



JUNE 30, 2017

### Highlights

The money market was fairly liquid during the week ending June 28, 2017, supported by government end month payments and reverse repo purchases. The weighted average interbank rate increased to 5.29 percent in the week ending June 28, 2017 from 3.55 percent recorded in the previous week.

### Monetary Policy Operations

The money market was fairly liquid during the week ending June 28, 2017. Commercial banks' excess reserves remained above the 5.25 percent averaging requirement. It was, however, lower at KSh 5.1 billion compared with KSh 11.0 billion the previous week. Liquidity in the interbank market

was boosted by government end month payments which partly offset the tightness at the beginning of the week arising from Government Treasury bond issue. Net liquidity injection through open market operations amounted to KSh 9.4 billion in the week under review (**Table 1 and Chart A**).

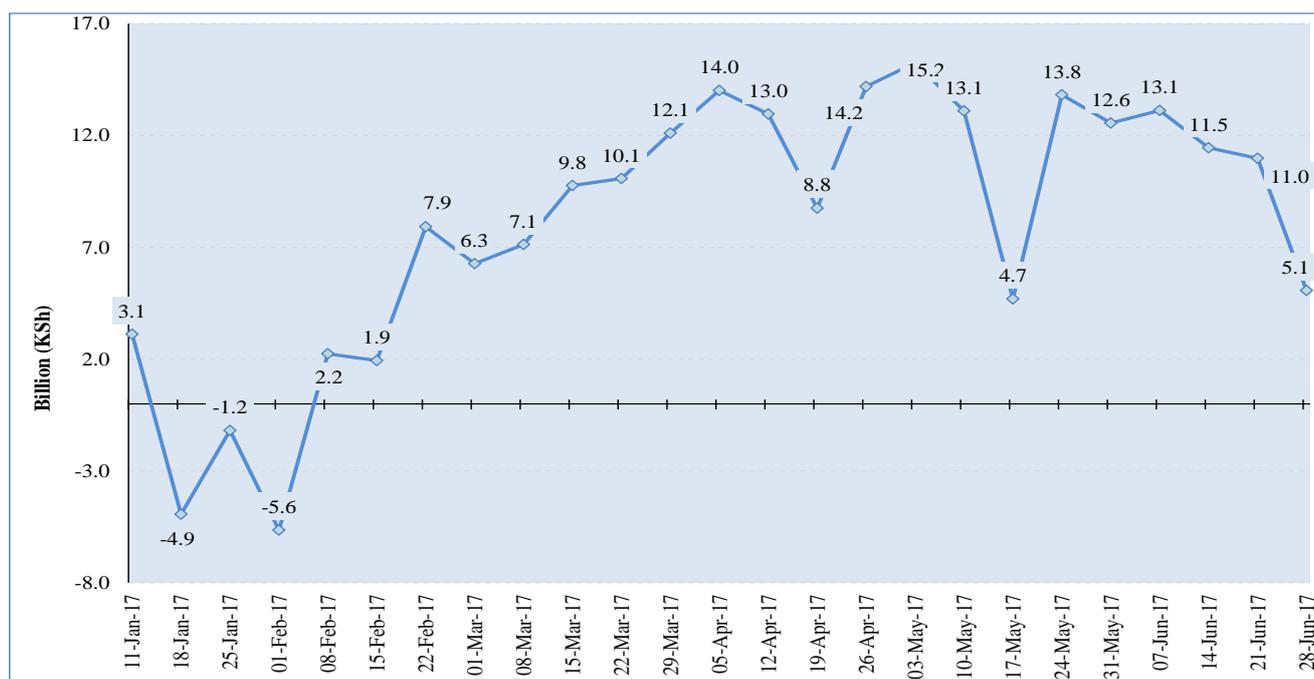
**TABLE 1: INTERBANK LIQUIDITY FLOWS AND OPEN MARKET OPERATIONS (KSH BILLION)**

	22-Jun-17	23-Jun-17	27-Jun-17	28-Jun-17	Total
<b>Liquidity Flows</b>					
<b>Total liquidity injection <sup>\1</sup></b>	<b>13.5</b>	<b>17.3</b>	<b>55.3</b>	<b>9.7</b>	<b>95.7</b>
Repos Maturities	0.0	0.0	0.0	0.0	0.0
Reverse Repo Purchases	9.1	0.0	1.7	0.0	10.8
Term Auction Deposit maturities	0.0	0.0	0.0	0.0	0.0
T/bills redemptions	0.0	0.0	0.0	0.0	0.0
T/bills rediscounts	0.0	0.0	17.9	0.0	17.9
T/bonds redemptions	0.0	0.0	18.7	0.0	18.7
T/bonds Interest	0.0	0.0	7.1	0.0	7.1
T/bonds rediscounts	0.0	0.0	0.0	0.0	0.0
Govt payments	4.4	17.3	9.8	9.7	41.1
<b>Total liquidity reduction <sup>\1</sup></b>	<b>29.9</b>	<b>3.0</b>	<b>57.3</b>	<b>5.4</b>	<b>95.6</b>
T/bills (Primary issues)	0.0	0.0	23.7	0.0	23.7
Tbonds Sales	0.0	0.0	26.4	0.0	26.4
T/bills/Tbonds (OMO Tap Sales)	0.0	0.0	0.0	0.0	0.0
Repos	0.0	0.0	0.0	0.0	0.0
Reverse Repos maturities	0.0	0.0	1.4	0.0	1.4
Term Auction Deposit	0.0	0.0	0.0	0.0	0.0
Transfer from Banks -Taxes	29.9	3.0	5.8	5.4	44.0
<b>Net liquidity injection (+)/Withdrawal (-)</b>	<b>-16.44</b>	<b>14.3</b>	<b>-2.0</b>	<b>4.3</b>	<b>0.1</b>
<b>Open Market Operations Outcome</b>					
<b>Posted Amount</b>	-	-	-	-	-
<b>Realised Amount - Mop up</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>
Repo (-)	0.0	0.0	0.0	0.0	0.0
Term Auction Deposits (-)	0.0	0.0	0.0	0.0	0.0
<b>Reserve Money Position</b>					
Reserve money (actual)	377.6	397.3	397.9	398.7	

<sup>\1</sup> Only main transactions increasing or reducing liquidity are included.

Source: Central Bank of Kenya

CHART A: COMMERCIAL BANKS EXCESS RESERVES



Source: Central Bank of Kenya

### Activity in the Interbank Market

The weighted average interbank rate increased to 5.29 percent in the week ending June 28, 2017, from 3.55 percent in the previous week. The volumes transacted ranged from KSh 14.0 billion to KSh 19.6 billion during the week, and averaged KSh 17.0 billion compared to KSh 18.1 billion the previous week. The number of deals, at 31, was also

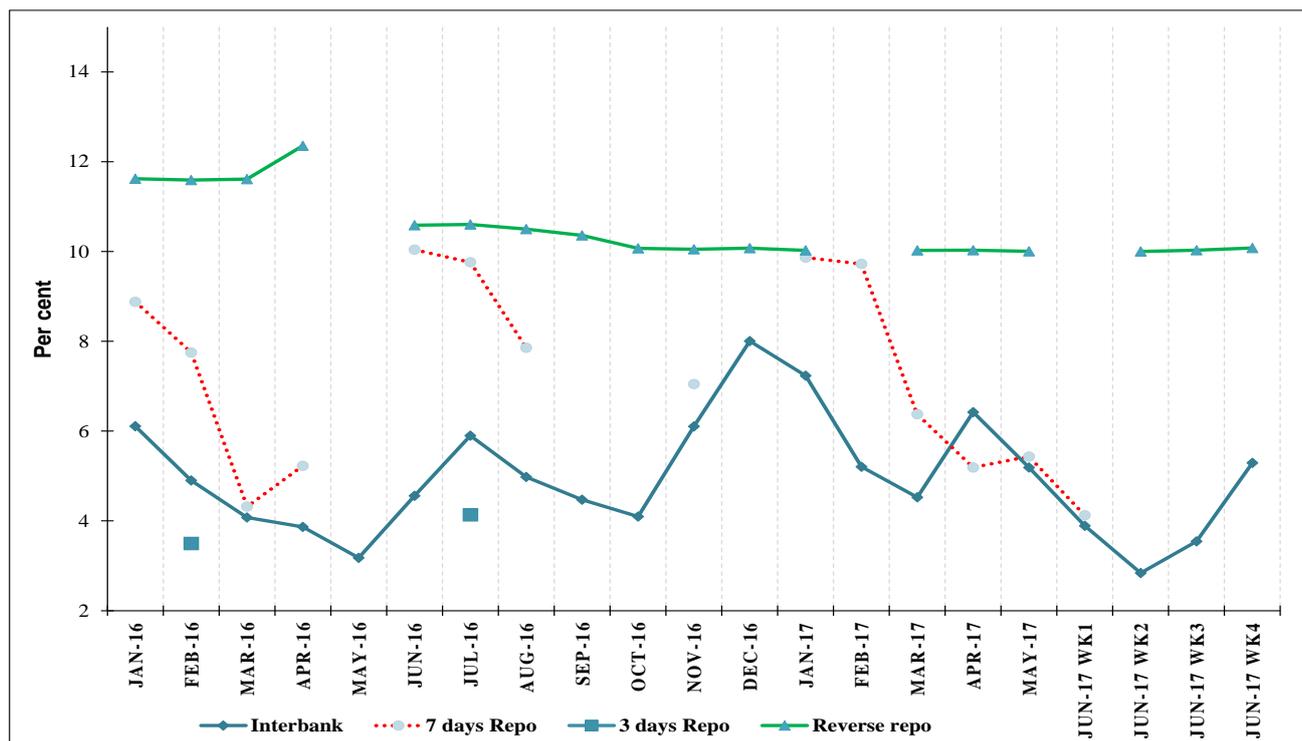
higher during the week compared to 17 deals transacted the previous week. Reverse repo purchases traded at a marginally higher average rate of 10.08 percent compared to 10.03 percent in the previous week (Table 2 and Chart B).

TABLE 2: OPEN MARKET OPERATIONS

Date	Number of Deals	Value (KSh M)	Average Interbank Rate (%)	Reverse Repo Rate (%)
15-Jun-17	18	15,520	2.60	-
16-Jun-17	18	16,370	3.18	-
19-Jun-17	35	23,055	3.44	-
20-Jun-17	35	16,150	3.82	10.04
21-Jun-17	38	19,405	4.69	10.02
<b>June 15, 2017 - June 21, 2017</b>	<b>29</b>	<b>18,100</b>	<b>3.55</b>	<b>10.03</b>
22-Jun-17	33	13,975	5.75	10.09
23-Jun-17	33	16,900	5.47	10.12
26-Jun-17	PUBLIC HOLIDAY			
27-Jun-17	30	19,550	5.21	10.03
28-Jun-17	27	17,450	4.73	-
<b>June 22, 2017 - June 28, 2017</b>	<b>31</b>	<b>16,969</b>	<b>5.29</b>	<b>10.08</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 remained relatively stable against major international and regional currencies during the week ending June 29, 2017. The Shilling strengthened against the Japanese Yen and weakened against

the USD, the Euro and the Sterling Pound. In the EAC region, the Kenya Shilling strengthened against the Rwanda Franc and the Burundi Franc but weakened against the Uganda Shilling and Tanzania Shilling.

TABLE 3: KENYA SHILLING EXCHANGE RATE

	USD	Sterling Pound	Euro	100 Japanese Yen	USHS*	TSHS*	RWF*	BIF*
16-Jun-17	103.55	132.04	115.50	94.48	34.62	21.61	8.10	16.64
19-Jun-17	103.58	132.41	115.79	93.51	34.61	21.61	7.96	16.64
20-Jun-17	103.62	132.11	115.44	92.84	34.63	21.60	8.15	16.67
21-Jun-17	103.62	130.84	115.35	93.12	34.63	21.60	7.96	16.64
22-Jun-17	103.63	131.31	115.43	92.83	34.64	21.59	7.96	16.65
<b>16-22 June 2017</b>	<b>103.60</b>	<b>131.74</b>	<b>115.50</b>	<b>93.36</b>	<b>34.63</b>	<b>21.60</b>	<b>8.03</b>	<b>16.65</b>
23-Jun-17	103.63	131.22	115.64	93.15	34.61	21.59	7.96	16.65
27-Jun-17	103.67	131.84	115.88	93.22	34.58	21.59	7.96	16.65
28-Jun-17	103.67	132.57	117.45	92.44	34.63	21.59	8.15	16.67
29-Jun-17	103.68	134.33	118.20	92.41	34.63	21.59	8.15	16.67
<b>23-29 June 2017</b>	<b>103.66</b>	<b>132.49</b>	<b>116.79</b>	<b>92.81</b>	<b>34.61</b>	<b>21.59</b>	<b>8.05</b>	<b>16.66</b>

Units of currency per Kenya Shilling

Source: Central Bank of Kenya

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

### The Capital Market

The capital market recorded reduced activity during the week ending June 29, 2017, attributed to a short trading period arising from Eid al-Fitr holiday, which was celebrated on June 26, 2017.

### Equity Market

Share prices declined during the week with the NASI, NSE 25 and NSE 20 price indices declining by 0.73 percent, 0.44 percent and 0.44 percent,

respectively. Shareholders' wealth, measured by market capitalization, declined by 0.73 percent on account of reduced share prices. Similarly, equity turnover declined by 72.77 percent during the week under review following a decline of 64.91 percent in the volume of shares traded (**Table 4**).

**TABLE 4: KEY WEEKLY MARKET STATISTICS**

INDICATOR	18-May-17	25-May-17	01-Jun-17	08-Jun-17	15-Jun-17	22-Jun-17	29-Jun-17	Weekly Change (%)
NASI 100= 2008	138.85	145.55	148.40	149.30	152.94	154.35	153.22	-0.73
NSE 25 Share Index	3,685.50	3,883.64	3,926.32	3,970.00	4,050.99	4,087.32	4,069.38	-0.44
NSE 20 Share Index 100= 1996	3,244.69	3,410.89	3,441.05	3,475.00	3,522.79	3,612.55	3,596.56	-0.44
Number of Deals	6,650	6,150	5,509	7,047.00	6,656.00	7,038.00	4,948.00	-29.70
Total Shares Traded (Million)	193.34	194.23	105.20	142.80	199.26	276.08	96.88	-64.91
Equity Turnover (KSh Million)	4,303.93	4,507.16	2,757.59	3,104.07	4,435.70	6,156.12	1,676.56	-72.77
Market Capitalization (KSh Billion)	2,016.35	2,113.87	2,155.36	2,168.19	2,221.37	2,242.12	2,225.64	-0.73
I-REIT Turnover in (KSh Million)	0.24	0.08	0.27	0.94	1.08	1.85	0.89	-51.61
I-REIT in Units - Total Deals	14.00	10.00	34.00	53.00	31.00	34.00	25.00	-26.47
Bonds Turnover (KSh Million)	6,687.15	16,421.90	11,633.99	9,722.09	12,248.72	9,169.56	12,684.80	38.34
FTSE NSE Kenya 15 Index	173.37	180.97	182.06	187.70	190.40	190.88	189.83	-0.55
FTSE NSE Kenya 25 Index	177.71	185.31	186.10	192.70	196.33	195.19	195.93	0.38
FTSE NSE Bond Index	90.04	91.37	91.48	91.60	91.58	91.56	91.54	-0.02
ETF Turnover(KSh Million)	-	-	-	-	-	-	-	-
ETF -Total Deals	-	-	-	-	-	-	-	-

*Source: Nairobi Securities Exchange*

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

Performance of the FTSE<sup>1</sup> NSE Kenya 15 Index and FTSE NSE Kenya 25 Index, which measure performance of the 15 largest companies by market capitalization and 25 most liquid stocks at the Nairobi Securities Exchange (NSE) was mixed. FTSE NSE Kenya 15 share index declined by 0.55 percent, while FTSE NSE Kenya 25 Index recorded 0.38 percent gain in the period under review. The Telecommunication and Technology and Banking sectors dominated trading, accounting for 38.74

percent and 22.09 percent, respectively, of the total shares traded during the week.

Turnover in the Income-Real Estate Investment Trust (I-REIT<sup>2</sup>), declined by 51.61 percent, with number of deals declining by 26.47 percent.

<sup>1</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>2</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.

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### Bond Market

percent, reflecting an increase in secondary market yields.

Bonds recorded a 38.34 percent increase in volume traded during the week ending June 29, 2017, but the number of deals reduced from 228 to 174 deals. The FTSE Bond Index slightly declined by 0.02

**TABLE 5: PERFORMANCE OF GOVERNMENT SECURITIES**

91-Day Treasury Bills								
Date of Auction	30-Mar-17	27-Apr-17	25-May-17	01-Jun-17	08-Jun-17	15-Jun-17	22-Jun-17	29-Jun-17
Amount offered (Ksh M)	10,000.0	10,000.0	4,000.0	4,000.0	4,000.0	4,000.0	4,000.0	4,000.0
Bids received (Ksh M)	11,223.1	12,373.5	5,171.6	8,368.2	15,260.6	12,455.8	3,347.0	2,307.8
Amount Accepted (Ksh M)	7,084.8	11,239.8	2,645.1	3,125.6	13,743.0	10,067.2	3,325.6	2,307.8
Maturities (Ksh M)	1,393.8	5,657.4	5,910.5	8,778.8	8,592.7	5,392.8	2,174.4	7,201.7
Average interest Rate (%) - 91 Days	8.8	8.8	8.6	8.5	8.5	8.4	8.3	8.3
182-Day Treasury Bills								
Date of Auction	29-Mar-17	26-Apr-17	24-May-17	31-May-17	07-Jun-17	14-Jun-17	21-Jun-17	28-Jun-17
Amount offered (Ksh M)			10,000.0	10,000.0	10,000.0	10,000.0	10,000.0	10,000.0
Bids received (Ksh M)			15,070.4	15,495.7	25,551.2	15,862.4	12,044.5	10,064.5
Amount Accepted (Ksh M)			13,608.2	13,919.6	21,335.9	15,691.1	11,331.6	9,713.1
Maturities (Ksh M)			7,053.2	7,400.1	7,032.0	4,439.5	11,875.0	1,199.7
Average interest Rate (%) - 182 days			10.4	10.4	10.3	10.3	10.3	10.3
364-Day Treasury Bills								
Date of Auction	29-Mar-17	26-Apr-17	24-May-17	31-May-17	07-Jun-17	14-Jun-17	21-Jun-17	28-Jun-17
Amount offered (Ksh M)	10,000.0	10,000.0	10,000.0	10,000.0	10,000.0	10,000.0	10,000.0	10,000.0
Bids received (Ksh M)	13,275.7	8,245.6	13,821.3	13,928.2	9,407.0	8,937.1	9,517.7	5,174.1
Amount Accepted (Ksh M)	9,287.4	7,987.5	11,869.9	11,566.5	7,892.8	8,891.5	9,048.9	5,053.2
Maturities (Ksh M)	4,883.3	8,932.5	6,562.6	7,459.8	6,731.8	6,106.7	3,821.5	1,454.5
Average interest Rate (%) - 364 days	10.9	10.9	10.9	10.9	10.9	10.9	10.9	10.9
Treasury Bonds								
Date of Auction	29-Mar-17	27-Apr-17					21-Jun-17	
Tenor	FXD 3/2013/5	FXD1/2009/11					FXD2/2007/15	
Amount offered (Ksh M)	15,000.0	7,000.0					30,000.0	
Bids received (Ksh M)	12,109.4	6,143.05					39,073.2	
Amount Accepted (Ksh M)	7,842.8	4,009.60					26,409.9	
Maturities (Ksh M)	0.0	0					18,746.8	
Average interest Rate (%)	12.404	12.0					12.520	

Source: Central Bank of Kenya

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

	24-Feb-17	31-Mar-17	28-Apr-17	26-May-17	02-Jun-17	09-Jun-17	16-Jun-17	23-Jun-17
1. Treasury Bills (Excluding Repos)	607.90	615.77	626.90	673.30	684.07	695.16	716.70	737.34
(As % of total securities)	33.21	32.69	32.25	33.96	34.04	34.41	35.10	35.75
2. Treasury Bonds	1,222.61	1,268.16	1,317.02	1,309.35	1,325.28	1,325.28	1,325.28	1,325.28
(As % of total securities)	66.79	67.31	67.75	66.04	65.96	65.59	64.90	64.25
3. Total Securities (1+2)	1,830.51	1,883.93	1,943.92	1,982.65	2,009.35	2,020.44	2,041.97	2,062.61
4. Overdraft at Central Bank	25.13	30.27	-	-	0.03	-	1.87	-
5. Other Domestic debt*	30.97	31.06	30.75	35.93	35.94	35.96	36.14	36.15
6. Gross Domestic Debt (3+4+5)	1,886.61	1,945.25	1,974.67	2,018.58	2,045.33	2,056.40	2,079.98	2,098.76

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

Source: Central Bank of Kenya

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

	24-Feb-17	31-Mar-17	28-Apr-17	26-May-17	02-Jun-17	09-Jun-17	16-Jun-17	23-Jun-17
Treasury bills (Excluding Repos)	32.2	31.7	31.7	33.4	33.4	33.8	34.5	35.1
Treasury bonds	64.8	65.2	66.7	64.9	64.8	64.4	63.7	63.1
CBK Overdraft to Govt	1.3	1.6	0.0	0.0	0.0	0.0	0.1	0.0
Other domestic debt	1.6	1.6	1.6	1.8	1.8	1.7	1.7	1.7
<b>TOTAL</b>	<b>100.0</b>							

*Source: Central Bank of Kenya*

**TABLE 8: COMPOSITION OF GOVERNMENT DEBT BY HOLDER (IN PERCENT)**

	27-Jan-17	24-Feb-17	31-Mar-17	21-Apr-17	28-Apr-17	26-May-17	02-Jun-17	09-Jun-17	16-Jun-17	23-Jun-17
Banking Institutions	51.6	51.0	54.1	54.9	55.1	56.2	56.2	56.5	56.7	56.6
Insurance Companies	7.5	7.5	7.1	7.0	7.0	6.9	6.9	6.8	6.8	6.7
Parastatals	5.7	5.8	6.5	6.5	6.5	6.6	6.5	6.5	6.3	6.4
Pension funds	28.6	29.0	28.2	27.8	27.5	27.9	28.1	27.7	27.6	27.8
<b>Other investors</b>	<b>6.7</b>	<b>6.7</b>	<b>4.0</b>	<b>3.9</b>	<b>3.9</b>	<b>2.4</b>	<b>2.3</b>	<b>2.5</b>	<b>2.5</b>	<b>2.5</b>
<b>Total</b>	<b>100.0</b>									

*Source: Central Bank of Kenya*

**TABLE 9: OFFICIAL FOREIGN RESERVES US\$ MILLION (USABLE)**

	04-May-17	11-May-17	18-May-17	25-May-17	31-May-17	08-Jun-17	15-Jun-17	22-Jun-17	29-Jun-17
<b>1. CBK Usable Foreign Exchange Reserves (USD Million)*</b>	8,304	8,251	8,248	8,236	8,259	8,197	8,188	8,105	7,964
<b>2. CBK Usable Foreign Exchange Reserves (Months of Import Cover)**</b>	5.49	5.45	5.45	5.44	5.46	5.42	5.41	5.36	5.26

\*Excludes Encumbered Reserves

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

*Source: Central Bank of Kenya*