



Central Bank of Kenya

# Weekly Statistical Bulletin

## Key Monetary and Financial Indicators

August 25, 2017

*The money market was tight during the week ending August 23, 2017, on account of tax payment to Government and Central Bank of Kenya (CBK) open market operations. The weighted average interbank rate decreased to 6.07 percent in the week ending August 23, 2017 from 9.35 percent recorded in the previous week.*

### Monetary Policy Operations

Liquidity tightened in the money market in the week ending August 23, 2017, on account of tax remittance to Government and CBK's net open market operations (**Table 1**). The Central Bank's open market operations resulted in a net liquidity reduction of KSh 17.0 billion.

Commercial banks' excess reserves above 5.25 percent averaging requirement decreased to KSh 13.2 billion during the week ending August 23, 2017 from the previous week's average of KSh 19.0 billion (**Chart A**).

### Activity in the Interbank Market

The weighted average interbank rate decreased to 6.07 percent in the week ending August 23, 2017 from 9.35 percent recorded in the previous week. The volumes transacted ranged from KSh 14.7 billion to KSh 23.1 billion during the week, giving an average of KSh 19.2 billion compared to an average of KSh 19.3 billion the previous week. The number of deals stood at 33 during the week compared to 31 deals transacted the previous week (**Table 2 and Chart B**).

### Kenya Shilling Exchange Rate

The Kenya Shilling exchange rate changed marginally against the US Dollar, the Euro and the Japanese Yen during the week ending August 24, 2017. The performance of the Kenya Shilling against the US Dollar primarily reflected unwinding of long dollar positions by commercial banks on the back of continued positive sentiments following the peaceful general elections. In the EAC region, the Kenya Shilling strengthened

marginally against all EAC currencies (**Table 3**).

### The Capital Market

The capital markets recorded mixed performance during the week ending August 24, 2017.

#### Equity Market

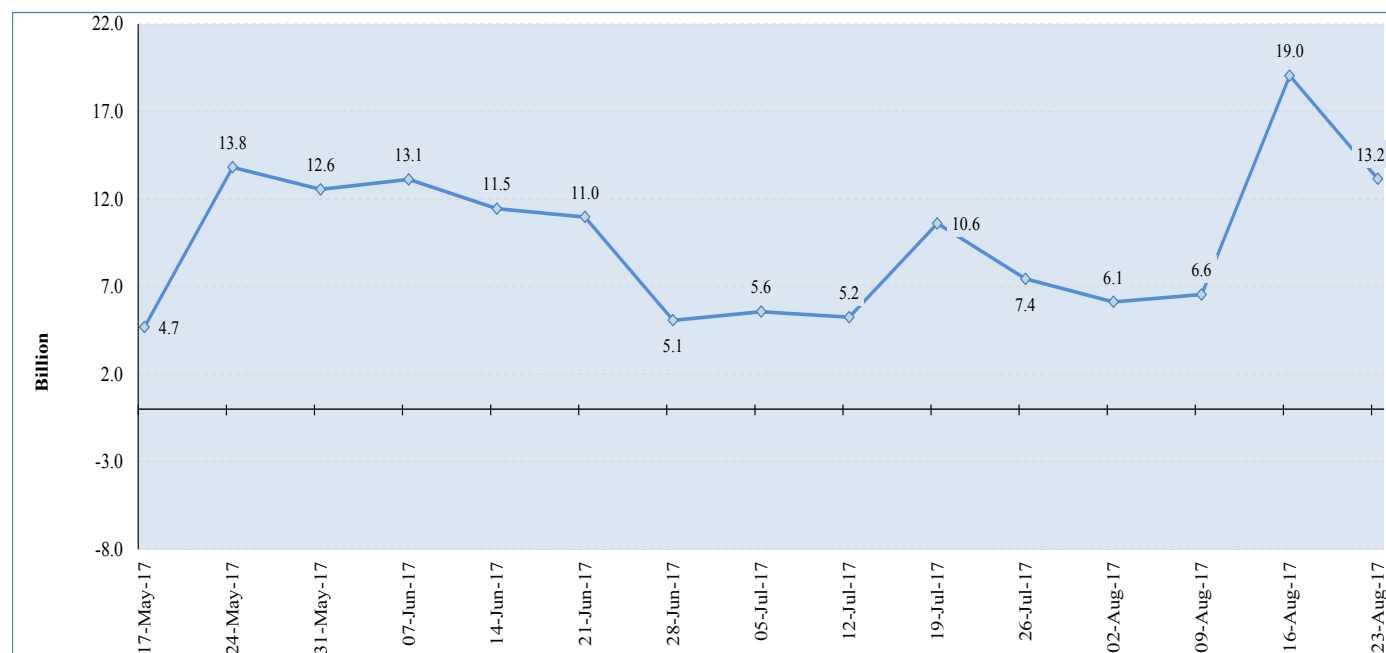
The equities market recorded gains and losses across the leading indicators in the week ending August 24, 2017. Overall, the average share prices measured by NASI, increased by 1.6 percent. This led to 1.6 percent rise in Market Capitalization. However, reduced volume of shares traded combined with decline in share prices of constituents constituting the NSE 20 Share index, fell by 9.1 percent. Consequently, the total market turnover dropped by 36.6 percent (**Table 4**). The mixed performance reflect impact of unfavourable financial results released by listed companies for the period ending June 2017. (**Table 4**).

#### Bond Market and Eurobond Yields

The volume of bonds traded increased by 100.23 percent during the week, with corresponding deals at 298 from the previous week's 125 deals. This vibrancy signalled increased appetite for fixed income assets. Kenya's 5-year and 10-year Eurobonds trading yields maintained a downward trend for eight (8) weeks in a row, and closed the week 0.02 percentage points and 0.04 percentage points below the previous week's yields. This reflects continued international investors' confidence and appetite for these bonds.

## LIST OF TABLES AND CHARTS

### Chart A: Commercial Banks Excess Reserves



Source: Central Bank of Kenya

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

	17-Aug-17	18-Aug-17	21-Aug-17	22-Aug-17	23-Aug-17	Total
<b>Liquidity Flows</b>						
<b>Total liquidity injection <sup>\1</sup></b>	<b>4.8</b>	<b>9.3</b>	<b>56.3</b>	<b>4.5</b>	<b>4.0</b>	<b>78.9</b>
Repos Maturities	0.0	0.0	0.0	0.0	0.0	0.0
Reverse Repo Purchases	0.0	0.0	0.3	1.3	0.4	2.0
Term Auction Deposit maturities	0.0	0.0	10.0	0.0	0.0	10.0
T/bills redemptions	0.0	0.0	24.4	0.0	0.0	24.4
T/bills rediscounts	0.0	0.0	0.0	0.0	0.0	0.0
T/bonds redemptions	0.0	0.0	5.6	0.0	0.0	5.6
T/bonds Interest	0.0	0.0	5.1	0.0	0.0	5.1
T/bonds rediscounts	0.0	0.0	0.0	0.0	0.0	0.0
Govt payments	4.8	9.3	8.3	2.2	1.6	26.2
<b>Total liquidity reduction <sup>\1</sup></b>	<b>14.3</b>	<b>9.7</b>	<b>51.6</b>	<b>20.5</b>	<b>3.9</b>	<b>100.0</b>
T/bills (Primary issues)	0.0	0.0	33.8	0.0	0.0	33.8
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	0.0	0.0
Reverse Repos maturities	10.0	2.2	0.3	1.3	0.4	14.2
Term Auction Deposit	0.0	5.0	9.7	0.0	0.0	14.7
Transfer from Banks -Taxes	4.2	2.4	7.8	19.2	3.5	37.2
<b>Net liquidity injection (+)/Withdrawal (-)</b>	<b>-9.4</b>	<b>-0.4</b>	<b>4.7</b>	<b>-16.0</b>	<b>0.1</b>	<b>-21.1</b>
<b>Open Market Operations Outcome</b>						
<b>Posted Amount</b>	-	5.0	17.0	-	-	22.0
<b>Realised Amount - Mop up</b>	0.0	5.0	9.7	0.0	0.0	14.7
Repo (-)						0.0
Term Auction Deposits (-)	0.0	5.0	9.7	0.0	0.0	14.7
<b>Reserve Money Position</b>						
Reserve money (actual)	<b>428.3</b>	<b>428.5</b>	<b>431.7</b>	<b>411.8</b>	<b>408.8</b>	

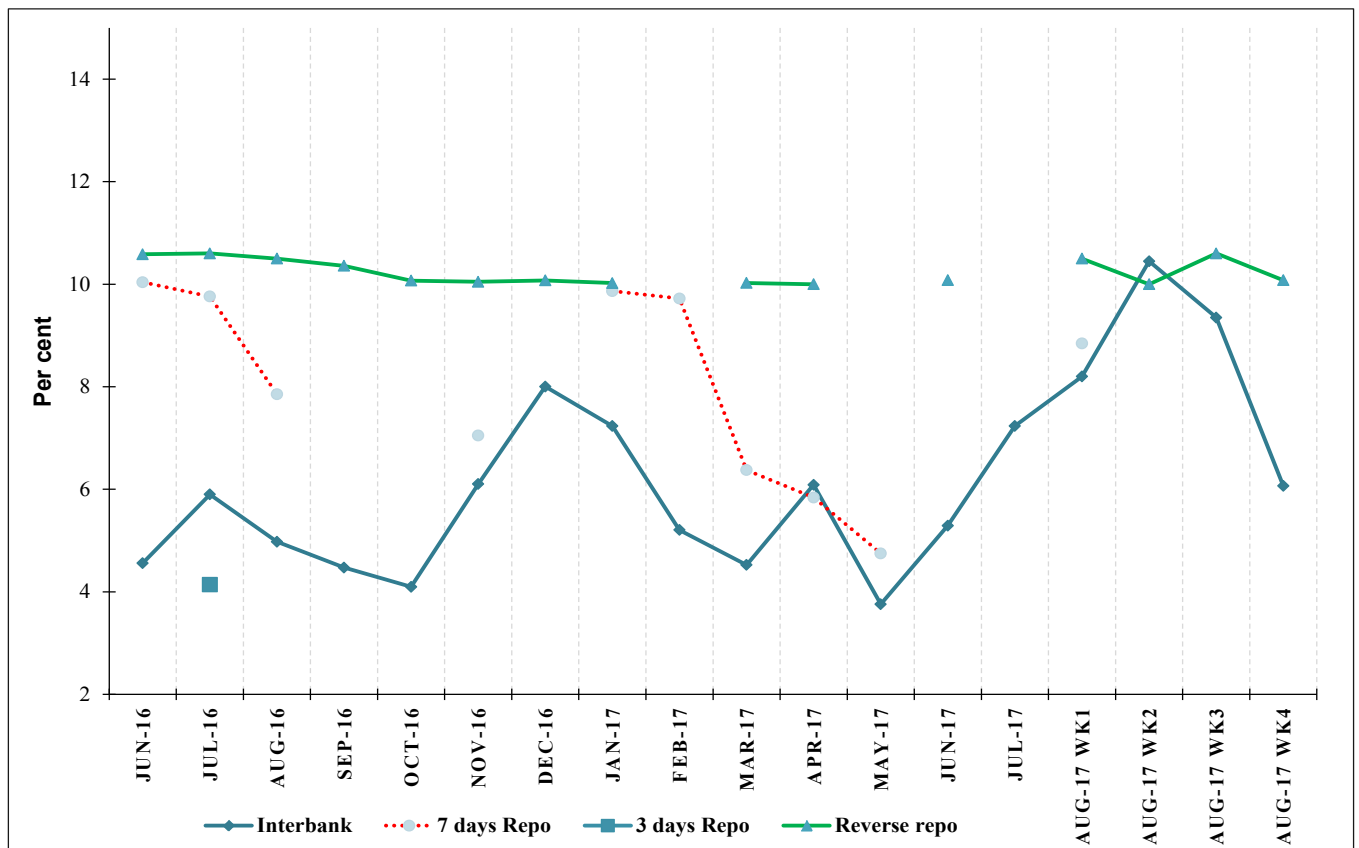
<sup>\1</sup> Only main transactions increasing or reducing liquidity are included.

Source: Central Bank of Kenya

**Table 2: Open Market Operations (KSh Million)**

Date	Number of Deals	Value (KSh M)	Average Interbank Rate (%)	Reverse Repo Rate (%)
10-Aug-17	45	30,445	10.81	11.15
11-Aug-17	36	20,250	10.40	11.17
14-Aug-17	18	8,050	8.94	-
15-Aug-17	27	20,100	8.86	10.03
16-Aug-17	28	17,800	7.73	10.06
<b>Aug 10, 2017-Aug 16, 2017</b>	<b>31</b>	<b>19,329</b>	<b>9.35</b>	<b>10.60</b>
17-Aug-17	30	23,100	6.59	-
18-Aug-17	40	22,250	6.64	-
21-Aug-17	30	18,050	5.82	-
22-Aug-17	30	18,050	5.67	-
23-Aug-17	36	14,700	5.62	10.08
<b>Aug 17, 2017-Aug 23, 2017</b>	<b>33</b>	<b>19,230</b>	<b>6.07</b>	<b>10.08</b>

Source: Central Bank of Kenya

**Chart B: Structure of Interest Rates**

Source: Central Bank of Kenya

**Table 3: Kenya Shilling Exchange Rate**

	USD	Sterling Pound	Euro	100 Japanese Yen	USHS*	TSHS*	RWF*	BIF*
11-Aug-17	103.90	134.91	122.00	95.36	34.75	21.55	7.97	16.72
14-Aug-17	103.87	134.84	122.28	95.05	34.71	21.56	7.98	16.73
15-Aug-17	103.76	134.59	122.39	94.60	34.74	21.58	7.99	16.75
16-Aug-17	103.75	133.48	121.56	93.73	34.75	21.57	7.99	16.75
17-Aug-17	103.70	133.36	121.32	93.56	34.65	21.59	7.99	16.77
<b>11-17 August 2017</b>	<b>103.79</b>	<b>134.24</b>	<b>121.91</b>	<b>94.46</b>	<b>34.72</b>	<b>21.57</b>	<b>7.98</b>	<b>16.75</b>
18-Aug-17	103.39	133.14	121.14	93.94	34.87	21.66	8.02	16.82
21-Aug-17	103.23	133.03	121.21	94.92	34.92	21.69	8.03	16.85
22-Aug-17	103.10	132.86	121.44	94.63	34.92	21.73	8.04	16.87
23-Aug-17	103.18	132.40	121.37	94.40	34.86	21.70	8.04	16.86
24-Aug-17	103.24	132.13	121.77	94.57	34.92	21.69	8.03	16.86
<b>18-24 August 2017</b>	<b>103.23</b>	<b>132.71</b>	<b>121.38</b>	<b>94.49</b>	<b>34.90</b>	<b>21.69</b>	<b>8.03</b>	<b>16.85</b>

\* Units of currency per Kenya Shilling

Source: Central Bank of Kenya

**Table 4: Key Weekly Market Statistics**

INDICATOR	7-Jul-17	13-Jul-17	20-Jul-17	27-Jul-17	3-Aug-17	10-Aug-17	17-Aug-17	24-Aug-17	Weekly Change (%)
NASI 100= 2008	151.50	152.99	154.30	158.40	158.90	162.00	166.08	168.69	1.57
NSE 25 Share Index	3,998.00	4,038.39	4,107.00	4,215.46	4,235.00	4,328.42	4,045.89	4,482.63	10.79
NSE 20 Share Index 100= 1996	3,581.00	3,659.28	3,683.00	3,764.74	3,774.00	3,903.29	4,457.05	4,052.54	-9.08
Number of Deals (Shares)	6,232.00	5,958.00	6,811.00	5,576.00	7,068.00	3,657.00	9,508.00	6,660.00	-29.95
Total Shares Traded (Million)	176.67	296.29	174.07	146.91	215.99	55.87	188.13	117.80	-37.38
Equity Turnover (KSh Million)	5,285.45	6,458.15	4,353.84	4,030.47	5,384.87	1,585.53	4,817.58	3,055.78	-36.57
Market Capitalization (KSh Billion)	2,201.00	2,236.24	2,255.51	2,315.43	2,328.66	2,364.42	2,433.42	2,471.91	1.58
Bonds Turnover (KSh Million)	11,303.78	12,624.13	6,037.61	5,197.72	4,354.16	3,717.46	5,658.65	11,330.59	100.23
5-Year Eurobond Yield (%)	4.99	4.91	4.84	4.48	4.40	4.17	4.09	4.07	(0.02)*
10-Year Eurobond Yield (%)	7.09	6.87	6.81	6.47	6.55	6.28	6.09	6.05	(0.04)*

\* Percentage points

Source: Nairobi Securities Exchange, Thompson Reuters and Central Bank of Kenya

Table 5 A: Performance of Government Securities

TREASURY BILLS							
<b>91-Day Treasury Bills</b>							
Date of Auction	25-May-17	29-Jun-17	27-Jul-17	3-Aug-17	10-Aug-17	17-Aug-17	24-Aug-17
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)	5,171.56	2,307.78	964.01	9,724.34	1,167.78	3,780.51	4,201.81
Amount Accepted (Ksh M)	2,645.05	2,307.78	857.46	1,474.52	1,167.78	3,780.41	4,201.81
Maturities (Ksh M)	5,910.50	7,201.70	11,427.00	3,655.30	6,829.30	2,268.60	2,268.60
Average interest Rate (%) - 91 Days	8.61	8.28	8.20	8.20	8.20	8.15	8.15
<b>182-Day Treasury Bills</b>							
Date of Auction	25-May-17	30-Jun-17	29-Jul-17	5-Aug-17	12-Aug-17	19-Aug-17	26-Aug-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
Bids received (Ksh M)	15,070.38	10,064.50	4,751.78	15,082.94	9,509.28	18,894.82	5,981.63
Amount Accepted (Ksh M)	13,608.16	9,713.05	4,416.32	4,541.27	9,433.22	18,400.69	5,981.63
Maturities (Ksh M)	7,053.20	1,199.70	2,297.80	15,876.50	16,298.75	16,280.10	16,280.10
Average interest Rate (%) - 182 days	10.37	10.33	10.32	10.32	10.32	10.32	10.31
<b>364-Day Treasury Bills</b>							
Date of Auction	25-May-17	30-Jun-17	29-Jul-17	5-Aug-17	12-Aug-17	19-Aug-17	26-Aug-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
Bids received (Ksh M)	13,821.28	5,174.05	9,780.73	3,432.04	7,921.26	12,086.62	12,534.86
Amount Accepted (Ksh M)	11,869.87	5,053.19	9,366.10	3,155.54	7,921.26	11,618.02	12,084.28
Maturities (Ksh M)	6,562.55	1,454.50	6,827.91	6,793.65	5,125.55	5,842.45	5,842.45
Average interest Rate (%) - 364 days	10.91	10.90	10.89	10.89	10.91	10.91	10.91

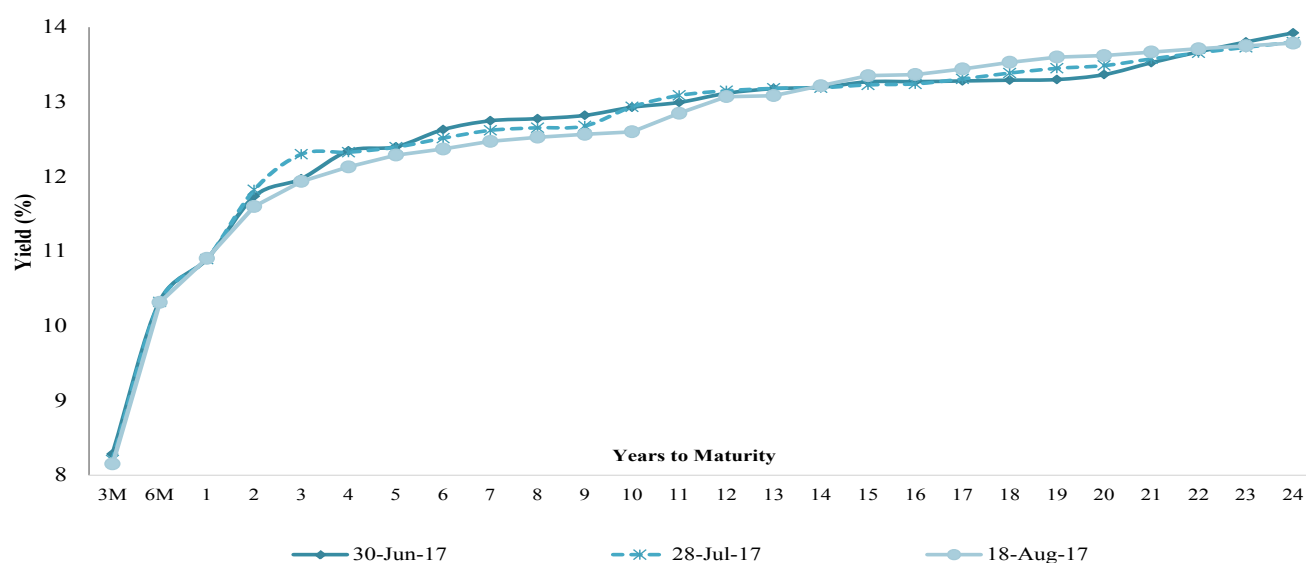
Source: Central Bank of Kenya

Table 5 B: Performance of Government Securities

TREASURY BONDS							
Date of	27-Apr-17		17-May-17		21-Jun-17	27-Jul-17	3-Aug-17
Tenor	FXD3/2008/11	FXD1/2009/11	FXD 2/2010/10	FXD 1/2009/15	FXD2/2007/15	FXD 1/2007/10	TAP Sale FXD 1/2007/11
Amount		7,000.00		40,000.0		30,000.0	25,000.0
Bids received	3,365.10	6,143.05	14,494.9	24,354.9	39,073.2	19,043.3	7,015.9
Amount	3,272.10	4,009.60	8,532.8	11,463.4	26,409.9	5,190.8	7,015.4
Maturities		0.00		31,079.6		18,746.8	0.0
Average	11.33	11.97	12.472	13.141	12.520	12.966	12.966

Source: Central Bank of Kenya

Chart C: Kenya Government Securities Yield Curve



Source: Central Bank of Kenya

**Table 6: Government Domestic Debt (KSh Billion)**

	28-Apr-17	26-May-17	02-Jun-17	30-Jun-17	28-Jul-17	04-Aug-17	11-Aug-17	18-Aug-17
1. Treasury Bills (Excluding Repos)	626.90	673.30	684.07	744.15	744.46	740.71	724.15	715.78
(As % of total securities)	<b>32.25</b>	<b>33.96</b>	<b>34.04</b>	<b>35.84</b>	<b>35.85</b>	<b>35.65</b>	<b>35.01</b>	<b>34.75</b>
2. Treasury Bonds	1,317.02	1,309.35	1,325.28	1,331.98	1,331.98	1,337.15	1,344.17	1,344.17
(As % of total securities)	<b>67.75</b>	<b>66.04</b>	<b>65.96</b>	<b>64.16</b>	<b>64.15</b>	<b>64.35</b>	<b>64.99</b>	<b>65.25</b>
<b>3. Total Securities (1+2)</b>	<b>1,943.92</b>	<b>1,982.65</b>	<b>2,009.35</b>	<b>2,076.13</b>	<b>2,076.43</b>	<b>2,077.86</b>	<b>2,068.32</b>	<b>2,059.95</b>
4. Overdraft at Central Bank	-	-	0.03	-	-	-	12.20	22.22
5. Other Domestic debt*	30.75	35.93	35.94	36.15	35.56	35.55	35.54	36.70
<b>6. Gross Domestic Debt (3+4+5)</b>	<b>1,974.67</b>	<b>2,018.58</b>	<b>2,045.33</b>	<b>2,112.28</b>	<b>2,112.00</b>	<b>2,113.42</b>	<b>2,116.07</b>	<b>2,118.87</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 7: Composition of Government Domestic Debt by Instrument (In Percent)**

	16-Jun-17	23-Jun-17	30-Jun-17	28-Jul-17	4-Aug-17	11-Aug-17	18-Aug-17
Treasury bills (Excluding Repos)	34.5	35.1	35.2	35.2	35.0	34.2	33.8
Treasury bonds	63.7	63.1	63.1	63.1	63.3	63.5	63.4
CBK Overdraft to Govt	0.1	0.0	0.0	0.0	0.0	0.6	1.0
Other domestic debt	1.7	1.7	1.7	1.7	1.7	1.7	1.7
<b>TOTAL</b>	<b>100.0</b>	<b>100.0</b>	<b>100.0</b>	<b>100.0</b>	<b>100.0</b>	<b>100.0</b>	<b>100.0</b>

Source: Central Bank of Kenya

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

	28-Apr-17	26-May-17	23-Jun-17	30-Jun-17	28-Jul-17	4-Aug-17	11-Aug-17	18-Aug-17
Banking Institutions	55.1	56.2	56.6	56.2	56.1	56.1	56.1	56.3
Insurance Companies	7.0	6.9	6.7	6.6	6.6	6.7	6.7	6.7
Parastatals	6.5	6.6	6.4	6.4	6.6	6.6	6.7	6.7
Pension funds	27.5	27.9	27.8	28.1	28.0	27.9	27.7	27.5
<b>Other investors</b>	<b>3.9</b>	<b>2.4</b>	<b>2.5</b>	<b>2.7</b>	<b>2.7</b>	<b>2.8</b>	<b>2.8</b>	<b>2.8</b>
<b>Total</b>	<b>100.0</b>	<b>100.0</b>	<b>100.0</b>	<b>100.0</b>	<b>100.0</b>	<b>100.0</b>	<b>100.0</b>	<b>100.0</b>

Source: Central Bank of Kenya

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

	22-Jun-17	29-Jun-17	6-Jul-17	13-Jul-17	20-Jul-17	27-Jul-17	3-Aug-17	10-Aug-17	17-Aug-17	24-Aug-17
1. CBK Usable Foreign Exchange Reserves (USD Million)*	8,105	7,964	7,920	7,869	7,781	7,705	7,524	7,446	7,420	7,464
2. CBK Usable Foreign Exchange Reserves (Months of Import Cover)**	5.38	5.29	5.26	5.23	5.17	5.12	5.00	4.94	4.93	4.96

\*Excludes Encumbered Reserves

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

Source: Central Bank of Kenya