



Central Bank of Kenya

Weekly Statistical Bulletin

Key Monetary and Financial Indicators

September 14, 2018

Interbank Market

Activity in the interbank market increased during the week ending September 12, 2018, partly reflecting banks' mobilisation of funds for PAYE remittances. The average volumes traded increased to KSh 18.39 billion during the week compared to KSh 13.10 billion in the previous week, while the average number of deals increased slightly to 29 from 28. However, the weighted average interbank rate declined to 4.17 percent from 5.52 percent in the previous week, partly reflecting trading by some large banks at lower interest rates, but also reflecting the general good liquidity levels in the market (**Table 1**).

Exchange Rate

The Kenya Shilling remained stable against major international currencies as well as the regional currencies during the week ending September 13, 2018. The Shilling strengthened against the Euro, but remained stable against the US Dollar and the Japanese Yen. It weakened slightly against the Sterling Pound which was boosted by stronger than expected economic growth data in the United Kingdom and raising of the policy rate. In the EAC region, the Kenya Shilling strengthened against the Uganda Shilling, but remained stable against the rest of the currencies (**Table 2**).

Government Securities Market

The performance of the Government securities market improved during the week ending September 14, 2018 with the Treasury bills auction for the week achieving a subscription rate of 181.1 percent rate compared to 148.7 percent in the previous week. This performance was due to improved liquidity as government spending

picked up. The auction received bids totaling KSh 43.47 billion against an advertised amount of KSh 24.0 billion. All the three instruments offered were oversubscribed. Interest rates on the three Treasury bills declined further during the September 13, 2018 auction (**Table 5**).

Equity Market

Activity in the equity market declined as indicated by leading indicators for the week ending September 13, 2018. The overall equity share prices declined as shown by NASI all-share, NSE 25 and NSE 20 share price indices, which fell by 4.67 percent, 4.07 percent and 4.43 percent, respectively. The depressed share prices resulted in a 19 percent decline in equity turnover, and 4.68 percent decline in shareholders' wealth measured by market capitalisation (**Table 3**).

Bond Market

The bond market recorded lower performance during the week under review. Bond turnover decreased by 41.85 percent on account of a lower number of deals, which fell from 273 the previous week to 230. Yields on Kenya's 5-year, 10-year (2028) and 30-year Eurobonds rose slightly in the week ending September 13, 2018 (**Table 3**). Yield on Kenya's 10-year Eurobond (2024) remained relatively stable during the week (**Chart 1**).

Global Financial Markets

Emerging markets ended the week on a stronger note compared to the previous week. Equities in Asia ended the week higher after breaking a 10-day losing streak on the prospect of new Sino-U.S. trade talks. The Emerging Market Stock price index

(MSCI-EM) closed marginally higher at 1,020.85 from 1,018.30. The Emerging Market assets were also supported by rising crude oil prices as Brent crude oil futures rose 3.4 percent over the past week. Turkey's lira headed for its second best week since 2009 after the Turkish central bank hiked its policy rate by 625 basis points to 24.0 percent on September 13, 2018. However, there were still plenty of trouble spots in the Emerging Markets, with the Argentinian peso remaining weak as worries about its finances returned and election nerves weakened the Brazilian real, but the overall mood seemed brighter.

Table 1: Interbank Deals, Volumes and Interest Rates

Date	Number of Deals	Value (KSh M)	Average Interbank Rate (%)
30-Aug-18	25	11,100	5.79
31-Aug-18	26	15,460	5.43
3-Sep-18	22	9,700	5.68
4-Sep-18	28	12,900	5.43
5-Sep-18	37	16,350	5.27
August 30-September 5, 2018	28	13,102	5.52
6-Sep-18	33	17,650	4.97
7-Sep-18	30	19,850	4.34
10-Sep-18	26	15,375	4.15
11-Sep-18	28	18,225	3.81
12-Sep-18	30	20,825	3.58
September 6 - 12, 2018	29	18,385	4.17

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*
31-Aug-18	100.65	130.92	117.39	90.34	37.38	22.68	8.75	17.59
3-Sep-18	100.65	130.54	117.20	90.83	37.41	22.72	8.75	17.59
4-Sep-18	100.66	129.61	116.85	90.60	37.42	22.72	8.75	17.59
5-Sep-18	100.72	129.36	116.37	90.53	37.48	22.67	8.74	17.58
6-Sep-18	100.71	130.52	117.02	90.43	37.58	22.71	8.74	17.58
August 31- September 6, 2018	100.68	130.19	116.97	90.54	37.46	22.70	8.75	17.58
7-Sep-18	100.72	130.32	117.19	91.06	37.48	22.71	8.75	17.58
10-Sep-18	100.72	130.44	117.14	90.71	37.53	22.72	8.75	17.58
11-Sep-18	100.71	131.06	116.83	90.38	37.58	22.68	8.75	17.58
12-Sep-18	100.75	130.83	116.63	90.43	37.65	22.67	8.61	17.73
13-Sep-18	100.92	131.22	117.02	90.67	37.64	22.67	8.73	17.55
September 7- 13, 2018	100.76	130.77	116.96	90.65	37.58	22.69	8.71	17.60

* Units of currency per Kenya Shilling

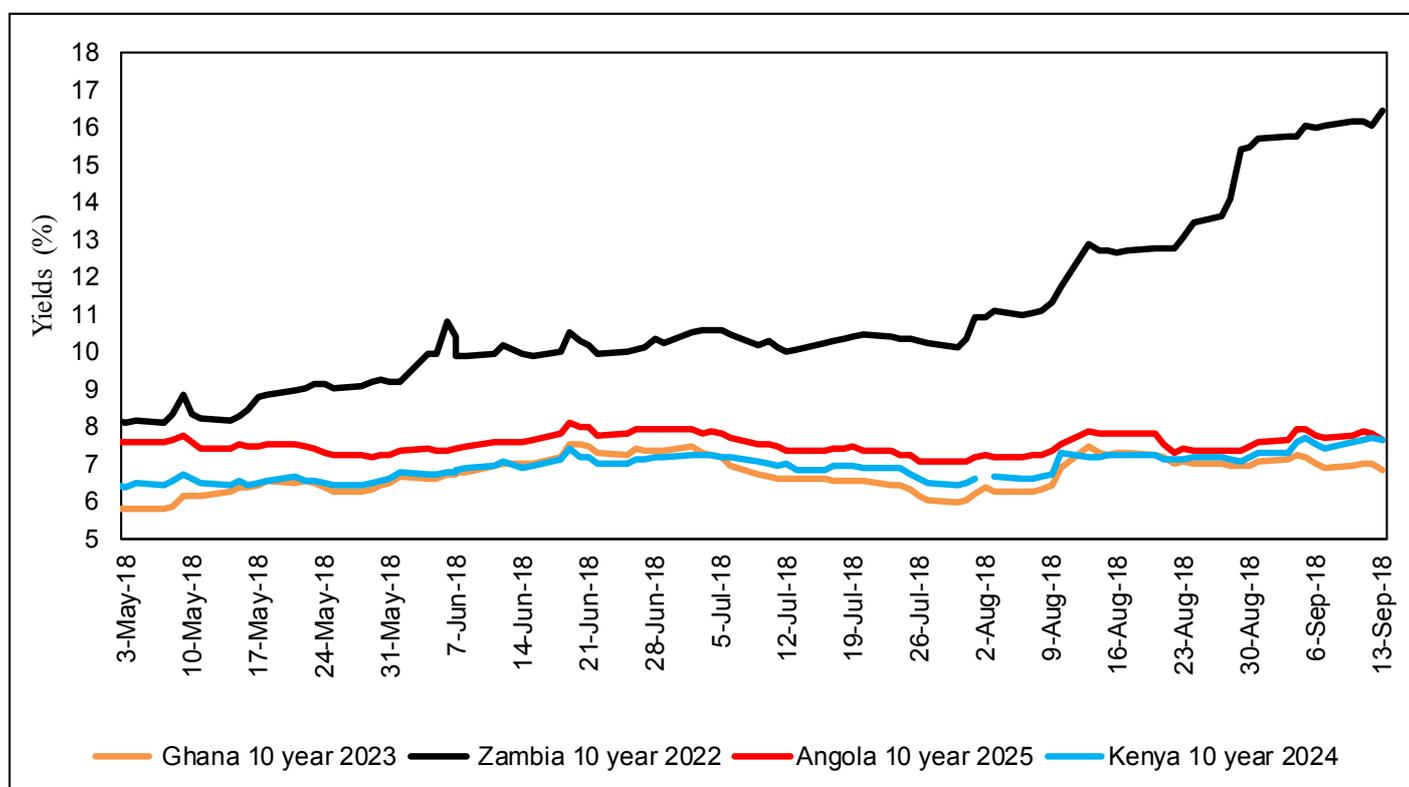
Source :Central Bank of Kenya

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 (%)
31-Aug-18	172.29	4363.11	3245.16	1,035	7.21	323.54	2,546.32	2,543.39	5.219	7.274	7.926	8.900
3-Sep-18	165.92	4215.51	3178.24	884	11.45	440.88	2,452.02	2,767.09	5.091	7.301	7.957	8.952
4-Sep-18	167.34	4249.79	3178.93	1,283	18.84	701.71	2,473.03	2,767.09	5.700	7.575	8.231	9.216
5-Sep-18	165.63	4212.45	3152.17	1,174	14.18	498.63	2,447.72	1,708.01	5.862	7.713	8.373	9.284
6-Sep-18	165.15	4186.16	3128.76	1,086	13.15	409.25	2,440.58	2,207.10	5.338	7.520	8.252	9.157
August 31 - September 6, 2018	165.15	4186.16	3128.76	5,462	64.82	2,374.01	2,440.58	11,992.68	5.338	7.520	8.252	9.157
7-Sep-18	163.71	4154.34	3099.84	1,267	15.32	409.41	2,419.29	1,237.20	5.206	7.436	8.192	9.149
10-Sep-18	162.49	4131.93	3068.58	1,202	6.70	388.18	2,401.17	2,455.21	5.367	7.562	8.232	9.146
11-Sep-18	160.80	4091.40	3045.35	1,282	9.84	285.78	2,376.22	897.16	5.201	7.632	8.374	9.311
12-Sep-18	159.95	4062.05	3019.94	1,181	10.61	263.39	2,363.54	1,370.93	5.364	7.688	8.435	9.339
13-Sep-18	157.44	4015.61	2990.02	1,197	23.95	576.37	2,326.47	1,013.81	5.358	7.619	8.399	9.325
September 7-13, 2018	157.44	4015.61	2990.02	6,129	66.43	1,923.13	2,326.47	6,974.31	5.358	7.619	8.399	9.325
Weekly Change (%)	-4.67	-4.07	-4.43	12.21	2.48	-18.99	-4.68	-41.85	0.02*	0.10*	0.15*	0.17*

* Percentage points

Source: Central Bank of Kenya, NSE and Thompson Reuters

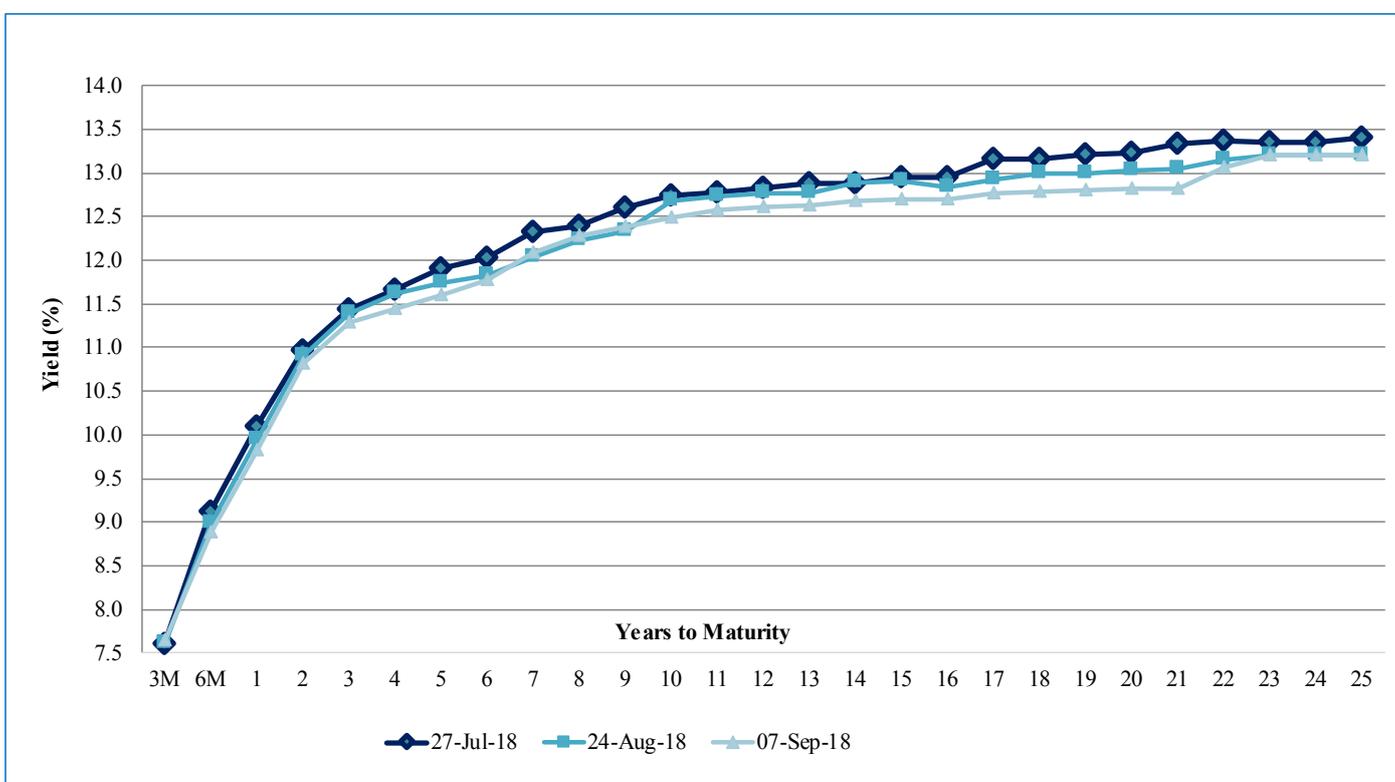
Chart 1: Yields on 10 year Eurobonds in Selected African Countries

Source: Thompson Reuters

Table 4: Performance of Treasury Bonds Auctions

Date of Auction	28-Mar-18		25-Apr-18		23-May-18	20-Jun-18	25-Jul-18	22-Aug-18
Tenor	TAP FXD 1/2018/5	TAP FXD 1/2018/20	REOPEN FXD 1/2008/15	REOPEN FXD 1/2018/20	FXD1/2018/15	FXD1/2018/25	FXD2/2018/20	FXD1/2018/10
Amount offered (Ksh M)	8,500.0		40,000.0		40,000.0	40,000.0	40,000.0	40,000.0
Bids received (Ksh M)	7,739.2	7,769.3	22,864.2	9,904.2	20,217.0	10,130.7	13,860.3	29,825.3
Amount Accepted (Ksh M)	7,739.2	7,769.3	20,152.6	6,786.1	12,863.5	5,171.8	10,512.4	19,362.2
Maturities (Ksh M)	0.0	0.0	0.0	0.0	0.0	26,340.1	0.0	0.0
Average interest Rate (%)	12.299	13.336	12.317	13.327	13.078	13.451	13.371	12.686

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	23-Aug-18	30-Aug-18	06-Sep-18	13-Sep-18
Amount offered (Ksh M)	4,000.00	4,000.00	4,000.00	4,000.00
Bids received (Ksh M)	1,934.23	11,583.89	2,559.93	7,316.61
Amount Accepted (Ksh M)	1,934.23	11,583.89	2,559.93	7,310.13
Maturities (Ksh M)	7,889.70	7,369.50	881.25	3,622.60
Average interest Rate (%) - 91 Days	7.614	7.658	7.649	7.642

182-Day Treasury Bills

Date of Auction	23-Aug-18	30-Aug-18	06-Sep-18	13-Sep-18
Amount offered (Ksh M)	10,000.00	10,000.00	10,000.00	10,000.00
Bids received (Ksh M)	9,405.58	8,996.34	12,615.61	17,090.86
Amount Accepted (Ksh M)	7,191.21	6,664.64	9,700.77	7,271.23
Maturities (Ksh M)	8,841.95	14,578.65	12,153.90	8,880.65
Average interest Rate (%) - 182 days	8.983	8.950	8.876	8.770

364-Day Treasury Bills

Date of Auction	23-Aug-18	30-Aug-18	06-Sep-18	13-Sep-18
Amount offered (Ksh M)	10,000.00	10,000.00	10,000.00	10,000.00
Bids received (Ksh M)	17,544.05	21,693.26	20,512.59	19,066.23
Amount Accepted (Ksh M)	13,774.85	14,636.60	15,135.04	11,429.22
Maturities (Ksh M)	13,362.30	16,515.70	10,671.70	8,195.05
Average interest Rate (%) - 364 days	9.941	9.906	9.825	9.735

Source: Central Bank of Kenya

Table 6: Government Domestic Debt (KSh Billion)

	29-Dec-17	29-Mar-18	29-Jun-18	27-Jul-18	24-Aug-18	31-Aug-18	07-Sep-18
1. Treasury Bills (Excluding Repos)	684.72	772.70	878.62	946.99	927.97	922.48	918.86
(As % of total securities)	31.91	33.59	36.75	38.73	38.14	37.70	37.61
2. Treasury Bonds	1,461.25	1,527.84	1,511.87	1,498.37	1,505.10	1,524.47	1,524.47
(As % of total securities)	68.09	66.41	63.25	61.27	61.86	62.30	62.39
3. Total Securities (1+2)	2,145.97	2,300.54	2,390.49	2,445.36	2,433.07	2,446.94	2,443.32
4. Overdraft at Central Bank	42.32	39.65	56.85	30.24	7.84	15.06	20.64
5. Other Domestic debt*	32.58	31.46	31.44	31.49	32.07	32.08	32.07
6. Gross Domestic Debt (3+4+5)	2,220.87	2,371.65	2,478.78	2,507.09	2,472.98	2,494.08	2,496.03

* 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)

	29-Dec-17	29-Mar-18	29-Jun-18	27-Jul-18	24-Aug-18	31-Aug-18	07-Sep-18
Treasury bills (Excluding Repos)	30.8	32.6	35.4	37.8	37.5	37.0	36.8
Treasury bonds	65.8	64.4	61.0	59.8	60.9	61.1	61.1
CBK Overdraft to Govt	1.9	1.7	2.3	1.2	0.3	0.6	0.8
Other domestic debt	1.5	1.3	1.3	1.3	1.3	1.3	1.3
TOTAL	100.0						

Source: Central Bank of Kenya

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

	29-Dec-17	29-Mar-18	29-Jun-18	27-Jul-18	24-Aug-18	31-Aug-18	07-Sep-18
Banking Institutions	54.6	55.3	55.2	55.7	55.1	55.2	55.2
Insurance Companies	6.4	6.4	6.2	6.1	6.2	6.2	6.1
Parastatals	6.9	6.8	7.0	7.1	7.1	7.1	7.2
Pension funds	27.5	27.1	27.1	26.6	27.2	27.1	26.9
Other investors	4.5	4.5	4.4	4.4	4.5	4.5	4.5
Total	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)

	09-Aug-18	16-Aug-18	23-Aug-18	30-Aug-18	06-Sep-18	13-Sep-18
1. CBK Usable Foreign Exchange Reserves (USD Million)*	8,754	8,689	8,676	8,652	8,565	8,536
2. CBK Usable Foreign Exchange Reserves (Months of Import Cover)**	5.83	5.79	5.78	5.76	5.71	5.69

*Excludes Encumbered Reserves

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

Source: Central Bank of Kenya