



Central Bank of Kenya

Weekly Statistical Bulletin

Key Monetary and Financial Indicators

September 1, 2017

Overall inflation increased to 8.0 percent in August 2017 from 7.5 percent in July 2017, largely on account of increases in prices of key food items following supply chain constraints during the general elections period.

The money market was relatively liquid during the week ending August 30, 2017, with interbank transactions resulting in a net liquidity injection of KSh 8.9 billion. The weighted average interbank rate decreased to 5.48 percent in the week ending August 30, 2017 from 6.07 percent recorded in the previous week.

The capital markets recorded mixed performance during the week ending August 31, 2017, with gains for some indicators in equities market segment and losses for all fixed income securities.

Inflation

Overall inflation increased to 8.0 percent in August 2017 from 7.5 percent in July 2017, largely reflecting increases in prices of selected food items. The increase was mainly attributed to depressed supply of key food items in the second week of August 2017 that coincided with the general elections. Consequently, food inflation increased to 12.8 percent in August 2017 from 11.6 percent in July 2017. The prices of the following food items increased between July and August 2017: tomatoes (14.1 percent); spinach (6.0 percent); carrots (4.5 percent); wheat flour (1.2 percent); rice grade 1 (1.1 percent); and Irish potatoes (0.7 percent). These items accounted for 1.5 percentage points in overall inflation.

Fuel inflation increased marginally to 3.1 percent in August 2017 from 2.9 percent in July 2017, due to a slight increase in energy prices, particularly electricity, petrol, and kerosene in August 2017 compared to July 2017. However, Non-Food-Non-Fuel (NFNF) inflation declined to 3.9 percent in August 2017 from 4.1 percent in July 2017, reflecting minimal demand pressures.

Monetary Policy Operations

Liquidity in the money market increased during the week ending August 30, 2017, reflecting a net injection of KSh 8.9 billion from interbank transactions. The increase was largely attributed to injections through

open market operations of KSh 14.9 billion from Term Auction Deposit maturities. However, net government payments during the week resulted in liquidity reduction of KSh 6.0 billion (Table 1). Commercial banks' excess reserves above 5.25 percent averaging requirement decreased to KSh 10.3 billion during the week ending August 30, 2017 from the previous week's average of KSh 13.2 billion (Chart A).

Activity in the Interbank Market

The weighted average interbank rate decreased to 5.48 percent in the week ending August 30, 2017 from 6.07 percent recorded in the previous week. The volumes transacted ranged from KSh 12.3 billion to KSh 22.0 billion during the week, giving an average of KSh 17.2 billion compared to an average of KSh 19.2 billion the previous week. The number of deals stood at 35 during the week compared to 33 deals transacted the previous week (Table 2 and Chart B).

Kenya Shilling Exchange Rate

The Kenya Shilling exchange rate registered mixed performance against major international and regional currencies in the week ending August 31, 2017. The Kenya Shilling strengthened against the USD and the Japanese Yen but slightly weakened against the Sterling Pound and the Euro. In the EAC region the Shilling

strengthened against the Tanzania Shilling, the Rwanda and Burundi Francs but remained unchanged against the Uganda Shilling.

Equity Market

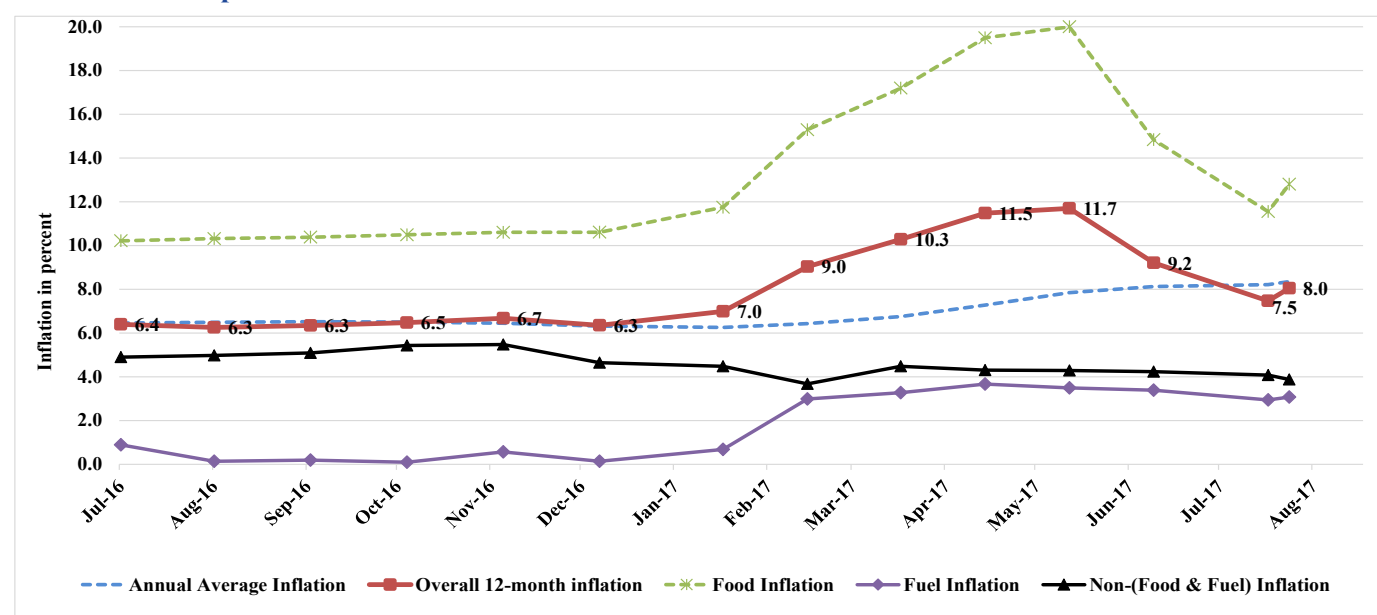
The equities market recorded mixed performance during the week with gains on NASI, NSE 25 Share index, equity turnover and market capitalization, combined with declines in the NSE 20 Share index and the number of shares traded (Table 4). The mixed performance may reflect the financial results being published that also show mixed performance.

Bond Market

The volume of bonds traded declined by 7.72 percent during the week under review, with corresponding deals declining to 112 from the previous week's 298 deals. This reduced activity may be explained by a focus on primary market by investors. Kenya's 5-year and 10-year Eurobonds trading yields declined by 0.16 percentage points and 0.04 percentage points to end the week of August 31, 2017 at 3.91 percent and 6.01percent, respectively. This signals continued favourable investor sentiments on Kenya's bonds.

LIST OF TABLES AND CHARTS

Chart A: Developments in Inflation



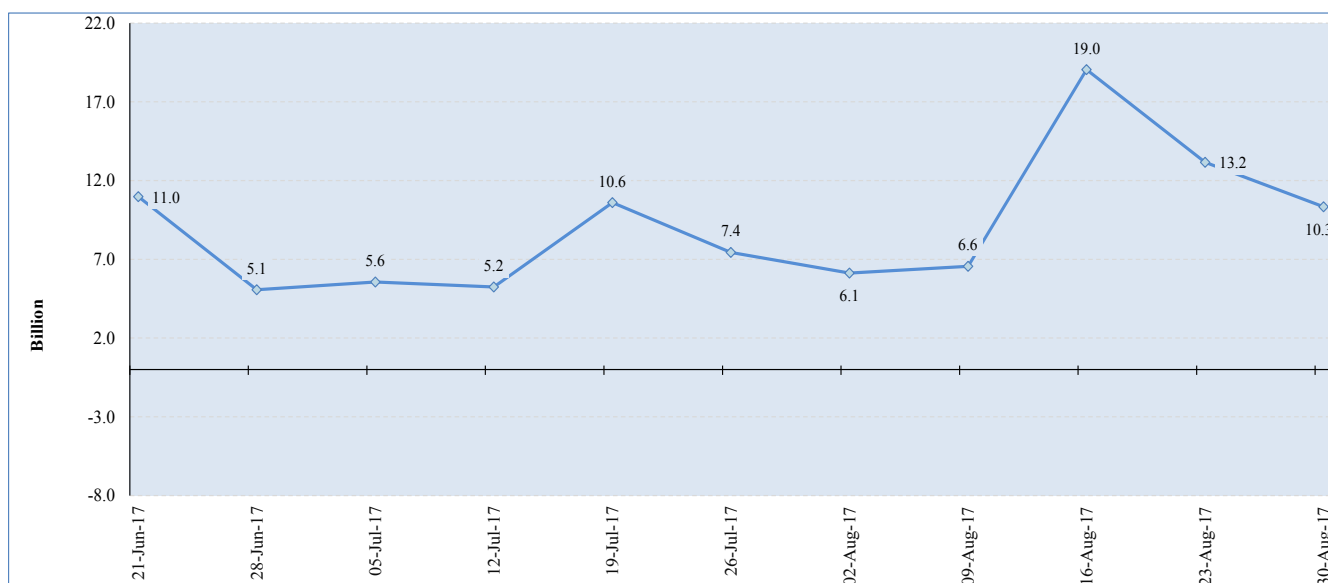
Source: Kenya National Bureau of Statistics and Central Bank of Kenya

Table 1: Liquidity Flows and Open Market Operations (Ksh billion)

	24-Aug-17	25-Aug-17	28-Aug-17	29-Aug-17	30-Aug-17	Total
Liquidity Flows						
Total liquidity injection ¹	2.0	8.5	45.6	6.7	4.8	67.6
Repos Maturities	0.0	0.0	0.0	0.0	0.0	0.0
Reverse Repo Purchases	0.6	1.2	0.0	0.2	0.0	2.0
Term Auction Deposit maturities	0.0	5.0	9.7	0.0	0.0	14.7
T/bills redemptions	0.0	0.0	29.7	0.0	0.0	29.7
T/bills rediscounts	0.0	0.0	0.0	0.0	0.0	0.0
T/bonds redemptions	0.0	0.0	0.0	0.0	0.0	0.0
T/bonds Interest	0.0	0.0	2.3	0.0	0.0	2.3
T/bonds rediscounts	0.0	0.0	0.0	0.0	0.0	0.0
Govt payments	1.4	2.3	4.0	6.5	4.8	18.9
Total liquidity reduction ¹	2.7	3.6	44.6	2.4	5.5	58.7
T/bills (Primary issues)	0.0	0.0	22.3	0.0	0.0	22.3
Tbonds Sales	0.0	0.0	17.6	0.0	0.0	17.6
T/bills/Tbonds (OMO Tap Sales)	0.0	0.0	0.0	0.0	0.0	0.0
Repos	0.0	0.0	0.0	0.0	0.0	0.0
Reverse Repos maturities	0.0	1.2	0.0	0.2	0.4	1.8
Term Auction Deposit	0.0	0.0	0.0	0.0	0.0	0.0
Transfer from Banks -Taxes	2.6	2.4	4.7	2.2	5.1	16.9
Net liquidity injection (+)/Withdrawal (-)	-0.7	4.9	1.0	4.3	-0.7	8.9
Open Market Operations Outcome						
Posted Amount	0.0	0.0	0.0	0.0	0.0	0.0
Realised Amount - Mop up	0.0	0.0	0.0	0.0	0.0	0.0
Repo (-)	0.0	0.0	0.0	0.0	0.0	0.0
Term Auction Deposits (-)	0.0	0.0	0.0	0.0	0.0	0.0
Reserve Money Position						
Reserve money (actual)	408.0	411.5	413.0	416.4	419.2	

¹ Only main transactions increasing or reducing liquidity are included.

Source: Central Bank of Kenya

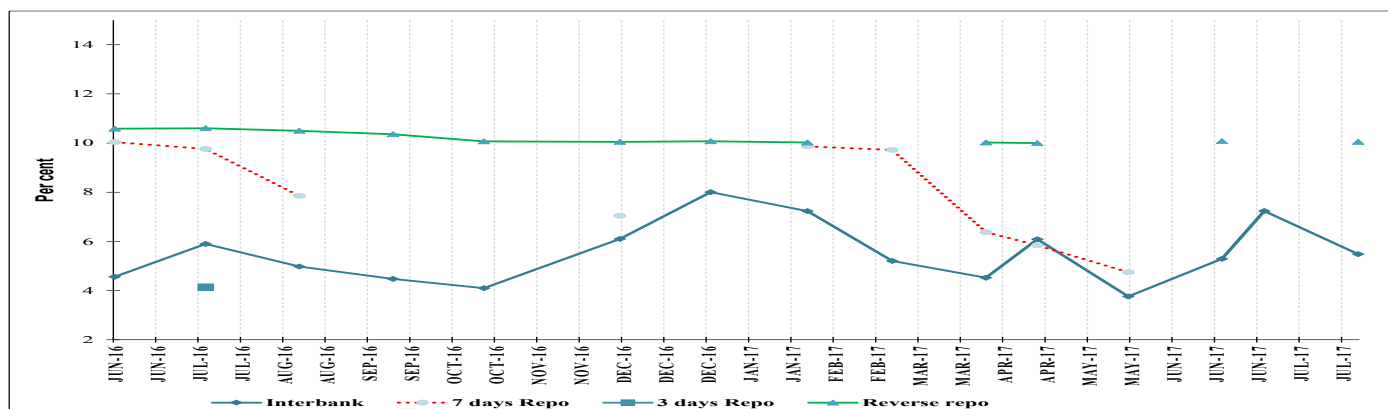
Chart B: Commercial Banks Excess Reserves

Source: Central Bank of Kenya

Table 2: Interbank Deals, Volumes & Interest Rates

Date	Number of Deals	Value (KSh M)	Average Interbank Rate (%)	Reverse Repo Rate (%)
17-Aug-17	30	23,100	6.59	-
18-Aug-17	40	22,250	6.64	-
21-Aug-17	30	18,050	5.82	-
22-Aug-17	30	18,050	5.67	-
23-Aug-17	36	14,700	5.62	10.08
Aug 17, 2017-Aug 23, 2017	33	19,230	6.07	10.08
24-Aug-17	29	12,300	5.83	10.05
25-Aug-17	48	22,000	5.55	-
28-Aug-17	37	18,150	5.50	-
29-Aug-17	31	15,720	5.43	-
30-Aug-17	30	17,780	5.10	-
Aug 24, 2017-Aug 30, 2017	35	17,190	5.48	10.05

Source: Central Bank of Kenya

Chart C: Interest Rates

Source: Central Bank of Kenya

Table 3: Kenya Shilling Exchange Rate

	USD	Sterling Pound	Euro	100 Japanese Yen	USHS*	TSHS*	RWF*	BIF*
18-Aug-17	103.39	133.14	121.14	93.94	34.87	21.66	8.02	16.82
21-Aug-17	103.23	133.03	121.21	94.92	34.92	21.69	8.03	16.85
22-Aug-17	103.10	132.86	121.44	94.63	34.92	21.73	8.04	16.87
23-Aug-17	103.18	132.40	121.37	94.40	34.86	21.70	8.04	16.86
24-Aug-17	103.24	132.13	121.77	94.57	34.92	21.69	8.03	16.86
18-24 August 2017	103.23	132.71	121.38	94.49	34.90	21.69	8.03	16.85
25-Aug-17	103.25	132.31	121.81	94.17	34.89	21.68	8.03	16.86
28-Aug-17	103.16	132.34	121.82	94.04	34.90	21.71	8.04	16.88
29-Aug-17	103.17	133.19	123.10	94.36	34.89	21.70	8.10	16.88
30-Aug-17	103.18	133.46	124.09	95.01	34.94	21.72	8.04	16.88
31-Aug-17	103.14	133.22	123.01	93.55	34.90	21.73	8.05	16.89
25-31 August 2017	103.18	132.90	122.77	94.23	34.90	21.71	8.05	16.88

* Units of currency per Kenya Shilling

Source: Central Bank of Kenya

Table 4: Key Weekly Market Statistics

INDICATOR	27-Jul-17	03-Aug-17	10-Aug-17	17-Aug-17	24-Aug-17	31-Aug-17	Weekly Change (%)
NASI 100= 2008	158.40	158.90	162.00	166.08	168.69	169.16	0.28
NSE 25 Share Index	4,215.46	4,235.00	4,328.42	4,045.89	4,482.63	4,485.10	0.06
NSE 20 Share Index 100= 1996	3,764.74	3,774.00	3,903.29	4,457.05	4,052.54	4,027.12	-0.63
Number of Deals	5,576.00	7,068.00	3,657.00	9,508.00	6,660.00	7,929.00	19.05
Total Shares Traded (Million)	146.91	215.99	55.87	188.13	117.80	110.72	-6.01
Equity Turnover (KSh Million)	4,030.47	5,384.87	1,585.53	4,817.58	3,055.78	3,237.17	5.94
Market Capitalization (KSh Billion)	2,315.43	2,328.66	2,364.42	2,433.42	2,471.91	2,478.62	0.27
Bonds Turnover (KSh Million)	5,197.72	4,354.16	3,717.46	5,658.65	11,330.59	10,456.25	-7.72
5-Year Eurobond Yield (%)	4.48	4.40	4.17	4.09	4.07	3.91	*-0.159
10-Year Eurobond Yield (%)	6.47	6.55	6.28	6.09	6.05	6.01	*-0.039

* Percentage points

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

Table 5 A: Performance of Government Securities

TREASURY BILLS								
91-Day Treasury Bills								
Date of Auction	25-May-17	29-Jun-17	27-Jul-17	03-Aug-17	10-Aug-17	17-Aug-17	24-Aug-17	31-Aug-17
Amount offered (Ksh M)	4,000.00	4,000.00	4,000.00	4,000.00	4,000.00	4,000.00	4,000.00	4,000.00
Bids received (Ksh M)	5,171.56	2,307.78	964.01	9,724.34	1,167.78	3,780.51	4,201.81	2,773.01
Amount Accepted (Ksh M)	2,645.05	2,307.78	857.46	1,474.52	1,167.78	3,780.41	4,201.81	1,577.59
Maturities (Ksh M)	5,910.50	7,201.70	11,427.00	3,655.30	6,829.30	2,268.60	2,268.60	3,167.80
Average interest Rate (%)- 91 Days	8.61	8.28	8.20	8.20	8.20	8.15	8.15	8.14
182-Day Treasury Bills								
Date of Auction	25-May-17	30-Jun-17	29-Jul-17	05-Aug-17	12-Aug-17	19-Aug-17	26-Aug-17	02-Sep-17
Amount offered (Ksh M)	10,000.00	10,000.00	10,000.00	10,000.00	10,000.00	10,000.00	10,000.00	10,000.00
Bids received (Ksh M)	15,070.38	10,064.50	4,751.78	15,082.94	9,509.28	18,894.82	5,981.63	14,540.81
Amount Accepted (Ksh M)	13,608.16	9,713.05	4,416.32	4,541.27	9,433.22	18,400.69	5,981.63	11,463.28
Maturities (Ksh M)	7,053.20	1,199.70	2,297.80	15,876.50	16,298.75	16,280.10	16,280.10	22,446.95
Average interest Rate (%)- 182 days	10.37	10.33	10.32	10.32	10.32	10.32	10.31	10.32
364-Day Treasury Bills								
Date of Auction	25-May-17	30-Jun-17	29-Jul-17	05-Aug-17	12-Aug-17	19-Aug-17	26-Aug-17	02-Sep-17
Amount offered (Ksh M)	10,000.00	10,000.00	10,000.00	10,000.00	10,000.00	10,000.00	10,000.00	10,000.00
Bids received (Ksh M)	13,821.28	5,174.05	9,780.73	3,432.04	7,921.26	12,086.62	12,534.86	15,343.16
Amount Accepted (Ksh M)	11,869.87	5,053.19	9,366.10	3,155.54	7,921.26	11,618.02	12,084.28	13,019.38
Maturities (Ksh M)	6,562.55	1,454.50	6,827.91	6,793.65	5,125.55	5,842.45	5,842.45	9843.8
Average interest Rate (%)- 364 days	10.91	10.90	10.89	10.89	10.91	10.91	10.91	10.92

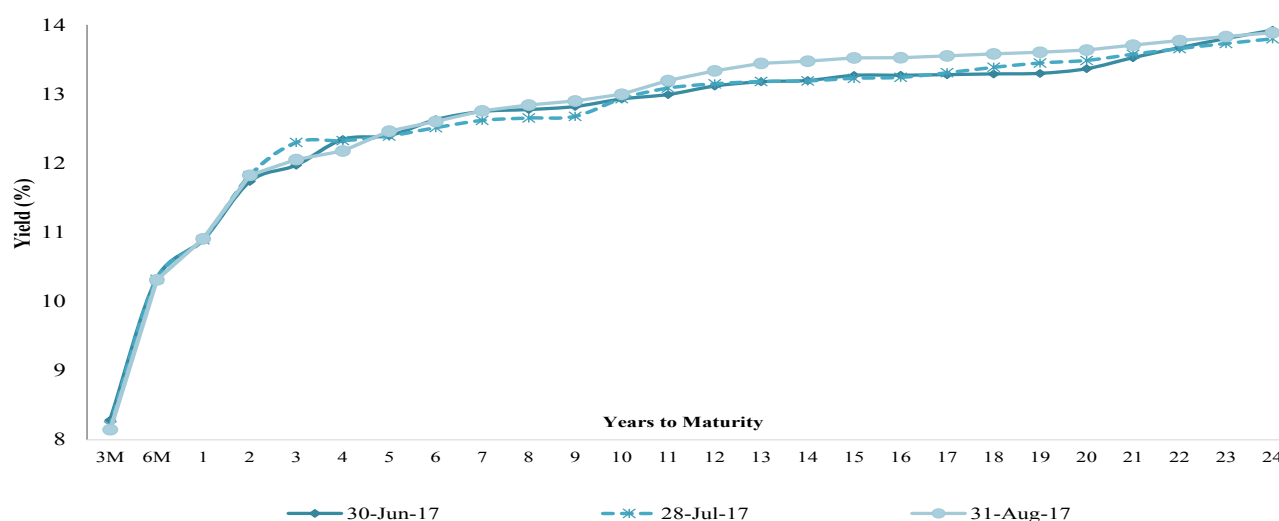
Source: Central Bank of Kenya

Table 5 B: Performance on Treasury Bonds

TREASURY BONDS								
Date of	17-May-17		21-Jun-17	27-Jul-17	03-Aug-17	24-Aug-17		31-Aug-17
Tenor	FXD 2/2010/10	FXD 1/2009/15	FXD2/2007/15	FXD 1/2007/10	TAP Sale FXD 1/2007/10	FXD 1/2017/5	FXD 1/2017/10	TAP Sale FXD 1/2017/5
Amount	40,000.0		30,000.0	30,000.0	25,000.0	30,000.0		13,000.0
Bids received	14,494.9	24,354.9	39,073.2	19,043.3	7,015.9	26,667.7		17,490.0
Amount	8,532.8	11,463.4	26,409.9	5,190.8	7,015.4	12,112.2	5,476.3	17,530.8
Maturities	31,079.6		18,746.8	0.0	0.0	0.0	0.0	0.0
Average	12.472	13.141	12.520	12.966	12.966	12.465	13.060	12.465

Source: Central Bank of Kenya

Chart D: Government Securities Yield



Source: Central Bank of Kenya

Table 6: Government Domestic Debt (KSh Billion)

	26-May-17	02-Jun-17	30-Jun-17	28-Jul-17	04-Aug-17	11-Aug-17	18-Aug-17	25-Aug-17
1. Treasury Bills (Excluding Repos)	673.30	684.07	744.15	744.46	740.71	724.15	715.78	727.40
(As % of total securities)	33.96	34.04	35.84	35.85	35.65	35.01	34.75	35.20
2. Treasury Bonds	1,309.35	1,325.28	1,331.98	1,331.98	1,337.15	1,344.17	1,344.17	1,339.04
(As % of total securities)	66.04	65.96	64.16	64.15	64.35	64.99	65.25	64.80
3. Total Securities (1+2)	1,982.65	2,009.35	2,076.13	2,076.43	2,077.86	2,068.32	2,059.95	2,066.44
4. Overdraft at Central Bank	-	0.03	-	-	-	12.20	22.22	13.39
5. Other Domestic debt*	35.93	35.94	36.15	35.56	35.55	35.54	36.70	36.71
6. Gross Domestic Debt (3+4+5)	2,018.58	2,045.33	2,112.28	2,112.00	2,113.42	2,116.07	2,118.87	2,116.54

* 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 7: Composition of Government Domestic Debt by Instrument (In Percent)

	16-Jun-17	23-Jun-17	30-Jun-17	28-Jul-17	04-Aug-17	11-Aug-17	18-Aug-17	25-Aug-17
Treasury bills (Excluding Repos)	34.5	35.1	35.2	35.2	35.0	34.2	33.8	34.4
Treasury bonds	63.7	63.1	63.1	63.1	63.3	63.5	63.4	63.3
CBK Overdraft to Govt	0.1	0.0	0.0	0.0	0.0	0.6	1.0	0.6
Other domestic debt	1.7	1.7	1.7	1.7	1.7	1.7	1.7	1.7
TOTAL	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0

Source: Central Bank of Kenya

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

	26-May-17	23-Jun-17	30-Jun-17	28-Jul-17	04-Aug-17	11-Aug-17	18-Aug-17	25-Aug-17
Banking Institutions	56.2	56.6	56.2	56.1	56.1	56.1	56.3	55.9
Insurance Companies	6.9	6.7	6.6	6.6	6.7	6.7	6.7	6.2
Parastatals	6.6	6.4	6.4	6.6	6.6	6.7	6.7	6.5
Pension funds	27.9	27.8	28.1	28.0	27.9	27.7	27.5	27.2
Other investors	2.4	2.5	2.7	2.7	2.8	2.8	2.8	4.3
Total	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0

Source: Central Bank of Kenya

TABLE 9: Official Foreign Exchange Reserves US\$ Million (Usable)

	13-Jul-17	20-Jul-17	27-Jul-17	03-Aug-17	10-Aug-17	17-Aug-17	24-Aug-17	31-Aug-17
1. CBK Usable Foreign Exchange Reserves (USD Million)*	7,869	7,781	7,705	7,524	7,446	7,420	7,464	7,487
2. CBK Usable Foreign Exchange Reserves (Months of Import Cover)**	5.23	5.17	5.12	5.00	4.94	4.93	4.96	4.97

*Excludes Encumbered Reserves

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

Source: Central Bank of Kenya