



Central Bank of Kenya

Weekly Statistical Bulletin

Key Monetary and Financial Indicators

July 7, 2017

Overall inflation declined significantly for the first time since January 2017, largely on account of notable decline in prices of key food items following improved weather conditions and Government interventions in recent months. Inflation declined to 9.2 percent in June 2017 from 11.7 percent in May 2017. The decline was reflected across the broad categories of inflation.

The money market was liquid during the week ending July 5, 2017, largely attributed to increased government payments at the end of the financial year. The weighted average interbank rate remained stable at 5.0 percent in the week ending July 5, 2017 compared to 5.3 percent recorded in the previous week, reflecting ample liquidity in the interbank market.

The capital markets recorded mixed performance during the week ending July 7, 2017.

GDP growth in the first quarter of 2017

The economy remained fairly resilient in the first quarter of 2017, growing at 4.7 percent despite the drought conditions and subdued credit to the private sector. However, growth was lower compared to 5.3 percent growth in the first quarter of 2016. The subdued performance was largely on account of poor performance of Agriculture, and Electricity and Water Supply sectors following drought conditions that were experienced since the second half of 2016. The Agriculture sector contracted by 1.1 percent, while growth of financial intermediation and electricity supply decelerated. However, growth was supported by strong performance of Accommodation and Restaurant, Wholesale and Retail trade, Real Estate, Transport and Storage, and Information and Communication sectors.

Inflation

Overall inflation declined significantly for the first time since January 2017, largely on account of significant decline in prices of key food items following improved weather conditions and Government interventions in recent months. Inflation declined to 9.2 percent in June 2017 from 11.7 percent in May 2017. The decline was reflected across the broad categories of inflation (**Chart A**).

Food inflation declined to 14.8 percent in June 2017 from 20.0 percent in May 2017 following improved weather conditions which supported significant reductions in

prices of key seasonal and quick growing food items. Notable declines between May and June 2017 were witnessed in the following food items: sukuma wiki (Kale) (8.4 percent); Irish potatoes (15.1 percent); cabbages (7.7 percent), and fresh milk (5.9 percent). Government interventions also helped lower the prices of some key food items, particularly sifted maize flour and sugar, which declined by 8.1 percent and 7.1 percent, respectively.

Fuel inflation remained stable at 3.4 percent in June 2017 compared to 3.5 percent in May 2017. The decline was largely supported by transport inflation, which declined to 4.2 percent in the period under review from 4.6 in May 2017, on account of significant reductions in fuel pump prices. Non-Food Non-Fuel (NFNF) inflation stabilized at 4.2 percent in June compared to 4.3 percent in May 2017.

Monetary Policy Operations

The money market was liquid during the week ending July 5, 2017, largely attributed to increased government payments at the end of the financial year. The Central Bank's open market operations during the week resulted in net liquidity absorption of KSh 31.8 billion (**Table 1**).

The commercial banks' reserve position increased marginally to KSh 6.1 billion on the 5.25 percent average reserve requirement in the CRR cycle in the week ending July 5, 2017, compared with KSh 5.1 billion recorded in the previous week (**Chart B**).

Activity in the Interbank Market

The weighted average interbank rate remained stable at 5.0 percent in the week ending July 5, 2017 compared to 5.3 percent recorded in the previous week, reflecting ample liquidity in the interbank market. The volumes transacted ranged from KSh 12.6 billion to KSh 21.8 billion during the week, giving an average of KSh 14.7 billion compared to an average of KSh 17.0 billion the previous week. The number of deals, at 24, was lower during the week compared to 31 deals transacted the previous week (**Table 2 and Chart C**).

Kenya Shilling Exchange Rate

The Kenya Shilling exchange rate portrayed mixed performance against major international and regional currencies during the week ending July 6, 2017. The Shilling strengthened against the Japanese Yen, but weakened marginally against the USD, the Euro and the Sterling Pound. In the EAC region, the Kenya Shilling strengthened against the Uganda Shilling but weakened against the Tanzania Shilling, Rwanda Franc and the Burundi Franc (**Table 3**).

Equity Market

NASI, NSE 25 and NSE 20 share price indices declined during the week under review by 1.12 percent, 1.75 percent and 0.43 percent, respectively. Similarly, shareholder wealth, measured by market capitalization, also declined by 1.11 percent on account of reduced share prices. However, Equity turnover increased by 215.26 percent during the week under review on account of an increase of 82.35 percent in the volume of shares

traded (**Table 4**).

FTSE NSE Kenya Index Series, REITS and Most Active Sectors

Performance of the FTSE NSE Kenya 15 Index and FTSE NSE Kenya 25 Index, which measure performance of the 15 largest companies by market capitalization and the 25 most liquid stocks at the Nairobi Securities Exchange (NSE) declined by 0.96 percent and 0.99 percent in the period under review. Banking and Telecommunication and Technology sectors dominated trading, accounting for 50.07 percent and 27.00 percent, respectively, of the total shares traded during the period under review.

Turnover in the real estate market segment, Income-Real Estate Investment Trust (I-REIT) declined by 65.35 percent despite an increase of 8.00 percent in the number of deals.

Bond Market

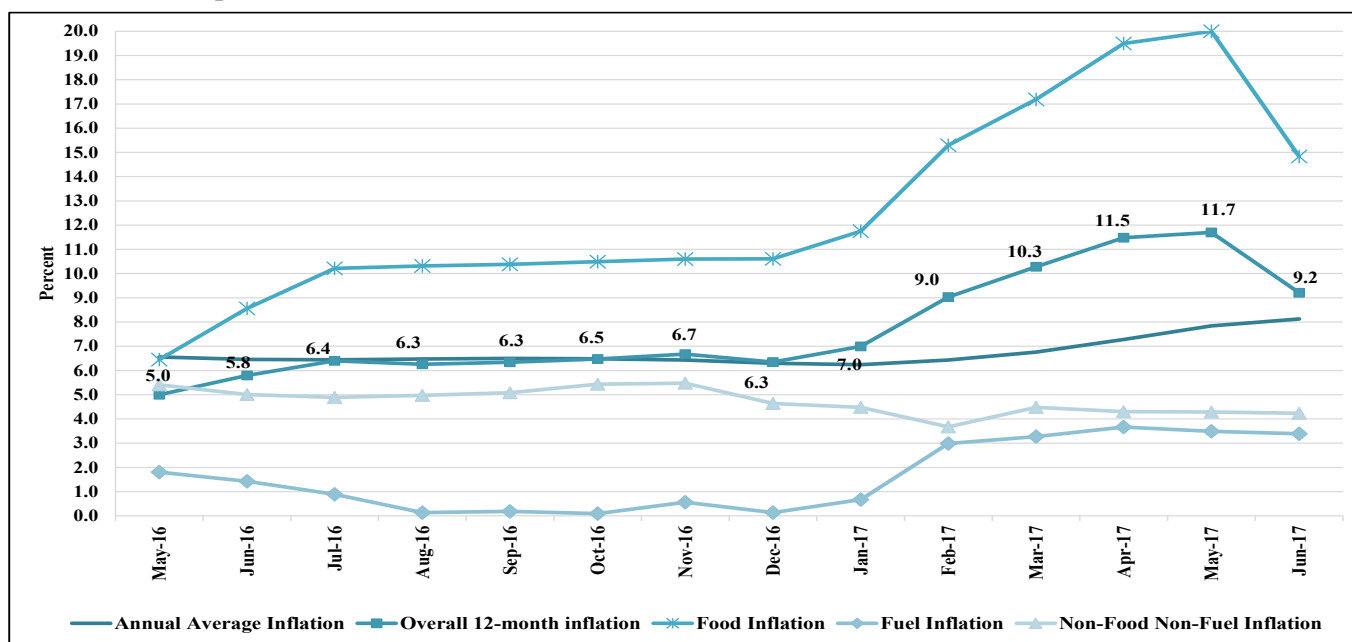
Bond turnover declined by 10.89 percent in the volume traded over the week ending June 29, 2017, while the number of bond deals increased from 174 to 329. The FTSE Bond Index increased by 0.50 percent, reflecting a marginal decline in secondary market yields.

¹ FTSE refers to Financial Times Stock Exchange, which is an average of share prices in the 100 largest, most actively traded companies on the London Stock Exchange. The two NSE indices are indexed on FTSE.

² I-REIT is a collective investment vehicle that allows investors to pool capital, which is then invested in a portfolio of selected properties for a return. Investors gain through capital appreciation and rental income, with the latter being distributed to unit-holders annually.

LIST OF TABLES AND CHARTS

Chart A: Developments in Inflation



Source: Kenya National Bureau of Statistics and Central Bank of Kenya

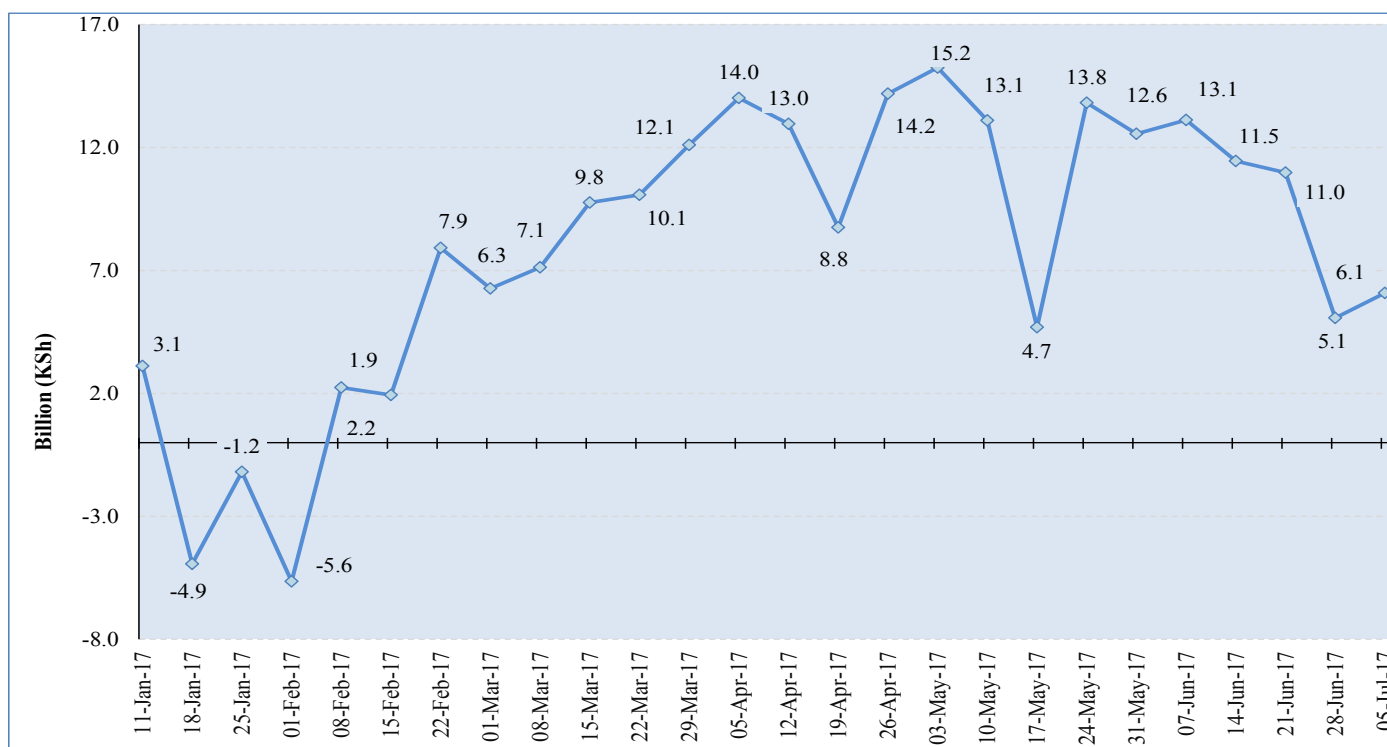
Table 1: Liquidity Flows and Open Market Operations (Ksh billion)

	29-Jun-17	30-Jun-17	3-Jul-17	4-Jul-17	5-Jul-17	Total
Liquidity Flows						
Total liquidity injection ¹	15.3	23.2	29.8	37.0	11.9	117.1
Repos Maturities	0.0	0.0	0.0	0.0	0.0	0.0
Reverse Repo Purchases	0.0	1.2	0.0	0.2	0.0	1.4
Term Auction Deposit maturities	0.0	0.0	0.0	0.0	0.0	0.0
T/bills redemptions	0.0	0.0	9.9	0.0	0.0	9.9
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	15.3	22.0	19.9	36.7	11.9	105.8
Total liquidity reduction ¹	17.0	11.2	19.3	13.8	19.8	81.2
T/bills (Primary issues)	0.0	0.0	17.1	0.0	0.0	17.1
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	11.8	11.8
Reverse Repos maturities	9.1	1.2	0.0	0.7	0.0	11.0
Term Auction Deposit	0.0	0.0	0.0	10.4	0.0	10.4
Transfer from Banks -Taxes	8.0	9.9	2.2	2.6	1.8	24.6
Net liquidity injection (+)/Withdrawal (-)	-1.8	12.1	10.5	23.2	-8.0	36.0
Open Market Operations Outcome						
Posted Amount	-	-	-	30.0	20.0	50.0
Realised Amount - Mop up	-	-	-	10.4	11.8	22.2
Repo (-)	-	-	-	-	11.8	11.8
Term Auction Deposits (-)	-	-	-	10.4	-	10.4
Reserve Money Position						
Reserve money (actual)	390.8	396.6	406.8	427.5	419.9	

¹ Only main transactions increasing or reducing liquidity are included.

Source: Central Bank of Kenya

Chart B: Commercial Banks Excess Reserves



Source: Central Bank of Kenya

Table 2: Open Market Operations (KSh Million)

Date	Number of Deals	Value (KSh M)	Average Interbank Rate (%)
22-Jun-17	33	13,975	5.75
23-Jun-17	33	16,900	5.47
26-Jun-17	PUBLIC HOLIDAY		
27-Jun-17	30	19,550	5.21
28-Jun-17	27	17,450	4.73
June 22, 2017 - June 28, 2017	31	16,969	5.29
29-Jun-17	30	21,750	4.47
30-Jun-17	16	10,250	4.80
3-Jul-17	27	15,550	5.13
4-Jul-17	27	13,450	5.40
5-Jul-17	21	12,620	5.18
June 29, 2017 - July 5, 2017	24	14,724	5.00

Source: Central Bank of Kenya

Table 3: Kenya Shilling Exchange Rate

	USD	Sterling Pound	Euro	100 Japanese Yen	USHS*	TSHS*	RWF*	BIF*
23-Jun-17	103.63	131.22	115.64	93.15	34.61	21.59	7.96	16.65
27-Jun-17	103.67	131.84	115.88	93.22	34.58	21.59	7.96	16.65
28-Jun-17	103.67	132.57	117.45	92.44	34.63	21.59	8.15	16.67
29-Jun-17	103.68	134.33	118.20	92.41	34.63	21.59	8.15	16.67
23-29 June 2017	103.66	132.49	116.79	92.81	34.61	21.59	8.05	16.66
30-Jun-17	103.71	134.60	118.31	91.98	34.57	21.57	7.96	16.65
3-Jul-17	103.72	134.51	118.35	92.45	34.66	21.59	7.96	16.65
4-Jul-17	103.81	134.35	117.79	91.93	34.68	21.55	7.95	16.64
5-Jul-17	103.77	134.16	117.73	91.66	34.69	21.57	7.96	16.65
6-Jul-17	103.78	134.05	117.53	91.48	34.69	21.56	8.08	16.65
30 June 2017-6 July 2017	103.76	134.33	117.94	91.90	34.66	21.57	7.98	16.65

* Units of currency per Kenya Shilling

Source: Central Bank of Kenya

Table 4: Key Weekly Market Statistics

INDICATOR	18-May-17	25-May-17	01-Jun-17	08-Jun-17	15-Jun-17	22-Jun-17	29-Jun-17	07-Jul-17	Weekly Change (%)
NASI 100= 2008	138.85	145.55	148.40	149.30	152.94	154.35	153.22	151.50	-1.12
NSE 25 Share Index	3,685.50	3,883.64	3,926.32	3,970.00	4,050.99	4,087.32	4,069.38	3,998.00	-1.75
NSE 20 Share Index 100= 1996	3,244.69	3,410.89	3,441.05	3,475.00	3,522.79	3,612.55	3,596.56	3,581.00	-0.43
Number of Deals	6,650	6,150	5,509	7,047.00	6,656.00	7,038.00	4,948.00	6,232.00	25.95
Total Shares Traded (Million)	193.34	194.23	105.20	142.80	199.26	276.08	96.88	176.67	82.35
Equity Turnover (KSh Million)	4,303.93	4,507.16	2,757.59	3,104.07	4,435.70	6,156.12	1,676.56	5,285.45	215.26
Market Capitalization (KSh Billion)	2,016.35	2,113.87	2,155.36	2,168.19	2,221.37	2,242.12	2,225.64	2,201.00	-1.11
I-REIT Turnover in (KSh Million)	0.24	0.08	0.27	0.94	1.08	1.85	0.89	0.31	-65.35
I-REIT in Units - Total Deals	14.00	10.00	34.00	53.00	31.00	34.00	25.00	27.00	8.00
Bonds Turnover (KSh Million)	6,687.15	16,421.90	11,633.99	9,722.09	12,248.72	9,169.56	12,684.80	11,303.78	-10.89
FTSE NSE Kenya 15 Index	173.37	180.97	182.06	187.70	190.40	190.88	189.83	188.00	-0.96
FTSE NSE Kenya 25 Index	177.71	185.31	186.10	192.70	196.33	195.19	195.93	194.00	-0.99
FTSE NSE Bond Index	90.04	91.37	91.48	91.60	91.58	91.56	91.54	92.00	0.50
ETF Turnover(KSh Million)	-	-	-	-	-	-	-	-	-
ETF -Total Deals	-	-	-	-	-	-	-	-	-

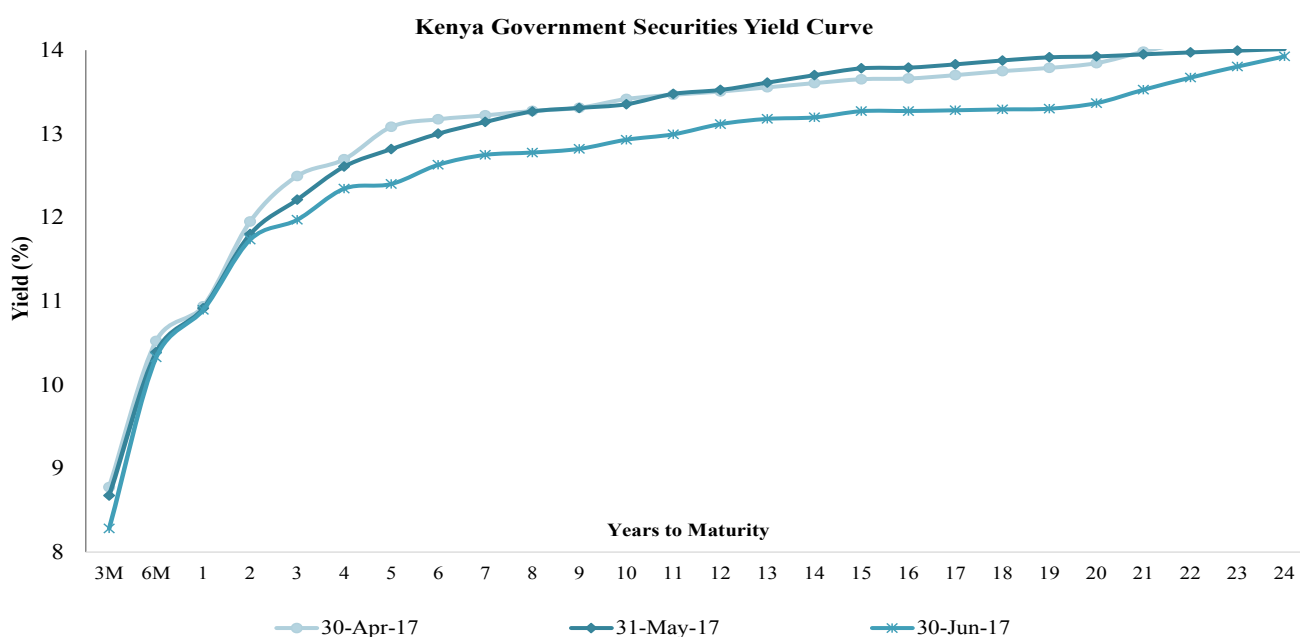
Source: Nairobi Securities Exchange

Table 5: Performance of Government Securities

91-Day Treasury Bills								
Date of Auction	27-Apr-17	25-May-17	01-Jun-17	08-Jun-17	15-Jun-17	22-Jun-17	29-Jun-17	06-Jul-17
Amount offered (Ksh M)	10,000.00	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)	12,373.49	5,171.56	8,368.15	15,260.58	12,455.77	3,347.04	2,307.78	4,245.92
Amount Accepted (Ksh M)	11,239.76	2,645.05	3,125.55	13,742.96	10,067.18	3,325.59	2,307.78	4,215.51
Maturities (Ksh M)	5,657.35	5,910.50	8,778.80	8,592.72	5,392.75	2,174.35	7,201.70	11,574.20
Average interest Rate (%) - 91 Days	8.78	8.61	8.54	8.46	8.37	8.31	8.28	8.22
182-Day Treasury Bills								
Date of Auction	26-Apr-17	24-May-17	31-May-17	07-Jun-17	14-Jun-17	21-Jun-17	28-Jun-17	06-Jul-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)	15,070.38	15,070.38	15,495.66	25,551.17	15,862.38	12,044.47	10,064.50	15,258.51
Amount Accepted (Ksh M)	13,608.16	13,608.16	13,919.59	21,335.86	15,691.10	11,331.63	9,713.05	14,768.06
Maturities (Ksh M)	7,053.20	7,053.20	7,400.05	7,032.02	4,439.45	11,875.00	1,199.70	2,034.40
Average interest Rate (%) - 182 days	10.37	10.37	10.36	10.33	10.30	10.31	10.33	10.31
364-Day Treasury Bills								
Date of Auction	26-Apr-17	24-May-17	31-May-17	07-Jun-17	14-Jun-17	21-Jun-17	28-Jun-17	06-Jul-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)	8,245.61	13,821.28	13,928.20	9,407.00	8,937.06	9,517.72	5,174.05	8,418.59
Amount Accepted (Ksh M)	7,987.54	11,869.87	11,566.45	7,892.83	8,891.54	9,048.91	5,053.19	5,918.12
Maturities (Ksh M)	8,932.50	6,562.55	7,459.75	6,731.77	6,106.70	3,821.50	1,454.50	1,202.00
Average interest Rate (%) - 364 days	10.94	10.91	10.91	10.89	10.86	10.87	10.90	10.89
Treasury Bonds								
Date of Auction	27-Apr-17					21-Jun-17		
Tenor	FXD1/2009/11					FXD2/2007/15		
Amount offered (Ksh M)	7,000.00					30,000.00		
Bids received (Ksh M)	6,143.05					39,073.20		
Amount Accepted (Ksh M)	4,009.60					26,409.89		
Maturities (Ksh M)	0.00					18,746.80		
Average interest Rate (%)	11.97					12.52		

Source: Central Bank of Kenya

Chart C: Structure of Interest Rates



Source: Central Bank of Kenya

Table 6: Government Domestic Debt (KSh Billion)

	31-Mar-17	28-Apr-17	26-May-17	02-Jun-17	09-Jun-17	16-Jun-17	23-Jun-17	30-Jun-17
1. Treasury Bills (Excluding Repos)	615.77	626.90	673.30	684.07	695.16	716.70	737.34	744.15
(As % of total securities)	32.69	32.25	33.96	34.04	34.41	35.10	35.75	35.84
2. Treasury Bonds	1,268.16	1,317.02	1,309.35	1,325.28	1,325.28	1,325.28	1,325.28	1,331.98
(As % of total securities)	67.31	67.75	66.04	65.96	65.59	64.90	64.25	64.16
3. Total Securities (1+2)	1,883.93	1,943.92	1,982.65	2,009.35	2,020.44	2,041.97	2,062.61	2,076.13
4. Overdraft at Central Bank	30.27	-	-	0.03	-	1.87	-	-
5. Other Domestic debt*	31.06	30.75	35.93	35.94	35.96	36.14	36.15	36.15
6. Gross Domestic Debt (3+4+5)	1,945.25	1,974.67	2,018.58	2,045.33	2,056.40	2,079.98	2,098.76	2,112.28

* 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)

	31-Mar-17	28-Apr-17	26-May-17	02-Jun-17	09-Jun-17	16-Jun-17	23-Jun-17	30-Jun-17
Treasury bills (Excluding Repos)	31.7	31.7	33.4	33.4	33.8	34.5	35.1	35.2
Treasury bonds	65.2	66.7	64.9	64.8	64.4	63.7	63.1	63.1
CBK Overdraft to Govt	1.6	0.0	0.0	0.0	0.0	0.1	0.0	0.0
Other domestic debt	1.6	1.6	1.8	1.8	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)

	31-Mar-17	21-Apr-17	28-Apr-17	26-May-17	02-Jun-17	09-Jun-17	16-Jun-17	23-Jun-17	30-Jun-17
Banking Institutions	54.1	54.9	55.1	56.2	56.2	56.5	56.7	56.6	56.2
Insurance Companies	7.1	7.0	7.0	6.9	6.9	6.8	6.8	6.7	6.6
Parastatals	6.5	6.5	6.5	6.6	6.5	6.5	6.3	6.4	6.4
Pension funds	28.2	27.8	27.5	27.9	28.1	27.7	27.6	27.8	28.1
Other investors	4.0	3.9	3.9	2.4	2.3	2.5	2.5	2.5	2.7
Total	100.0	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)

	04-May-17	11-May-17	18-May-17	25-May-17	31-May-17	08-Jun-17	15-Jun-17	22-Jun-17	29-Jun-17	06-Jul-17
1. CBK Usable Foreign Exchange Reserves (USD Million)*	8,304	8,251	8,248	8,236	8,259	8,197	8,188	8,105	7,964	7,921
2. CBK Usable Foreign Exchange Reserves (Months of Import Cover)**	5.49	5.45	5.45	5.44	5.46	5.42	5.41	5.36	5.26	5.23

*Excludes Encumbered Reserves

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

Source: Central Bank of Kenya