



Central Bank of Kenya

Weekly Bulletin

May 10, 2019

KEY MONETARY AND FINANCIAL INDICATORS

Exchange Rate

The Kenya Shilling remained stable against major international and regional currencies during the week ending May 9. It exchanged at KSh 101.19 per US Dollar on May 9, compared to KSh 101.20 on May 2 (Table 1).

Foreign Exchange Reserves

The CBK usable foreign exchange reserves remained adequate at USD 8,070 million (5.2 months of import cover) as at May 9. 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 on balance of payments shows continued narrowing of the current account deficit to 4.5 percent of GDP in the 12 months to March 2019, from 5.5 percent in the 12 months to March 2018, and 5.0 percent in 2018. The improvement is supported by resilient horticultural exports, strong diaspora remittances and improved transport service receipts (Chart 1).

Money Market

Money market liquidity improved during the week ending May 9, supported by government payments. Commercial banks' excess reserves stood at KSh 5.4 billion in relation to the 5.25 percent cash reserves requirement (CRR). However, the average interbank rate increased to 6.40 percent on May 9 from 6.05 percent on May 2. The average number of interbank deals remained relatively stable at 28 compared with 27 in the previous week, while the value traded decreased to KSh 14.05 billion from KSh 15.34 billion (Table 3).

Government Securities Market

The Treasury bills auctions of May 9 received bids totaling KSh 13.8 billion against an advertised amount of KSh 24.0 billion, representing a performance of 57.9 percent. The 364-day Treasury bill rate remained unchanged while the 91-day and 182-day Treasury bill rates declined marginally (Table 4).

The Treasury bonds auction of May 8, for the 5-year and 15-year fixed rate bonds, received bids totaling Ksh 70.8 billion against an advertised amount of Ksh 50 billion, representing a performance of 141.9 percent (Table 5). The interest rates on the two bonds declined compared to those of the previous issuance of similar securities.

Equity Market

The number of shares traded at the NSE increased during the week ending May 9, 2019 following a longer trading week compared to the previous week. However, the NASI, the NSE 25 and the NSE 20 share price indices decreased by 3.49, 3.21 and 0.45 percent, respectively. Market capitalization also decreased by 3.5 percent (Table 6).

Bond Markets

Trading of bonds in the domestic secondary market declined by 1.93 percent during the week ending May 9. In the international market, yields on Kenya's 5-year (2019), 10-year (2024), 10 Year (2028) and 30-year Eurobonds increased slightly in the week (Table 6). A similar trend was observed for the 10-year Eurobonds for Ghana and Angola (Chart 3).

Global Trends

The global financial markets jitters were rekindled during the week ending May 9 when the US hiked tariffs on Chinese goods from 15 percent to 25 percent and China reacted with threats of retaliatory measures thus escalating trade tensions between the two countries and casting a shadow on the global economy. Furthermore, the British Prime Minister's effort to make a compromise on Brexit deal with the opposition Labour Party were inconclusive thus increasing Brexit uncertainties.

International oil prices declined during the week ending May 9 on account of increased US production, apparent disunity among some OPEC members arising from tightened sanctions on Iranian and Venezuelan oil exports, and fears of global economic slowdown. The Murban oil price declined to USD 70.62 per barrel on May 9 from USD 72.69 per barrel on May 2.

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

	USD	Sterling Pound	Euro	100 Japanese Yen	USHS*	TSHS*	RWF*	BIF*
26-Apr-19	101.51	130.80	113.08	90.97	36.89	22.71	8.92	18.04
29-Apr-19	101.49	130.99	113.42	90.97	36.93	22.71	8.92	18.04
30-Apr-19	101.38	130.98	113.11	90.67	36.92	22.74	8.79	18.07
1-May-19					LABOUR DAY			
2-May-19	101.20	132.31	113.45	90.76	37.13	22.78	8.95	18.10
April 26-May 2	101.39	131.27	113.27	90.84	36.97	22.73	8.89	18.06
3-May-19	100.90	131.56	112.94	90.48	37.23	22.84	8.97	18.15
6-May-19	101.10	131.62	112.82	90.76	37.27	22.80	8.96	18.12
7-May-19	100.94	132.20	112.97	91.01	37.30	22.84	8.98	18.15
8-May-19	101.05	131.90	113.03	91.38	37.29	22.76	8.97	18.13
9-May-19	101.19	131.83	113.34	91.85	37.33	22.76	8.96	18.11
May 3-9	101.03	131.82	113.02	91.10	37.29	22.80	8.97	18.13

* Units of currency per Kenya Shilling

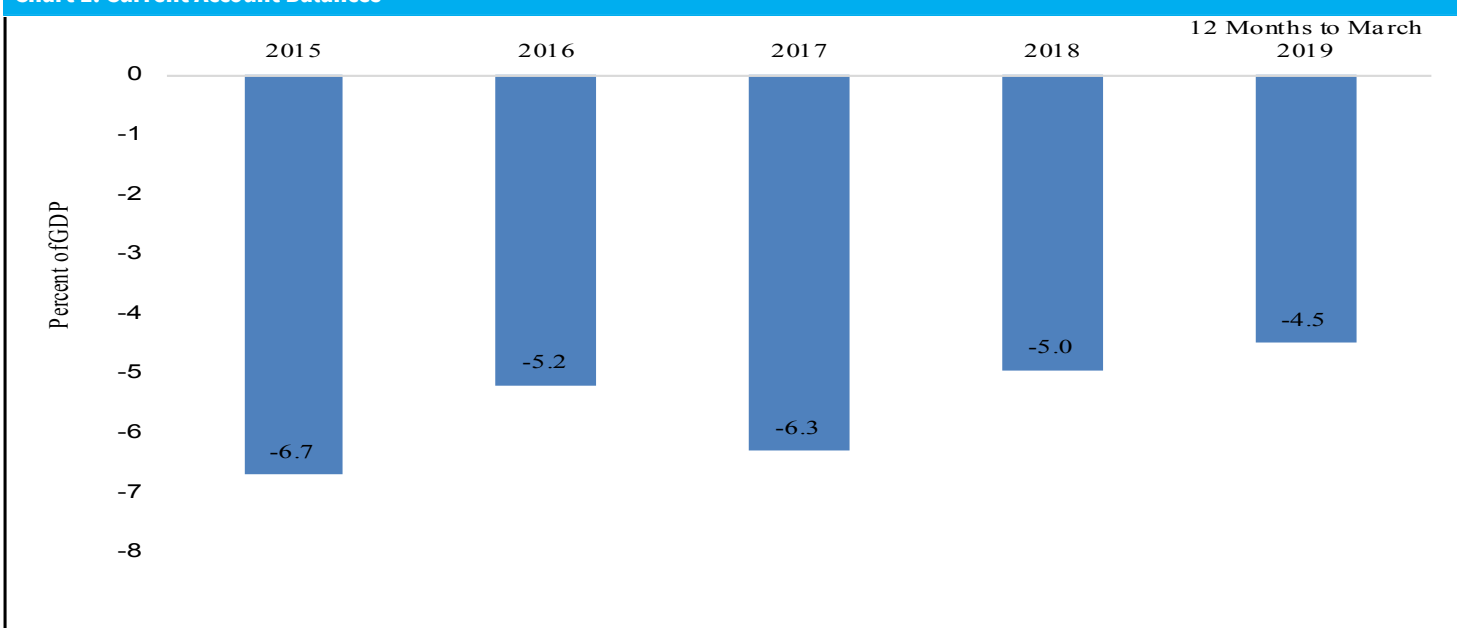
Source: CBK

Table 2: Official Usable Foreign Exchange Reserves

	04-Apr-19	11-Apr-19	18-Apr-19	25-Apr-19	02-May-19	09-May-19
1. CBK Usable Foreign Exchange Reserves (USD Million)	8,192	8,195	8,391	8,106	8,010	8,070
2. CBK Usable Foreign Exchange Reserves (Months of Import Cover)*	5.27	5.27	5.40	5.22	5.15	5.19

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

Source: CBK

Chart 1: Current Account Balances

Source: CBK

Table 3: Money Market

Date	Number of Deals	Value (KSh M)	Average Interbank Rate (%)
26-Apr-19	35	25,050	5.69
29-Apr-19	20	10,360	5.91
30-Apr-19	27	10,750	5.94
1-May-19		LABOUR DAY	
2-May-19	27	15,180	6.05
April 26-May 2	27	15,335	5.90
3-May-19	33	15,880	6.08
6-May-19	33	14,100	6.22
7-May-19	26	14,310	6.38
8-May-19	27	12,685	6.56
9-May-19	19	13,285	6.40
May 3-May 9, 2019	28	14,052	6.33

Source: CBK

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

Date of Auction	28-Feb-19	28-Mar-19	25-Apr-19	02-May-19	09-May-19
Amount offered (Ksh M)	4,000.00	4,000.00	4,000.00	4,000.00	4,000.00
Bids received (Ksh M)	2,936.05	6,693.92	7,454.68	1,107.14	3,519.61
Amount Accepted (Ksh M)	2,936.05	966.23	7,454.68	1,107.14	3,519.61
Maturities (Ksh M)	10,458.05	1,044.15	5,024.95	2,419.45	3,385.25
Average interest Rate (%)	6.89	7.50	7.30	7.25	7.20

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)	7,761.43	7,343.75	14,193.85	1,192.62	4,406.58
Amount Accepted (Ksh M)	7,713.51	5,908.18	14,120.79	1,192.62	4,406.58
Maturities (Ksh M)	6,961.05	5,245.70	3,129.85	6,220.90	2,393.25
Average interest Rate (%)	8.32	8.20	8.01	7.96	7.90

364-Day Treasury Bills

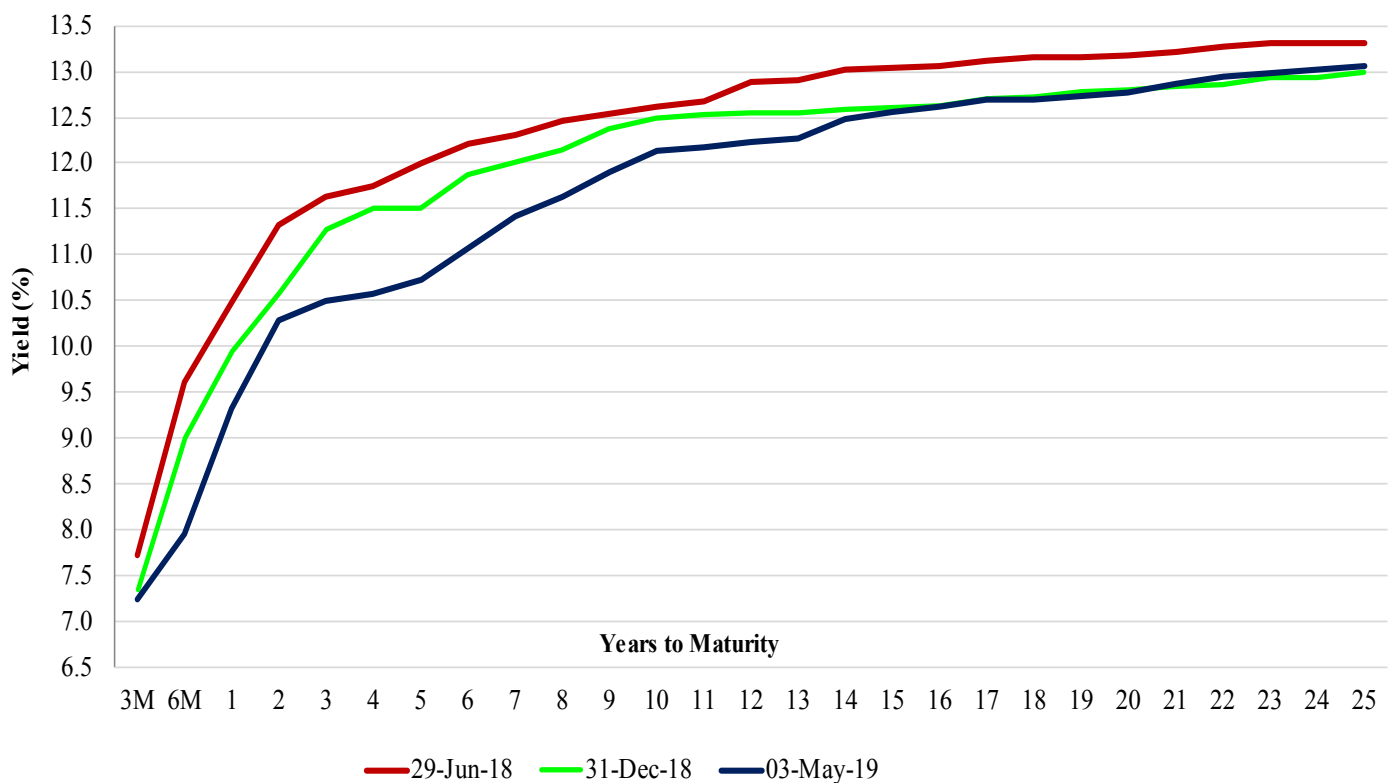
Amount offered (Ksh M)	10,000.00	10,000.00	10,000.00	10,000.00	10,000.00
Bids received (Ksh M)	8,078.76	30,046.91	5,657.52	9,449.68	5,967.57
Amount Accepted (Ksh M)	6,253.42	23,655.49	4,466.63	9,449.68	5,949.43
Maturities (Ksh M)	10,504.65	6,923.80	10,080.10	16,172.30	21,135.10
Average interest Rate (%)	9.48	9.41	9.32	9.32	9.32

Source: CBK

Table 5: Performance of Treasury Bonds Auctions

Date of Auction	06-Feb-19	20-Feb-19	20-Mar-19	10-Apr-19	08-May-19			
REOPEN								
Tenor	FXD1/2019/15	FXD1/2019/5	FXD1/2019/10	IFB/2019/25	FXD 2/2019/10	FXD1/ 2019/20	FXD2/2019/5	FXD2/ 2019/15
Amount offered (Ksh M)	12,000.00		50,000.00	50,000.00	50,000.00		50,000.00	
Bids received (Ksh M)	66,603.10		78,259.02	29,376.22	85,615.54		70,841.20	
Amount Accepted (Ksh M)	15,961.36	20,593.62	32,808.00	16,303.06	51,326.72	9,022.76	39,210.55	19,316.16
Maturities (Ksh M)	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Average interest Rate (%)	12.77	11.30	12.44	12.66	12.30	12.87	10.87	12.73

Source: CBK

Chart 3: Kenya Government Securities Yield Curve

Source: Nairobi Securities Exchange (NSE)

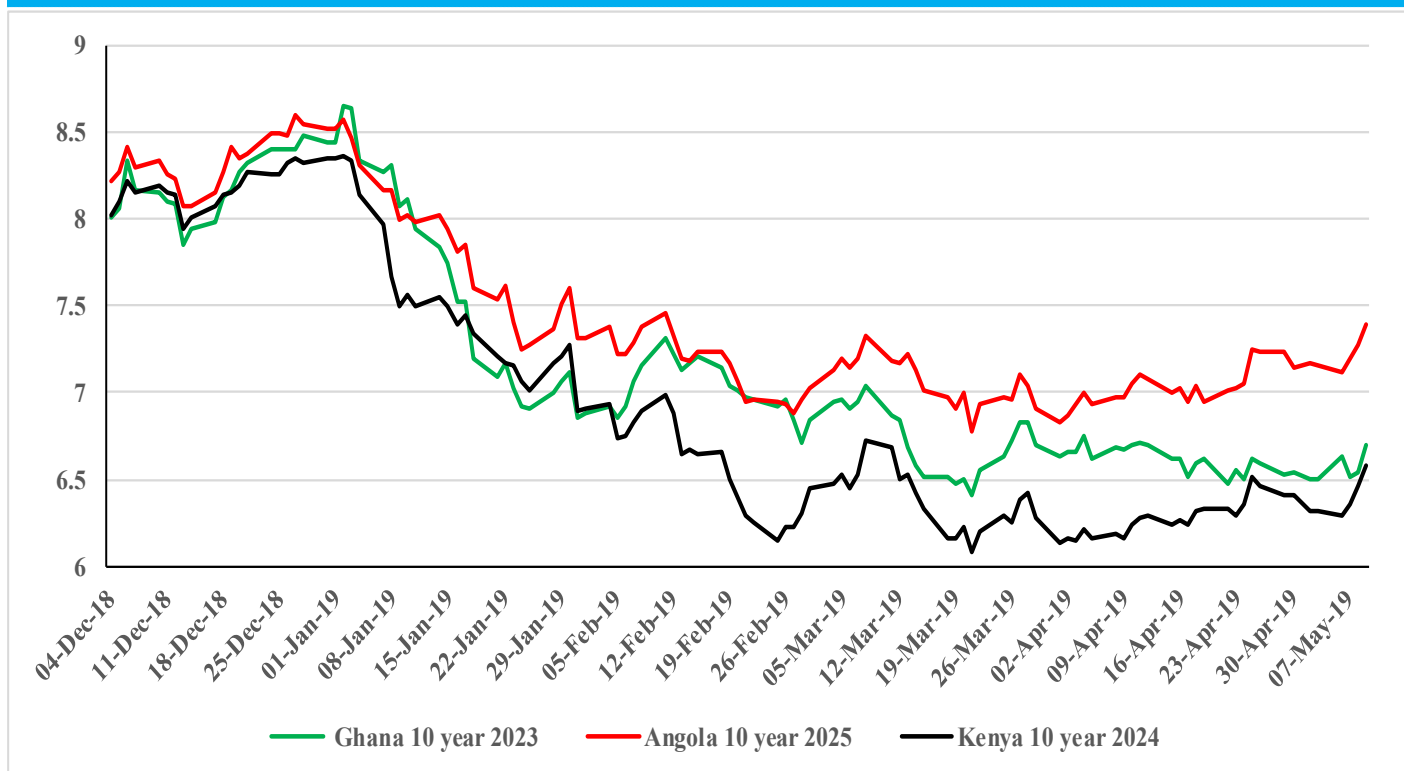
Table 6: Key Weekly Market Indicators

INDICATOR	NASI 100=2008	NSE 25 Share Index	NSE 20 Share Index 100=1996	Number of Deals (Shares)	Total Shares Traded (Million)	Equity Turnover (KSh Million)	Market Capitalization (KSh Billion)	Bonds Turnover (KSh Million)	5-Year Eurobond Yield (%)	10-Year Eurobond Yield (%) - 2024	10-Year Eurobond Yield (%) - 2028	30-Year Eurobond Yield (%)
26-Apr-19	158.19	3943.73	2817.31	1075	9.96	376.07	2,366.94	2,678.83	5.757	6.458	7.384	8.375
29-Apr-19	152.77	3920.77	2829.88	1267	11.87	417.78	2,360.62	4,281.55	5.755	6.410	7.399	8.364
30-Apr-19	157.31	3908.71	2796.84	1481	21.93	840.75	2,353.77	2,591.62	5.754	6.410	7.404	8.364
1-May-19	LABOUR DAY											
2-May-19	161.00	3952.93	2795.06	1046	18.26	457.44	2,409.12	1,307.75	5.160	6.332	7.245	8.273
April 26-May 2, 2019	161.00	3952.93	2795.06	4,869.00	62.02	2,092.05	2,409.12	10,859.76	5.160	6.332	7.245	8.273
3-May-19	160.19	3938.55	2799.22	977	19.81	560.63	2,396.91	1,563.62	5.750	6.323	7.267	8.306
6-May-19	157.79	3886.48	2783.01	990	10.24	302.53	2,360.94	1,076.78	5.904	6.297	7.269	8.230
7-May-19	157.79	3891.13	2790.98	1051	17.66	622.83	2,360.91	2,334.33	5.669	6.358	7.348	8.321
8-May-19	156.37	3865.19	2786.00	940	12.72	306.01	2,339.70	1,430.30	5.667	6.466	7.483	8.434
9-May-19	155.38	3825.85	2782.61	959	14.54	319.94	2,324.74	4,245.37	5.658	6.576	7.525	8.519
May 3-May 9, 2019	155.38	3825.85	2782.61	4,917.00	74.97	2,111.95	2,324.74	10,650.40	5.658	6.576	7.525	8.519
Weekly Changes (%)	-3.49	-3.21	-0.45	0.99	20.88	0.95	-3.50	-1.93	0.498*	0.244*	0.280*	0.246*

* Percentage points

Source: CBK, NSE and Thompson Reuters

Chart 4: Yields on 10 year Eurobonds for Selected African Countries



Source: Thomson Reuters

Table 7: Government Domestic Debt (KSh Billion)

	29-Jun-18	28-Sep-18	28-Dec-18	29-Mar-19	26-Apr-19	03-May-19
1. Treasury Bills (Excluding Repos)	878.62	867.51	904.10	949.66	994.76	1,003.55
<i>(As % of total securities)</i>	36.75	37.14	36.90	36.04	37.01	37.22
2. Treasury Bonds	1,511.87	1,468.50	1,546.29	1,685.66	1,692.89	1,692.89
<i>(As % of total securities)</i>	63.25	62.86	63.10	63.96	62.99	62.78
3. Total Securities (1+2)	2,390.49	2,336.00	2,450.39	2,635.31	2,687.65	2,696.44
4. Overdraft at Central Bank	56.85	36.29	45.86	36.90	14.44	13.78
5. Other Domestic debt*	31.44	168.54	31.61	26.88	26.88	26.32
6. Gross Domestic Debt (3+4+5)	2,478.78	2,540.83	2,527.86	2,699.09	2,728.97	2,736.55

* Other domestic debt includes clearing items in transit, advances from commercial banks, Pre-1997 Government Overdraft and Tax Reserve Certificates.

Source: CBK

Table 8: Composition of Government Domestic Debt by Instrument (Percent)

	29-Jun-18	28-Sep-18	28-Dec-18	29-Mar-19	26-Apr-19	03-May-19
Treasury bills (Excluding Repos)	35.45	34.14	35.77	35.12	36.45	36.67
Treasury bonds	60.99	57.80	61.17	62.34	62.03	61.86
CBK Overdraft to Government	2.29	1.43	1.81	1.36	0.53	0.50
Other domestic debt	1.27	6.63	1.25	1.18	0.99	0.96
TOTAL	100.00	100.00	100.00	100.00	100.00	100.00

Source: CBK

Table 9: Composition of Government Domestic Debt by Holder (Percent)

	29-Jun-18	28-Sep-18	28-Dec-18	29-Mar-19	26-Apr-19	03-May-19
Banking Institutions	55.19	54.97	54.53	54.88	52.50	54.48
Insurance Companies	6.23	6.07	6.06	6.16	6.50	6.18
Parastatals	7.04	7.32	7.25	7.10	7.11	7.07
Pension funds	27.09	27.12	27.59	27.49	27.49	28.03
Other investors	4.44	4.52	4.57	4.37	6.41	4.24
Total	100.00	100.00	100.00	100.00	100.00	100.00

Source: CBK

Table 10: Indicators of Total Government Debt

	Jun-17	Jun-18	Sep-18	Jan-19	Feb-19	Mar-19
Domestic debt (KSh Billion)	2,111.71	2,478.84	2,540.70	2,604.19	2,691.61	2,699.09
Public & Publicly Guaranteed External debt (US \$ Billion)	22.12	25.34	25.81	27.05	27.05	27.01
Public & Publicly Guaranteed External debt (KSh Billion)	2,294.40	2,560.20	2,605.33	2,729.48	2,707.29	2,721.60
Total public debt (KSh Billion)	4,406.11	5,039.03	5,146.04	5,333.67	5,398.90	5,420.68

Source: National Treasury and CBK