



Central Bank of Kenya

Weekly Bulletin

August 16, 2019

KEY MONETARY AND FINANCIAL INDICATORS

Exchange Rate

The Kenya Shilling remained stable against major international and regional currencies during the week ending August 15, supported by net inflow of foreign exchange. It exchanged at KSh 103.26 per US Dollar on August 15, compared to KSh 103.44 on August 8 (Table 1).

Foreign Exchange Reserves

The CBK usable foreign exchange reserves remained strong at USD 9,393 million (5.87 months of import cover) as at August 15. This meets the CBK's statutory requirement to endeavour to maintain at least 4 months of import cover and the EAC region's convergence criteria of 4.5 months of import cover (Table 2).

Money Market

The money market remained liquid during the week ending August 15, supported by Government payments, which partly offset tax payments. The open market operations remained active. The average commercial banks' excess reserves stood at KSh 9.2 billion in relation to the 5.25 percent cash reserves requirement (CRR). The average interbank rate increased to 3.61 percent on August 15, from 3.55 percent on August 8. The average number of interbank deals per day increased to 23 from 19 in the previous week, while the average value traded per day increased to KSh 8.0 billion from KSh 6.2 billion (Table 3).

Government Securities Market

The Treasury bills auctions of August 15, received bids totalling KSh 20.8 billion against an advertised amount of KSh 24.0 billion, representing a performance of 86.8 percent. Interest rates on the 91-day and 182-day Treasury bills decreased while the rate on the 364-day Treasury bills increased marginally (Table 4).

The Treasury bonds auctions of August 15, for the 10- year and 20-year fixed rate bonds, received bids totalling KSh 67.4 billion against an advertised amount of KSh 50.0 billion, representing a performance of 134.9

percent (Table 5). The interest rates on the two bonds declined compared to those on previous issues of similar securities.

Equity Market

Equity market indicators improved during the week ending August 15. Market capitalization, equity turnover and shares traded increased by 1.8 percent, 118.9 percent and 65.8 percent, respectively. The NASI and NSE 25 share price indices increased by 1.7 percent and 0.5 percent, respectively. However, the NSE 20 share index declined by 0.7 percent (Table 6).

Bonds Market

Trading activity in the domestic secondary bond market declined by 37.1 percent during the week ending August 15. In the international market, yields on Kenya's 7-year, 10-year (2024), 10-year (2028), 12-year and 30-year Eurobonds increased by 20.2, 25.1, 36.7, 31.6 and 27.4 basis points, respectively (Table 6). The yields on 10-year Eurobonds for Ghana and Angola also increased (Chart 2).

Derivatives Market

The total number of futures contracts settled on the NSE Derivatives Market (NEXT) during the week ending August 15, was 6 valued at KSh 0.8 million, compared to 43 contracts valued at KSh 1.2 million in the previous week.

Global Trends

Despite continued uncertainties, global markets ended the week higher, supported by strong US economic data on productivity and retail sales. Markets were also boosted by talks between China and US that resulted in the US delaying the imposition of tariffs that were planned for the beginning of September.

International oil prices rose during the week partly due to fears of slowdown of the US economy. Murban oil price stood at US\$ 59.9 on August 15, compared to US\$ 58.3 on August 8.

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

	USD	Sterling Pound	Euro	100 Japanese Yen	USHS*	TSHS*	RWF*	BIF*
2-Aug-19	103.23	124.91	113.99	95.11	35.84	22.27	8.88	17.85
5-Aug-19	103.01	124.95	114.32	97.16	35.92	22.32	8.90	17.89
6-Aug-19	103.20	125.55	115.40	97.36	35.78	22.28	8.89	17.86
7-Aug-19	103.27	125.77	115.48	96.99	35.78	22.25	8.88	17.85
8-Aug-19	103.44	125.66	116.05	97.85	35.65	22.23	8.87	17.82
August 2-8	103.37	125.45	115.82	97.39	35.79	22.25	8.88	17.83
9-Aug-19	103.37	125.45	115.82	97.39	35.79	22.25	8.88	17.83
12-Aug-19	PUBLIC HOLIDAY							
13-Aug-19	103.07	124.43	115.42	97.44	35.90	22.31	8.87	17.99
14-Aug-19	103.25	124.68	115.72	97.93	35.79	22.27	8.89	17.85
15-Aug-19	103.26	124.68	115.44	97.50	35.78	22.26	8.89	17.85
August 9-15	103.24	124.81	115.60	97.56	35.82	22.27	8.88	17.88

* Units of currency per Kenya Shilling

Source: Central Bank of Kenya

Table 2: Official Usable Foreign Exchange Reserves

	11-Jul-19	18-Jul-19	25-Jul-19	01-Aug-19	08-Aug-19	15-Aug-19
1. CBK Usable Foreign Exchange Reserves (USD Million)	9,765	9,747	9,568	9,490	9,405	9,393
2. CBK Usable Foreign Exchange Reserves (Months of Import Cover)*	6.21	6.20	6.01	6.04	5.98	5.87

*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 (%)
2-Aug-19	17	5,950	2.67
5-Aug-19	19	7,000	2.93
6-Aug-19	23	7,610	3.21
7-Aug-19	17	5,980	3.30
8-Aug-19	20	4,335	3.55
August 2-8, 2019	19	6,175	3.13
9-Aug-19	25	8,300	3.64
12-Aug-19	PUBLIC HOLIDAY		
13-Aug-19	25	10,500	3.76
14-Aug-19	25	6,650	3.83
15-Aug-19	16	6,450	3.61
August 9-15, 2019	23	7,975	3.71

Source: Central Bank of Kenya

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

Date of Auction	28-Mar-19	27-Jun-19	25-Jul-19	08-Aug-19	15-Aug-19
Amount offered (Ksh M)	4,000.00	4,000.00	4,000.00	4,000.00	4,000.00
Bids received (Ksh M)	6,693.92	4,143.64	8,072.05	4,148.92	2,753.24
Amount Accepted (Ksh M)	966.23	4,142.56	5,125.66	3,170.13	2,753.24
Maturities (Ksh M)	1,044.15	983.55	7,561.00	3,580.70	1,994.85
Average interest Rate (%)	7.500	6.738	6.592	6.449	6.355

182-Day Treasury Bills

Amount offered (Ksh M)	10,000.00	10,000.00	10,000.00	10,000.00	10,000.00
Bids received (Ksh M)	7,343.75	3,519.12	2,720.01	6,385.27	2,939.24
Amount Accepted (Ksh M)	5,908.18	3,519.12	2,720.01	5,428.17	2,939.24
Maturities (Ksh M)	5,245.70	2,696.35	3,248.15	9,314.35	10,104.20
Average interest Rate (%)	8.204	7.487	7.365	7.154	7.052

364-Day Treasury Bills

Amount offered (Ksh M)	10,000.00	10,000.00	10,000.00	10,000.00	10,000.00
Bids received (Ksh M)	30,046.91	52,155.78	16,446.47	18,947.62	15,149.39
Amount Accepted (Ksh M)	23,655.49	23,425.49	16,423.62	18,032.36	15,071.40
Maturities (Ksh M)	6,923.80	19,230.40	14,534.60	11,676.30	11,090.90
Average interest Rate (%)	9.408	8.759	8.988	9.152	9.195

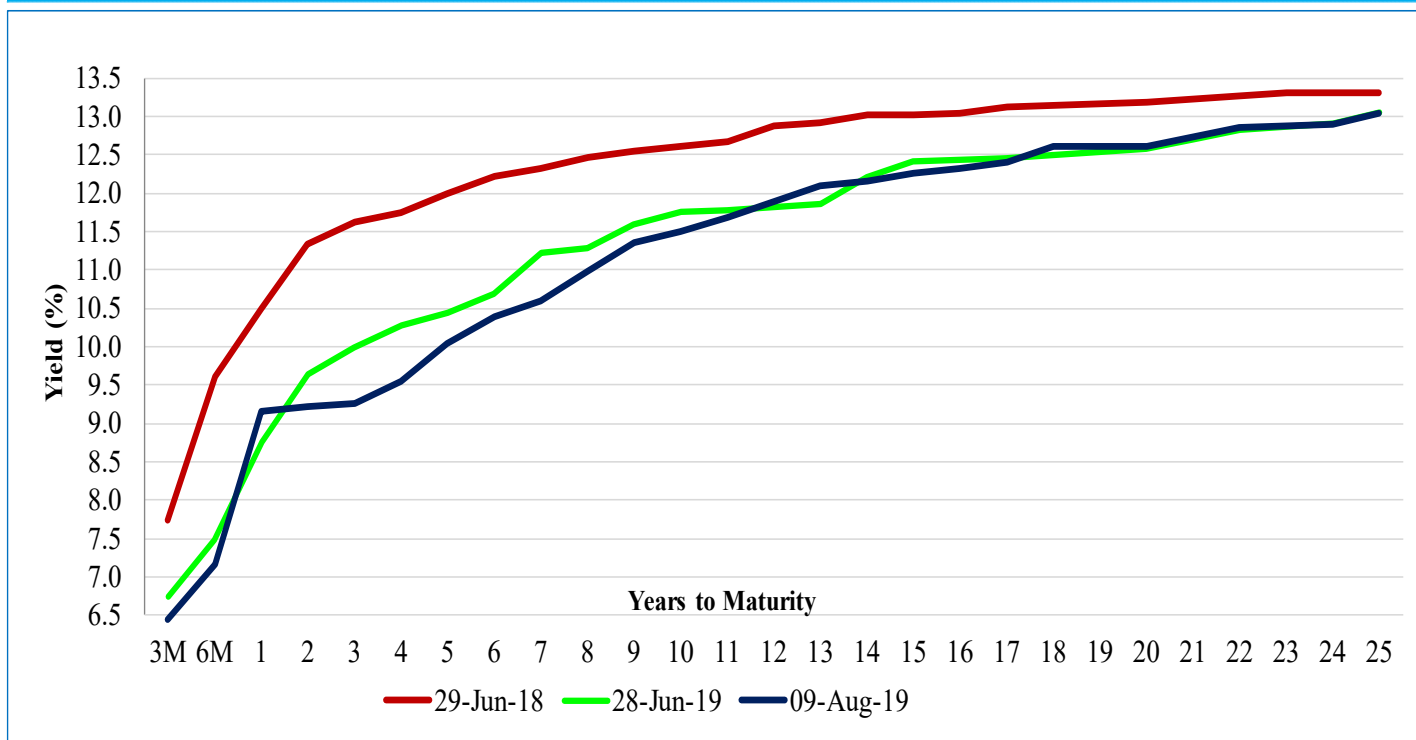
Source: Central Bank of Kenya

Table 5: Performance of Treasury Bonds Auctions

Date of Auction	13-Jun-19		24-Jul-19	14-Aug-19	
	REOPEN				
Tenor	FXD 1/2012/15	FXD 1/ 2018/15	FXD 3/2019/15	FXD 3/2019/10	FXD 1/2019/20
Amount offered (Ksh M)	40,000.00		40,000.00	50,000.00	
Bids received (Ksh M)	85,615.66		86,674.56	67,441.35	
Amount Accepted (Ksh M)	21,211.35	17,727.97	50,578.30	45,014.80	14,671.97
Maturities (Ksh M)	0.00	0.00	0.00	0.00	0.00
Average interest Rate (%)	11.59	12.46	12.34	11.52	12.74

Source: Central Bank of Kenya

Chart 1: Government Securities Yield Curve



Source: Nairobi Securities Exchange (NSE)

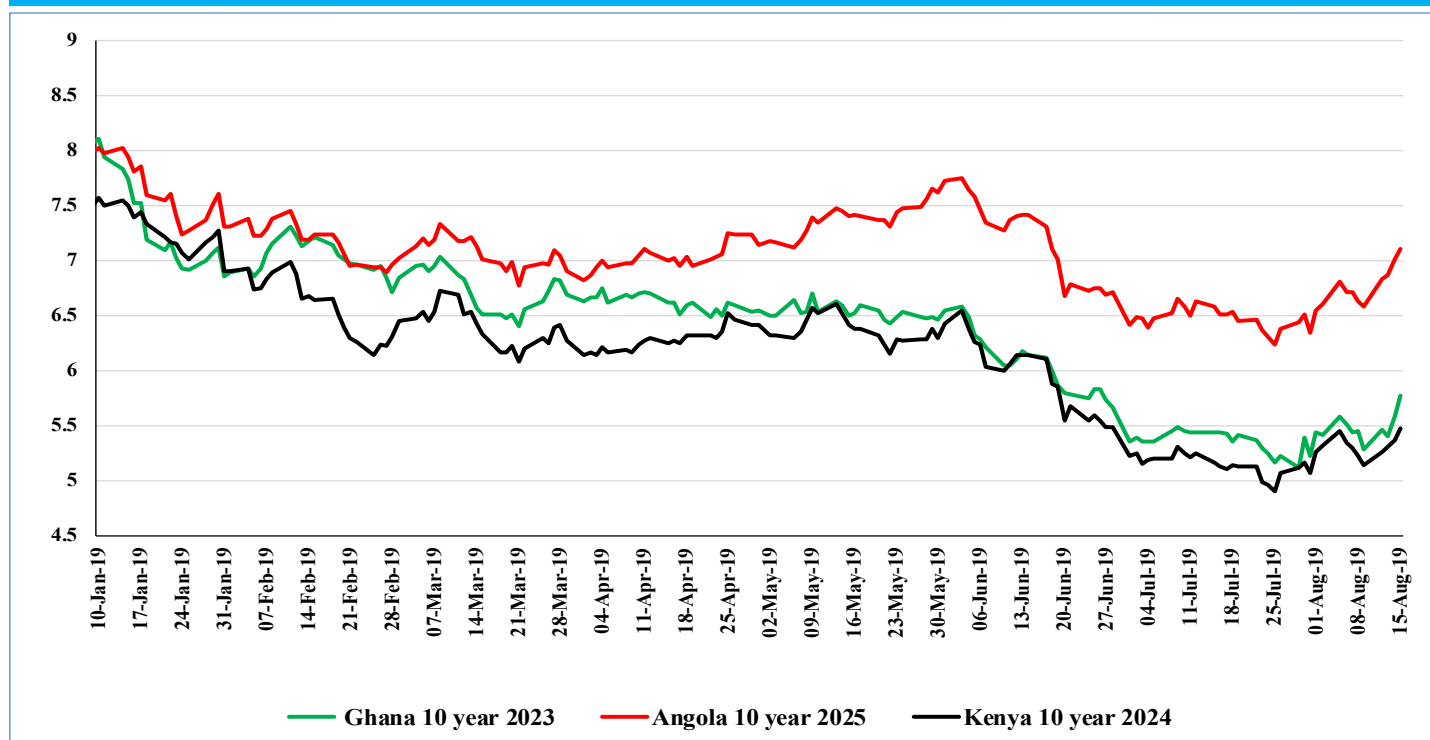
Table 6: Key Weekly Market Indicators

INDICATOR	NASI 100=2008	NSE 25 Share Index	NSE 20 Share Index 100=1996	Total Deals (Equity)	Total Shares Traded (Mil- lion)	Equity Turnover (KSh Million)	Market Capital- ization (KSh Billion)	Bonds Turnover (KSh Million)	7-Year Euro- bond Yield (%)	10-Year Euro- bond Yield (%) 2024	10-Year Euro- bond Yield (%) 2028	12-Year Euro- bond Yield (%)	30-Year Euro- bond Yield (%)	
2-Aug-19	148.33	3,581.88	2,586.68	880.00	7.78	150.08	2,259.78	1,976.48	6.420	5.321	6.781	7.434	8.070	
5-Aug-19	148.10	3,568.75	2,575.73	573.00	5.57	209.79	2,263.42	1,555.06	6.547	5.456	6.916	7.575	8.204	
6-Aug-19	147.31	3,548.38	2,552.19	1,081.00	5.84	212.11	2,251.41	2,824.33	6.413	5.342	6.819	7.480	8.152	
7-Aug-19	146.74	3,545.64	2,545.28	913.00	9.13	231.31	2,242.62	2,569.84	6.339	5.291	6.781	7.449	8.136	
8-Aug-19	147.18	3,560.53	2,556.91	850.00	9.99	179.64	2,249.39	2,665.92	6.329	5.280	6.762	7.433	8.105	
August 2- 8	147.18	3560.53	2556.91	4,297.00	38.30	982.92	2,249.39	11,591.64	6.318	5.225	6.685	7.371	8.080	
9-Aug-19	148.05	3,572.56	2,543.59	695.00	12.53	332.23	2,262.72	2,232.07	6.186	5.410	6.591	7.262	7.992	
12-Aug-19				PUBLIC HOLIDAY						6.356	5.258	6.804	7.464	8.138
13-Aug-19	148.59	3,575.20	2,543.11	801.00	8.02	332.92	2,270.98	2,287.48	6.378	5.308	6.800	7.480	8.147	
14-Aug-19	148.62	3,569.78	2,538.11	900.00	29.00	993.86	2,271.55	1,300.59	6.444	5.365	6.946	7.527	8.281	
15-Aug-19	149.74	3,578.15	2,539.53	835.00	13.96	492.28	2,288.64	1,476.46	6.520	5.476	7.052	7.687	8.354	
August 9-15,	149.74	3578.15	2539.53	3231.00	63.51	2151.30	2288.64	7296.60	6.520	5.476	7.052	7.687	8.354	
Weekly Changes (%)	1.74	0.49	-0.68	-24.81	65.81	118.87	1.75	-37.05	0.202*	0.251*	0.367*	0.316*	0.274*	

*Percentage points

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

Chart 2: Yields on 10 year Eurobonds for Selected African Countries



Source: Thomson Reuters

Table 7: Government Domestic Debt (KSh Billion)

	29-Jun-18	28-Dec-18	29-Mar-19	28-Jun-19	26-Jul-19	09-Aug-19
1. Treasury Bills (Excluding Repos)	878.62	904.10	949.66	954.25	952.98	960.21
(As % of total securities)	36.75	36.90	36.04	35.31	35.28	34.80
2. Treasury Bonds	1,511.87	1,546.29	1,685.02	1,748.15	1,748.15	1,798.70
(As % of total securities)	63.25	63.10	63.96	64.69	64.72	65.20
3. Total Securities (1+2)	2,390.49	2,450.39	2,634.67	2,702.40	2,701.13	2,758.91
4. Overdraft at Central Bank	56.85	45.86	36.90	57.33	64.52	60.66
5. Other Domestic debt*	31.44	31.61	31.37	25.76	25.76	25.45
6. Gross Domestic Debt (3+4+5)	2,478.78	2,527.86	2,702.93	2,785.48	2,791.42	2,845.02

* 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	28-Dec-18	29-Mar-19	28-Jun-19	26-Jul-19	09-Aug-19
Treasury bills (Excluding Repos)	35.45	35.77	35.12	34.26	34.13	33.74
Treasury bonds	60.99	61.17	62.34	62.78	62.63	63.22
CBK Overdraft to Government	2.29	1.81	1.36	2.06	2.31	2.13
Other domestic debt	1.27	1.25	1.18	0.91	0.92	0.90
TOTAL	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)						
	28-Dec-18	29-Mar-19	28-Jun-19	12-Jul-19	26-Jul-19	09-Aug-19
Banking Institutions	54.53	54.88	54.37	54.12	54.57	54.19
Insurance Companies	6.06	6.16	6.13	6.12	6.11	6.16
Parastatals	7.25	7.10	6.98	7.02	7.00	6.99
Pension funds	27.59	27.49	28.24	28.46	28.05	28.40
Other investors	4.57	4.37	4.28	4.28	4.27	4.25
Total	100.00	100.00	100.00	100.00	100.00	100.00

Source: Central Bank of Kenya

Table 10: Indicators of Total Government Debt						
	Sep-18	Dec-18	Mar-19	Apr-19	May-19	Jun-19
Domestic debt (KSh Billion)	2,540.70	2,548.77	2,699.09	2,741.68	2,773.06	2,785.94
Public & Publicly Guaranteed External debt (US \$ Billion)	25.81	26.74	27.01	28.04	27.97	29.55
Public & Publicly Guaranteed External debt (KSh Billion)	2,605.33	2,723.73	2,721.60	2,842.48	2,834.84	3,023.14
Total public debt (KSh Billion)	5,146.04	5,272.50	5,420.68	5,584.16	5,607.91	5,809.08

Source: National Treasury and Central Bank of Kenya