



Central Bank of Kenya

# Weekly Bulletin

## Key Monetary and Financial Indicators

November 16, 2018

### Interbank Market

The interbank market had reduced liquidity during the week ending November 14, 2018. Commercial banks' reserves above the statutory requirement stood at KSh 8.4 billion during the week compared with KSh 13.5 billion in the week ending November 7. The average number of interbank deals reduced to 32 during the week ending November 14, 2018 from 35 the previous week, while the average interbank volumes traded reduced slightly to KSh 25.1 billion from KSh 26.2 billion. The average interbank rate remained largely stable at 2.87 percent compared to 2.89 percent in the week ending November 7 (**Table 1**).

### Exchange Rate

The Kenya Shilling strengthened against the Euro and the Japanese Yen during the week ending November 15, 2018 but weakened against the Sterling Pound and the US Dollar. In the EAC region, the Kenya Shilling weakened marginally against all the other currencies (**Table 2**).

### Government Securities Market

The subscription rate on Government securities increased to 93.8 percent during the auction of November 15, 2018 compared to 87.3 percent in the previous week. The auction received bids amounting to KSh 22.5 billion against an advertised amount of KSh 24.0 billion. While the 182-day instrument received lower bids than the amount offered, the 91-day and 364-day tenures performed much better with subscription rates of 182.1 percent and 127.9 percent, respectively. All Treasury bill interest rates remained relatively stable during the week (**Table 5**).

The Treasury bond auction on November 14, 2018 achieved a subscription rate of 80.8 percent, having received bids worth KSh 40.4 billion out of the KSh 50.0 billion offered (**Table 4**).

### Equity Market

Activity in the equities market improved in the week ending November 15, 2018, with total shares traded, equity turnover and market capitalization increasing by 11.3 percent, 17.8 percent and 0.5 percent, respectively (**Table 3**). The NASI, NSE 25 and NSE 20 indices remained stable during the week.

### Bond Market

The secondary bond market recorded a 25.0 percent decline in bond turnover during the week ending November 15, 2018. In the international capital markets, yields on Kenya's Eurobonds increased during the week ending November 15, 2018 (**Table 3**). Yields on the 10-Year Eurobonds for selected African countries, like Ghana and Angola also increased (**Chart 1**).

### Global Financial Markets

The major U.S. stock indices declined during the week following negative market sentiments on the technology and financial sector stocks. The S&P 500, Dow Jones Industrial Average (DJIA) and NASDAQ Composite recorded lower indices of 2,730.2 points, 25,289.3 points and 6,890.5 points, respectively, reflecting losses of 2.7 percent, 3.4 percent and 3.8 percent in the week ending November 15, 2018.

Stock markets in Europe also declined during the week weighed down by Brexit discord as the UK FTSE 100 fell by 0.7 percent to close the week ending November 15, 2018 at 7,038.0 points while the German DAX fell by 1.3 percent to close at 11,448.3 points. The losses reflected deepening worries about the draft Brexit deal, which is yet to be concluded.

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

Date	Number of Deals	Value (KSh M)	Average Interbank Rate (%)
1-Nov-18	26	20,180	2.53
2-Nov-18	29	20,130	2.88
5-Nov-18	40	25,830	3.09
6-Nov-18	42	35,105	2.89
7-Nov-18	38	29,555	3.04
<b>November 1- 7, 2018</b>	<b>35</b>	<b>26,160</b>	<b>2.89</b>
8-Nov-18	30	26,420	3.23
9-Nov-18	36	30,405	2.99
12-Nov-18	28	21,460	2.84
13-Nov-18	33	24,775	2.25
14-Nov-18	35	22,211	3.03
<b>November 8 - 14, 2018</b>	<b>32</b>	<b>25,054</b>	<b>2.87</b>

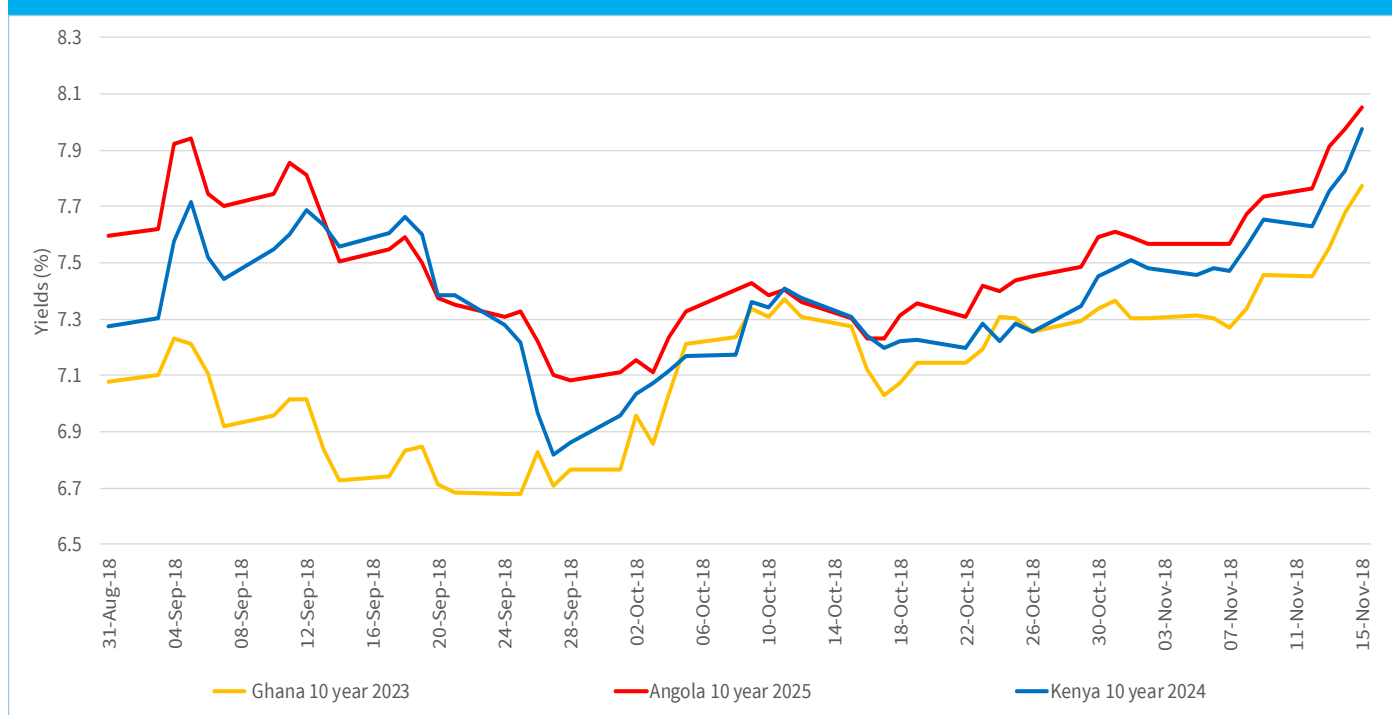
Source :Central Bank of Kenya

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

	USD	Sterling Pound	Euro	100 Japanese Yen	USHS*	TSHS*	RWF*	BIF*
2-Nov-18	101.74	131.39	115.94	90.28	36.76	22.55	8.72	17.48
5-Nov-18	101.46	131.76	115.74	89.84	36.91	22.61	8.75	17.56
6-Nov-18	101.51	132.06	115.47	89.56	36.99	22.59	8.75	17.55
7-Nov-18	101.82	133.66	116.62	90.06	36.88	22.53	8.72	17.50
8-Nov-18	101.78	133.61	116.83	89.83	36.84	22.54	8.73	17.50
<b>November 2-8, 2018</b>	<b>101.66</b>	<b>132.49</b>	<b>116.12</b>	<b>89.91</b>	<b>36.88</b>	<b>22.56</b>	<b>8.73</b>	<b>17.52</b>
9-Nov-18	101.86	133.52	116.38	89.43	36.87	22.52	8.72	17.50
12-Nov-18	102.10	133.14	115.98	89.64	36.73	22.47	8.70	17.46
13-Nov-18	102.44	131.78	115.46	90.01	36.58	22.39	8.67	17.40
14-Nov-18	102.66	133.21	115.66	90.12	36.48	22.32	8.66	17.36
15-Nov-18	102.91	133.49	116.31	90.33	36.30	22.30	8.64	17.32
<b>November 9-15, 2018</b>	<b>102.39</b>	<b>133.03</b>	<b>115.96</b>	<b>89.91</b>	<b>36.59</b>	<b>22.40</b>	<b>8.68</b>	<b>17.41</b>

\* Units of currency per Kenya Shilling

Source :Central Bank of Kenya

**Chart 1: Yields on 10 year Eurobonds in Selected African Countries**

Source: Thomson Reuters

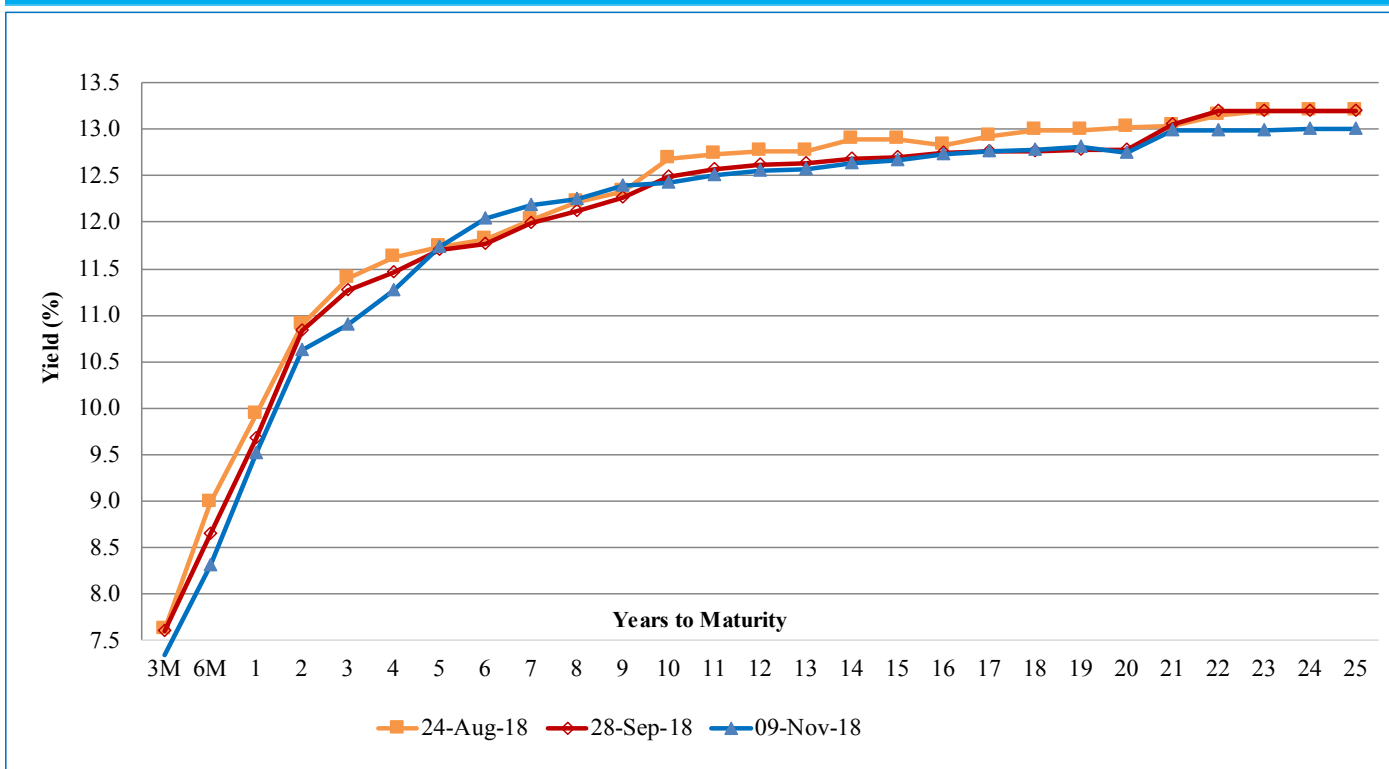
**Table 3: Key Weekly Market Indicators**

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 (%)
2-Nov-18	147.89	3,729.90	2,831.10	949	23.89	608.70	2,185	2,953.43	4.850	7.479	8.120	9.121
5-Nov-18	146.23	3,710.54	2,839.35	892	8.25	205.97	2,160	2,322.83	5.048	7.487	8.120	9.135
6-Nov-18	142.95	3,660.79	2,842.00	1,126	10.35	226.19	2,112	2,151.89	5.044	7.494	8.132	9.135
7-Nov-18	142.94	3,649.90	2,837.42	837	12.99	277.36	2,112	886.39	5.041	7.487	8.141	9.135
8-Nov-18	144.14	3,660.41	2,819.78	997	15.90	377.88	2,130	1,266.45	5.027	7.566	8.222	9.194
<b>November 2 - 8, 2018</b>	<b>144.14</b>	<b>3660.41</b>	<b>2819.78</b>	<b>4,801</b>	<b>71.37</b>	<b>1,696.10</b>	<b>2,129.51</b>	<b>9,580.98</b>	<b>5.027</b>	<b>7.566</b>	<b>8.222</b>	<b>9.194</b>
9-Nov-18	147.01	3,702.39	2,833.29	895.00	14.69	406.68	2,171.94	1,041.67	5.232	7.694	8.304	9.311
12-Nov-18	147.12	3,700.54	2,837.34	842.00	13.21	340.32	2,173.60	770.65	5.232	7.651	8.370	9.325
13-Nov-18	146.78	3,691.63	2,829.65	1,012.00	16.94	385.62	2,168.62	2,007.68	5.440	7.773	8.494	9.414
14-Nov-18	145.9	3,675.64	2,830.69	822.00	15.42	403.21	2,155.50	672.82	5.438	7.838	8.553	9.431
15-Nov-18	144.92	3,655.49	2,820.07	983.00	19.14	461.99	2,140.95	2,696.05	5.433	7.976	8.554	9.602
<b>November 9 - 15, 2018</b>	<b>144.92</b>	<b>3,655.49</b>	<b>2,820.07</b>	<b>4,554</b>	<b>79.40</b>	<b>1,997.83</b>	<b>2,140.95</b>	<b>7,188.86</b>	<b>5.433</b>	<b>7.976</b>	<b>8.554</b>	<b>9.602</b>
<b>Weekly Change (%)</b>	<b>0.54</b>	<b>-0.13</b>	<b>0.01</b>	<b>-5.14</b>	<b>11.25</b>	<b>17.79</b>	<b>0.54</b>	<b>-24.97</b>	<b>0.406*</b>	<b>0.410*</b>	<b>0.332*</b>	<b>0.408*</b>

\* Percentage points

Source: Central Bank of Kenya, NSE and Thompson Reuters

Chart 2: Kenya Government Securities Yield Curve



Source: Central Bank of Kenya and NSE

Table 4: Performance of Treasury Bonds Auctions

Date of Auction	25-Jul-18	22-Aug-18	19-Sep-18		17-Oct-18	31-Oct-18	14-Nov-18
			REOPEN				
Tenor	FXD2/2018/20	FXD1/2018/10	FXD1/2018/10	FXD1/2018/20	FXD2/2018/15	FXD2/2018/15	IFB1/2018/20
Amount offered (Ksh M)	40,000.0	40,000.0	40,000.0		40,000.0	32,000.0	50,000.0
Bids received (Ksh M)	13,860.3	29,825.3	32,466.5		27,045.4	25,375.6	40,393.3
Amount Accepted (Ksh M)	10,512.4	19,362.2	21,244.6	5,308.4	7,854.1	21,261.9	27,588.4
Maturities (Ksh M)	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Average interest Rate (%)	13.371	12.686	12.665	12.931	12.746	12.734	12.156

Source: Central Bank of Kenya

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

Date of Auction	25-Oct-18	01-Nov-18	08-Nov-18	15-Nov-18
Amount offered (Ksh M)	4,000.00	4,000.00	4,000.00	4,000.00
Bids received (Ksh M)	2,438.93	5,137.52	1,964.61	7,285.11
Amount Accepted (Ksh M)	2,437.55	5,137.52	1,964.61	7,285.11
Maturities (Ksh M)	2,036.80	577.10	611.20	6,264.40
<b>Average interest Rate (%) - 91 Days</b>	<b>7.494</b>	<b>7.387</b>	<b>7.349</b>	<b>7.347</b>

**182-Day Treasury Bills**

Date of Auction	25-Oct-18	01-Nov-18	08-Nov-18	15-Nov-18
Amount offered (Ksh M)	10,000.00	10,000.00	10,000.00	10,000.00
Bids received (Ksh M)	3,033.74	5,974.57	2,298.30	2,441.70
Amount Accepted (Ksh M)	3,033.74	5,974.97	2,298.30	2,441.70
Maturities (Ksh M)	9,837.10	8,550.55	13,132.20	4,494.05
<b>Average interest Rate (%) - 182 days</b>	<b>8.386</b>	<b>8.317</b>	<b>8.302</b>	<b>8.320</b>

**364-Day Treasury Bills**

Date of Auction	25-Oct-18	01-Nov-18	08-Nov-18	15-Nov-18
Amount offered (Ksh M)	10,000.00	10,000.00	10,000.00	10,000.00
Bids received (Ksh M)	10,564.40	14,430.30	16,707.13	12,788.38
Amount Accepted (Ksh M)	10,564.40	14,430.30	14,402.01	11,876.79
Maturities (Ksh M)	5,870.10	8,824.00	12,918.35	7,186.20
<b>Average interest Rate (%) - 364 days</b>	<b>9.524</b>	<b>9.519</b>	<b>9.520</b>	<b>9.512</b>

Source: Central Bank of Kenya

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

	28-Sep-18	05-Oct-18	12-Oct-18	19-Oct-18	26-Oct-18	02-Nov-18	09-Nov-18
1. Treasury Bills (Excluding Repos)	867.51	953.44	962.98	966.37	952.56	952.00	961.29
<b>(As % of total securities)</b>	<b>37.14</b>	<b>38.41</b>	<b>38.65</b>	<b>38.73</b>	<b>38.41</b>	<b>38.39</b>	<b>38.30</b>
2. Treasury Bonds	1,468.50	1,528.77	1,528.77	1,528.77	1,527.62	1,527.62	1,548.84
<b>(As % of total securities)</b>	<b>62.86</b>	<b>61.59</b>	<b>61.35</b>	<b>61.27</b>	<b>61.59</b>	<b>61.61</b>	<b>61.70</b>
3. Total Securities (1+2)	2,336.00	2,482.21	2,491.75	2,495.14	2,480.18	2,479.62	2,510.12
4. Overdraft at Central Bank	36.29	0.00	0.01	4.33	23.44	25.17	8.43
5. Other Domestic debt*	168.54	31.70	31.56	31.59	31.56	31.56	31.56
<b>6. Gross Domestic Debt (3+4+5)</b>	<b>2,540.83</b>	<b>2,513.91</b>	<b>2,523.32</b>	<b>2,531.05</b>	<b>2,535.18</b>	<b>2,536.35</b>	<b>2,550.12</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)**

	28-Sep-18	05-Oct-18	12-Oct-18	19-Oct-18	26-Oct-18	02-Nov-18	09-Nov-18
Treasury bills (Excluding Repos)	34.1	37.9	38.2	38.2	37.6	37.5	37.7
Treasury bonds	57.8	60.8	60.6	60.4	60.3	60.2	60.7
CBK Overdraft to Govt	1.4	0.0	0.0	0.2	0.9	1.0	0.3
Other domestic debt	6.6	1.3	1.3	1.2	1.2	1.2	1.2
<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)**

	28-Sep-18	05-Oct-18	12-Oct-18	19-Oct-18	26-Oct-18	02-Nov-18	09-Nov-18
Banking Institutions	55.0	54.2	54.4	54.3	54.7	54.9	54.4
Insurance Companies	6.1	6.1	6.1	6.1	6.1	6.1	6.1
Parastatals	7.3	7.3	7.4	7.4	7.5	7.4	7.5
Pension funds	27.1	27.7	27.5	27.6	27.1	27.1	27.4
Other investors	4.5	4.6	4.6	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**

	Sep-17	Dec-17	Mar-18	Apr-18	May-18	Jun-18	Sep-18
Domestic debt (KSh Billion)	2,172.84	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)	22.4	22.8	24.9	25.5	25.3	25.3	25.8
Public & Publicly Guaranteed External debt (KSh Billion)	2,310.20	2,349.28	2,512.43	2,562.18	2,573.13	2,560.20	2,605.33
<b>Total public debt (KSh Billion)</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>	<b>5,146.04</b>

\*Provisional

Source: National Treasury and Central Bank of Kenya

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

	11-Oct-18	18-Oct-18	25-Oct-18	01-Nov-18	08-Nov-18	15-Nov-18
1. CBK Usable Foreign Exchange Reserves (USD Million)*	8,445	8,407	8,306	8,221	8,152	8,063
2. CBK Usable Foreign Exchange Reserves (Months of Import Cover)**	5.59	5.57	5.50	5.44	5.40	5.34

\*Excludes Encumbered Reserves

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

Source: Central Bank of Kenya