



Central Bank of Kenya

# Weekly Bulletin

December 14, 2018

## KEY MONETARY AND FINANCIAL INDICATORS

### Exchange Rate

The Kenya Shilling exchange rate was relatively stable during the week ending December 13. The Shilling's value against the US dollar moved to 102.66 on December 13 compared to 102.64 on December 6. Against the Sterling Pound, the Shilling strengthened from an exchange rate of 131.13 on December 6 to 129.43 on December 13. The Shilling also strengthened against the Japanese Yen and remained stable against the EAC currencies (Table 1).

### Foreign Exchange Reserves

The CBK usable foreign exchange reserves remained adequate at USD 7,980 million (5.2 months of import cover) as at December 13. 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 remained tight during the week ending December 13, partly due to banks' remittance of PAYE taxes by December 10 and end of CRR cycle on December 14. Commercial banks' excess reserves recorded a shortfall of KSh 0.3 billion as at December 13 in relation to the 5.25 percent cash reserves requirement (CRR). The average interbank rate rose to 9.5 percent from 7.2 percent in the previous week. The average number of interbank deals increased to 45 compared to 33 in the previous week, while the average interbank volumes traded increased to KSh 15.3 billion compared to KSh 13.1 billion in the previous week (Table 3).

### Government Securities Market

The 10-year Treasury bond auction of December 13 received bids totaling KSh 28.9 billion against an advertised amount of KSh 40 billion. The auction resulted in a yield of 12.50 percent which is a decline from the previous 10-year bond issued in September at 12.67 percent (Table 5).

The Treasury bills auction of December 13 received bids totaling KSh 5.7 billion against an advertised amount of KSh 24.0 billion. The 364-day Treasury bill attracted most of the bids amounting to KSh 3.2 billion during the week (Table 4).

### Equity Market

Share prices in the equity market declined in the week ending December 13, as reflected by 3.3 percent, 2.4 percent and 1.0 percent reductions in the NASI 100, NSE 25 and NSE 20 share price indices, respectively. The market liquidity was, however, high with both equity turnover and volume of shares traded increasing by 77.4 percent and 73.0 percent, respectively. Market capitalization declined by 3.3 percent during the week (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 13. In the international bond market, yields on all Kenya's Eurobonds declined towards the end of the week (Table 6). Similarly, yields on the 10-year Eurobonds of Ghana and Angola declined (Chart 2).

### Global Trends

While Brexit captured a great deal of market sentiments during the week, global trade uncertainties continued shaping the policy arena. The European Central Bank announced the end of quantitative easing on December 13, and acknowledged that risks on growth were now "moving to the downside" partly due to concerns over geopolitics, trade protectionism and market volatility.

Oil prices stabilised at USD 60.5 per barrel supported by increased US production that moderated the effect of the agreement by the OPEC producers to cut production.

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

	USD	Sterling Pound	Euro	100 Japanese Yen	USHS*	TSHS*	RWF*	BIF*
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</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>
7-Dec-18	102.60	130.97	116.52	90.86	36.40	22.42	8.69	17.40
10-Dec-18	102.45	130.85	116.69	90.85	36.44	22.45	8.70	17.43
11-Dec-18	102.47	129.66	116.96	90.79	36.45	22.45	8.70	17.43
12-Dec-18	HOLIDAY							
13-Dec-18	102.66	129.43	116.82	90.70	36.29	22.41	8.69	17.40
<b>December 7-13</b>	<b>102.54</b>	<b>130.22</b>	<b>116.75</b>	<b>90.80</b>	<b>36.39</b>	<b>22.43</b>	<b>8.69</b>	<b>17.41</b>

\* Units of currency per Kenya Shilling

Source :Central Bank of Kenya

**Table 2: Official Usable Foreign Exchange Reserves**

	08-Nov-18	15-Nov-18	22-Nov-18	29-Nov-18	06-Dec-18	13-Dec-18
1. CBK Usable Foreign Exchange Reserves (USD Million)	8,152	8,063	8,030	8,039	7,965	7,980
2. CBK Usable Foreign Exchange Reserves (Months of Import Cover)*	5.40	5.34	5.32	5.32	5.27	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 (%)
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</b>	<b>33</b>	<b>13,137</b>	<b>7.20</b>
7-Dec-18	45	12,375	8.24
10-Dec-18	36	18,695	8.85
11-Dec-18	44	12,335	9.77
12-Dec-18	HOLIDAY		
13-Dec-18	55	17,920	10.96
<b>December 7- 13</b>	<b>45</b>	<b>15,331</b>	<b>9.45</b>

Source :Central Bank of Kenya

**Table 4: Performance of Treasury Bills Auctions****91-Day Treasury Bills**

Date of Auction	22-Nov-18	29-Nov-18	06-Dec-18	13-Dec-18
Amount offered (Ksh M)	4,000.00	4,000.00	4,000.00	4,000.00
Bids received (Ksh M)	1,738.35	10,793.20	6,910.97	931.54
Amount Accepted (Ksh M)	1,249.33	10,304.18	6,910.97	931.54
Maturities (Ksh M)	1,962.95	11,803.50	2,564.75	7,445.80
<b>Average interest Rate (%) - 91 Days</b>	<b>7.34</b>	<b>7.34</b>	<b>7.34</b>	<b>7.35</b>

**182-Day Treasury Bills**

Date of Auction	22-Nov-18	29-Nov-18	06-Dec-18	13-Dec-18
Amount offered (Ksh M)	10,000.00	10,000.00	10,000.00	10,000.00
Bids received (Ksh M)	1,928.18	4,822.26	992.24	1,606.83
Amount Accepted (Ksh M)	1,449.65	4,338.78	990.27	1,606.83
Maturities (Ksh M)	10,377.30	5,877.00	12,325.60	4,145.80
<b>Average interest Rate (%) - 182 days</b>	<b>8.25</b>	<b>8.24</b>	<b>8.24</b>	<b>8.24</b>

**364-Day Treasury Bills**

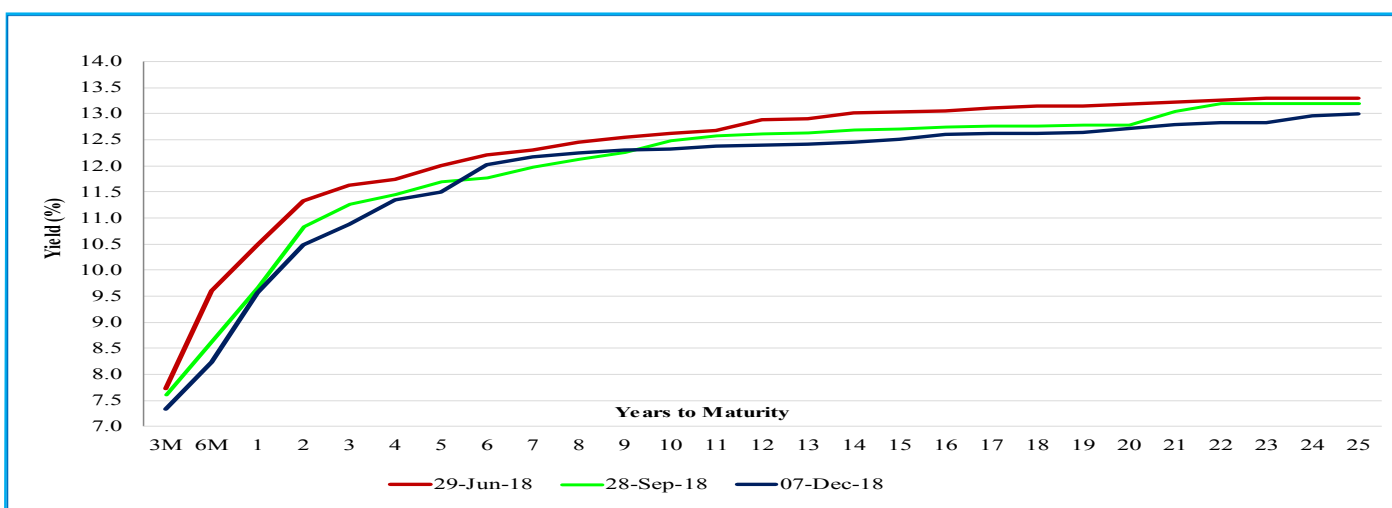
Date of Auction	22-Nov-18	29-Nov-18	06-Dec-18	13-Dec-18
Amount offered (Ksh M)	10,000.00	10,000.00	10,000.00	10,000.00
Bids received (Ksh M)	8,044.39	2,609.33	3,145.70	3,167.72
Amount Accepted (Ksh M)	6,221.21	2,609.33	2,731.52	2,885.06
Maturities (Ksh M)	6,840.65	6,810.80	7,855.10	8,812.40
<b>Average interest Rate (%) - 364 days</b>	<b>9.57</b>	<b>9.56</b>	<b>9.57</b>	<b>9.59</b>

Source: Central Bank of Kenya

**Table 5: Performance of Treasury Bonds Auctions**

Date of Auction	19-Sep-18		17-Oct-18	31-Oct-18	14-Nov-18	28-Nov-18	13-Dec-18
	REOPEN	REOPEN				TAP	
Tenor	FXD1/2018/10	FXD1/2018/20	FXD2/2018/15	FXD2/2018/15	IFB1/2018/20	IFB1/2018/20	FXD2/2018/10
Amount offered (Ksh M)	40,000.0		40,000.0	32,000.0	50,000.0	22,410.0	40,000.0
Bids received (Ksh M)	32,466.5		27,045.4	25,375.6	40,393.3	8,726.5	28,860.5
Amount Accepted (Ksh M)	21,244.6	5,308.4	7,854.1	21,261.9	27,588.4	8,726.5	26,159.0
Maturities (Ksh M)	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Average interest Rate (%)	12.665	12.931	12.746	12.734	12.156	12.156	12.502

Source: Central Bank of Kenya

**Chart 1: Kenya Government Securities Yield Curve**

Source: Nairobi Securities Exchange

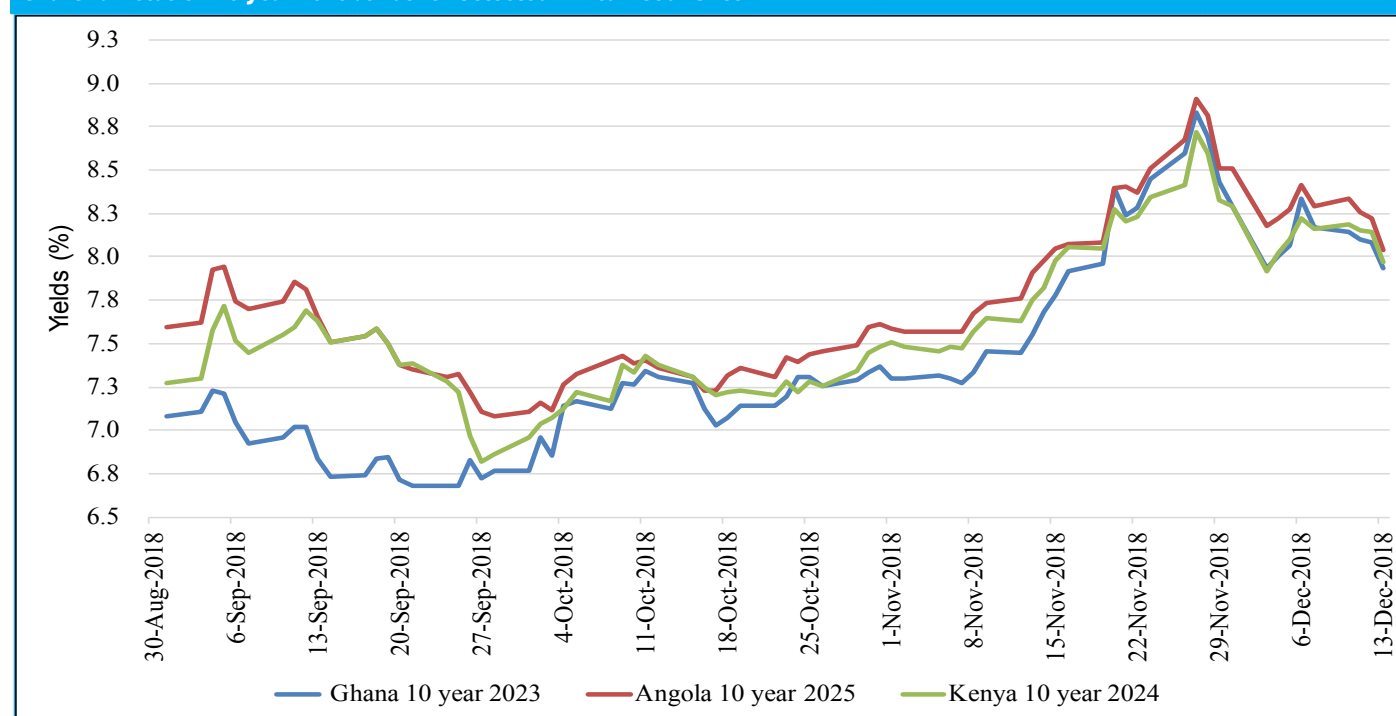
**Table 6: Key Weekly Market Indicators**

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 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 (%)
30-Nov-18	146.08	3,713.16	2,792.44	1,341.00	26.90	768.19	2,183.99	1,314.48	6.099	8.289	9.006	9.696
3-Dec-18	146.52	3,726.06	2,795.91	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	3,732.51	2,801.40	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	3,734.43	2,791.52	973.00	7.51	233.54	2,192.51	484.38	5.633	8.096	8.856	9.608
6-Dec-18	145.65	3,715.66	2,790.91	1,073.00	8.44	192.11	2,180.28	2,293.17	5.488	8.221	8.965	9.743
<b>Nov 30 - Dec 6</b>	<b>145.65</b>	<b>3,715.66</b>	<b>2,790.91</b>	<b>5,270.00</b>	<b>61.20</b>	<b>1,701.71</b>	<b>2,180.28</b>	<b>6,715.82</b>	<b>5.488</b>	<b>8.221</b>	<b>8.965</b>	<b>9.743</b>
7-Dec-18	144.05	3,687.69	2,819.00	1,103.00	18.70	526.19	2,156.34	1,885.35	5.486	8.157	8.922	9.696
10-Dec-18	142.52	3,656.08	2,772.19	914.00	18.08	398.07	2,133.37	1,049.48	6.111	8.187	8.966	9.726
11-Dec-18	140.88	3,630.65	2,764.28	1,191.00	30.73	1,162.71	2,108.78	1,221.12	5.483	8.152	8.966	9.679
12-Dec-18	HOLIDAY								4.900	8.141	8.751	9.661
13-Dec-18	140.90	3,626.73	2,762.34	1,126.00	38.37	931.19	2,109.09	1,655.57	4.788	7.971	8.752	9.528
<b>December 7-13</b>	<b>140.90</b>	<b>3,626.73</b>	<b>2,762.34</b>	<b>4,334.00</b>	<b>105.88</b>	<b>3,018.17</b>	<b>2,109.09</b>	<b>5,811.52</b>	<b>4.788</b>	<b>7.971</b>	<b>8.752</b>	<b>9.528</b>
<b>Weekly Change (%)</b>	<b>-3.26</b>	<b>-2.39</b>	<b>-1.02</b>	<b>-17.76</b>	<b>73.00</b>	<b>77.36</b>	<b>-3.26</b>	<b>3.44</b>	<b>-0.70*</b>	<b>-0.25*</b>	<b>-0.21*</b>	<b>-0.22*</b>

\* 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	28-Sep-18	26-Oct-18	16-Nov-18	23-Nov-18	30-Nov-18	07-Dec-18
1. Treasury Bills (Excluding Repos)	878.62	867.51	952.56	954.77	959.73	950.13	943.46
<i>(As % of total securities)</i>	<b>36.75</b>	<b>37.14</b>	<b>38.41</b>	<b>38.14</b>	<b>38.36</b>	<b>38.21</b>	<b>37.90</b>
2. Treasury Bonds	1,511.87	1,468.50	1,527.62	1,548.84	1,542.15	1,536.79	1,545.63
<i>(As % of total securities)</i>	<b>63.25</b>	<b>62.86</b>	<b>61.59</b>	<b>61.86</b>	<b>61.64</b>	<b>61.79</b>	<b>62.10</b>
3. Total Securities (1+2)	2,390.49	2,336.00	2,480.18	2,503.61	2,501.88	2,486.91	2,489.09
4. Overdraft at Central Bank	56.85	36.29	23.44	4.77	35.25	44.89	42.17
5. Other Domestic debt*	31.44	168.54	31.56	31.53	31.53	31.53	31.53
<b>6. Gross Domestic Debt (3+4+5)</b>	<b>2,478.78</b>	<b>2,540.83</b>	<b>2,535.18</b>	<b>2,539.92</b>	<b>2,568.66</b>	<b>2,563.34</b>	<b>2,562.78</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 8: Composition of Government Domestic Debt by Instrument (Percent)**

	29-Jun-18	28-Sep-18	26-Oct-18	16-Nov-18	23-Nov-18	30-Nov-18	07-Dec-18
Treasury bills (Excluding Repos)	35.45	34.14	37.57	37.59	37.36	37.07	36.81
Treasury bonds	60.99	57.80	60.26	60.98	60.04	59.95	60.31
CBK Overdraft to Government	2.29	1.43	0.92	0.19	1.37	1.75	1.65
Other domestic debt	1.27	6.63	1.24	1.24	1.23	1.23	1.23
<b>TOTAL</b>	<b>100.00</b>	<b>100.00</b>	<b>100.00</b>	<b>100.00</b>	<b>100.00</b>	<b>100.00</b>	<b>100.00</b>

Source: Central Bank of Kenya

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

	29-Jun-18	28-Sep-18	26-Oct-18	16-Nov-18	23-Nov-18	30-Nov-18	07-Dec-18
Banking Institutions	55.19	54.97	54.74	54.16	54.63	54.83	54.65
Insurance Companies	6.23	6.07	6.09	6.12	6.01	5.95	5.96
Parastatals	7.04	7.32	7.50	7.74	7.67	7.54	7.43
Pension funds	27.09	27.12	27.15	27.44	27.17	27.16	27.41
Other investors	4.44	4.52	4.52	4.54	4.51	4.52	4.55
<b>Total</b>	<b>100.00</b>	<b>100.00</b>	<b>100.00</b>	<b>100.00</b>	<b>100.00</b>	<b>100.00</b>	<b>100.00</b>

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
<b>Total public debt (KSh Billion)</b>	<b>3,611.33</b>	<b>4,406.11</b>	<b>4,483.03</b>	<b>4,569.63</b>	<b>4,884.08</b>	<b>5,039.03</b>	<b>5,146.04</b>

Source: National Treasury and Central Bank of Kenya