



Central Bank of Kenya

# Weekly Bulletin

April 12, 2019

## KEY MONETARY AND FINANCIAL INDICATORS

### Exchange Rate

The Kenya Shilling remained relatively stable against major international and regional currencies during the week ending April 11. It exchanged at KSh 101.09 per US Dollar on April 11 compared to KSh 100.80 on April 4 (Table 1).

### Foreign Exchange Reserves

The CBK usable foreign exchange reserves remained adequate at USD 8,195 million (5.3 months of import cover) as at April 11. This meets the statutory requirement to endeavor 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 Markets

The money market remained liquid during the week ending April 11, supported by Government payments which partly offset the tax remittances during the week. Commercial banks' excess reserves stood at KSh 23.1 billion in relation to the 5.25 percent cash reserves requirement (CRR). The average interbank rate decreased to 1.62 percent on April 11 from 3.56 percent on April 4. The average number of interbank deals increased to 14 from 9, while the average interbank volumes traded increased to KSh 5.9 billion from KSh 2.6 billion in the previous week (Table 3).

### Government Securities

The Treasury bills auction of April 11, received bids totaling KSh 35 billion against an advertised amount of KSh 24.0 billion, representing a performance of 148.1 percent. Interest rates on the three Treasury bills tenures declined (Table 4).

The 10-year and 20-year Treasury bonds offered at the April 10 auction received bids totaling KSh 85.6 billion against an advertised amount of KSh 50.0 billion, recording a performance of 171.2 percent (Table 5).

The average interest rates were 12.30 percent and 12.87 percent for the 10-year and the 20-year bonds, respectively (Table 4).

### Equity Market

During the week ending April 11, the NSE 20 share index rose by 2.5 percent, while the NASI and NSE 25 indices declined by 0.8 and 0.4 percent, respectively. Equity turnover and market capitalization decreased by 21.3 percent and 0.8 percent, respectively (Table 6).

### Bonds Market

Trading activity in the secondary bond market increased by 13.9 percent during the week ending April 11. In the international bond market, yields on Kenya's 5-year, 10-year (2024), 10-year (2028) and 30-year Eurobonds rose by 40.3, 3.0, 9.0 and 2.4 basis points, respectively (Table 5). A similar trend was observed on the 10-year Eurobond yields for Ghana and Angola (Chart 2).

### Global Trends

Data released during the week shows that global growth is expected to slowdown in 2019, mainly due to the negative impact of the US-China trade tensions, and the slowdown of growth in some emerging and developing economies, including China, Argentina and Turkey. Growth has also been undermined by uncertainties with regard to Brexit. Although the European Union granted the United Kingdom (UK) a six-month extension until October 31, uncertainties remain, heightened by the UK Parliament's deadlock over the available options.

International oil prices increased during the week reflecting continued OPEC-led supply cuts, U.S. sanctions on Venezuela's oil exports, and escalation of political tensions in Libya. Murban crude oil price stood at USD 72.0 per barrel on April 11, compared to USD 69.7 on April 4.

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

	USD	Sterling Pound	Euro	100 Japanese Yen	USHS*	TSHS*	RWF*	BIF*
29-Mar-19	100.75	131.85	113.04	90.94	36.95	23.08	8.96	17.93
1-Apr-19	100.78	131.67	113.16	90.97	36.88	22.94	8.96	18.15
2-Apr-19	100.84	132.23	113.26	90.78	36.82	22.96	8.96	18.14
3-Apr-19	100.90	131.60	113.05	90.63	36.87	22.94	8.95	18.12
4-Apr-19	100.80	132.46	113.20	90.47	36.90	22.97	8.96	18.14
<b>March 29- April 4</b>	<b>100.82</b>	<b>131.96</b>	<b>113.14</b>	<b>90.76</b>	<b>36.88</b>	<b>22.98</b>	<b>8.96</b>	<b>18.10</b>
5-Apr-19	100.72	132.14	112.96	90.28	37.08	22.99	8.97	18.16
8-Apr-19	100.63	131.21	113.00	90.09	37.16	23.00	8.84	18.16
9-Apr-19	100.64	131.33	113.45	90.42	37.16	23.00	8.98	18.17
10-Apr-19	100.84	131.81	113.58	90.72	37.16	22.96	8.97	18.14
11-Apr-19	101.09	132.19	113.70	91.01	37.16	22.90	8.94	18.10
<b>April 5-11</b>	<b>100.79</b>	<b>131.74</b>	<b>113.34</b>	<b>90.50</b>	<b>37.15</b>	<b>22.97</b>	<b>8.94</b>	<b>18.14</b>

\* Units of currency per Kenya Shilling

Source :Central Bank of Kenya

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

	28-Feb-19	07-Mar-19	14-Mar-19	21-Mar-19	28-Mar-19	04-Apr-19	11-Apr-19
1. CBK Usable Foreign Exchange Reserves (USD Million)	8,196	8,148	8,392	8,271	8,254	8,192	8,195
2. CBK Usable Foreign Exchange Reserves (Months of Import Cover)*	5.37	5.29	5.45	5.32	5.31	5.27	5.27

\*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 (%)
29-Mar-19	8	6,550	2.60
1-Apr-19	8	1,960	2.75
2-Apr-19	8	1,265	3.21
3-Apr-19	12	1,580	3.28
4-Apr-19	11	1,675	3.56
<b>March 29-04</b>	<b>9</b>	<b>2,606</b>	<b>3.08</b>
5-Apr-19	12	4,245	1.84
8-Apr-19	20	10,070	1.68
9-Apr-19	12	6,200	1.77
10-Apr-19	9	2,900	1.58
11-Apr-19	15	6,075	1.62
<b>April 05-11, 2019</b>	<b>14</b>	<b>5,898</b>	<b>1.70</b>

Source :Central Bank of Kenya

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

Date of Auction	28-Feb-19	14-Mar-19	21-Mar-19	28-Mar-19	04-Apr-19	11-Apr-19
Amount offered (Ksh M)	4,000.00	4,000.00	4,000.00	4,000.00	4,000.00	4,000.00
Bids received (Ksh M)	2,936.05	3,067.71	2,735.65	6,693.92	4,289.00	4,906.90
Amount Accepted (Ksh M)	2,936.05	3,067.71	2,735.65	966.23	2,816.78	4,903.95
Maturities (Ksh M)	10,458.05	942.25	2,843.50	1,044.15	1,284.00	6,563.80
<b>Average interest Rate (%)</b>	<b>6.89</b>	<b>6.84</b>	<b>7.70</b>	<b>7.50</b>	<b>7.44</b>	<b>7.40</b>

**182-Day Treasury Bills**

Amount offered (Ksh M)	10,000.00	10,000.00	10,000.00	10,000.00	10,000.00	10,000.00
Bids received (Ksh M)	7,761.43	7,956.14	9,057.50	7,343.75	10,260.06	7,642.43
Amount Accepted (Ksh M)	7,713.51	4,720.69	5,610.17	5,908.18	10,048.74	5,508.83
Maturities (Ksh M)	6,961.05	7,586.40	11,552.25	5,245.70	4,574.20	2,644.05
<b>Average interest Rate (%)</b>	<b>8.32</b>	<b>8.27</b>	<b>8.23</b>	<b>8.20</b>	<b>8.19</b>	<b>8.09</b>

**364-Day Treasury Bills**

Amount offered (Ksh M)	10,000.00	10,000.00	10,000.00	10,000.00	10,000.00	10,000.00
Bids received (Ksh M)	8,078.76	26,620.75	35,932.63	30,046.91	45,648.60	23,000.00
Amount Accepted (Ksh M)	6,253.42	16,131.45	26,630.95	23,655.49	29,815.30	17,732.73
Maturities (Ksh M)	10,504.65	20,659.25	15,076.35	6,923.80	17,286.00	13,514.15
<b>Average interest Rate (%)</b>	<b>9.48</b>	<b>9.44</b>	<b>9.41</b>	<b>9.41</b>	<b>9.39</b>	<b>9.37</b>

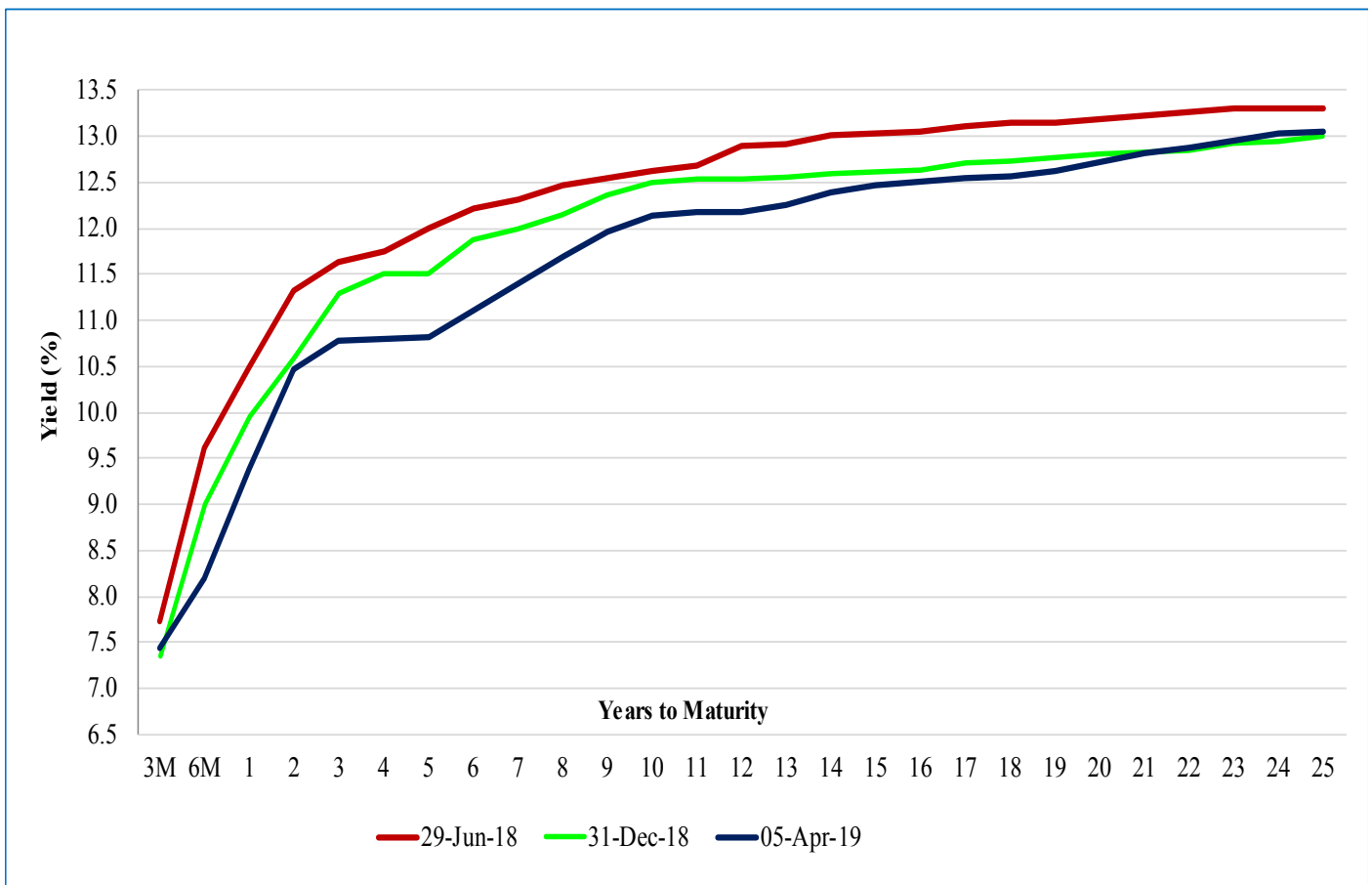
Source: Central Bank of Kenya

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

Date of Auction	06-Feb-19		20-Feb-19		20-Mar-19		10-Apr-19
	REOPEN	REOPEN					
Tenor	FXD 1/2019/2	FXD 1/2019/15	FXD 1/2019/5	FXD 1/2019/10	IFB/2019/25	FXD 2/2019/10	FXD1/ 2019/20
Amount offered (Ksh M)	12,000.00		50,000.00		50,000.00	50,000.00	
Bids received (Ksh M)	66,603.10		78,259.02		29,376.22	85,615.54	
Amount Accepted (Ksh M)	7,470.38	15,961.36	20,593.62	32,808.00	16,303.06	51,326.72	9,022.76
Maturities (Ksh M)	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Average interest Rate (%)	10.33	12.77	11.30	12.44	12.66	12.30	12.87

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 (%)
29-Mar-19	157.66	3,935.99	2,846.35	1,082.00	18.60	664.81	2,360.52	2,679.66	5.258	6.275	7.114	8.148
1-Apr-19	159.01	3,976.34	2,849.59	437.00	11.49	369.65	2,380.75	3,396.40	5.251	6.136	7.039	8.080
2-Apr-19	159.76	3,989.36	2,860.56	1,075.00	32.35	1,215.05	2,392.10	3,012.82	5.243	6.162	7.057	8.113
3-Apr-19	160.08	3,999.52	2,865.70	899.00	11.22	486.47	2,396.89	3,065.91	5.190	6.144	7.087	8.143
4-Apr-19	159.58	3,982.76	2,848.05	833.00	7.26	189.67	2,389.28	2,300.23	5.212	6.218	7.133	8.181
<b>March 29-April 4</b>	<b>159.58</b>	<b>3982.76</b>	<b>2848.05</b>	<b>4,326.00</b>	<b>80.92</b>	<b>2,925.65</b>	<b>2389.28</b>	<b>14,455.02</b>	<b>5.212</b>	<b>6.218</b>	<b>7.133</b>	<b>8.181</b>
5-Apr-19	159.52	3,988.88	2,846.85	734.00	16.39	513.22	2,388.49	4,399.40	5.204	6.162	7.095	8.160
8-Apr-19	159.24	3,981.42	2,844.64	886.00	27.07	541.02	2,384.24	3,595.60	5.050	6.189	7.102	8.169
9-Apr-19	158.39	3,957.44	2,824.54	946.00	17.09	296.94	2,371.53	4,597.15	4.991	6.160	7.082	8.158
10-Apr-19	158.20	3,955.27	2,836.16	996.00	19.02	758.10	2,368.70	2,171.94	5.674	6.240	7.165	8.218
11-Apr-19	158.26	3,967.45	2,918.81	873.00	7.70	192.57	2,369.95	1,700.43	5.615	6.248	7.223	8.205
<b>April 5-11</b>	<b>158.26</b>	<b>3967.45</b>	<b>2918.81</b>	<b>4,435.00</b>	<b>87.26</b>	<b>2,301.85</b>	<b>2369.95</b>	<b>16,464.52</b>	<b>5.615</b>	<b>6.248</b>	<b>7.223</b>	<b>8.205</b>
<b>Weekly Change(%)</b>	<b>-0.83</b>	<b>-0.38</b>	<b>2.48</b>	<b>2.52</b>	<b>7.84</b>	<b>-21.32</b>	<b>-0.81</b>	<b>13.90</b>	<b>0.403*</b>	<b>0.03*</b>	<b>0.09*</b>	<b>0.024*</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-Mar-19	15-Mar-19	22-Mar-19	29-Mar-19	05-Apr-19
1. Treasury Bills (Excluding Repos)	878.62	904.10	961.16	944.94	941.42	949.66	969.41
<i>(As % of total securities)</i>	<b>36.75</b>	<b>36.90</b>	<b>36.55</b>	<b>36.15</b>	<b>36.07</b>	<b>36.04</b>	<b>36.51</b>
2. Treasury Bonds	1,511.87	1,546.29	1,668.63	1,668.83	1,668.83	1,685.66	1,685.66
<i>(As % of total securities)</i>	<b>63.25</b>	<b>63.10</b>	<b>63.45</b>	<b>63.85</b>	<b>63.93</b>	<b>63.96</b>	<b>63.49</b>
3. Total Securities (1+2)	2,390.49	2,450.39	2,629.79	2,613.76	2,610.24	2,635.31	2,655.07
4. Overdraft at Central Bank	56.85	45.86	19.26	37.35	42.36	36.90	19.61
5. Other Domestic debt*	31.44	31.61	31.42	31.78	31.80	31.78	31.79
<b>6. Gross Domestic Debt (3+4+5)</b>	<b>2,478.78</b>	<b>2,527.86</b>	<b>2,680.47</b>	<b>2,682.89</b>	<b>2,684.40</b>	<b>2,703.98</b>	<b>2,706.47</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-Mar-19	15-Mar-19	22-Mar-19	29-Mar-19	05-Apr-19
Treasury bills (Excluding Repos)	35.45	35.77	35.86	35.22	35.07	35.12	35.82
Treasury bonds	60.99	61.17	62.25	62.20	62.17	62.34	62.28
CBK Overdraft to Government	2.29	1.81	0.72	1.39	1.58	1.36	0.72
Other domestic debt	1.27	1.25	1.17	1.18	1.18	1.18	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-Mar-19	15-Mar-19	22-Mar-19	29-Mar-19	05-Apr-19
Banking Institutions	55.19	54.53	54.38	54.93	54.81	54.88	55.04
Insurance Companies	6.23	6.06	6.24	6.20	6.19	6.16	6.16
Parastatals	7.04	7.25	7.24	7.04	7.14	7.10	7.10
Pension funds	27.09	27.59	27.82	27.49	27.56	27.49	27.33
Other investors	4.44	4.57	4.33	4.34	4.30	4.37	4.36
<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	Dec-18	Jan-19	Feb-19
Domestic debt (KSh Billion)	2,111.71	2,220.35	2,478.84	2,540.70	2,548.77	2,604.19	2,691.61
Public & Publicly Guaranteed External debt (US \$ Billion)	22.12	22.76	25.34	25.81	26.74	27.05	27.05
Public & Publicly Guaranteed External debt (KSh Billion)	2,294.40	2,349.28	2,560.20	2,605.33	2,723.73	2,729.48	2,707.29
<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>5,272.50</b>	<b>5,333.67</b>	<b>5,398.90</b>

Source: National Treasury and Central Bank of Kenya