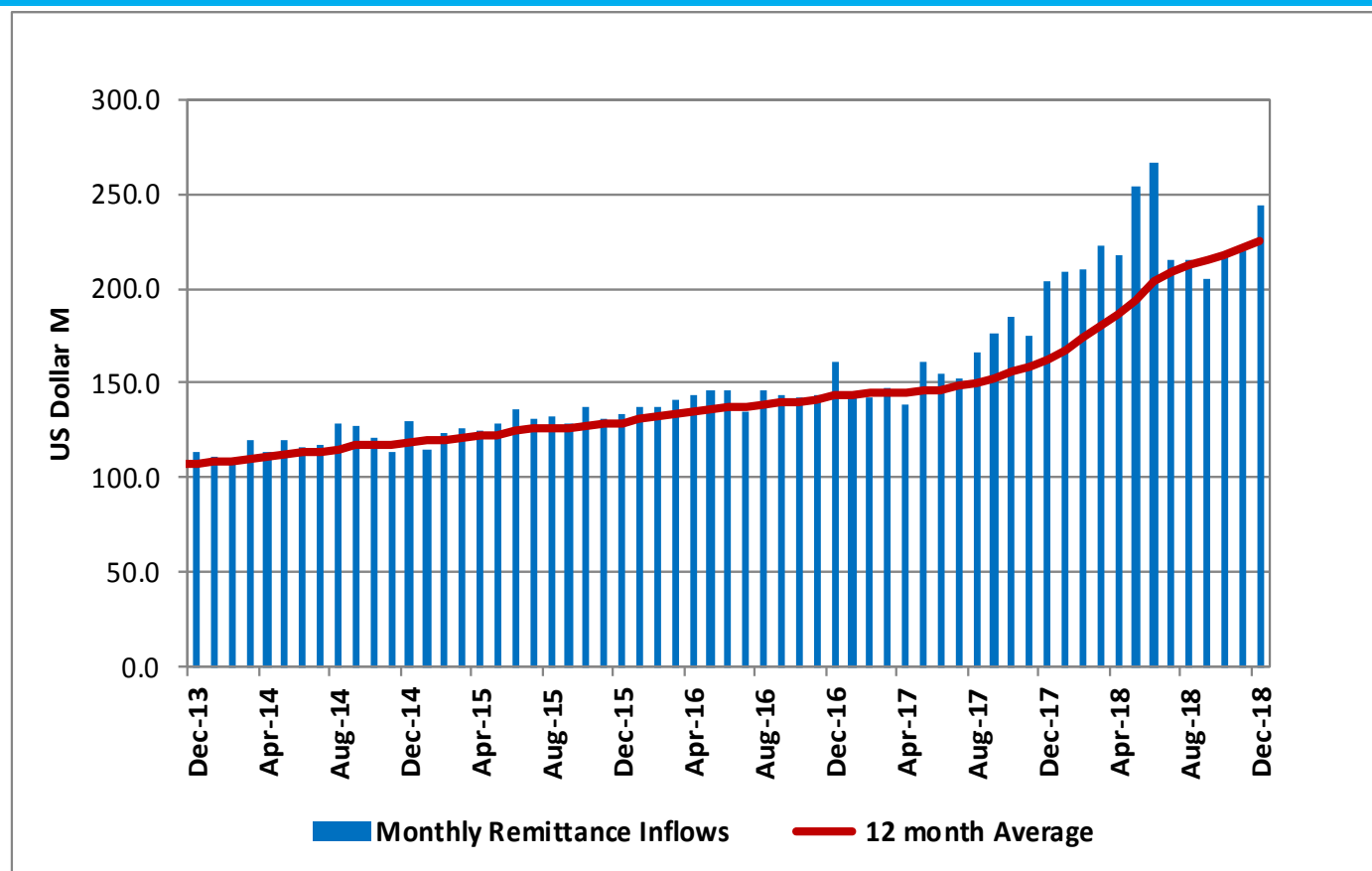
*Based on 36 months average of imports of goods and non-factor services.

Source: Central Bank of Kenya

Table 3: Money Market

Date	Number of Deals	Value (KSh M)	Average Interbank Rate (%)
4-Jan-19	20	6,735	4.80
7-Jan-19	19	8,480	4.70
8-Jan-19	24	10,675	4.11
9-Jan-19	18	11,700	2.82
10-Jan-19	18	12,850	2.26
January 4-10	20	10,088	3.74
11-Jan-19	19	10,060	1.71
14-Jan-19	17	9,740	1.57
15-Jan-19	28	15,150	2.09
16-Jan-19	29	19,390	3.08
17-Jan-19	25	13,400	3.35
January 11-17	24	13,548	2.36

Source :Central Bank of Kenya

Chart 1: Monthly Remittance Inflows (USD)


Source: Nairobi Securities Exchange

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

Date of Auction	27-Dec-18	03-Jan-19	10-Jan-19	17-Jan-19
Amount offered (Ksh M)	4,000.00	4,000.00	4,000.00	4,000.00
Bids received (Ksh M)	1,022.73	1,262.91	14,233.21	7,231.16
Amount Accepted (Ksh M)	1,022.73	1,262.62	6,451.25	5,657.97
Maturities (Ksh M)	5,135.05	3,982.15	6,421.85	3,836.45
Average interest Rate (%)	7.34	7.32	7.20	7.13

182-Day Treasury Bills

Amount offered (Ksh M)	10,000.00	10,000.00	10,000.00	10,000.00
Bids received (Ksh M)	5,419.17	7,325.98	24,457.78	13,883.27
Amount Accepted (Ksh M)	2,550.75	3,310.29	18,763.73	13,389.61
Maturities (Ksh M)	6,004.40	3,060.85	10,387.65	10,671.95
Average interest Rate (%)	9.00	9.00	8.94	8.93

364-Day Treasury Bills

Amount offered (Ksh M)	10,000.00	10,000.00	10,000.00	10,000.00
Bids received (Ksh M)	9,166.14	24,433.85	28,881.21	17,619.47
Amount Accepted (Ksh M)	7,349.57	11,830.94	23,728.84	9,474.19
Maturities (Ksh M)	5,336.65	5,824.80	11,255.45	8,164.25
Average interest Rate (%)	9.95	10.01	9.96	9.95

Source: Central Bank of Kenya

Table 5: Performance of Treasury Bonds Auctions

Date of Auction	17-Oct-18	31-Oct-18	14-Nov-18	28-Nov-18	13-Dec-18	27-Dec-18
	TAP				REOPEN	
Tenor	FXD2/2018/15	FXD2/2018/15	IFB1/2018/20	IFB1/2018/20	FXD2/2018/10	FXD2/2018/10
Amount offered (Ksh M)	40,000.00	32,000.00	50,000.00	22,410.00	40,000.00	13,840.00
Bids received (Ksh M)	27,045.43	25,375.61	40,393.25	8,726.50	28,860.50	6,623.89
Amount Accepted (Ksh M)	7,854.06	21,261.94	27,588.43	8,726.50	26,158.96	6,623.89
Maturities (Ksh M)	0.00	0.00	0.00	0.00	0.00	0.00
Average interest Rate (%)	12.75	12.73	12.16	12.16	12.50	12.50

Source: Central Bank of Kenya

Chart 2: Kenya Government Securities Yield Curve

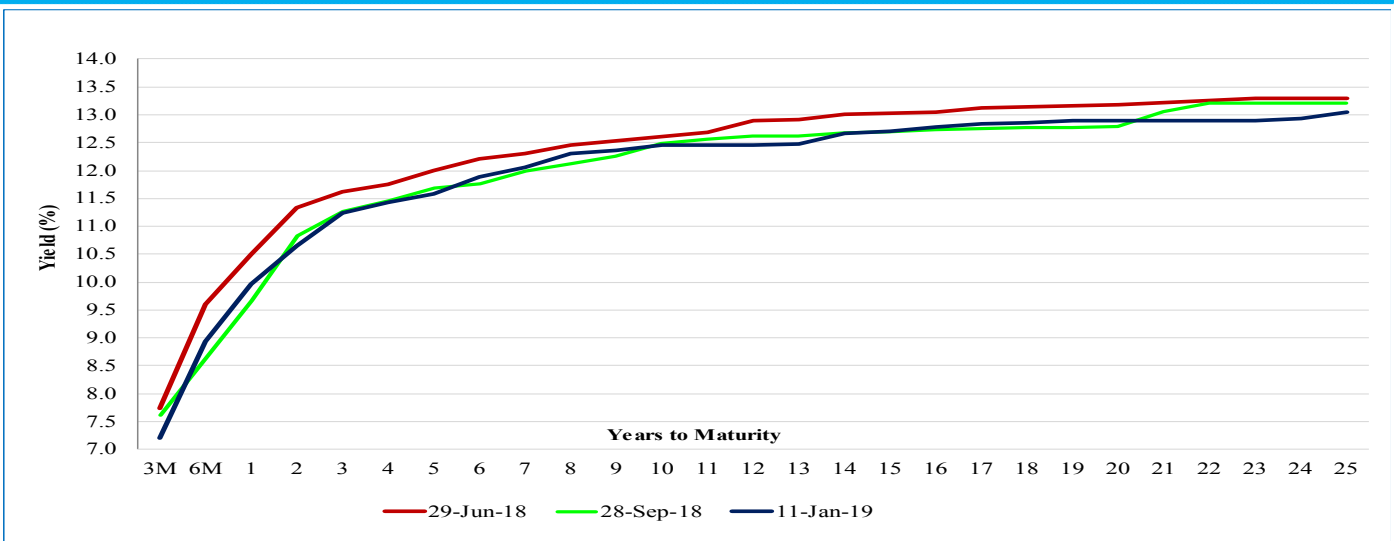


Table 6: Key Weekly Market Indicators

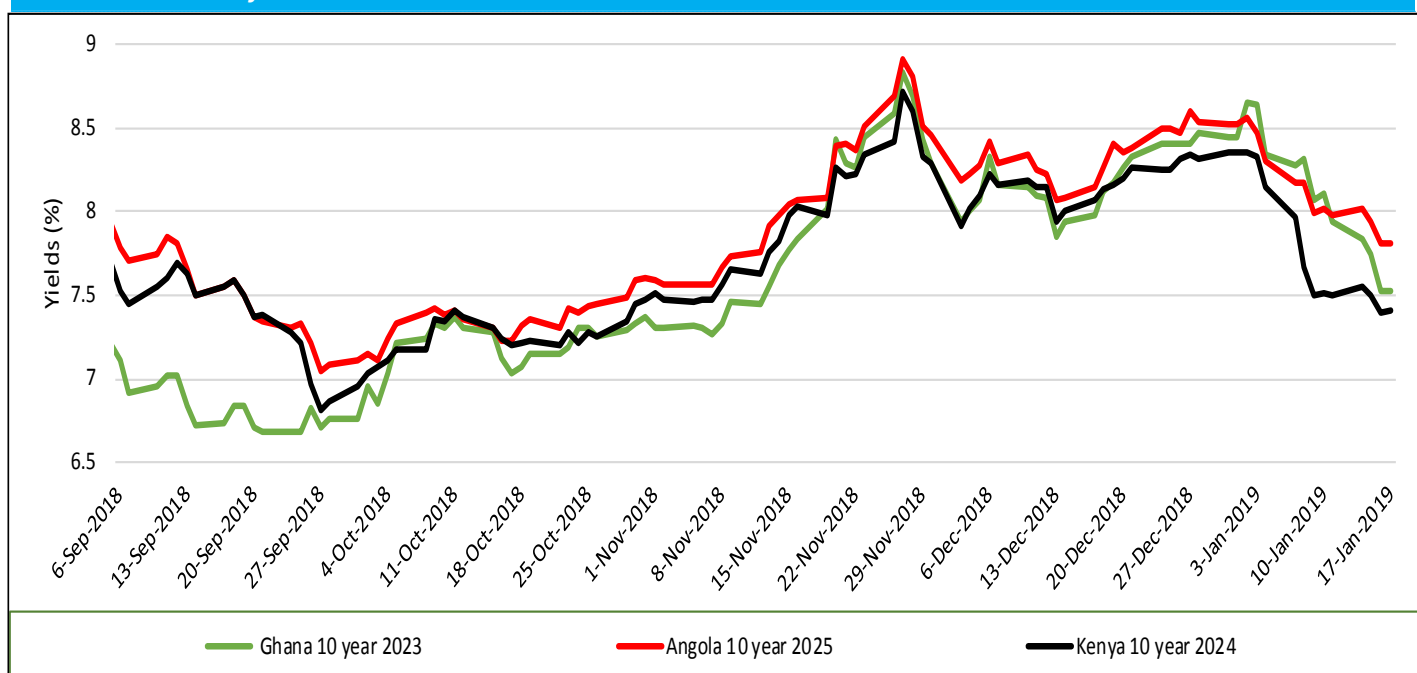
INDICATOR	NASI 100=2008	NSE 25 Share Index	NSE 20 Share Index 100=1996	Number of Deals (Shares)	Total Shares Traded (Million)	Equity Turnover (KSh Million)	Market Capitalization (KSh Billion)	Bonds Turnover (KSh Million)	5-Year Euro-bond Yield (%)	10-Year Euro-bond Yield (%) - 2024	10-Year Euro-bond Yield (%) - 2028	30-Year Eurobond Yield (%)
4-Jan-19	137.03	3473.59	2783.88	875	5.87	130.13	2050.92	1274.28	5.584	8.142	8.867	9.683
7-Jan-19	137.35	3473.37	2771.13	899	9.16	174.32	2055.73	1648.13	5.192	7.964	8.674	9.438
8-Jan-19	138.87	3493.19	2780.65	395	5.60	154.01	2078.61	1361.24	4.853	7.671	8.380	9.326
9-Jan-19	139.31	3488.71	2769.78	1437	32.05	779.59	2085.14	2936.10	4.734	7.497	8.145	9.136
10-Jan-19	141.41	3538.88	2774.83	1181	39.64	803.00	2116.70	2600.00	4.666	7.516	8.256	9.172
January 4-10	141.41	3538.88	2774.83	4787	92.32	2041.05	2116.70	9819.75	4.666	7.516	8.256	9.172
11-Jan-19	142.61	3564.37	2794.43	949	10.75	320.06	2134.73	1366.95	4.711	7.498	8.195	9.163
14-Jan-19	143.11	3576.68	2809.16	1079	25.99	687.98	2142.26	1170.84	4.741	7.549	8.257	9.184
15-Jan-19	143.53	3598.00	2811.94	1117	29.93	850.41	2148.45	1609.55	4.757	7.499	8.135	9.144
16-Jan-19	144.76	3623.19	2844.25	997	23.32	607.86	2166.98	2128.70	4.726	7.395	8.134	9.078
17-Jan-19	145.01	3640.19	2849.81	1145	19.79	494.59	2170.74	1717.96	4.742	7.412	8.176	9.099
January 11-17	145.01	3640.19	2849.81	5287.00	109.79	2960.90	2170.74	7994.00	4.742	7.412	8.176	9.099
Weekly Change(%)	2.55	2.86	2.70	10.44	18.92	45.07	2.55	-18.59	0.076*	-0.104*	-0.080*	-0.073*

* Percentage points

Source: Central Bank of Kenya, NSE and Thompson Reuters

Source: Nairobi Securities Exchange

Chart 3: Yields on 10 year Eurobonds for Selected African Countries



Source: Thomson Reuters

Table 7: Government Domestic Debt (KSh Billion)

	29-Jun-18	30-Nov-18	14-Dec-18	21-Dec-18	28-Dec-18	04-Jan-19	11-Jan-19
1. Treasury Bills (Excluding Repos)	878.62	950.13	931.76	917.12	904.10	899.42	904.30
(As % of total securities)	36.75	38.21	37.61	37.23	36.90	36.68	36.80
2. Treasury Bonds	1,511.87	1,536.79	1,545.63	1,546.29	1,546.29	1,552.92	1,552.92
(As % of total securities)	63.25	61.79	62.39	62.77	63.10	63.32	63.20
3. Total Securities (1+2)	2,390.49	2,486.91	2,477.38	2,463.41	2,450.39	2,452.34	2,457.22
4. Overdraft at Central Bank	56.85	44.89	44.27	45.86	45.86	63.88	60.35
5. Other Domestic debt*	31.44	31.53	31.62	31.61	31.61	31.61	31.61
6. Gross Domestic Debt (3+4+5)	2,478.78	2,563.34	2,553.27	2,540.88	2,527.86	2,547.82	2,549.18

* 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	30-Nov-18	14-Dec-18	21-Dec-18	28-Dec-18	04-Jan-19	11-Jan-19
Treasury bills (Excluding Repos)	35.45	37.07	36.49	36.09	35.77	35.30	35.47
Treasury bonds	60.99	59.95	60.54	60.86	61.17	60.95	60.92
CBK Overdraft to Government	2.29	1.75	1.73	1.81	1.81	2.51	2.37
Other domestic debt	1.27	1.23	1.24	1.24	1.25	1.24	1.24
TOTAL	100.00	100.00	100.00	100.00	100.00	100.00	100.00

Source: Central Bank of Kenya

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

	29-Jun-18	30-Nov-18	14-Dec-18	21-Dec-18	28-Dec-18	04-Jan-19	11-Jan-19
Banking Institutions	55.19	54.83	54.48	54.18	54.53	54.86	55.05
Insurance Companies	6.23	5.95	5.99	6.02	6.06	6.05	6.03
Parastatals	7.04	7.54	7.46	7.35	7.25	7.30	7.21
Pension funds	27.09	27.16	27.51	27.88	27.59	27.25	27.21
Other investors	4.44	4.52	4.56	4.56	4.57	4.53	4.51
Total	100.00	100.00	100.00	100.00	100.00	100.00	100.00

Source: Central Bank of Kenya

Table 10: Indicators of Total Government Debt

	Jun-16	Jun-17	Sep-17	Dec-17	Mar-18	Jun-18	Sep-18
Domestic debt (KSh Billion)	1,815.13	2,111.71	2,172.84	2,220.35	2,371.65	2,478.84	2,540.70
Public & Publicly Guaranteed External debt (US \$ Billion)	17.77	22.12	22.38	22.76	24.91	25.34	25.81
Public & Publicly Guaranteed External debt (KSh Billion)	1,796.20	2,294.40	2,310.20	2,349.28	2,512.43	2,560.20	2,605.33
Total public debt (KSh Billion)	3,611.33	4,406.11	4,483.03	4,569.63	4,884.08	5,039.03	5,146.04

Source: National Treasury and Central Bank of Kenya