



Central Bank of Kenya

Weekly Bulletin

January 11, 2019

KEY MONETARY AND FINANCIAL INDICATORS

Exchange Rate

The Kenya Shilling remained stable against major international and regional currencies during the week ending January 10. The Shilling's value was stronger at 101.9 to the US Dollar on January 10 compared to 102.1 on January 3 (Table 1).

Foreign Exchange Reserves

The CBK usable foreign exchange reserves remained strong at USD 7,983 million (5.2 months of imports cover) as at January 10. This fulfils the requirement to endeavor to maintain at least 4 months of imports cover, and the EAC region's convergence criteria of 4.5 months of import cover (Table 2).

Money Market

The money market was liquid during the week ending January 10, partly due to government payments which offset tax payments in the week. Commercial banks' excess reserves stood at KSh 17.3 billion in relation to the 5.25 percent cash reserves requirement (CRR). The average interbank rate declined to 2.26 percent on January 10 from 4.06 percent on January 3. The average number of interbank deals remained relatively stable at 20 compared to 21 in the previous week, while the average interbank volumes traded fell to KSh 10.1 billion from KSh 12.1 billion (Table 3).

Government Securities Market

The Treasury bills auction of January 10 received bids totalling KSh 67.6 billion against an advertised amount of KSh 24.0 billion, representing a performance rate of 281.5 percent. All the Treasury bill instruments were oversubscribed with the 364-day Treasury bill attracting the highest bids. Interest rates on all Treasury bill tenures declined marginally (Table 4).

Equity Market

The performance of the equity market improved during the week ending January 10. The NASI and the NSE 25 share indices increased by 1.2 percent and 0.5 percent, respectively, while the NSE 20 share price index reduced by 1.3 percent. The number of shares traded and equity turnover increased by 113.0 percent and 90.1 percent, respectively. As a result, market capitalization increased by 1.2 percent from KSh 2,091.1 billion to KSh 2,116.7 billion during the period (Table 6).

Bond Markets

Turnover in the secondary bond market increased by 258.8 percent during the week ending January 10. In the international market, yields on Kenya's 5-year, 10-year (2024), 10 Year (2028) and 30-year Eurobonds declined during the week (Table 6). Similarly, yields on Ghana's and Angola's 10-year Eurobonds declined.

Global Trends

Global financial markets activity improved with the commencement of US-China talks over tariff and trade disputes. On economic outlook, the World Bank has revised its global growth projection for 2019 downwards from 3 percent to 2.9 percent. This is attributed to the heightened downside risks including escalation of trade disputes by major economies, slowdown in investment due to rising interest rates, rising debt vulnerabilities in emerging and developing economies and continued uncertainty around the Brexit resolution.

International oil prices edged up in the week ending January 10, reflecting the effects of OPEC production cuts, slowdown in US Shale production, and optimism of the US-China trade talks. Murban oil rose to USD 61.47 per barrel on January 10 compared to USD 53.93 per barrel on January 3.

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

	USD	Sterling Pound	Euro	100 Japanese Yen	USHS*	TSHS*	RWF*	BIF*
28-Dec-18	101.81	128.66	115.91	91.87	36.49	22.58	8.77	17.61
31-Dec-18	101.85	129.02	116.45	92.27	36.46	22.58	8.77	17.60
1-Jan-19				Holiday				
2-Jan-19	101.83	129.46	116.41	92.51	36.43	22.59	8.77	17.61
3-Jan-19	102.12	128.78	116.17	93.47	36.38	22.52	8.75	17.56
December 28,2018-January 3, 2019	101.90	128.98	116.24	92.53	36.44	22.57	8.77	17.59
4-Jan-19	102.16	128.72	116.08	94.84	36.45	22.51	8.74	17.55
7-Jan-19	102.10	129.20	116.25	94.31	36.48	22.53	8.61	17.56
8-Jan-19	101.87	129.91	116.63	94.10	36.62	22.58	8.78	17.60
9-Jan-19	101.96	129.97	116.68	93.73	36.60	22.56	8.77	17.59
10-Jan-19	101.86	129.75	116.74	93.66	36.62	22.83	8.78	17.61
January 4-10, 2019	101.99	129.51	116.47	94.13	36.56	22.60	8.74	17.58

* Units of currency per Kenya Shilling

Source :Central Bank of Kenya

Table 2: Official Usable Foreign Exchange Reserves

	13-Dec-18	20-Dec-18	27-Dec-18	03-Jan-19	10-Jan-19
1. CBK Usable Foreign Exchange Reserves (USD Million)	7,980	8,005	8,001	8,019	7,983
2. CBK Usable Foreign Exchange Reserves (Months of Import Cover)*	5.23	5.25	5.24	5.26	5.23

*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 (%)
28-Dec-18	18	8,050	6.46
31-Dec-18	19	6,040	6.73
1-Jan-19	HOLIDAY		
2-Jan-19	23	19,925	4.86
3-Jan-19	23	14,450	4.06
December 28, 2018-January 3, 2019	21	12,116	5.53
4-Jan-19	20	6,735	4.80
7-Jan-19	19	8,480	4.70
8-Jan-19	24	10,675	4.11
9-Jan-19	18	11,700	2.82
10-Jan-19	18	12,850	2.26
January 4-10, 2019	20	10,088	3.74

Source :Central Bank of Kenya

Table 4: Performance of Treasury Bills Auctions

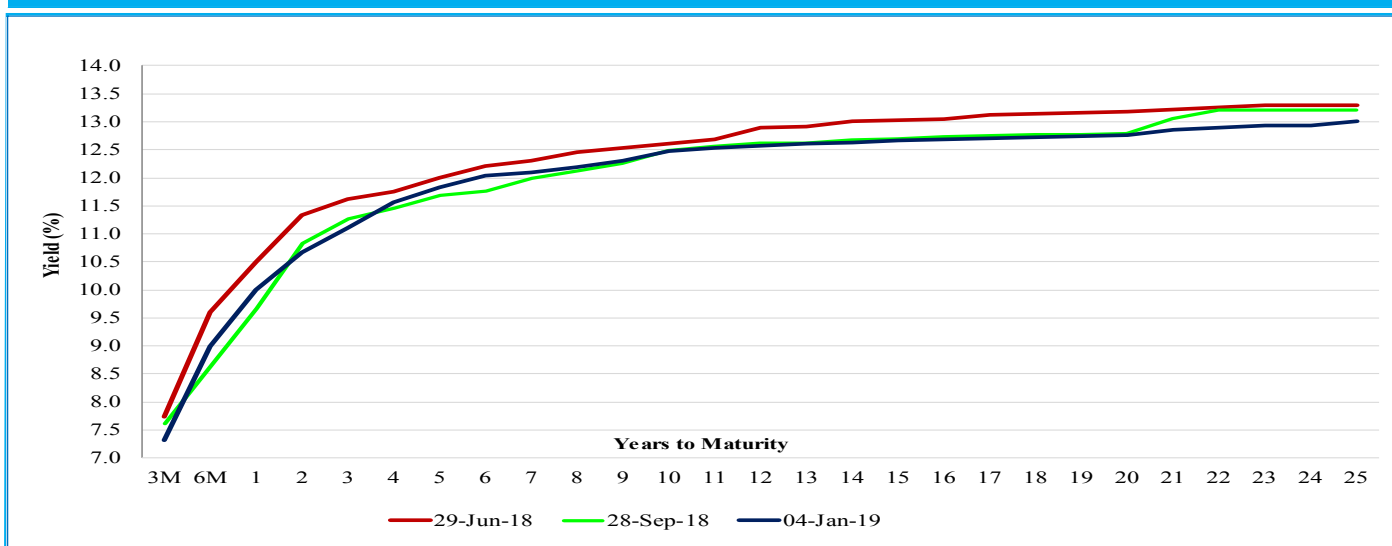
91-Day Treasury Bills				
Date of Auction	20-Dec-18	27-Dec-18	03-Jan-19	10-Jan-19
Amount offered (Ksh M)	4,000.00	4,000.00	4,000.00	4,000.00
Bids received (Ksh M)	2,805.55	1,022.73	1,262.91	14,233.21
Amount Accepted (Ksh M)	2,805.55	1,022.73	1,262.62	6,451.25
Maturities (Ksh M)	5,541.25	5,135.05	3,982.15	6,421.85
Average interest Rate (%) - 91 Days	7.34	7.34	7.32	7.20
182-Day Treasury Bills				
Amount offered (Ksh M)	10,000.00	10,000.00	10,000.00	10,000.00
Bids received (Ksh M)	7,030.64	5,419.17	7,325.98	24,457.78
Amount Accepted (Ksh M)	4,165.64	2,550.75	3,310.29	18,763.73
Maturities (Ksh M)	17,895.35	6,004.40	3,060.85	10,387.65
Average interest Rate (%) - 182 days	8.26	9.00	9.00	8.94
364-Day Treasury Bills				
Amount offered (Ksh M)	10,000.00	10,000.00	10,000.00	10,000.00
Bids received (Ksh M)	12,689.08	9,166.14	24,433.85	28,881.21
Amount Accepted (Ksh M)	12,689.08	7,349.57	11,830.94	23,728.84
Maturities (Ksh M)	10,665.25	5,336.65	5,824.80	11,255.45
Average interest Rate (%)	9.74	9.95	10.01	9.96

Source: Central Bank of Kenya

Table 5: Performance of Treasury Bonds Auctions

Date of Auction	17-Oct-18	31-Oct-18	14-Nov-18	28-Nov-18	13-Dec-18	27-Dec-18
	TAP					REOPEN
Tenor	FXD2/2018/15	FXD2/2018/15	IFB1/2018/20	IFB1/2018/20	FXD2/2018/10	FXD2/2018/10
Amount offered (Ksh M)	40,000.00	32,000.00	50,000.00	22,410.00	40,000.00	13,840.00
Bids received (Ksh M)	27,045.43	25,375.61	40,393.25	8,726.50	28,860.50	6,623.89
Amount Accepted (Ksh M)	7,854.06	21,261.94	27,588.43	8,726.50	26,158.96	6,623.89
Maturities (Ksh M)	0.00	0.00	0.00	0.00	0.00	0.00
Average interest Rate (%)	12.75	12.73	12.16	12.16	12.50	12.50

Source: Central Bank of Kenya

Chart 1: Kenya Government Securities Yield Curve

Source: Nairobi Securities Exchange

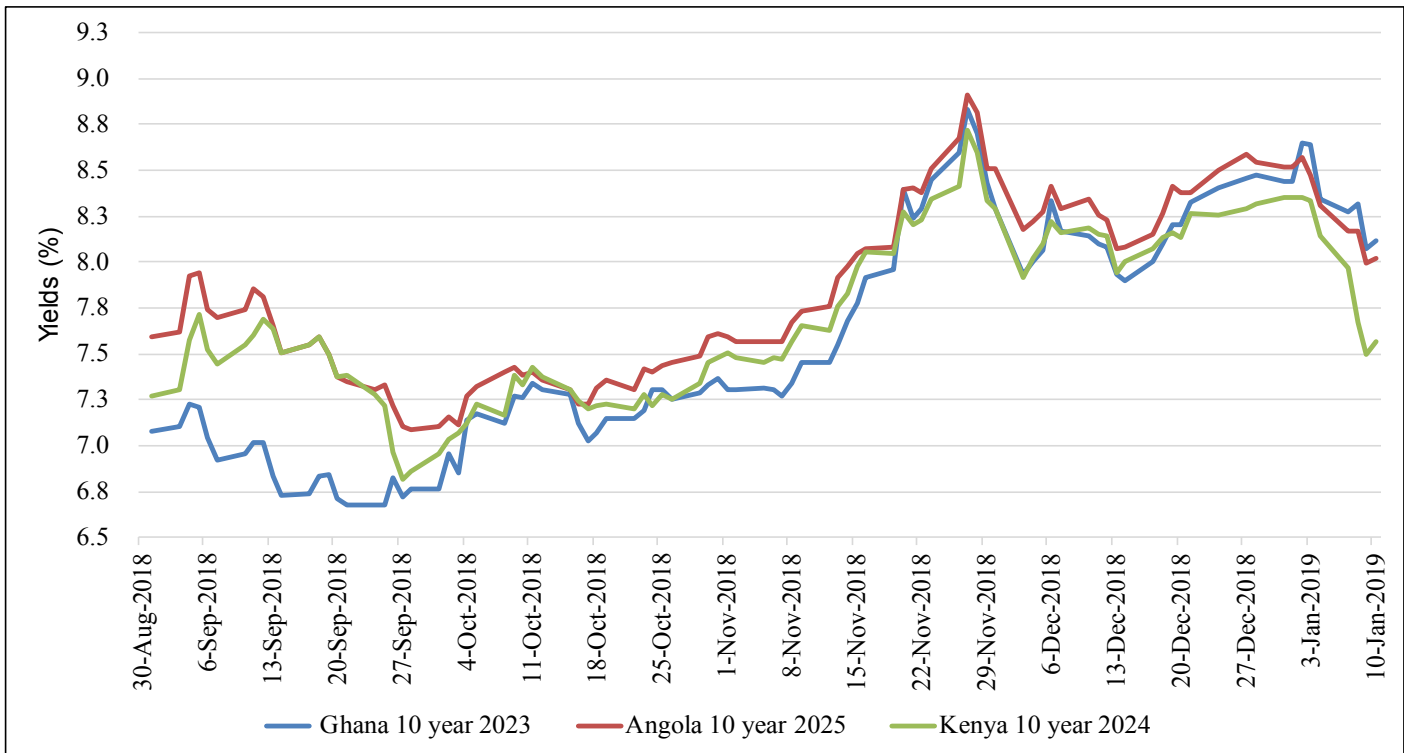
Table 6: Key Weekly Market Indicators

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 Turnover (KSh Million)	5-Year Euro-bond Yield (%)	10-Year Euro-bond Yield (%) - 2024	10-Year Euro-bond Yield (%) - 2028	30-Year Eurobond Yield (%)
28-Dec-18	142.00	3579.32	2800.95	689	5.11	107.37	2125.57	142.36	5.824	8.318	9.032	9.752
31-Dec-18	140.43	3551.59	2833.84	992	8.94	352.63	2102.02	934.76	5.866	8.349	8.996	-
1-Jan-19												
2-Jan-19	140.20	3532.03	2822.78	844	7.01	129.99	2098.56	571.73	5.757	8.355	9.084	9.859
3-Jan-19	139.71	3521.10	2810.15	1037	22.27	483.64	2091.12	1088.24	5.752	8.333	9.063	9.683
Dec 28, 2018-Jan 3, 2019	139.71	3521.10	2810.15	3562	43.34	1073.63	2091.12	2737.10	5.752	8.333	9.063	9.683
4-Jan-19	137.03	3473.59	2783.88	875	5.87	130.13	2050.92	1274.28	5.584	8.142	8.867	9.683
7-Jan-19	137.35	3473.37	2771.13	899	9.16	174.32	2055.73	1648.13	5.192	7.964	8.674	9.438
8-Jan-19	138.87	3493.19	2780.65	395	5.60	154.01	2078.61	1361.24	4.853	7.671	8.380	9.326
9-Jan-19	139.31	3488.71	2769.78	1437	32.05	779.59	2085.14	2936.10	4.734	7.497	8.145	9.136
10-Jan-19	141.41	3538.88	2774.83	1181	39.64	803.00	2116.70	2600.00	4.666	7.568	8.256	9.172
Jan 4- 10, 2019	141.41	3538.88	2774.83	4787	92.32	2041.05	2116.70	9819.75	4.666	7.568	8.256	9.172
Weekly Change(%)	1.22	0.50	-1.26	34.39	113.03	90.11	1.22	258.77	-1.09*	-0.77*	-0.81*	-0.51*

* 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)

	29-Jun-18	26-Oct-18	30-Nov-18	14-Dec-18	21-Dec-18	28-Dec-18	04-Jan-19
1. Treasury Bills (Excluding Repos)	878.62	952.56	950.13	931.76	917.12	904.10	899.42
<i>(As % of total securities)</i>	36.75	38.41	38.21	37.61	37.23	36.90	36.68
2. Treasury Bonds	1,511.87	1,527.62	1,536.79	1,545.63	1,546.29	1,546.29	1,552.92
<i>(As % of total securities)</i>	63.25	61.59	61.79	62.39	62.77	63.10	63.32
3. Total Securities (1+2)	2,390.49	2,480.18	2,486.91	2,477.38	2,463.41	2,450.39	2,452.34
4. Overdraft at Central Bank	56.85	23.44	44.89	44.27	45.86	45.86	63.88
5. Other Domestic debt*	31.44	31.56	31.53	31.62	31.61	31.61	31.61
6. Gross Domestic Debt (3+4+5)	2,478.78	2,535.18	2,563.34	2,553.27	2,540.88	2,527.86	2,547.82

* 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)

	29-Jun-18	26-Oct-18	30-Nov-18	14-Dec-18	21-Dec-18	28-Dec-18	04-Jan-19
Treasury bills (Excluding Repos)	35.45	37.57	37.07	36.49	36.09	35.77	35.30
Treasury bonds	60.99	60.26	59.95	60.54	60.86	61.17	60.95
CBK Overdraft to Government	2.29	0.92	1.75	1.73	1.81	1.81	2.51
Other domestic debt	1.27	1.24	1.23	1.24	1.24	1.25	1.24
TOTAL	100.00	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)

	29-Jun-18	26-Oct-18	30-Nov-18	14-Dec-18	21-Dec-18	28-Dec-18	04-Jan-19
Banking Institutions	55.19	54.74	54.83	54.48	54.18	54.53	54.86
Insurance Companies	6.23	6.09	5.95	5.99	6.02	6.06	6.05
Parastatals	7.04	7.50	7.54	7.46	7.35	7.25	7.30
Pension funds	27.09	27.15	27.16	27.51	27.88	27.59	27.25
Other investors	4.44	4.52	4.52	4.56	4.56	4.57	4.53
Total	100.00	100.00	100.00	100.00	100.00	100.00	100.00

Source: Central Bank of Kenya

Table 10: Indicators of Total Government Debt

	Jun-16	Jun-17	Sep-17	Dec-17	Mar-18	Jun-18	Sep-18
Domestic debt (KSh Billion)	1,815.13	2,111.71	2,172.84	2,220.35	2,371.65	2,478.84	2,540.70
Public & Publicly Guaranteed External debt (US \$ Billion)	17.77	22.12	22.38	22.76	24.91	25.34	25.81
Public & Publicly Guaranteed External debt (KSh Billion)	1,796.20	2,294.40	2,310.20	2,349.28	2,512.43	2,560.20	2,605.33
Total public debt (KSh Billion)	3,611.33	4,406.11	4,483.03	4,569.63	4,884.08	5,039.03	5,146.04

Source: National Treasury and Central Bank of Kenya