



Central Bank of Kenya

Weekly Bulletin

August 23, 2019

KEY MONETARY AND FINANCIAL INDICATORS

Exchange Rate

The Kenya Shilling remained stable against major international and regional currencies during the week ending August 22, supported by net foreign exchange inflows. It exchanged at KSh 102.96 per US Dollar on August 22, compared to KSh 103.26 on August 15 (Table 1).

Foreign Exchange Reserves

The CBK usable foreign exchange reserves remained strong at USD 9,386 million (5.87 months of import cover) as at August 22. 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 22, supported largely by Government payments, which partly offset tax payments. The open market operations remained active. Commercial banks' excess reserves stood at KSh 8.3 billion in relation to the 5.25 percent cash reserves requirement (CRR). The average interbank rate decreased to 3.49 percent on August 22 from 3.61 percent on August 15. The average number of interbank deals per day decreased to 22 from 23 in the previous week, while the value traded increased to KSh 14.9 billion from KSh 8.0 billion in the previous week (Table 3).

Government Securities Market

The Treasury bills auctions of August 22, received bids totalling KSh 17.2 billion against an advertised amount of KSh 24.0 billion, representing a performance of 71.6 percent. Interest rates on the 91-day and 364-day Treasury bills increased while those on the 182-day Treasury bills decreased (Table 4).

Equity Market

Equity market performance improved during the week ending August 22. Market capitalization, equity turnover, shares traded and NASI share price index increased by 0.4 percent, 74.3 percent, 145.9 percent and 0.4 percent, respectively. However, the NSE 25 and NSE 20 share price indices declined by 0.4 percent and 1.9 percent, respectively. (Table 6).

Bonds Market

Trading activity in the domestic secondary bond market declined by 17.4 percent during the week ending August 22. In the international market, yields on Kenya's 7-year, 10-year (2024), 10-year (2028), 12-year and 30-year Eurobonds declined by 41.9, 31.4, 42.8, 48.8, and 39.8 basis points, respectively (Table 6). Similarly, the yields on 10-year Eurobonds for Ghana and Angola also declined (Chart 2).

Derivatives Market

The total number of futures contracts settled on the NSE Derivatives Market (NEXT) during the week ending August 25, was 16, valued at KSh 0.8 million compared to 6 contracts valued at KSh 0.5 million in the previous week.

Global Trends

Global market sentiment improved during the week on increased optimism, with expectations that the US Federal Reserve Bank would continue to lower interest rates due to concerns over a possible recession. Uncertainties on a possible Brexit deal remained, despite talks by the U.K. Prime Minister with key EU leaders during the week.

International oil prices increased during the week following a decline in US crude inventories, lower crude exports from Saudi Arabia and increased geo-political tensions in the Middle East. Murban oil prices rose to USD 61.9 per barrel on August 22 from USD 59.9 per barrel on August 15.

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

	USD	Sterling Pound	Euro	100 Japanese Yen	USHS*	TSHS*	RWF*	BIF*
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
16-Aug-19	103.33	125.30	115.12	97.36	35.78	22.28	8.88	17.84
19-Aug-19	103.38	125.75	114.66	97.17	35.74	22.24	8.88	17.83
20-Aug-19	103.29	125.18	114.67	96.93	35.77	22.26	8.89	17.85
21-Aug-19	102.97	124.55	114.12	96.94	35.84	22.35	8.92	17.90
22-Aug-19	102.96	124.94	114.26	96.75	35.84	22.33	8.92	17.91
August 16-22	103.19	125.14	114.57	97.03	35.79	22.29	8.90	17.87

* Units of currency per Kenya Shilling

Source: Central Bank of Kenya

Table 2: Official Usable Foreign Exchange Reserves

	18-Jul-19	25-Jul-19	01-Aug-19	08-Aug-19	15-Aug-19	22-Aug-19
1. CBK Usable Foreign Exchange Reserves (USD Million)	9,747	9,568	9,490	9,405	9,393	9,386
2. CBK Usable Foreign Exchange Reserves (Months of Import Cover)*	6.20	6.01	6.04	5.98	5.87	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 (%)
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	23	7,975	3.71
16-Aug-19	17	10,475	3.33
19-Aug-19	18	11,275	3.30
20-Aug-19	23	15,975	3.17
21-Aug-19	25	15,995	3.32
22-Aug-19	28	21,000	3.49
August 16-22,	22	14,944	3.32

Source: Central Bank of Kenya

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

Date of Auction	27-Jun-19	25-Jul-19	08-Aug-19	15-Aug-19	22-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)	4,143.64	8,072.05	4,148.92	2,753.24	5,179.38
Amount Accepted (Ksh M)	4,142.56	5,125.66	3,170.13	2,753.24	5,179.38
Maturities (Ksh M)	983.55	7,561.00	3,580.70	1,994.85	5,922.40
Average interest Rate (%)	6.738	6.592	6.449	6.355	6.398
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)	3,519.12	2,720.01	6,385.27	2,939.24	1,224.67
Amount Accepted (Ksh M)	3,519.12	2,720.01	5,428.17	2,939.24	1,195.99
Maturities (Ksh M)	2,696.35	3,248.15	9,314.35	10,104.20	10,348.95
Average interest Rate (%)	7.487	7.365	7.154	7.052	7.020
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)	52,155.78	16,446.47	18,947.62	15,149.39	10,785.33
Amount Accepted (Ksh M)	23,425.49	16,423.62	18,032.36	15,071.40	8,959.73
Maturities (Ksh M)	19,230.40	14,534.60	11,676.30	11,090.90	15,128.20
Average interest Rate (%)	8.759	8.988	9.152	9.195	9.248

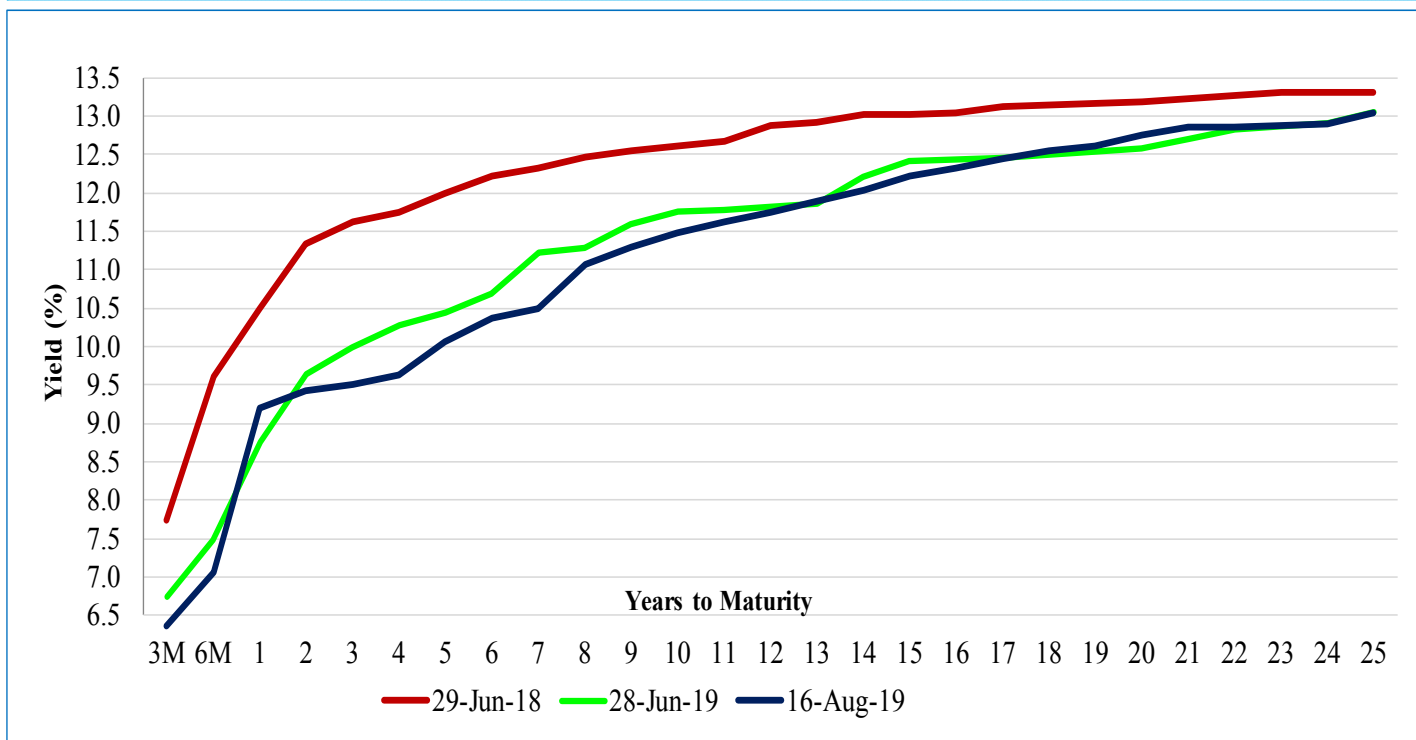
Source: Central Bank of Kenya

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)

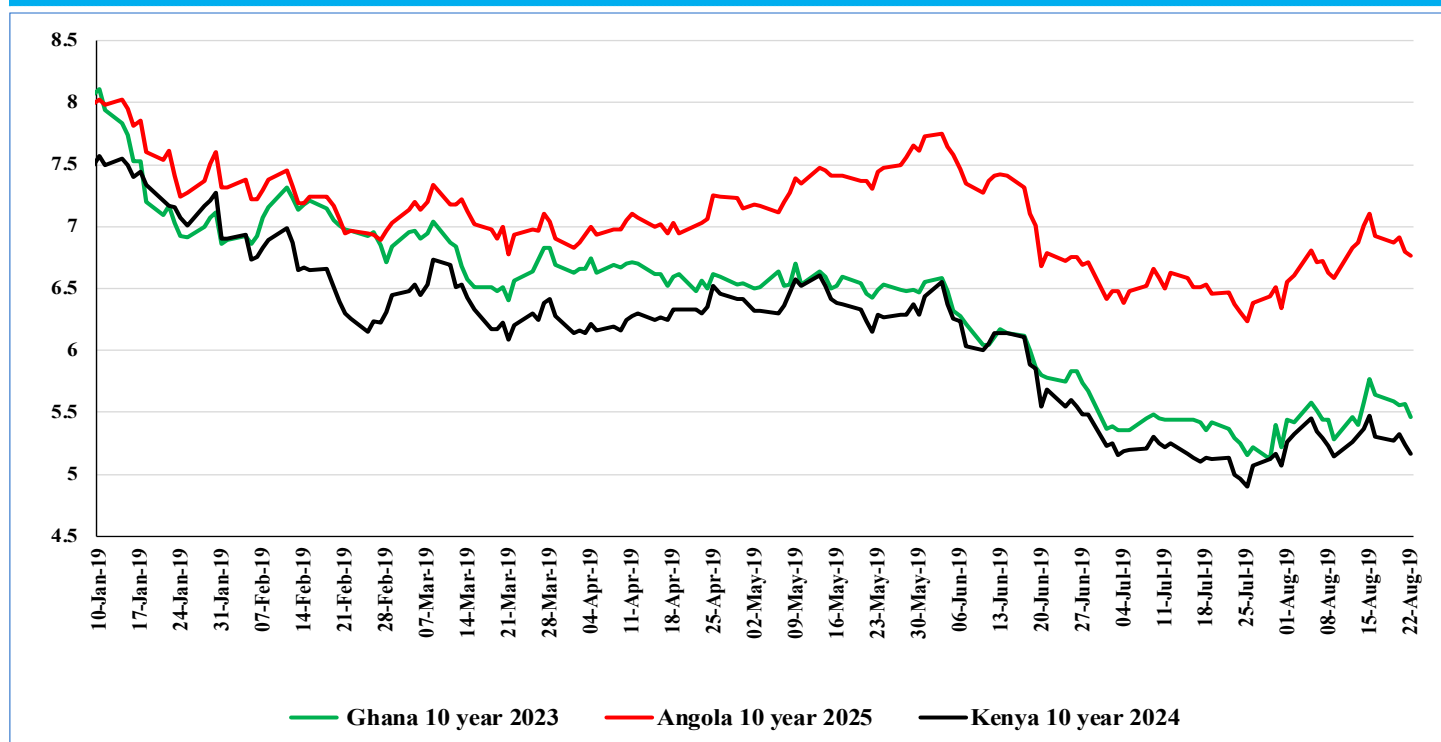
Table 6: Key Weekly Market Indicators

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 (%)
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	3,231.00	63.51	2,151.30	2,288.64	7,296.60	6.520	5.476	7.052	7.687	8.354
16-Aug-19	151.40	3,597.77	2,539.95	948.00	28.09	847.45	2,314.13	836.79	6.398	5.304	6.910	7.511	8.181
19-Aug-19	151.92	3,593.33	2,518.30	995.00	21.42	539.72	2,322.13	903.04	6.276	5.273	6.819	7.417	8.121
20-Aug-19	151.14	3,574.49	2,501.18	1,094.00	51.13	1,117.42	2,310.14	1,668.14	6.324	5.324	6.877	7.432	8.151
21-Aug-19	150.56	3,563.43	2,488.31	925.00	21.01	263.87	2,301.30	1,303.08	6.216	5.244	6.742	7.323	8.036
22-Aug-19	150.29	3,565.77	2,491.97	974.00	34.55	980.67	2,297.06	1,314.45	6.101	5.162	6.624	7.199	7.956
August 16-22	150.29	3565.77	2491.97	4,936.00	156.20	3,749.14	2,297.06	6,025.50	6.101	5.162	6.624	7.199	7.956
Weekly Changes (%)	0.37	-0.35	-1.87	52.77	145.94	74.27	0.37	-17.42	(0.419)*	(0.314)*	(0.428)*	(0.488)*	(0.398)*

*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	16-Aug-19
1. Treasury Bills (Excluding Repos)	878.62	904.10	949.66	954.25	952.98	964.15
<i>(As % of total securities)</i>	36.75	36.90	36.04	35.31	35.27	34.89
2. Treasury Bonds	1,511.87	1,546.29	1,685.66	1,748.60	1,748.60	1,799.16
<i>(As % of total securities)</i>	63.25	63.10	63.96	64.69	64.73	65.11
3. Total Securities (1+2)	2,390.49	2,450.39	2,635.31	2,702.85	2,701.58	2,763.31
4. Overdraft at Central Bank	56.85	45.86	36.90	57.33	64.52	58.60
5. Other Domestic debt*	31.44	31.61	26.88	25.28	25.76	25.74
6. Gross Domestic Debt (3+4+5)	2,478.78	2,527.86	2,699.09	2,785.46	2,791.87	2,847.65

* 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	16-Aug-19
Treasury bills (Excluding Repos)	35.45	35.77	35.12	34.26	34.13	33.86
Treasury bonds	60.99	61.17	62.34	62.78	62.63	63.18
CBK Overdraft to Government	2.29	1.81	1.36	2.06	2.31	2.06
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	16-Aug-19
Banking Institutions	54.53	54.88	54.37	54.12	54.57	54.04
Insurance Companies	6.06	6.16	6.13	6.12	6.11	6.15
Parastatals	7.25	7.10	6.98	7.02	7.00	7.08
Pension funds	27.59	27.49	28.24	28.46	28.05	28.49
Other investors	4.57	4.37	4.28	4.28	4.27	4.24
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