



Central Bank of Kenya

Weekly Bulletin

May 17, 2019

KEY MONETARY AND FINANCIAL INDICATORS

Exchange Rate

The Kenya Shilling remained stable against major international and regional currencies during the week ending May 16. It exchanged at KSh 101.11 per US Dollar on May 16, compared to KSh 101.19 on May 9 (Table 1).

Foreign Exchange Reserves

The CBK usable foreign exchange reserves remained adequate at USD 8,009 million (5.2 months of import cover) as at May 16. This meets the statutory requirement to endeavor to maintain at least 4 months of import cover, and the EAC region's convergence criteria of 4.5 months of import cover (Table 2).

Money Market

The money market was relatively liquid during the week ending May 16, supported by government payments, which offset tax remittances by banks. Commercial banks' excess reserves stood at KSh 4.8 billion in relation to the 5.25 percent cash reserves requirement (CRR). The average interbank rate declined to 5.43 percent on May 16 from 6.40 percent on May 9 and the average number of interbank deals decreased to 23 from 28 the previous week. The value traded however, rose to KSh 17.61 billion from KSh 14.05 billion in the previous week (Table 3).

Government Securities Market

The Treasury bills auctions of May 16 received bids totaling KSh 22.1 billion against an advertised amount of KSh 24.0 billion, representing a performance of 92.0 percent. Interest rates on the three Treasury bills declined during the auction (Table 4).

Eurobond Issuance

Kenya floated a dual tranche USD 2.1 billion Eurobond of 7- and 12-years on May 15 in London. The issuance received significant interest and was oversubscribed 4.5 times. The

interest rates on the two tenors were 7.0 percent for the 7-year and 8 percent for the 12-year, which was lower than initially expected.

Equity Market

The total number of shares traded on the NSE increased by 23.9 percent while equity turnover rose by 39.54 percent during the week ending May 16. However, the NASI, NSE 25 and NSE 20 share price indices as well as market capitalization declined by 6.11, 7.61, 4.28 and 6.13 percent, respectively (Table 6).

Bond Markets

Trading of bonds in the domestic secondary market declined by 3.13 percent during the week ending May 16. In the international market, yields on Kenya's 5-year (2019), 10-year (2024), 10-year (2028) and 30-year Eurobonds declined in the week (Table 6). The yields on the 10-year Eurobonds for Ghana and Angola also declined (Chart 2).

Global Trends

The global financial markets remained jittery at the beginning of the week but calmed towards the end as the markets digested the imposition of higher US tariffs on China's products and the retaliatory actions. The markets also reacted positively to Trump's softening of tariff threats on Japan and European auto exports. In the UK, Brexit uncertainty persisted even as the Prime Minister plans to introduce withdrawal agreements for a vote.

International oil prices increased during the week ending May 16 following acts of sabotage on oil pumping facilities owned by Saudi Arabia's oil firm, Aramco. The Murban oil prices increased to USD 73.34 per barrel from USD 70.62 per barrel on May 9.

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

	USD	Sterling Pound	Euro	100 Japanese Yen	USHS*	TSHS*	RWF*	BIF*
3-May-19	100.90	131.56	112.94	90.48	37.23	22.84	8.97	18.15
6-May-19	101.10	131.62	112.82	90.76	37.27	22.80	8.96	18.12
7-May-19	100.94	132.20	112.97	91.01	37.30	22.84	8.98	18.15
8-May-19	101.05	131.90	113.03	91.38	37.29	22.76	8.97	18.13
9-May-19	101.19	131.83	113.34	91.85	37.33	22.76	8.96	18.11
May 3-9	101.03	131.82	113.02	91.10	37.29	22.80	8.97	18.13
10-May-19	101.13	131.24	113.20	92.18	37.33	22.77	8.96	18.12
13-May-19	101.07	131.73	113.56	92.09	37.30	22.76	8.97	18.13
14-May-19	101.07	131.73	113.64	92.63	37.33	22.76	8.97	18.13
15-May-19	101.09	131.01	113.52	92.29	37.32	22.75	8.97	18.13
16-May-19	101.11	130.58	113.25	92.47	37.27	22.75	8.97	18.13
May 10-16	101.10	131.26	113.43	92.33	37.31	22.76	8.97	18.13

* Units of currency per Kenya Shilling

Source: CBK

Table 2: Official Usable Foreign Exchange Reserves

	11-Apr-19	18-Apr-19	25-Apr-19	02-May-19	09-May-19	16-May-19
1. CBK Usable Foreign Exchange Reserves (USD Million)	8,195	8,391	8,106	8,010	8,070	8,009
2. CBK Usable Foreign Exchange Reserves (Months of Import Cover)*	5.27	5.40	5.22	5.15	5.19	5.15

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

Source: CBK

Table 3: Money Market

Date	Number of Deals	Value (KSh M)	Average Interbank Rate (%)
3-May-19	33	15,880	6.08
6-May-19	33	14,100	6.22
7-May-19	26	14,310	6.38
8-May-19	27	12,685	6.56
9-May-19	19	13,285	6.40
May 3-May 9, 2019	28	14,052	6.33
10-May-19	15	8,225	6.26
13-May-19	27	23,430	5.97
14-May-19	25	24,700	5.53
15-May-19	26	17,925	5.67
16-May-19	23	13,770	5.43
May 10-May 16, 2019	23	17,610	5.77

Source: CBK

Table 4: Performance of Treasury Bills Auctions

91-Day Treasury Bills					
Date of Auction	27-Dec-18	28-Mar-19	25-Apr-19	09-May-19	16-May-19
Amount offered (Ksh M)	4,000.00	4,000.00	4,000.00	4,000.00	4,000.00
Bids received (Ksh M)	1,022.73	6,693.92	7,454.68	3,519.61	1,993.12
Amount Accepted (Ksh M)	1,022.73	966.23	7,454.68	3,519.61	1,993.12
Maturities (Ksh M)	5,135.05	1,044.15	5,024.95	3,385.25	4,946.35
Average interest Rate (%)	7.34	7.50	7.30	7.20	7.16
182-Day Treasury Bills					
Amount offered (Ksh M)	10,000.00	10,000.00	10,000.00	10,000.00	10,000.00
Bids received (Ksh M)	5,419.17	7,343.75	14,193.85	4,406.58	795.65
Amount Accepted (Ksh M)	2,550.75	5,908.18	14,120.79	4,406.58	795.65
Maturities (Ksh M)	6,004.40	5,245.70	3,129.85	2,393.25	2,524.65
Average interest Rate (%)	9.00	8.20	8.01	7.90	7.81
364-Day Treasury Bills					
Amount offered (Ksh M)	10,000.00	10,000.00	10,000.00	10,000.00	10,000.00
Bids received (Ksh M)	9,166.14	30,046.91	5,657.52	5,967.57	19,298.08
Amount Accepted (Ksh M)	7,349.57	23,655.49	4,466.63	5,949.43	13,766.47
Maturities (Ksh M)	5,336.65	6,923.80	10,080.10	21,135.10	25,866.45
Average interest Rate (%)	9.95	9.41	9.32	9.32	9.31

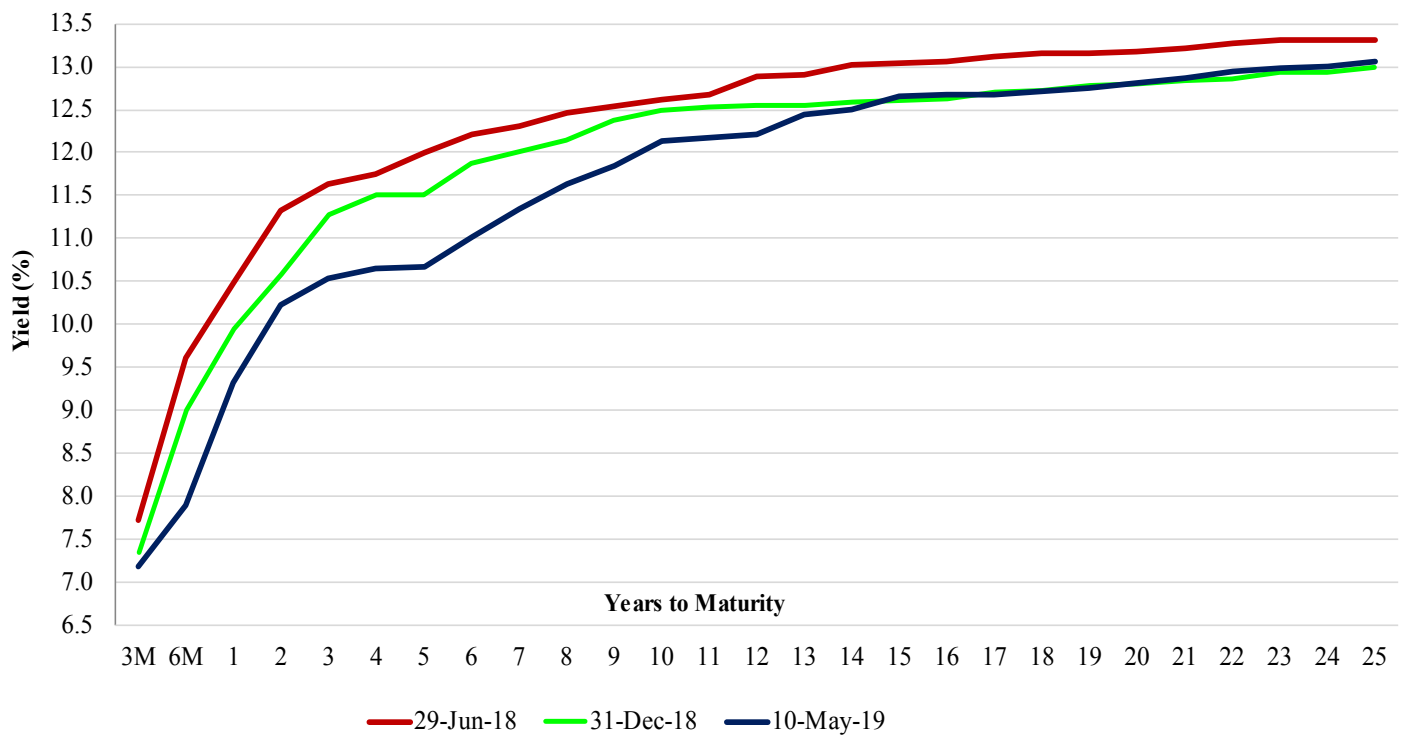
Source: CBK

Table 5: Performance of Treasury Bonds Auctions

Date of Auction	06-Feb-19		20-Feb-19	20-Mar-19	10-Apr-19		08-May-19	
REOPEN								
Tenor	FXD1/2019/15	FXD1/2019/5	FXD1/2019/10	IFB/2019/25	FXD 2/2019/10	FXD1/ 2019/20	FXD2/2019/5	FXD2/ 2019/15
Amount offered (Ksh M)	12,000.00		50,000.00	50,000.00	50,000.00		50,000.00	
Bids received (Ksh M)	66,603.10		78,259.02	29,376.22	85,615.54		70,841.20	
Amount Accepted (Ksh M)	15,961.36	20,593.62	32,808.00	16,303.06	51,326.72	9,022.76	39,210.55	19,316.16
Maturities (Ksh M)	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Average interest Rate (%)	12.77	11.30	12.44	12.66	12.30	12.87	10.87	12.73

Source: CBK

Chart 1: Kenya Government Securities Yield Curve



Source: Nairobi Securities Exchange (NSE)

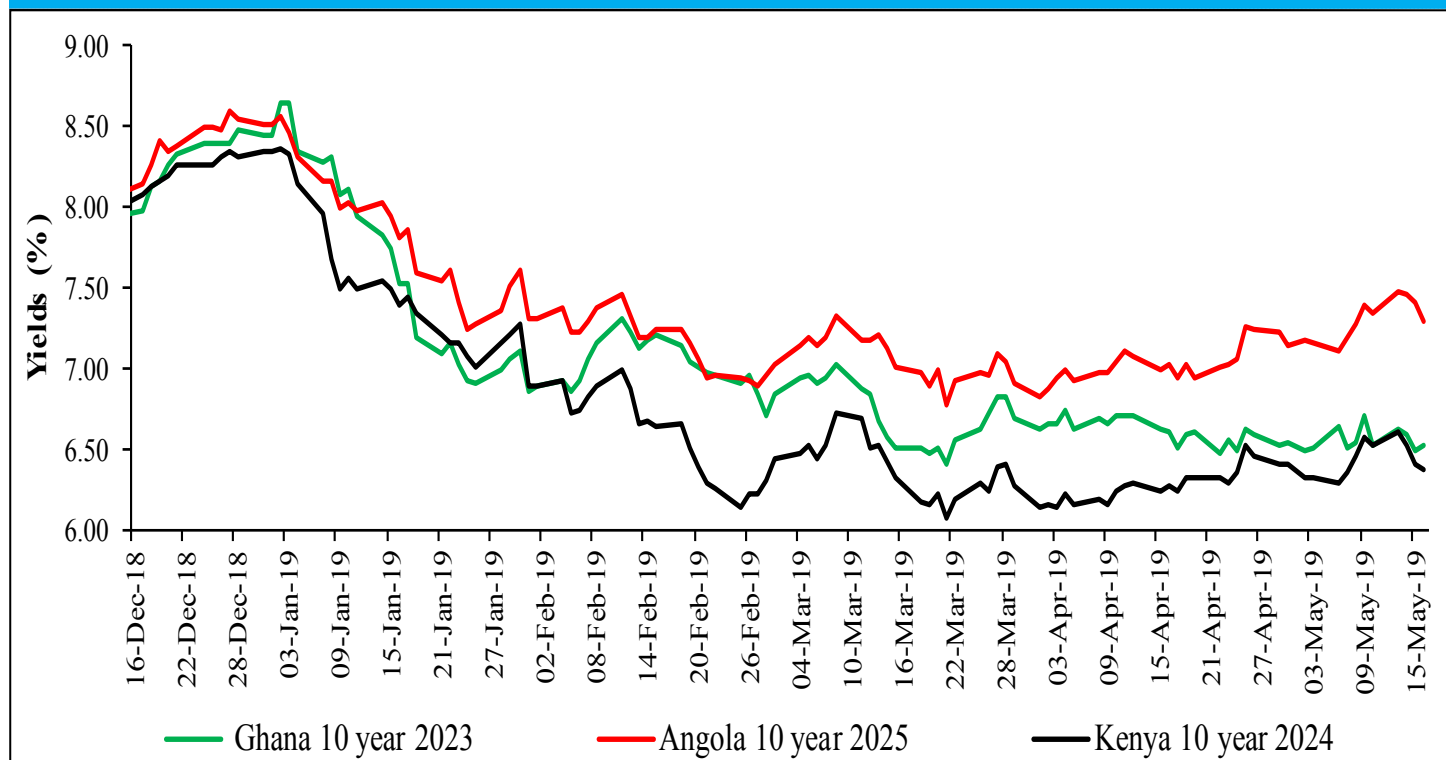
Table 6: Key Weekly Market Indicators

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 Capital- ization (KSh Billion)	Bonds Turnover (KSh Million)	5-Year Eurobond Yield (%)	10-Year Eurobond Yield (%) - 2024	10-Year Euro- bond Yield (%) -2028	30-Year Eurobond Yield (%)
3-May-19	160.19	3938.55	2799.22	977	19.81	560.63	2,396.91	1,563.62	5.750	6.323	7.267	8.306
6-May-19	157.79	3886.48	2783.01	990	10.24	302.53	2,360.94	1,076.78	5.904	6.297	7.269	8.230
7-May-19	157.79	3891.13	2790.98	1,051	17.66	622.83	2,360.91	2,334.33	5.669	6.358	7.348	8.321
8-May-19	156.37	3865.19	2786.00	940	12.72	306.01	2,339.70	1,430.30	5.667	6.466	7.483	8.434
9-May-19	155.38	3825.85	2782.61	959	14.54	319.94	2,324.74	4,245.37	5.658	6.576	7.563	8.546
May 3-9, 2019	155.38	3825.85	2782.61	4,917.00	74.97	2,111.95	2,324.74	10,650.40	5.658	6.576	7.563	8.546
10-May-19	153.29	3777.82	2757.04	896	10.19	305.14	2,293.44	1,473.42	5.655	6.523	7.563	8.505
13-May-19	150.27	3650.13	2731.57	949	13.19	375.18	2,248.13	1,547.81	5.652	6.610	7.683	8.639
14-May-19	147.01	3552.33	2682.30	1,269	29.40	1,114.18	2,199.23	2,687.09	5.649	6.523	7.623	8.573
15-May-19	146.64	3554.66	2695.62	1,159	26.39	693.60	2,193.66	1,674.85	5.645	6.410	7.509	8.487
16-May-19	145.89	3534.64	2663.45	1,136	13.72	458.87	2,182.24	2,934.33	5.634	6.384	7.452	8.446
May 10-16, 2019	145.89	3534.64	2663.45	5,409.00	92.89	2,946.98	2,182.24	10,317.50	5.634	6.384	7.452	8.446
Weekly Changes (%)	-6.11	-7.61	-4.28	10.01	23.91	39.54	-6.13	-3.13	-0.024*	-0.192*	-0.111*	-0.100*

* Percentage points

Source: CBK, NSE and Thompson Reuters

Chart 2: Yields on 10 year Eurobonds for Selected African Countries



Source: Thomson Reuters

Table 7: Government Domestic Debt (KSh Billion)

	29-Jun-18	28-Sep-18	28-Dec-18	29-Mar-19	26-Apr-19	10-May-19
1. Treasury Bills (Excluding Repos)	878.62	867.51	904.10	949.66	994.76	991.42
<i>(As % of total securities)</i>	36.75	37.14	36.90	36.04	37.01	36.93
2. Treasury Bonds	1,511.87	1,468.50	1,546.29	1,685.66	1,692.89	1,692.89
<i>(As % of total securities)</i>	63.25	62.86	63.10	63.96	62.99	63.07
3. Total Securities (1+2)	2,390.49	2,336.00	2,450.39	2,635.31	2,687.65	2,684.31
4. Overdraft at Central Bank	56.85	36.29	45.86	36.90	14.44	19.82
5. Other Domestic debt*	31.44	168.54	31.61	26.88	26.88	26.33
6. Gross Domestic Debt (3+4+5)	2,478.78	2,540.83	2,527.86	2,699.09	2,728.97	2,730.47

* Other domestic debt includes clearing items in transit, advances from commercial banks, Pre-1997 Government Overdraft and Tax Reserve Certificates.

Source: CBK

Table 8: Composition of Government Domestic Debt by Instrument (Percent)

	29-Jun-18	28-Sep-18	28-Dec-18	29-Mar-19	26-Apr-19	10-May-19
Treasury bills (Excluding Repos)	35.45	34.14	35.77	35.12	36.45	36.31
Treasury bonds	60.99	57.80	61.17	62.34	62.03	1.35
CBK Overdraft to Government	2.29	1.43	1.81	1.36	0.53	0.73
Other domestic debt	1.27	6.63	1.25	1.18	0.99	0.96
TOTAL	100.00	100.00	100.00	100.00	100.00	39.35

Source: CBK

Table 9: Composition of Government Domestic Debt by Holder (Percent)

	29-Jun-18	28-Sep-18	28-Dec-18	29-Mar-19	26-Apr-19	10-May-19
Banking Institutions	55.19	54.97	54.53	54.88	52.50	54.47
Insurance Companies	6.23	6.07	6.06	6.16	6.50	6.15
Parastatals	7.04	7.32	7.25	7.10	7.11	7.10
Pension funds	27.09	27.12	27.59	27.49	27.49	27.92
Other investors	4.44	4.52	4.57	4.37	6.41	4.35
Total	100.00	100.00	100.00	100.00	100.00	100.00

Source: CBK

Table 10: Indicators of Total Government Debt

	Jun-17	Jun-18	Sep-18	Jan-19	Feb-19	Mar-19
Domestic debt (KSh Billion)	2,111.71	2,478.84	2,540.70	2,604.19	2,691.61	2,699.09
Public & Publicly Guaranteed External debt (US \$ Billion)	22.12	25.34	25.81	27.05	27.05	27.01
Public & Publicly Guaranteed External debt (KSh Billion)	2,294.40	2,560.20	2,605.33	2,729.48	2,707.29	2,721.60
Total public debt (KSh Billion)	4,406.11	5,039.03	5,146.04	5,333.67	5,398.90	5,420.68

Source: National Treasury and CBK