



Central Bank of Kenya

# Weekly Bulletin

March 8, 2019

## KEY MONETARY AND FINANCIAL INDICATORS

### Exchange Rate

The Kenya Shilling remained stable against major international and regional currencies during the week ending March 7. It exchanged at KSh 100.02 per US Dollar on March 7, compared to KSh 100.09 on February 28 (Table 1).

### Foreign Exchange Reserves

The CBK usable foreign exchange reserves remained adequate at USD 8,148 million (5.3 months of import cover) as at March 7. 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).

### Current Account

Preliminary data on balance of payments shows continued narrowing of the current account deficit to 4.6 percent of GDP in the 12 months to January 2019, from 5.5 percent in the year to January 2018, and an estimated 4.9 percent in 2018. The improvement is supported by resilient tea and horticultural exports, strong diaspora remittances and improved tourism and transport service receipts (Chart 1).

### Money Markets

Liquidity in the money market increased during the week ending March 7, partly due to increased government payments. Commercial banks' excess reserves stood at KSh 14.6 billion in relation to the 5.25 percent cash reserves requirement (CRR). The average interbank rate decreased to 3.38 percent on March 7 from 5.07 percent on February 28. The average number of interbank deals decreased to 23 from 34 in the previous week, while the average interbank volumes traded decreased to KSh 11.1 billion from KSh 19.2 billion (Table 3).

### Government Securities Market

The Treasury bills auction of March 7, received bids totaling KSh 21.8 billion against an advertised amount of KSh 24.0 billion, representing a performance of 90.9 percent. Interest rates on the three Treasury bills remained stable (Table 4).

### Equity Market

The equity market recorded improved performance in the week ending March 7, with NASI, NSE 25 and NSE 20 share price indices increasing by 2.1 percent, 2.5 percent and 0.4 percent, respectively. Equity turnover increased by 176.7 percent mainly driven by a significant sale of British American Tobacco shares. Market capitalization increased by 2.1 percent (Table 6).

### Bond Markets

Trading activity in the secondary bond market increased by 20.74 percent during the week ending March 7. In the international markets, yields of Kenya's Eurobonds, 10-year (2024), 10-year (2028) and 30-year increased by 13.0, 18.30, and 14.20 basis points, respectively (Table 6). However, yield on the Kenya 5-year Eurobond declined by 2.8 basis points. The 10-year Eurobond yields for Ghana and Angola rose during the week (Chart 3).

### Global Trends

Global market sentiment during the week continued to be dominated by the ongoing trade discussions between the US and China. The uncertainty on Brexit continued, as the Government delayed a crucial parliamentary vote to Tuesday next week. The ECB maintained their interest rates during its meeting on Thursday amidst increasing fears of a weakening economic outlook in Europe.

International oil prices remained stable during the week ending March 7. Murban oil price increased marginally to USD 67.74 per barrel on March 7 compared to USD 67.49 per barrel on February 28.

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

	USD	Sterling Pound	Euro	100 Japanese Yen	USHS*	TSHS*	RWF*	BIF*
22-Feb-19	100.22	131.15	113.81	90.49	36.62	23.35	8.83	17.95
25-Feb-19	100.18	130.35	113.58	90.52	36.58	23.41	8.83	18.15
26-Feb-19	100.07	130.79	113.61	90.30	36.67	23.43	8.99	18.02
27-Feb-19	100.13	132.03	113.81	90.46	36.73	23.42	8.84	18.16
28-Feb-19	100.09	133.24	113.89	90.29	36.82	23.43	8.99	18.02
<b>February 22-28</b>	<b>100.14</b>	<b>131.51</b>	<b>113.74</b>	<b>90.41</b>	<b>36.69</b>	<b>23.41</b>	<b>8.89</b>	<b>18.06</b>
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>

\* Units of currency per Kenya Shilling

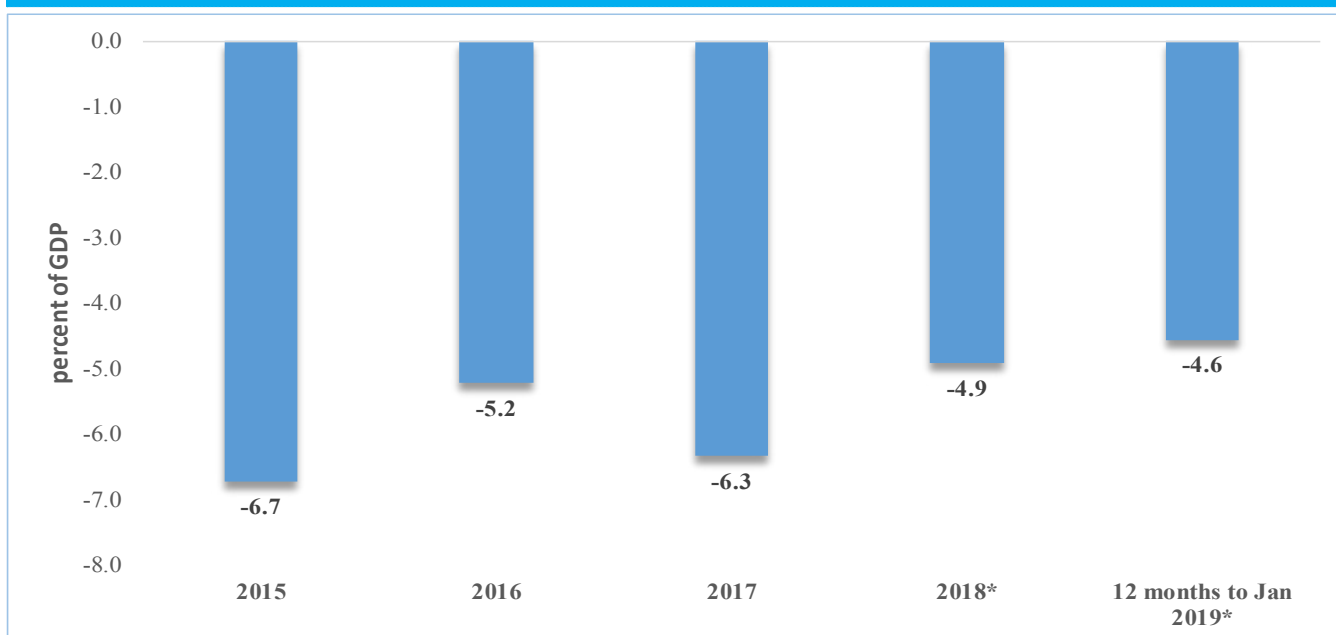
Source: Central Bank of Kenya

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

	31-Jan-19	07-Feb-19	14-Feb-19	21-Feb-19	28-Feb-19	07-Mar-19
1. CBK Usable Foreign Exchange Reserves (USD Million)	8,136	8,232	8,143	8,109	8,196	8,148
2. CBK Usable Foreign Exchange Reserves (Months of Import Cover)*	5.33	5.39	5.34	5.31	5.37	5.29

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

Source: Central Bank of Kenya

**Chart 1: Current Account Deficit**

Source: KNBS and CBK staff calculations

**Table 3: Money Market**

Date	Number of Deals	Value (KSh M)	Average Interbank Rate (%)
22-Feb-19	26	16,375	2.62
25-Feb-19	43	21,855	3.12
26-Feb-19	37	19,467	3.73
27-Feb-19	36	20,225	4.53
28-Feb-19	30	18,170	5.07
<b>February 22-28, 2019</b>	<b>34</b>	<b>19,218</b>	<b>3.81</b>
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>

Source: Central Bank of Kenya

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

Date of Auction	14-Feb-19	21-Feb-19	28-Feb-19	07-Mar-19
Amount offered (Ksh M)	4,000.00	4,000.00	4,000.00	4,000.00
Bids received (Ksh M)	4,860.38	5,104.84	2,936.05	677.22
Amount Accepted (Ksh M)	4,860.28	5,104.84	2,936.05	677.22
Maturities (Ksh M)	7,415.15	1,272.20	10,458.05	7,021.75
<b>Average interest Rate (%)</b>	<b>7.02</b>	<b>6.96</b>	<b>6.89</b>	<b>6.89</b>

**182-Day Treasury Bills**

Amount offered (Ksh M)	10,000.00	10,000.00	10,000.00	10,000.00
Bids received (Ksh M)	11,706.83	11,573.10	7,761.43	6,143.70
Amount Accepted (Ksh M)	9,688.95	9,940.81	7,713.51	3,839.88
Maturities (Ksh M)	7,574.10	7,512.05	6,961.05	10,111.30
<b>Average interest Rate (%)</b>	<b>8.48</b>	<b>8.38</b>	<b>8.32</b>	<b>8.32</b>

**364-Day Treasury Bills**

Amount offered (Ksh M)	10,000.00	10,000.00	10,000.00	10,000.00
Bids received (Ksh M)	17,093.95	8,434.18	8,078.76	14,988.16
Amount Accepted (Ksh M)	16,054.10	7,848.75	6,253.42	14,988.16
Maturities (Ksh M)	13,263.65	12,013.60	10,504.65	19,913.70
<b>Average interest Rate (%)</b>	<b>9.55</b>	<b>9.49</b>	<b>9.48</b>	<b>9.47</b>

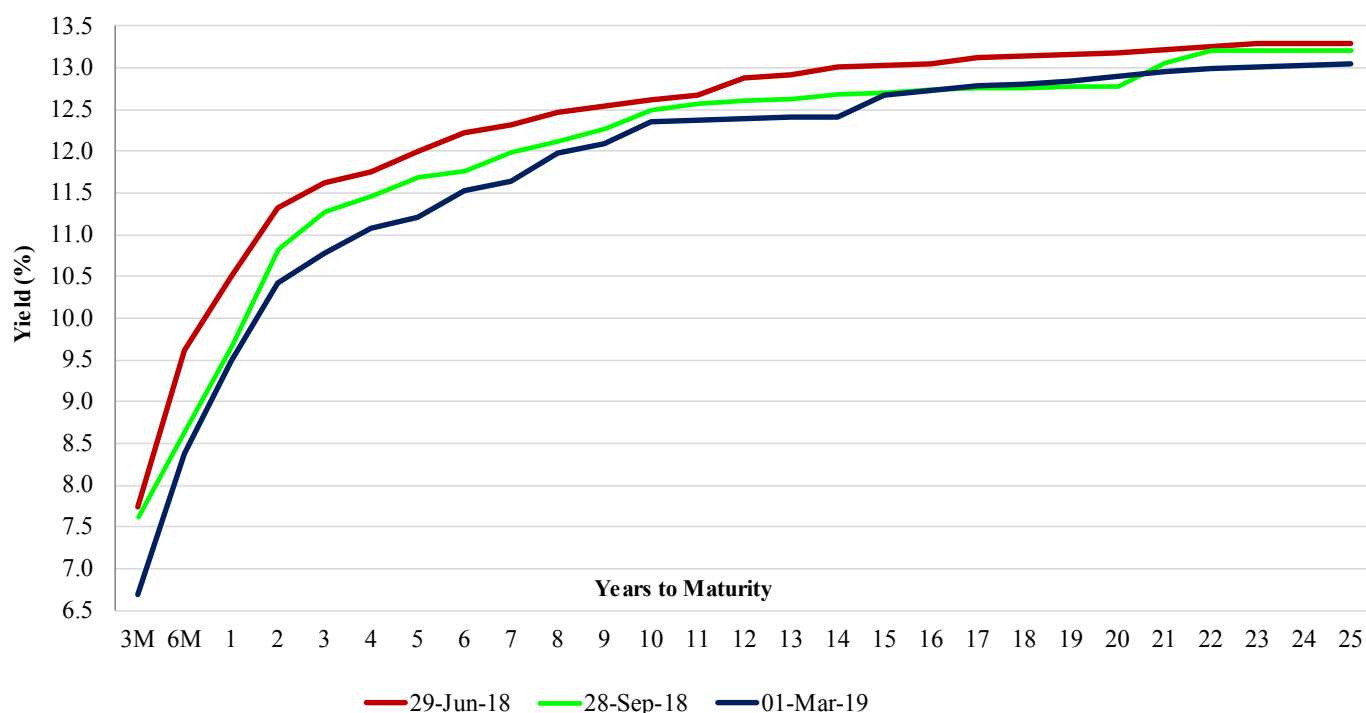
Source: Central Bank of Kenya

**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 2: Kenya Government Securities Yield Curve



Source: Nairobi Securities Exchange

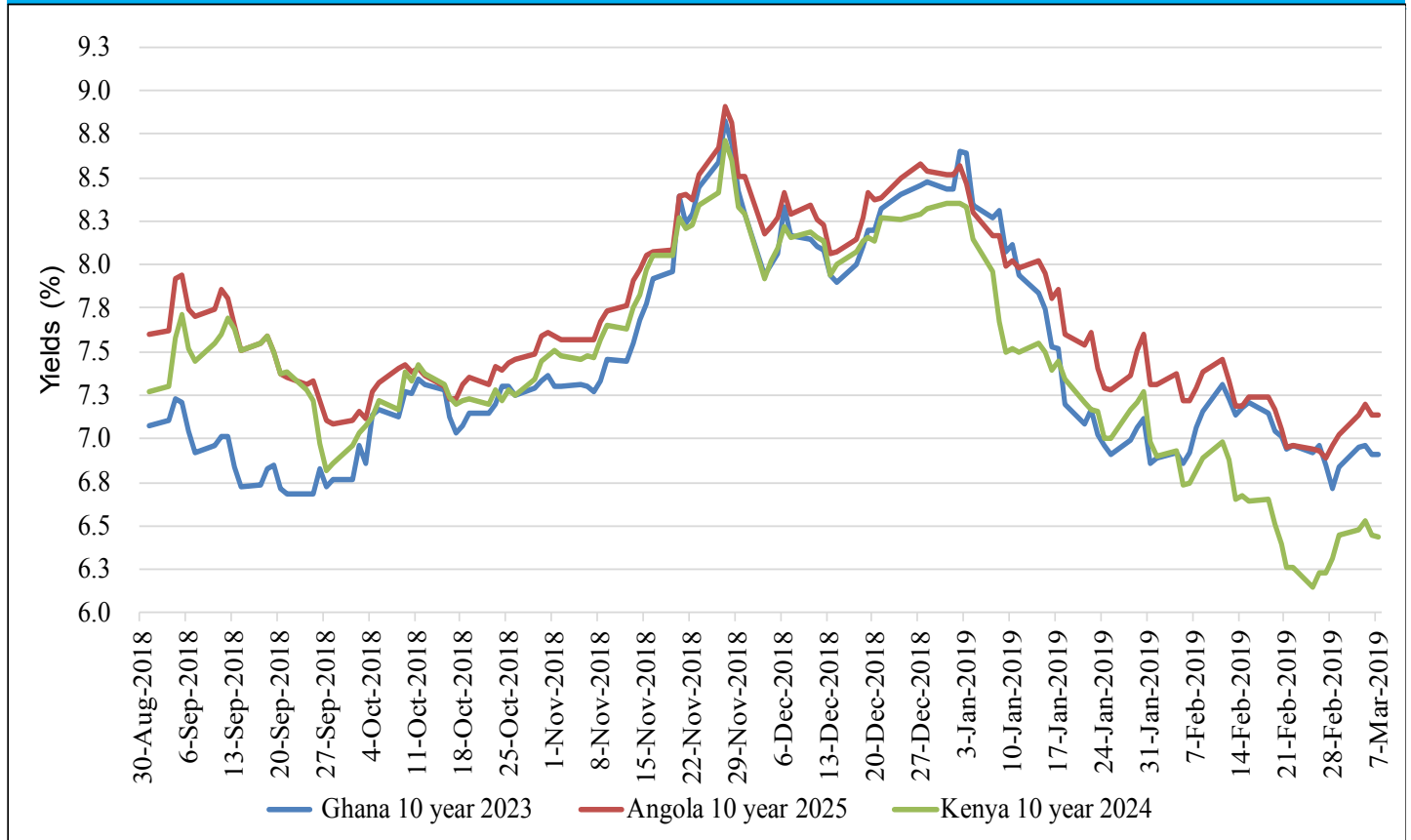
Table 6: Key Weekly Market Indicators

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 Euro-bond Yield (%)	10-Year Eurobond Yield (%) - 2024	10-Year Eurobond Yield (%) - 2028	30-Year Euro-bond Yield (%)
22-Feb-19	154.36	3,891.17	2,977.02	990.00	11.38	270.69	2,310.94	1,080.54	5.018	6.257	7.060	8.151
25-Feb-19	155.03	3,882.85	2,956.87	1,225.00	10.27	260.01	2,321.05	1,200.47	4.656	6.147	7.004	8.094
26-Feb-19	155.23	3,879.43	2,947.31	924.00	8.72	203.08	2,323.98	1,900.27	5.003	6.233	7.041	8.126
27-Feb-19	154.59	3,846.12	2,932.40	934.00	8.57	405.55	2,314.49	2,466.96	4.979	6.229	7.022	8.140
28-Feb-19	152.56	3,814.13	2,894.20	1,713.00	33.64	892.81	2,284.05	2,598.25	4.955	6.310	7.078	8.198
<b>February 22-28, 2019</b>	<b>152.56</b>	<b>3,814.13</b>	<b>2,894.20</b>	<b>5,786.00</b>	<b>72.58</b>	<b>2032.13</b>	<b>2284.05</b>	<b>9246.49</b>	<b>4.955</b>	<b>6.310</b>	<b>7.078</b>	<b>8.198</b>
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	4.927	6.440	7.261	8.340
<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>11164.52</b>	<b>4.927</b>	<b>6.440</b>	<b>7.261</b>	<b>8.340</b>
<b>Weekly Change(%)</b>	<b>2.10</b>	<b>2.44</b>	<b>0.39</b>	<b>-19.36</b>	<b>19.56</b>	<b>176.68</b>	<b>2.11</b>	<b>20.74</b>	<b>-0.028*</b>	<b>0.130*</b>	<b>0.183*</b>	<b>0.142*</b>

\* Percentage points

Source: Central Bank of Kenya, NSE and Thompson Reuters

**Chart 3: 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	01-Feb-19	08-Feb-19	15-Feb-19	22-Feb-19	01-Mar-19
1. Treasury Bills (Excluding Repos)	878.62	904.10	943.94	956.05	963.83	968.21	971.54
<b>(As % of total securities)</b>	<b>36.75</b>	<b>36.90</b>	<b>37.23</b>	<b>37.53</b>	<b>37.38</b>	<b>37.49</b>	<b>36.80</b>
2. Treasury Bonds	1,511.87	1,546.29	1,591.34	1,591.34	1,614.60	1,614.60	1,668.63
<b>(As % of total securities)</b>	<b>63.25</b>	<b>63.10</b>	<b>62.77</b>	<b>62.47</b>	<b>62.62</b>	<b>62.51</b>	<b>63.20</b>
3. Total Securities (1+2)	2,390.49	2,450.39	2,535.28	2,547.39	2,578.43	2,582.81	2,640.17
4. Overdraft at Central Bank	56.85	45.86	36.89	27.93	22.69	15.06	19.67
5. Other Domestic debt*	31.44	31.61	32.25	31.61	31.41	31.42	31.41
<b>6. Gross Domestic Debt (3+4+5)</b>	<b>2,478.78</b>	<b>2,527.86</b>	<b>2,604.41</b>	<b>2,606.93</b>	<b>2,632.52</b>	<b>2,629.30</b>	<b>2,691.25</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	01-Feb-19	08-Feb-19	15-Feb-19	22-Feb-19	01-Mar-19
Treasury bills (Excluding Repos)	35.45	35.77	36.24	36.67	36.61	36.82	36.10
Treasury bonds	60.99	61.17	61.10	61.04	61.33	61.41	62.00
CBK Overdraft to Government	2.29	1.81	1.42	1.07	0.86	0.57	0.73
Other domestic debt	1.27	1.25	1.24	1.21	1.19	1.20	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	01-Feb-19	08-Feb-19	15-Feb-19	22-Feb-19	01-Mar-19
Banking Institutions	55.19	54.53	54.36	54.43	54.56	54.51	54.31
Insurance Companies	6.23	6.06	6.01	6.09	6.06	6.19	6.20
Parastatals	7.04	7.25	7.36	7.31	7.22	7.11	7.23
Pension funds	27.09	27.59	27.79	27.57	27.59	27.62	27.78
Other investors	4.44	4.57	4.49	4.60	4.57	4.57	4.48
<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