

Weekly Statistical Bulletin Key Monetary and Financial Indicators

March 9, 2018

Activity in the Interbank Market

The interbank market was stable in the week ending March 7, 2018. The volumes traded in the interbank market eased marginally to an average of KSh 13.4 billion during the week ending March 7, 2018 from KSh 13.8 billion the previous week. The number of deals in the interbank market remained relatively stable at an average of 31. The weighted average interbank rate eased marginally to 4.72 percent from 4.95 percent in the previous week due to large banks who dominated the market borrowing at low rates (**Table 1**).

Kenya Shilling Exchange Rate

The Kenya shilling exchange rate remained stable against the US Dollar in the week ending March 8, 2018 supported by low dollar demand and supply. The shilling strengthened against the Sterling Pound and the Euro but weakened against the Japanese Yen. In the EAC region the shilling strengthened against all the currencies (Table 2).

Equity Market

In the equity market segment all leading indicators were down in the week ending March 8, 2018, save for NSE 25 Share Index and the number of deals transacted. The largest fall was recorded in the volume of shares traded. The volume decreased by 53.7 percent, which combined with declining prices, supported 32.9 percent decline in equity turnover relative to the previous week. Consequently, shareholders recorded paper loss of KSh 10.5 billion. The poor market performance could be attributed to the less than favourable audited financial results currently being released by listed companies, and global dynamics that signal short term capital outflows from emerging and frontier markets (Table 3).

Bond Market and Eurobond Yields

Turnover in the bond market declined further by 22.6 percent in the week ending March 8, 2018, compared to the previous week. This can be attributed to investor preference for short-term securities in the primary market, given the heavy subscription of 155.8 percent in 91-, 182- and 364-day Treasury bills offered to raise KSh 24 billion during the week. The liquidity and term premia conditions explain investors' preference for securities at the short end of the yield curve.

The yields on Kenya's four (4) Eurobonds in the market rose across 3 maturities. The yield on the 5- and 10-year Eurobonds issued in 2014 rose by 0.14 and 0.08 percentage points respectively, while that on the 10-year bond issued in 2018 added 0.04 percentage points (**Table 3**). This general upward trend may reflect investors liquidity perception of the bonds.

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Date	Number of Deals	Value (KSh M)	Average Interbank Rate (%)
22-Feb-18	29	8,960	5.38
23-Feb-18	38	16,085	5.09
26-Feb-18	38	19,945	4.90
27-Feb-18	28	13,095	4.69
28-Feb-18	29	10,915	4.72
February 22 - 28, 2018	32	13,800	4.95
1-Mar-18	32	12,325	4.82
2-Mar-18	28	14,185	4.70
5-Mar-18	32	16,465	4.57
6-Mar-18	34	13,911	4.54
7-Mar-18	30	10,422	4.97
March 1 - 7, 2018	31	13,462	4.72

Table 1: Interbank Deals, Volumes and Interest Rates

Source: Central Bank of Kenya

Table 2: Kenya Shilling Exchange Rates

	USD	Sterling Pound	Euro	100 Japanese Yen	USHS*	TSHS*	RWF*	BIF*
23-Feb-18	101.73	141.55	125.36	95.21	35.93	22.14	8.49	17.30
26-Feb-18	101.83	142.41	125.27	95.35	35.93	22.10	8.47	17.27
27-Feb-18	101.74	142.73	125.35	95.23	35.87	22.13	8.49	17.30
28-Feb-18	101.62	141.58	125.02	94.92	35.92	22.15	8.36	17.43
1-Mar-18	101.38	140.17	123.86	94.69	36.00	22.21	8.39	17.47
23 February -1 March 2018	101.66	141.69	124.97	95.08	35.93	22.15	8.44	17.35
2-Mar-18	101.29	139.23	123.31	94.73	35.99	22.24	8.53	17.38
5-Mar-18	101.32	139.63	124.73	96.12	35.97	22.31	8.53	17.37
6-Mar-18	101.33	139.92	124.77	95.84	36.04	22.24	8.39	17.48
7-Mar-18	101.31	140.89	125.69	95.49	36.00	22.32	8.40	17.49
8-Mar-18	101.29	140.45	125.77	95.66	36.12	22.25	8.53	17.38
March 2 - 8, 2018	101.31	140.02	124.85	95.57	36.02	22.27	8.48	17.42

* Units of currency per Kenya Shilling

Source: Central Bank of Kenya

Table 3: Key Market Indicators

									5-Yr	10-Yr	10-Yr	30-Yr
					Total Shares		Market	Bonds	Eurobond	Eurobond	Eurobond	Eurobond
	NASI 100 =	NSE 25 Share	NSE 20 Share	Number of	Traded	Turnover (KSh	Capitalization	Turnover (KSh	Yield (2014)	Yield (2014)	Yield (2018)	Yield (2018)
INDICATOR	2008	Index	Index 100= 1996	Deals (Shares)	(Million)	Million)	(KSh Billion)	Million)	(%)	(%)	(%)	(%)
23-Feb-18	180.78	4,508.45	3,710.97	1,357	21.00	808.06	2,663.12	2,819.00	3.839	6.267	7.09	8.02
26-Feb-18	180.64	4,510.28	3,704.02	1,329	66.00	1,376.23	2,661.09	1,251.00	3.796	6.219	7.00	7.96
27-Feb-18	180.68	4,525.47	3,737.00	1,550	25.00	864.33	2,661.67	1,839.00	3.706	6.218	6.99	7.99
28-Feb-18	181.77	4,563.42	3,750.75	1,326	24.00	832.76	2,677.81	2,787.00	3.818	6.266	7.05	8.02
01-Mar-18	181.99	4,590.04	3,774.04	1,424	97.00	1,995.55	2,681.02	2,378.00	3.805	6.289	7.14	8.12
23 Feb - 1 Mar, 2018	181.99	4,590.04	3,774.04	6,986	232.67	5,876.92	2,681.02	11,073.52	3.810	6.290	7.14	8.12
02-Mar-18	181.26	4,587.62	3,755.95	1,281	31.32	722.21	2,670.30	1,550.89	3.879	6.375	7.20	8.15
05-Mar-18	180.91	4,589.05	3,726.74	1,316	45.44	953.41	2,665.12	1,283.27	3.973	6.376	7.16	8.12
06-Mar-18	181.02	4,593.02	3,735.95	1,405	19.41	838.05	2,666.67	1,520.32	3.871	6.310	7.09	8.04
07-Mar-18	182.16	4,626.91	3,740.96	1,530	26.06	916.76	2,683.55	1,894.54	3.965	6.340	7.16	8.06
08-Mar-18	181.27	4,614.33	3,719.86	1,519	29.15	992.67	2,670.48	2,780.31	3.953	6.366	7.18	8.12
March 2 - 8, 2018	181.27	4,614.33	3,719.86	7,051	151.37	4,423.10	2,670.48	9,029.33	3.953	6.366	7.18	8.12
Weekly Change (%)	-0.4%	0.5%	-1.5%	0.9%	-53.7%	-32.9%	-0.4%	-22.6%	0.14*	0.08*	0.04*	0.00*
Weekly Change (%)	4563572.3%	-87150137.1%	25787490.5%	-13895793.8%	5931.3%	219826.6%	67675897.3%	685138.8%	0.14*	0.08*	0.04*	0.00*

* Percentage points

Source: Central Bank of Kenya

Table 4: Performance of Treasury Bonds

Date of Auction	28-Dec-17		25-Jan-18	01-Feb-18	21-Feb-18		01-Mar-18			
Tenor	TAP FXD1/2008/15	TAP FXD1/2017/10	IFB 1/2018/15	IFB 1/2018/15	FXD1/2010/15	FXD2/2013/15	TAP FXD1/2010/15	TAP FXD2/2013/15		
Amount offered (Ksh M)	20,000.0		40,000.0	35,000.0	40,0	0.00	27,000.0			
Bids received (Ksh M)	2,683.6	5,138.9	55,756.5	36,231.2	24,14	41.6	3,81	19.4		
Amount Accepted (Ksh M)	2,683.6	5,138.9	5,041.5	36,207.2	4,444.2	8,761.0	318.0	3,501.4		
Maturities (Ksh M)	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0		
Average interest Rate (%)	13.087	13.087	12.505	12.505	12.676	12.906	12.676	12.906		

Source: Central Bank of Kenya

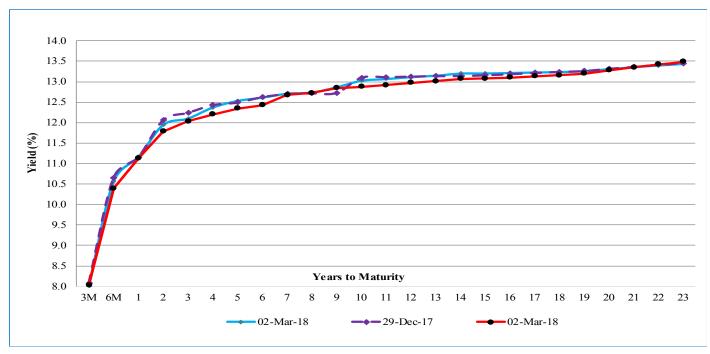


Chart 1: Kenya Government Securities Yield Curve

Source: Central Bank of Kenya

Table 5: Performance of Government Securities

91-Day Treasury Bills							
Date of Auction	25-Jan-18	01-Feb-18	08-Feb-18	15-Feb-18	22-Feb-18	01-Mar-18	08-Mar-18
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
Bids received (Ksh M)	3,984.00	5,721.37	2,096.56	4,673.73	4,966.78	7,690.98	3,844.72
Amount Accepted (Ksh M)	3,979.10	5,721.37	2,052.78	4,281.26	4,966.78	7,249.82	3,170.17
Maturities (Ksh M)	514.75	3,874.10	6,978.35	1,791.60	4,428.95	8,677.30	5,065.65
Average interest Rate (%)- 91 Days	8.004	8.005	8.045	8.050	8.032	8.029	8.026
182-Day Treasury Bills							
Date of Auction	25-Jan-18	01-Feb-18	08-Feb-18	15-Feb-18	22-Feb-18	01-Mar-18	08-Mar-18
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
Bids received (Ksh M)	13,806.67	12,959.45	12,511.30	11,219.01	8,425.54	16,333.90	14,968.11
Amount Accepted (Ksh M)	11,419.50	10,845.65	12,511.30	11,216.78	8,425.54	13,882.04	11,556.17
Maturities (Ksh M)	4,584.45	4,762.65	9,917.50	19,301.50	6,255.45	13,160.00	21,834.70
Average interest Rate (%)- 182 days	10.564	10.438	10.424	10.403	10.395	10.393	10.385
364-Day Treasury Bills							
Date of Auction	25-Jan-18	01-Feb-18	08-Feb-18	15-Feb-18	22-Feb-18	01-Mar-18	08-Mar-18
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
Bids received (Ksh M)	10,236.21	14,512.30	17,152.71	17,833.93	11,731.74	13,367.63	18,378.89
Amount Accepted (Ksh M)	10,236.21	11,487.10	17,107.76	11,955.19	10,813.27	9,485.24	17,929.53
Maturities (Ksh M)	1,485.00	6,707.80	6,655.50	10,498.60	1,175.25	3,112.05	17,862.85
Average interest Rate (%)- 364 days	11.159	11.156	11.159	11.154	11.131	11.135	11.128

Source :Central Bank of Kenya

Table 6: Government Domestic Debt (KSh Billion)

	24-Nov-17	29-Dec-17	26-Jan-18	09-Feb-18	16-Feb-18	23-Feb-18	02-Mar-18
1. Treasury Bills (Excluding Repos)	709.79	684.72	711.31	746.60	757.25	754.54	768.34
(As % of total securities)	33.49	31.91	32.93	33.38	33.74	33.80	33.99
2. Treasury Bonds	1,409.71	1,461.25	1,448.96	1,490.14	1,487.15	1,477.96	1,492.15
(As % of total securities)	66.51	68.09	67.07	66.62	66.26	66.20	66.01
3. Total Securities (1+2)	2,119.51	2,145.97	2,160.26	2,236.74	2,244.40	2,232.50	2,260.49
4. Overdraft at Central Bank	33.88	42.32	46.54	24.00	27.92	42.09	46.21
5. Other Domestic debt*	32.83	32.58	32.07	32.06	32.01	31.45	31.46
6. Gross Domestic Debt (3+4+5)	2,186.21	2,220.87	2,238.88	2,292.80	2,304.34	2,306.05	2,338.15

* 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-1 7	24-Nov-17	29-Dec-17	26-Jan-18	09-Feb-18	16-Feb-18	23-Feb-18	02-Mar-18
Treasury bills (Excluding Repos)	35.2	32.5	30.8	31.8	32.6	32.9	32.7	32.9
Treasury bonds	63.1	64.5	65.8	64.7	65.0	64.5	64.1	63.8
CBK Overdraft to Govt	0.0	1.5	1.9	2.1	1.0	1.2	1.8	2.0
Other domestic debt	1.7	1.5	1.5	1.4	1.4	1.4	1.4	1.3
TOTAL	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0

Source: Central Bank of Kenya

	24-Nov-17	22-Dec-17	29-Dec-17	26-Jan-18	09-Feb-18	16-Feb-18	23-Feb-18	02-Mar-18
Banking Institutions	54.7	54.3	54.6	54.9	54.6	55.0	55.3	55.4
Insurance Companies	6.3	6.4	6.4	6.4	6.3	6.3	6.3	6.3
Parastatals	7.0	6.9	6.9	6.9	6.8	6.8	6.7	6.8
Pension funds	27.6	27.8	27.5	27.5	27.9	27.5	27.2	27.1
Other investors	4.4	4.5	4.5	4.5	4.5	4.5	4.5	4.5
Total	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0

Table 8: Composition of Government Domestic Debt by Holder (In Percent)

Source: Central Bank of Kenya

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

	04-Jan-18	11-Jan-18	18-Jan-18	25-Jan-18	01-Feb-18	08-Feb-18	15-Feb-18	22-Feb-18	01-Mar-18	08-Mar-18
1. CBK Usable Foreign Exchange Reserves (USD Million)*	7,081	7,044	6,994	7,056	7,074	7,181	7,240	7,235	7,154	7,155
2. CBK Usable Foreign Exchange Reserves (Months of Import Cover)**	4.74	4.72	4.69	4.72	4.73	4.80	4.84	4.84	4.78	4.78

*Excludes Encumbered Reserves

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

Source: Central Bank of Kenya