



Central Bank of Kenya

Weekly Bulletin

October 18, 2019

KEY MONETARY AND FINANCIAL INDICATORS

Exchange Rate

The Kenya Shilling remained stable against major international and regional currencies during the week ending October 17. It exchanged at KSh 103.71 per US Dollar on October 17, compared to KSh 103.78 on October 9 (Table 1).

Foreign Exchange Reserves

The CBK usable foreign exchange reserves remained adequate at USD 8,925 million (5.58 months of import cover) as at October 17. This meets the CBK's statutory 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 (Table 2).

Money Market

The money market was liquid during the week ending October 17, mainly due to government payments and net redemption of government securities. The open market operations remained active. Commercial banks' excess reserves stood at KSh 16.4 billion in relation to the 5.25 percent cash reserves requirement (CRR). The average interbank rate increased to 7.59 percent on October 17 from 7.11 percent on October 9. The average number of interbank deals per day decreased to 13 from 17 the previous week, while the value traded decreased to KSh 5.5 billion from KSh 5.7 billion (Table 3).

Government Securities Market

The Treasury bills auctions of October 17 received bids totaling KSh 19.3 billion against an advertised amount of KSh 24.0 billion, representing a performance of 80.6 percent. Interest rates on all the

Treasury bills tenors declined (Table 4).

Equity Market

During the week ending October 17, the number of shares traded and market capitalisation increased by 92.4 percent and 0.9 percent, respectively (Table 6). The NASI, NSE 25 and NSE 20 share indices rose by 0.9 percent, 1.5 percent and 1.0 percent, respectively.

Bond Market

The value of bonds traded in the domestic secondary market increased by 177.2 percent during the week ending October 17. In the international market, yields on Kenya's 7-year, 10-year (2024), 10-year (2028), 12-year and 30-year Eurobonds declined by 15.7, 18.6, 25.6, 7.9 and 19.3 basis points, respectively. Yields on 10-year Eurobonds for Angola and Ghana also declined (Chart 2).

Global Trends

Uncertainties in the global financial markets remained during the week. The IMF revised downwards its global growth forecast for 2019, mainly due to slowdown in global trade and erosion of business confidence attributed to trade tensions and geopolitical risks. The UK and EU reached an agreement on a new Brexit deal on October 17, but uncertainties remain over support for the deal in the UK Parliament.

International oil prices increased slightly during the week partly due to optimism for a trade deal between the US and China, and postponement by the US of the planned hike in duties on at least USD 250 billion Chinese goods. The Murban oil prices rose to 61.22 per barrel on October 17, from USD 59.75 per barrel on October 10.

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

	USD	Sterling Pound	Euro	100 Japanese Yen	USHS*	TSHS*	RWF*	BIF*
4-Oct-19	103.81	128.40	113.71	96.97	35.44	22.14	8.91	17.80
7-Oct-19	103.84	127.62	113.85	97.15	35.42	22.14	8.91	17.80
8-Oct-19	103.80	127.85	114.10	97.05	35.55	22.16	8.92	17.81
9-Oct-19	103.78	126.74	113.96	97.09	35.60	22.15	8.92	17.81
October 4-9	103.81	127.66	113.90	97.06	35.50	22.15	8.91	17.81
11-Oct-19	103.76	126.75	113.92	96.61	35.61	22.16	8.78	17.96
14-Oct-19	103.77	131.40	114.76	95.73	35.66	22.16	8.92	17.82
15-Oct-19	103.79	130.61	114.46	95.79	35.55	22.16	8.92	17.81
16-Oct-19	103.70	131.10	114.06	95.64	35.60	22.18	8.93	17.83
17-Oct-19	103.71	132.86	114.51	95.43	35.60	22.19	8.93	17.83
October 11-17	103.75	130.54	114.34	95.84	35.60	22.17	8.90	17.85

* Units of currency per Kenya Shilling

Source: Central Bank of Kenya

Table 2: Official Usable Foreign Exchange Reserves

	05-Sep-19	12-Sep-19	19-Sep-19	26-Sep-19	03-Oct-19	09-Oct-19	17-Oct-19
1. CBK Usable Foreign Exchange Reserves (USD Million)	9,218	9,196	9,148	8,985	8,935	9,000	8,925
2. CBK Usable Foreign Exchange Reserves (Months of Import Cover)*	5.76	5.75	5.72	5.61	5.58	5.62	5.58

*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 (%)
4-Oct-19	18	6,795	7.21
7-Oct-19	15	6,650	6.96
8-Oct-19	14	4,255	6.80
9-Oct-19	20	5,100	7.11
10-Oct-19	Public Holiday		
October 4-9	17	5,700	7.02
11-Oct-19	14	3,450	7.99
14-Oct-19	17	6,300	7.16
15-Oct-19	15	7,440	7.03
16-Oct-19	9	3,710	6.91
17-Oct-19	12	6,620	7.59
October 11-17	13	5,504	7.34

Source: Central Bank of Kenya

Table 4: Performance of Treasury Bills Auctions

91-Day Treasury Bills					
Date of Auction	25-Jul-19	29-Aug-19	26-Sep-19	09-Oct-19	17-Oct-19
Amount offered (Ksh M)	4,000.00	4,000.00	4,000.00	4,000.00	4,000.00
Bids received (Ksh M)	8,072.05	5,318.73	3,294.99	5,375.73	4,404.44
Amount Accepted (Ksh M)	5,125.66	5,318.73	3,294.99	5,375.73	4,404.44
Maturities (Ksh M)	7,561.00	2,370.60	4,205.85	3,293.95	7,603.10
Average interest Rate (%)	6.592	6.385	6.307	6.369	6.362
182-Day Treasury Bills					
Amount offered (Ksh M)	10,000.00	10,000.00	10,000.00	10,000.00	10,000.00
Bids received (Ksh M)	2,720.01	4,821.89	436.44	495.49	1,050.85
Amount Accepted (Ksh M)	2,720.01	4,821.89	436.44	495.49	1,050.27
Maturities (Ksh M)	3,248.15	8,025.60	6,129.75	5,730.85	4,868.90
Average interest Rate (%)	7.365	7.011	7.175	7.250	7.241
364-Day Treasury Bills					
Amount offered (Ksh M)	10,000.00	10,000.00	10,000.00	10,000.00	10,000.00
Bids received (Ksh M)	16,446.47	8,683.06	19,878.31	17,724.18	13,878.38
Amount Accepted (Ksh M)	16,423.62	7,769.72	11,581.85	11,036.78	7,648.24
Maturities (Ksh M)	14,534.60	16,078.65	10,320.85	6,949.90	5,139.80
Average interest Rate (%)	8.988	9.392	9.777	9.792	9.787

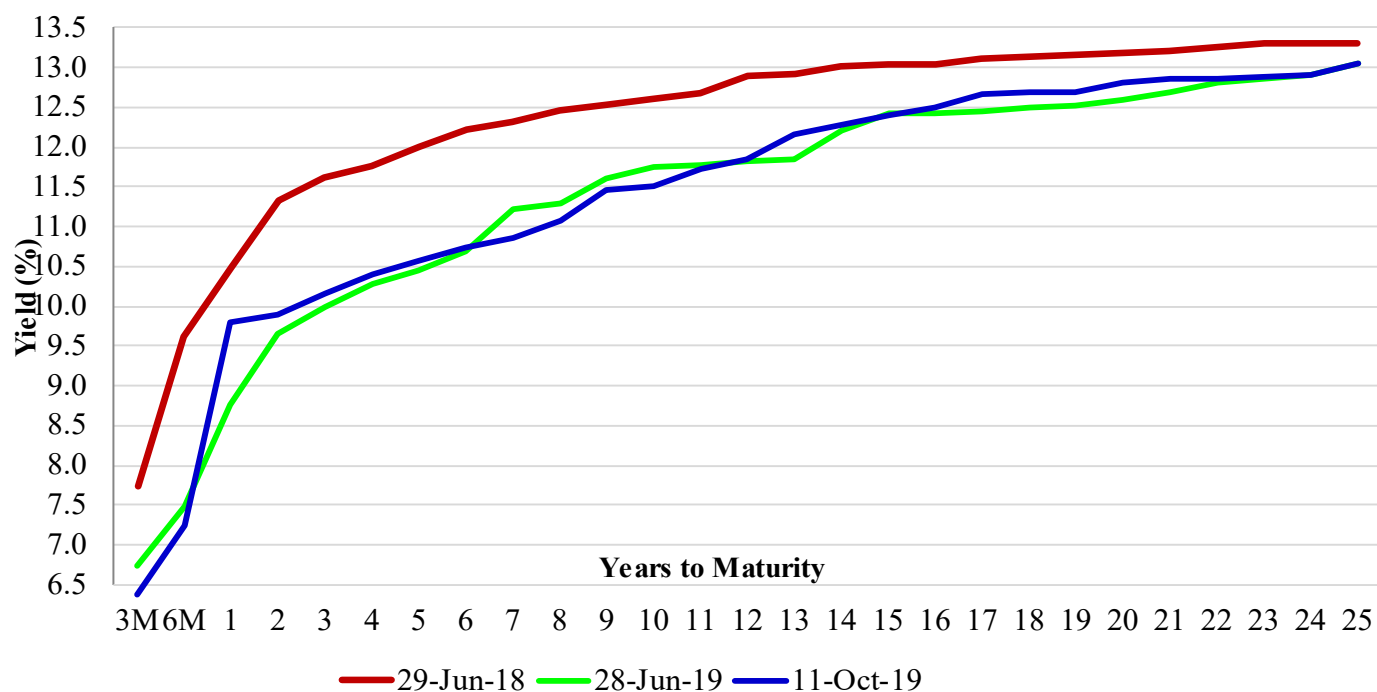
Source: Central Bank of Kenya

Table 5: Performance of Treasury Bonds Auctions

Date of Auction	24-Jul-19	14-Aug-19		18-Sep-19		25-Sep-19	
				REOPEN		REOPEN	
Tenor	FXD 3/2019/15	FXD 3/2019/10	FXD 1/2019/20	FXD 1/2018/15	FXD 2/2019/15	FXD 1/2018/15	FXD 2/2019/15
Amount offered (Ksh M)	40,000.00	50,000.00		50,000.00		30,000.00	
Bids received (Ksh M)	86,674.56	67,441.35		32,624.57		9,320.40	
Amount Accepted (Ksh M)	50,578.30	45,014.80	14,671.97	15,256.19	17,368.38	3,453.83	5,906.13
Maturities (Ksh M)	0.00	0.00	0.00	46,205.50		3,453.83	5,906.13
Average interest Rate (%)	12.34	11.52	12.74	12.56	12.67	12.56	12.67

Source: Central Bank of Kenya

Chart 1: Government Securities Yield Curve



Source: Nairobi Securities Exchange (NSE)

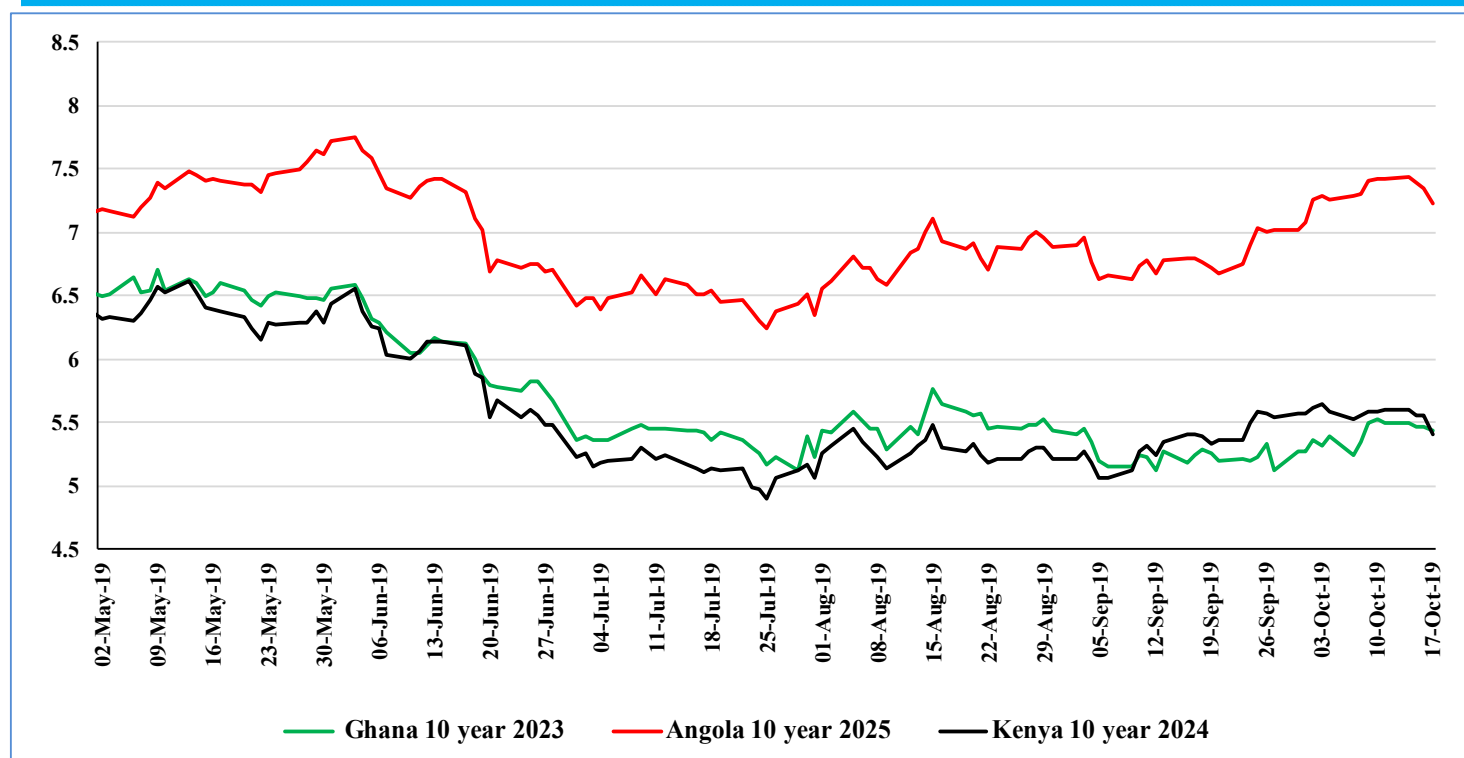
Table 6: Key Weekly Market Indicators

INDICATOR	NASI 100=2008	NSE 25 Share Index	NSE 20 Share Index 100=1996	Total Deals (Equity)	Total Shares Traded (Million)	Equity Turnover (KSh Million)	Market Capitalization (KSh Billion)	Bonds Turnover (KSh Million)	7-Year Euro-bond Yield (%)	10-Year Euro-bond Yield (%) 2024	10-Year Euro-bond Yield (%) 2028	12-Year Euro-bond Yield (%)	30-Year Euro-bond Yield (%)
7-Oct-19	146.10	3479.06	2426.23	930	14.31	430.11	2,204.39	945.89	6.329	5.529	6.715	7.319	8.003
8-Oct-19	146.64	3471.18	2432.54	934	7.49	326.27	2,212.50	1,435.95	6.349	5.558	6.696	7.319	8.059
9-Oct-19	146.96	3475.76	2432.48	856	7.76	241.30	2,217.37	402.30	6.390	5.590	6.715	7.366	8.057
10-Oct-19	PUBLIC HOLIDAY								6.444	5.589	6.773	7.429	8.101
October 4 - 9	146.96	3475.76	2432.48	3,484	42.26	1,360.94	2,217.37	3,023.29	6.444	5.589	6.773	7.429	8.101
11-Oct-19	147.64	3497.78	2455.27	817.00	12.58	391.99	2,227.60	721.24	6.396	5.594	6.753	7.428	8.097
14-Oct-19	146.41	3475.37	2436.64	425.00	2.50	141.83	2,209.04	1,337.33	6.408	5.594	6.714	7.413	8.117
15-Oct-19	146.13	3468.55	2438.25	703.00	3.27	76.62	2,204.78	2,728.75	6.375	5.554	6.676	7.381	8.090
16-Oct-19	146.09	3473.87	2435.74	713.00	11.62	361.67	2,204.16	2,108.86	6.368	5.553	6.675	7.350	8.079
17-Oct-19	148.28	3526.37	2456.34	1117.00	51.33	1,985.57	2,237.41	1,485.55	6.287	5.403	6.517	7.350	7.908
October 11 - 17	148.28	3526.37	2456.34	3,775	81.29	2,957.68	2,237.41	8,381.73	6.287	5.403	6.517	7.350	7.908
Weekly Changes (%)	0.90	1.46	0.98	8.35	92.38	117.33	0.90	177.24	-0.157*	-0.186*	-0.256*	-0.079*	-0.193*

*Percentage points

Source: Nairobi Securities Exchange, Thompson Reuters and Central Bank of Kenya

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



Source: Thomson Reuters

Table 7: Government Domestic Debt (KSh Billion)

	28-Jun-19	26-Jul-19	30-Aug-19	27-Sep-19	04-Oct-19	11-Oct-19
1. Treasury Bills (Excluding Repos)	954.25	952.98	947.89	933.10	928.91	912.02
(As % of total securities)	35.31	35.28	33.97	33.78	33.68	33.16
2. Treasury Bonds	1,748.15	1,748.15	1,842.38	1,828.78	1,828.78	1,838.11
(As % of total securities)	64.69	64.72	66.03	66.22	66.32	66.84
3. Total Securities (1+2)	2,702.40	2,701.13	2,790.26	2,761.88	2,757.69	2,750.14
4. Overdraft at Central Bank	57.33	64.52	59.55	52.58	47.52	65.24
5. Other Domestic debt*	25.76	25.76	25.69	25.68	25.72	25.72
6. Gross Domestic Debt (3+4+5)	2,785.48	2,791.42	2,875.50	2,840.13	2,830.92	2,841.11

* 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)

	28-Jun-19	26-Jul-19	30-Aug-19	27-Sep-19	04-Oct-19	11-Oct-19
Treasury bills (Excluding Repos)	34.26	34.13	32.96	32.80	32.71	32.04
Treasury bonds	62.78	62.63	64.08	64.46	64.66	64.76
CBK Overdraft to Government	2.06	2.31	2.07	1.85	1.68	2.29
Other domestic debt	0.91	0.92	0.89	0.90	0.95	0.90
TOTAL	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)

	28-Jun-19	26-Jul-19	30-Aug-19	27-Sep-19	04-Oct-19	11-Oct-19
Banking Institutions	54.37	54.57	54.35	53.28	53.07	52.98
Insurance Companies	6.13	6.11	6.18	6.40	6.44	6.49
Parastatals	6.98	7.00	6.98	7.32	7.33	7.33
Pension funds	28.24	28.05	28.19	28.70	28.85	28.88
Other investors	4.28	4.27	4.29	4.30	4.32	4.33
Total	100.00	100.00	100.00	100.00	100.00	100.00

Source: Central Bank of Kenya

Table 10: Indicators of Total Government Debt

	Sep-18	Dec-18	Mar-19	Jun-19	Jul-19	Aug-19
Domestic debt (KSh Billion)	2,540.70	2,548.77	2,699.09	2,785.94	2,844.12	2,876.00
Public & Publicly Guaranteed External debt (US \$ Billion)	25.81	26.74	27.01	29.55	30.32	30.26
Public & Publicly Guaranteed External debt (KSh Billion)	2,605.33	2,723.73	2,721.60	3,023.14	3,160.06	3,133.54
Total public debt (KSh Billion)	5,146.04	5,272.50	5,420.68	5,809.08	6,004.18	6,009.54

Source: National Treasury and Central Bank of Kenya