



Central Bank of Kenya

Weekly Bulletin

November 23, 2018

KEY MONETARY AND FINANCIAL INDICATORS

Exchange Rate

The Kenya Shilling strengthened against the US Dollar and the Sterling Pound, but weakened against the Euro and the Japanese Yen during the week ending November 22, 2018. The Shilling remained stable against all the other currencies in the EAC region (**Table 1**).

Foreign Exchange Reserves

Official usable foreign exchange reserves stood at USD 8,030 million (5.3 months of import cover) as at November 22, 2018 (**Table 2**). This fulfils the requirement to endeavour to maintain at least 4 months of import cover, and the EAC region's convergence criteria of 4.5 months of import cover.

Remittances

Inward remittance flows remained resilient and amounted to USD 219 million in October 2018, which was 18 percent higher than in October 2017. The 12-month cumulative inflows to October 2018 increased to USD 2,613 million from USD 1,873 million in the 12 months to October 2017, reflecting a 40 percent growth (**Chart 1**). North America, Europe and the rest of the world accounted for 50 percent, 32 percent and 18 percent, respectively of the total remittance in October 2018.

Money Market

Liquidity conditions in the money market remained tight during the week ending November 21, partly due to tax remittances by banks. Commercial banks' reserves remained above the 3.0 percent daily cash reserves requirement (CRR), but recorded a shortfall of KSh15.0 billion with regard to the 5.25 percent CRR monthly averaging requirement. As a result, the average interbank rate rose to 4.2 percent from 2.9 percent in the previous week. The average number of interbank deals remained stable, while the average interbank volumes traded declined to KSh 22.1 billion compared to KSh 25.1 billion in the previous week (**Table 3**).

Government Securities Market

Government securities auctions of November 22 received bids of KSh 11.7 billion against an advertised amount of KSh 24.0 billion, which represented a 48.8 percent subscription

rate compared to 93.8 percent in the previous week. The 91-day, 182-day and 364-day tenures were subscribed at 43.5 percent, 19.2 percent and 80.4 percent, respectively. Treasury bill interest rates remained stable during the week (**Table 4**).

Equities Market

Activity in the equities market declined in the week ending November 22. The NASI, NSE 20 and NSE 25 fell by 0.5 percent, 1.5 percent and 0.8 percent, respectively. Total equity turnover and volume of shares traded declined by 27.0 percent and 28.2 percent, respectively. Consequently, market capitalization dropped by 0.4 percent during the week (**Table 5**). The low performance was partly due to the impact of unfavourable financial results published by some listed companies.

Bonds Markets

The domestic secondary bonds market recorded a 55.3 percent increase in the volume of bonds traded in the week ending November 22. Kenya's Eurobonds in international markets recorded increase in the yields as at November 22. Yields on the 5-year, 10-year (2024), 10-year (2028) and 30-year Eurobonds edged up by 52, 26, 47 and 23 basis points, respectively (**Table 5**). Yields on the 10-year Eurobonds of selected African countries, such as Ghana and Angola also rose during the week (**Chart 2**).

Global Financial Markets

Global markets began the week with elevated levels of volatility, stemming partly from the inconsistency of monetary policy action in advanced economies, as central banks have been raising rates despite the emerging slowdown in growth. However, as the week came to an end, markets calmed down, as the US markets were closed for a holiday on November 22.

Oil prices continued to decline, with the Murban crude reaching USD 62.5 per barrel due to an emerging oversupply partly on account of a surge in US oil inventories and exemptions to some buyers of Iranian oil.

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

	USD	Sterling Pound	Euro	100 Japanese Yen	USHS*	TSHS*	RWF*	BIF*
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
November 9-15, 2018	102.39	133.03	115.96	89.91	36.59	22.40	8.68	17.41
16-Nov-18	103.21	132.08	116.64	91.02	36.19	22.31	8.62	17.27
19-Nov-18	103.10	132.23	116.85	90.93	36.23	22.42	8.63	17.29
20-Nov-18	102.86	132.07	117.43	91.56	36.21	22.36	8.65	17.33
21-Nov-18	102.86	132.07	117.43	91.56	36.21	22.36	8.65	17.33
22-Nov-18	102.36	131.10	116.87	90.59	36.34	22.58	8.69	17.42
November 16-22, 2018	102.88	131.91	117.05	91.13	36.24	22.41	8.65	17.33

* Units of currency per Kenya Shilling

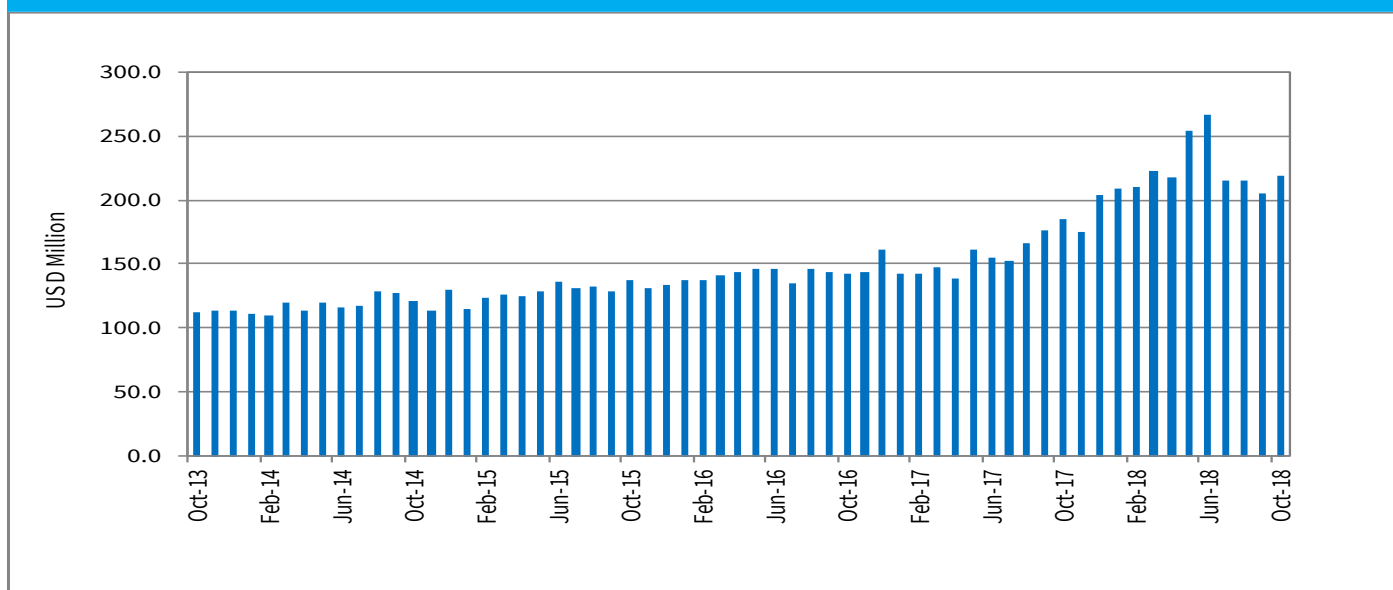
Source: Central Bank of Kenya

Table 2: Official Usable Foreign Exchange Reserves

	11-Oct-18	25-Oct-18	01-Nov-18	08-Nov-18	15-Nov-18	22-Nov-18
1. CBK Usable Foreign Exchange Reserves (USD Million)	8,445	8,306	8,221	8,152	8,063	8,030
2. CBK Usable Foreign Exchange Reserves (Months of Import Cover)*	5.59	5.50	5.44	5.40	5.34	5.32

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

Source: Central Bank of Kenya

Chart 1: Remittance Flows

Source: Central Bank of Kenya

Table 3: Money Market

Date	Number of Deals	Value (KSh M)	Average Interbank Rate (%)
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
November 8- 14, 2018	32	25,054	2.87
15-Nov-18	36	16,210	3.63
16-Nov-18	31	16,615	3.99
19-Nov-18	32	22,300	4.22
20-Nov-18	31	25,130	4.39
21-Nov-18	37	30,185	4.54
November 15- 21, 2018	33	22,088	4.16

Source :Central Bank of Kenya

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

Date of Auction	01-Nov-18	08-Nov-18	15-Nov-18	22-Nov-18
Amount offered (Ksh M)	4,000.00	4,000.00	4,000.00	4,000.00
Bids received (Ksh M)	5,137.52	1,964.61	7,285.11	1,738.35
Amount Accepted (Ksh M)	5,137.52	1,964.61	7,285.11	1,249.33
Maturities (Ksh M)	577.10	611.20	6,264.40	1,962.95
Average interest Rate (%) - 91 Days	7.39	7.35	7.35	7.34

182-Day Treasury Bills

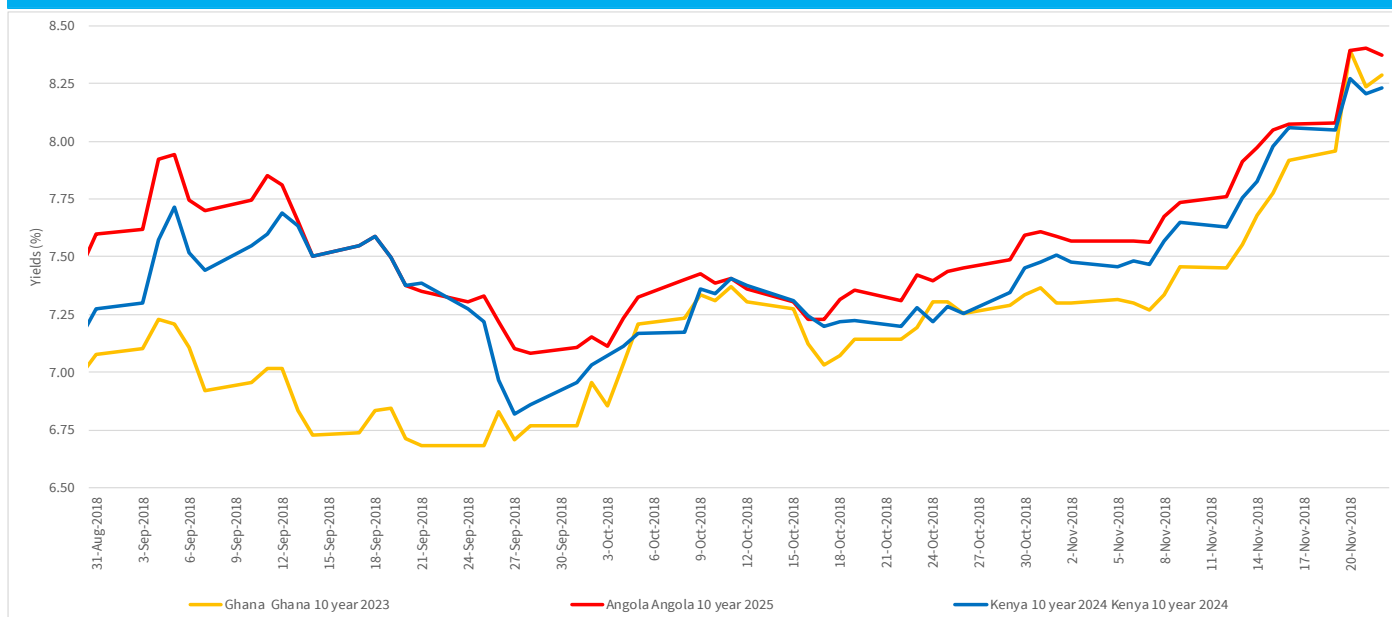
Date of Auction	01-Nov-18	08-Nov-18	15-Nov-18	22-Nov-18
Amount offered (Ksh M)	10,000.00	10,000.00	10,000.00	10,000.00
Bids received (Ksh M)	5,974.57	2,298.30	2,441.70	1,928.18
Amount Accepted (Ksh M)	5,974.97	2,298.30	2,441.70	1,449.65
Maturities (Ksh M)	8,550.55	13,132.20	4,494.05	10,377.30
Average interest Rate (%) - 182 days	8.32	8.30	8.32	8.25

364-Day Treasury Bills

Date of Auction	01-Nov-18	08-Nov-18	15-Nov-18	22-Nov-18
Amount offered (Ksh M)	10,000.00	10,000.00	10,000.00	10,000.00
Bids received (Ksh M)	14,430.30	16,707.13	12,788.38	8,044.39
Amount Accepted (Ksh M)	14,430.30	14,402.01	11,876.79	6,221.21
Maturities (Ksh M)	8,824.00	12,918.35	7,186.20	6,840.65
Average interest Rate (%) - 364 days	9.52	9.52	9.51	9.57

Source: Central Bank of Kenya

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



Source: Thomson Reuters

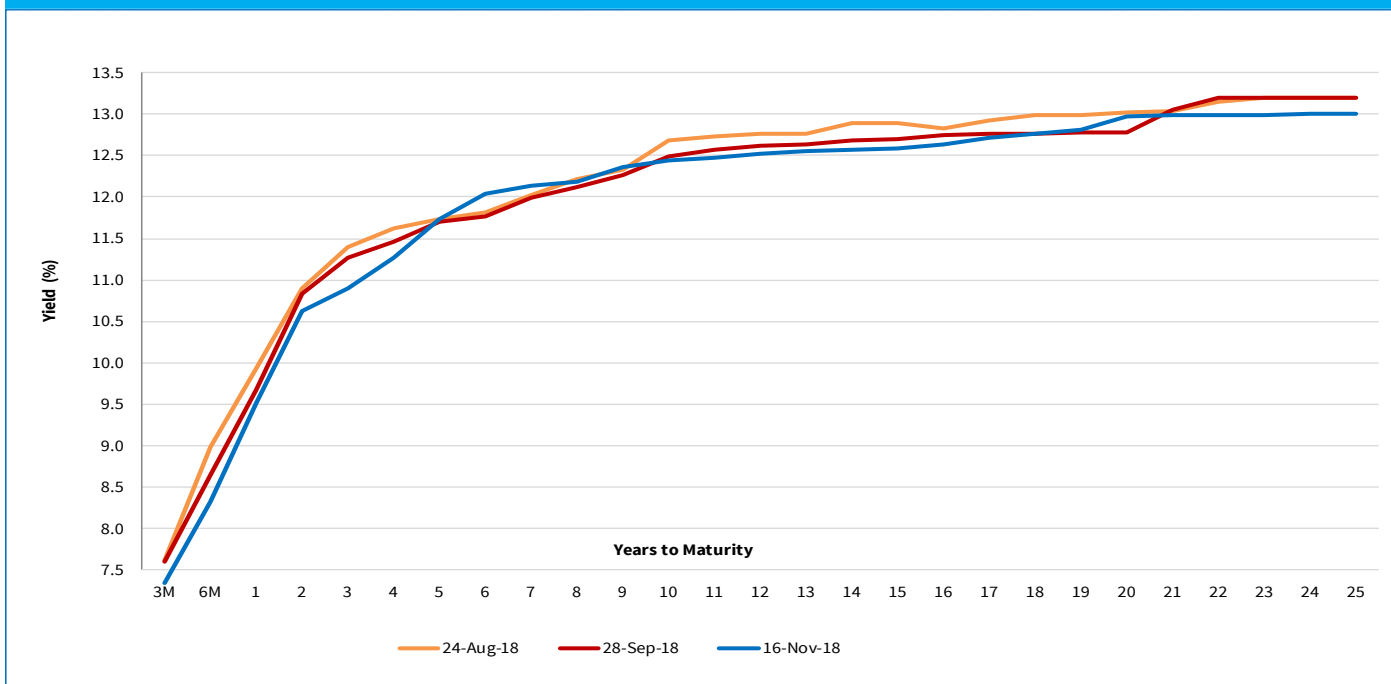
Table 5: Key Weekly Market Indicators

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 (%)
9-Nov-18	147.01	3,702.39	2,833.29	895.00	14.69	406.68	2,171.94	1,041.67	5.23	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	5.23	7.6514	8.37	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	5.44	7.773	8.494	9.414
14-Nov-18	145.90	3,675.64	2,830.69	822.00	15.42	403.21	2,155.50	672.82	5.44	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	5.43	7.976	8.554	9.602
Nov 9-15 2018	144.92	3,655.49	2,820.07	4,554.00	79.40	1,997.83	2,140.95	7,188.86	5.43	7.98	8.55	9.60
16-Nov-18	144.9	3,661.67	2,806.58	1,048.00	17.45	413.64	2,142.30	2,179.41	5.78	8.06	8.722	9.608
19-Nov-18	143.95	3,641.34	2,801.72	917.00	7.08	253.41	2,128.07	957.23	5.86	8.05	8.757	9.608
20-Nov-18	144.17	3,652.48	2,796.02	991.00	8.72	161.09	2,131.44	2,463.60	6.22	8.27	9.002	9.845
21-Nov-18	144.03	3,624.68	2,769.16	1,104.00	16.73	499.17	2,129.38	3,170.88	5.95	8.20	8.999	9.803
22-Nov-18	144.20	3,625.28	2,777.96	843.00	7.01	130.76	2,131.87	2,389.53	5.95	8.23	9.022	9.827
Nov 16-22 2018	144.20	3,625.28	2,777.96	4,903	56.98	1,458.08	2,131.87	11,160.65	5.954	8.233	9.022	9.827
Weekly Change (%)	-0.50	-0.83	-1.49	7.66	-28.23	-27.02	-0.42	55.25	0.52*	0.26*	0.47*	0.23*

* Percentage points

Source: Central Bank of Kenya, NSE and Thompson Reuters

Chart 3: Kenya Government Securities Yield Curve



Source: Central Bank of Kenya and NSE

Table 6: 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 7: Government Domestic Debt (KSh Billion)

	05-Oct-18	12-Oct-18	19-Oct-18	26-Oct-18	02-Nov-18	09-Nov-18	16-Nov-18
1. Treasury Bills (Excluding Repos)	953.44	962.98	966.37	952.56	952.00	961.29	954.77
<i>(As % of total securities)</i>	38.41	38.65	38.73	38.41	38.39	38.30	38.14
2. Treasury Bonds	1,528.77	1,528.77	1,528.77	1,527.62	1,527.62	1,548.84	1,548.84
<i>(As % of total securities)</i>	61.59	61.35	61.27	61.59	61.61	61.70	61.86
3. Total Securities (1+2)	2,482.21	2,491.75	2,495.14	2,480.18	2,479.62	2,510.12	2,503.61
4. Overdraft at Central Bank	0.00	0.01	4.33	23.44	25.17	8.43	4.77
5. Other Domestic debt*	31.70	31.56	31.59	31.56	31.56	31.56	31.53
6. Gross Domestic Debt (3+4+5)	2,513.91	2,523.32	2,531.05	2,535.18	2,536.35	2,550.12	2,539.92

* 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)

	05-Oct-18	12-Oct-18	19-Oct-18	26-Oct-18	02-Nov-18	09-Nov-18	16-Nov-18
Treasury bills (Excluding Repos)	37.9	38.2	38.2	37.6	37.5	37.7	37.6
Treasury bonds	60.8	60.6	60.4	60.3	60.2	60.7	61.0
CBK Overdraft to Govt	0.0	0.0	0.2	0.9	1.0	0.3	0.2
Other domestic debt	1.3	1.3	1.2	1.2	1.2	1.2	1.2
TOTAL	100.0	100.0	100.0	100.0	100.0	100.0	100.0

Source: Central Bank of Kenya

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

	05-Oct-18	12-Oct-18	19-Oct-18	26-Oct-18	02-Nov-18	09-Nov-18	16-Nov-18
Banking Institutions	54.2	54.4	54.3	54.7	54.9	54.4	54.2
Insurance Companies	6.1	6.1	6.1	6.1	6.1	6.1	6.1
Parastatals	7.3	7.4	7.4	7.5	7.4	7.5	7.7
Pension funds	27.7	27.5	27.6	27.1	27.1	27.4	27.4
Other investors	4.6	4.6	4.5	4.5	4.5	4.5	4.5
Total	100.0	100.0	100.0	100.0	100.0	100.0	100.0

Source: Central Bank of Kenya

Table 10: 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
Total public debt (KSh Billion)	4,483.03	4,569.63	4,884.08	4,977.43	5,020.70	5,039.03	5,146.04

*Provisional

Source: National Treasury and Central Bank of Kenya