



MARCH 24, 2017

### Highlights

The money market was relatively liquid during the week ending March 22, 2017, largely supported by OMO maturities. The average interbank rate increased to 4.80 percent in the week ending March 22, 2017, from 3.94 percent recorded in the previous week.

The capital markets recorded mixed performance during the week ending March 23, 2017.

### Monetary Policy Operations

The money market was relatively liquid during the week ending March 22, 2017, largely supported by OMO maturities. CBK liquidity operations injected KSh 9.6 billion in the interbank market (Table 1).

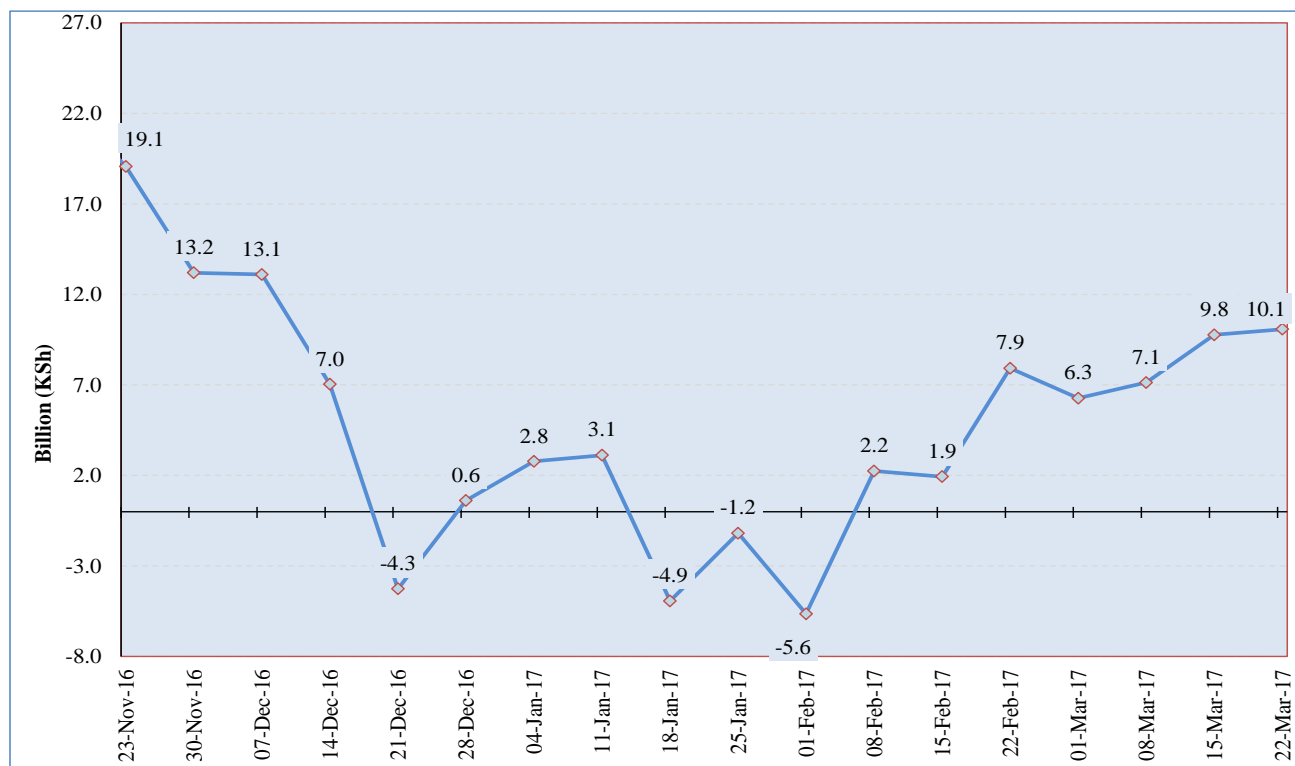
Commercial banks' excess reserves above 5.25 percent averaging requirement were KSh 10.1 billion, marginally higher than the previous week's KSh 9.8 billion (Chart A).

TABLE 1: INTERBANK LIQUIDITY FLOWS AND OPEN MARKET OPERATIONS (KSH BILLION)

	16-Mar-17	17-Mar-17	20-Mar-17	21-Mar-17	22-Mar-17	Total
<b>Liquidity Flows</b>						
<b>Total liquidity injection \<sup>1</sup></b>	<b>19.2</b>	<b>6.7</b>	<b>60.0</b>	<b>14.1</b>	<b>13.5</b>	<b>113.5</b>
Repos Maturities	-	-	-	10.0	10.0	20.0
Reverse Repo Purchases	-	1.4	7.0	0.1	1.3	9.7
Term Auction Deposit maturities	13.0	-	25.0	-	-	38.0
T/bills redemptions	-	-	22.0	-	-	22.0
T/bills rediscounts	-	-	-	-	-	-
T/bonds redemptions	-	-	-	-	-	-
T/bonds Interest	-	-	3.3	-	-	3.3
T/bonds rediscounts	-	-	-	-	-	-
Govt payments	6.2	5.3	2.6	4.0	2.3	20.5
<b>Total liquidity reduction \<sup>1</sup></b>	<b>19.2</b>	<b>8.2</b>	<b>50.2</b>	<b>16.3</b>	<b>21.1</b>	<b>115.1</b>
T/bills (Primary issues)	-	-	21.9	-	-	21.9
Tbonds Sales	-	-	-	-	-	-
T/bills/Tbonds (OMO Tap Sales)	-	-	-	-	-	-
Repos	-	-	-	10.0	-	10.0
Reverse Repos maturities	-	4.9	6.9	0.1	1.3	13.1
Term Auction Deposit	17.0	-	18.0	-	-	35.0
Transfer from Banks -Taxes	2.2	3.4	2.5	6.2	19.9	34.1
<b>Net liquidity injection (+)/Withdrawal (-)</b>	<b>0.0</b>	<b>-1.5</b>	<b>9.8</b>	<b>-2.2</b>	<b>-7.6</b>	<b>-1.5</b>
<b>Open Market Operations Outcome</b>						
<b>Posted Amount</b>	17.0	-	18.0	10.0	-	45.0
<b>Realised Amount - Mop up</b>	<b>17.0</b>	<b>1.4</b>	<b>18.0</b>	<b>10.0</b>	<b>1.3</b>	<b>47.6</b>
Repo (-)	0.0	1.4	18.0	10.0	1.3	30.6
Term Auction Deposits (-)	17.0	-	-	-	-	17.0
<b>Reserve Money Position</b>						
Reserve money (actual)	394.1	391.5	401.3	398.3	385.4	394.1

Source: Central Bank of Kenya

CHART A: COMMERCIAL BANKS EXCESS RESERVES



Source: Central Bank of Kenya

### Activity in the Interbank Market

The volumes transacted in the interbank market decreased to 7.93 billion during the week under review from KSh 9.61 billion in the previous week, with the average number of deals increasing to 22 from 18. The average

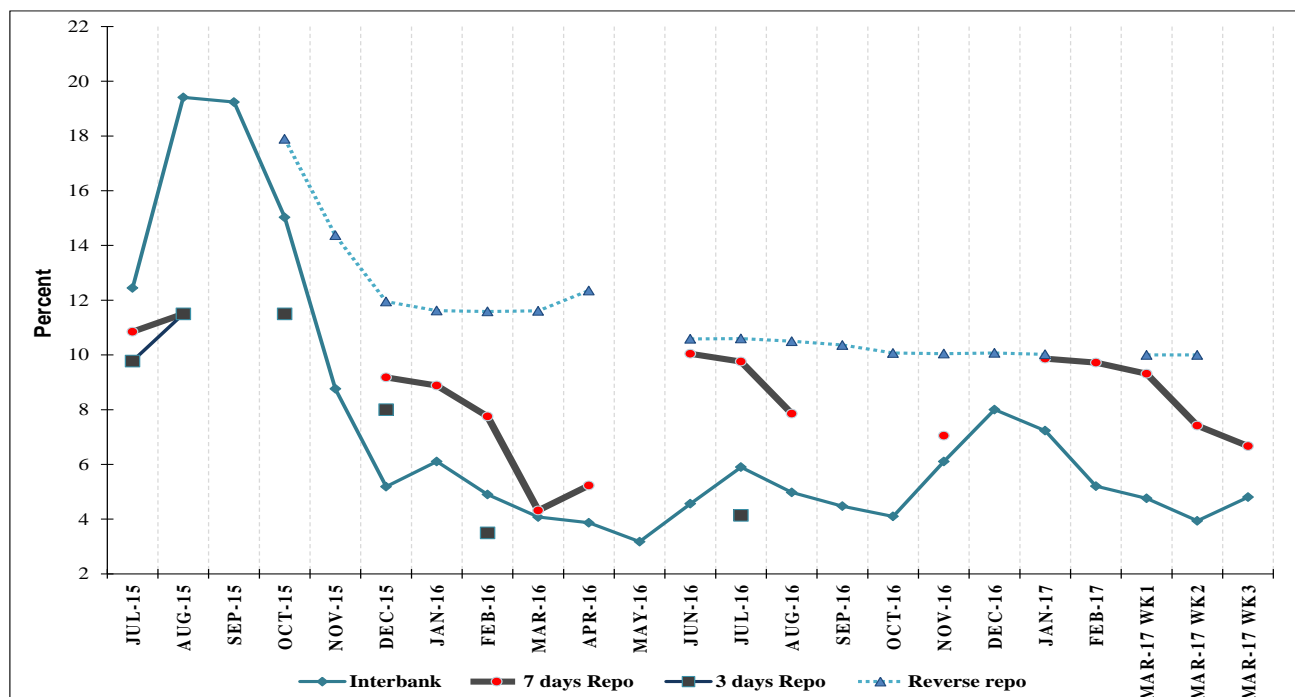
interbank rate increased to 4.80 percent from 3.94 percent recorded in the previous week. Meanwhile, the repo rate decreased to 6.67 percent from 7.42 over the period (Table 2 and Chart B).

TABLE 2: OPEN MARKET OPERATIONS (KSH MILLION)

Date	Number of Deals	Value (KSh M)	Average Interbank Rate (%)	7 days Average Repo Rate (%)	Reverse Repo Rate (%)
9-Mar-17	25	12,755	4.29	8.41	-
10-Mar-17	20	9,792	4.02	-	10.00
13-Mar-17	14	9,350	3.61	7.47	-
14-Mar-17	16	9,665	3.35	6.94	-
15-Mar-17	15	6,500	4.40	6.86	-
<b>Mar 9, 2017 - Mar 15, 2017</b>	<b>18</b>	<b>9,612</b>	<b>3.94</b>	<b>7.42</b>	<b>10.00</b>
16-Mar-17	20	4,665	5.57	-	-
17-Mar-17	27	10,211	5.16	-	-
20-Mar-17	27	6,160	4.57	6.76	-
21-Mar-17	19	10,500	4.14	6.58	-
22-Mar-17	19	8,100	4.57	-	-
<b>Mar 16, 2017 - Mar 22, 2017</b>	<b>22</b>	<b>7,927</b>	<b>4.80</b>	<b>6.67</b>	<b>-</b>

Source: Central Bank of Kenya

CHART B: STRUCTURE OF INTEREST RATES



Source: Central Bank of Kenya

Kenya Shilling Exchange Rate

The Kenya Shilling exchange rate portrayed mixed performance against major international currencies during the week ending March 23, 2017. The Shilling weakened against the US Dollar, the Sterling Pound, the Euro and the

Japanese Yen. In the EAC region the Kenya Shilling strengthened against the EAC currencies except the Rwanda Franc (Table 3).

TABLE 3: KENYA SHILLING EXCHANGE RATE

	USD	Sterling Pound	Euro	100 Japanese Yen	USHS*	TSHS*	RWF*	BIF*
10-Mar-17	102.56	124.88	108.31	89.46	35.05	21.79	7.99	16.68
13-Mar-17	102.62	124.97	109.67	89.47	35.08	21.79	8.01	16.47
14-Mar-17	102.67	125.56	109.53	89.51	35.00	21.77	7.99	16.59
15-Mar-17	102.81	124.98	109.35	89.53	35.02	21.74	7.98	16.57
16-Mar-17	102.89	125.52	109.23	89.69	34.94	21.72	8.02	16.62
<b>10-16 March 2017</b>	<b>102.71</b>	<b>125.18</b>	<b>109.22</b>	<b>89.53</b>	<b>35.02</b>	<b>21.76</b>	<b>8.00</b>	<b>16.58</b>
17-Mar-17	103.03	127.23	110.56	90.85	34.86	21.69	7.96	16.54
20-Mar-17	103.11	127.70	110.84	91.63	34.87	21.68	8.13	16.40
21-Mar-17	103.11	127.34	110.94	91.45	34.87	21.68	8.13	16.40
22-Mar-17	103.11	128.62	111.38	92.43	34.90	21.68	8.14	16.40
23-Mar-17	102.90	128.05	111.19	92.59	34.94	21.70	8.15	16.43
<b>17-23 March 2017</b>	<b>103.05</b>	<b>127.79</b>	<b>110.98</b>	<b>91.79</b>	<b>34.89</b>	<b>21.68</b>	<b>8.10</b>	<b>16.43</b>

\* Units of currency per Kenya Shilling

Source: Central Bank of Kenya

## CBK Weekly Statistical Bulletin of Key Monetary and Financial Indicators

### The Capital Market

The capital markets recorded mixed performance during the week ending March 23, 2017 in the equity and bond market segments.

### Equities Market

Share prices rose over the week ending March 23, 2017 with the NASI, NSE 25 and NSE 20 share indices increasing by 4.12 percent, 4.54

percent, and 3.96 percent, respectively. The total number of shares traded, however, declined by 37.58 percent, reflecting investors with holding shares amid rising prices. Equity turn over therefore declined by 44.31 percent. Shareholder wealth, measured by market capitalization, rose by 4.13 percent, attributable to the rise in share prices (**Table 4**).

**TABLE 4: KEY WEEKLY MARKET STATISTICS**

INDICATOR	26-Jan-17	2-Feb-17	9-Feb-17	16-Feb-17	23-Feb-17	2-Mar-17	9-Mar-17	16-Mar-17	Weekly Change (Percent)
NASI 100= 2008	122.42	123.43	125.19	125.33	125.93	122.33	119.85	124.76	4.10
NSE 25 Share Index	3,160.28	3,174.11	3,263.05	3,263.60	3,279.56	3,208.62	3,192.55	3,278.25	2.68
NSE 20 Share Index 100= 1996	2,824.32	2,833.09	2,933.09	2,971.50	3,009.19	2,969.12	2,951.15	2,965.31	0.48
Number of Deals	4,581	4,316	4,843	4,891	5,006	4,847	4,561	5,583	22
Total Shares Traded (Million)	109.79	140.58	217.76	154.88	133.04	102.39	113.03	212.74	88.22
Equity Turnover (KSh Million)	2,924.39	3,122.69	4,196.56	3,014.60	2,387.68	2,027.90	2,200.28	4,227.18	92.12
Market Capitalization (KSh Billion)	1,772.92	1,787.61	1,813.19	1,816.88	1,825.55	1,773.25	1,737.20	1,808.54	4.11
I-REIT Turnover in (KSh Million)	0.06	0.27	0.54	0.23	11.13	0.13	0.09	1.76	1,819.37
I-REIT in Units - Total Deals	5.00	13.00	29.00	20.00	27.00	18.00	11.00	33.00	200.00
Bonds Turnover (KSh Million)	8,487.17	6,061.50	7,098.57	3,919.48	4,915.45	6,587.00	11,708.54	13,597.39	16.13
FTSE NSE Kenya 15 Index	144.74	141.55	149.94	148.92	150.07	146.23	145.56	151.34	3.97
FTSE NSE Kenya 25 Index	150.28	148.11	154.55	153.35	153.82	149.01	147.12	154.78	5.21
FTSE NSE Bond Index	89.63	89.70	89.73	89.82	89.80	89.64	89.66	89.68	0.02

Source: Nairobi Securities Exchange

### FTSE NSE Kenya Index Series, REITS and Most Active Sectors

FTSE<sup>1</sup> NSE Kenya 15 Index and FTSE NSE Kenya 25 Index, which measure performance of 15 largest companies by market capitalization and 25 most liquid stocks at the Nairobi Securities Exchange (NSE) showed improved performance. The FTSE NSE Kenya 15 Index gained 4.2 percent, while the FTSE NSE Kenya 25 Index rose by 3.71 percent

over the week ending March 23, 2017. The Telecommunication and Technology and Banking sectors dominated trading, accounting for 32.19 percent and 45.21 percent, respectively, of the total shares traded during the week under review.

Turnover in the real estate market segment, measured by the Income-Real Estate Investment Trust (I-REIT<sup>2</sup>) decreased by 3.5

<sup>1</sup> FTSE refers to Financial Times Stock Exchange, which is an average of share prices in the 100 largest, most actively traded companies on the London Stock Exchange. The two NSE indices are indexed on FTSE

<sup>2</sup> I-REIT is a collective investment vehicle that allows investors to pool capital, which is then invested in a portfolio of selected properties for a return. Investors gain through capital appreciation and rental income,

percent, with the number of deals down 12.12 percent over the week ending March 23, 2017, perhaps signalling lower investor appetite for asset-backed securities.

### **Bond Market**

Bond turnover decreased by 46.43 percent. The number of deals decreased from 351 to 157 in the week ending March 23, 2017. The FTSE Bond Index marginally decreased by 0.02 percent, reflecting marginal increase in secondary market yields.

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with the latter being distributed to unit-holders annually.

## CBK Weekly Statistical Bulletin of Key Monetary and Financial Indicators

**TABLE 5: PERFORMANCE OF GOVERNMENT SECURITIES**

<b>91-Day Treasury Bills</b>							
Date of Auction	29-Dec-16	26-Jan-17	23-Feb-17	2-Mar-17	9-Mar-17	16-Mar-17	23-Mar-17
Amount offered (Ksh M)	4,000.0	4,000.0	4,000.0	4,000.0	10,000.0	10,000.0	10,000.0
Bids received (Ksh M)	1,367.7	5,840.1	3,847.0	5,897.0	9,695.7	7,501.9	8,806.8
Amount Accepted (Ksh M)	1,367.4	5,557.4	1,782.0	5,848.0	8,606.6	5,300.1	2,158.4
Maturities (Ksh M)	4,267.1	4,384.0	5,672.5	5,721.5	2,207.3	2,617.1	3,750.1
Average interest Rate (%) - 91 Days	8.6	8.7	8.6	8.6	8.7	8.7	8.7
<b>182-Day Treasury Bills</b>							
Date of Auction	28-Dec-16	25-Jan-17	22-Feb-17	1-Mar-17	8-Mar-17	15-Mar-17	22-Mar-17
Amount offered (Ksh M)	6,000.0	6,000.0	6,000.0	6,000.0			
Bids received (Ksh M)	2,140.8	5,078.3	24,748.7	24,178.7			
Amount Accepted (Ksh M)	1,145.9	2,218.5	19,648.6	21,332.7			
Maturities (Ksh M)	1,247.7	6,733.4	8,039.4	6,885.4			
Average interest Rate (%) - 182 days	10.5	10.5	10.5	10.5			
<b>364-Day Treasury Bills</b>							
Date of Auction	28-Dec-16	25-Jan-17	22-Feb-17	1-Mar-17	8-Mar-17	15-Mar-17	22-Mar-17
Amount offered (Ksh M)		6,000.0	6,000.0	6,000.0	10,000.0	10,000.0	10,000.0
Bids received (Ksh M)		1,339.6	1,064.4	3,443.9	16,640.6	19,503.5	20,305.3
Amount Accepted (Ksh M)		1,339.6	1,064.4	2,812.5	16,117.9	16,551.7	15,444.6
Maturities (Ksh M)		1,666.3	8,286.5	10,033.1	14,071.7	13,015.7	13,918.9
Average interest Rate (%) - 364 days		10.9	10.9	10.9	10.9	10.9	10.9
<b>Treasury Bonds</b>							
Date of Auction	29-Dec-16		22-Feb-17	23-Feb-17		22-Mar-17	
Tenor	FXD3/2016/2 (Tap Sale)		IFBI/2017/12	IFBI/2017/12 (Tap Sale)		FXD 2/2014/5 ( re-open)	FXD 3/2013/5 ( re-open)
Amount offered (Ksh M)	20,000.0		30,000.0	24,000.0		30,000.0	
Bids received (Ksh M)	1,354.0		33,135.4	8,050.3		64,248.4	
Amount Accepted (Ksh M)	1,353.8		5,997.5	7,630.9		24,864.0	
Maturities (Ksh M)	0.0		0.0	0.0		0.0	
Average interest Rate (%)	12.5		13.6	13.6		12.404	11.817

Source: Central Bank of Kenya

**TABLE 6: GOVERNMENT DOMESTIC DEBT (KSH BILLION)**

	20-Jan-17	27-Jan-17	03-Feb-17	10-Feb-17	17-Feb-17	24-Feb-17	03-Mar-17	10-Mar-17	17-Mar-17
1. Treasury Bills (Excluding Repos)	604.78	598.48	595.13	596.72	600.42	607.90	609.60	618.43	617.91
(As % of total securities)	32.59	32.36	32.24	32.30	32.51	33.21	33.16	33.33	33.31
2. Treasury Bonds	1,250.70	1,250.70	1,250.70	1,250.70	1,246.20	1,222.61	1,228.90	1,236.94	1,236.94
(As % of total securities)	67.41	67.64	67.76	67.70	67.49	66.79	66.84	66.67	66.69
<b>3. Total Securities (1+2)</b>	<b>1,855.48</b>	<b>1,849.17</b>	<b>1,845.83</b>	<b>1,847.41</b>	<b>1,846.62</b>	<b>1,830.51</b>	<b>1,838.49</b>	<b>1,855.36</b>	<b>1,854.85</b>
4. Overdraft at Central Bank	1.12	13.58	17.30	17.23	9.54	25.13	26.00	22.57	23.12
5. Other Domestic debt*	31.53	32.10	30.96	30.96	30.95	30.97	30.96	31.05	31.05
<b>6. Gross Domestic Debt (3+4+5)</b>	<b>1,888.14</b>	<b>1,894.85</b>	<b>1,894.09</b>	<b>1,895.60</b>	<b>1,887.11</b>	<b>1,886.61</b>	<b>1,895.46</b>	<b>1,908.99</b>	<b>1,909.02</b>

\* 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 DEBT BY INSTRUMENT (IN PERCENT)**

	24-Jun-16	29-Jul-16	27-Jan-17	3-Feb-17	10-Feb-17	17-Feb-17	24-Feb-17	3-Mar-17	10-Mar-17	17-Mar-17
Treasury bills (Excluding Repos)	32.1	31.9	31.6	31.4	31.5	31.8	32.2	32.2	32.4	32.4
Treasury bonds	64.1	65.6	66.0	66.0	66.0	66.0	64.8	64.8	64.8	64.8
CBK Overdraft to Govt	2.1	0.8	0.7	0.9	0.9	0.5	1.3	1.4	1.2	1.2
Other domestic debt	1.7	1.7	1.7	1.6	1.6	1.6	1.6	1.6	1.6	1.6
<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>	<b>100.0</b>	<b>100.0</b>

Source: Central Bank of Kenya

## CBK Weekly Statistical Bulletin of Key Monetary and Financial Indicators

**TABLE 8: COMPOSITION OF GOVERNMENT DEBT BY HOLDER (IN PERCENT)**

	29-Jul-16	26-Aug-16	30-Sep-16	25-Nov-16	30-Dec-16	06-Jan-17	13-Jan-17	20-Jan-17	27-Jan-17	03-Feb-17	10-Feb-17	17-Feb-17
Banking Institutions	54.8	54.4	55.0	53.3	52.5	52.5	52.3	51.8	51.6	51.6	51.4	51.2
Insurance Companies	7.6	7.3	7.4	7.1	7.3	7.3	7.4	7.5	7.5	7.5	7.5	7.5
Parastatals	5.1	5.6	5.5	5.8	5.6	5.6	5.7	5.7	5.7	5.7	5.8	5.8
Pension funds	26.8	27.0	26.6	27.3	28.0	28.0	28.1	28.4	28.6	28.5	28.7	28.8
Other investors	5.7	5.6	5.6	6.5	6.5	6.5	6.6	6.7	6.7	6.7	6.7	6.7
Total	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0

*Source: Central Bank of Kenya*

**TABLE 9: OFFICIAL FOREIGN RESERVES US\$ MILLION (USABLE)**

	19-Jan-17	26-Jan-17	2-Feb-17	9-Feb-17	16-Feb-17	23-Feb-17	2-Mar-17	9-Mar-17	16-Mar-17	23-Mar-17
1. CBK Usable Foreign Exchange Reserves (USD Million)*	6,853	6,944	6,947	6,942	6,949	6,948	6,994	7,027	6,973	7,777
2. CBK Usable Foreign Exchange Reserves (Months of Import Cover)**	4.52	4.59	4.59	4.59	4.59	4.59	4.62	4.64	4.61	5.14

\*Excludes Encumbered Reserves

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

*Source: Central Bank of Kenya*