



Central Bank of Kenya

Weekly Bulletin

September 27, 2019

KEY MONETARY AND FINANCIAL INDICATORS

Monetary Policy Committee Meeting

The Monetary Policy Committee retained the Central Bank Rate (CBR) at 9.00 percent during its meeting on September 23. The Committee noted that inflation expectations remained well anchored within the target range, and that the economy was operating close to its potential. However, there was need to remain vigilant on the possible effects of the increased uncertainties in the external environment.

Exchange Rate

The Kenya Shilling remained stable against major international and regional currencies during the week ending September 26. It exchanged at KSh 103.86 per US Dollar on September 26, compared to KSh 103.91 on September 19 (Table 1).

Foreign Exchange Reserves

The CBK usable foreign exchange reserves remained adequate at USD 8,985 million (5.61 months of import cover) as at September 26. 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 relatively liquid during the week ending September 26, supported by net redemption of government securities and government payments, which partly offset tax remittances. Open market operations remained active. Commercial banks' excess reserves stood at KSh 14.4 billion in relation to the 5.25 percent cash reserves requirement (CRR). The average interbank rate increased to 7.31 percent on September 26 from 7.04 percent on September 19. The value traded decreased to KSh 7.8 billion from KSh 9.2 billion in the previous week (Table 3).

Government Securities Market

The Treasury bills auctions of September 26 received bids totalling KSh 23.6 billion against an advertised amount of KSh 24.0 billion, representing a performance of 98.4 percent. Interest rates on the 91-day Treasury bills declined while those of 182 and 364-day Treasury bills increased (Table 4).

Equity Market

Trading at the Nairobi Securities Exchange improved during the week ending September 26. The NASI, NSE 20, NSE25 share price indices, market capitalization, equities turnover and shares traded increased by 0.19 percent, 0.55 percent, 0.03 percent, 0.2 percent, 10.95 percent and 8.79 percent, respectively (Table 6).

Bond Market

The value of bonds traded in the domestic secondary market increased by 15.1 percent during the week ending September 26. In the international market, yields on Kenya's 7-year, 10-year (2024), 10-year (2028), 12-year and 30-year Eurobonds increased by 17.2, 17.9, 13.2, 18.7 and 20.5 basis points, respectively (Table 6). Yields on 10-year Eurobonds for Angola and Ghana also increased during the week (Chart 2).

Global Trends

Global financial markets remained unsettled during the week ending September 26 due to political uncertainties in the US, and the economic data that showed a sharper contraction of business investment in the second quarter than previously estimated. Brexit uncertainties also remained despite the reconvening UK Parliament.

International oil prices declined further during the week due to increased crude oil supplies from the US and muted global demand. The Murban oil price declined to USD 64.03 per barrel on September 26 from USD 65.75 per barrel on September 19.

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

	USD	Sterling Pound	Euro	100 Japanese Yen	USHS*	TSHS*	RWF*	BIF*
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
September 13-19	103.83	129.02	114.60	96.10	35.33	22.14	8.88	17.78
20-Sep-19	103.83	129.67	114.88	96.13	35.40	22.13	8.88	17.79
23-Sep-19	103.83	129.70	114.89	96.40	35.39	22.14	8.88	17.79
24-Sep-19	103.86	128.97	114.13	96.43	35.38	22.13	8.88	17.78
25-Sep-19	103.83	129.72	114.19	96.44	35.40	22.13	8.89	17.79
26-Sep-19	103.86	128.71	114.14	96.45	35.38	22.14	8.89	17.78
September 20-26	103.84	129.35	114.44	96.37	35.39	22.14	8.88	17.78

* Units of currency per Kenya Shilling

Source :Central Bank of Kenya

Table 2: Official Usable Foreign Exchange Reserves

	22-Aug-19	29-Aug-19	05-Sep-19	12-Sep-19	19-Sep-19	26-Sep-19
1. CBK Usable Foreign Exchange Reserves (USD Million)	9,386	9,252	9,218	9,196	9,148	8,985
2. CBK Usable Foreign Exchange Reserves (Months of Import Cover)*	5.87	5.78	5.76	5.75	5.72	5.61

*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 (%)
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
September 6-12	18	9,239	6.57
20-Sep-19	24	8,400	6.99
23-Sep-19	18	11,350	7.45
24-Sep-19	18	8,080	7.14
25-Sep-19	18	5,930	7.42
26-Sep-19	13	5,300	7.31
September 20-26	18	7,812	7.26

Source :Central Bank of Kenya

Table 4: Performance of Treasury Bills Auctions

91-Day Treasury Bills					
Date of Auction	29-Aug-19	05-Sep-19	12-Sep-19	19-Sep-19	26-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)	5,318.73	5,002.39	6,270.38	684.12	3,294.99
Amount Accepted (Ksh M)	5,318.73	5,002.39	6,270.38	681.19	3,294.99
Maturities (Ksh M)	2,370.60	933.50	1,078.20	2,399.85	4,205.85
Average interest Rate (%)	6.385	6.375	6.315	6.368	6.307
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)	4,821.89	2,795.97	1,081.14	708.67	436.44
Amount Accepted (Ksh M)	4,821.89	2,795.97	1,081.14	708.01	436.44
Maturities (Ksh M)	8,025.60	3,989.00	4,910.70	5,822.85	6,129.75
Average interest Rate (%)	7.011	6.995	7.143	7.150	7.175
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)	8,683.06	7,221.72	11,503.65	23,498.55	19,878.31
Amount Accepted (Ksh M)	7,769.72	7,212.60	7,222.72	19,868.53	11,581.85
Maturities (Ksh M)	16,078.65	16,637.90	12,533.60	12,757.65	10,320.85
Average interest Rate (%)	9.392	9.520	9.582	9.705	9.777

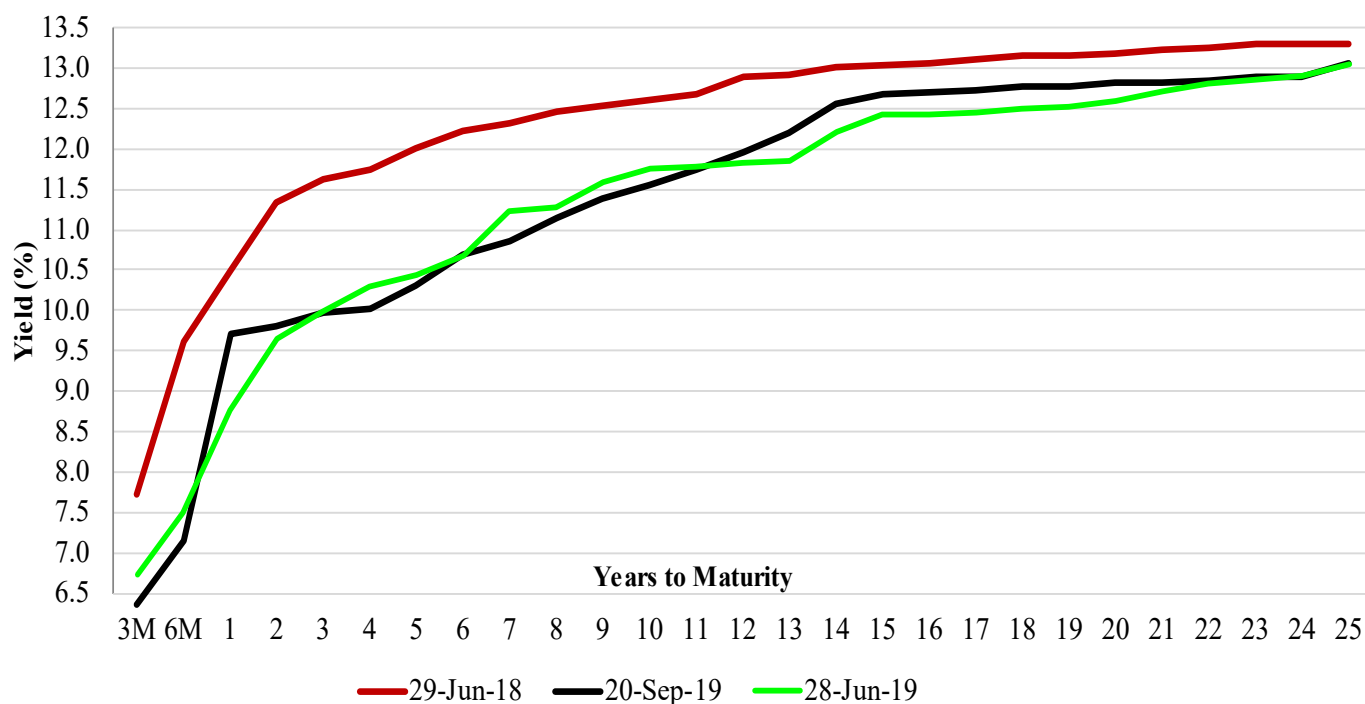
Source: Central Bank of Kenya

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	FXD 1/2018/15	FXD 2/2019/15
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	15,256.19	17,368.38
Maturities (Ksh M)	0.00	0.00	0.00	46,205.50	
Average interest Rate (%)	12.34	11.52	12.74	12.56	12.67

Source: Central Bank of Kenya

Chart 1: Government Securities Yield Curve



Source: Nairobi Securities Exchange (NSE)

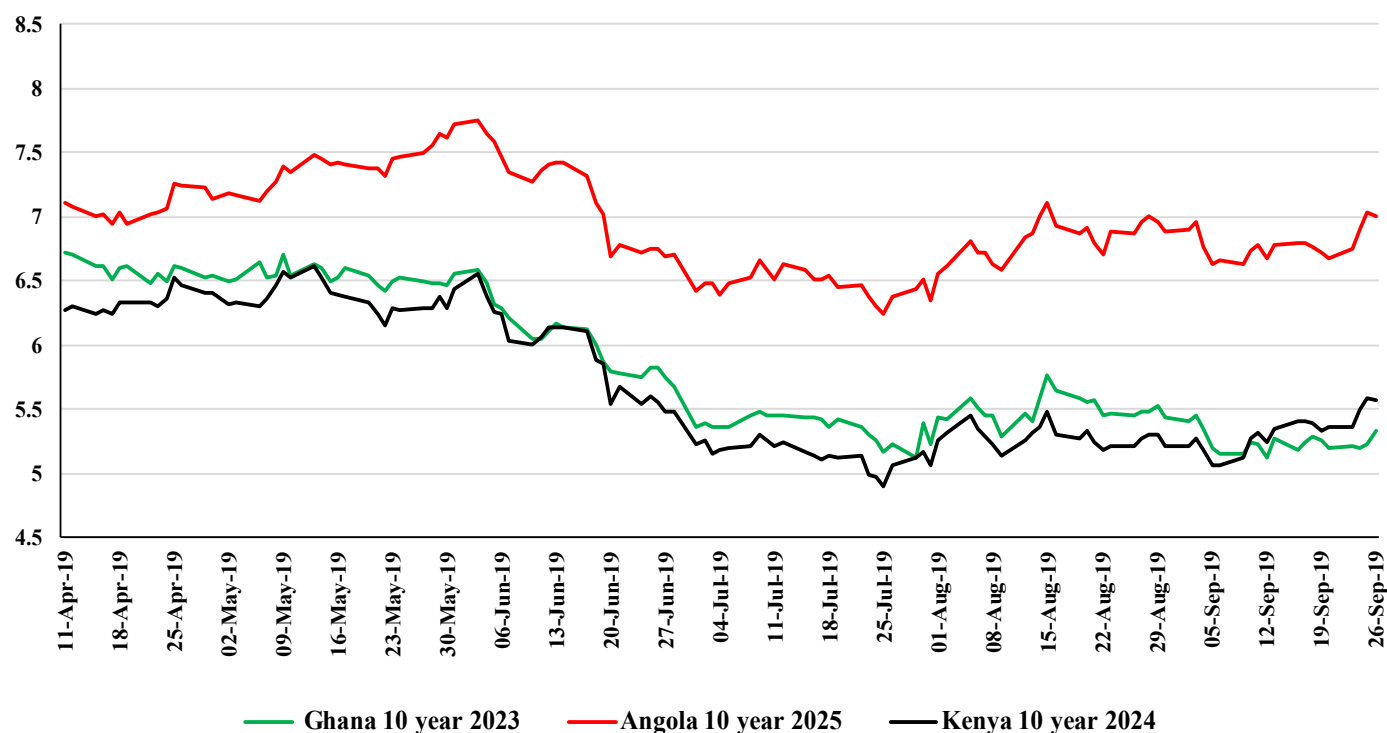
Table 6: Key Weekly Market Indicators

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 (%)
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	6.240	5.386	6.604	7.274	7.976
September 13-19	144.22	3460.77	2426.48	4,376	79.60	2,430.74	2,171.31	7,852.28	6.240	5.386	6.604	7.274	7.976
20-Sep-19	144.98	3,474.47	2,442.50	184	20.90	646.28	2,182.70	1,058.53	6.203	5.364	6.527	7.196	7.926
23-Sep-19	145.30	3,472.43	2,432.79	216	6.95	172.12	2,187.60	892.29	6.229	5.354	6.565	7.242	7.927
24-Sep-19	145.72	3,488.29	2,455.42	262	12.10	384.63	2,193.93	2,004.56	6.351	5.501	6.698	7.414	8.102
25-Sep-19	145.70	3,487.63	2,447.56	292	38.20	1,220.59	2,193.59	2,526.05	6.448	5.580	6.834	7.509	8.238
26-Sep-19	144.50	3,461.86	2,439.71	162	8.45	273.25	2,175.52	2,553.86	6.412	5.565	6.736	7.461	8.181
September 20-26	144.50	3461.86	2439.71	1,116	86.60	2,696.87	2,175.52	9,035.28	6.412	5.565	6.736	7.461	8.181
Weekly Changes (%)	0.19	0.03	0.55	(74)	8.79	10.95	0.19	15.07	0.172*	0.179*	0.132*	0.187*	0.205*

*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)

	28-Jun-19	26-Jul-19	30-Aug-19	06-Sep-19	13-Sep-19	20-Sep-19
1. Treasury Bills (Excluding Repos)	954.25	952.98	947.89	940.30	934.59	931.42
(As % of total securities)	35.31	35.28	33.97	33.79	33.65	33.58
2. Treasury Bonds	1,748.15	1,748.15	1,842.38	1,842.38	1,842.64	1,842.64
(As % of total securities)	64.69	64.72	66.03	66.21	66.35	66.42
3. Total Securities (1+2)	2,702.40	2,701.13	2,790.26	2,782.67	2,777.23	2,774.06
4. Overdraft at Central Bank	57.33	64.52	59.55	64.66	63.76	60.94
5. Other Domestic debt*	25.76	25.76	25.69	25.68	25.68	25.69
6. Gross Domestic Debt (3+4+5)	2,785.48	2,791.42	2,875.50	2,873.01	2,866.67	2,860.68

* 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)

	28-Jun-19	26-Jul-19	30-Aug-19	06-Sep-19	13-Sep-19	20-Sep-19
Treasury bills (Excluding Repos)	34.26	34.13	32.96	32.73	32.60	32.55
Treasury bonds	62.78	62.63	64.08	64.14	64.28	64.42
CBK Overdraft to Government	2.06	2.31	2.07	2.25	2.22	2.13
Other domestic debt	0.91	0.92	0.89	0.89	0.90	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-Jun-19	26-Jul-19	30-Aug-19	06-Sep-19	13-Sep-19	20-Sep-19
Banking Institutions	54.37	54.57	54.35	54.27	53.94	53.81
Insurance Companies	6.13	6.11	6.18	6.19	6.21	6.23
Parastatals	6.98	7.00	6.98	7.04	7.13	7.09
Pension funds	28.24	28.05	28.19	28.21	28.43	28.62
Other investors	4.28	4.27	4.29	4.29	4.29	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