



Central Bank of Kenya

# Weekly Bulletin

December 7, 2018

## KEY MONETARY AND FINANCIAL INDICATORS

### Exchange Rate

The Kenya Shilling exchange rate was relatively stable during the week ending December 6. The Shilling's value against the US dollar moved to 102.64 on December 6 compared to 102.60 on November 29 (Table 1).

### Foreign Exchange Reserves

The CBK usable foreign exchange reserves remained adequate at USD 7,965 million (5.3 months of import cover) as at December 6. This fulfils the requirement to endeavor to maintain at least 4 months of import cover, and the EAC region's convergence criteria of 4.5 months of imports cover (Table 2).

### Money Market

Liquidity conditions in the money market were tight during the week ending December 6. Commercial banks' excess reserves recorded a shortfall of KSh 8.5 billion in relation to the 5.25 percent cash reserves requirements (CRR). The average interbank rate rose to 7.2 percent from 5.8 percent in the previous week. The average number of interbank deals decreased to 33, compared to 39 in the previous week, while the average interbank volumes traded decreased to KSh 13.1 billion compared to KSh 27.2 billion (Table 3).

### Government Securities Market

The Treasury bills auction of December 6 received bids totaling KSh 11.1 billion against an advertised amount of KSh 24.0 billion. The 91-day Treasury bill attracted the highest bids amounting to KSh 6.9 billion. Interest rates on all the three Treasury bill instruments at the auction remained stable (Table 4).

### Equity Market

Activity in the equity market improved in the week ending December 6 as reflected by 0.2 percent and 0.9 percent increase in NASI 100 and NSE 25 share price indices, respectively. The NSE 20 share index remained relatively stable. The market liquidity was tight with both equity turnover and volume of shares traded declining

by 44.1 percent and 42.1 percent, respectively. The market capitalization increased by 1.5 percent (Table 6).

### Bond Markets

The secondary bond market activity improved with the volume of bonds traded increasing by 3.4 percent in the week ending December 6. In the international bond market, yields on all Kenya's Eurobonds declined on December 6 compared to November 29 (Table 6). A similar trend was observed on the yields for the 10-year Eurobonds of Ghana and Angola (Chart 2).

### Global Trends

The G-20 meeting in Argentina on November 30 - December 1 led to a reduction of trade tensions between the United States and China, although developments later in the week showed that these were far from resolved.

Global oil prices continued their downward trend, following delayed resolution to the OPEC Meeting. Murban crude oil price stood at USD 59.30 per barrel on December 6.

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

	USD	Sterling Pound	Euro	100 Japanese Yen	USHS*	TSHS*	RWF*	BIF*
23-Nov-18	102.45	131.90	116.82	90.70	36.55	22.45	8.68	17.41
26-Nov-18	102.47	131.44	116.34	90.89	36.50	22.45	8.68	17.40
27-Nov-18	102.45	131.67	116.50	90.47	36.41	22.45	8.68	17.41
28-Nov-18	102.68	131.04	116.33	90.39	36.30	22.50	8.67	17.37
29-Nov-18	102.60	131.25	115.77	90.13	36.36	22.52	8.68	17.38
<b>November 23-29, 2018</b>	<b>102.53</b>	<b>131.46</b>	<b>116.35</b>	<b>90.52</b>	<b>36.42</b>	<b>22.47</b>	<b>8.68</b>	<b>17.39</b>
30-Nov-18	102.54	131.05	116.78	90.57	36.33	22.43	8.69	17.40
3-Dec-18	102.51	130.84	116.50	90.30	36.38	22.44	8.69	17.40
4-Dec-18	102.68	130.56	116.40	90.45	36.28	22.59	8.68	17.38
5-Dec-18	102.60	131.21	116.91	90.95	36.33	22.42	8.69	17.40
6-Dec-18	102.64	131.13	116.59	90.81	36.39	22.41	8.68	17.39
<b>November 30-December 6, 2018</b>	<b>102.59</b>	<b>130.96</b>	<b>116.64</b>	<b>90.62</b>	<b>36.34</b>	<b>22.46</b>	<b>8.68</b>	<b>17.40</b>

\* Units of currency per Kenya Shilling

Source :Central Bank of Kenya

Table 2: Official Usable Foreign Exchange Reserves

	01-Nov-18	08-Nov-18	15-Nov-18	22-Nov-18	29-Nov-18	06-Dec-18
1. CBK Usable Foreign Exchange Reserves (USD Million)	8,221	8,152	8,063	8,030	8,039	7,965
2. CBK Usable Foreign Exchange Reserves (Months of Import Cover)*	5.44	5.40	5.34	5.32	5.32	5.27

\*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 (%)
23-Nov-18	48	35,805	5.47
26-Nov-18	41	32,780	5.65
27-Nov-18	38	29,935	5.72
28-Nov-18	35	20,880	5.79
29-Nov-18	31	16,650	6.23
<b>November 23- 29, 2018</b>	<b>39</b>	<b>27,210</b>	<b>5.77</b>
30-Nov-18	34	12,835	6.77
3-Dec-18	30	16,175	7.02
4-Dec-18	33	16,705	7.17
5-Dec-18	34	10,660	7.40
6-Dec-18	34	9,310	7.65
<b>November 30 - December 6, 2018</b>	<b>33</b>	<b>13,137</b>	<b>7.20</b>

Source :Central Bank of Kenya

Table 4: Performance of Treasury Bills Auctions

91-Day Treasury Bills				
Date of Auction	15-Nov-18	22-Nov-18	29-Nov-18	06-Dec-18
Amount offered (Ksh M)	4,000.00	4,000.00	4,000.00	4,000.00
Bids received (Ksh M)	7,285.11	1,738.35	10,793.20	6,910.97
Amount Accepted (Ksh M)	7,285.11	1,249.33	10,304.18	6,910.97
Maturities (Ksh M)	6,264.40	1,962.95	11,803.50	2,564.75
Average interest Rate (%)- 91 Days	7.35	7.34	7.34	7.34
182-Day Treasury Bills				
Date of Auction	15-Nov-18	22-Nov-18	29-Nov-18	06-Dec-18
Amount offered (Ksh M)	10,000.00	10,000.00	10,000.00	10,000.00
Bids received (Ksh M)	2,441.70	1,928.18	4,822.26	992.24
Amount Accepted (Ksh M)	2,441.70	1,449.65	4,338.78	990.27
Maturities (Ksh M)	4,494.05	10,377.30	5,877.00	12,325.60
Average interest Rate (%)- 182 days	8.32	8.25	8.24	8.24
364-Day Treasury Bills				
Date of Auction	15-Nov-18	22-Nov-18	29-Nov-18	06-Dec-18
Amount offered (Ksh M)	10,000.00	10,000.00	10,000.00	10,000.00
Bids received (Ksh M)	12,788.38	8,044.39	2,609.33	3,145.70
Amount Accepted (Ksh M)	11,876.79	6,221.21	2,609.33	2,731.52
Maturities (Ksh M)	7,186.20	6,840.65	6,810.80	7,855.10
Average interest Rate (%)- 364 days	9.51	9.57	9.56	9.57

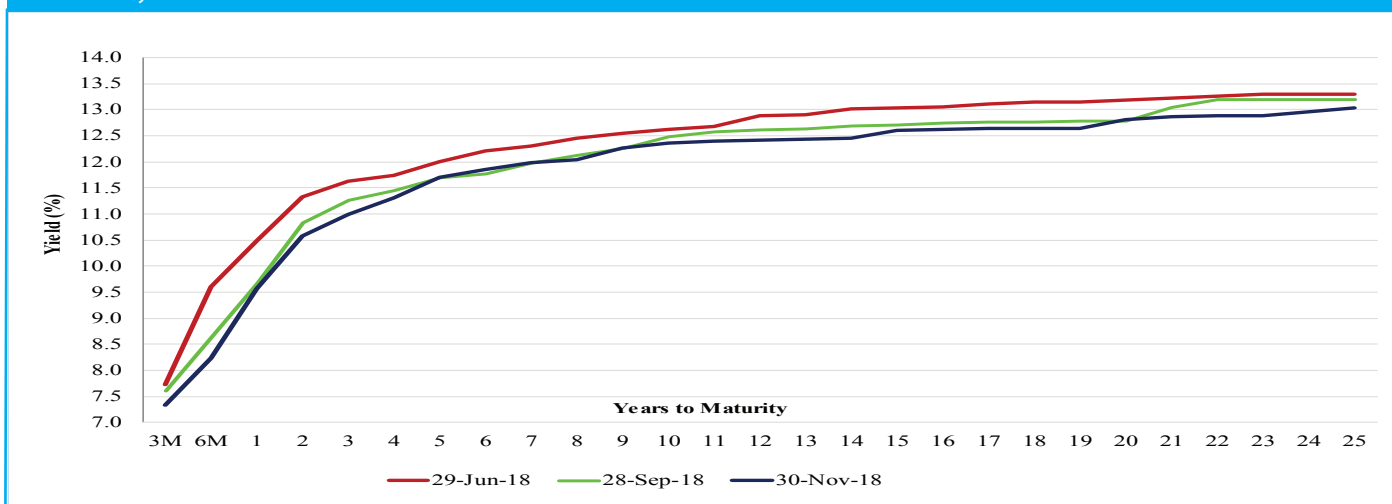
Source: Central Bank of Kenya

Table 5: Performance of Treasury Bonds Auctions

Date of Auction	22-Aug-18	19-Sep-18		17-Oct-18	31-Oct-18	14-Nov-18	28-Nov-18
		REOPEN	REOPEN				TAP
Tenor	FXD1/2018/10	FXD1/2018/10	FXD1/2018/20	FXD2/2018/15	FXD2/2018/15	IFB1/2018/20	IFB1/2018/20
Amount offered (Ksh M)	40,000.0	40,000.0		40,000.0	32,000.0	50,000.0	22,410.0
Bids received (Ksh M)	29,825.3	32,466.5		27,045.4	25,375.6	40,393.3	8,726.5
Amount Accepted (Ksh M)	19,362.2	21,244.6	5,308.4	7,854.1	21,261.9	27,588.4	8,726.5
Maturities (Ksh M)	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Average interest Rate (%)	12.69	12.67	12.93	12.75	12.73	12.16	12.16

Source: Central Bank of Kenya

Chart 1: Kenya Government Securities Yield Curve



Source: Central Bank of Kenya and NSE

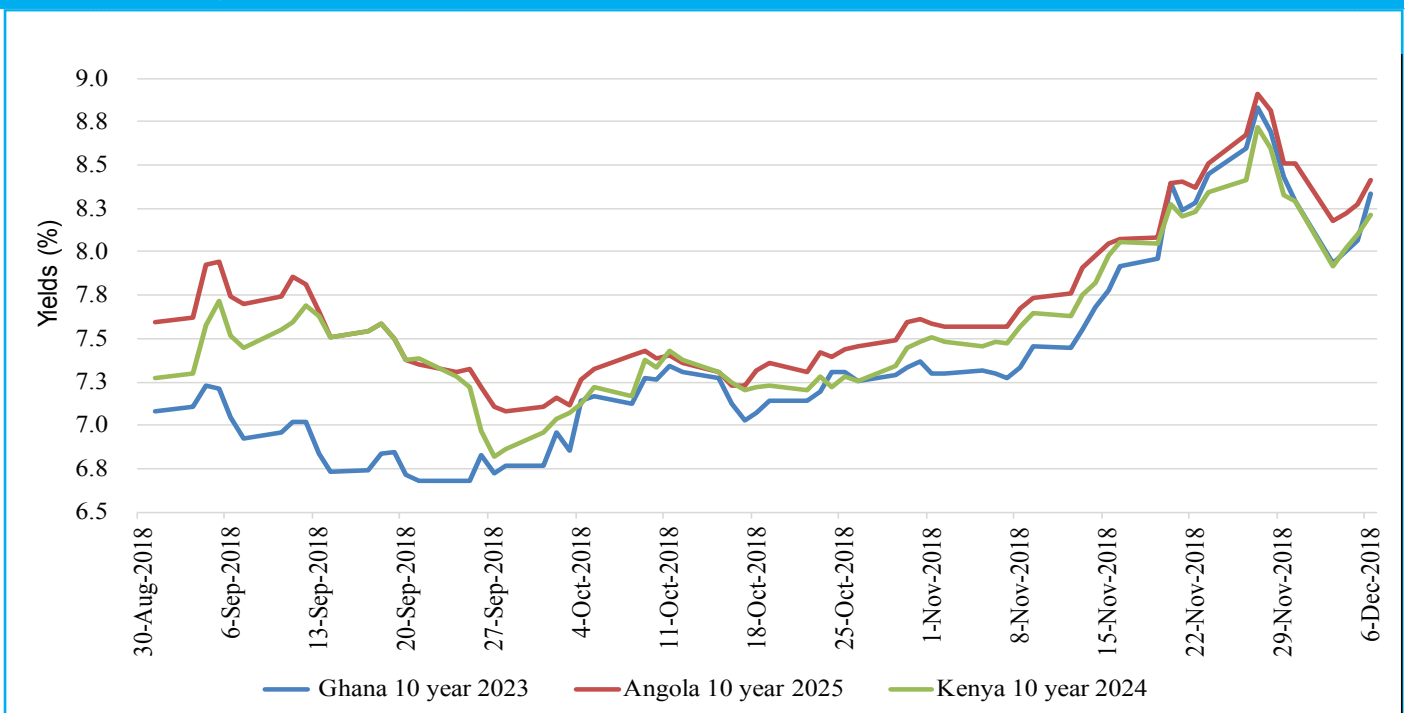
Table 6: Key Weekly Market Indicators

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 Turn-over (KSh Million)	5-Year Euro-bond Yield (%)	10-Year Euro-bond Yield (%) - 2024	10-Year Euro-bond Yield (%) - 2028	30-Year Euro-bond Yield (%)
23-Nov-18	144.13	3621.18	2760.84	981	14.37	633.88	2,130.81	1,136.40	6.494	8.343	9.175	9.961
26-Nov-18	144.43	3635.35	2771.23	1,047	21.11	686.47	2,135.25	813.32	6.497	8.415	9.246	10.013
27-Nov-18	144.72	3650.65	2776.86	1,235	32.87	816.48	2,139.52	1,647.55	6.501	8.717	9.380	10.284
28-Nov-18	145.30	3672.07	2780.56	999	20.73	504.67	2,148.17	1,517.61	6.413	8.597	9.282	10.014
29-Nov-18	145.32	3684.00	2790.30	1,009	16.59	400.56	2,148.43	1,377.50	6.098	8.330	9.071	9.800
<b>Nov 23-29, 2018</b>	<b>145.32</b>	<b>3684.00</b>	<b>2790.30</b>	<b>5,271</b>	<b>105.67</b>	<b>3,042.06</b>	<b>2,148.43</b>	<b>6,492.38</b>	<b>6.098</b>	<b>8.330</b>	<b>9.071</b>	<b>9.800</b>
30-Nov-18	146.08	3713.16	2792.44	1341.00	26.90	768.19	2,183.99	1,314.48	6.099	8.289	9.006	9.696
3-Dec-18	146.52	3726.06	2795.91	889.00	9.33	278.63	2,183.36	1,573.66	5.774	7.919	8.642	9.395
4-Dec-18	146.49	3732.51	2801.40	994.00	9.02	229.25	2,192.96	1,050.15	5.868	8.019	8.748	9.528
5-Dec-18	146.46	3734.43	2791.52	973.00	7.51	233.54	2,192.51	484.38	5.633	8.096	8.856	9.608
6-Dec-18	145.65	3715.66	2790.91	1073.00	8.44	192.11	2,180.28	2,293.17	5.869	8.215	8.965	9.740
<b>Nov 30 - Dec 6, 2018</b>	<b>145.65</b>	<b>3715.66</b>	<b>2790.91</b>	<b>5270.00</b>	<b>61.20</b>	<b>1701.71</b>	<b>2,180.28</b>	<b>6,715.82</b>	<b>5.869</b>	<b>8.215</b>	<b>8.965</b>	<b>9.740</b>
Weekly Change (%)	0.23	0.86	0.02	-0.02	-42.08	-44.06	1.48	3.44	-0.23*	-0.12*	-0.11*	-0.06*

\* Percentage points

Source: Central Bank of Kenya, NSE and Thompson Reuters

Chart 2: Yields on 10 year Eurobonds for Selected African Countries



Source: Thomson Reuters

Table 7: Government Domestic Debt (KSh Billion)

	28-Sep-18	26-Oct-18	02-Nov-18	09-Nov-18	16-Nov-18	23-Nov-18	30-Nov-18
1. Treasury Bills (Excluding Repos)	867.51	952.56	952.00	961.29	954.77	959.73	950.13
(As % of total securities)	37.14	38.41	38.39	38.30	38.14	38.36	38.21
2. Treasury Bonds	1,468.50	1,527.62	1,527.62	1,548.84	1,548.84	1,542.15	1,536.79
(As % of total securities)	62.86	61.59	61.61	61.70	61.86	61.64	61.79
3. Total Securities (1+2)	2,336.00	2,480.18	2,479.62	2,510.12	2,503.61	2,501.88	2,486.91
4. Overdraft at Central Bank	36.29	23.44	25.17	8.43	4.77	35.25	44.89
5. Other Domestic debt*	168.54	31.56	31.56	31.56	31.53	31.53	31.53
6. Gross Domestic Debt (3+4+5)	2,540.83	2,535.18	2,536.35	2,550.12	2,539.92	2,568.66	2,563.34

\* 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-Sep-18	26-Oct-18	2-Nov-18	9-Nov-18	16-Nov-18	23-Nov-18	30-Nov-18
Treasury bills (Excluding Repos)	34.14	37.57	37.53	37.70	37.59	37.36	37.07
Treasury bonds	57.80	60.26	60.23	60.74	60.98	60.04	59.95
CBK Overdraft to Govt	1.43	0.92	0.99	0.33	0.19	1.37	1.75
Other domestic debt	6.63	1.24	1.24	1.24	1.24	1.23	1.23
TOTAL	100.0	100.0	100.0	100.0	100.0	100.0	100.0

Source: Central Bank of Kenya

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

	28-Sep-18	26-Oct-18	2-Nov-18	9-Nov-18	16-Nov-18	23-Nov-18	30-Nov-18
Banking Institutions	54.97	54.74	54.89	54.43	54.16	54.63	54.83
Insurance Companies	6.07	6.09	6.09	6.12	6.12	6.01	5.95
Parastatals	7.32	7.50	7.42	7.50	7.74	7.67	7.54
Pension funds	27.12	27.15	27.07	27.43	27.44	27.17	27.16
Other investors	4.52	4.52	4.53	4.52	4.54	4.51	4.52
Total	100.0	100.0	100.0	100.0	100.0	100.0	100.0

Source: Central Bank of Kenya

Table 10: Indicators of Total Government Debt

	Sep-16	Dec-17	Mar-18	Apr-18	May-18	Jun-18	Sep-18
Domestic debt (KSh Billion)	1,854.55	2,220.35	2,371.65	2,415.25	2,447.58	2,478.84	2,540.70
Public & Publicly Guaranteed External debt (US \$ Billion)	18.16	22.76	24.91	25.53	25.33	25.34	25.81
Public & Publicly Guaranteed External debt (KSh Billion)	1,838.42	2,349.28	2,512.43	2,562.18	2,573.13	2,560.20	2,605.33
Total public debt (KSh Billion)	3,692.97	4,569.63	4,884.08	4,977.43	5,020.70	5,039.03	5,146.04

\*Provisional

Source: National Treasury and Central Bank of Kenya