



Central Bank of Kenya

# Weekly Bulletin

September 20, 2019

## KEY MONETARY AND FINANCIAL INDICATORS

### Exchange Rate

The Kenya Shilling remained relatively stable against major international and regional currencies during the week ending September 19. It exchanged at KSh 103.91 per US Dollar on September 19, compared to KSh 103.78 on September 12 (Table 1).

### Foreign Exchange Reserves

The CBK usable foreign exchange reserves remained adequate at USD 9,148 million (5.72 months of import cover) as at September 19. 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).

### Remittances

Remittance inflows for August stood at USD 214 million compared to USD 224 million in July 2019, reflecting a decline of 4.5 percent. However, the 12-month cumulative inflows to August 2019 increased to USD 2,776 million from USD 2,550 million in the 12 months to August 2018, reflecting a growth of 8.9 percent (Chart 1). North America, Europe and the Rest of the World accounted for 52 percent, 20 percent and 28 percent, respectively, of the total remittances in August 2019.

### Money Market

The money market remained liquid during the week ending September 19, mainly due to net redemptions of government securities. Open market operations remained active. Commercial banks' excess reserves stood at KSh 11.4 billion in relation to the 5.25 percent cash reserves requirement (CRR). The average interbank rate increased to 7.04 percent on September 19 from 6.57 percent on September 12, and the average value traded remained relatively stable at KSh 9.2 billion compared to KSh 9.1 in the previous week (Table 3).

### Government Securities Market

Treasury bills auctions of September 19 received bids totaling KSh 24.9 billion against an advertised amount of KSh 24.0 billion, representing a performance of 103.7 percent. Interest rates on all the Treasury bills increased slightly.

Treasury bonds auctions of September 18, for the two 15- year fixed rate bonds, received bids totaling KSh 32.6 billion against an advertised amount of KSh 50.0 billion, representing a performance of 65.3 percent. The interest rates on the two bonds were stable compared to those of previous issues of similar securities (Table 5).

### Equity Market

The NASI, NSE25 Share price index, market capitalization and equity turnover rose by 0.2 percent, 0.4 percent, 0.2 and 13.0 percent respectively, during the week ending September 19, compared to the previous week. However, the NSE 20 share price index and total shares traded declined by 0.6 percent and 11.9 percent, respectively (Table 6).

### Bond Market

The value of bonds traded in the domestic secondary market declined by 17.9 percent during the week ending September 19. In the international market, yields on Kenya's 7-year, 10-year (2024), 10-year (2028), 12-year and 30-year Eurobonds rose by 0.12, 0.1, 0.13, 0.17 and 0.14 basis points, respectively (Table 6). Similarly, yields on 10-year Eurobonds for Ghana and Angola increased during the week (Chart 3).

### Global Trends

Global financial markets edged up towards the close of the week after the US Federal Reserve cut its policy rate by 0.25 percent to help sustain economic expansion. The policy rate cuts were also witnessed in Brazil and Indonesia while the Bank of Japan and Bank of England retained their policy rates.

International oil prices, which had risen sharply earlier in the week following the attack on Saudi Arabian oil facility, fell after Saudi Arabia set out a timeline for the resumption of crude oil production. Murban oil price increased from USD 61.44 per barrel on September 12 to USD 70.08 per barrel on September 17, before declining to USD 65.75 on September 19.

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

	USD	Sterling Pound	Euro	100 Japanese Yen	USHS*	TSHS*	RWF*	BIF*
6-Sep-19	103.89	128.21	114.91	97.16	35.40	22.16	8.86	17.76
9-Sep-19	103.83	127.87	114.67	97.26	35.40	22.14	8.73	17.88
10-Sep-19	103.73	128.18	114.58	96.95	35.46	22.15	8.88	17.79
11-Sep-19	103.67	128.20	114.45	96.69	35.40	22.17	8.89	17.80
12-Sep-19	103.78	127.91	114.22	96.33	35.32	22.15	8.88	17.78
<b>September 6-12</b>	<b>103.78</b>	<b>128.07</b>	<b>114.56</b>	<b>96.88</b>	<b>35.40</b>	<b>22.16</b>	<b>8.85</b>	<b>17.80</b>
13-Sep-19	103.79	127.90	114.04	96.28	35.31	22.13	8.88	17.78
16-Sep-19	103.77	129.22	115.07	96.06	35.36	22.15	8.88	17.79
17-Sep-19	103.79	129.27	114.45	96.22	35.36	22.15	8.88	17.79
18-Sep-19	103.86	129.04	114.52	95.92	35.32	22.13	8.88	17.78
19-Sep-19	103.91	129.67	114.92	96.04	35.32	22.11	8.87	17.77
<b>September 13-19</b>	<b>103.83</b>	<b>129.02</b>	<b>114.60</b>	<b>96.10</b>	<b>35.33</b>	<b>22.14</b>	<b>8.88</b>	<b>17.78</b>

\* Units of currency per Kenya Shilling

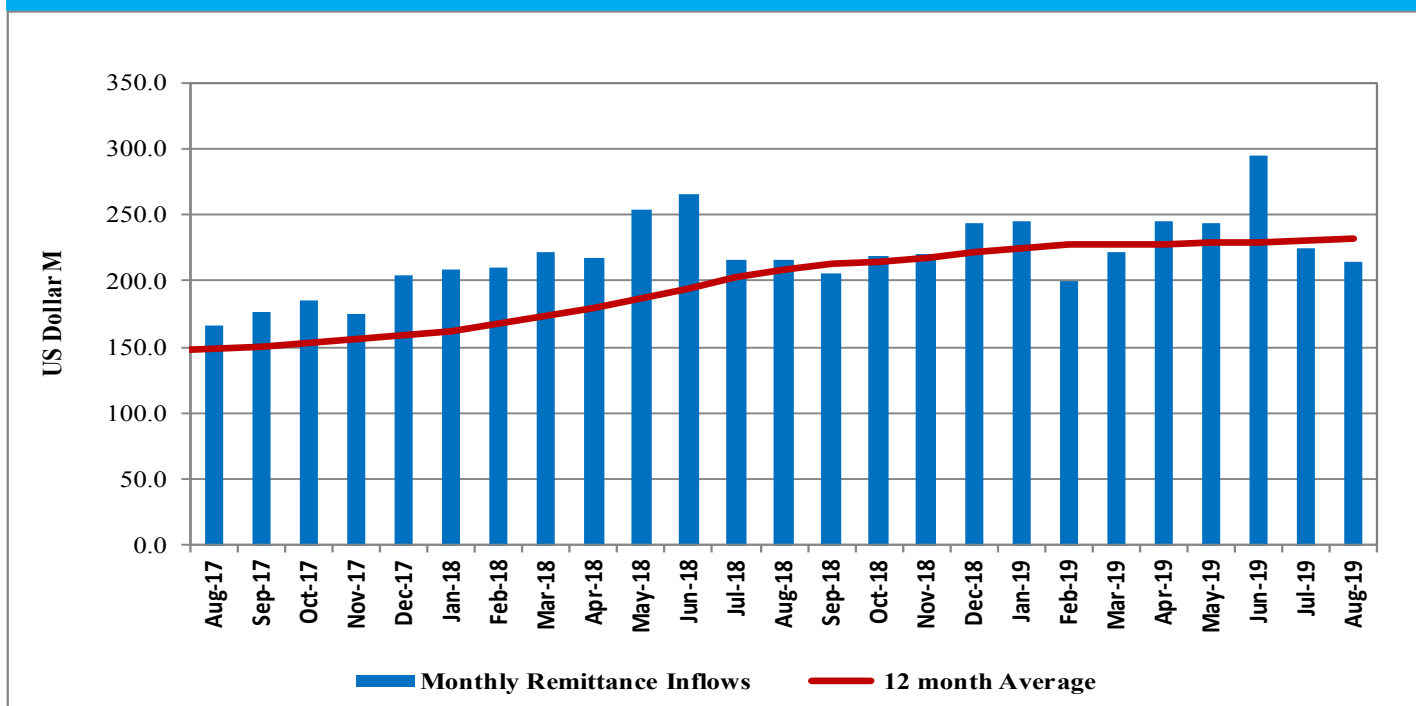
Source: Central Bank of Kenya

**Table 2: Official Usable Foreign Exchange Reserves**

	15-Aug-19	22-Aug-19	29-Aug-19	05-Sep-19	12-Sep-19	19-Sep-19
1. CBK Usable Foreign Exchange Reserves (USD Million)	9,393	9,386	9,252	9,218	9,196	9,148
2. CBK Usable Foreign Exchange Reserves (Months of Import Cover)*	5.87	5.87	5.78	5.76	5.75	5.72

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

Source: Central Bank of Kenya

**Chart 1: Remittance Inflows**


**Table 3: Money Market**

Date	Number of Deals	Value (KSh M)	Average Interbank Rate (%)
6-Sep-19	18	5,460	6.11
9-Sep-19	20	5,800	6.32
10-Sep-19	20	7,730	6.27
11-Sep-19	25	13,575	6.40
12-Sep-19	23	13,125	6.57
<b>September 6-12</b>	<b>21</b>	<b>9,138</b>	<b>6.33</b>
13-Sep-19	26	24,540	6.34
16-Sep-19	13	3,772	6.39
17-Sep-19	14	3,050	6.63
18-Sep-19	14	4,956	6.45
19-Sep-19	21	9,875	7.04
<b>September 13-19</b>	<b>18</b>	<b>9,239</b>	<b>6.57</b>

Source :Central Bank of Kenya

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

Date of Auction	27-Jun-19	29-Aug-19	05-Sep-19	12-Sep-19	19-Sep-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	5,318.73	5,002.39	6,270.38	684.12
Amount Accepted (Ksh M)	4,142.56	5,318.73	5,002.39	6,270.38	681.19
Maturities (Ksh M)	983.55	2,370.60	933.50	1,078.20	2,399.85
<b>Average interest Rate (%)</b>	<b>6.738</b>	<b>6.385</b>	<b>6.375</b>	<b>6.315</b>	<b>6.368</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)	3,519.12	4,821.89	2,795.97	1,081.14	708.67
Amount Accepted (Ksh M)	3,519.12	4,821.89	2,795.97	1,081.14	708.01
Maturities (Ksh M)	2,696.35	8,025.60	3,989.00	4,910.70	5,822.85
<b>Average interest Rate (%)</b>	<b>7.487</b>	<b>7.011</b>	<b>6.995</b>	<b>7.143</b>	<b>7.150</b>

**364-Day Treasury Bills**

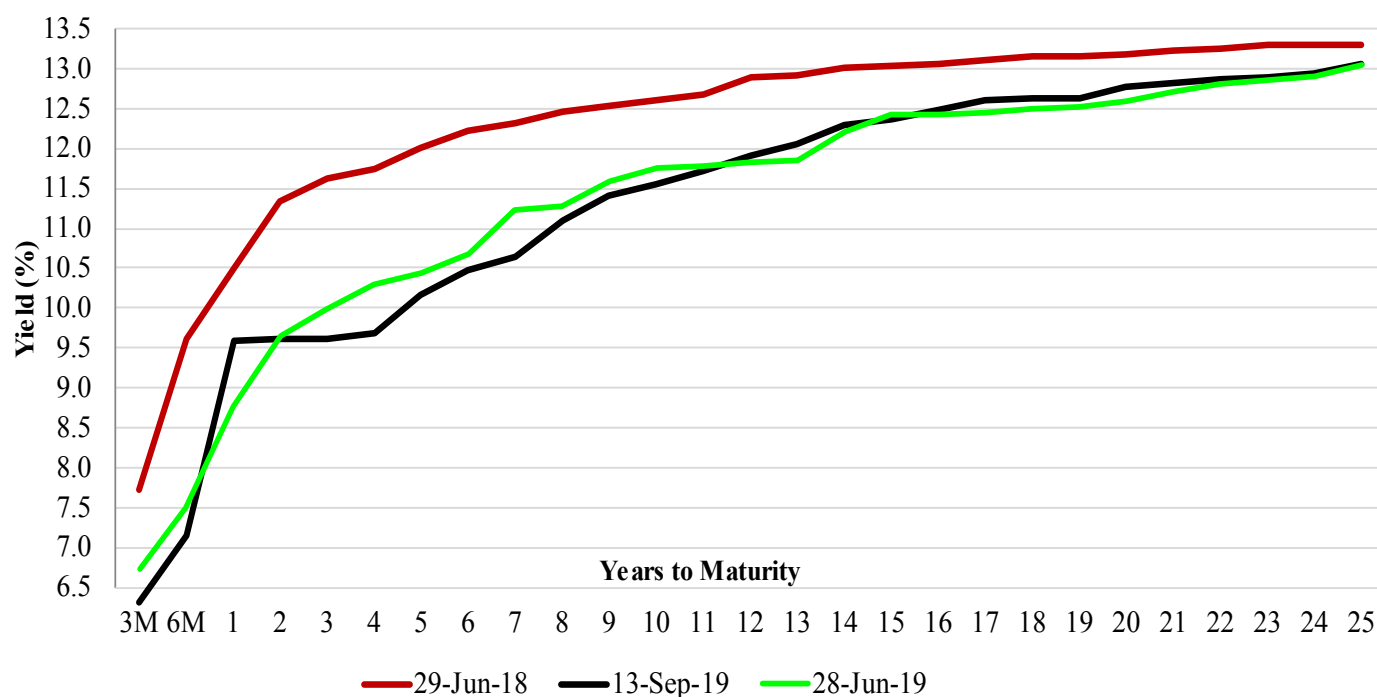
Amount offered (Ksh M)	10,000.00	10,000.00	10,000.00	10,000.00	10,000.00
Bids received (Ksh M)	52,155.78	8,683.06	7,221.72	11,503.65	23,498.55
Amount Accepted (Ksh M)	23,425.49	7,769.72	7,212.60	7,222.72	19,868.53
Maturities (Ksh M)	19,230.40	16,078.65	16,637.90	12,533.60	12,757.65
<b>Average interest Rate (%)</b>	<b>8.759</b>	<b>9.392</b>	<b>9.520</b>	<b>9.582</b>	<b>9.705</b>

Source: Central Bank of Kenya

**Table 5: Performance of Treasury Bonds Auctions**

Date of Auction	24-Jul-19	14-Aug-19	18-Sep-19
			REOPEN
Tenor	FXD 3/2019/15	FXD 3/2019/10	FXD 1/2019/20
Amount offered (Ksh M)	40,000.00	50,000.00	50,000.00
Bids received (Ksh M)	86,674.56	67,441.35	32,624.57
Amount Accepted (Ksh M)	50,578.30	45,014.80	14,671.97
Maturities (Ksh M)	0.00	0.00	0.00
Average interest Rate (%)	12.34	11.52	12.74

Source: Central Bank of Kenya

**Chart 2: Government Securities Yield Curve**


Source: Nairobi Securities Exchange (NSE)

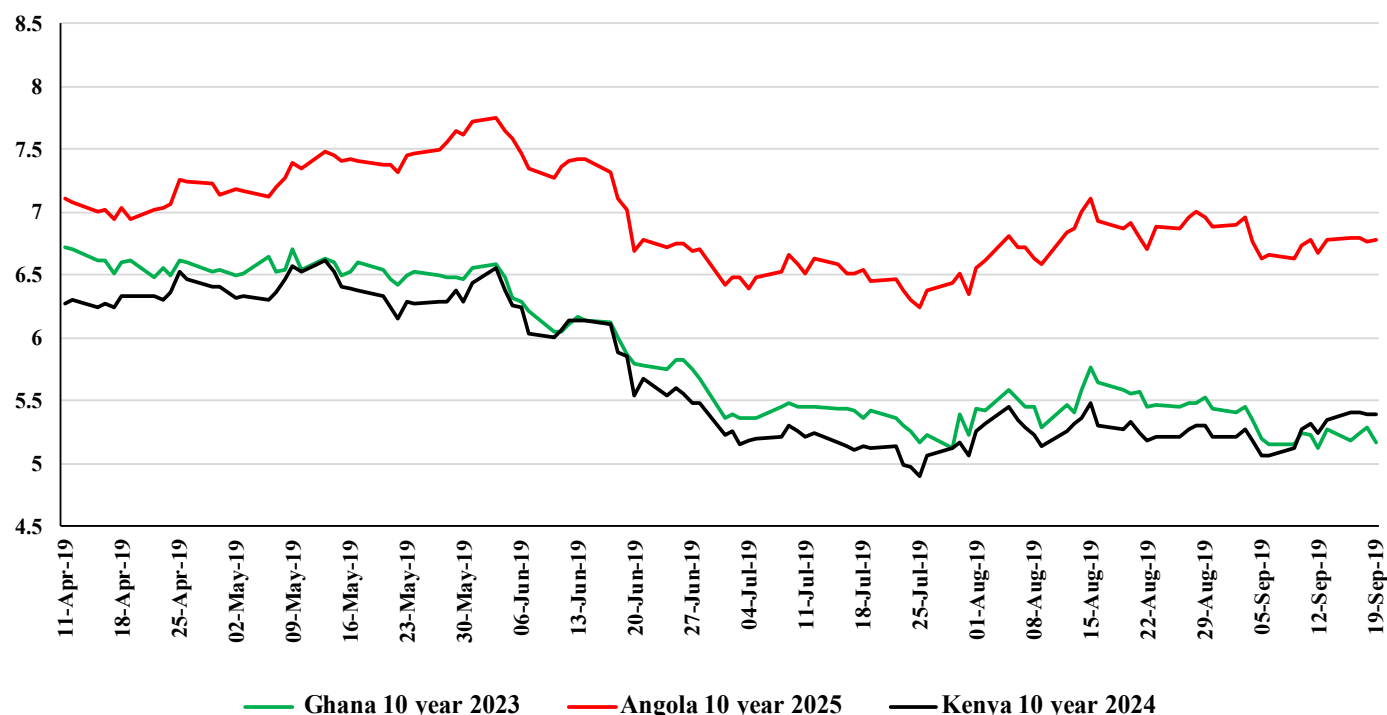
**Table 6: Key Weekly Market Indicators**

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 (%)
6-Sep-19	142.52	3,408.89	2,419.67	942	21.55	600.88	2,145.56	2,419.63	5.697	5.060	6.249	6.985	7.746
9-Sep-19	142.81	3,421.43	2,420.67	847	9.69	187.11	2,150.04	1,847.71	5.937	5.126	6.267	6.969	7.721
10-Sep-19	143.04	3,421.96	2,427.36	937	10.74	511.83	2,153.49	2,513.69	6.040	5.272	6.360	7.045	7.824
11-Sep-19	143.47	3,433.88	2,437.15	850	45.42	747.25	2,159.96	1,461.36	6.132	5.315	6.491	7.166	7.884
12-Sep-19	143.98	3,446.56	2,442.02	813	2.97	103.99	2,167.71	1,319.12	6.111	5.239	6.434	7.105	7.820
<b>September 6-12</b>	<b>143.98</b>	<b>3446.56</b>	<b>2442.02</b>	<b>4,389</b>	<b>90.37</b>	<b>2,151.06</b>	<b>2,167.71</b>	<b>9,561.50</b>	<b>6.111</b>	<b>5.239</b>	<b>6.434</b>	<b>7.105</b>	<b>7.820</b>
13-Sep-19	143.81	3,444.27	2,431.37	837	6.00	242.61	2,165.13	1,011.10	6.211	5.346	6.547	7.228	7.901
16-Sep-19	144.21	3,457.41	2,443.74	676	3.87	189.75	2,171.13	1,547.76	6.231	5.397	6.631	7.320	8.003
17-Sep-19	143.88	3,445.77	2,431.36	948	11.66	653.93	2,166.11	840.30	6.312	5.397	6.629	7.305	8.014
18-Sep-19	144.30	3,458.34	2,431.64	915	19.19	332.28	2,172.43	1,313.79	6.244	5.393	6.594	7.274	7.974
19-Sep-19	144.22	3,460.77	2,426.48	1,000	38.87	1,012.17	2,171.31	3,139.34	6.230	5.336	6.565	7.273	7.957
<b>September 13-19</b>	<b>144.22</b>	<b>3460.77</b>	<b>2426.48</b>	<b>4,376</b>	<b>79.60</b>	<b>2,430.74</b>	<b>2,171.31</b>	<b>7,852.28</b>	<b>6.230</b>	<b>5.336</b>	<b>6.565</b>	<b>7.273</b>	<b>7.957</b>
<b>Weekly Changes (%)</b>	<b>0.17</b>	<b>0.41</b>	<b>-0.64</b>	<b>-0.30</b>	<b>-11.92</b>	<b>13.00</b>	<b>0.17</b>	<b>-17.88</b>	<b>0.119*</b>	<b>0.097*</b>	<b>0.131*</b>	<b>0.168*</b>	<b>0.137*</b>

\*Percentage points

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-Mar-19	28-Jun-19	26-Jul-19	30-Aug-19	06-Sep-19	13-Sep-19
1. Treasury Bills (Excluding Repos)	949.66	954.25	952.98	947.89	940.30	934.59
<i>(As % of total securities)</i>	<b>36.04</b>	<b>35.31</b>	<b>35.27</b>	<b>33.97</b>	<b>33.79</b>	<b>33.65</b>
2. Treasury Bonds	1,685.66	1,748.60	1,748.60	1,842.87	1,842.87	1,843.13
<i>(As % of total securities)</i>	<b>63.96</b>	<b>64.69</b>	<b>64.73</b>	<b>66.03</b>	<b>66.21</b>	<b>66.35</b>
3. Total Securities (1+2)	2,635.31	2,702.85	2,701.58	2,790.76	2,783.17	2,777.72
4. Overdraft at Central Bank	36.90	57.33	64.52	62.19	64.66	63.76
5. Other Domestic debt*	26.88	25.28	25.76	22.82	25.45	25.68
<b>6. Gross Domestic Debt (3+4+5)</b>	<b>2,699.09</b>	<b>2,785.46</b>	<b>2,791.87</b>	<b>2,875.76</b>	<b>2,873.27</b>	<b>2,867.17</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 8: Composition of Government Domestic Debt by Instrument (Percent)

	29-Mar-19	28-Jun-19	26-Jul-19	30-Aug-19	06-Sep-19	13-Sep-19
Treasury bills (Excluding Repos)	35.12	34.26	34.13	32.96	32.73	32.60
Treasury bonds	62.34	62.78	62.63	64.08	64.14	64.28
CBK Overdraft to Government	1.36	2.06	2.31	2.07	2.25	2.22
Other domestic debt	1.18	0.91	0.92	0.89	0.89	0.90
<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 9: Composition of Government Domestic Debt by Holder (Percent)**

	29-Mar-19	28-Jun-19	26-Jul-19	30-Aug-19	06-Sep-19	13-Sep-19
Banking Institutions	54.88	54.37	54.57	54.35	54.27	53.94
Insurance Companies	6.16	6.13	6.11	6.18	6.19	6.21
Parastatals	7.10	6.98	7.00	6.98	7.04	7.13
Pension funds	27.49	28.24	28.05	28.19	28.21	28.43
Other investors	4.37	4.28	4.27	4.29	4.29	4.29
<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: 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
<b>Total public debt (KSh Billion)</b>	<b>5,146.04</b>	<b>5,272.50</b>	<b>5,420.68</b>	<b>5,584.16</b>	<b>5,607.91</b>	<b>5,809.08</b>

Source: National Treasury and Central Bank of Kenya