



Central Bank of Kenya

Weekly Bulletin

July 12, 2019

KEY MONETARY AND FINANCIAL INDICATORS

Exchange Rate

The Kenya Shilling remained relatively stable against major international and regional currencies during the week ending July 11. It exchanged at KSh 102.92 per US Dollar on July 11, compared to KSh 102.29 on July 4 (Table 1).

Foreign Exchange Reserves

The CBK usable foreign exchange reserves remained strong at USD 9,765 million (6.2 months of import cover) as at July 11. This meets the CBK's statutory requirement to endeavor 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).

Current Account

Preliminary data shows that the current account deficit narrowed to 4.2 percent of GDP in the 12 months to May 2019 from 5.8 percent in May 2018 and 5.0 percent in December 2018. This reflects strong performance of exports particularly horticulture, resilient diaspora remittances, and higher receipts from tourism and transport services. Lower food imports also contributed to the narrower trade balance (Chart 1).

Money Market

The money market remained liquid during the week ending July 11, supported by Government payments, which more than offset tax remittances. Commercial banks' excess reserves stood at KSh 14.82 billion in relation to the 5.25 percent cash reserves requirement (CRR). The average interbank rate increased to 2.38 percent on July 11 from 2.20 percent on July 4. The average number of interbank deals remained almost the same at 13 compared to 14 in the previous week while the value traded decreased to KSh 6.85 billion from KSh 9.73 billion in the previous week (Table 3).

Government Securities Market

The Treasury bills auctions of July 11 received bids totaling KSh 44.13 billion against an advertised amount of KSh 24.0 billion, representing a performance of 183.9 percent. The 364-day Treasury bill received the highest bids with a

performance of 297.7 percent. Interest rates on the 91-day and 364-day Treasury bills tenures declined while those on the 182-day Treasury bill rose marginally (Table 4).

Equity Market

Trading activity on the equity market increased during the week ending July 11. The NSE 25 and NSE 20 share price indices increased by 0.76 percent and 1.52 percent, respectively, while equity turnover increased by 12.06 percent. However, the NASI and market capitalization declined by 0.02 percent and 0.03 percent, respectively (Table 6).

Derivatives Market

Nairobi Securities Exchange officially launched the trading of futures on the NSE Derivatives Market (NEXT) on July 11 but had commenced trading on July 4. The trading activity in futures increased during the week with the number of contracts increasing to 31 from 2, and the value of the contracts increasing to KSh 1.77 million from KSh 48,874.

Bonds Market

The value traded in the secondary domestic bond market increased by 10.01 percent during the week ending July 11. In the international market, yields on Kenya's 7-year, 10-year (2024), 10-year (2028), 12-year and 30-year Eurobonds increased by 7.00, 3.00, 9.00, 12.00 and 9.00 basis points, respectively (Table 6). The yields on 10-year Eurobonds for Ghana and Angola also increased (Chart 3).

Global Trends

Global markets edged up during the week, boosted by expectations that the Federal Reserve Bank would reduce interest rates in July in order to cushion the U.S economy from the uncertainty caused by trade tensions and slower global growth.

International oil prices increased during the week following continued geo-political tensions in the Middle East and news that Russia's oil production had fallen to a near three-year low in June. Murban oil price increased to USD 67.33 per barrel on July 11 from USD 62.32 per barrel on July 4.

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

	USD	Sterling Pound	Euro	100 Japanese Yen	USHS*	TSHS*	RWF*	BIF*
28-Jun-19	102.30	129.96	116.31	94.87	36.12	22.51	8.91	17.96
1-Jul-19	102.36	130.11	116.54	95.00	36.10	22.47	8.92	17.95
2-Jul-19	102.72	130.08	116.53	94.86	36.04	22.39	8.89	17.89
3-Jul-19	103.00	130.17	116.42	95.21	35.97	22.32	8.87	17.89
4-Jul-19	102.29	128.71	115.48	94.91	36.17	22.51	8.93	17.97
June 28-July 4	102.53	129.81	116.25	94.97	36.08	22.44	8.90	17.93
5-Jul-19	102.63	129.09	115.76	95.20	36.02	22.40	8.90	17.91
8-Jul-19	102.61	128.25	115.11	94.73	36.06	22.42	8.90	17.91
9-Jul-19	102.69	128.47	115.20	94.52	36.03	22.40	8.90	17.90
10-Jul-19	102.75	128.15	115.18	94.46	35.96	22.37	8.89	17.89
11-Jul-19	102.92	128.57	115.61	94.77	35.82	22.33	8.88	17.86
July 5-11	102.72	128.51	115.37	94.74	35.98	22.38	8.89	17.89

* Units of currency per Kenya Shilling

Source: Central Bank of Kenya

Table 2: Official Usable Foreign Exchange Reserves

	06-Jun-19	13-Jun-19	20-Jun-19	27-Jun-19	04-Jul-19	11-Jul-19
1. CBK Usable Foreign Exchange Reserves (USD Million)	10,065	10,083	9,153	9,131	9,023	9,765
2. CBK Usable Foreign Exchange Reserves (Months of Import Cover)*	6.40	6.41	5.82	5.81	5.74	6.21

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

Source: Central Bank of Kenya

Chart 1: Current Account

Source: Central Bank of Kenya

Table 3: Money Market

Date	Number of Deals	Value (KSh M)	Average Interbank Rate (%)
28-Jun-19	12	13,500	1.94
1-Jul-19	14	11,400	1.93
2-Jul-19	15	9,005	1.86
3-Jul-19	15	8,700	2.08
4-Jul-19	12	6,050	2.20
June 28- July 4	14	9,731	2.00
5-Jul-19	12	3,760	2.30
8-Jul-19	11	4,250	2.38
9-Jul-19	9	4,850	2.10
10-Jul-19	17	7,770	2.39
11-Jul-19	16	13,625	2.38
July 5- July 11	13	6,851	2.31

Source :Central Bank of Kenya

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

Date of Auction	28-Mar-19	30-May-19	27-Jun-19	04-Jul-19	11-Jul-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	2,334.49	4,143.64	2,151.49	3,243.58
Amount Accepted (Ksh M)	966.23	2,334.39	4,142.56	2,149.72	3,243.58
Maturities (Ksh M)	1,044.15	2,927.95	983.55	2,868.35	4,988.20
Average interest Rate (%)	7.500	6.995	6.738	6.685	6.600

182-Day Treasury Bills

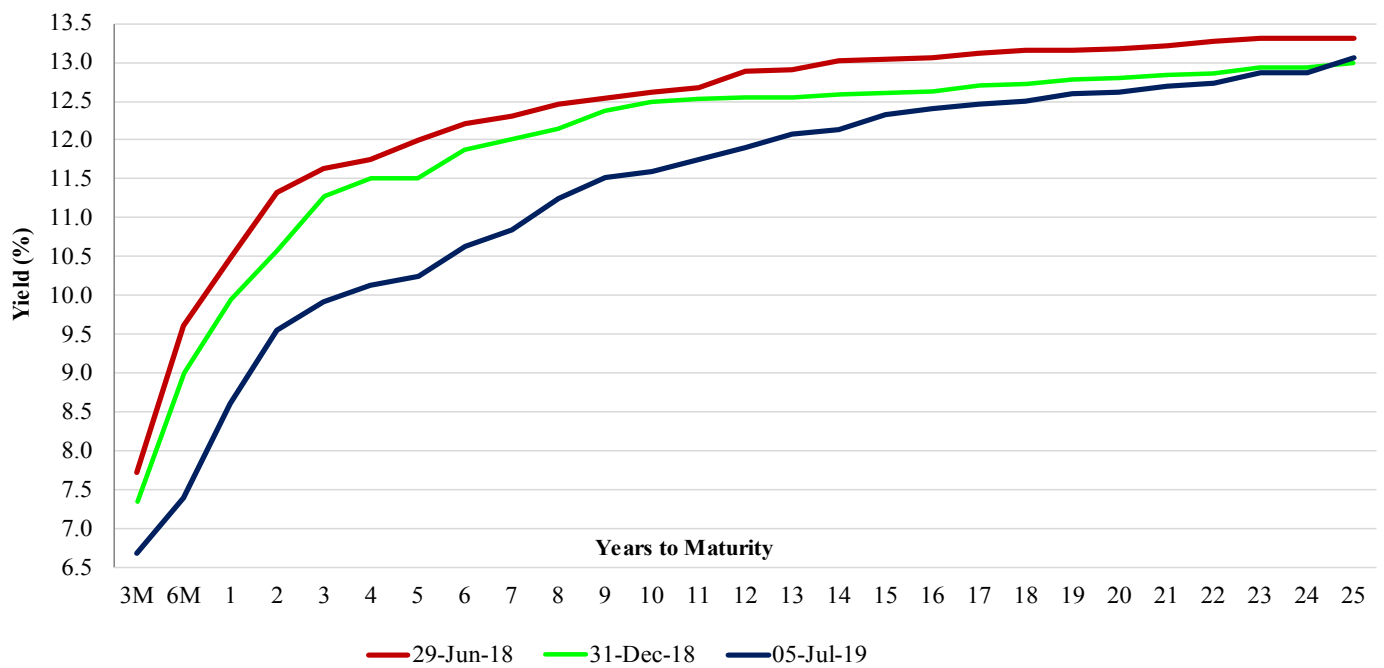
Amount offered (Ksh M)	10,000.00	10,000.00	10,000.00	10,000.00	10,000.00
Bids received (Ksh M)	7,343.75	2,465.66	3,519.12	4,816.64	11,114.43
Amount Accepted (Ksh M)	5,908.18	2,462.80	3,519.12	4,816.64	11,114.43
Maturities (Ksh M)	5,245.70	4,516.50	2,696.35	3,453.20	19,598.60
Average interest Rate (%)	8.204	7.651	7.487	7.397	7.469

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	26,261.69	52,155.78	25,023.13	29,772.40
Amount Accepted (Ksh M)	23,655.49	23,511.75	23,425.49	23,168.97	29,772.40
Maturities (Ksh M)	6,923.80	9,351.95	19,230.40	23,305.50	21,569.10
Average interest Rate (%)	9.408	9.311	8.759	8.610	8.595

Source: Central Bank of Kenya

Chart 2: Government Securities Yield Curve



Source: Central Bank of Kenya

Table 5: Performance of Treasury Bonds Auctions

Date of Auction	20-Mar-19	10-Apr-19	8-May-19		13-Jun-19		
					REOPEN		
Tenor	IFB 1/2019/25	FXD 2/2019/10	FXD 1/ 2019/20	FXD 2/2019/5	FXD 2/ 2019/15	FXD 1/2012/15	FXD 1/ 2018/15
Amount offered (Ksh M)	50,000.00	50,000.00		50,000.00		40,000.00	
Bids received (Ksh M)	29,376.22	85,615.54		70,841.20		85,615.66	
Amount Accepted (Ksh M)	16,303.06	51,326.72	9,022.76	39,210.55	19,316.16	21,211.35	17,727.97
Maturities (Ksh M)	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Average interest Rate (%)	12.66	12.30	12.87	10.87	12.73	11.59	12.46

Source: Central Bank of Kenya

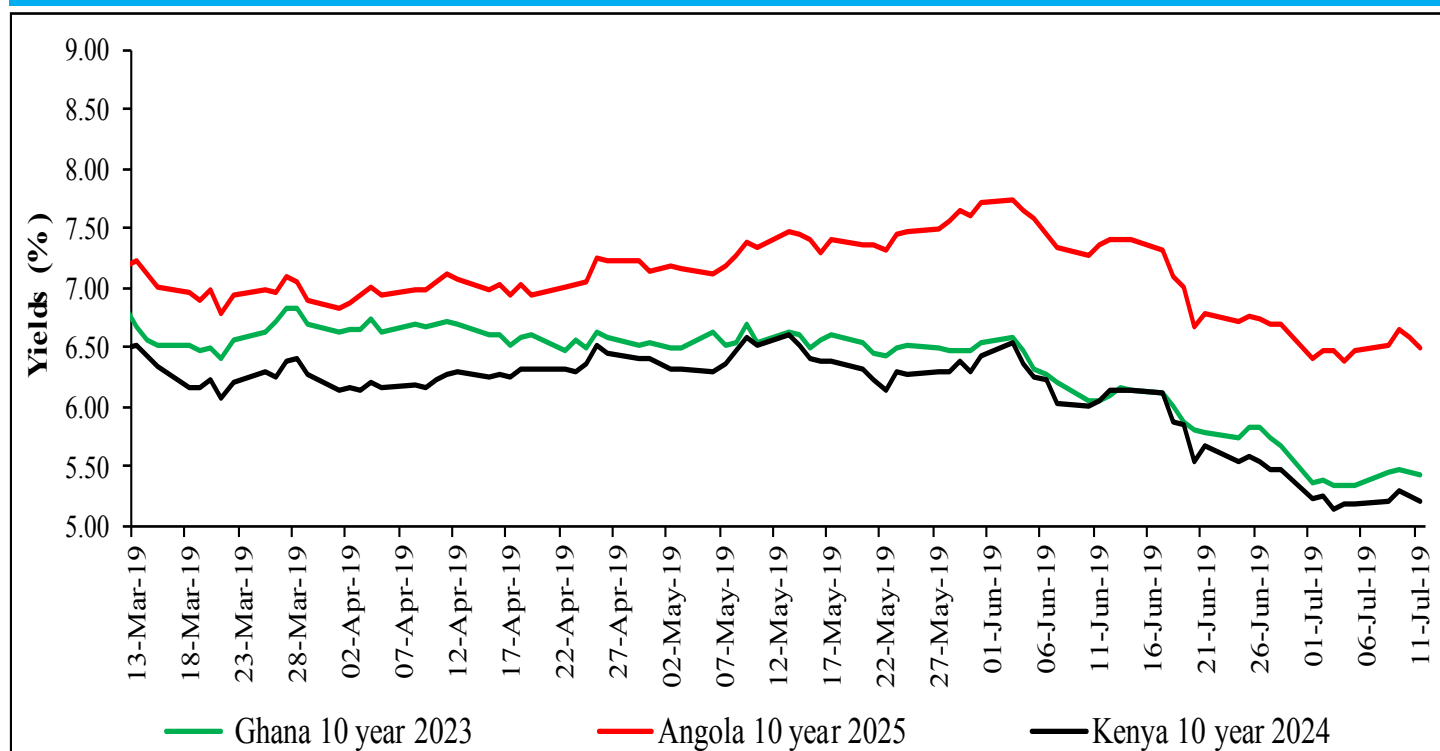
Table 6: Key Weekly Market Indicators

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 (%)
28-Jun-19	149.61	3586.58	2633.32	1,050.00	33.88	1,008.62	2,278.90	5,399.69	6.406	5.481	6.784	7.421	7.891
1-Jul-19	150.01	3601.09	2652.78	881.00	6.64	222.38	2,284.93	1,927.35	6.129	5.229	6.447	7.055	7.712
2-Jul-19	150.13	3604.73	2653.09	917.00	19.79	375.95	2,286.80	2,955.26	6.189	5.253	6.515	7.130	7.782
3-Jul-19	150.11	3606.06	2650.75	899.00	9.60	260.36	2,286.67	2,717.53	6.179	5.155	6.505	7.144	7.785
4-Jul-19	149.09	3594.51	2646.69	933.00	33.82	552.73	2,271.05	4,021.24	6.146	5.184	6.480	7.144	7.746
June 28- July 1	149.09	3594.51	2646.69	4,680.00	103.73	2,420.05	2,271.05	17,021.06	6.146	5.184	6.480	7.144	7.746
5-Jul-19	149.80	3618.86	2665.15	728.00	20.45	727.09	2,281.63	6,185.11	6.167	5.197	6.502	7.159	7.799
8-Jul-19	148.88	3599.81	2660.48	899.00	10.75	276.14	2,267.49	3,316.67	6.245	5.203	6.595	7.235	7.862
9-Jul-19	147.43	3581.13	2664.40	822.00	16.63	626.38	2,245.27	3,831.66	6.285	5.306	6.651	7.312	7.948
10-Jul-19	148.86	3607.35	2670.91	1,057.00	16.85	559.11	2,267.13	3,516.31	6.265	5.254	6.613	7.266	7.905
11-Jul-19	149.06	3621.97	2686.94	840.00	8.30	523.17	2,270.31	1,875.66	6.220	5.216	6.569	7.266	7.835
July 5-11	149.06	3621.97	2686.94	4,346.00	72.99	2,711.88	2,270.31	18,725.41	6.220	5.216	6.569	7.266	7.835
Weekly Changes (%)	-0.02	0.76	1.52	-7.14	-29.64	12.06	-0.03	10.01	0.074*	0.032*	0.089*	0.122*	0.089*

*Percentage points, ** Matures on June 24, 2019, thus closed from trading

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

Chart 3: 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	31-May-19	28-Jun-19	05-Jul-19
1. Treasury Bills (Excluding Repos)	878.62	904.10	949.66	965.63	954.25	965.77
<i>(As % of total securities)</i>	36.75	36.90	36.04	35.61	35.31	35.58
2. Treasury Bonds	1,511.87	1,546.29	1,685.66	1,746.21	1,748.60	1,748.60
<i>(As % of total securities)</i>	63.25	63.10	63.96	64.39	64.69	64.42
3. Total Securities (1+2)	2,390.49	2,450.39	2,635.31	2,711.84	2,702.85	2,714.37
4. Overdraft at Central Bank	56.85	45.86	36.90	35.97	57.33	49.63
5. Other Domestic debt*	31.44	31.61	26.88	31.45	25.28	24.70
6. Gross Domestic Debt (3+4+5)	2,478.78	2,527.86	2,699.09	2,779.26	2,785.46	2,788.70

* 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	31-May-19	28-Jun-19	05-Jul-19
Treasury bills (Excluding Repos)	35.45	35.77	35.12	34.74	34.26	34.63
Treasury bonds	60.99	61.17	62.34	62.83	62.78	62.70
CBK Overdraft to Government	2.29	1.81	1.36	1.29	2.06	1.78
Other domestic debt	1.27	1.25	1.18	1.13	0.91	0.89
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)						
	29-Jun-18	28-Dec-18	29-Mar-19	31-May-19	28-Jun-19	05-Jul-19
Banking Institutions	55.19	54.53	54.88	54.22	54.37	54.12
Insurance Companies	6.23	6.06	6.16	6.18	6.13	6.13
Parastatals	7.04	7.25	7.10	7.08	6.98	6.98
Pension funds	27.09	27.59	27.49	28.22	28.24	28.45
Other investors	4.44	4.57	4.37	4.30	4.28	4.32
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						
	Jun-18	Sep-18	Dec-18	Jan-19	Feb-19	Mar-19
Domestic debt (KSh Billion)	2,478.84	2,540.70	2,548.77	2,604.19	2,691.61	2,699.09
Public & Publicly Guaranteed External debt (US \$ Billion)	25.34	25.81	26.74	27.05	27.05	27.01
Public & Publicly Guaranteed External debt (KSh Billion)	2,560.20	2,605.33	2,723.73	2,729.48	2,707.29	2,721.60
Total public debt (KSh Billion)	5,039.03	5,146.04	5,272.50	5,333.67	5,398.90	5,420.68

Source: National Treasury and Central Bank of Kenya