



Central Bank of Kenya

# Weekly Bulletin

March 15, 2019

## KEY MONETARY AND FINANCIAL INDICATORS

### Exchange Rate

The Kenya Shilling remained stable against major international and regional currencies during the week ending March 14. It exchanged at KSh 100.24 per US Dollar on March 14, compared to KSh 100.02 on March 7 (Table 1).

### Foreign Exchange Reserves

The CBK usable foreign exchange reserves remained adequate at USD 8,392 million (5.5 months of import cover) as at March 14. This meets the statutory requirement of maintaining at least 4 months of import cover, and the EAC region's convergence criteria of 4.5 months of import cover (Table 2).

### Money Markets

Liquidity in the money market increased during the week ending March 14, largely due to government payments. Commercial banks' excess reserves stood at KSh 16.9 billion in relation to the 5.25 percent cash reserve requirement (CRR). The average number of interbank deals decreased to 15 from 23 in the previous week, while the average interbank volumes traded decreased to KSh 3.8 billion from KSh 11.1 billion. The average interbank rate was relatively stable at 3.48 percent on March 14 compared with 3.38 percent on March 7 (Table 3).

### Government Securities

The Treasury bills auction of March 14, received bids totaling KSh 37.6 billion against an advertised amount of KSh 24.0 billion, representing a performance of 156.85 percent. The 364-day Treasury bill had the highest performance rate at 266.21 percent. Interest rates on the three Treasury bills declined (Table 4).

### Equity Market

Equity share prices declined marginally during the week ending March 14. The NASI, NSE 25 and NSE 20 share price indices declined by 0.2 percent, 0.5 percent and 1.3 percent, respectively. Market capitalization and equity turnover declined by 0.2 percent and 59.3 percent, respectively (Table 6).

### Bonds Market

Trading activity in the secondary bond market increased by 26.9 percent during the week ending March 14. In the international markets, yields of all Kenya's Eurobonds, 5-year, 10-year (2024), 10-year (2028) and 30-year, declined by 38.2, 9.6, 14.2 and 19.4 basis points, respectively (Table 6). The 10-year Eurobond yields for Ghana and Angola declined during the week (Chart 2).

### Global Trends

Global equity markets improved during the week mainly due to the release of positive US economic data showing stronger-than-expected durable goods orders and subdued inflation. After prolonged uncertainty, the UK Parliament voted to delay Brexit for 3 months from the initial date of March 29. The UK Government is expected to present its request for the delay, for approval, during the meeting of the EU council next week.

International oil prices increased during the week ending March 14, reflecting an unexpected reduction in crude oil inventories. Murban oil price increased to USD 69.26 per barrel on March 14 compared to USD 67.74 per barrel on March 7.

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

	USD	Sterling Pound	Euro	100 Japanese Yen	USHS*	TSHS*	RWF*	BIF*
1-Mar-19	100.04	132.85	113.96	90.04	37.00	23.42	8.95	18.02
4-Mar-19	100.04	132.32	113.72	89.36	37.01	23.44	9.00	18.03
5-Mar-19	100.04	132.23	113.45	89.38	36.94	23.47	9.00	18.03
6-Mar-19	100.05	131.08	113.29	89.40	36.95	23.44	9.00	18.03
7-Mar-19	100.02	131.43	113.05	89.49	37.09	23.46	9.00	18.20
<b>March 1-7</b>	<b>100.04</b>	<b>131.98</b>	<b>113.49</b>	<b>89.53</b>	<b>37.00</b>	<b>23.45</b>	<b>8.99</b>	<b>18.06</b>
8-Mar-19	99.71	130.80	112.22	89.23	37.08	23.72	9.03	18.10
11-Mar-19	99.65	130.23	111.79	89.80	37.28	23.53	9.04	18.27
12-Mar-19	99.61	130.13	112.06	89.70	37.09	23.54	9.04	18.12
13-Mar-19	100.19	131.30	113.02	90.11	36.93	23.41	8.99	18.02
14-Mar-19	100.24	132.05	113.25	90.03	37.11	23.39	8.99	18.01
<b>March 8-14</b>	<b>99.88</b>	<b>130.90</b>	<b>112.47</b>	<b>89.77</b>	<b>37.10</b>	<b>23.52</b>	<b>9.02</b>	<b>18.10</b>

\* Units of currency per Kenya Shilling

Source :Central Bank of Kenya

**Table 2: Official Usable Foreign Exchange Reserves**

	07-Feb-19	14-Feb-19	21-Feb-19	28-Feb-19	07-Mar-19	14-Mar-19
1. CBK Usable Foreign Exchange Reserves (USD Million)	8,232	8,143	8,109	8,196	8,148	8,392
2. CBK Usable Foreign Exchange Reserves (Months of Import Cover)*	5.39	5.34	5.31	5.37	5.29	5.45

\*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 (%)
1-Mar-19	27	14,625	5.29
4-Mar-19	27	16,050	4.93
5-Mar-19	22	9,150	3.95
6-Mar-19	21	9,000	3.08
7-Mar-19	20	6,830	3.38
<b>March 1-7, 2019</b>	<b>23</b>	<b>11,131</b>	<b>4.13</b>
8-Mar-19	24	7,515	3.34
11-Mar-19	15	3,450	3.72
12-Mar-19	14	3,380	3.96
13-Mar-19	8	1,580	4.39
14-Mar-19	12	2,900	3.48
<b>March 8-14, 2019</b>	<b>15</b>	<b>3,765</b>	<b>3.78</b>

Source: Central Bank of Kenya

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

Date of Auction	21-Feb-19	28-Feb-19	07-Mar-19	14-Mar-19
Amount offered (Ksh M)	4,000.00	4,000.00	4,000.00	4,000.00
Bids received (Ksh M)	5,104.84	2,936.05	677.22	3,067.71
Amount Accepted (Ksh M)	5,104.84	2,936.05	677.22	3,067.71
Maturities (Ksh M)	1,272.20	10,458.05	7,021.75	942.25
<b>Average interest Rate (%)</b>	<b>6.96</b>	<b>6.89</b>	<b>6.89</b>	<b>6.84</b>

**182-Day Treasury Bills**

Date of Auction	21-Feb-19	28-Feb-19	07-Mar-19	14-Mar-19
Amount offered (Ksh M)	10,000.00	10,000.00	10,000.00	10,000.00
Bids received (Ksh M)	11,573.10	7,761.43	6,143.70	7,956.14
Amount Accepted (Ksh M)	9,940.81	7,713.51	3,839.88	4,720.69
Maturities (Ksh M)	7,512.05	6,961.05	10,111.30	7,586.40
<b>Average interest Rate (%)</b>	<b>8.38</b>	<b>8.32</b>	<b>8.32</b>	<b>8.27</b>

**364-Day Treasury Bills**

Date of Auction	21-Feb-19	28-Feb-19	07-Mar-19	14-Mar-19
Amount offered (Ksh M)	10,000.00	10,000.00	10,000.00	10,000.00
Bids received (Ksh M)	8,434.18	8,078.76	14,988.16	26,620.75
Amount Accepted (Ksh M)	7,848.75	6,253.42	14,988.16	16,131.45
Maturities (Ksh M)	12,013.60	10,504.65	19,913.70	20,659.25
<b>Average interest Rate (%)</b>	<b>9.49</b>	<b>9.48</b>	<b>9.47</b>	<b>9.44</b>

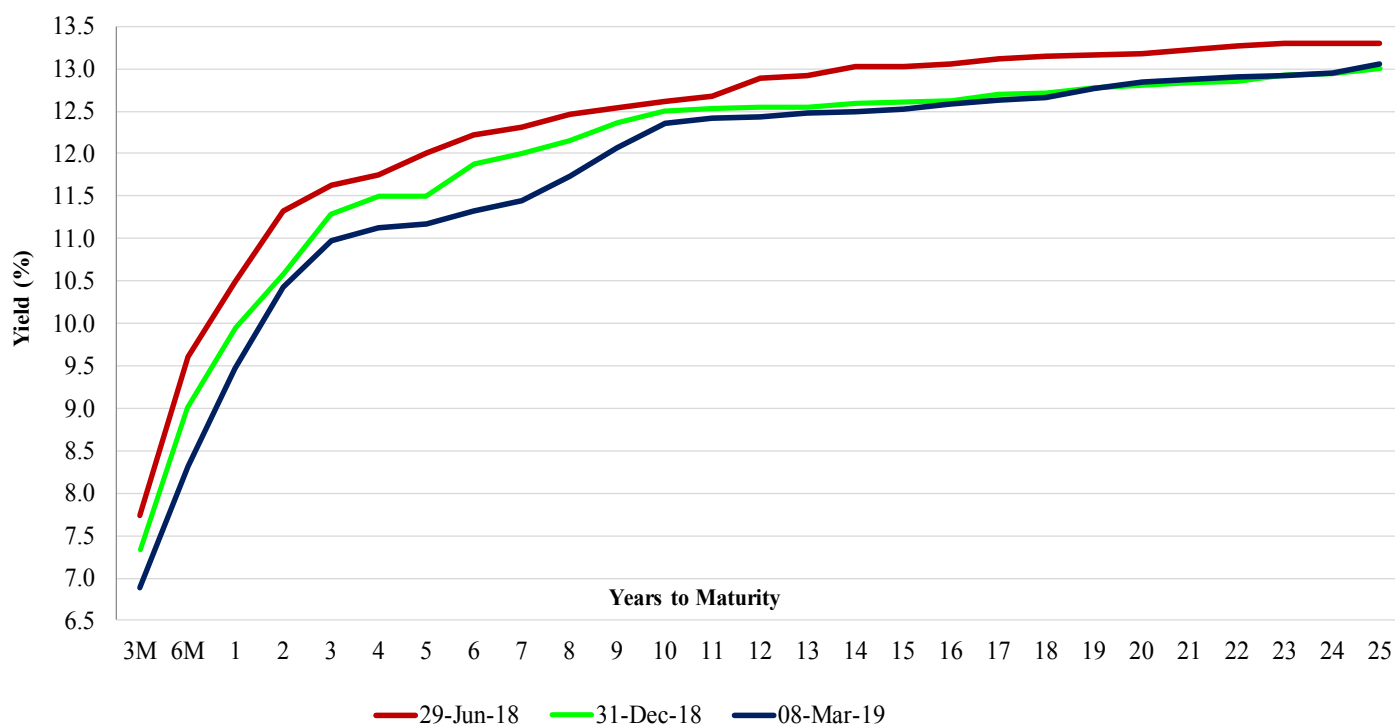
Source: Central Bank of Kenya

**Table 5: Performance of Treasury Bonds Auctions**

Date of Auction	23-Jan-19		06-Feb-19		20-Feb-19	
	FXD 1/2019/2	FXD 1/2019/15	REOPEN FXD 1/2019/2	REOPEN FXD 1/2019/15	FXD 1/2019/5	FXD 1/2019/10
Tenor						
Amount offered (Ksh M)	40,000.00		12,000.00		50,000.00	
Bids received (Ksh M)	101,973.00		66,603.10		78,259.02	
Amount Accepted (Ksh M)	23,774.63	14,719.75	7,470.38	15,961.36	20,593.62	32,808.00
Maturities (Ksh M)	0.00	0.00	0.00	0.00	0.00	0.00
Average interest Rate (%)	10.70	12.86	10.33	12.77	11.30	12.44

Source: Central Bank of Kenya

**Chart 1: Kenya Government Securities Yield Curve**



Source: Nairobi Securities Exchange

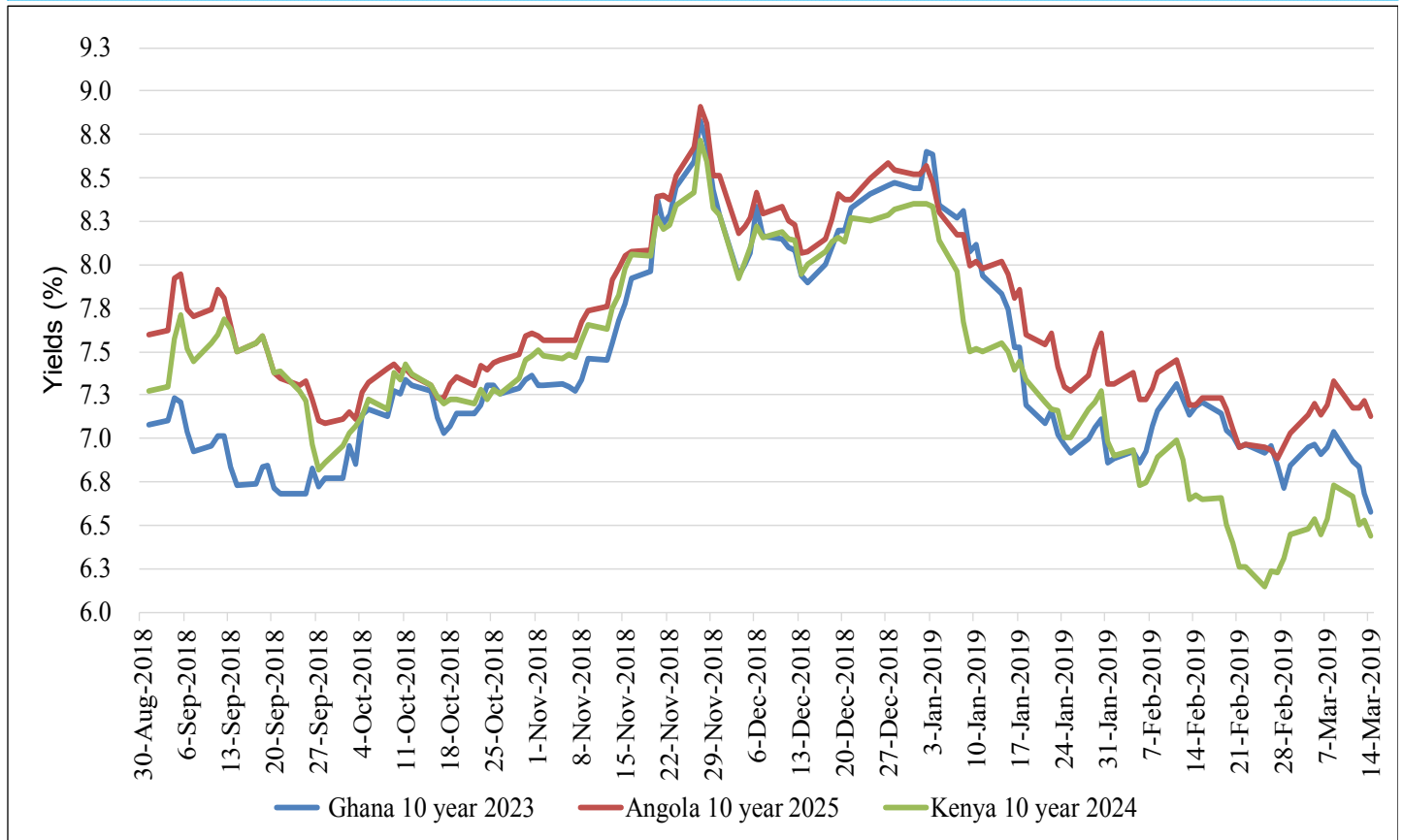
**Table 6: Key Weekly Market Indicators**

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 Eurobond Yield (%)	10-Year Eurobond Yield (%) - 2024	10-Year Eurobond Yield (%) - 2028	30-Year Eurobond Yield (%)
1-Mar-19	152.91	3,821.50	2,916.19	858.00	18.11	706.87	2,289.28	1,839.89	4.979	6.449	7.211	8.284
4-Mar-19	153.68	3,829.71	2,912.70	925.00	28.39	273.28	2,300.85	1,870.29	4.372	6.477	7.250	8.307
5-Mar-19	153.70	3,827.02	2,907.39	1,141.00	11.30	325.50	2,301.04	2,425.74	5.384	6.532	7.346	8.388
6-Mar-19	154.60	3,872.69	2,909.74	919.00	20.07	3,929.39	2,316.01	2,577.05	5.226	6.448	7.269	8.342
7-Mar-19	155.77	3,907.25	2,905.50	823.00	8.90	387.53	2,332.13	2,451.55	5.241	6.532	7.334	8.398
<b>March 1-7, 2019</b>	<b>155.77</b>	<b>3907.25</b>	<b>2905.50</b>	<b>4,666.00</b>	<b>86.77</b>	<b>5622.56</b>	<b>2332.13</b>	<b>11,164.52</b>	<b>5.241</b>	<b>6.532</b>	<b>7.334</b>	<b>8.398</b>
8-Mar-19	156.11	3,905.05	2,915.54	895.00	24.09	663.77	2,337.22	2,675.20	5.660	6.729	7.521	8.543
11-Mar-19	154.46	3,878.30	2,893.18	747.00	4.44	118.15	2,325.40	3,224.89	5.662	6.668	7.365	8.388
12-Mar-19	155.15	3,877.83	2,885.93	958.00	16.53	353.55	2,322.87	2,371.78	5.348	6.507	7.268	8.292
13-Mar-19	154.46	3,868.61	2,875.98	1,013.00	20.21	633.85	2,312.43	3,045.50	4.962	6.527	7.308	8.284
14-Mar-19	155.44	3,886.43	2,868.81	980.00	31.50	517.41	2,327.26	2,848.68	4.859	6.436	7.192	8.204
<b>March 8-14, 2019</b>	<b>155.44</b>	<b>3886.43</b>	<b>2868.81</b>	<b>4,593.00</b>	<b>96.77</b>	<b>2,286.73</b>	<b>2327.26</b>	<b>14,166.04</b>	<b>4.859</b>	<b>6.436</b>	<b>7.192</b>	<b>8.204</b>
<b>Weekly Change(%)</b>	<b>-0.21</b>	<b>-0.53</b>	<b>-1.26</b>	<b>-1.56</b>	<b>11.52</b>	<b>-59.33</b>	<b>-0.21</b>	<b>26.88</b>	<b>-0.382*</b>	<b>-0.096*</b>	<b>-0.142*</b>	<b>-0.194*</b>

\* Percentage points

Source: Central Bank of Kenya, NSE and Thompson Reuters

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



Source: Thomson Reuters

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

	29-Jun-18	28-Dec-18	08-Feb-19	15-Feb-19	22-Feb-19	01-Mar-19	08-Mar-19
1. Treasury Bills (Excluding Repos)	878.62	904.10	956.05	963.83	968.21	971.54	961.16
<b>(As % of total securities)</b>	<b>36.75</b>	<b>36.90</b>	<b>37.53</b>	<b>37.38</b>	<b>37.49</b>	<b>36.80</b>	<b>36.55</b>
2. Treasury Bonds	1,511.87	1,546.29	1,591.34	1,614.60	1,614.60	1,668.63	1,668.63
<b>(As % of total securities)</b>	<b>63.25</b>	<b>63.10</b>	<b>62.47</b>	<b>62.62</b>	<b>62.51</b>	<b>63.20</b>	<b>63.45</b>
3. Total Securities (1+2)	2,390.49	2,450.39	2,547.39	2,578.43	2,582.81	2,640.17	2,629.79
4. Overdraft at Central Bank	56.85	45.86	27.93	22.69	15.06	19.67	19.26
5. Other Domestic debt*	31.44	31.61	31.61	31.41	31.42	31.41	31.42
<b>6. Gross Domestic Debt (3+4+5)</b>	<b>2,478.78</b>	<b>2,527.86</b>	<b>2,606.93</b>	<b>2,632.52</b>	<b>2,629.30</b>	<b>2,691.25</b>	<b>2,680.47</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 (Percent)**

	29-Jun-18	28-Dec-18	08-Feb-19	15-Feb-19	22-Feb-19	01-Mar-19	08-Mar-19
Treasury bills (Excluding Repos)	35.45	35.77	36.67	36.61	36.82	36.10	35.86
Treasury bonds	60.99	61.17	61.04	61.33	61.41	62.00	62.25
CBK Overdraft to Government	2.29	1.81	1.07	0.86	0.57	0.73	0.72
Other domestic debt	1.27	1.25	1.21	1.19	1.20	1.17	1.17
<b>TOTAL</b>	<b>100.00</b>	<b>100.00</b>	<b>100.00</b>	<b>100.00</b>	<b>100.00</b>	<b>100.00</b>	<b>100.00</b>

Source: Central Bank of Kenya

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

	29-Jun-18	28-Dec-18	08-Feb-19	15-Feb-19	22-Feb-19	01-Mar-19	08-Mar-19
Banking Institutions	55.19	54.53	54.43	54.56	54.51	54.31	54.38
Insurance Companies	6.23	6.06	6.09	6.06	6.19	6.20	6.24
Parastatals	7.04	7.25	7.31	7.22	7.11	7.23	7.24
Pension funds	27.09	27.59	27.57	27.59	27.62	27.78	27.82
Other investors	4.44	4.57	4.60	4.57	4.57	4.48	4.33
<b>Total</b>	<b>100.00</b>	<b>100.00</b>	<b>100.00</b>	<b>100.00</b>	<b>100.00</b>	<b>100.00</b>	<b>100.00</b>

Source: Central Bank of Kenya

**Table 10: Indicators of Total Government Debt**

	Jun-17	Dec-17	Jun-18	Sep-18	Oct-18	Nov-18	Dec-18
Domestic debt (KSh Billion)	2,111.71	2,220.35	2,478.84	2,540.70	2,535.75	2,563.42	2,548.77
Public & Publicly Guaranteed External debt (US \$ Billion)	22.12	22.76	25.34	25.81	26.07	26.42	26.74
Public & Publicly Guaranteed External debt (KSh Billion)	2,294.40	2,349.28	2,560.20	2,605.33	2,654.69	2,709.01	2,723.73
<b>Total public debt (KSh Billion)</b>	<b>4,406.11</b>	<b>4,569.63</b>	<b>5,039.03</b>	<b>5,146.04</b>	<b>5,190.44</b>	<b>5,272.43</b>	<b>5,272.50</b>

Source: National Treasury and Central Bank of Kenya