



Central Bank of Kenya

Weekly Statistical Bulletin

Key Monetary and Financial Indicators

July 27, 2018

Interbank Market

Activity in the interbank money market remained high during the week ending July 25, 2018 as banks sought funds for VAT tax remittances. The average volumes traded increased to KSh 16.92 billion during the week compared with KSh 14.97 billion in the previous week, while the average number of deals increased to 35 from 24 (**Table 1**). During the week, the number of deals ranged from 28 to 40 per day compared to the previous week's lower range of 17 to 32 deals per day. Similarly, the weighted average interbank rate increased to 4.08 percent from 3.18 percent in the week ending July 18, 2018.

Exchange Rate

The Kenya Shilling remained stable against the US Dollar for the week ending July 26, 2018 as demand and supply remained relatively balanced in the interbank market. The Shilling strengthened against the Sterling Pound but weakened against the Euro and the Japanese Yen. In the EAC region the Kenya Shilling strengthened against all the currencies except the Uganda Shilling (**Table 2**).

Remittance Inflows

Kenya continues to receive very high remittance inflows. The flows increased by 4.9 percent to USD 266.2 million in June 2018 compared to USD 253.7 million in May 2018. The continued good performance is driven by new partnerships between commercial banks and international money remittance providers which has brought down the cost of money transfers. It is also explained by the uptake of new financial products. The 12-month average inflows to June 2018 sustained an upward trend to USD 203.9 million from USD 146.6 million in the 12 months to June 2017 (**Chart 1**).

Government Securities Market

The government securities market recorded subdued performance during the week ending July 27, 2018 reflecting low liquidity resulting from slow government

payments synonymous with the beginning of the financial year. The Treasury bills auction of July 27, 2018 received bids totaling KSh 21.2 billion against an advertised amount of KSh 24.0 billion, giving a subscription rate of 88.24 percent. Two of the instruments offered were under-subscribed but the 364-days Treasury bill registered a subscription rate of 132.95 percent. The interest rates continued to decline with the 364-days Treasury bill rate falling from 10.238 percent on July 19, 2018 to 10.088 percent on July 26, 2018.

The Government also floated a 20-year fixed rate Treasury bond on July 25, 2018 with the aim of reducing the refinancing risk on domestic debt. The auction received bids amounting to KSh 13.9 billion against an advertised amount of KSh 40.0 billion.

Equity Market

Trading activity in the equity market declined in the week ending July 26, 2018. Except for NSE 25 and NSE 20 Share indices, all other market indicators declined in the week ending July 26, 2018. Consequently, shareholders wealth as measured by market capitalisation declined by KSh 21.55 billion (**Table 3**).

Bond Market

The volume of bonds traded in secondary market rose by only 0.04 percent in the week ending July 26, 2018, compared to previous week, indicating less investor appetite for long term securities.

Yields on all Kenya's Eurobonds declined during the week ending July 26, 2018 (**Table 3**). A similar trend was witnessed on the yields of select African countries' Eurobonds (**Chart 2**).

Table 1: Interbank Deals, Volumes and Interest Rates

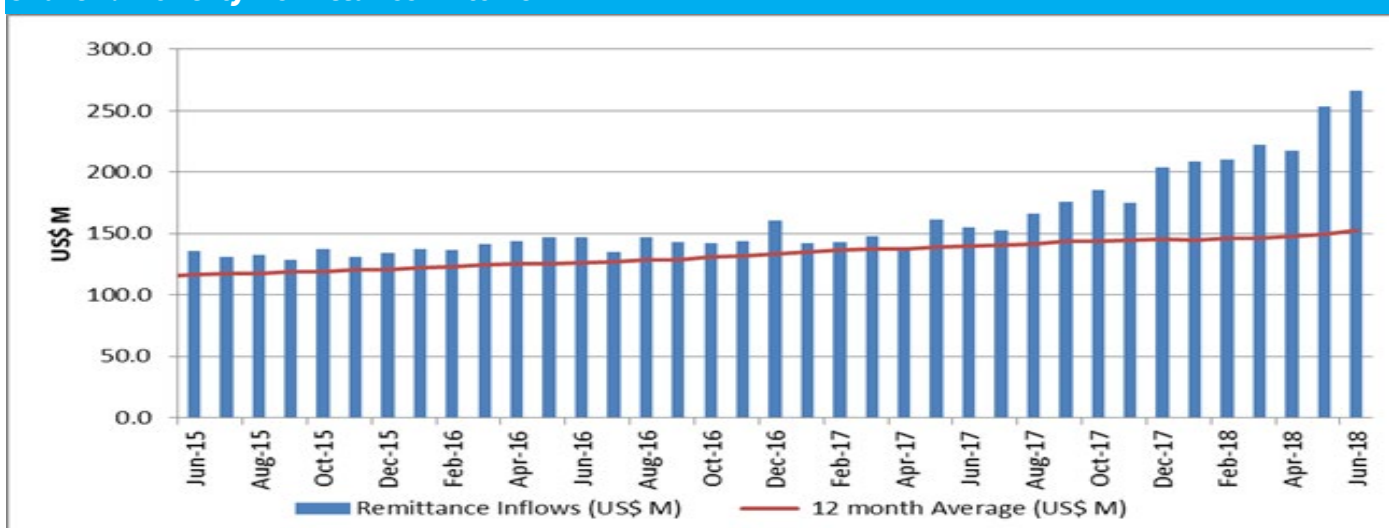
Date	Number of Deals	Value (KSh M)	Average Interbank Rate (%)
12-Jul-18	17	9,675	3.30
13-Jul-18	18	11,050	2.78
16-Jul-18	25	18,850	3.11
17-Jul-18	32	17,475	3.31
18-Jul-18	29	17,785	3.42
July 12 - 18, 2018	24	14,967	3.18
19-Jul-18	28	17,950	3.40
20-Jul-18	34	23,550	3.42
23-Jul-18	40	16,640	3.98
24-Jul-18	33	13,220	4.55
25-Jul-18	38	13,240	5.06
July 19 - 25, 2018	35	16,920	4.08

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*
13-Jul-18	100.79	133.30	117.70	89.64	37.20	22.56	8.67	17.49
16-Jul-18	100.66	132.58	117.20	89.45	36.91	22.60	8.69	17.51
17-Jul-18	100.39	133.08	117.55	89.35	36.80	22.67	8.71	17.56
18-Jul-18	100.62	131.66	117.00	88.96	37.22	22.64	8.69	17.52
19-Jul-18	100.63	131.66	117.02	89.25	37.16	22.65	8.69	17.52
July, 13 - 19, 2018	100.62	132.46	117.29	89.33	37.06	22.62	8.69	17.52
20-Jul-18	100.73	130.81	116.86	89.14	37.13	22.63	8.68	17.50
23-Jul-18	100.74	131.93	117.98	90.05	37.08	22.60	8.68	17.50
24-Jul-18	100.55	131.92	117.74	90.34	37.00	22.67	8.70	17.54
25-Jul-18	100.51	131.90	117.55	90.31	36.81	22.67	8.70	17.55
26-Jul-18	100.49	132.31	117.62	90.72	36.82	22.68	8.73	17.55
July, 20 - 26, 2018	100.61	131.77	117.55	90.11	36.97	22.65	8.70	17.53

Source :Central Bank of Kenya

Chart 1: Monthly Remittance Inflows

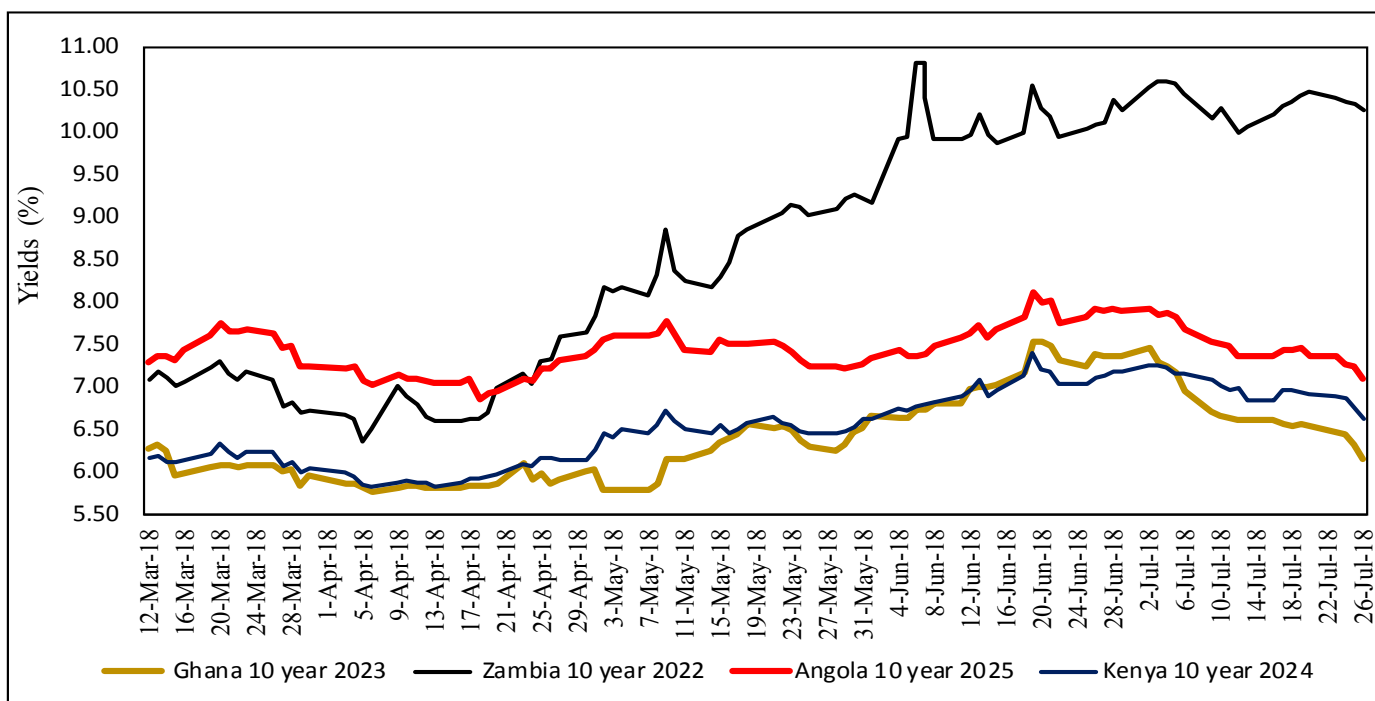
Source: Central Bank of Kenya

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 (%)
13-Jul-18	171.27	4409.63	3334.21	1,032	9.99	199.97	2,531.19	2,276.06	4.492	6.843	7.396	8.509
16-Jul-18	171.06	4406.00	3326.76	1,247	23.56	601.45	2,528.08	2,047.30	4.625	6.853	7.451	8.540
17-Jul-18	172.22	4413.31	3290.40	1,467	13.17	418.19	2,543.23	1,500.43	4.759	6.952	7.537	8.590
18-Jul-18	173.14	4440.42	3285.27	1,125	12.10	332.89	2,558.89	2,962.94	4.618	6.952	7.545	8.612
19-Jul-18	174.11	4473.25	3303.22	1,157	16.43	427.76	2,573.34	1,260.54	4.606	6.957	7.545	8.612
13 July - 19 July, 2018	174.11	4473.25	3303.22	6,028	75.25	1,980.25	2,573.34	10,047.27	4.606	6.957	7.545	8.612
20-Jul-18	172.37	4465.49	3314.60	1,071	8.82	270.35	2,547.54	1,360.35	4.602	6.925	7.545	8.564
23-Jul-18	172.43	4467.88	3318.72	1,042	10.65	424.39	2,548.35	887.69	4.403	6.899	7.493	8.571
24-Jul-18	172.38	4466.52	3312.83	1,034	10.19	349.10	2,547.65	3,519.27	4.595	6.873	7.489	8.564
25-Jul-18	173.23	4487.12	3313.81	1,132	14.92	453.36	2,560.29	2,417.55	4.591	6.748	7.381	8.457
26-Jul-18	172.66	4482.53	3312.10	1,092	10.08	279.62	2,551.79	1,866.82	4.346	6.624	7.262	8.322
20 July - 26 July, 2018	172.66	4482.53	3312.10	5,371	54.66	1,776.82	2,551.79	10,051.68	4.346	6.624	7.262	8.322
Weekly Change (%)	-0.83	0.21	0.27	-10.90	-27.36	-10.27	-0.84	0.04	-0.26*	-0.33*	-0.28*	-0.29*

* Percentage points

Source: Central Bank of Kenya, NSE and Reuters

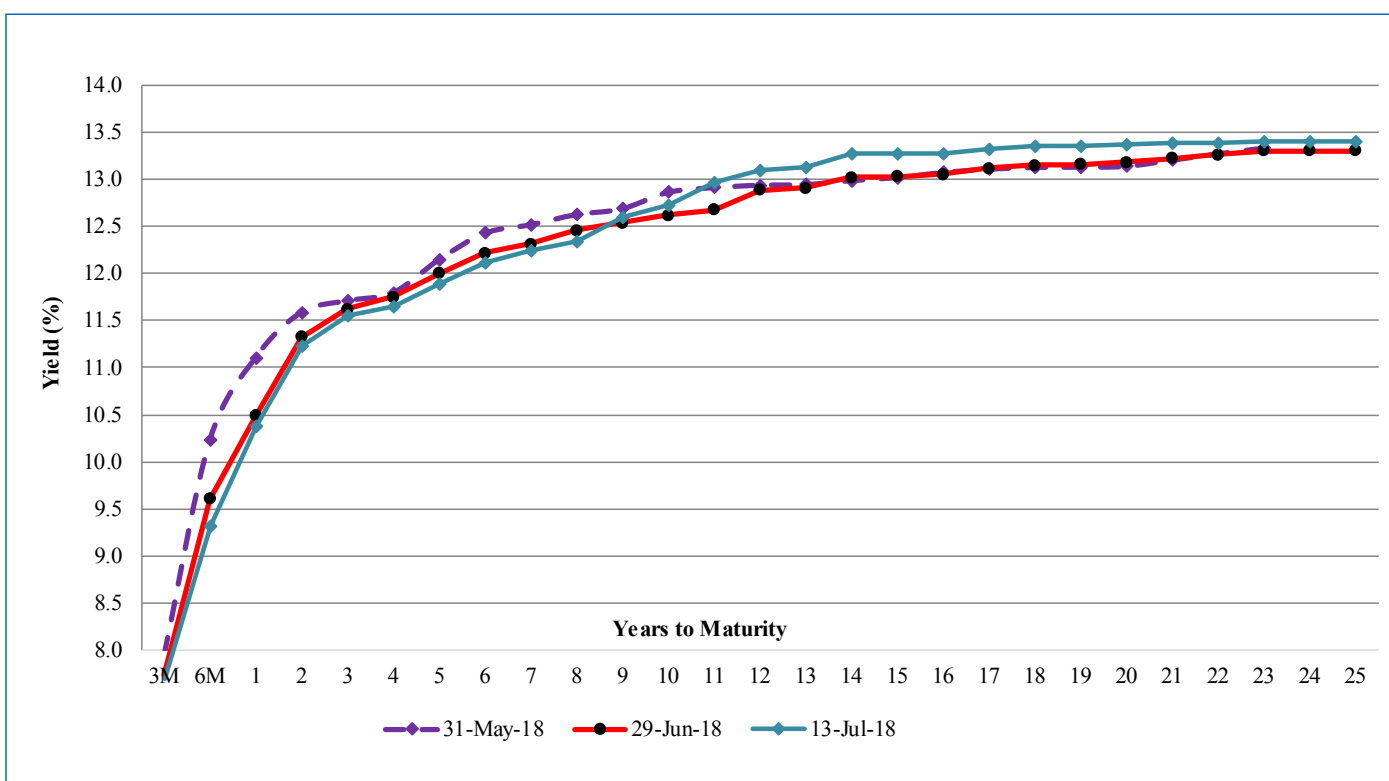
Chart 2: Yields on 10 year Eurobonds in Selected African Countries

Source: Thompson Reuters

Table 4: Performance of Treasury Bonds Auctions

Date of Auction	28-Dec-17		28-Mar-18		25-Apr-18		23-May-18	20-Jun-18	25-Jul-18
Tenor	TAP FXD1/2008/15	TAP FXD1/2017/10	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
Amount offered (Ksh M)	20,000.0		8,500.0		40,000.0		40,000.0	40,000.0	40,000.0
Bids received (Ksh M)	2,683.6	5,138.9	7,739.2	7,769.3	22,864.2	9,904.2	20,217.0	10,130.7	13,860.3
Amount Accepted (Ksh M)	2,683.6	5,138.9	7,739.2	7,769.3	20,152.6	6,786.1	12,863.5	5,171.8	10,512.4
Maturities (Ksh M)	0.0	0.0	0.0	0.0	0.0	0.0	0.0	26,340.1	0.0
Average interest Rate (%)	12.581	13.087	12.299	13.336	12.317	13.327	13.078	13.451	13.371

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	31-May-18	28-Jun-18	19-Jul-18	26-Jul-18
Amount offered (Ksh M)	4,000.00	4,000.00	4,000.00	4,000.00
Bids received (Ksh M)	9,200.59	4,597.83	4,235.41	2,024.39
Amount Accepted (Ksh M)	7,239.43	3,616.61	4,235.41	2,024.39
Maturities (Ksh M)	7,393.15	1,791.50	2,122.25	1,040.90
Average interest Rate (%) - 91 Days	7.938	7.733	7.656	7.608

182-Day Treasury Bills

Date of Auction	31-May-18	28-Jun-18	19-Jul-18	26-Jul-18
Amount offered (Ksh M)	10,000.00	10,000.00	10,000.00	10,000.00
Bids received (Ksh M)	11,705.88	5,754.39	13,789.37	5,857.68
Amount Accepted (Ksh M)	5,650.43	5,746.90	10,215.72	5,791.06
Maturities (Ksh M)	2,763.15	7,964.00	7,604.50	12,000.00
Average interest Rate (%) - 182 days	10.196	9.607	9.194	9.111

364-Day Treasury Bills

Date of Auction	31-May-18	28-Jun-18	19-Jul-18	26-Jul-18
Amount offered (Ksh M)	10,000.00	10,000.00	10,000.00	10,000.00
Bids received (Ksh M)	23,759.30	19,891.37	31,807.50	13,294.83
Amount Accepted (Ksh M)	8,418.52	17,410.65	21,337.25	13,206.31
Maturities (Ksh M)	12,819.75	5,601.20	1,338.30	10,344.15
Average interest Rate (%) - 364 days	11.083	10.488	10.238	10.088

Source: Central Bank of Kenya

Table 6: Government Domestic Debt (KSh Billion)

	29-Dec-17	29-Mar-18	27-Apr-18	31-May-18	29-Jun-18	13-Jul-18	20-Jul-18
1. Treasury Bills (Excluding Repos)	684.72	772.70	782.94	838.73	878.62	899.68	919.57
(As % of total securities)	31.91	33.59	33.95	35.36	36.75	37.31	38.03
2. Treasury Bonds	1,461.25	1,527.84	1,523.18	1,533.06	1,511.87	1,511.87	1,498.37
(As % of total securities)	68.09	66.41	66.05	64.64	63.25	62.69	61.97
3. Total Securities (1+2)	2,145.97	2,300.54	2,306.11	2,371.79	2,390.49	2,411.55	2,417.94
4. Overdraft at Central Bank	42.32	39.65	44.03	44.35	56.85	36.56	50.99
5. Other Domestic debt*	32.58	31.46	31.50	31.48	31.44	31.68	31.48
6. Gross Domestic Debt (3+4+5)	2,220.87	2,371.65	2,381.63	2,447.62	2,478.78	2,479.78	2,500.40

* 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-Dec-17	29-Mar-18	27-Apr-18	31-May-18	29-Jun-18	13-Jul-18	20-Jul-18
Treasury bills (Excluding Repos)	30.8	32.6	32.9	34.3	35.4	36.3	36.8
Treasury bonds	65.8	64.4	64.0	62.6	61.0	61.0	59.9
CBK Overdraft to Govt	1.9	1.7	1.8	1.8	2.3	1.5	2.0
Other domestic debt	1.5	1.3	1.3	1.3	1.3	1.3	1.3
TOTAL	100.0	100.0	100.0	100.0	100.0	100.0	100.0

Source: Central Bank of Kenya

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

	29-Dec-17	29-Mar-18	27-Apr-18	31-May-18	29-Jun-18	13-Jul-18	20-Jul-18
Banking Institutions	54.6	55.3	55.0	55.3	55.2	55.1	55.7
Insurance Companies	6.4	6.4	6.3	6.4	6.2	6.2	6.1
Parastatals	6.9	6.8	7.0	6.9	7.0	7.1	7.1
Pension funds	27.5	27.1	27.3	26.9	27.1	27.1	26.6
Other investors	4.5	4.5	4.5	4.4	4.4	4.5	4.4
Total	100.0	100.0	100.0	100.0	100.0	100.0	100.0

Source: Central Bank of Kenya

Table 9: Indicators of Total Government Debt

	Mar-17	Jun-17	Sep-17	Dec-17	Jan-18	Feb-18	Mar-18
Domestic debt (KSh Billion)	1,944.95	2,111.71	2,172.84	2,220.35	2,247.32	2,338.21	2,371.65
Public & Publicly Guaranteed External debt (US \$ Billion)	20.4	22.1	22.4	22.8	23.2	25.2	24.9
Public & Publicly Guaranteed External debt (KSh Billion)	2,101.39	2,294.40	2,310.20	2,349.28	2,377.52	2,563.07	2,512.43
Total public debt (KSh Billion)	4,046.35	4,406.11	4,483.03	4,569.63	4,624.84	4,901.29	4,884.08

Source: National Treasury and Central Bank of Kenya

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

	21-Jun-18	28-Jun-18	05-Jul-18	12-Jul-18	19-Jul-18	26-Jul-18
1. CBK Usable Foreign Exchange Reserves (USD Million)*	8,958	8,668	8,857	8,857	8,866	8,832
2. CBK Usable Foreign Exchange Reserves (Months of Import Cover)**	5.99	5.80	5.90	5.90	5.91	5.88

*Excludes Encumbered Reserves

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

Source: Central Bank of Kenya