



Central Bank of Kenya

Weekly Statistical Bulletin

Key Monetary and Financial Indicators

October 26, 2018

Interbank Market

Activity in the interbank market increased during the week ending October 24, 2018, partly reflecting banks' mobilization of funds for tax remittances. The average number of interbank deals increased to 25 in the week ending October 24, 2018 from 20 in the previous week, while the average interbank volumes traded increased to KSh 20.5 billion from KSh 12.6 billion. The average interbank rate increased slightly to 3.8 percent in the week ending October 24, 2018 from 3.5 percent in the previous week (**Table 1**).

Exchange Rate

During the week ending October 25, 2018, the Shilling strengthened against the Sterling Pound, the Euro and Japanese Yen, but weakened marginally against the US Dollar on account of increased corporate demand for the US Dollar. Against currencies in the region, the Kenya Shilling strengthened against the Burundi Franc but weakened slightly against the Uganda Shilling, the Tanzania Shilling and the Rwanda Franc (**Table 2**).

Remittance Inflows

Inward remittance flows have remained strong, totaling US Dollars 215.6 million in August 2018, which was 29.5 percent higher than the flows recorded in August 2017. The 12 months cumulative inflows to August 2018 increased to US Dollars 2,550 million from US Dollars 1,797 million in the 12 months to August 2017, reflecting a 41.9 percent growth. The monthly average inflows sustained an upward trend, rising to USD 212 million in the 12 months to August 2018 from USD 150 million over a similar period in 2017 (**Chart 1**).

In terms of the source market, remittances from North America remained dominant and accounted for 51.6 percent of total inflows in August 2018, while inflows from Europe and the rest of the world accounted for 33.2 percent and 15.2 percent, respectively (**Chart 2**).

Government Securities Market

The performance of the Government securities market improved slightly during the week ending October 25, 2018 with the Treasury bills auction for the week recording a subscription rate of 66.8 percent compared to 51.5 percent in the previous week. This was mainly attributed to improved liquidity conditions in the market. The auction received bids totaling KSh 16.0 billion against an advertised amount of KSh 24.0 billion. The 91-day tenure and the 182-day tenure were under-subscribed at 60.9 percent and 30.3 percent, respectively. The 364-day tenure recorded a subscription rate of 105.6 percent. Treasury bill rates declined slightly across all the three tenures (**Table 5**).

Equity Market

The equity market recorded positive performance during the week ending October 25, 2018. The NASI, NSE 25 and NSE 20 share indices rose during the week. However, the total number of shares traded declined by 8.5 percent. Shareholders' wealth, measured by market capitalization, rose by 0.7 percent, reflecting increased demand for equity holding, that pushed up share prices (**Table 3**).

Bond Market

The bond market recorded a 68.9 percent increase in bond turnover during the week ending October

25, 2018.

In the international market, yields on Kenya's 5-year Eurobond and 10-year Eurobond (2028) declined slightly, while yields on the 10-year Eurobond (2024) and the 30-year Eurobond rose slightly in the week ending October 25, 2018 (**Table 4**). Yields on 10-year Eurobonds of selected African countries, including Ghana, Angola and Zambia, remained relatively stable (**Chart 3**).

Global Financial Markets

The major U.S. stock indices declined early in the week following global political and economic worries. While the indices recovered towards the end of the week, they closed at a lower level compared to the previous week. The S&P 500 SPX, Dow Jones Industrial Average (DJIA) and NASDAQ Composite recorded lower indices of 2705.6 points, 24984.5 points and 7016.4 points respectively, at the close of the week, translating to losses of 2.3 percent, 1.6 percent and 1.4 percent compared to gains in the week ending October 18, 2018.

Markets in Europe also generated mixed performance during the week, starting the week on strong gains, supported by positive corporate earning reports, but losing later in the week following increasing pressures as hard Brexit and Italy's standoff with the EU intensified. The UK FTSE 100 closed October 25, 2018 at 7,004.1 points, lower than 7,027.0 points on October 18, 2018 while the German Dax closed the week ending October 25, 2018 at 11307.1 points lower than the 11589.2 points on October 18, 2018.

Table 1: Interbank Deals, Volumes and Interest Rates

Date	Number of Deals	Value (KSh M)	Average Interbank Rate (%)
11-Oct-18	26	13,800	3.39
12-Oct-18	20	8,715	3.36
15-Oct-18	20	15,350	3.50
16-Oct-18	20	14,450	3.73
17-Oct-18	16	10,950	3.77
October 11- 17, 2018	20	12,653	3.55
18-Oct-18	22	15,410	3.82
19-Oct-18	26	20,920	3.84
22-Oct-18	25	20,400	4.09
23-Oct-18	23	18,000	3.82
24-Oct-18	28	27,850	3.57
October 18- 24, 2018	25	20,516	3.83

Source :Central Bank of Kenya

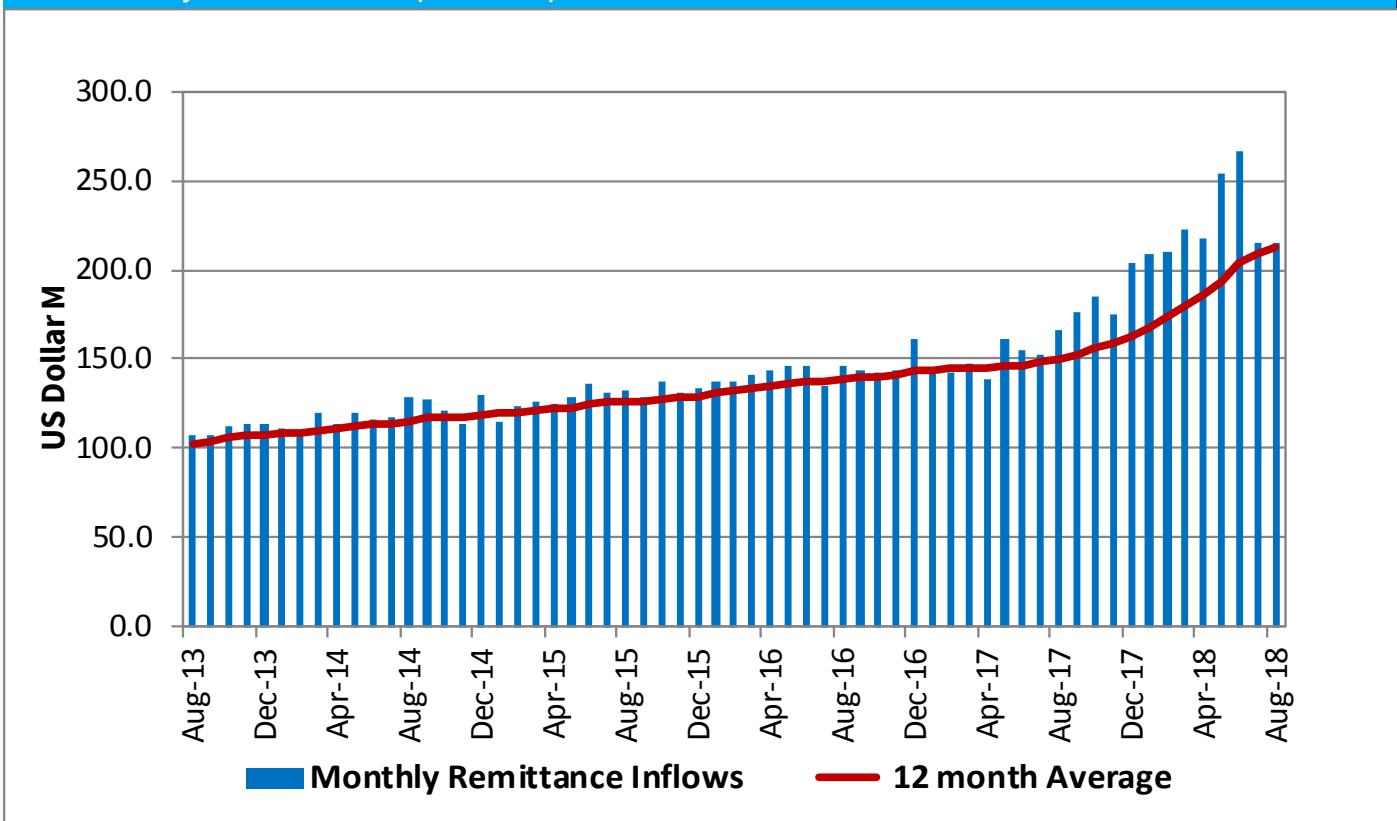
Table 2: Kenya Shilling Exchange Rates (Indicative Mean Rates)

	USD	Sterling Pound	Euro	100 Japanese Yen	USHS*	TSHS*	RWF*	BIF*
12-Oct-18	100.92	133.47	116.76	89.79	37.56	22.67	8.78	17.60
15-Oct-18	100.90	133.01	116.50	89.95	37.51	22.71	8.78	17.60
16-Oct-18	100.93	132.76	116.89	90.27	37.40	22.67	8.78	17.60
17-Oct-18	100.97	133.35	117.19	90.06	37.44	22.72	8.78	17.59
18-Oct-18	100.97	132.65	116.66	90.00	37.34	22.68	8.63	17.73
October 12-18, 2018	100.94	133.05	116.80	90.01	37.45	22.69	8.75	17.63
19-Oct-18	101.03	132.33	116.14	89.75	37.22	22.71	8.63	17.74
22-Oct-18	101.04	131.71	115.83	89.89	37.26	22.71	8.63	17.74
23-Oct-18	101.10	131.25	116.08	89.68	37.17	22.69	8.77	17.58
24-Oct-18	101.13	131.41	115.98	90.16	37.23	22.64	8.77	17.57
25-Oct-18	101.21	130.86	115.50	89.88	37.15	22.63	8.76	17.56
October 19-25, 2018	101.10	131.51	115.90	89.87	37.21	22.68	8.71	17.64

* Units of currency per Kenya Shilling

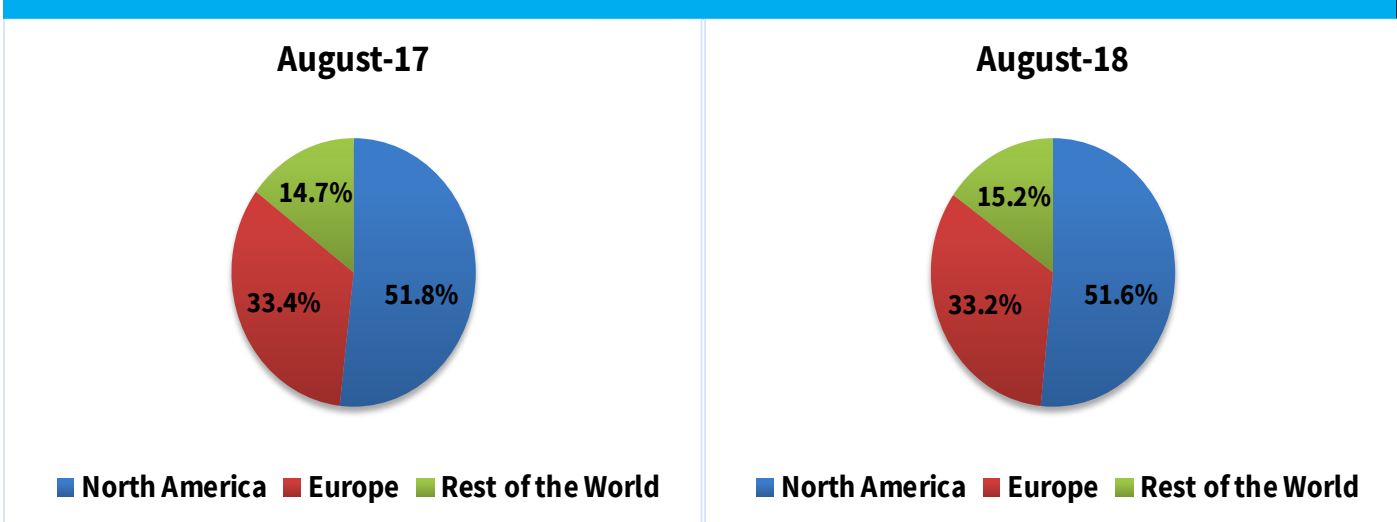
Source :Central Bank of Kenya

Chart 1: Monthly Remittance Inflows (USD Million)



Source: Central Bank of Kenya

Chart 2: Shares of Remittance Inflows



Source: Central Bank of Kenya

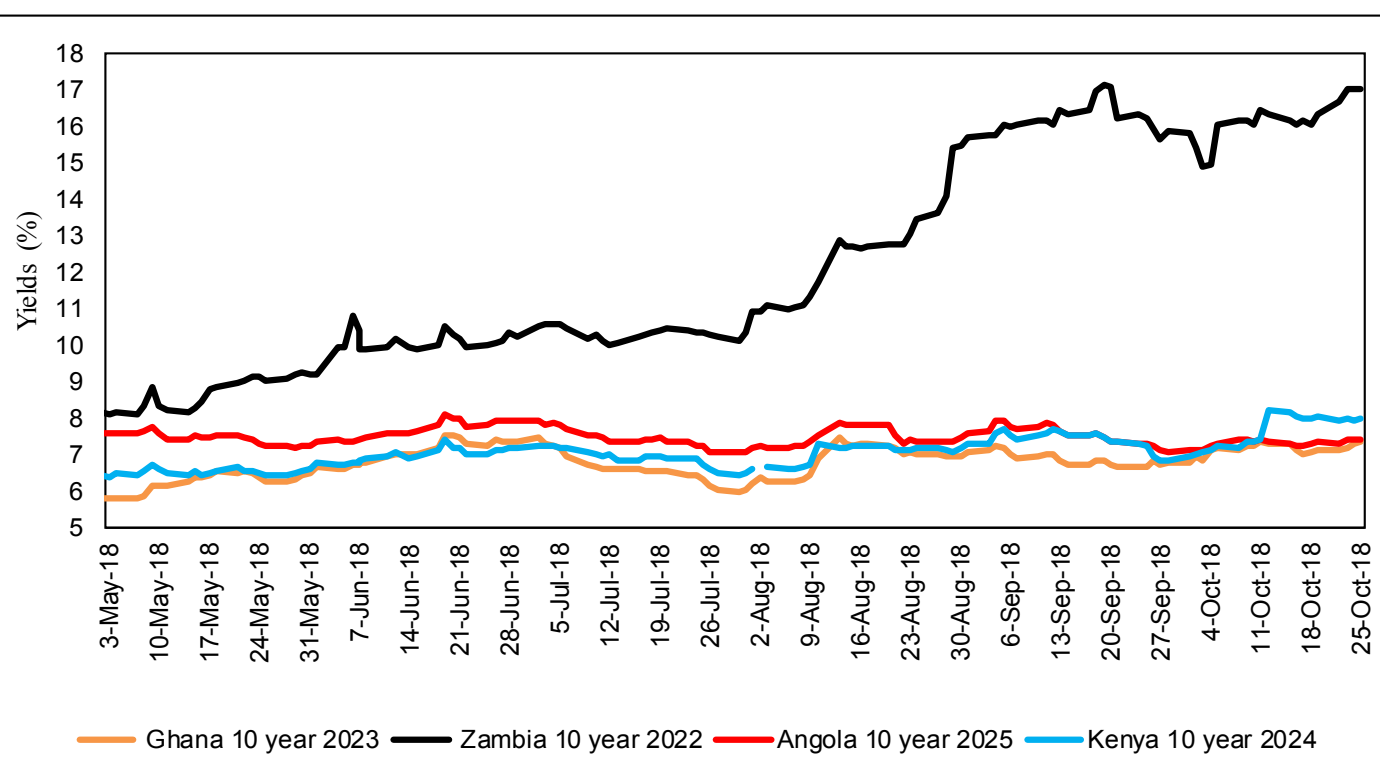
Table 3: Key Weekly Market Indicators

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 Euro-bond Yield (%) - 2024	10-Year Euro-bond Yield (%) - 2028	30-Year Euro-bond Yield (%)
12-Oct-18	144.26	3,681.04	2,807.03	1,179	14.00	338.26	2,131	2,516.24	5.114	7.374	8.197	9.071
15-Oct-18	141.78	3,619.51	2,782.97	1,240	12.92	274.80	2,095	820.20	4.888	7.308	8.137	9.029
16-Oct-18	144.32	3,625.71	2,749.34	1,306	20.95	514.17	2,132	1,646.93	4.549	7.242	8.037	8.938
17-Oct-18	144.7	3,624.15	2,754.91	1,198	14.00	357.36	2,138	1,095.41	4.73	7.198	7.978	8.861
18-Oct-18	144.73	3,656.03	2,776.59	1,157	45.79	848.75	2,138	1,697.38	4.906	7.226	8.018	8.899
13 Oct.-18 Oct., 2018	144.73	3656.03	2776.59	6,080	107.67	2,333.34	2,138.22	7,776.16	4.906	7.226	8.018	8.899
19-Oct-18	146.33	3,706.61	2,807.12	999	36.71	671.09	2,162	796.00	4.90	7.24	8.058	8.91
22-Oct-18	146.21	3,717.70	2,803.01	1,136	40.25	651.54	2,160	1,747.01	4.71	7.227	7.915	8.869
23-Oct-18	145.64	3,694.05	2,766.25	1,259	385.45	6,045.55	2,152	4,253.03	4.90	7.262	7.979	8.951
24-Oct-18	145.29	3,702.99	2,801.14	1,180	16.37	331.82	2,146	3,454.04	4.89	7.213	7.959	8.925
25-Oct-18	145.77	3,720.71	2,825.41	986	28.67	436.82	2,154	2,882.47	4.88	7.252	7.995	8.961
19-25 Oct, 2018	145.77	3720.71	2825.41	5,560	507.45	8,136.83	2,153.64	13,132.56	4.879	7.252	7.995	8.961
Weekly Change (%)	0.72	1.77	1.76	-8.55	371.30	248.72	0.72	68.88	(0.03)*	0.03*	(0.02)*	0.06*

* Percentage points

Source: Central Bank of Kenya, NSE and Thompson Reuters

Chart 3: Yields on 10 year Eurobonds in Selected African Countries

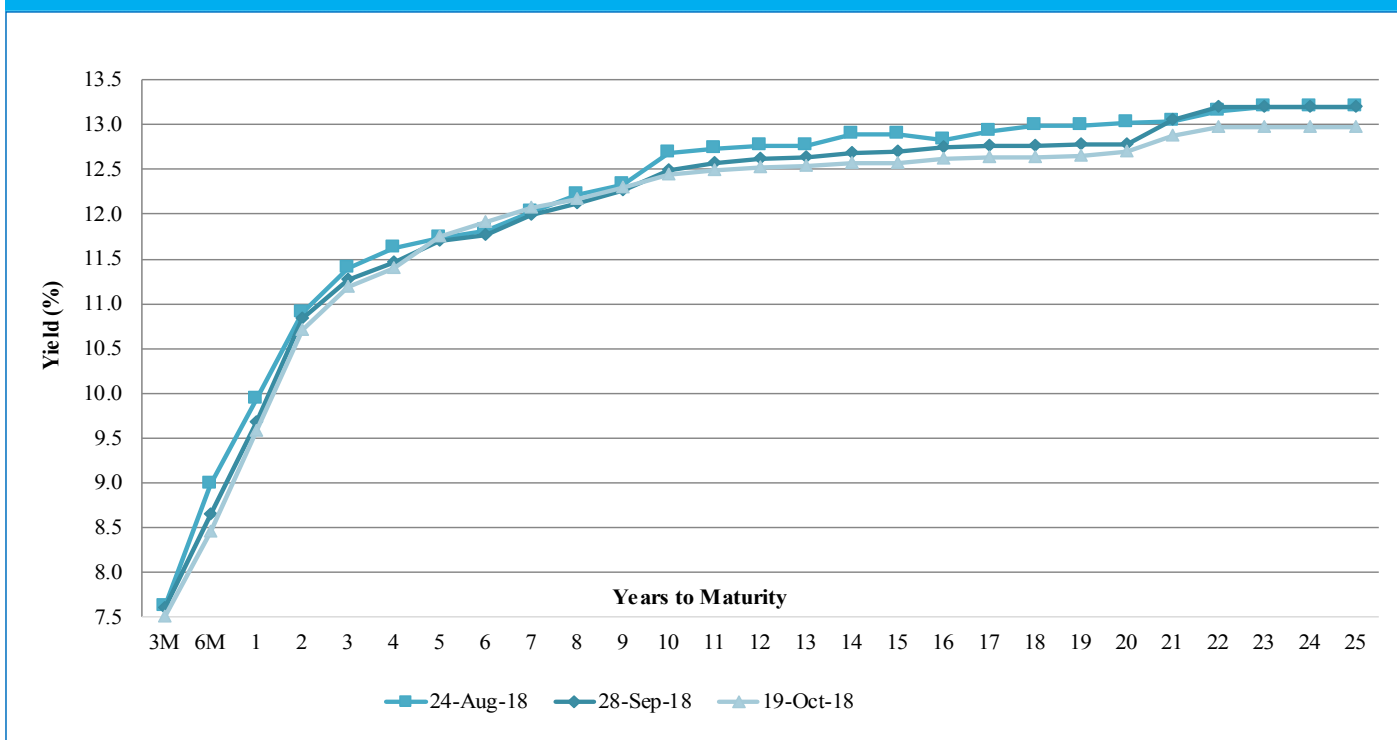


Source: Thompson Reuters

Table 4: Performance of Treasury Bonds Auctions

Date of Auction	23-May-18	20-Jun-18	25-Jul-18	22-Aug-18	19-Sept-18		17-Oct-18
Tenor	FXD1/2018/15	FXD1/2018/25	FXD2/2018/20	FXD1/2018/10	REOPEN FXD 1/2018/10	REOPEN FXD 1/2018/20	FXD2/2018/15
Amount offered (Ksh M)	40,000.0	40,000.0	40,000.0	40,000.0	40,000.0		40,000.0
Bids received (Ksh M)	20,217.0	10,130.7	13,860.3	29,825.3	32,466.5		27,045.4
Amount Accepted (Ksh M)	12,863.5	5,171.8	10,512.4	19,362.2	21,244.6	5,308.4	7,854.1
Maturities (Ksh M)	0.0	26,340.1	0.0	0.0	0.0	0.0	0.0
Average interest Rate (%)	13.078	13.451	13.371	12.686	12.665	12.931	12.746

Source: Central Bank of Kenya

Chart 4: Kenya Government Securities Yield Curve

Source: Central Bank of Kenya and NSE

Table 5: Performance of Treasury Bills Auctions**91-Day Treasury Bills**

Date of Auction	04-Oct-18	11-Oct-18	18-Oct-18	25-Oct-18
Amount offered (Ksh M)	4,000.00	4,000.00	4,000.00	4,000.00
Bids received (Ksh M)	3,940.97	6,305.57	3,829.82	2,438.93
Amount Accepted (Ksh M)	3,939.11	6,305.57	3,780.98	2,437.55
Maturities (Ksh M)	744.50	2,359.40	4,304.55	2,036.80
Average interest Rate (%) - 91 Days	7.600	7.594	7.507	7.494

182-Day Treasury Bills

Date of Auction	04-Oct-18	11-Oct-18	18-Oct-18	25-Oct-18
Amount offered (Ksh M)	10,000.00	10,000.00	10,000.00	10,000.00
Bids received (Ksh M)	6,537.52	2,641.89	3,575.02	3,033.74
Amount Accepted (Ksh M)	4,395.14	2,540.19	3,575.02	3,033.74
Maturities (Ksh M)	7,376.25	7,185.80	16,783.85	9,837.10
Average interest Rate (%) - 182 days	8.590	8.500	8.450	8.386

364-Day Treasury Bills

Date of Auction	04-Oct-18	11-Oct-18	18-Oct-18	25-Oct-18
Amount offered (Ksh M)	10,000.00	10,000.00	10,000.00	10,000.00
Bids received (Ksh M)	18,529.98	6,342.44	4,963.97	10,564.40
Amount Accepted (Ksh M)	15,110.96	6,342.44	4,690.80	10,564.40
Maturities (Ksh M)	7,434.10	3,079.15	5,416.35	5,870.10
Average interest Rate (%) - 364 days	9.638	9.607	9.579	9.524

Source: Central Bank of Kenya

Table 6: Government Domestic Debt (KSh Billion)

	31-Aug-18	14-Sep-18	21-Sep-18	28-Sep-18	05-Oct-18	12-Oct-18	19-Oct-18
1. Treasury Bills (Excluding Repos)	922.48	924.46	931.33	867.51	953.44	962.98	966.37
(As % of total securities)	37.70	37.75	38.27	37.14	38.41	38.65	38.73
2. Treasury Bonds	1,524.47	1,524.47	1,502.34	1,468.50	1,528.77	1,528.77	1,528.77
(As % of total securities)	62.30	62.25	61.73	62.86	61.59	61.35	61.27
3. Total Securities (1+2)	2,446.94	2,448.93	2,433.67	2,336.00	2,482.21	2,491.75	2,495.14
4. Overdraft at Central Bank	15.06	16.99	33.82	36.29	0.00	0.01	4.33
5. Other Domestic debt*	32.08	31.70	31.70	168.54	31.70	31.56	31.59
6. Gross Domestic Debt (3+4+5)	2,494.08	2,497.63	2,499.19	2,540.83	2,513.91	2,523.32	2,531.05

* 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 (Percent)

	31-Aug-18	14-Sep-18	21-Sep-18	28-Sep-18	05-Oct-18	12-Oct-18	19-Oct-18
Treasury bills (Excluding Repos)	37.0	37.0	37.3	34.1	37.9	38.2	38.2
Treasury bonds	61.1	61.0	60.1	57.8	60.8	60.6	60.4
CBK Overdraft to Govt	0.6	0.7	1.4	1.4	0.0	0.0	0.2
Other domestic debt	1.3	1.3	1.3	6.6	1.3	1.3	1.2
TOTAL	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-Aug-18	14-Sep-18	21-Sep-18	28-Sep-18	05-Oct-18	12-Oct-18	19-Oct-18
Banking Institutions	55.2	55.5	55.4	55.0	54.2	54.4	54.3
Insurance Companies	6.2	6.1	6.1	6.1	6.1	6.1	6.1
Parastatals	7.1	7.2	7.3	7.3	7.3	7.4	7.4
Pension funds	27.1	26.7	26.6	27.1	27.7	27.5	27.6
Other investors	4.5	4.5	4.5	4.5	4.6	4.6	4.5
Total	100.0	100.0	100.0	100.0	100.0	100.0	100.0

Source: Central Bank of Kenya

Table 9: Indicators of Total Government Debt

	Jun-17	Sep-17	Dec-17	Mar-18	Apr-18	May-18	Jun-18
Domestic debt (KSh Billion)	2,111.71	2,172.84	2,220.35	2,371.65	2,415.25	2,447.58	2,478.84
Public & Publicly Guaranteed External debt (US \$ Billion)	22.1	22.4	22.8	24.9	25.5	25.3	25.3
Public & Publicly Guaranteed External debt (KSh Billion)	2,294.40	2,310.20	2,349.28	2,512.43	2,562.18	2,573.13	2,560.20
Total public debt (KSh Billion)	4,406.11	4,483.03	4,569.63	4,884.08	4,977.43	5,020.70	5,039.03

Source: National Treasury and Central Bank of Kenya

Table 10: Official Foreign Exchange Reserves in US\$ Million (Usable)

	20-Sep-18	27-Sep-18	04-Oct-18	11-Oct-18	18-Oct-18	25-Oct-18
1. CBK Usable Foreign Exchange Reserves (USD Million)*	8,464	8,436	8,459	8,445	8,407	8,306
2. CBK Usable Foreign Exchange Reserves (Months of Import Cover)**	5.64	5.58	5.60	5.59	5.57	5.50

*Excludes Encumbered Reserves

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

Source: Central Bank of Kenya