



Central Bank of Kenya

Weekly Bulletin

February 8, 2019

KEY MONETARY AND FINANCIAL INDICATORS

Exchange Rate

The Kenya Shilling strengthened against major international and regional currencies during the week ending February 7. The Shilling strengthened against the US Dollar to 100.1 on February 7 from 100.9 on January 31 (Table 1).

Foreign Exchange Reserves

CBK usable foreign exchange reserves remained strong at USD 8,232 million (5.4 months of imports cover) as at February 7. This meets the statutory requirement to endeavour to maintain at least 4 months of import cover, and the EAC's convergence criteria of 4.5 months of import cover (Table 2).

Money Market

The money market remained liquid during the week ending February 7, supported by government payments. Commercial banks' excess reserves stood at KSh 23.2 billion in relation to the 5.25 percent cash reserves requirement (CRR). The interbank rate declined to 1.79 percent on February 7 from 5.00 percent on January 31. The average number of interbank deals declined to 11 compared to 15 in the previous week, while the average volume traded remained largely unchanged at KSh 4.3 billion compared to KSh 4.4 billion (Table 3).

Government Securities Market

The 2-year and 15-year Treasury bonds, that were re-opened, received bids totalling KSh 66.6 billion during the February 6 auction, against an advertised amount of KSh 12.0 billion, recording a performance of 555.0 percent. The interest rates on the 2-year and 15-year bonds declined by 37 basis points and 9 basis points, respectively, compared to the rates on the primary issuance (Table 5).

The Treasury bills auctions of February 7 received bids totalling KSh 47.6 billion against an advertised amount of KSh 24.0 billion, giving a performance of 198.3 percent. Interest rates on the three Treasury bills decreased during the auction (Table 4).

Government Debt

Kenya's public and publicly guaranteed debt was KSh 5,272.50 billion (tentatively 56.6 percent of GDP) as at end December 2018. This comprised KSh 2,548.8 billion in domestic debt and KSh 2,723.7 billion in external debt (Table 10).

Equity Market

The equity market recorded mixed performance during the week ending February 7. The NASI, NSE 25 and NSE 20 share price indices rose by 6.7 percent, 4.8 percent and 2.9 percent, respectively, while the number of shares traded declined by 22.0 percent. Market capitalization increased by 6.7 percent during the week under review on account of increased share prices (Table 6).

Bond Markets

Trading activity in the domestic secondary bond market decreased by 28.4 percent in the week ending February 7. In the international market, the yield on Kenya's 5-Year Eurobond rose by 21.9 basis points, while yields on 10-Year 2024, 10-Year 2028 and 30-Year Eurobonds declined by 16.0 basis points, 9.4 basis points and 13.5 basis points, respectively (Table 6). The yields on 10-Year Eurobonds of Ghana and Angola rose marginally during the week (Chart 2).

Global Trends

The risk of a no-deal Brexit remained during the week ending February 7. The pessimism surrounding global growth arising from trade tensions, possibility of no-deal Brexit, tightening financial conditions and geopolitics saw the EU slash the Eurozone's 2019 growth forecast to 1.3 percent from 1.9 percent in 2018. On the upside, the major global equities edged up slightly on the expected resumption of China-US trade talks to resolve the trade tariff tensions.

The Murban oil prices rose slightly during the week ending February 7 to USD 63.89 from USD 63.17 per barrel on January 31 on account of continued OPEC-led supply cuts and Washington's sanctions against Venezuela.

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

	USD	Sterling Pound	Euro	100 Japanese Yen	USHS*	TSHS*	RWF*	BIF*
25-Jan-19	101.08	131.72	114.56	92.21	36.50	22.86	8.80	17.64
28-Jan-19	100.80	131.98	114.48	91.95	36.49	22.94	8.80	17.64
29-Jan-19	100.71	132.44	115.00	91.87	36.52	22.94	8.81	17.66
30-Jan-19	100.82	132.75	115.15	91.97	36.37	22.94	8.81	17.67
31-Jan-19	100.89	132.01	115.30	92.09	36.35	22.93	8.83	17.70
January 25-31	100.86	132.18	114.90	92.02	36.45	22.92	8.81	17.66
1-Feb-19	100.62	131.94	115.58	92.69	36.51	23.03	8.91	17.86
4-Feb-19	100.38	131.27	114.90	91.47	36.56	23.06	8.93	17.90
5-Feb-19	100.15	130.72	114.65	91.27	36.81	23.14	8.96	17.95
6-Feb-19	100.07	130.17	114.36	91.14	36.77	23.15	8.96	17.96
7-Feb-19	100.10	129.71	114.01	91.13	36.65	23.15	8.96	17.96
February 1-7	100.26	130.76	114.70	91.54	36.66	23.11	8.95	17.93

* Units of currency per Kenya Shilling

Source :Central Bank of Kenya

Table 2: Official Usable Foreign Exchange Reserves

	27-Dec-18	10-Jan-19	17-Jan-19	24-Jan-19	31-Jan-19	07-Feb-19
1. CBK Usable Foreign Exchange Reserves (USD Million)	8,001	7,983	8,047	8,076	8,136	8,232
2. CBK Usable Foreign Exchange Reserves (Months of Import Cover)*	5.24	5.23	5.27	5.29	5.33	5.39

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

Source: Central Bank of Kenya

Table 3: Money Market

Date	Number of Deals	Value (KSh M)	Average Interbank Rate (%)
25-Jan-19	22	12,140	3.39
28-Jan-19	15	2,335	4.51
29-Jan-19	15	3,580	3.86
30-Jan-19	13	2,245	4.98
31-Jan-19	10	1,825	5.00
January 25-31	15	4,425	4.35
1-Feb-19	13	2,065	5.42
4-Feb-19	9	1,140	5.46
5-Feb-19	12	6,475	2.61
6-Feb-19	12	6,275	2.17
7-Feb-19	10	5,475	1.79
February 1-7, 2019	11	4,286	3.49

Source :Central Bank of Kenya

Table 4: Performance of Treasury Bills Auctions**91-Day Treasury Bills**

Date of Auction	17-Jan-19	24-Jan-19	31-Jan-19	07-Feb-19
Amount offered (Ksh M)	4,000.00	4,000.00	4,000.00	4,000.00
Bids received (Ksh M)	7,231.16	4,951.57	2,385.99	3,337.47
Amount Accepted (Ksh M)	5,657.97	4,951.57	2,385.99	3,337.47
Maturities (Ksh M)	3,836.45	2,481.90	5,226.45	1,998.90
Average interest Rate (%)	7.13	7.12	7.06	7.04

182-Day Treasury Bills

Amount offered (Ksh M)	10,000.00	10,000.00	10,000.00	10,000.00
Bids received (Ksh M)	13,883.27	10,730.67	8,097.64	14,927.17
Amount Accepted (Ksh M)	13,389.61	3,119.41	8,031.57	8,936.82
Maturities (Ksh M)	10,671.95	6,044.75	5,366.55	2,137.55
Average interest Rate (%)	8.93	8.83	8.78	8.57

364-Day Treasury Bills

Amount offered (Ksh M)	10,000.00	10,000.00	10,000.00	10,000.00
Bids received (Ksh M)	17,619.47	25,165.27	29,688.86	29,318.88
Amount Accepted (Ksh M)	9,474.19	18,464.19	21,921.84	16,641.81
Maturities (Ksh M)	8,164.25	11,369.55	12,736.30	19,024.55
Average interest Rate (%)	9.95	9.91	9.86	9.64

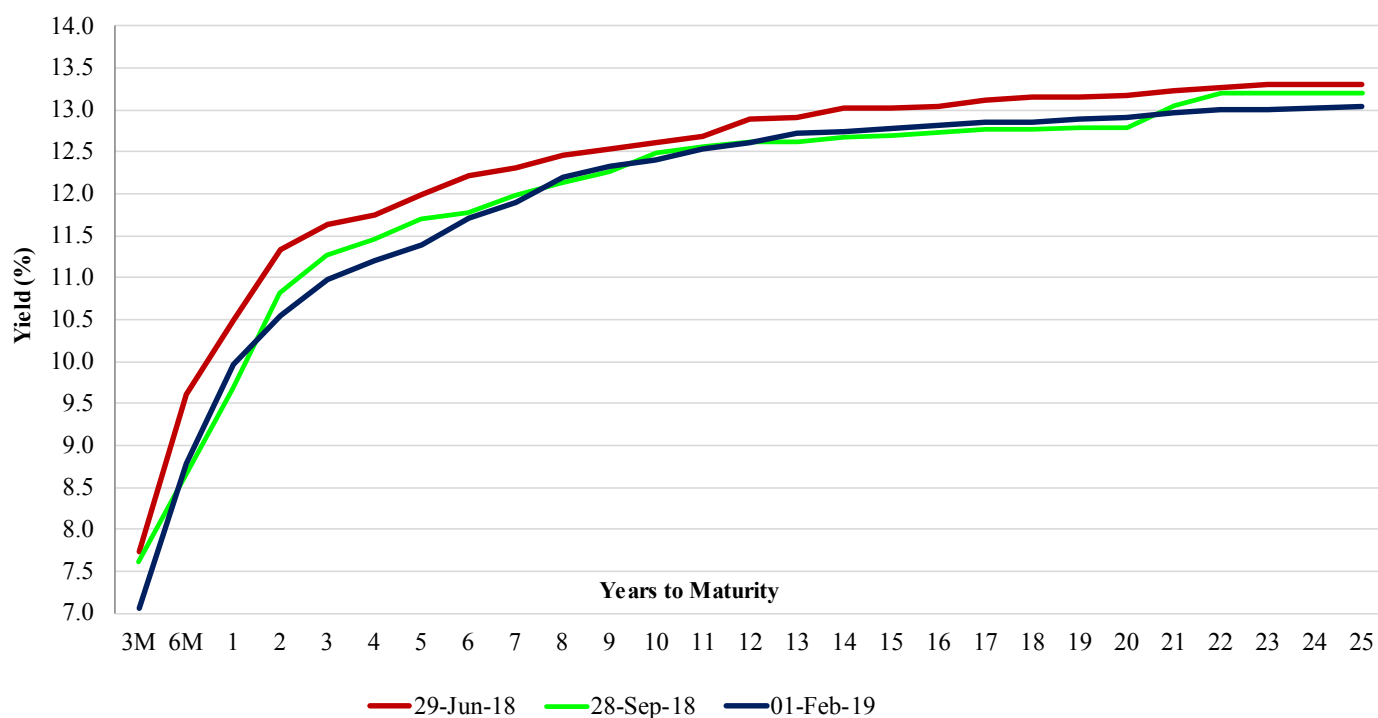
Source: Central Bank of Kenya

Table 5: Performance of Treasury Bonds Auctions

Date of Auction	19-Sep-18		27-Dec-18	23-Jan-19		06-Feb-19	
	REOPEN	REOPEN	REOPEN	REOPEN	REOPEN	REOPEN	REOPEN
Tenor	FXD1/2018/10	FXD1/2018/20	FXD2/2018/10	FXD 1/2019/2	FXD 1/2019/15	FXD 1/2019/2	FXD 1/2019/15
Amount offered (Ksh M)	40,000.00		13,840.00	40,000.00		12,000.00	
Bids received (Ksh M)	32,466.53		6,623.89	101,973.00		66,603.10	
Amount Accepted (Ksh M)	21,244.61	5,308.37	6,623.89	23,774.63	14,719.75	7,470.38	15,961.36
Maturities (Ksh M)	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Average interest Rate (%)	12.67	12.93	12.50	10.70	12.86	10.33	12.77

Source: Central Bank of Kenya

Chart 1: Kenya Government Securities Yield Curve



Source: Nairobi Securities Exchange

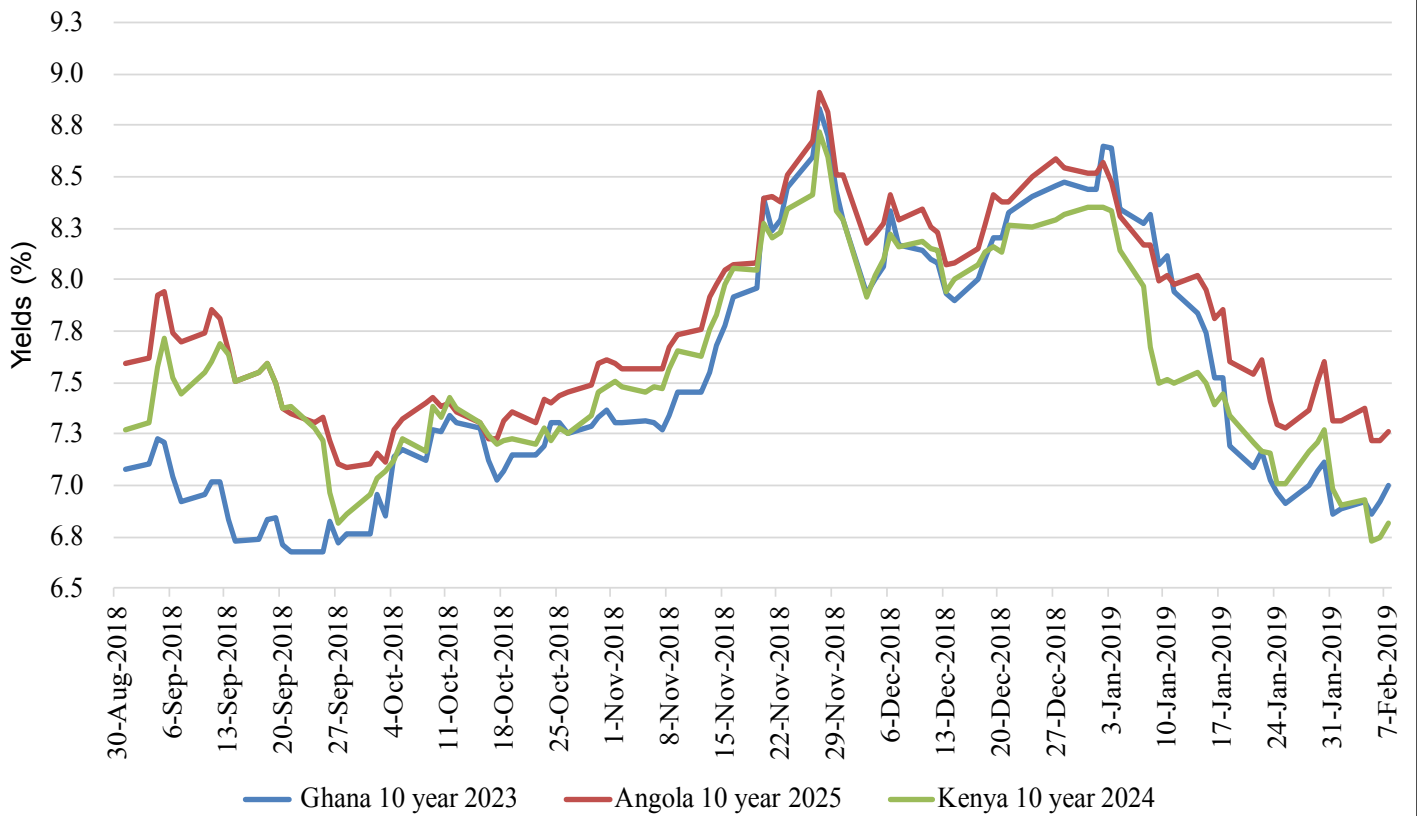
Table 6: Key Weekly Market Indicators

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 Capitalization (KSh Billion)	Bonds Turnover (KSh Million)	5-Year Euro-bond Yield (%)	10-Year Eurobond Yield (%) - 2024	10-Year Eurobond Yield (%) - 2028	30-Year Euro-bond Yield (%)
25-Jan-19	146.48	3739.21	2907.66	1042	25.67	756.16	2,192.81	1,787.20	4.885	7.006	7.714	8.792
28-Jan-19	147.20	3768.67	2897.10	993	31.34	731.84	2,203.59	2,309.24	4.701	7.167	7.734	8.864
29-Jan-19	148.30	3819.60	2940.67	1274	15.41	487.40	2,220.13	3,828.18	4.954	7.211	7.853	8.980
30-Jan-19	149.29	3841.85	2938.78	1178	28.84	1,617.28	2,234.99	5,966.87	5.023	7.271	7.914	8.927
31-Jan-19	150.34	3873.09	2958.36	1453	94.10	2,477.05	2,250.72	2,238.10	4.900	6.981	7.577	8.595
January 25-31, 2019	150.34	3873.09	2958.36	5940.00	195.36	6069.72	2250.72	16129.59	4.900	6.981	7.577	8.595
1-Feb-19	154.52	3,929.29	2,982.73	1099	26.13	769.47	2,313.40	3,403.71	4.892	6.902	7.635	8.628
4-Feb-19	155.49	3,933.46	2,972.79	1014	19.00	602.14	2,327.91	1,610.28	5.174	6.929	7.597	8.648
5-Feb-19	157.85	3,999.21	3,004.88	1143	29.78	728.89	2,363.34	1,057.68	4.838	6.732	7.402	8.423
6-Feb-19	160.26	4,058.67	3,041.21	1248	33.26	2,522.21	2,399.51	3,228.80	5.163	6.749	7.421	8.411
7-Feb-19	160.44	4,059.03	3,043.12	1422	44.14	967.02	2,402.23	2,242.59	5.119	6.821	7.483	8.460
February 1-7, 2019	160.44	4,059.03	3043.12	5926.00	152.31	5589.73	2402.23	11543.06	5.119	6.821	7.483	8.460
Weekly Change(%)	6.72	4.80	2.87	-0.24	-22.04	-7.91	6.73	-28.44	0.219*	-0.160*	-0.094*	-0.135*

* Percentage points

Source: Central Bank of Kenya, 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)

	21-Dec-18	28-Dec-18	04-Jan-19	11-Jan-19	18-Jan-19	25-Jan-19	01-Feb-19
1. Treasury Bills (Excluding Repos)	917.12	904.10	899.42	904.30	928.48	935.92	943.94
(As % of total securities)	37.23	36.90	36.68	36.80	37.42	37.60	37.23
2. Treasury Bonds	1,546.29	1,546.29	1,552.92	1,552.92	1,552.92	1,552.92	1,591.34
(As % of total securities)	62.77	63.10	63.32	63.20	62.58	62.40	62.77
3. Total Securities (1+2)	2,463.41	2,450.39	2,452.34	2,457.22	2,481.40	2,488.84	2,535.28
4. Overdraft at Central Bank	45.86	45.86	63.88	60.35	39.47	37.57	36.89
5. Other Domestic debt*	31.61	31.61	31.61	31.61	31.62	31.61	32.25
6. Gross Domestic Debt (3+4+5)	2,540.88	2,527.86	2,547.82	2,549.18	2,552.49	2,558.01	2,604.41

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

	21-Dec-18	28-Dec-18	04-Jan-19	11-Jan-19	18-Jan-19	25-Jan-19	01-Feb-19
Treasury bills (Excluding Repos)	36.09	35.77	35.30	35.47	36.38	36.59	36.24
Treasury bonds	60.86	61.17	60.95	60.92	60.84	60.71	61.10
CBK Overdraft to Government	1.81	1.81	2.51	2.37	1.55	1.47	1.42
Other domestic debt	1.24	1.25	1.24	1.24	1.24	1.24	1.24
TOTAL	100.00	100.00	100.00	100.00	100.00	100.00	100.00

Source: Central Bank of Kenya

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

	21-Dec-18	28-Dec-18	04-Jan-19	11-Jan-19	18-Jan-19	25-Jan-19	01-Feb-19
Banking Institutions	54.18	54.53	54.86	55.05	54.76	54.38	54.36
Insurance Companies	6.02	6.06	6.05	6.03	6.01	5.98	6.01
Parastatals	7.35	7.25	7.30	7.21	7.43	7.36	7.36
Pension funds	27.88	27.59	27.25	27.21	27.31	27.77	27.79
Other investors	4.56	4.57	4.53	4.51	4.49	4.50	4.49
Total	100.00	100.00	100.00	100.00	100.00	100.00	100.00

Source: Central Bank of Kenya

Table 10: Indicators of Total Government Debt

	Jun-17	Dec-17	Jun-18	Sep-18	Oct-18	Nov-18	Dec-18
Domestic debt (KSh Billion)	2,111.71	2,220.35	2,478.84	2,540.70	2,535.75	2,563.42	2,548.77
Public & Publicly Guaranteed External debt (US \$ Billion)	22.12	22.76	25.34	25.81	26.07	26.42	26.74
Public & Publicly Guaranteed External debt (KSh Billion)	2,294.40	2,349.28	2,560.20	2,605.33	2,654.69	2,709.01	2,723.73
Total public debt (KSh Billion)	4,406.11	4,569.63	5,039.03	5,146.04	5,190.44	5,272.43	5,272.50

Source: National Treasury and Central Bank of Kenya