



Central Bank of Kenya

# Weekly Statistical Bulletin

## Key Monetary and Financial Indicators

October 13, 2017

*There was increased activity in the interbank market with both the number of deals and volumes increasing as banks funded their Cash Reserve Requirement since the CRR cycle was coming to an end on October 14, 2017.*

*The capital markets performance slowed down across all the segments, perhaps a reflection of the impact of political uncertainties and disruptions on the market trading in the week ending October 12, 2017.*

### Monetary Policy Operations

Tight liquidity conditions prevailed in the money markets for the third week, largely due to reverse repo maturities of KSh 35.8 billion. The full effect of the maturities on liquidity was, however, cushioned by the Central Bank's Reverse Repo Purchases of KSh 30.6 billion and government spending. Government payments amounted to KSh 30.4 billion while tax payments amounted to KSh 24.4 billion, resulting in a net liquidity injection from payments and tax remittances of KSh 6.1 billion, during the week ending October 11, 2017. The issuance and redemption of government securities largely matched each other and, therefore, their impact on liquidity was muted (**Table 1**).

As a result of tight liquidity conditions, the commercial banks' excess reserves above 5.25 percent averaging requirement declined to KSh 3.8 billion during the week ending October 11, 2017 from the previous week's average of KSh 5.0 billion (**Chart 1**).

### The Interbank Market

For the third week running, liquidity remained tight in the interbank market. However, the weighted average interbank rate stabilized with only a marginal decrease from 8.13 percent in the week ending October 04, 2017 to 8.01 percent in the week ending October 11, 2017. The volumes transacted increased significantly from the week ending October 04, 2017 as banks funded their Cash Reserve Requirement (CRR) towards the end of monthly CRR cycle which ends on October 14, 2017. Volumes ranged from KSh 26.9 billion to KSh 33.5 billion during the week, giving an average of KSh 30.7 billion, an increase from the previous week's average of KSh 19.9 billion. The number of deals increased to 51

during the week from 43 in the previous week (**Table 2 and Chart 2**).

### Kenya Shilling Exchange Rate.

The Kenya Shilling exchange rate remained relatively stable against the USD while it strengthened against the Sterling Pound, the Euro and the Japanese Yen for the week ending October 12, 2017. In the EAC region, the Kenya Shilling strengthened against the Uganda Shilling, Burundi Franc and Rwanda Franc but remained unchanged against the Tanzania Shilling (**Table 3**).

### Equity Market

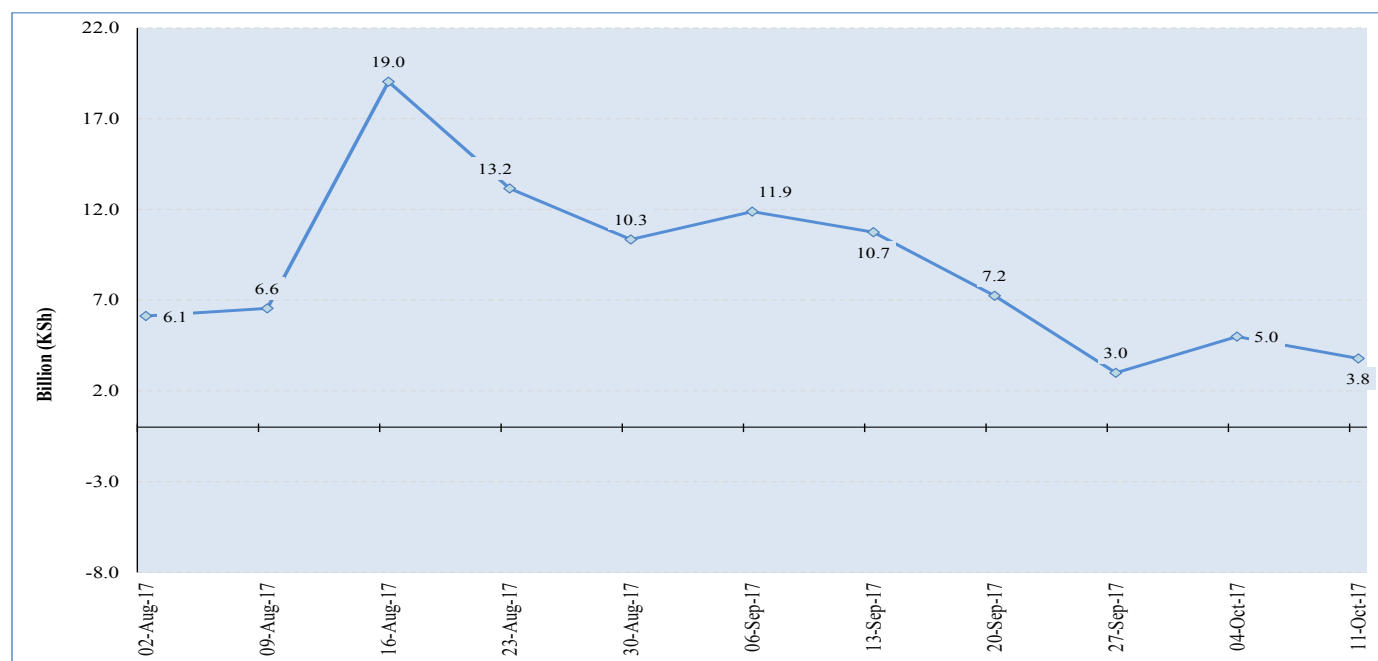
The equities market segment recorded reduced performance in the week ending October 12, 2017, as reflected in declines across all market indicators except equity turnover. This reflects low investor demand and disruptions in trading due to political uncertainty surrounding the repeat presidential elections. Shareholders lost unrealized wealth of KSh 27.48 billion as measured by 1.15 per cent fall in market capitalization (**Table 4**).

### Bond Market and Eurobond Yields

The volume of Bonds traded fell by 79.96 per cent in the week ending October 12, 2017 with deals transacted at 267 deals, compared to 283 deals in the previous week. This indicates reduced investor activity associated with political uncertainties. Similar sentiments were noted in the Treasury bills market where only KSh 10.26 billion was subscribed against government offer of KSh 24 billion leading to a 42.74 per cent subscription rate. The Kenya's 5-year and 10-year Eurobond yield rose by 0.138 and 0.129 percentage points, respectively, reflecting the general investor perceptions in the market.

## 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)

	5-Oct-17	6-Oct-17	9-Oct-17	10-Oct-17	11-Oct-17	Total
<b>Liquidity Flows</b>						
<b>Total liquidity injection <sup>\1</sup></b>	<b>11.5</b>	<b>19.4</b>	<b>27.0</b>	<b>10.5</b>	<b>5.5</b>	<b>73.9</b>
Repos Maturities	0.0	0.0	0.0	0.0	0.0	0.0
Reverse Repo Purchases	0.0	12.5	6.0	8.6	3.5	30.6
Term Auction Deposit maturities	0.0	0.0	0.0	0.0	0.0	0.0
T/bills redemptions	0.0	0.0	12.7	0.0	0.0	12.7
T/bills rediscounts	0.0	0.0	0.0	0.0	0.0	0.0
T/bonds redemptions	0.0	0.0	0.0	0.0	0.0	0.0
T/bonds Interest	0.0	0.0	0.0	0.0	0.0	0.0
T/bonds rediscounts	0.0	0.0	0.0	0.0	0.0	0.0
Govt payments	11.5	6.9	8.4	1.9	1.8	30.4
<b>Total liquidity reduction <sup>\1</sup></b>	<b>3.0</b>	<b>25.9</b>	<b>16.7</b>	<b>19.3</b>	<b>9.5</b>	<b>74.5</b>
T/bills (Primary issues)	0.0	0.0	13.2	0.0	0.0	13.2
Tbonds Sales	0.0	0.0	0.0	0.0	0.0	0.0
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	18.8	0.0	13.4	3.5	35.8
Term Auction Deposit	0.0	0.0	0.0	0.0	0.0	0.0
Transfer from Banks -Taxes	3.0	6.0	3.5	5.8	6.0	24.4
<b>Net liquidity injection (+)/Withdrawal (-)</b>	<b>8.4</b>	<b>-6.6</b>	<b>10.3</b>	<b>-8.8</b>	<b>-4.0</b>	<b>-0.6</b>
<b>Open Market Operations Outcome</b>						
<b>Posted Amount</b>	0.0	0.0	0.0	0.0	0.0	0.0
<b>Realised Amount - Mop up</b>	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
<b>Reserve Money Position</b>						
Reserve money (actual)	412.4	404.4	414.8	406.4	402.4	

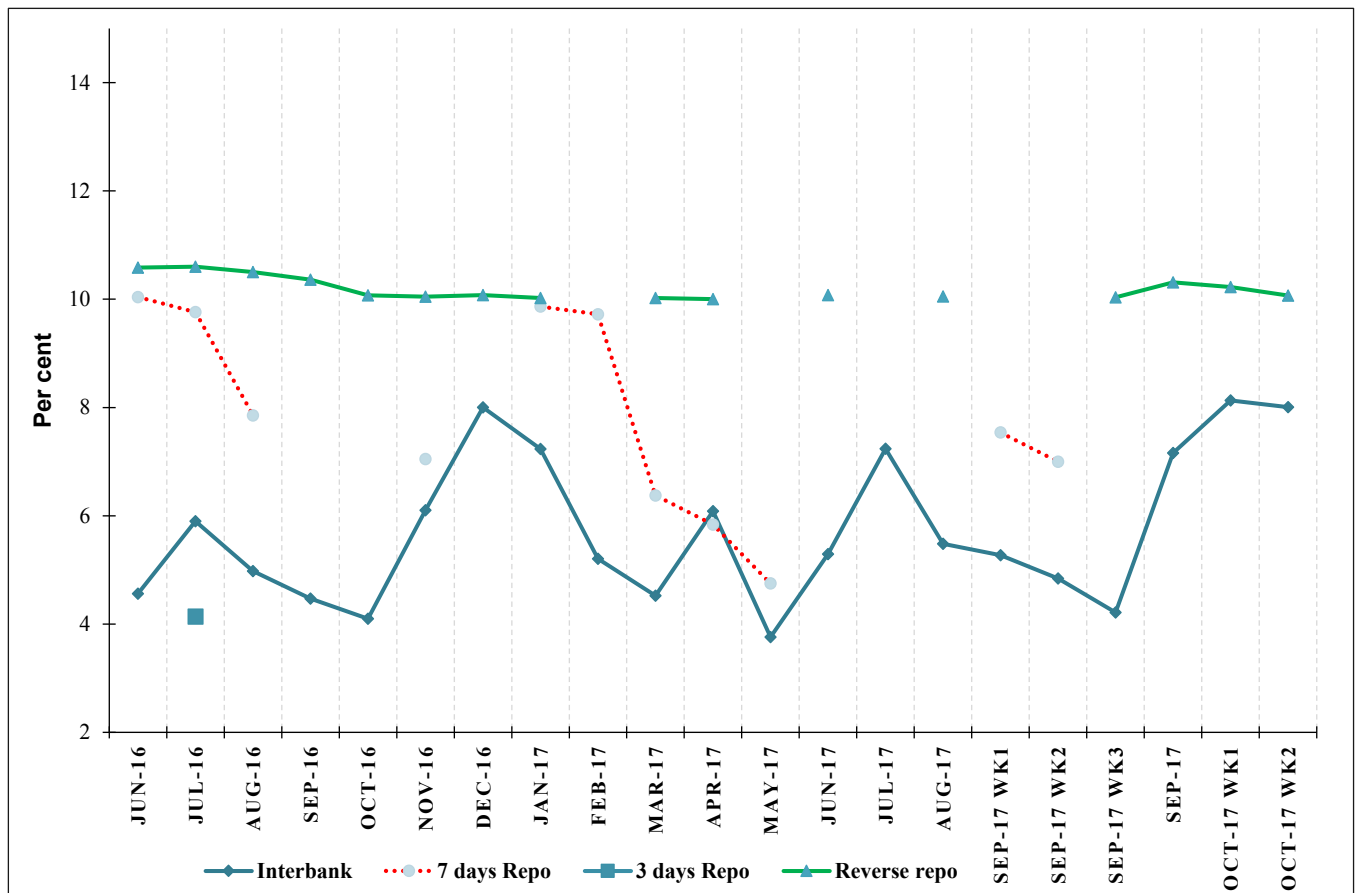
<sup>\1</sup> Only main transactions increasing or reducing liquidity are included.

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 (%)
28-Sep-17	45	14,455	7.91	-
29-Sep-17	36	15,205	8.16	10.37
2-Oct-17	32	17,350	8.16	-
3-Oct-17	48	24,585	8.20	10.31
4-Oct-17	52	27,775	8.23	10.00
<b>Sept 27-Oct 04, 2017</b>	<b>43</b>	<b>19,874</b>	<b>8.13</b>	<b>10.23</b>
5-Oct-17	48	26,865	8.23	-
6-Oct-17	53	30,510	8.12	10.22
9-Oct-17	54	29,630	8.00	10.00
10-Oct-17	49	33,570	7.89	10.04
11-Oct-17	52	33,056	7.80	10.01
<b>Oct 05-Oct 11, 2017</b>	<b>51</b>	<b>30,726</b>	<b>8.01</b>	<b>10.07</b>

Source: Central Bank of Kenya

**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*
29-Sep-17	103.25	138.61	121.67	91.69	34.87	21.74	8.07	16.86
2-Oct-17	103.22	138.01	121.94	91.80	34.92	21.74	8.07	16.95
3-Oct-17	103.22	137.00	121.29	91.58	34.90	21.75	8.16	16.95
4-Oct-17	103.31	136.93	121.52	91.81	34.87	21.73	8.07	16.94
5-Oct-17	103.31	137.11	121.55	91.72	34.89	21.73	8.16	16.94
<b>29 September-5 October 2017</b>	<b>103.26</b>	<b>137.53</b>	<b>121.59</b>	<b>91.72</b>	<b>34.89</b>	<b>21.74</b>	<b>8.10</b>	<b>16.93</b>
6-Oct-17	103.21	135.56	121.01	91.64	34.98	21.75	8.20	16.86
9-Oct-17	103.23	134.57	120.71	91.03	35.12	21.74	8.17	16.96
10-Oct-17	103.27	135.72	121.15	91.63	35.05	21.74	8.07	16.95
11-Oct-17	103.23	136.13	121.79	92.01	35.17	21.75	8.08	16.97
12-Oct-17	103.30	136.33	122.37	92.03	35.24	21.73	8.07	16.95
<b>6-12 October 2017</b>	<b>103.25</b>	<b>135.66</b>	<b>121.41</b>	<b>91.67</b>	<b>35.11</b>	<b>21.74</b>	<b>8.12</b>	<b>16.94</b>

\* Units of currency per Kenya Shilling

Source: Central Bank of Kenya

**Table 4: Key Weekly Market Statistics**

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 Eurobond Yield (%)	10-Year Eurobond Yield (%)
29-Sep-17	162.21	4,272.27	3,751.46	1,170.00	18.09	521.50	2,376.69	3,879.59	4.28	6.36
2-Oct-17	161.17	4,257.04	3,732.16	903.00	13.66	370.64	2,361.33	1,909.08	4.20	6.34
3-Oct-17	162.09	4,258.41	3,732.19	1,008.00	19.38	496.73	2,374.87	2,600.26	4.12	6.31
4-Oct-17	161.56	4,233.89	3,691.87	967.00	8.90	268.15	2,367.04	2,773.74	4.12	6.29
5-Oct-17	160.97	4,224.03	3,702.51	908.00	9.75	254.53	2,358.44	1,589.17	4.11	6.29
<b>29 Sept-5 Oct 2017</b>	<b>160.97</b>	<b>4224</b>	<b>3703</b>	<b>4956</b>	<b>69.77</b>	<b>1,911.55</b>	<b>2,358.44</b>	<b>12,751.83</b>	<b>4.105</b>	<b>6.287</b>
6-Oct-17	160.71	4,212.63	3,693.22	930.00	10.34	229.47	2,354.63	2,114.96	4.26	6.31
9-Oct-17	161.03	4,195.88	3,712.37	961.00	16.99	490.00	2,359.26	1,894.65		
10-Oct-17	160.85	4,187.46	3,696.77	909.00	8.45	212.99	2,356.72	775.95	4.18	6.33
11-Oct-17	159.78	4,143.75	3,644.80	1,216.00	20.04	809.21	2,340.97	1,187.81	4.18	6.40
12-Oct-17	159.10	4,137.41	3,640.14	903.00	12.16	259.84	2,330.96	619.45	4.24	6.42
<b>6 Oct-12 Oct 2017</b>	<b>159.10</b>	<b>4137</b>	<b>3640</b>	<b>4919</b>	<b>67.98</b>	<b>2,001.50</b>	<b>2,330.96</b>	<b>6,592.82</b>	<b>4.243</b>	<b>6.415</b>
Weekly Change (%)	-1.14	-2.02	-2	-0.69	-1.86	4.23	-1.15	-79.96	*0.138	*0.129

\* Percentage points

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

Table 5: Performance of Government Securities

TREASURY BILLS								
91-Day Treasury Bills								
Date of Auction	27-Jul-17	31-Aug-17	07-Sep-17	14-Sep-17	21-Sep-17	28-Sep-17	05-Oct-17	12-Oct-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	2,773.01	4,042.20	4,121.97	2,580.50	4,023.90	4,873.66	2,534.29
Amount Accepted (Ksh M)	857.46	1,577.59	3,996.05	3,521.74	2,580.50	4,023.90	4,336.04	2,534.29
Maturities (Ksh M)	11,427.00	3,167.80	14,028.70	10,251.80	3,386.80	2,296.35	4,293.85	2,223.95
Average interest Rate (%)- 91 Days	8.202	8.139	8.130	8.134	8.129	8.130	8.129	8.097
182-Day Treasury Bills								
Date of Auction	27-Jul-17	31-Aug-17	07-Sep-17	14-Sep-17	21-Sep-17	28-Sep-17	05-Oct-17	12-Oct-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	14,540.81	22,672.85	9,548.96	3,528.61	5,262.62	2,223.64	4,355.04
Amount Accepted (Ksh M)	4,416.32	11,463.28	20,797.68	8,299.01	2,497.99	5,241.99	2,141.98	4,345.77
Maturities (Ksh M)	2,297.80	22,446.95	0.00	0.00	0.00	0.00	0.00	0.00
Average interest Rate (%)- 182 days	10.321	10.316	10.313	10.314	10.317	10.317	10.319	10.316
364-Day Treasury Bills								
Date of Auction	27-Jul-17	31-Aug-17	07-Sep-17	14-Sep-17	21-Sep-17	28-Sep-17	05-Oct-17	12-Oct-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	15,343.16	10,132.67	8,351.03	3,774.10	3,448.87	8,067.79	3,367.24
Amount Accepted (Ksh M)	9,366.10	13,019.38	9,626.96	6,124.85	3,773.92	3,448.87	6,717.29	2,917.07
Maturities (Ksh M)	6,827.91	9,843.80	12,870.40	12,676.35	8,046.45	8,085.20	8,365.30	6,310.95
Average interest Rate (%)- 364 days	10.894	10.922	10.920	10.930	10.959	10.958	10.975	10.989

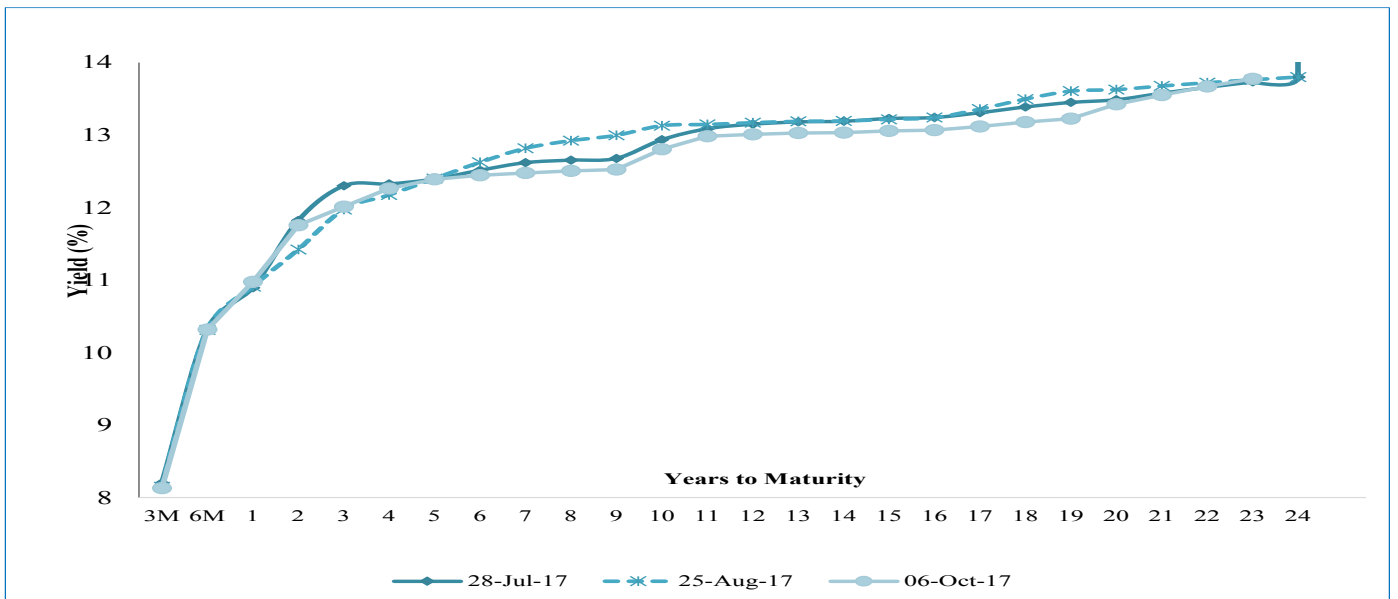
Source: Central Bank of Kenya

Table 6: Performance of Government Securities

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

Source: Central Bank of Kenya

Chart 3: Kenya Government Securities Yield Curve



Source: Central Bank of Kenya

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

	30-Jun-17	28-Jul-17	25-Aug-17	15-Sep-17	22-Sep-17	29-Sep-17	06-Oct-17
1. Treasury Bills (Excluding Repos)	744.15	744.46	727.40	727.88	726.97	724.80	727.78
<b>(As % of total securities)</b>	<b>35.84</b>	<b>35.85</b>	<b>35.20</b>	<b>34.69</b>	<b>34.66</b>	<b>34.33</b>	<b>34.23</b>
2. Treasury Bonds	1,331.98	1,331.98	1,339.04	1,370.34	1,370.34	1,386.56	1,398.31
<b>(As % of total securities)</b>	<b>64.16</b>	<b>64.15</b>	<b>64.80</b>	<b>65.31</b>	<b>65.34</b>	<b>65.67</b>	<b>65.77</b>
<b>3. Total Securities (1+2)</b>	<b>2,076.13</b>	<b>2,076.43</b>	<b>2,066.44</b>	<b>2,098.23</b>	<b>2,097.31</b>	<b>2,111.36</b>	<b>2,126.09</b>
4. Overdraft at Central Bank	-	-	13.39	19.80	22.08	24.72	22.46
5. Other Domestic debt*	36.15	35.56	36.71	36.47	36.47	36.47	36.47
<b>6. Gross Domestic Debt (3+4+5)</b>	<b>2,112.28</b>	<b>2,112.00</b>	<b>2,116.54</b>	<b>2,154.50</b>	<b>2,155.86</b>	<b>2,172.55</b>	<b>2,185.02</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 (In Percent)**

	30-Jun-17	28-Jul-17	25-Aug-17	15-Sep-17	22-Sep-17	29-Sep-17	06-Oct-17
Treasury bills (Excluding Repos)	35.2	35.2	34.4	33.8	33.7	33.4	33.3
Treasury bonds	63.1	63.1	63.3	63.6	63.6	63.8	64.0
CBK Overdraft to Govt	0.0	0.0	0.6	0.9	1.0	1.1	1.0
Other domestic debt	1.7	1.7	1.7	1.7	1.7	1.7	1.7
<b>TOTAL</b>	<b>100.0</b>	<b>100.0</b>	<b>100.0</b>	<b>100.0</b>	<b>100.0</b>	<b>100.0</b>	<b>100.0</b>

Source: Central Bank of Kenya

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

	30-Jun-17	28-Jul-17	25-Aug-17	15-Sep-17	22-Sep-17	29-Sep-17	06-Oct-17
Banking Institutions	56.2	56.1	55.9	55.8	55.8	55.9	55.7
Insurance Companies	6.6	6.6	6.2	6.2	6.2	6.2	6.2
Parastatals	6.4	6.6	6.5	6.3	6.3	6.3	6.3
Pension funds	28.1	28.0	27.2	27.5	27.4	27.3	27.5
<b>Other investors</b>	<b>2.7</b>	<b>2.7</b>	<b>4.3</b>	<b>4.2</b>	<b>4.3</b>	<b>4.3</b>	<b>4.3</b>
<b>Total</b>	<b>100.0</b>	<b>100.0</b>	<b>100.0</b>	<b>100.0</b>	<b>100.0</b>	<b>100.0</b>	<b>100.0</b>

Source: Central Bank of Kenya

**Table 10: 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	05-Oct-17	12-Oct-17
1. CBK Usable Foreign Exchange Reserves (USD Million)*	7,446	7,420	7,464	7,487	7,482	7,545	7,511	7,482	7,412	7,373
2. CBK Usable Foreign Exchange Reserves (Months of Import Cover)**	4.94	4.93	4.96	4.97	4.97	5.01	4.98	4.97	4.92	4.90

\*Excludes Encumbered Reserves

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

Source: Central Bank of Kenya