



Central Bank of Kenya

# Weekly Statistical Bulletin

Key Monetary and Financial Indicators

August 31, 2018

## Inflation

Overall inflation remained below the midpoint of the target band in August 2018, largely due to low food prices. It declined to 4.0 percent from 4.4 percent in July 2018. Prices of key food items in the CPI basket such as carrots, loose maize grain, loose maize flour, tomatoes, cabbages, and beans recorded significant declines. However, energy prices continued to exert upward pressure on overall inflation due to higher fuel and electricity prices.

Non-Food-Non-Fuel (NFnF) inflation remained below 5 percent in August 2018. However, it increased to 4.2 percent in August 2018 from 4.0 percent in July, partly due to the excise tax indexation which affected 'Alcoholic beverages, Tobacco and Narcotics' category (**Chart 1**).

## Interbank Market

Activity in the interbank market remained high during the week ending August 29, 2018, partly reflecting increased demand for funds to facilitate VAT tax remittances and relatively lower government payments. The average volumes traded increased to KSh 22.48 billion during the week compared to KSh 17.90 billion in the previous week, while the average number of deals increased to 35 from 28. The weighted average interbank rate however, declined to 5.84 percent from 6.07 percent in the previous week, partly reflecting trading by some banks at lower interest rates (**Table 1**).

## Exchange Rate

The Kenya Shilling strengthened marginally against the US Dollar during the week ending August 30, 2018 boosted by inflows from offshore banks and

the NGO sector. The Shilling also strengthened against the Japanese Yen but weakened against the Sterling Pound and the Euro. In the EAC region, the Kenya Shilling strengthened against all the EAC currencies (**Table 2**).

## Government Securities Market

The Government securities market performed well during the week ending August 31, 2018 with the Treasury bills auction for the week achieving a subscription rate of 176.14 percent rate compared to 120.35 percent in the previous week. The auction received bids totaling KSh 42.3 billion against an advertised amount of KSh 24.0 billion. The 91-day and 364-day tenures were oversubscribed, while the 182-day tenor received a subscription of 89.96 percent. Interest rates on the Treasury bill 182-day and 364-day continued to decline during the week ending August 31, 2018, while interest rate on the 91-day Treasury bill increased slightly (**Table 5**).

## Equity Market

Trading activity in the equity market recorded mixed performance as indicated by leading indicators for the week ending August 30, 2018. The NASI, NSE 25 and NSE 20 share price indices declined by 0.59 percent, 1.88 percent and 1.82 percent, respectively. The value of shares traded increased by 34.14 percent resulting in a 51.16 percent increase in equity turnover. However, shareholders' wealth, measured by market capitalisation, reduced by 0.59 percent over the week on account of depressed share prices (**Table 3**).

## Bond Market

The bond market recorded improved performance during the week under review with bond turnover

increasing by 174.52 percent, on account of increased number of deals from 173 in the previous week to 290. Yields on Kenya's 5-year, 10-year (2028) and 30-year Eurobonds increased in the week ending August 30, 2018, reflecting marginal rise in investors' risk perceptions (**Table 4**). Yield on Kenya's 10-year Eurobond (2024) rose slightly, depicting a similar trend to yields on bonds of a similar maturity for select African countries, with the exception of Zambia (**Chart 2**).

**Table 1: Interbank Deals, Volumes and Interest Rates**

Date	Number of Deals	Value (KSh M)	Average Interbank Rate (%)
16-Aug-18	21	11,965	6.09
17-Aug-18	27	15,665	6.15
20-Aug-18	30	18,700	6.10
21-Aug-18	HOLIDAY		
22-Aug-18	34	25,275	5.96
<b>August 16-22, 2018</b>	<b>28</b>	<b>17,901</b>	<b>6.07</b>
23-Aug-18	39	26,180	5.88
24-Aug-18	31	18,925	5.85
27-Aug-18	35	25,715	5.76
28-Aug-18	37	23,395	5.88
29-Aug-18	31	18,175	5.80
<b>August -23-29, 2018</b>	<b>35</b>	<b>22,478</b>	<b>5.84</b>

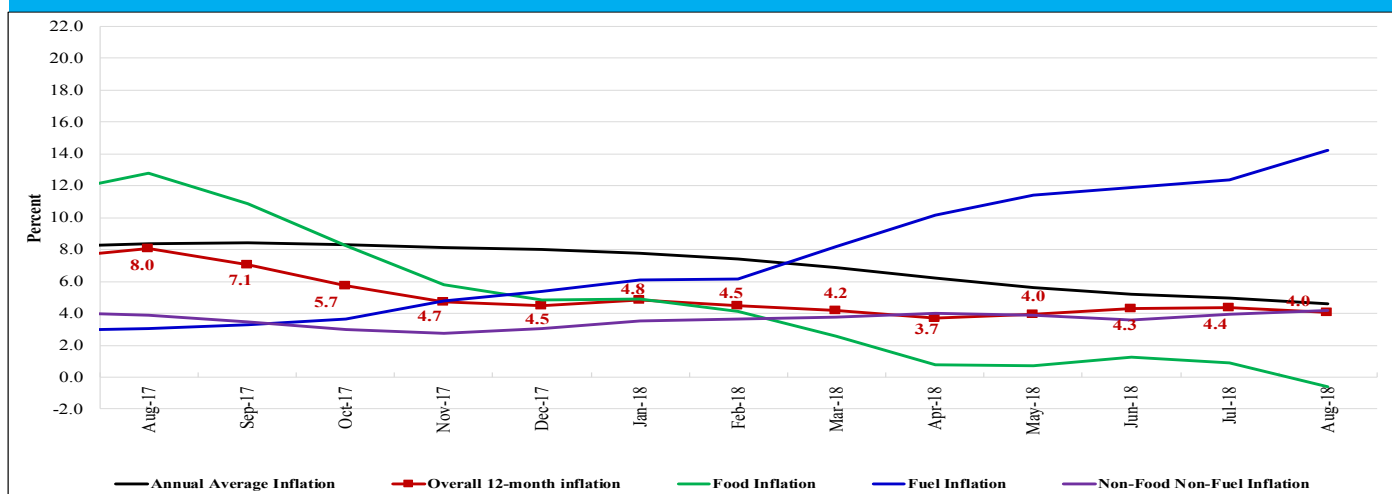
Source :Central Bank of Kenya

**Table 2: Kenya Shilling Exchange Rates (Indicative Mean Rates)**

	USD	Sterling Pound	Euro	100 Japanese Yen	USHS*	TSHS*	RWF*	BIF*
17-Aug-18	100.79	128.19	114.90	91.14	37.24	22.69	8.71	17.55
20-Aug-18	100.86	128.34	115.05	91.33	37.08	22.64	8.71	17.54
21-Aug-18	HOLIDAY							
22-Aug-18	100.89	128.81	115.34	91.41	37.29	22.63	8.72	17.53
23-Aug-18	100.64	130.03	116.73	91.14	37.21	22.73	8.74	17.58
<b>August 17-23, 2018</b>	<b>100.79</b>	<b>128.84</b>	<b>115.51</b>	<b>91.25</b>	<b>37.21</b>	<b>22.67</b>	<b>8.72</b>	<b>17.55</b>
24-Aug-18	100.68	129.51	116.53	91.18	37.20	22.72	8.74	17.58
27-Aug-18	100.79	129.52	117.03	90.76	37.26	22.65	8.73	17.56
28-Aug-18	100.79	129.81	117.35	90.77	37.26	22.69	8.73	17.56
29-Aug-18	100.68	130.05	117.96	90.66	37.30	22.72	8.74	17.58
30-Aug-18	100.69	130.33	117.39	90.67	37.42	22.71	8.74	17.58
<b>August -24-30, 2018</b>	<b>100.72</b>	<b>129.84</b>	<b>117.25</b>	<b>90.81</b>	<b>37.29</b>	<b>22.70</b>	<b>8.74</b>	<b>17.57</b>

\* Units of currency per Kenya Shilling

Source :Central Bank of Kenya

**Chart 1: Inflation Developments**

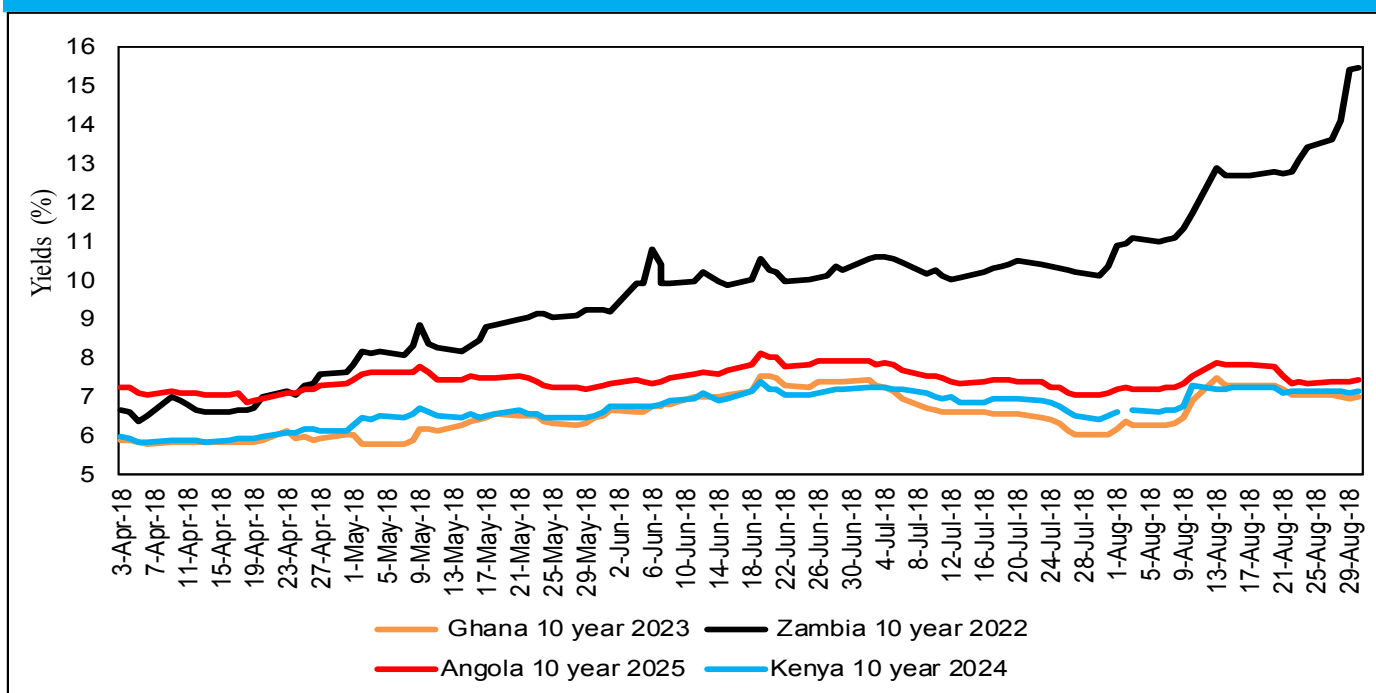
Source: KNBS and CBK staff calculations

**Table 3: 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 Euro-bond Yield (%)	10-Year Euro-bond Yield (%) - 2024	10-Year Euro-bond Yield (%) - 2028	30-Year Euro-bond Yield (%)
17-Aug-18	174.59	4517.13	3336.06	1,059	5.02	118.31	2,580.37	259.10	5.250	7.242	7.807	8.744
20-Aug-18	174.31	4495.43	3336.69	1,087	16.24	417.53	2,576.28	2,045.25	5.248	7.218	7.815	8.749
21-Aug-18	Holiday								5.092	7.114	7.839	8.764
22-Aug-18	173.96	4473.89	3344.94	1,032	19.97	467.94	2,571.11	1,323.90	5.089	7.143	7.824	8.759
23-Aug-18	173.31	4446.74	3305.29	1,312	10.51	345.70	2,561.50	1,095.01	4.616	7.144	7.716	8.660
<b>August 17 - 23, 2018</b>	<b>173.31</b>	<b>4446.74</b>	<b>3305.29</b>	<b>4,490</b>	<b>51.73</b>	<b>1,349.47</b>	<b>2,561.50</b>	<b>4,723.26</b>	<b>4.616</b>	<b>7.144</b>	<b>7.716</b>	<b>8.660</b>
24-Aug-18	172.98	4443.70	3296.26	1,115	13.03	506.65	2,556.57	2,290.88	5.079	7.157	7.739	8.665
27-Aug-18	171.33	4372.10	3259.37	1,056	7.98	270.35	2,532.06	2,827.43	5.233	7.165	7.724	8.665
28-Aug-18	173.18	4394.60	3253.09	1,258	28.52	539.91	2,559.59	3,206.74	5.073	7.138	7.701	8.651
29-Aug-18	173.11	4385.15	3248.70	1,091	12.66	399.44	2,558.41	2,097.67	4.896	7.081	7.763	8.651
30-Aug-18	172.29	4363.11	3245.16	1,035	7.21	323.54	2,546.32	2,543.39	5.062	7.160	7.794	8.794
<b>August 24 - 30, 2018</b>	<b>172.29</b>	<b>4363.11</b>	<b>3245.16</b>	<b>5,555</b>	<b>69.39</b>	<b>2,039.89</b>	<b>2,546.32</b>	<b>12,966.11</b>	<b>5.062</b>	<b>7.160</b>	<b>7.794</b>	<b>8.794</b>
<b>Weekly Change (%)</b>	<b>-0.59</b>	<b>-1.88</b>	<b>-1.82</b>	<b>23.72</b>	<b>34.14</b>	<b>51.16</b>	<b>-0.59</b>	<b>174.52</b>	<b>0.446*</b>	<b>0.017*</b>	<b>0.078*</b>	<b>0.134*</b>

\* Percentage points

Source: Central Bank of Kenya, NSE and Thompson Reuters

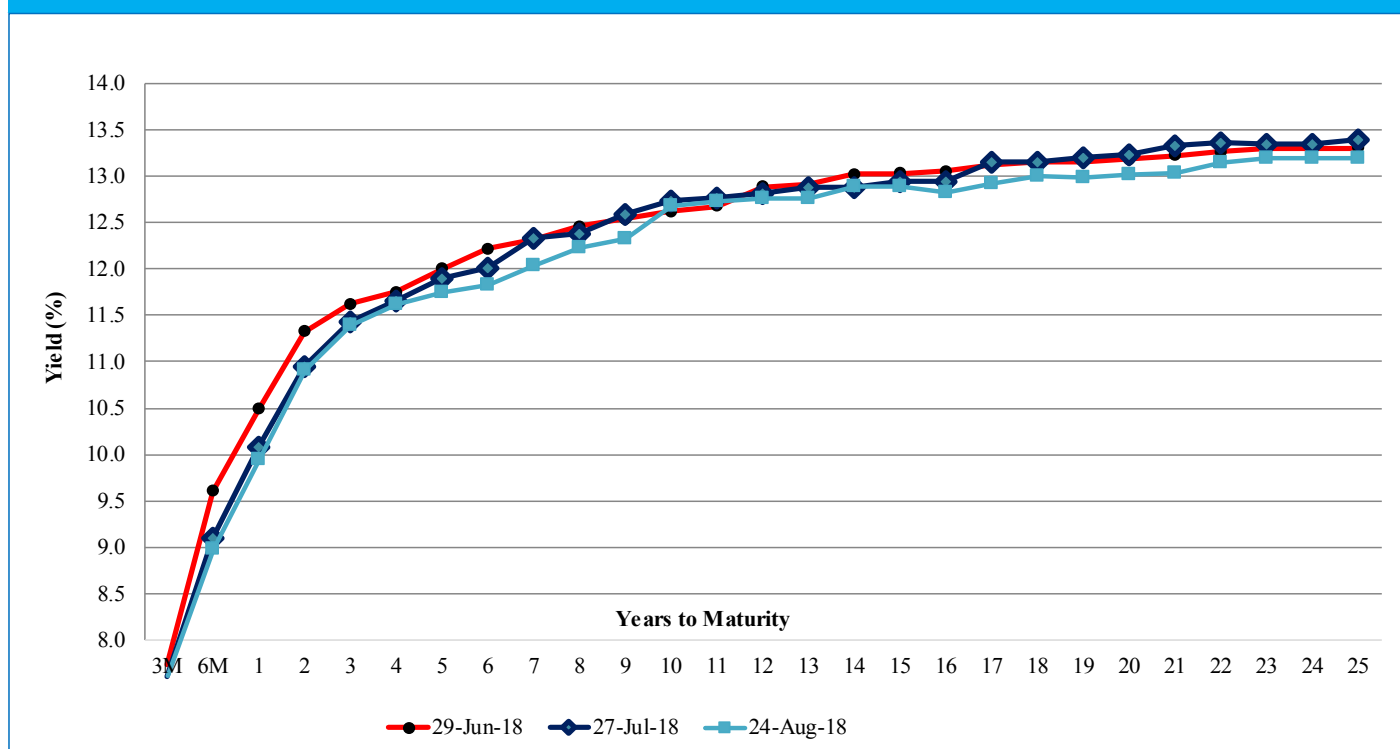
**Chart 2: Yields on 10 year Eurobonds in Selected African Countries**

Source: Thompson Reuters

**Table 4: Performance of Treasury Bonds Auctions**

Date of Auction	28-Mar-18		25-Apr-18		23-May-18	20-Jun-18	25-Jul-18	22-Aug-18
Tenor	TAP FXD 1/2018/5	TAP FXD 1/2018/20	REOPEN FXD 1/2008/15	REOPEN FXD 1/2018/20	FXD1/2018/15	FXD1/2018/25	FXD2/2018/20	FXD2/2018/10
Amount offered (Ksh M)	8,500.0		40,000.0		40,000.0	40,000.0	40,000.0	40,000.0
Bids received (Ksh M)	7,739.2	7,769.3	22,864.2	9,904.2	20,217.0	10,130.7	13,860.3	29,825.3
Amount Accepted (Ksh M)	7,739.2	7,769.3	20,152.6	6,786.1	12,863.5	5,171.8	10,512.4	19,362.2
Maturities (Ksh M)	0.0	0.0	0.0	0.0	0.0	26,340.1	0.0	0.0
Average interest Rate (%)	12.299	13.336	12.317	13.327	13.078	13.451	13.371	12.686

Source: Central Bank of Kenya

**Chart 3: Kenya Government Securities Yield Curve**

Source: Central Bank of Kenya and NSE

**Table 5: Performance of Treasury Bills Auctions****91-Day Treasury Bills**

Date of Auction	09-Aug-18	16-Aug-18	23-Aug-18	30-Aug-18
Amount offered (Ksh M)	4,000.00	4,000.00	4,000.00	4,000.00
Bids received (Ksh M)	602.78	6,154.56	1,934.23	11,583.89
Amount Accepted (Ksh M)	602.78	6,154.56	1,934.23	11,583.89
Maturities (Ksh M)	4,836.35	2,987.00	7,889.70	7,369.50
<b>Average interest Rate (%) - 91 Days</b>	<b>7.668</b>	<b>7.664</b>	<b>7.614</b>	<b>7.658</b>

**182-Day Treasury Bills**

Date of Auction	09-Aug-18	16-Aug-18	23-Aug-18	30-Aug-18
Amount offered (Ksh M)	10,000.00	10,000.00	10,000.00	10,000.00
Bids received (Ksh M)	2,049.41	7,283.07	9,405.58	8,996.34
Amount Accepted (Ksh M)	2,049.41	7,256.29	7,191.21	6,664.64
Maturities (Ksh M)	13,109.45	11,251.40	8,841.95	14,578.65
<b>Average interest Rate (%) - 182 days</b>	<b>9.017</b>	<b>9.005</b>	<b>8.983</b>	<b>8.950</b>

**364-Day Treasury Bills**

Date of Auction	09-Aug-18	16-Aug-18	23-Aug-18	30-Aug-18
Amount offered (Ksh M)	10,000.00	10,000.00	10,000.00	10,000.00
Bids received (Ksh M)	11,114.43	11,084.78	17,544.05	21,693.26
Amount Accepted (Ksh M)	10,676.17	10,087.52	13,774.85	14,636.60
Maturities (Ksh M)	8,778.70	12,861.60	13,362.30	16,515.70
<b>Average interest Rate (%) - 364 days</b>	<b>9.990</b>	<b>9.984</b>	<b>9.941</b>	<b>9.906</b>

Source: Central Bank of Kenya

**Table 6: Government Domestic Debt (KSh Billion)**

	29-Mar-18	29-Jun-18	27-Jul-18	03-Aug-18	10-Aug-18	17-Aug-18	24-Aug-18
1. Treasury Bills (Excluding Repos)	772.70	878.62	946.99	946.22	942.44	930.14	927.97
<b>(As % of total securities)</b>	<b>33.59</b>	<b>36.75</b>	<b>38.73</b>	<b>38.54</b>	<b>38.44</b>	<b>38.19</b>	<b>38.14</b>
2. Treasury Bonds	1,527.84	1,511.87	1,498.37	1,509.00	1,509.00	1,505.10	1,505.10
<b>(As % of total securities)</b>	<b>66.41</b>	<b>63.25</b>	<b>61.27</b>	<b>61.46</b>	<b>61.56</b>	<b>61.81</b>	<b>61.86</b>
3. Total Securities (1+2)	2,300.54	2,390.49	2,445.36	2,455.22	2,451.44	2,435.24	2,433.07
4. Overdraft at Central Bank	39.65	56.85	30.24	-	-	3.89	7.84
5. Other Domestic debt*	31.46	31.44	31.49	31.48	31.48	32.08	32.07
<b>6. Gross Domestic Debt (3+4+5)</b>	<b>2,371.65</b>	<b>2,478.78</b>	<b>2,507.09</b>	<b>2,486.70</b>	<b>2,482.92</b>	<b>2,471.21</b>	<b>2,472.98</b>

\* 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 (Percent)**

	29-Mar-18	29-Jun-18	27-Jul-18	03-Aug-18	10-Aug-18	17-Aug-18	24-Aug-18
Treasury bills (Excluding Repos)	32.6	35.4	37.8	38.1	38.0	37.6	37.5
Treasury bonds	64.4	61.0	59.8	60.7	60.8	60.9	60.9
CBK Overdraft to Govt	1.7	2.3	1.2	0.0	0.0	0.2	0.3
Other domestic debt	1.3	1.3	1.3	1.3	1.3	1.3	1.3
<b>TOTAL</b>	<b>100.0</b>	<b>100.0</b>	<b>100.0</b>	<b>100.0</b>	<b>100.0</b>	<b>100.0</b>	<b>100.0</b>

Source: Central Bank of Kenya

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

	29-Mar-18	29-Jun-18	27-Jul-18	03-Aug-18	10-Aug-18	17-Aug-18	24-Aug-18
Banking Institutions	55.3	55.2	55.7	55.1	55.1	55.2	55.1
Insurance Companies	6.4	6.2	6.1	6.2	6.2	6.2	6.2
Parastatals	6.8	7.0	7.1	7.2	7.3	7.3	7.1
Pension funds	27.1	27.1	26.6	27.0	26.9	26.9	27.2
Other investors	4.5	4.4	4.4	4.5	4.5	4.5	4.5
<b>Total</b>	<b>100.0</b>	<b>100.0</b>	<b>100.0</b>	<b>100.0</b>	<b>100.0</b>	<b>100.0</b>	<b>100.0</b>

Source: Central Bank of Kenya

**Table 9: Indicators of Total Government Debt**

	Jun-17	Sep-17	Dec-17	Mar-18	Apr-18	May-18	Jun-18
Domestic debt (KSh Billion)	2,111.71	2,172.84	2,220.35	2,371.65	2,415.25	2,447.58	2,478.84
Public & Publicly Guaranteed External debt (US \$ Billion)	22.1	22.4	22.8	24.9	25.5	25.3	25.3
Public & Publicly Guaranteed External debt (KSh Billion)	2,294.40	2,310.20	2,349.28	2,512.43	2,562.18	2,573.13	2,560.20
<b>Total public debt (KSh Billion)</b>	<b>4,406.11</b>	<b>4,483.03</b>	<b>4,569.63</b>	<b>4,884.08</b>	<b>4,977.43</b>	<b>5,020.70</b>	<b>5,039.03</b>

Source: National Treasury and Central Bank of Kenya

**Table 10: Official Foreign Exchange Reserves in US\$ Million (Usable)**

	26-Jul-18	02-Aug-18	09-Aug-18	16-Aug-18	23-Aug-18	30-Aug-18
1. CBK Usable Foreign Exchange Reserves (USD Million)*	8,832	8,761	8,754	8,689	8,676	8,577
2. CBK Usable Foreign Exchange Reserves (Months of Import Cover)**	5.88	5.84	5.83	5.79	5.78	5.71

\*Excludes Encumbered Reserves

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

Source: Central Bank of Kenya