



Central Bank of Kenya

Weekly Statistical Bulletin

Key Monetary and Financial Indicators

September 29, 2017

Liquidity in the money market tightened during the week ending September 27, 2017 on account of quarterly tax remittances. The Central Bank supported the market through reverse repo purchases.

The capital markets performance slowed down across all the segments, a reflection of investors' pull back in the face of developments surrounding a repeat Presidential elections slated for October 26, 2017.

Monetary Policy Operations

Liquidity in the money market tightened during the week ending September 27, 2017 on account of quarterly tax remittances of KSh 51.1 billion. To cushion the market, the Central Bank injected liquidity to the tune of KSh 44.6 billion through reverse repo purchases (**Table 1**).

Commercial banks' excess reserves above the 5.25 percent averaging requirement decreased to KSh 3.0 billion during the week ending September 27, 2017 from the previous week's average of KSh 7.2 billion underscoring the tight liquidity conditions in the money markets (Chart 1).

The Interbank Market

Reflecting the tight liquidity in the interbank market, the weighted average interbank rate increased to 7.16 percent in the week ending September 27, 2017 from 4.21 percent recorded in the previous week. The volumes transacted ranged from KSh 13.8 billion to KSh 21.2 billion during the week, giving an average of KSh 17.9 billion compared to an average of KSh 23.6 billion the previous week. The number of deals stood at 43 during the week compared to 36 deals transacted the previous week (**Table 2 and Chart 2**).

Kenya Shilling Exchange Rate

The Kenya shilling exchange rate remained moderately stable against the US Dollar, the Euro, the Sterling Pound and the Japanese Yen for the week ending September 28, 2017. In the EAC region, the Kenya shilling was marginally weaker against all the EAC Currencies.

Equity Market

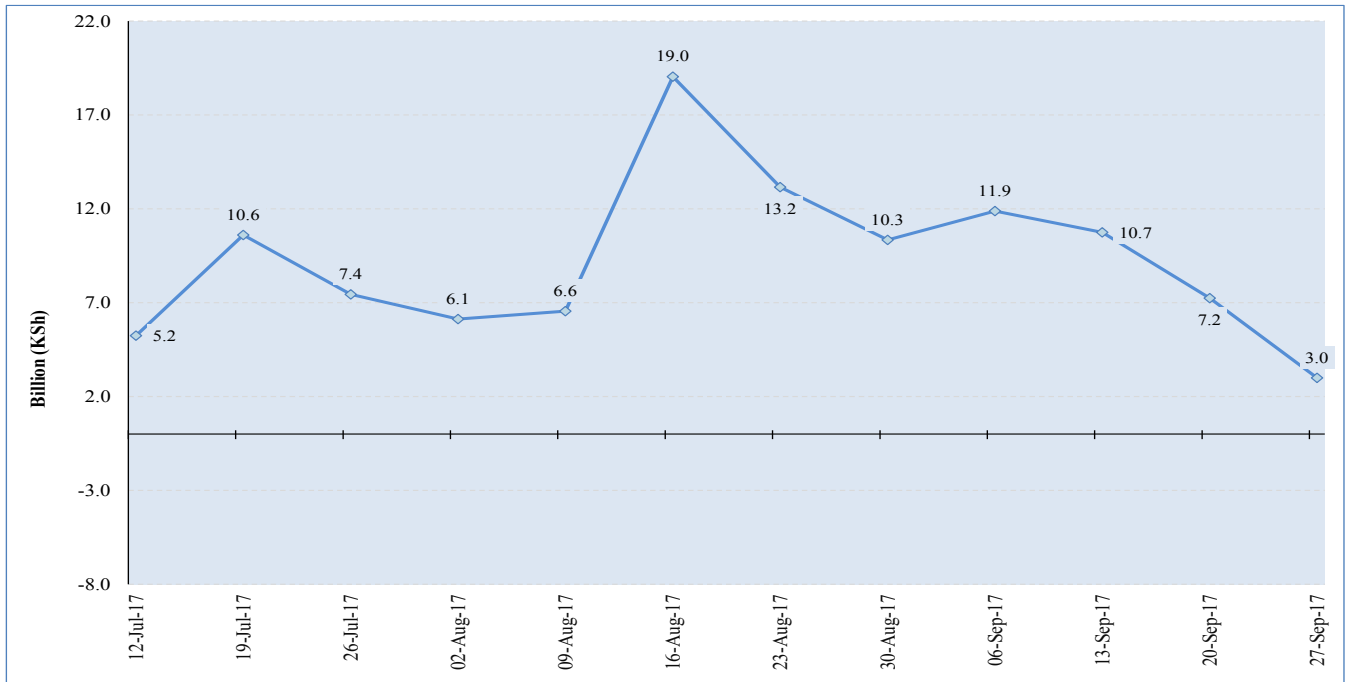
All leading indicators for equities market segment declined in the week ending September 29, 2017, reflecting investors' perceptions on the noise raised by the repeat Presidential elections scheduled for October 26, 2017. Shareholders' wealth, measured by market capitalization, shed 1.59 percent with investors scaling down on supply of shares in the market (Table 4).

Bond Market and Eurobond Yields

The volume of Bonds traded reduced significantly in the week ending September 29, 2017 to 137 deals from 247 deals in the previous week. This performance may be explained by investors' preference for new issuance and reopening of FXD1/2017/2 and FXD 1/2017/10, respectively, and subsequent tpsales of the same bonds value dated October 2, 2017. The two bonds raised a total of KSh 38.75 billion against KSh 30 billion offered. Kenya's 5-year Eurobond yield shed 2 basis point while the 10-year yield gained 15 basis point, reflecting investor perception about the two maturities. The 10 – year yield has gained in the last five weeks.

LIST OF TABLES AND CHARTS

Chart 1: Commercial Banks Excess Reserves



Source: Central Bank of Kenya

Table 1: Liquidity Flows and Open Market Operations (Ksh billion)

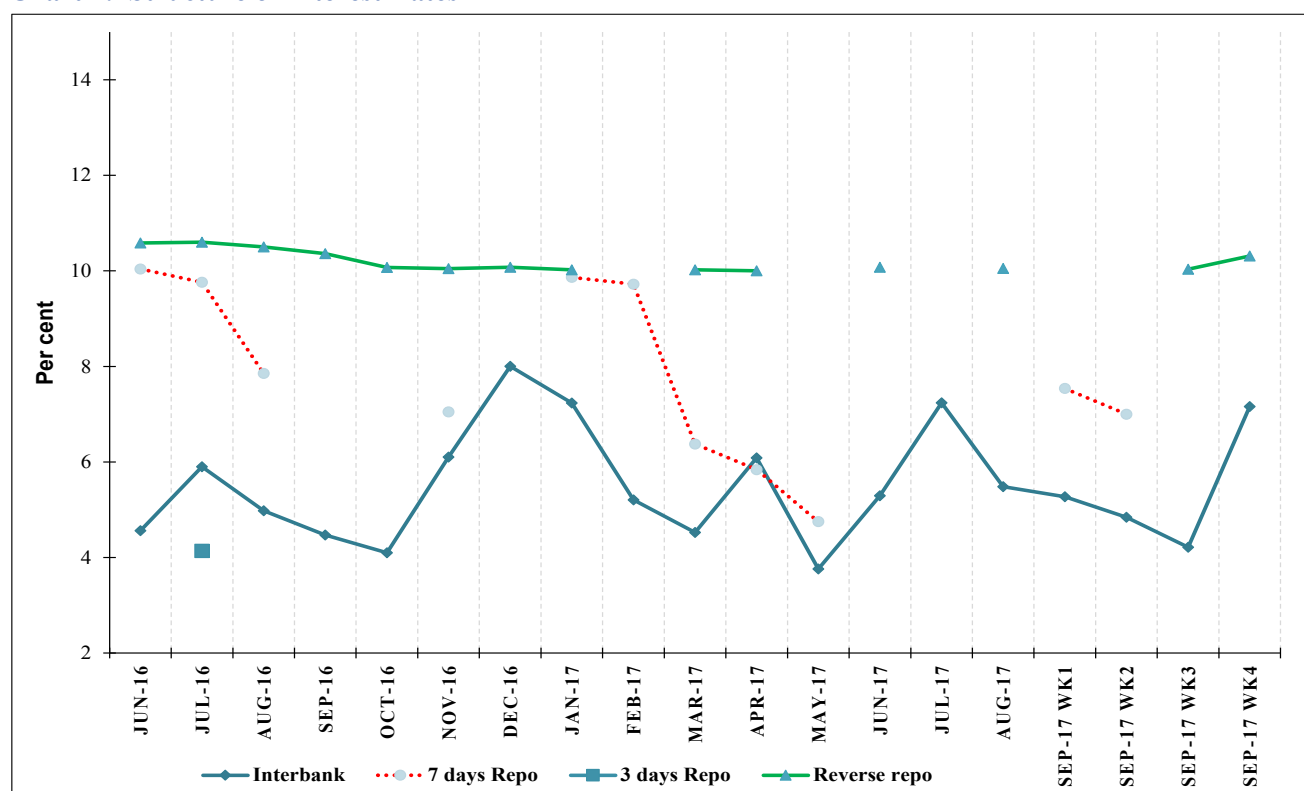
	21-Sep-17	22-Sep-17	25-Sep-17	26-Sep-17	27-Sep-17	Total
Liquidity Flows						
Total liquidity injection ¹	9.2	20.5	53.4	1.1	3.0	87.3
Repos Maturities	0.0	0.0	0.0	0.0	0.0	0.0
Reverse Repo Purchases	8.5	16.2	19.7	0.2	0.0	44.6
Term Auction Deposit maturities	0.0	0.0	0.0	0.0	0.0	0.0
T/bills redemptions	0.0	0.0	11.4	0.0	0.0	11.4
T/bills rediscounts	0.0	0.0	0.0	0.0	0.0	0.0
T/bonds redemptions	0.0	0.0	10.8	0.0	0.0	10.8
T/bonds Interest	0.0	0.0	8.8	0.0	0.0	8.8
T/bonds rediscounts	0.0	0.0	0.0	0.0	0.0	0.0
Govt payments	0.8	4.2	2.6	0.9	3.0	11.6
Total liquidity reduction ¹	23.3	23.6	38.3	3.1	1.3	89.6
T/bills (Primary issues)	0.0	0.0	8.9	0.0	0.0	8.9
Tbonds Sales	0.0	0.0	27.0	0.0	0.0	27.0
T/bills/Tbonds (OMO Tap Sales)	0.0	0.0	0.0	0.0	0.0	0.0
Repos	0.0	0.0	0.0	0.0	0.0	0.0
Reverse Repos maturities	0.0	1.2	0.0	0.2	0.0	1.4
Term Auction Deposit	0.0	0.0	0.0	0.0	0.0	0.0
Transfer from Banks -Taxes	22.9	22.3	1.8	2.8	1.3	51.1
Net liquidity injection (+)/Withdrawal (-)	-14.1	-3.1	15.1	-2.0	1.7	-2.3
Open Market Operations Outcome						
Posted Amount	0.0	0.0	0.0	0.0	0.0	0.0
Realised Amount - Mop up	0.0	0.0	0.0	0.0	0.0	0.0
Repo (-)	0.0	0.0	0.0	0.0	0.0	0.0
Term Auction Deposits (-)	0.0	0.0	0.0	0.0	0.0	0.0
Reserve Money Position						
Reserve money (actual)	389.6	386.5	404.0	401.1	404.1	

¹ Only main transactions increasing or reducing liquidity are included.

Source: Central Bank of Kenya

Table 2: Interbank Deals, Volumes and Interest Rates

Date	Number of Deals	Value (KSh M)	Average Interbank Rate (%)	Reverse Repo Rate (%)
14-Sep-17	27	17,690	3.56	10.05
15-Sep-17	34	28,400	3.71	-
18-Sep-17	40	26,150	4.34	10.05
19-Sep-17	40	25,380	4.47	10.00
20-Sep-17	39	20,290	4.99	-
Sept 07-Sept 20, 2017	36	23,582	4.21	10.03
21-Sep-17	48	21,230	6.09	10.30
22-Sep-17	44	17,470	7.10	10.42
25-Sep-17	39	13,750	7.48	10.47
26-Sep-17	42	20,905	7.41	10.05
27-Sep-17	42	15,980	7.71	-
Sept 21-Sept 27, 2017	43	17,867	7.16	10.31

Chart 2: Structure of Interest Rates

Source: Central Bank of Kenya

Table 3: Kenya Shilling Exchange Rate

	USD	Sterling Pound	Euro	100 Japanese Yen	USHS*	TSHS*	RWF*	BIF*
15-Sep-17	102.85	137.34	122.31	93.02	35.00	21.81	8.22	16.97
18-Sep-17	103.03	139.97	123.36	93.19	34.94	21.77	8.07	16.94
19-Sep-17	103.14	139.89	123.32	92.61	34.87	21.75	8.11	16.93
20-Sep-17	103.28	139.62	123.74	92.76	34.84	21.74	8.06	16.91
21-Sep-17	103.32	140.06	123.99	92.75	34.80	21.70	8.05	16.91
15-21 September 2017	103.12	139.38	123.34	92.87	34.89	21.75	8.10	16.93
22-Sep-17	103.29	139.52	123.12	92.09	34.90	21.74	8.06	16.92
25-Sep-17	103.26	139.47	123.60	92.24	34.89	21.73	8.06	16.92
26-Sep-17	103.27	139.18	122.25	92.56	34.91	21.74	8.05	16.91
27-Sep-17	103.34	138.94	121.85	92.15	34.84	21.72	8.06	16.92
28-Sep-17	103.34	138.44	121.21	91.47	34.86	21.72	8.06	16.92
22-28 September 2017	103.30	139.11	122.41	92.10	34.88	21.73	8.06	16.92

* Units of currency per Kenya Shilling

Source: Central Bank of Kenya

Table 4: Key Weekly Market Statistics

INDICATOR	17-Aug-17	24-Aug-17	31-Aug-17	07-Sep-17	14-Sep-17	21-Sep-17	29-Sep-17	Weekly Change (%)
NASI 100= 2008	166.08	168.69	169.16	164.00	164.48	166.02	163.38	-1.59
NSE 25 Share Index	4045.89	4482.63	4485.10	4301.00	4305.08	4329.00	4286.95	-0.97
NSE 20 Share Index 100= 1996	4457.05	4052.54	4027.12	3805.00	3813.78	3777.09	3716.72	-1.60
Number of Deals	9508.00	6660.00	7929	7144	5711	5785	5350	-7.52
Total Shares Traded (Million)	188.13	117.80	110.72	233.35	115.65	93.15	95.89	2.94
Equity Turnover (KSh Million)	4817.58	3055.78	3237.17	6893.81	3698.95	3001.41	2126.51	-29.15
Market Capitalization (KSh Billion)	2433.42	2471.91	2478.62	2402.90	2410.03	2432.60	2393.89	-1.59
Bonds Turnover (KSh Million)	5,658.65	11,330.59	10,456.25	6,276.37	10,093.75	8,670.97	7,702.58	-11.17
5-Year Eurobond Yield (%)	4.09	4.07	3.91	4.18	4.17	4.30	4.28	*-0.017
10-Year Eurobond Yield (%)	6.09	6.05	6.01	6.16	6.24	6.38	6.54	*0.154

* Percentage points

Source: Nairobi Securities Exchange and Thompson Reuters

Table 5 A: Performance of Government Securities

TREASURY BILLS								
91-Day Treasury Bills								
Date of Auction	27-Jul-17	17-Aug-17	24-Aug-17	31-Aug-17	07-Sep-17	14-Sep-17	21-Sep-17	28-Sep-17
Amount offered (Ksh M)	4,000.00	4,000.00	4,000.00	4,000.00	4,000.00	4,000.00	4,000.00	4,000.00
Bids received (Ksh M)	964.01	3,780.51	4,201.81	2,773.01	4,042.20	4,121.97	2,580.50	4,023.90
Amount Accepted (Ksh M)	857.46	3,780.41	4,201.81	1,577.59	3,996.05	3,521.74	2,580.50	4,023.90
Maturities (Ksh M)	11,427.00	2,268.60	2,268.60	3,167.80	14,028.70	10,251.80	3,386.80	2,296.35
Average interest Rate (%) - 91 Days	8.20	8.15	8.15	8.14	8.13	8.13	8.13	8.13
182-Day Treasury Bills								
Date of Auction	27-Jul-17	17-Aug-17	24-Aug-17	31-Aug-17	07-Sep-17	14-Sep-17	21-Sep-17	28-Sep-17
Amount offered (Ksh M)	10,000.00	10,000.00	10,000.00	10,000.00	10,000.00	10,000.00	10,000.00	10,000.00
Bids received (Ksh M)	4,751.78	18,894.82	5,981.63	14,540.81	22,672.85	9,548.96	3,528.61	5,262.62
Amount Accepted (Ksh M)	4,416.32	18,400.69	5,981.63	11,463.28	20,797.68	8,299.01	2,497.99	5,241.99
Maturities (Ksh M)	2,297.80	16,280.10	16,280.10	22,446.95	0.00	0.00	0.00	0.00
Average interest Rate (%) - 182 days	10.32	10.32	10.31	10.32	10.31	10.31	10.32	10.32
364-Day Treasury Bills								
Date of Auction	27-Jul-17	17-Aug-17	24-Aug-17	31-Aug-17	07-Sep-17	14-Sep-17	21-Sep-17	28-Sep-17
Amount offered (Ksh M)	10,000.00	10,000.00	10,000.00	10,000.00	10,000.00	10,000.00	10,000.00	10,000.00
Bids received (Ksh M)	9,780.73	12,086.62	12,534.86	15,343.16	10,132.67	8,351.03	3,774.10	3,448.87
Amount Accepted (Ksh M)	9,366.10	11,618.02	12,084.28	13,019.38	9,626.96	6,124.85	3,773.92	3,448.87
Maturities (Ksh M)	6,827.91	5,842.45	5,842.45	9,843.8	12,870.4	12,676.35	8,046.45	8,085.2
Average interest Rate (%) - 364 days	10.89	10.91	10.91	10.92	10.92	10.93	10.96	10.96

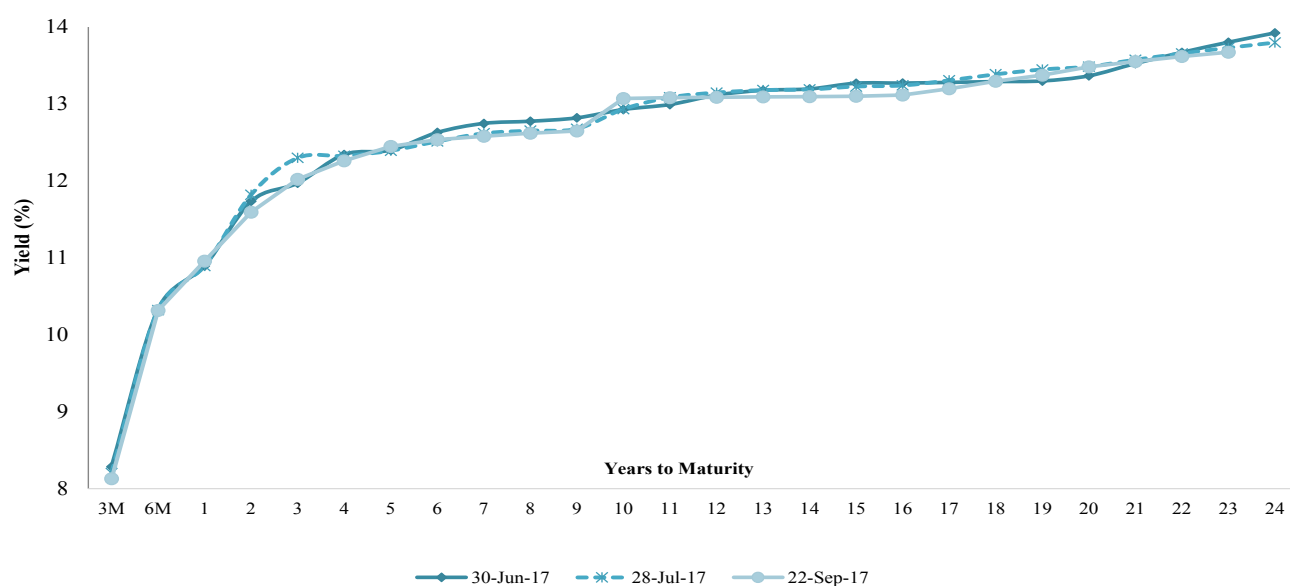
Source: Central Bank of Kenya

Table 5 B: Performance of Government Securities

TREASURY BONDS							
Date of Auction	21-Jun-17	27-Jul-17	31-Aug-17	21-Sep-17		28-Sep-17	
Tenor	FXD2/2007/15	FXD 1/2007/10	FXD 1/2017/5	FXD 1/2017/2	FXD 1/2017/10	TAP SALE FXD 1/2017/2	TAP SALE FXD 1/2017/10
Amount offered (Ksh)	30,000.0	30,000.0	13,000.0	30,000.0		13,000.0	
Bids received (Ksh M)	39,073.2	19,043.3	17,490.0	34,411.3	9,905.4	11,137.6	635.0
Amount Accepted (Ksh)	26,409.9	5,190.8	17,530.8	20,690.0	6,287.6	11,137.6	635.0
Maturities (Ksh M)	18,746.8	0.0	0.0	0.0	0.0	0.0	0.0
Average interest Rate	12.520	12.966	12.465	11.619	13.072	11.619	13.072

Source: Central Bank of Kenya

Chart C: Kenya Government Securities Yield Curve



Source: Central Bank of Kenya

Table 6: Government Domestic Debt (KSh Billion)

	30-Jun-17	28-Jul-17	18-Aug-17	25-Aug-17	01-Sep-17	08-Sep-17	15-Sep-17	22-Sep-17
1. Treasury Bills (Excluding Repos)	744.15	744.46	715.78	727.40	721.64	718.22	727.88	726.97
(As % of total securities)	35.84	35.85	34.75	35.20	35.02	34.33	34.69	34.66
2. Treasury Bonds	1,331.98	1,331.98	1,344.17	1,339.04	1,339.04	1,374.13	1,370.34	1,370.34
(As % of total securities)	64.16	64.15	65.25	64.80	64.98	65.67	65.31	65.34
3. Total Securities (1+2)	2,076.13	2,076.43	2,059.95	2,066.44	2,060.67	2,092.34	2,098.23	2,097.31
4. Overdraft at Central Bank	-	-	22.22	13.39	21.19	27.27	19.80	22.08
5. Other Domestic debt*	36.15	35.56	36.70	36.71	36.70	36.71	36.47	36.47
6. Gross Domestic Debt (3+4+5)	2,112.28	2,112.00	2,118.87	2,116.54	2,118.56	2,156.32	2,154.50	2,155.86

* 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 (In Percent)

	30-Jun-17	28-Jul-17	18-Aug-17	25-Aug-17	01-Sep-17	08-Sep-17	15-Sep-17	22-Sep-17
Treasury bills (Excluding Repos)	35.2	35.2	33.8	34.4	34.1	33.3	33.8	33.7
Treasury bonds	63.1	63.1	63.4	63.3	63.2	63.7	63.6	63.6
CBK Overdraft to Govt	0.0	0.0	1.0	0.6	1.0	1.3	0.9	1.0
Other domestic debt	1.7	1.7	1.7	1.7	1.7	1.7	1.7	1.7
TOTAL	100.0	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)

	30-Jun-17	28-Jul-17	18-Aug-17	25-Aug-17	01-Sep-17	08-Sep-17	15-Sep-17	22-Sep-17
Banking Institutions	56.2	56.1	56.3	55.9	55.8	56.1	55.8	55.8
Insurance Companies	6.6	6.6	6.7	6.2	6.3	6.2	6.2	6.2
Parastatals	6.4	6.6	6.7	6.5	6.2	6.1	6.3	6.3
Pension funds	28.1	28.0	27.5	27.2	27.4	27.3	27.5	27.4
Other investors	2.7	2.7	2.8	4.3	4.3	4.3	4.2	4.3
Total	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0

Source: Central Bank of Kenya

Table 9: Official Foreign Reserves US\$ Million (Usable)

	10-Aug-17	17-Aug-17	24-Aug-17	31-Aug-17	07-Sep-17	14-Sep-17	21-Sep-17	28-Sep-17
1. CBK Usable Foreign Exchange Reserves (USD Million)*	7,446	7,420	7,464	7,487	7,482	7,545	7,518	7,482
2. CBK Usable Foreign Exchange Reserves (Months of Import Cover)**	4.94	4.93	4.96	4.97	4.97	5.01	4.99	4.97

*Excludes Encumbered Reserves

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

Source: Central Bank of Kenya