



Central Bank of Kenya

# Weekly Bulletin

January 3, 2020

## KEY MONETARY AND FINANCIAL INDICATORS

### Inflation

Overall inflation increased to 5.8 percent in December 2019 from 5.6 percent in November, but remained within the target range, mainly driven by increases in food prices and transport costs witnessed during the festive season (Chart 1). Food inflation increased to 9.3 percent from 8.9 percent in November, while fuel inflation was 2.5 percent compared to 2.3 percent in November.

### Economic Growth

Economic growth was 5.1 percent in the third quarter of 2019, compared to 5.6 percent in the previous quarter. Growth was supported by the resilience of service oriented sectors, including Accommodation and Restaurant, Transport and Storage, Financial and Insurance, and Real Estate (Table 1). However, there was reduced activity in agriculture and manufacturing.

### Exchange Rate

The Kenya Shilling remained relatively stable against major international and regional currencies during the week ending January 2. It exchanged at KSh 101.34 per US Dollar on January 2, compared to KSh 100.63 on December 24, reflecting increased corporate demand (Table 2).

### Foreign Exchange Reserves

The CBK usable foreign exchange reserves remained adequate at USD 8,758 million (5.4 months of import cover) as at January 2. This meets the 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 3).

### Money Market

The money market was liquid during the week ending January 2, mainly reflecting government payments which more than offset tax remittances. Commercial banks' excess reserves stood at KSh 16.2 billion in relation to the 5.25 percent cash reserves requirement (CRR). The average interbank rate declined to 5.37 percent on January 2 from 5.62 percent on December 24. The average number of interbank deals per day decreased to 25 from 28 in the previous week while the value traded decreased to KSh 15.4 billion from KSh 21.6 billion (Table 4).

### Government Securities Market

The Treasury bills auctions of January 2, received bids totalling KSh 18.7 billion against an advertised amount of KSh 24.0 billion, representing a performance of 78.1 percent. Interest rates on the 182 days Treasury bill declined marginally while that on the 364 days Treasury bill increased slightly compared to the previous week (Table 5). The interest rates on the 91 days Treasury bill were unchanged from the previous auction.

### Equity Market

The NASI, NSE 25 and NSE 20 share price indices increased by 0.2 percent, 1.1 percent and 2.4 percent, respectively, in the week ending January 2. Similarly, market capitalization rose by 0.2 percent while the number of equity deals rose by 10 percent. The total shares traded and equity turnover declined by 57.9 percent and 57.3 percent, respectively (Table 7).

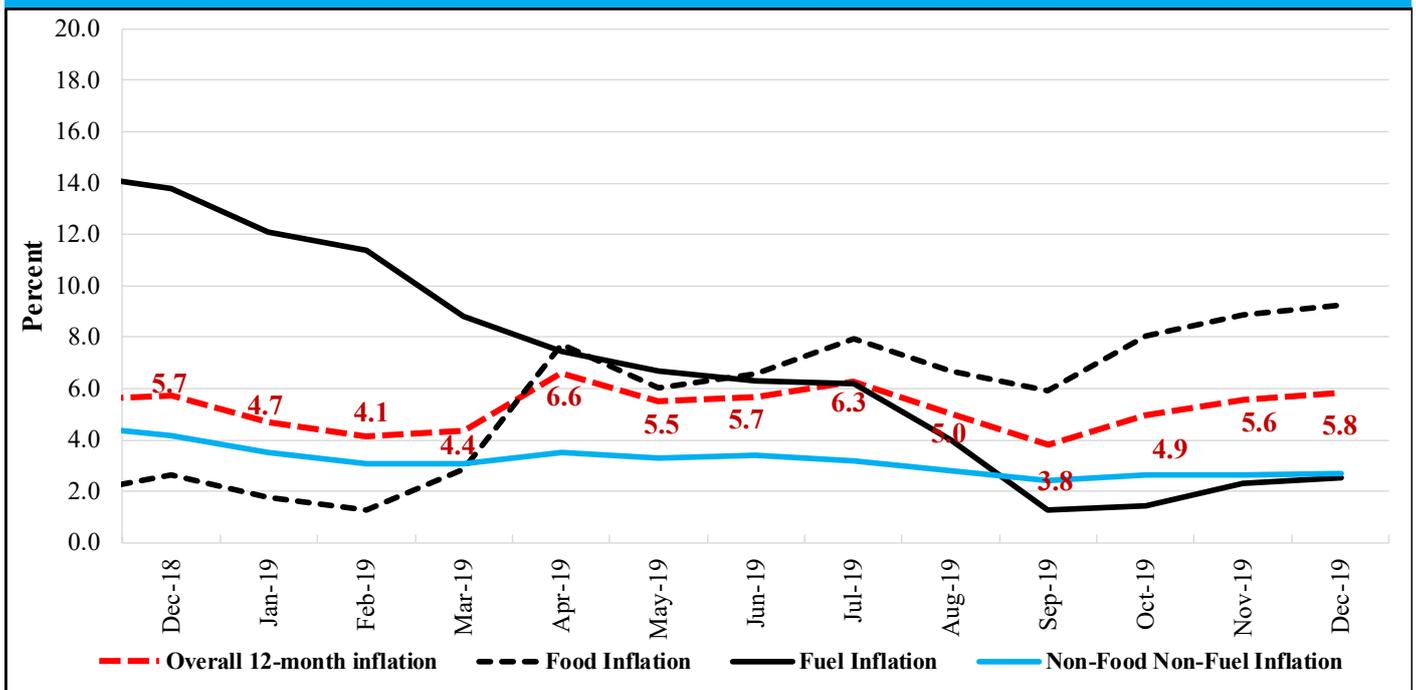
### Bond Market

Turnover of bonds traded in the domestic secondary market declined by 74.1 percent during the week ending January 2 (Table 7). In the international market, yields on Kenya's 7-year (2027), 10-year (2024), 10-year (2028), 12-year (2032) and 30-year (2048) Eurobonds declined by 5.5, 9.7, 11.3, 10.7 and 6.2 basis points, respectively. The yields on the 10-year Eurobonds for Ghana and Angola also declined (Chart 3).

### Global Trends

Trade tensions eased towards the end of the year with the proposal of a U.S-China trade deal and the completion of the British elections. It is hoped that this positive sentiment will be carried forward.

International oil prices remained elevated during the week ending January 2, mainly due to production cuts by OPEC and non-OPEC oil exporting countries and renewed optimism in the U.S-China trade relations. Murban oil ended the year trading at USD 68.93 per barrel on December 31.

**Chart 1: Inflation**


Source: KNBS and CBK

**Table 1: Real GDP Growth by Sector**

Quarter	Annual		2018				2019		
	2017	2018	Q1	Q2	Q3	Q4	Q1	Q2	Q3
1. Agriculture	1.9	6.4	7.5	6.5	6.9	4.0	5.3	4.2	3.2
2. Non-Agriculture (o/w)	5.7	6.3	6.3	6.2	6.3	6.4	5.8	6.0	5.5
2.1 Industry	3.8	5.3	4.9	5.4	5.7	5.5	4.2	5.3	4.5
Mining & Quarrying	4.5	2.8	2.4	2.9	3.3	2.7	2.2	5.7	4.3
Manufacturing	0.5	4.2	3.8	4.7	4.6	3.7	3.2	4.2	3.1
Construction	7.0	7.9	6.5	8.4	7.8	8.7	6.1	5.6	4.9
Electricity & water supply	8.5	6.6	6.6	5.4	7.0	7.3	5.6	7.2	6.6
2.2 Services	6.5	6.9	7.0	6.7	6.8	7.3	6.4	6.6	6.2
Wholesale & Retail Trade	5.7	6.3	5.9	6.2	6.5	6.6	5.5	6.0	4.7
Accommodation & restaurant	14.3	16.6	13.1	15.4	15.7	21.3	10.1	10.6	9.0
Transport & Storage	7.2	8.8	8.5	8.4	9.0	9.3	6.7	7.2	7.1
Information & Communication	11.0	11.4	12.5	11.1	9.8	11.8	10.4	11.3	8.4
Financial & Insurance	2.8	5.6	5.2	4.5	5.3	7.2	5.5	7.2	5.6
Public administration	6.5	6.1	6.2	5.9	6.1	6.4	6.5	6.0	5.8
Professional, Administration & Support Services	3.7	5.9	6.1	7.5	6.7	3.6	6.3	5.0	5.0
Real estate	6.1	4.1	5.3	4.6	3.8	2.8	4.2	5.4	4.9
Education	5.1	5.8	5.3	5.8	5.9	6.4	5.4	6.0	5.7
Health	4.3	4.5	4.6	4.1	5.5	4.0	4.0	5.2	4.8
Other services	5.1	4.9	4.2	5.1	4.9	5.3	3.2	2.3	2.2
FISIM	-3.3	1.1	0.2	0.1	1.7	2.3	-2.8	4.6	-4.5
2.3 Taxes on products	5.4	5.2	5.7	5.5	5.6	4.4	5.8	4.6	4.2
<b>Real GDP Growth</b>	<b>4.9</b>	<b>6.3</b>	<b>6.6</b>	<b>6.3</b>	<b>6.4</b>	<b>6.0</b>	<b>5.7</b>	<b>5.6</b>	<b>5.1</b>

Source: KNBS and CBK

**Table 2: Kenya Shilling Exchange Rates (Indicative Mean Rates)**

	USD	Sterling Pound	Euro	100 Japanese Yen	USHS*	TSHS*	RWF*	BIF*
20-Dec-19	100.71	131.31	112.00	92.07	36.37	22.82	9.41	18.65
23-Dec-19	100.70	131.24	111.70	92.10	36.40	22.84	9.41	18.65
24-Dec-19	100.63	129.98	111.50	91.99	36.37	22.84	9.42	18.67
25-Dec-19								
26-Dec-19								
<b>Dec 20-24</b>	<b>100.68</b>	<b>130.84</b>	<b>111.73</b>	<b>92.05</b>	<b>36.38</b>	<b>22.83</b>	<b>9.41</b>	<b>18.66</b>
27-Dec-19	100.77	130.41	111.63	92.11	36.37	22.81	9.41	18.64
30-Dec-19	101.16	132.40	112.88	92.37	36.23	22.72	9.37	18.58
31-Dec-19	101.34	132.94	113.37	92.80	36.17	22.68	9.36	18.54
1-Jan-2020								
2-Jan-2020	101.34	133.31	113.56	93.32	36.16	22.68	9.36	18.54
<b>Dec 27-2019-Jan 2020</b>	<b>101.15</b>	<b>132.26</b>	<b>112.86</b>	<b>92.65</b>	<b>36.23</b>	<b>22.72</b>	<b>9.37</b>	<b>18.58</b>

\* Units of currency per Kenya Shilling

Source: Central Bank of Kenya

**Table 3: Official Usable Foreign Exchange Reserves**

	28-Nov-19	05-Dec-19	11-Dec-19	19-Dec-19	24-Dec-19	02-Jan-20
1. CBK Usable Foreign Exchange Reserves (USD Million)	8,748	8,752	8,815	8,898	8,848	8,758
2. CBK Usable Foreign Exchange Reserves (Months of Import Cover)*	5.43	5.43	5.42	5.47	5.44	5.39

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

Source: Central Bank of Kenya

**Table 4: Money Market**

Date	Number of Deals	Value (KSh M)	Average Interbank Rate (%)
20-Dec-19	33	20,000.00	5.66
23-Dec-19	24	20,670.00	5.51
24-Dec-19	28	24,250.00	5.62
25-Dec-19	Public Holiday		
26-Dec-19	Public Holiday		
<b>December 20 -26</b>	<b>28</b>	<b>21,640.00</b>	<b>5.60</b>
27-Dec-19	29	18,900.00	5.78
30-Dec-19	21	12,710.00	5.66
31-Dec-19	18	10,850.00	5.46
1-Jan-20	Public Holiday		
2-Jan-20	33	19,030.00	5.37
<b>December 27 - January 02, 2020</b>	<b>25</b>	<b>15,372.50</b>	<b>5.57</b>

Source :Central Bank of Kenya

**Table 5: Treasury Bills Auctions****91-Day Treasury Bills**

Date of Auction	28-Nov-19	05-Dec-19	19-Dec-19	24-Dec-19	02-Jan-20
Amount offered (Ksh M)	4,000.00	4,000.00	4,000.00	4,000.00	4,000.00
Bids received (Ksh M)	936.76	3,552.82	4,453.63	346.43	2,711.04
Amount Accepted (Ksh M)	445.55	572.37	4,453.61	346.43	2,676.60
Maturities (Ksh M)	5,395.25	5,080.80	689.80	3,345.20	2,416.15
Average interest Rate (%)	<b>7.162</b>	<b>7.162</b>	<b>7.177</b>	<b>7.200</b>	<b>7.200</b>

**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)	1,055.83	3,583.01	3,891.66	282.08	1,064.60
Amount Accepted (Ksh M)	553.85	625.38	3,815.28	282.08	1,064.60
Maturities (Ksh M)	2,540.45	869.20	1,214.75	3,647.65	4,980.05
Average interest Rate (%)	<b>8.204</b>	<b>8.201</b>	<b>8.125</b>	<b>8.150</b>	<b>8.147</b>

**364-Day Treasury Bills**

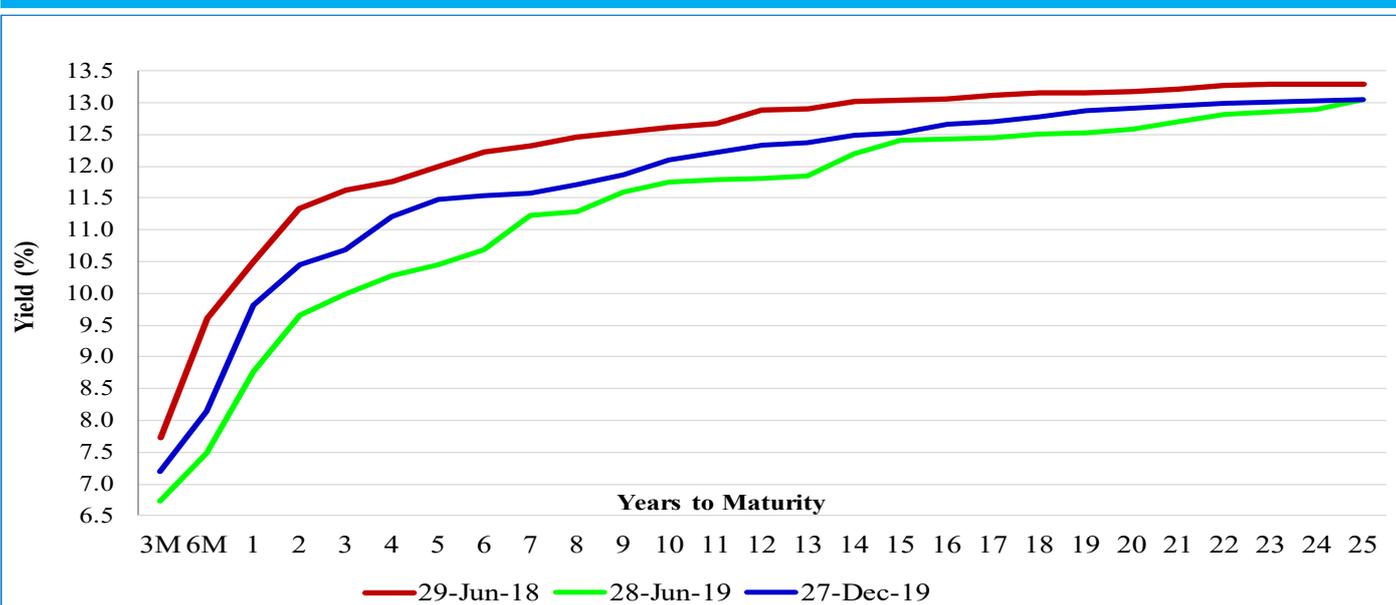
Amount offered (Ksh M)	10,000.00	10,000.00	10,000.00	10,000.00	10,000.00
Bids received (Ksh M)	6,361.04	6,123.36	7,031.83	3,453.15	14,963.90
Amount Accepted (Ksh M)	3,990.96	4,732.31	7,022.28	3,453.15	8,550.87
Maturities (Ksh M)	2,853.15	2,992.05	13,900.75	8,060.45	13,010.90
Average interest Rate (%)	<b>9.800</b>	<b>9.803</b>	<b>9.789</b>	<b>9.815</b>	<b>9.828</b>

Source: Central Bank of Kenya

**Table 6: Treasury Bonds Auctions**

Date of Auction	23-Oct-19	27-Nov-19	11-Dec-19	19-Dec-19
		TAP		TAP
Tenor	IFB1/2019/16	FXD4/2019/10	FXD 3/2019/5	FXD3/2019/5
Amount offered (Ksh M)	60,000.00	21,650.00	25,000.00	9,720.00
Bids received (Ksh M)	86,946.69	8,115.45	28,468.51	9,750.51
Amount Accepted (Ksh M)	68,466.07	8,112.45	18,740.55	9,750.51
Maturities (Ksh M)	0.00	0.00	0.00	0.00
Average interest Rate (%)	12.39	12.28	11.49	11.49

Source: Central Bank of Kenya

**Chart 2: Government Securities Yield Curve**

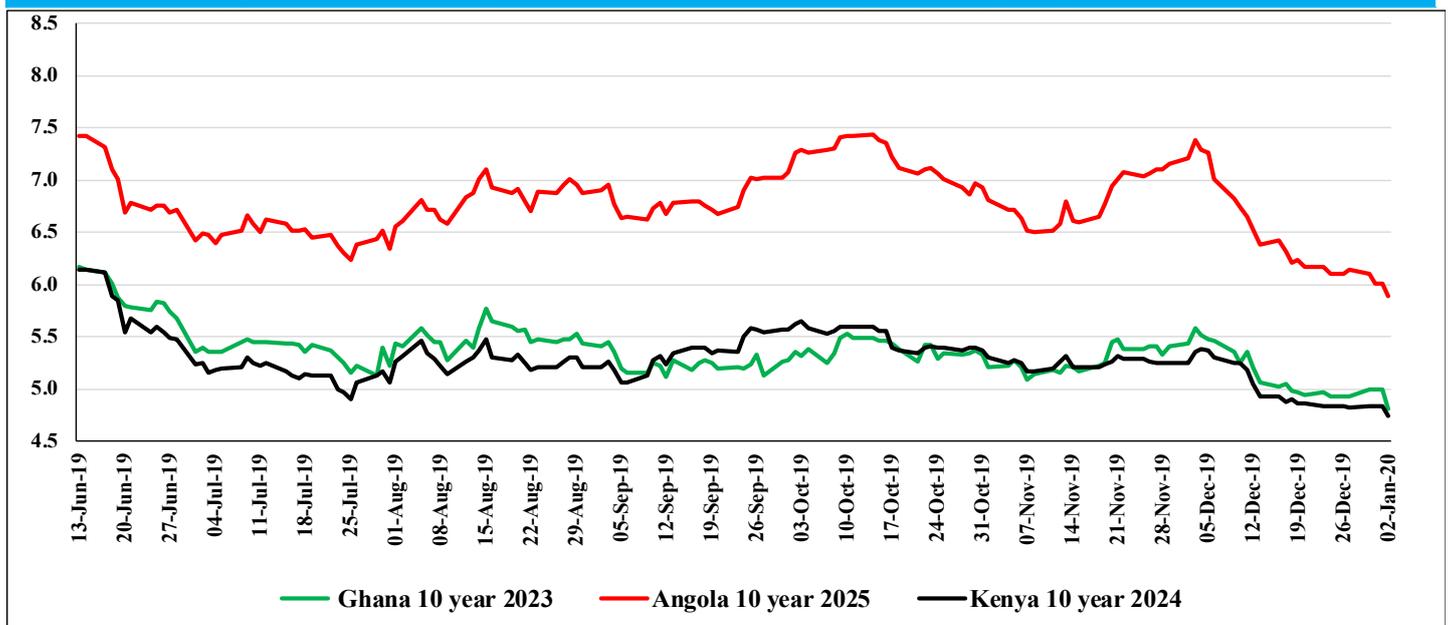
Source: Nairobi Securities Exchange (NSE)

**Table 7: 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 (%)
20-Dec-19	163.90	4018.59	2583.76	949	47.25	1,665.83	2,501.63	1,897.21	5.643	4.866	5.922	6.848	7.659
23-Dec-19	165.12	4035.26	2596.12	719	12.38	463.05	2,520.28	1,598.57	5.794	4.834	5.921	6.893	7.652
24-Dec-19	165.66	4056.81	2612.13	594	5.21	173.59	2,528.60	1,620.82	5.639	4.837	5.938	6.877	7.661
25-Dec-19	PUBLIC HOLIDAY												
26-Dec-19	PUBLIC HOLIDAY												
<b>Dec 20-26, 2019</b>	<b>165.66</b>	<b>4056.81</b>	<b>2612.13</b>	<b>2262.00</b>	<b>64.85</b>	<b>2302.47</b>	<b>2,528.60</b>	<b>5,116.60</b>	<b>5.639</b>	<b>4.837</b>	<b>5.938</b>	<b>6.877</b>	<b>7.661</b>
27-Dec-19	165.41	4063.15	2646.14	455	5.56	248.74	2,524.77	281.26	5.795	4.826	5.938	6.862	7.649
30-Dec-19	165.37	4069.05	2633.01	711	8.97	353.83	2,924.06	743.59	5.602	4.835	5.919	6.877	7.650
31-Dec-19	166.41	4100.57	2654.39	745	10.67	303.69	2,539.98	48.41	5.602	4.835	5.900	6.877	7.650
1-Jan-20	PUBLIC HOLIDAY												
2-Jan-20	165.98	4101.89	2673.94	576	2.08	76.89	2,533.52	251.49	5.584	4.740	5.825	6.770	7.599
<b>Dec 27, 2019 - Jan 2, 2020</b>	<b>165.98</b>	<b>4101.89</b>	<b>2673.94</b>	<b>2487.00</b>	<b>27.29</b>	<b>983.15</b>	<b>2,533.52</b>	<b>1,324.75</b>	<b>5.584</b>	<b>4.740</b>	<b>5.825</b>	<b>6.770</b>	<b>7.599</b>
<b>Weekly Changes (%)</b>	<b>0.19</b>	<b>1.11</b>	<b>2.37</b>	<b>9.95</b>	<b>-57.92</b>	<b>-57.30</b>	<b>0.19</b>	<b>-74.11</b>	<b>-0.055*</b>	<b>-0.097*</b>	<b>-0.113*</b>	<b>-0.107*</b>	<b>-0.062*</b>

\* Percentage points

Source: Nairobi Securities Exchange (NSE)

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


Source: Thomson Reuters

**Table 8: Government Domestic Debt (KSh Billion)**

	26-Jul-19	30-Aug-19	27-Sep-19	25-Oct-19	20-Dec-19	27-Dec-19
1. Treasury Bills (Excluding Repos)	952.98	947.89	933.10	910.38	889.18	889.55
(As % of total securities)	35.28	33.97	33.78	33.12	31.15	31.06
2. Treasury Bonds	1,748.15	1,842.38	1,828.78	1,838.11	1,964.95	1,974.69
(As % of total securities)	64.72	66.03	66.22	66.88	68.85	68.94
3. Total Securities (1+2)	2,701.13	2,790.26	2,761.88	2,748.50	2,854.13	2,864.25
4. Overdraft at Central Bank	64.52	59.55	52.58	50.55	58.41	58.96
5. Other Domestic debt*	25.76	25.69	25.68	25.73	25.87	25.86
<b>6. Gross Domestic Debt (3+4+5)</b>	<b>2,791.42</b>	<b>2,875.50</b>	<b>2,840.13</b>	<b>2,824.78</b>	<b>2,938.41</b>	<b>2,949.07</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 9: Government Domestic Debt by Instrument (Percent)**

	30-Aug-19	27-Sep-19	25-Oct-19	13-Dec-19	20-Dec-19	27-Dec-19
Treasury bills (Excluding Repos)	32.96	32.80	32.17	30.39	30.42	30.22
Treasury bonds	64.08	64.45	65.13	66.74	66.73	66.60
CBK Overdraft to Government	2.07	1.85	1.79	2.01	2.00	2.32
Other domestic debt	0.89	0.90	0.91	0.86	0.86	0.85
<b>TOTAL</b>	<b>100.00</b>	<b>100.00</b>	<b>100.00</b>	<b>100.00</b>	<b>100.00</b>	<b>100.00</b>

Source: Central Bank of Kenya

**Table 10: Government Domestic Debt by Holder (Percent)**

	30-Aug-19	27-Sep-19	25-Oct-19	13-Dec-19	20-Dec-19	27-Dec-19
Banking Institutions	54.38	53.31	53.15	54.27	54.23	54.19
Insurance Companies	6.20	6.42	6.54	6.52	6.51	6.48
Parastatals	6.98	7.33	7.06	6.80	6.67	6.64
Pension funds	28.25	28.76	29.00	28.07	28.24	28.47
Other investors	4.19	4.19	4.25	4.34	4.35	4.22
<b>Total</b>	<b>100.00</b>	<b>100.00</b>	<b>100.00</b>	<b>100.00</b>	<b>100.00</b>	<b>100.00</b>

Source: Central Bank of Kenya

**Table 11: Indicators of Total Government Debt**

	Jun-18	Mar-19	Jun-19	Jul-19	Aug-19	Sep-19
Domestic debt (KSh Billion)	2,478.84	2,699.09	2,785.94	2,844.12	2,876.00	2,856.60
Public & Publicly Guaranteed External debt (US \$ Billion)	25.34	27.01	29.55	30.32	30.26	29.95
Public & Publicly Guaranteed External debt (KSh Billion)	2,560.20	2,721.60	3,023.14	3,160.06	3,133.54	3,111.80
<b>Total public debt (KSh Billion)</b>	<b>5,039.03</b>	<b>5,420.68</b>	<b>5,809.08</b>	<b>6,004.18</b>	<b>6,009.54</b>	<b>5,968.40</b>

Source: National Treasury and Central Bank of Kenya