



Central Bank of Kenya

Weekly Bulletin

October 25, 2019

KEY MONETARY AND FINANCIAL INDICATORS

Exchange Rate

The Kenya Shilling remained stable against major international and regional currencies during the week ending October 24. It exchanged at KSh 103.51 per US Dollar on October 24, compared to KSh 103.71 on October 17 (Table 1).

Foreign Exchange Reserves

The CBK usable foreign exchange reserves remained adequate at USD 8,944 million (5.59 months of import cover) as at October 24. 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 amounted to USD 214.7 million in September 2019 compared to USD 214.3 million recorded in August. The cumulative inflows in the 12-months to September 2019 increased to USD 2,786 million compared to USD 2,579 million in September 2018, reflecting a growth of 8.0 percent (Chart 1). North America, Europe and the Rest of the World accounted for 51 percent, 19 percent and 30 percent, respectively, of the total remittances in September.

Money Market

The money market was liquid during the week ending October 24, mainly due to Government payments and net redemptions of government securities, which partly offset tax remittances. Commercial banks' excess reserves stood at KSh 17.8 billion in relation to the 5.25 percent cash reserves requirement (CRR). The open market operations remained active. The average interbank rate decreased to 6.76 percent on October 24 from 7.59 percent on October 17. The average number of interbank deals per day increased to 19 from 13 the previous week, while the value traded also increased to KSh 12.4 billion from KSh 5.5 billion in the previous week (Table 3).

Government Securities Market

The Treasury bills auctions of October 24 received

bids totaling KSh 17.5 billion against an advertised amount of KSh 24.0 billion, representing a performance of 72.8 percent. Interest rates on the 91-day Treasury bills increased slightly, while those of 182 and 364-day Treasury bills declined marginally (Table 4).

The Treasury bonds auction of October 23, for the 16-year infrastructure bond, received bids totaling KSh 86.9 billion against an advertised amount of KSh 60.0 billion, representing a performance of 144.9 percent. Interest rates on the bond declined compared to the previous issue of similar securities (Table 5).

Equity Market

The NASI, NSE 20 and NSE 25 share price indices increased by 1.2 percent, 1.1 percent, and 2.0 percent, respectively, during the week ending October 24 (Table 6). Market capitalization increased by 2.4 percent following the listing of 793.8 million NCBA shares on October 22.

Bond Market

Trading activity in the domestic secondary bond market decreased by 55.4 percent during the week ending October 24 (Table 6). In the international market, yields on Kenya's 7-year, 10-year (2024), 12-year and 30-year Eurobonds declined by 2.4, 3.5, 15.7 and 0.4 basis points, respectively (Table 6). Yields on 10-year Eurobonds for Angola and Ghana also declined during the week (Chart 3).

Global Trends

Uncertainties remained in the global financial markets during the week ending October 25. Particularly, the EU member states were expected to discuss, on October 25, the possible length of Brexit extension to offer the UK, after its Parliament rejected the deal negotiated by the Prime Minister.

International oil prices increased during the week following news of a drop in U.S. crude oil supplies. The Murban oil price increased to USD 63.30 per barrel on October 24, from USD 61.22 per barrel on October 17.

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

	USD	Sterling Pound	Euro	100 Japanese Yen	USHS*	TSHS*	RWF*	BIF*	
11-Oct-19	103.76	126.75	113.92	96.61	35.61	22.16	8.78	17.96	
14-Oct-19	103.77	131.40	114.76	95.73	35.66	22.16	8.92	17.82	
15-Oct-19	103.79	130.61	114.46	95.79	35.55	22.16	8.92	17.81	
16-Oct-19	103.70	131.10	114.06	95.64	35.60	22.18	8.93	17.83	
17-Oct-19	103.71	132.86	114.51	95.43	35.60	22.19	8.93	17.83	
October 11-17	103.75	130.54	114.34	95.84	35.60	22.17	8.90	17.85	
18-Oct-19	103.70	132.92	115.37	95.53	35.58	22.20	8.93	17.83	
21-Oct-19	Public Holiday								
22-Oct-19	103.73	133.51	115.57	95.61	35.56	22.19	8.93	17.83	
24-Oct-19	103.51	133.48	115.16	95.30	35.84	22.22	8.81	18.02	
October 18-24	103.63	133.44	115.37	95.47	35.66	22.21	8.90	17.88	

* Units of currency per Kenya Shilling

Source: Central Bank of Kenya

Table 2: Official Usable Foreign Exchange Reserves

	12-Sep-19	19-Sep-19	26-Sep-19	03-Oct-19	10-Oct-19	17-Oct-19	24-Oct-19
1. CBK Usable Foreign Exchange Reserves (USD Million)	9,196	9,148	8,985	8,935	9,000	8,925	8,944
2. CBK Usable Foreign Exchange Reserves (Months of Import Cover)*	5.75	5.72	5.61	5.58	5.62	5.58	5.59

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

Source: Central Bank of Kenya

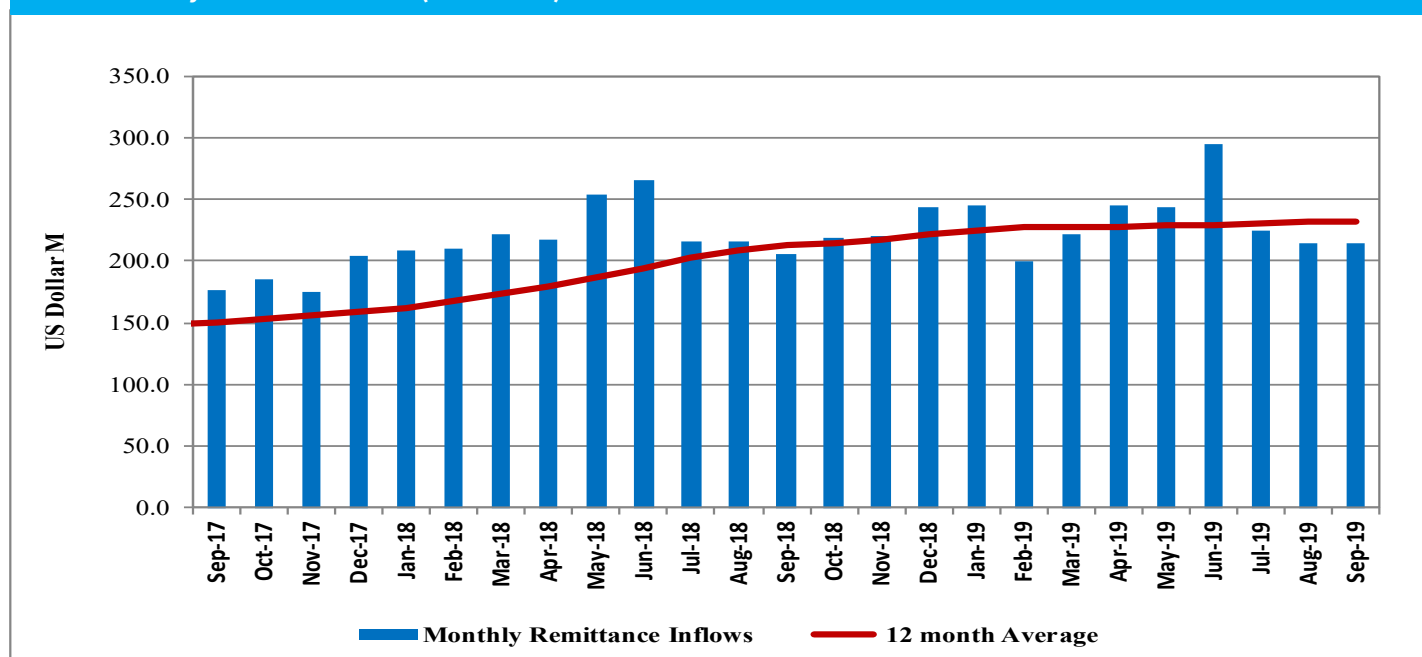
Chart 1: Monthly Remittance Inflows (USD Million)


Table 3: Money Market

Date	Number of Deals	Value (KSh M)	Average Interbank Rate (%)
11-Oct-19	14	3,450	7.99
14-Oct-19	17	6,300	7.16
15-Oct-19	15	7,440	7.03
16-Oct-19	9	3,710	6.91
17-Oct-19	12	6,620	7.59
October 11-17	13	5,504	7.34
18-Oct-19	15	10,090	7.54
21-Oct-19	Public Holiday		
22-Oct-19	24	12,335	7.36
23-Oct-19	18	11,100	7.01
24-Oct-19	20	15,950	6.76
October 18-24	19	12,369	7.17

Source: Central Bank of Kenya

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

Date of Auction	29-Aug-19	26-Sep-19	09-Oct-19	17-Oct-19	24-Oct-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	3,294.99	5,375.73	4,404.44	544.18
Amount Accepted (Ksh M)	5,318.73	3,294.99	5,375.73	4,404.44	544.18
Maturities (Ksh M)	2,370.60	4,205.85	3,293.95	7,603.10	5,210.65
Average interest Rate (%)	6.385	6.307	6.369	6.362	6.424

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	436.44	495.49	1,050.85	3,413.28
Amount Accepted (Ksh M)	4,821.89	436.44	495.49	1,050.27	2,931.66
Maturities (Ksh M)	8,025.60	6,129.75	5,730.85	4,868.90	14,630.95
Average interest Rate (%)	7.011	7.175	7.250	7.241	7.223

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	19,878.31	17,724.18	13,878.38	13,516.54
Amount Accepted (Ksh M)	7,769.72	11,581.85	11,036.78	7,648.24	12,996.78
Maturities (Ksh M)	16,078.65	10,320.85	6,949.90	5,139.80	11,567.75
Average interest Rate (%)	9.392	9.777	9.792	9.787	9.780

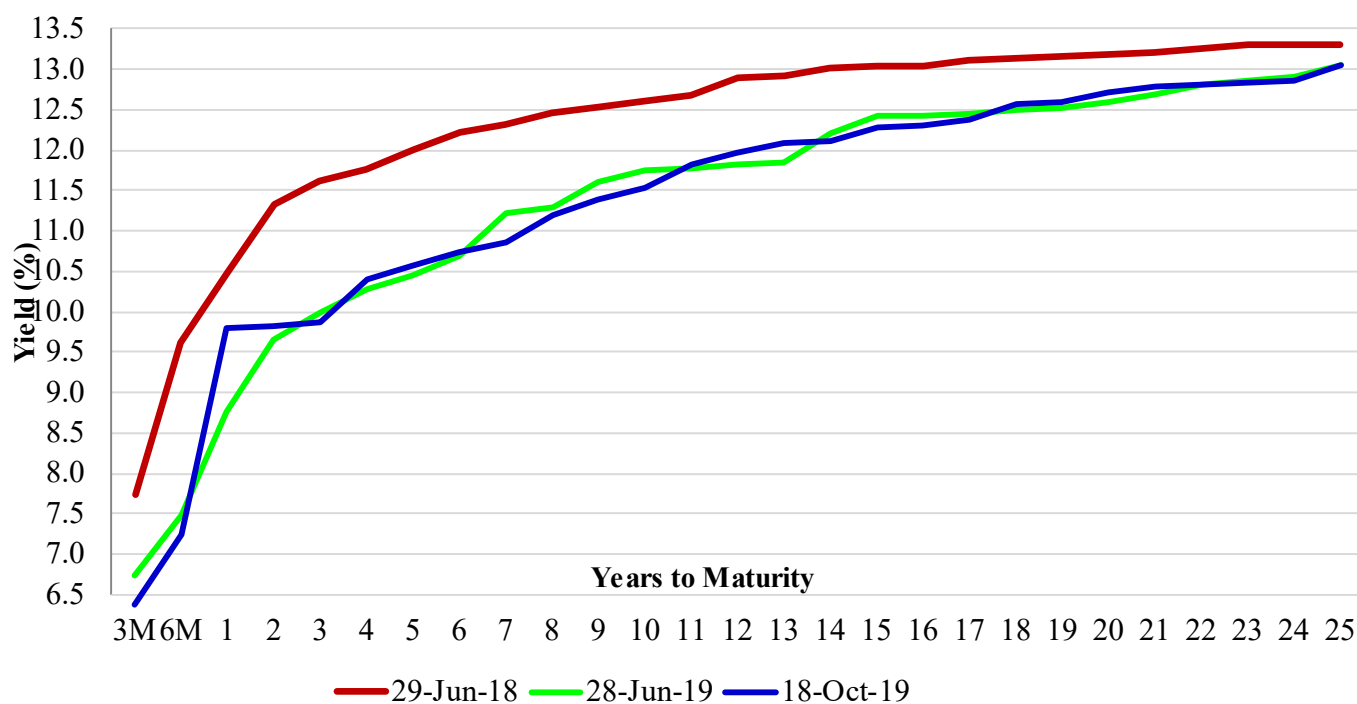
Source: Central Bank of Kenya

Table 5: Performance of Treasury Bonds Auctions

Date of Auction	13-Jun-19		18-Sep-19		25-Sep-19		23-Oct-19
	REOPEN		REOPEN		TAP		
Tenor	FXD 1/2012/15	FXD 1/ 2018/15	FXD 1/2018/15	FXD 2/2019/15	FXD 1/2018/15	FXD 2/2019/15	IFB1/2019/16
Amount offered (Ksh M)	40,000.00		50,000.00		30,000.00		60,000.00
Bids received (Ksh M)	85,615.66		32,624.57		9,320.40		86,946.69
Amount Accepted (Ksh M)	21,211.35	17,727.97	15,256.19	17,368.38	3,453.83	5,906.13	68,466.07
Maturities (Ksh M)	0.00	0.00	46,205.50		3,453.83	5,906.13	0.00
Average interest Rate (%)	11.59	12.46	12.56	12.67	12.56	12.67	12.39

Source: Central Bank of Kenya

Chart 2: Government Securities Yield Curve



Source: Nairobi Securities Exchange (NSE)

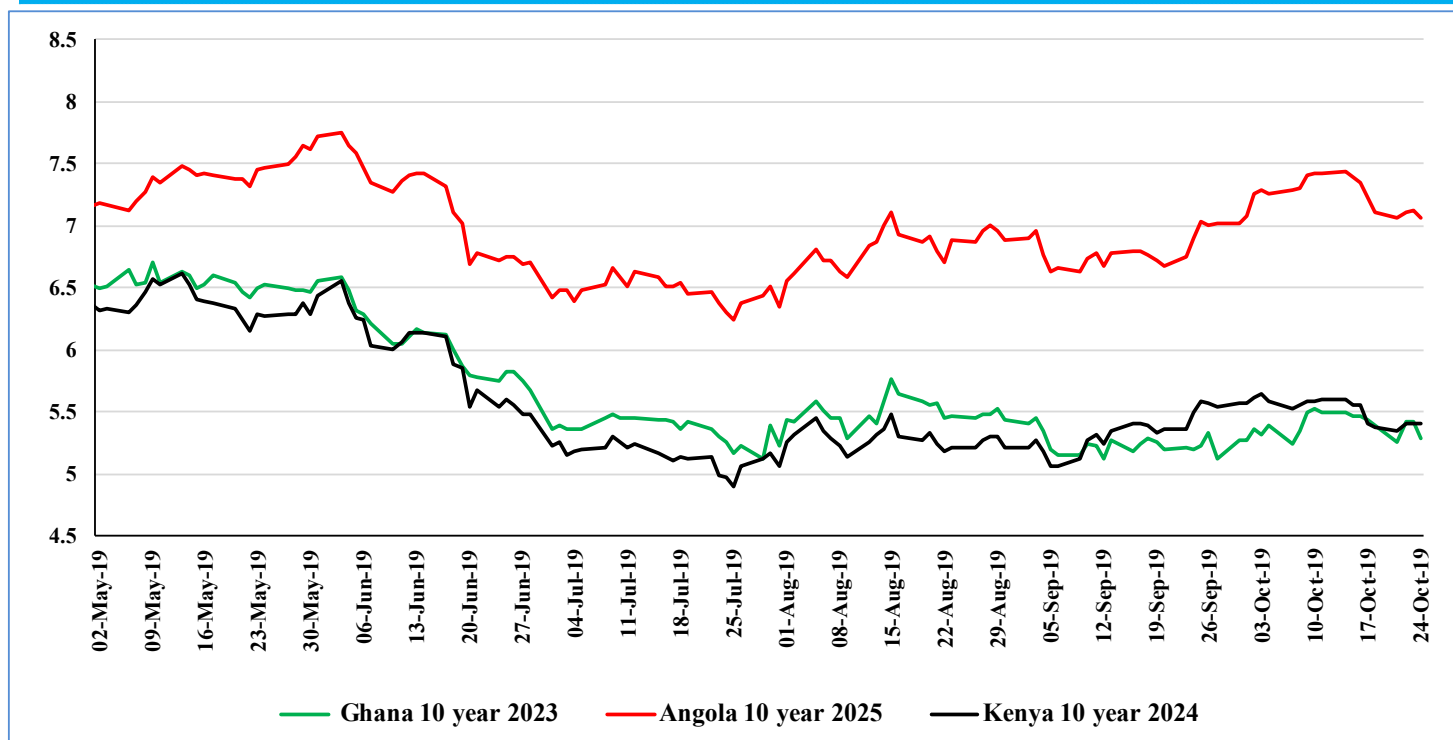
Table 6: Key Weekly Market Indicators

INDICATOR	NASI 100=2008	NSE 25 Share Index	NSE 20 Share Index 100=1996	Total Deals (Equity)	Total Shares Traded (Million)	Equity Turnover (KSh Million)	Market Capitalization (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 (%)	
11-Oct-19	147.64	3497.78	2455.27	817.00	12.58	391.99	2,227.60	721.24	6.396	5.594	6.753	7.428	8.097	
14-Oct-19	146.41	3475.37	2436.64	425.00	2.50	141.83	2,209.04	1,337.33	6.408	5.594	6.714	7.413	8.117	
15-Oct-19	146.13	3468.55	2438.25	703.00	3.27	76.62	2,204.78	2,728.75	6.375	5.554	6.676	7.381	8.090	
16-Oct-19	146.09	3473.87	2435.74	713.00	11.62	361.67	2,204.16	2,108.86	6.368	5.553	6.675	7.350	8.079	
17-Oct-19	148.28	3526.37	2456.34	1117.00	51.33	1,985.57	2,237.41	1,485.55	6.287	5.403	6.517	7.350	7.908	
Oct 11-Oct 17	148.28	3526.37	2456.34	3,775	81.29	2,957.68	2,237.41	8,381.73	6.287	5.403	6.517	7.350	7.908	
18-Oct-19	148.36	3549.46	2460.75	1,000.00	28.32	1,004.77	2,338.50	2,406.00	6.276	5.372	6.445	7.116	7.860	
21-Oct-19				PUBLIC HOLIDAY						6.245	5.345	6.407	7.086	7.829
22-Oct-19	149.32	3570.64	2479.44	984.00	38.38	1,438.20	2,278.59	549.78	6.285	5.401	6.444	7.116	7.840	
23-Oct-19	149.46	3573.99	2479.58	899.00	7.52	292.81	2,280.68	286.57	6.264	5.402	6.463	7.193	7.893	
24-Oct-19	150.07	3595.69	2484.36	936.00	23.11	856.35	2,290.03	496.86	6.263	5.403	6.482	7.193	7.904	
Oct 18-24	150.07	3595.69	2484.36	3,819	97.33	3,592.13	2,290.03	3,739.21	6.263	5.403	6.482	7.193	7.904	
Weekly Changes (%)	1.21	1.97	1.14	1.17	19.73	21.45	2.35	-55.39	-0.024*	0.000*	-0.035*	-0.157*	-0.004*	

*Percentage points

Source: Nairobi Securities Exchange, Thompson Reuters and Central Bank of Kenya

Chart3: Yields on 10 year Eurobonds for Selected African Countries



Source: Thomson Reuters

Table 7: Government Domestic Debt (KSh Billion)

	26-Jul-19	30-Aug-19	27-Sep-19	04-Oct-19	11-Oct-19	18-Oct-19
1. Treasury Bills (Excluding Repos)	952.98	947.89	933.10	928.91	912.02	914.11
(As % of total securities)	35.28	33.97	33.78	33.68	33.16	33.21
2. Treasury Bonds	1,748.15	1,842.38	1,828.78	1,828.78	1,838.11	1,838.11
(As % of total securities)	64.72	66.03	66.22	66.32	66.84	66.79
3. Total Securities (1+2)	2,701.13	2,790.26	2,761.88	2,757.69	2,750.14	2,752.22
4. Overdraft at Central Bank	64.52	59.55	52.58	47.52	65.24	59.40
5. Other Domestic debt*	25.76	25.69	25.68	25.72	25.72	25.73
6. Gross Domestic Debt (3+4+5)	2,791.42	2,875.50	2,840.13	2,830.92	2,841.11	2,837.35

* 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)

	26-Jul-19	30-Aug-19	27-Sep-19	04-Oct-19	11-Oct-19	18-Oct-19
Treasury bills (Excluding Repos)	34.13	32.96	32.80	32.71	32.04	32.16
Treasury bonds	62.63	64.08	64.46	64.66	64.76	64.84
CBK Overdraft to Government	2.31	2.07	1.85	1.68	2.29	2.09
Other domestic debt	0.92	0.89	0.90	0.95	0.90	0.91
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)						
	26-Jul-19	30-Aug-19	27-Sep-19	04-Oct-19	11-Oct-19	18-Oct-19
Banking Institutions	54.57	54.35	53.28	53.07	52.98	53.18
Insurance Companies	6.11	6.18	6.40	6.44	6.49	6.50
Parastatals	7.00	6.98	7.32	7.33	7.33	7.17
Pension funds	28.05	28.19	28.70	28.85	28.88	28.81
Other investors	4.27	4.29	4.30	4.32	4.33	4.34
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	Jun-19	Jul-19	Aug-19
Domestic debt (KSh Billion)	2,540.70	2,548.77	2,699.09	2,785.94	2,844.12	2,876.00
Public & Publicly Guaranteed External debt (US \$ Billion)	25.81	26.74	27.01	29.55	30.32	30.26
Public & Publicly Guaranteed External debt (KSh Billion)	2,605.33	2,723.73	2,721.60	3,023.14	3,160.06	3,133.54
Total public debt (KSh Billion)	5,146.04	5,272.50	5,420.68	5,809.08	6,004.18	6,009.54

Source: National Treasury and Central Bank of Kenya