



**NOVEMBER 25, 2016**

### **Highlights**

*The average interbank rate rose marginally to 5.31 percent in the week ending November 23, 2016 from 5.24 percent in the previous week.*

*Capital market performance declined in the week ending November 24, 2016.*

### **Monetary Policy Operations**

The Central Bank provided liquidity support to the money market in the week ending November 23, 2016 to ease tightness attributed to interbank market segmentation. It availed Ksh 9.6bn through reverse repos to complement other sources of liquidity to the money market (**Table 1**). Commercial banks' excess reserves above 5.25 percent average reserve requirement declined marginally to KSh 21.4bn from KSh 23.0bn recorded in the previous week (**Chart A**).

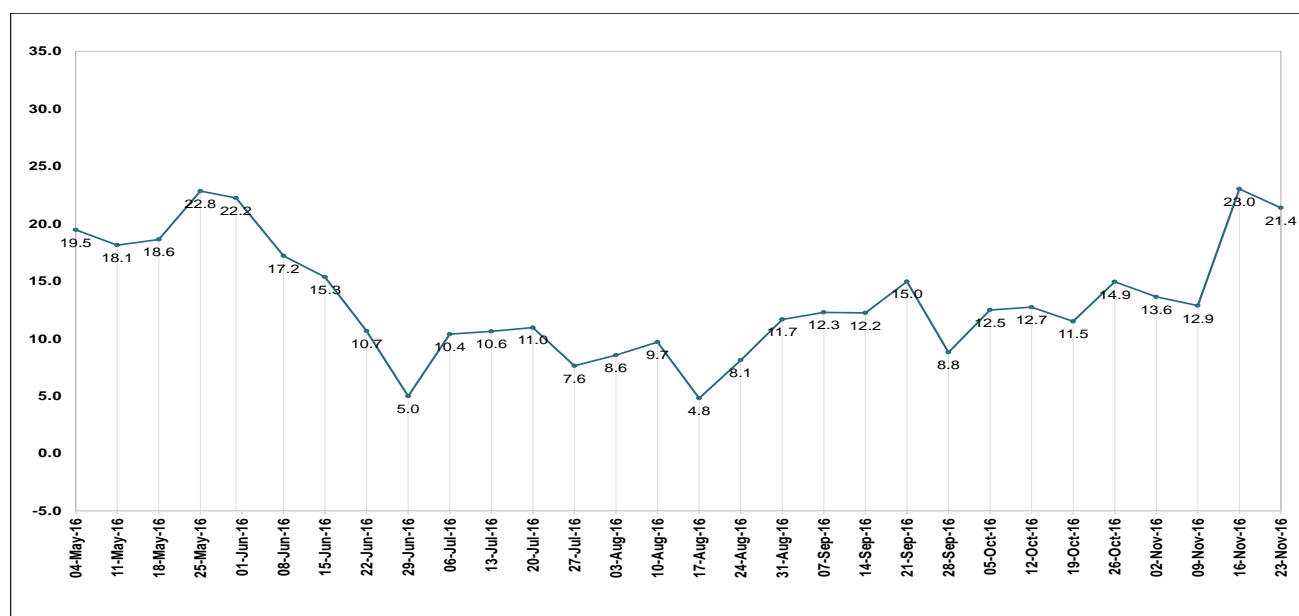
**TABLE 1: INTERBANK LIQUIDITY FLOWS AND OPEN MARKET OPERATIONS (KSH BILLION)**

	17-Nov-16	18-Nov-16	21-Nov-16	22-Nov-16	23-Nov-16	Total
<b>Liquidity Flows</b>						
<b>Total liquidity injection \1</b>	6.6	10.9	39.9	4.7	8.4	<b>70.5</b>
Repos Maturities	0.0	5.3	8.0	0.0	0.0	<b>13.3</b>
Reverse Repo Purchases	0.4	1.1	4.3	1.2	2.6	<b>9.6</b>
Term Auction Deposit maturities	0.0	0.0	0.0	0.0	0.0	<b>0.0</b>
T/bills redemptions	0.0	0.0	0.0	0.0	0.0	<b>0.0</b>
T/bills rediscounts	0.0	0.0	0.0	0.0	0.0	<b>0.0</b>
T/bonds redemptions	0.0	0.0	14.5	0.0	0.0	<b>14.5</b>
T/bonds Interest	0.0	0.8	10.0	0.0	0.0	<b>10.7</b>
T/bonds rediscounts	0.0	0.0	0.0	0.0	0.0	<b>0.0</b>
Govt payments	6.2	3.8	3.1	3.4	5.8	<b>22.4</b>
<b>Total liquidity reduction \1</b>	<b>11.8</b>	<b>4.7</b>	<b>43.4</b>	<b>21.8</b>	<b>2.9</b>	<b>84.5</b>
T/bills (Primary issues)	0.0	0.0	15.9	0.0	0.0	<b>15.9</b>
Tbonds Sales	0.0	0.0	0.0	0.0	0.0	<b>0.0</b>
T/bills/Tbonds (OMO Tap Sales)	0.0	0.0	0.0	0.0	0.0	<b>0.0</b>
Repos	8.0	0.0	0.0	0.0	0.0	<b>8.0</b>
Reverse Repos maturities	0.0	0.0	19.1	1.3	0.0	<b>20.4</b>
Term Auction Deposit	0.0	0.0	0.0	0.0	0.0	<b>0.0</b>
Transfer from Banks -Taxes	2.0	2.4	4.1	18.0	0.0	<b>26.6</b>
<b>Net liquidity injection (+)/Withdrawal (-)</b>	<b>-5.2</b>	<b>6.2</b>	<b>-3.5</b>	<b>-17.1</b>	<b>5.5</b>	<b>-14.0</b>
<b>Open Market Operations Outcome</b>						
<b>Posted Amount</b>						
Repo (-)	8.0	0.0	0.0	0.0	0.0	<b>8.0</b>
Term Auction Deposits (-)	0.0	0.0	0.0	0.0	0.0	<b>0.0</b>
Reverse repos purchases	0.0	0.0	0.0	5.0	5.0	<b>10.0</b>
<b>Reserve Money Position</b>						
Reserve money (actual)	406.3	411.6	407.0	389.9	393.5	

\1 Only main transactions increasing or reducing liquidity are included.

Source: Central Bank of Kenya

**Chart A: Commercial Banks Excess Reserves**



### Activity in the Interbank Market

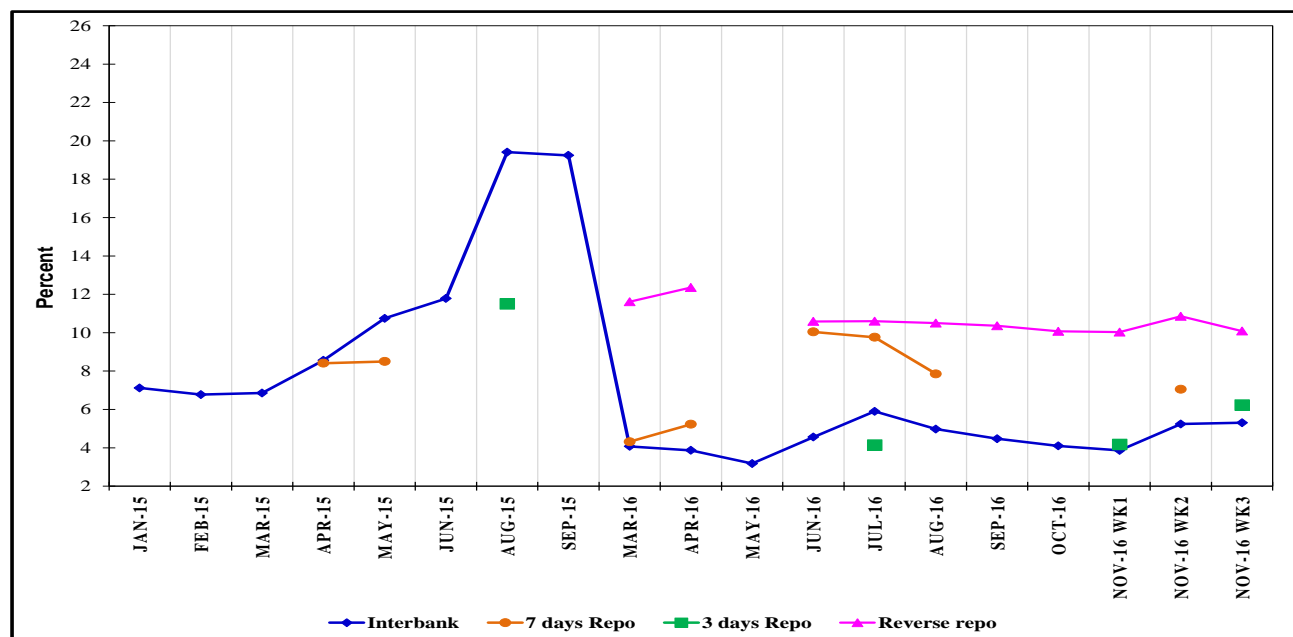
The average interbank rate rose marginally to 5.31 percent in the week ending November 23, 2016 from 5.24 percent in the previous week, with the number of interbank market deals and volumes traded declining. The reverse repo rate declined slightly to 10.01 percent during the week compared to 10.85 percent recorded in the previous week, (Table 2 and Chart B).

**TABLE 2: OPEN MARKET OPERATIONS (KSH MILLION)**

Date	Number of Deals	Value (Ksh M)	Average Interbank Rate (%)	3 days Average Repo Rate (%)	5 days Average Repo Rate (%)	Reverse Repo Rate (%)
10-Nov-16	23	9,206	5.47			
11-Nov-16	48	19,125	5.59			
14-Nov-16	38	19,616	5.79			10.85
15-Nov-16	22	9,680	4.50			
16-Nov-16	27	11,680	4.85			
<b>Nov 10-16, 2016</b>	<b>32</b>	<b>13,861</b>	<b>5.24</b>			<b>10.85</b>
17-Nov-16	23	10,110	4.80	6.23		
18-Nov-16	27	12,400	5.33			
21-Nov-16	28	17,745	4.94			
22-Nov-16	32	14,605	5.33			10.16
23-Nov-16	24	10,075	6.14			10.01
<b>Nov 17-23, 2016</b>	<b>27</b>	<b>12,987</b>	<b>5.31</b>	<b>6.23</b>		<b>10.09</b>

Source: Central Bank of Kenya

**CHART B: STRUCTURE OF INTEREST RATES**



Source: Central Bank of Kenya

## Kenya Shilling Exchange Rate

The Kenya Shilling exchange rate recorded mixed performance against major international currencies as well as the EAC currencies during the week ending November 24, 2016. It strengthened against the Pound Sterling, the Euro and the Japanese Yen but stabilized against the US Dollar (Table 3).

**TABLE 3: KENYA SHILLING EXCHANGE RATE**

	USD	Sterling Pound	Euro	100 Japanese Yen	USHS*	TSHS*	RWF*	BIF*
11th-November 2016	101.70	126.37	110.83	95.34	34.58	21.44	7.97	16.50
14th-November-2016	101.74	128.40	110.77	95.57	34.77	21.45	7.96	16.50
15th-November-2016	101.77	127.53	109.58	94.34	34.98	21.43	8.17	16.46
16th-November-2016	101.77	126.22	109.19	93.43	34.93	21.42	7.96	16.50
17th-November-2016	101.85	126.82	109.07	93.34	35.27	21.42	7.96	16.45
<b>11th-17th November 2016</b>	<b>101.77</b>	<b>127.07</b>	<b>109.89</b>	<b>94.40</b>	<b>34.91</b>	<b>21.43</b>	<b>8.00</b>	<b>16.48</b>
18th-November 2016	101.83	126.81	109.03	93.05	35.24	21.41	7.96	16.60
21st-November-2016	101.84	125.70	107.97	91.66	35.25	21.42	7.96	16.50
22nd-November-2016	101.86	127.05	108.32	91.90	35.39	21.42	7.96	16.45
23rd-November-2017	101.85	126.45	108.07	91.78	35.47	21.42	7.96	16.50
24th-November-2017	101.87	126.01	107.48	90.62	35.54	21.40	7.97	16.50
<b>18th-24th November 2016</b>	<b>101.85</b>	<b>126.40</b>	<b>108.17</b>	<b>91.80</b>	<b>35.38</b>	<b>21.42</b>	<b>7.96</b>	<b>16.51</b>

\* Units of currency per Kenya Shilling

Source: Central Bank of Kenya

## The Capital Market

Capital market performance declined in the week ending November 24, 2016.

### Equity Market

Equity share prices declined over the week as reflected in the NSE 25<sup>1</sup>, NSE 20<sup>2</sup> and NASI share indices. Consequently, equity turnover and market capitalization declined by 17.41 percent and 0.89 percent, respectively, on account of depressed share prices in the period under review (Table 4).

<sup>1</sup> The NSE 25 Share Index is a benchmark index of a company shares with primary listing of at least 20% of its shares quoted on the NSE, the company must have been continuously quoted for at least 1 year, has minimum market capitalization of KSh 1 billion and be a “blue chip” company with superior profitability and dividend record.

<sup>2</sup> The NSE 20 Share Index is a price weight index calculated as a mean of the shares of 20 publicly listed companies, selected based on a weighted market performance.

**TABLE 4: KEY WEEKLY MARKET STATISTICS**

INDICATOR	13-Oct-16	19-Oct-16	27-Oct-16	03-Nov-16	10-Nov-16	17-Nov-16	24-Nov-16	Weekly Change (%)
NASI 100= 2008	137.15	136.13	136.82	138.31	139.89	139.96	138.39	-1.13
NSE 25 Share Index	3,630.42	3,598.39	3,617.27	3,647.90	3,686.03	3,709.91	3,681.55	-0.77
NSE 20 Share Index 100= 1996	3,242.32	3,239.00	3,201.55	3,227.24	3,246.72	3,283.77	3,273.71	-0.31
Number of Deals	5,273	4,106	5,858	6,095	6,233	6,054	5,445	-11.18
Total Shares Traded (Millions)	120.14	48.10	87.53	84.86	116.95	91.79	100.21	8.40
Equity Turnover (Ksh. Millions)	2,836.78	1,038.32	1,825.65	1,790.65	2,727.92	2,232.48	1,901.46	-17.41
Market Capitalization (Ksh. Bn.)	1,986.91	1,972.19	1,982.14	2,047.66	2,026.78	2,027.74	2,009.91	-0.89
I-REIT Turnover in (Ksh.)	2.16	0.19	0.27	0.26	0.27	0.71	0.92	22.71
I-REIT in Units - Total Deals	32	21	18	21	23	35	29	-20.69
Bonds Turnover (Ksh. Millions)	7,108.64	9,606.85	10,556.20	11,373.10	9,533.29	6,751.20	6,649.85	-1.52
FTSE NSE Kenya 15 Index	165.31	164.54	164.71	166.40	168.62	170.84	170.07	-0.45
FTSE NSE Kenya 25 Index	171.13	169.94	170.55	172.34	174.99	176.43	174.71	-0.98
FTSE NSE Bond Index	90.14	89.50	89.66	89.82	90.27	90.31	90.19	-0.13

Source: Nairobi Securities Exchange

### FTSE NSE Kenya Index Series, REITS and Most Active Sectors

FTSE<sup>3</sup> NSE Kenya 15 Index and FTSE NSE Kenya 25 Index, which measure performance of 15 largest companies by market capitalization and 25 most liquid stocks at the NSE closed 0.45 percent and 0.98 percent lower, respectively. The Telecommunication & Technology and Banking sectors dominated trading accounting for 55.82 percent and 18.32 percent, respectively, of the total shares traded during the week under review.

The real estate market segment recorded mixed performance with the Income Real Estate Investment Trust (I-REIT<sup>4</sup>) turnover rising by 22.71 and number of deals down by 20.69 percent.

### Bond Market

Bond turnover declined by 1.52 percent in the week ending November 24, 2016 with number of deals rising to 178 from 142 deals the previous week. The FTSE NSE Bond Index declined marginally by 0.13 percent during the week indicating a marginal increase in secondary market yields.

---

<sup>3</sup> FTSE refers to Financial Times Stock Exchange, which is an average of share prices in the 100 largest, most actively traded companies on the London Stock Exchange. The two NSE indices are indexed on FTSE

<sup>4</sup> I-REIT is a collective investment vehicle that allows investors to pool capital, which is then invested in a portfolio of selected properties for a return. Investors gain through capital appreciation and rental income, with the latter being distributed to unit-holders annually.

# CBK Weekly Statistical Bulletin of Key Monetary and Financial Indicators

**TABLE 5: PERFORMANCE OF GOVERNMENT SECURITIES**

<b>91-Day Treasury Bills</b>						
Date of Auction	28-Jul-16	25-Aug-16	29-Sep-16	27-Oct-16	17-Nov-16	24-Nov-16
Amount offered (Ksh M)	4,000.0	4,000.0	4,000.0	4,000.0	4,000.0	4,000.0
Bids received (Ksh M)	3,741.1	1,682.2	4,722.1	4,335.7	5,842.2	5,911.3
Amount Accepted (Ksh M)	2,672.6	1,456.4	4,200.4	4,335.7	2,021.4	5,908.4
Maturities (Ksh M)	12,662.0	7,363.7	3,417.7	2,714.4	2,977.5	1,484.5
Average interest Rate (%) - 91 Days	8.3	8.6	7.8	8.0	8.2	8.3
<b>182-Day Treasury Bills</b>						
Date of Auction	27-Jul-16	24-Aug-16	28-Sep-16	26-Oct-16	16-Nov-16	23-Nov-16
Amount offered (Ksh M)	6,000.0	6,000.0	6,000.0	6,000.0	6,000.0	6,000.0
Bids received (Ksh M)	13,160.0	7,962.7	8,678.0	7,356.5	10,949.6	6,936.3
Amount Accepted (Ksh M)	6,405.5	7,626.3	5,311.7	7,356.5	6,631.4	6,915.3
Maturities (Ksh M)	8,198.5	5,446.0	2,051.1	9,520.1	6,396.0	5,649.1
Average interest Rate (%) - 182 days	10.5	11.2	10.4	10.3	10.3	10.4
<b>364-Day Treasury Bills</b>						
Date of Auction	27-Jul-16	24-Aug-16	28-Sep-16	26-Oct-16	16-Nov-16	23-Nov-16
Amount offered (Ksh M)	6,000.0	6,000.0	6,000.0	6,000.0	6,000.0	6,000.0
Bids received (Ksh M)	5,250.7	5,850.8	7,326.1	5,422.8	9,138.4	5,316.7
Amount Accepted (Ksh M)	5,214.9	5,630.0	7,326.1	5,422.8	7,230.8	3,266.8
Maturities (Ksh M)	1,935.9	1,669.4	3,666.6	8,529.4	5,173.1	1,290.5
Average interest Rate (%) - 364 days	11.4	12.0	10.4	10.6	10.8	10.8
<b>Treasury Bonds</b>						
Date of Auction		24th August 2016		20-Oct-16	23-Nov-16	23-Nov-16
Tenor		FXD 1/2016/10		IFB1/2016/16 (TAP SALE)	FXD 3/2007/15	FXD 1/2008/20
Amount offered (Ksh M)		25000		10,000.0	30,000.0	
Bids received (Ksh M)		26305.2		4,773.4	14,490.3	8,398.0
Amount Accepted (Ksh M)		18312.23		4,471.4	14,286.0	7,876.6
Maturities (Ksh M)		0		0.0	0.0	
Average interest Rate (%)		15.0		13.2	13.6	14.3

Source: Central Bank of Kenya

**TABLE 6: GOVERNMENT DOMESTIC DEBT (KSH BILLION)**

	24-Jun-16	29-Jul-16	26-Aug-16	30-Sep-16	28-Oct-16	11-Nov-16	18-Nov-16
1. Treasury Bills (Excluding Repos)	578.03	577.76	579.67	618.25	631.84	612.88	609.50
<b>(As % of total securities)</b>	<b>33.41</b>	<b>32.75</b>	<b>33.09</b>	<b>33.97</b>	<b>34.04</b>	<b>33.23</b>	<b>33.11</b>
2. Treasury Bonds	1,152.04	1,186.12	1,171.92	1,201.78	1,224.21	1,231.57	1,231.57
<b>(As % of total securities)</b>	<b>66.59</b>	<b>67.25</b>	<b>66.91</b>	<b>66.03</b>	<b>65.96</b>	<b>66.77</b>	<b>66.89</b>
<b>3. Total Securities (1+2)</b>	<b>1,730.07</b>	<b>1,763.88</b>	<b>1,751.59</b>	<b>1,820.02</b>	<b>1,856.05</b>	<b>1,844.44</b>	<b>1,841.07</b>
4. Overdraft at Central Bank	37.06	14.01	13.28	3.32	0.00	0.00	0.00
5. Other Domestic debt*	31.09	30.76	31.42	31.45	31.21	32.07	32.05
<b>6. Gross Domestic Debt (3+4+5)</b>	<b>1,798.22</b>	<b>1,808.64</b>	<b>1,796.29</b>	<b>1,854.80</b>	<b>1,887.26</b>	<b>1,876.51</b>	<b>1,873.12</b>

\* Other domestic debt includes clearing items in transit, advances from commercial banks, Pre-1997 Government

Source: Central Bank of Kenya

## CBK Weekly Statistical Bulletin of Key Monetary and Financial Indicators

**TABLE 7: COMPOSITION OF GOVERNMENT DEBT BY INSTRUMENT (IN PERCENT)**

	24-Jun-16	29-Jul-16	26-Aug-16	30-Sep-16	28-Oct-16	11-Nov-16	18-Nov-16
Treasury bills (Excluding Repos)	32.1	31.9	32.3	33.3	33.5	32.7	32.5
Treasury bonds	64.1	65.6	65.2	64.8	64.9	65.6	65.7
CBK Overdraft to Govt	2.1	0.8	0.7	0.2	0.0	0.0	0.0
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 DEBT BY HOLDER (IN PERCENT)**

	24-Jun-16	29-Jul-16	26-Aug-16	30-Sep-16	28-Oct-16	11-Nov-16	18-Nov-16
Banking Institutions	56.3	54.8	54.4	55.0	53.1	53.3	53.2
Insurance Companies	7.5	7.6	7.3	7.4	7.1	7.1	7.1
Parastatals	4.7	5.1	5.6	5.5	5.6	5.8	5.9
Pension funds	25.9	26.8	27.0	26.6	27.1	27.3	27.3
Other investors	5.7	5.7	5.6	5.6	7.1	6.5	6.5
<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 9: OFFICIAL FOREIGN RESERVES US\$ MILLION (USABLE)**

	15-Sep-16	22-Sep-16	29-Sep-16	06-Oct-16	13-Oct-16	19-Oct-16	27-Oct-16	03-Nov-16	10-Nov-16	17-Nov-16	24-Nov-16
1. CBK Usable Foreign Exchange Reserves (USD Mn)*	7,805	7,748	7,782	7,789	7,744	7,729	7,683	7,628	7,536	7,485	7,336
2. CBK Usable Foreign Exchange Reserves (Months of Import Cover)**	5.19	5.15	5.18	5.20	5.17	5.06	5.03	4.99	4.93	4.90	4.80

\*Excludes Encumbered Reserves

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

Source: Central Bank of Kenya