



Central Bank of Kenya

Weekly Statistical Bulletin

Key Monetary and Financial Indicators

October 19, 2018

Interbank Market

Activity in the interbank market was relatively stable during the week ending October 17, 2018, partly reflecting improved liquidity conditions supported by increased Government payments earlier in the week. The average number of interbank deals declined marginally to 20 in the week ending October 17, 2018 from 22 in the previous week, while the average interbank volumes traded declined to KSh 12.65 billion from KSh 14.33 billion. Similarly, the average interbank rate declined to 3.55 percent in the week ending October 17, 2018 from 3.67 percent in the previous week (**Table 1**).

Exchange Rate

The Kenya Shilling remained relatively stable against the US Dollar in the week ending October 18, 2018. It however, weakened against the Sterling pound which was boosted by stronger-than-expected labor data, indicating a rise in the wages of British workers. The Shilling also weakened against the Euro and Japanese Yen. In the EAC region, the Kenya Shilling remained stable against the Burundi Franc, the Rwanda Franc and the Tanzania Shilling, but weakened slightly against the Uganda Shilling (**Table 2**).

Government Securities Market

The performance of the Government securities market was low during the week ending October 18, 2018 with the Treasury bills auction achieving an average subscription rate of 51.5 percent compared to 63.7 percent in the previous week. The auction received bids totaling KSh 12.4 billion against an advertised amount of KSh 24.0 billion. All the three Treasury bills on offer were undersubscribed. Interest rates on the three instruments declined further during the auction of October 18, 2018

(**Table 5**).

The Treasury bond auction during the week attained a subscription rate of 67.6 percent having received bids worth 27.0 billion out of the Ksh 40.0 billion offered for the October 17, 2018 auction.

Equity Market

The performance in the equities market declined further in the week ending October 18, 2018. The NASI, NSE25 and NSE 20 share indices, as well as market capitalization declined, reflecting decline in prices. There was however, a significant increase in the volume of shares traded and equity turnover, an indication of investors' intention to cut down further losses. The subdued market is partly due to developments in international markets (**Table 3**).

Bond Market

Activity in the bond market improved by 3.8 percent by volume traded during the week ending October 18, 2018, an indication of investors' preference for safe assets. Yields on Kenya's 5-year, 10-year Eurobond (2024), 10-year (2028) and 30-year Eurobonds declined in the week under review. Similarly the yields on some of the 10-year Eurobonds of selected African countries declined during the week (**Chart 1**).

Global Financial Markets

Activity in the global equities markets recovered from previous week's losses, closing the week ending October 18, 2018 with gains. The U.S. stock indices, S&P 500 SPX, Dow Jones Industrial Average (DJIA) and NASDAQ Composite index closed October 18, 2018 at 2768.78 points, 25379.45 points, and 7485.14 points respectively, translating into

gains of 1.48 percent, 1.3 percent and 2.13 percent compared to losses in the week ending October 11, 2018. The recovery could be attributed to market correction after investors priced-in risks as they watch over the US-China trade wars' retreat.

In Europe, the UK FTSE 100 closed October 18, 2018 at 7,026.99 points, higher than 7,006.93 points on October 11, 2018 while the German, Dax (GDAXI: XETRA) closed the week ending October 18, 2018 at 11558.12 points better than the 11539.35 points on October 11, 2018. This recovery is partly on account of a pricing correction following recent losses and on the impasse of Brexit talks.

The U.S. 10-year Treasury note and the 30-year bond yields closed October 18, 2018 higher at 3.18 percent and 3.37 percent, respectively. In Italy however, the 10-year and 30-year bond yields hit their highest levels since early 2014, hours after the European Union warned of rule breaches in Italy's draft budget. Investors have shown concerns over Italy's 2019 budget.

Emerging markets ended the week better, with the MSCIEM closing October 18, 2018 at 970.9 points compared with 954.7.3 points at the end of the previous week.

Global Growth

Global growth remains strong and is expected to reach the 2017 level of 3.7 percent in both 2018 and 2019 before moderating in the medium term. However, the growth outlook has been revised downwards mainly due to negative effects of trade tensions among major trading countries, increase in international oil prices, tightening global financial conditions following normalization of monetary policies among select advanced countries, and weaker outlook for some key emerging market economies due to country-specific factors.

Table 1: Interbank Deals, Volumes and Interest Rates

Date	Number of Deals	Value (KSh M)	Average Interbank Rate (%)
4-Oct-18	18	11,500	3.85
5-Oct-18	21	16,200	3.68
8-Oct-18	23	15,250	3.69
9-Oct-18	25	14,385	3.46
October 4 - 9, 2018	22	14,334	3.67
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

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*
5-Oct-18	100.95	131.40	116.31	88.66	37.44	22.66	8.77	17.57
8-Oct-18	100.85	131.79	116.27	88.55	37.48	22.69	8.78	17.61
9-Oct-18	100.90	131.69	115.73	89.21	37.59	22.67	8.78	17.60
10-Oct-18	Public Holiday							
11-Oct-18	100.92	131.72	115.56	89.14	37.59	22.65	8.78	17.60
October 5-11, 2018	100.90	131.65	115.97	88.89	37.53	22.67	8.78	17.59
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

* Units of currency per Kenya Shilling

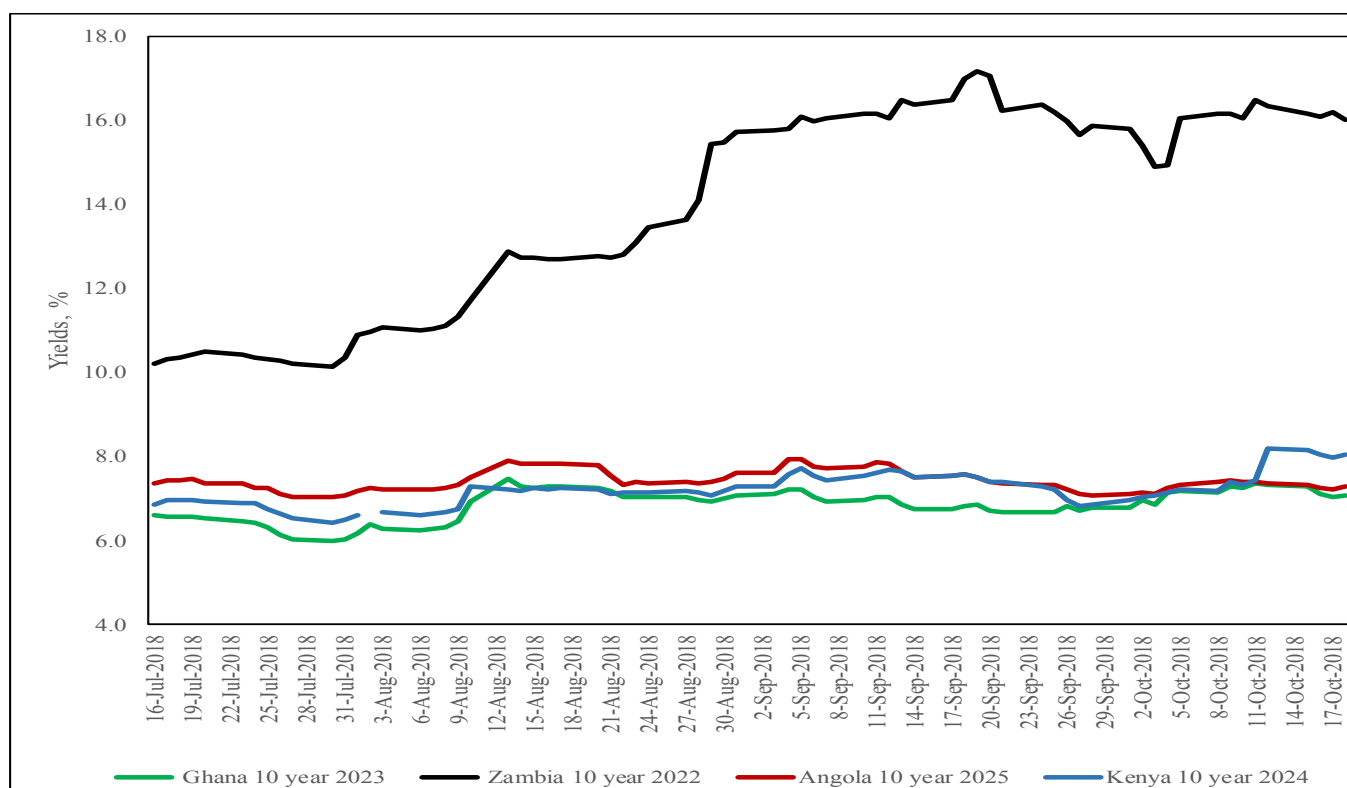
Source :Central Bank of Kenya

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 (%)
5-Oct-18	149.92	3795.31	2866.06	1,155	19.64	485.35	2,229	1,224.45	4.841	7.224	8.036	8.925
8-Oct-18	150.88	3809.99	2864.99	1,596	6.82	143.51	2,215.08	741.52	6.043	7.164	8.080	8.993
9-Oct-18	149.63	3798.36	2842.26	1,161	7.93	221.02	2,210.80	3,671.74	6.044	7.38	8.156	9.055
10-Oct-18	PUBLIC HOLIDAY											
11-Oct-18	147.63	3751.67	2825.11	1,125	17.64	440.49	2,181	1,905.91	4.932	7.425	8.217	9.121
October 5 - 11, 2018	147.63	3751.67	2825.11	5,037	52.03	1,290.37	2,181.10	7,543.62	4.932	7.425	8.217	9.121
12-Oct-18	144.26	3681.04	2807.03	1,179	14.00	338.26	2,131.16	2,516.24	5.114	7.374	8.197	9.071
15-Oct-18	141.78	3619.51	2782.97	1,240	12.92	274.80	2,094.55	820.20	4.888	7.308	8.137	9.029
16-Oct-18	144.32	3625.71	2749.34	1,306	20.95	514.17	2,132.15	1,646.93	4.549	7.242	8.037	8.938
17-Oct-18	144.70	3624.15	2754.91	1,198	14.00	357.36	2,137.81	1,095.41	4.730	7.198	7.978	8.861
18-Oct-18	144.73	3656.03	2776.59	1,157	45.79	848.75	2,138.22	1,697.38	4.595	7.221	8.050	8.899
October 12 - 18, 2018	144.73	3656.03	2776.59	6,080	107.67	2,333.34	2,138.22	7,776.16	4.595	7.221	8.050	8.899
Weekly Change (%)	-1.96	-2.55	-1.72	20.71	106.93	80.83	-1.97	3.08	*-0.337	*-0.204	*-0.167	*-0.22

* Percentage points

Source: Central Bank of Kenya, NSE and Thompson Reuters

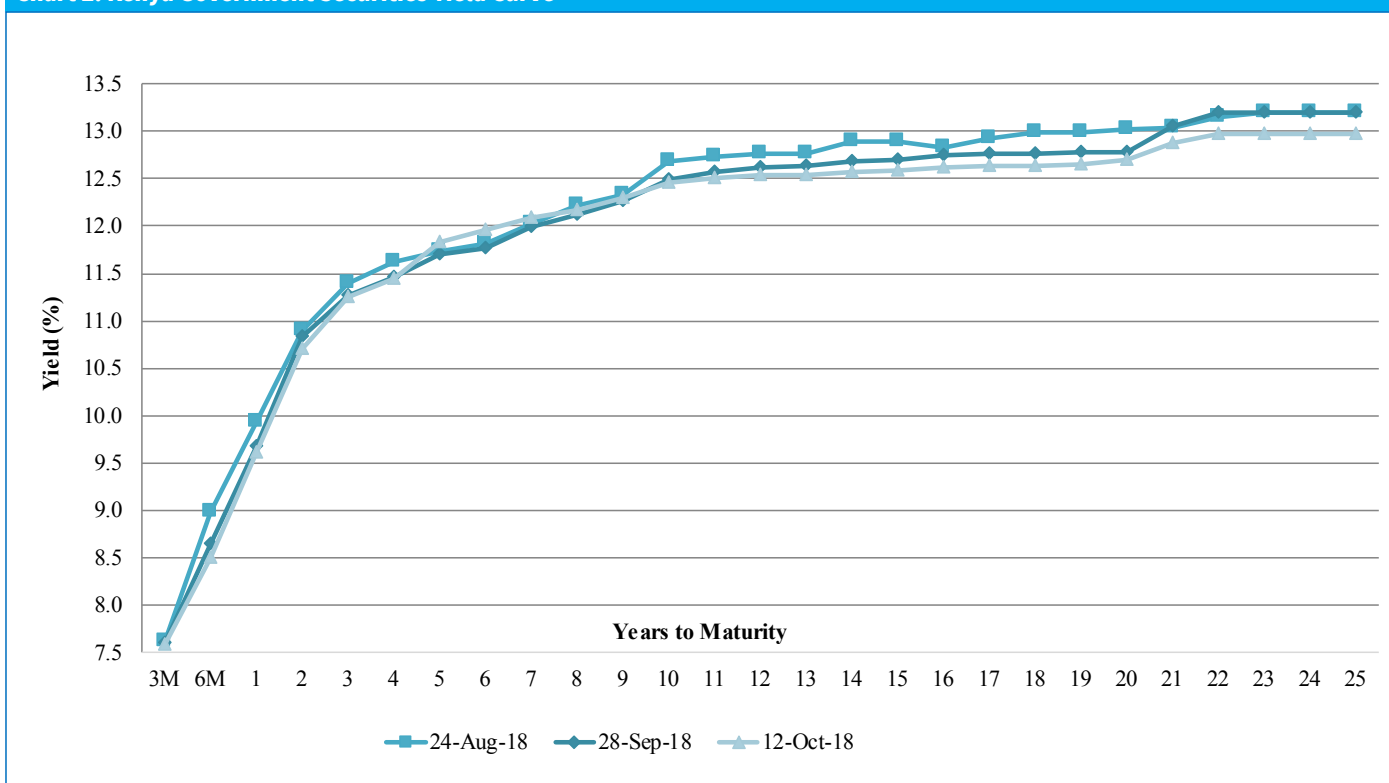
Chart 1: Yields on 10 year Eurobonds in Selected African Countries

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 2: 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	27-Sep-18	04-Oct-18	11-Oct-18	18-Oct-18
Amount offered (Ksh M)	4,000.00	4,000.00	4,000.00	4,000.00
Bids received (Ksh M)	5,096.36	3,940.97	6,305.57	3,829.82
Amount Accepted (Ksh M)	5,061.43	3,939.11	6,305.57	3,780.98
Maturities (Ksh M)	3,629.35	744.50	2,359.40	4,304.55
Average interest Rate (%) - 91 Days	7.609	7.600	7.594	7.507

182-Day Treasury Bills

Date of Auction	27-Sep-18	04-Oct-18	11-Oct-18	18-Oct-18
Amount offered (Ksh M)	10,000.00	10,000.00	10,000.00	10,000.00
Bids received (Ksh M)	5,086.11	6,537.52	2,641.89	3,575.02
Amount Accepted (Ksh M)	5,056.99	4,395.14	2,540.19	3,575.02
Maturities (Ksh M)	3,905.45	7,376.25	7,185.80	16,783.85
Average interest Rate (%) - 182 days	8.646	8.590	8.500	8.450

364-Day Treasury Bills

Date of Auction	27-Sep-18	04-Oct-18	11-Oct-18	18-Oct-18
Amount offered (Ksh M)	10,000.00	10,000.00	10,000.00	10,000.00
Bids received (Ksh M)	10,429.49	18,529.98	6,342.44	4,963.97
Amount Accepted (Ksh M)	9,417.98	15,110.96	6,342.44	4,690.80
Maturities (Ksh M)	3,804.75	7,434.10	3,079.15	5,416.35
Average interest Rate (%) - 364 days	9.670	9.638	9.607	9.579

Source: Central Bank of Kenya

Table 6: Government Domestic Debt (KSh Billion)

	24-Aug-18	31-Aug-18	14-Sep-18	21-Sep-18	28-Sep-18	05-Oct-18	12-Oct-18
1. Treasury Bills (Excluding Repos)	927.97	922.48	924.46	931.33	867.51	953.44	962.98
(As % of total securities)	38.14	37.70	37.75	38.27	37.14	38.41	38.65
2. Treasury Bonds	1,505.10	1,524.47	1,524.47	1,502.34	1,468.50	1,528.77	1,528.77
(As % of total securities)	61.86	62.30	62.25	61.73	62.86	61.59	61.35
3. Total Securities (1+2)	2,433.07	2,446.94	2,448.93	2,433.67	2,336.00	2,482.21	2,491.75
4. Overdraft at Central Bank	7.84	15.06	16.99	33.82	36.29	0.00	0.01
5. Other Domestic debt*	32.07	32.08	31.70	31.70	168.54	31.70	31.56
6. Gross Domestic Debt (3+4+5)	2,472.98	2,494.08	2,497.63	2,499.19	2,540.83	2,513.91	2,523.32

* 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)

	24-Aug-18	31-Aug-18	14-Sep-18	21-Sep-18	28-Sep-18	05-Oct-18	12-Oct-18
Treasury bills (Excluding Repos)	37.5	37.0	37.0	37.3	34.1	37.9	38.2
Treasury bonds	60.9	61.1	61.0	60.1	57.8	60.8	60.6
CBK Overdraft to Govt	0.3	0.6	0.7	1.4	1.4	0.0	0.0
Other domestic debt	1.3	1.3	1.3	1.3	6.6	1.3	1.3
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)

	24-Aug-18	31-Aug-18	14-Sep-18	21-Sep-18	28-Sep-18	05-Oct-18	12-Oct-18
Banking Institutions	55.1	55.2	55.5	55.4	55.0	54.2	54.4
Insurance Companies	6.2	6.2	6.1	6.1	6.1	6.1	6.1
Parastatals	7.1	7.1	7.2	7.3	7.3	7.3	7.4
Pension funds	27.2	27.1	26.7	26.6	27.1	27.7	27.5
Other investors	4.5	4.5	4.5	4.5	4.5	4.6	4.6
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)

	13-Sep-18	20-Sep-18	27-Sep-18	04-Oct-18	11-Oct-18	18-Oct-18
1. CBK Usable Foreign Exchange Reserves (USD Million)*	8,536	8,464	8,436	8,459	8,445	8,407
2. CBK Usable Foreign Exchange Reserves (Months of Import Cover)**	5.69	5.64	5.58	5.60	5.59	5.57

*Excludes Encumbered Reserves

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

Source: Central Bank of Kenya