



Central Bank of Kenya

Weekly Statistical Bulletin

Key Monetary and Financial Indicators

October 12, 2018

Interbank Market

Activity in the interbank market was relatively stable during the week ending October 9, 2018, partly reflecting adequate liquidity in the money market attributed to Government payments. The average number of interbank deals remained largely unchanged, at 22 compared with 23 in the previous week. The average interbank rate declined to 3.7 percent in the week ending October 9, 2018 from 5.2 percent in the week ending October 3, 2018. The average interbank volumes traded during the week remained unchanged from the previous week's level of KSh 14.3 billion (**Table 1**).

Exchange Rate

The Kenya Shilling remained relatively steady against major international and regional currencies during the week ending October 11, 2018. The Shilling strengthened against the Euro which was weighed down by concerns over Italy's budget, but weakened marginally against the Sterling Pound mainly due to rising optimism over a Brexit deal. The Kenya Shilling remained stable against the US Dollar and Japanese Yen. In the EAC region, the Shilling remained stable against the Rwanda Franc, Burundi Franc and Tanzania Shilling but weakened against the Uganda Shilling (**Table 2**).

Government Securities Market

The performance of the Government securities market was low during the week ending October 11, 2018 with the Treasury bills auctions for the week achieving an average subscription rate of 63.7 percent compared to 120.8 percent in the previous week. The auctions received bids totaling KSh 15.3 billion against an advertised amount of KSh 24.0 billion. There were mixed performances on the Treasury bills auctions but a general preference for

the shorter tenure securities. The 182-day tenure and the 364-day tenure were under-subscribed at 26.4 percent and 63.4 percent, respectively. The 91-day tenure recorded a subscription rate of 157.6 percent. All Treasury bill rates declined slightly across the three tenures (**Table 5**).

Equity Market

Performance in the equity market declined during the week ending October 11, 2018. The NASI, NSE 25 and NSE 20 share indices recorded declines. The total number of shares traded and equity turnover declined by 50.0 percent and 64.1 percent, respectively, signalling reduced activity on account of the midweek public holiday on October 10, 2018. Shareholders' wealth, measured by market capitalization, reduced marginally by 2.0 percent, on account of reduced demand pushing down share prices (**Table 3**).

Bond Market

The bonds market turnover recorded a 43.9 percent decline during the week ending October 11, 2018. The number of bonds traded declined from 289 to 160 over a similar period indicating reduced activity due to fewer trading days following the midweek public holiday.

Yields on Kenya's 5-year, 10-year Eurobond (2024), 10-year (2028) and 30-year Eurobonds increased slightly in the week ending October 11, 2018 (**Table 3**). Similarly, yields on 10-year eurobonds of selected African countries, including Ghana, Angola and Zambia increased marginally during the week (**Chart 1**).

Global Financial Markets

Activity in the global equities markets declined in the week ending October 11, 2018 as reflected by the leading stock indices. The U.S. stock indices, S&P 500 SPX, Dow Jones Industrial Average (DJIA) and NASDAQ Composite index closed October 11, 2018 at 5.1 percent, 4.9 percent and 5.4 percent lower than the week ending October 4, 2018, respectively. The declines were attributed to growing concerns about the impact of higher borrowing costs on corporate earnings and consumer spending that prompted investors to dump shares, rising doubts on third-quarter earnings coupled with unresolved macro headwinds related to US-China trade wars, and movements in US Treasury yields.

In Europe, the UK FTSE 100 closed at 7,001.3 points, lower than 7,445.9 points by October 4, 2018. This and other European stocks hit their lowest in more than 20 months following a rout on Wall Street as jitters over expectations of rising U.S. Treasury yields and signs of slowing global growth sparked a broad sell-off of risky assets that spread to other markets. The U.S. 10-year treasury note and the 30-year bond yields declined to 3.2 percent and 3.3 percent, respectively.

Emerging markets ended the week weaker falling to 17-months lows as worries about growth and the future of a long-running U.S. market rally undermined investors' appetite for risk. The MSCI-EM closed the week ending October 11, 2018 at 954.7 points compared with 1,009.3 points at the end of the previous week.

Table 1: Interbank Deals, Volumes and Interest Rates

Date	Number of Deals	Value (KSh M)	Average Interbank Rate (%)
27-Sep-18	27	20,175	5.74
28-Sep-18	24	17,030	5.99
1-Oct-18	18	11,050	5.41
2-Oct-18	22	12,350	4.48
3-Oct-18	23	10,650	4.22
September 27- October 3, 2018	23	14,251	5.17
4-Oct-18	18	11,500	3.85
5-Oct-18	21	16,200	3.68
8-Oct-18	23	15,250	3.69
9-Oct-18	25	14,385	3.46
October 04- October 09 , 2018	22	14,334	3.67

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*
28-Sep-18	100.96	132.49	117.88	89.29	37.87	22.67	8.61	17.71
1-Oct-18	100.90	131.31	116.81	88.92	37.91	22.68	8.77	17.57
2-Oct-18	100.92	131.84	117.08	88.56	37.90	22.68	8.77	17.58
3-Oct-18	100.95	130.87	116.48	88.76	37.89	22.67	8.77	17.57
4-Oct-18	100.97	131.22	116.53	88.67	37.49	22.63	8.61	17.71
September 28- October 4, 2018	100.94	131.55	116.96	88.84	37.81	22.67	8.71	17.63
5-Oct-18	100.95	131.40	116.31	88.66	37.44	22.66	8.77	17.57
8-Oct-18	100.85	131.79	116.27	88.55	37.48	22.69	8.78	17.61
9-Oct-18	100.90	131.69	115.73	89.21	37.59	22.67	8.78	17.60
10-Oct-18	Public Holiday							
11-Oct-18	100.92	131.72	115.56	89.14	37.59	22.65	8.78	17.60
October 5-11, 2018	100.90	131.65	115.97	88.89	37.53	22.67	8.78	17.59

* Units of currency per Kenya Shilling

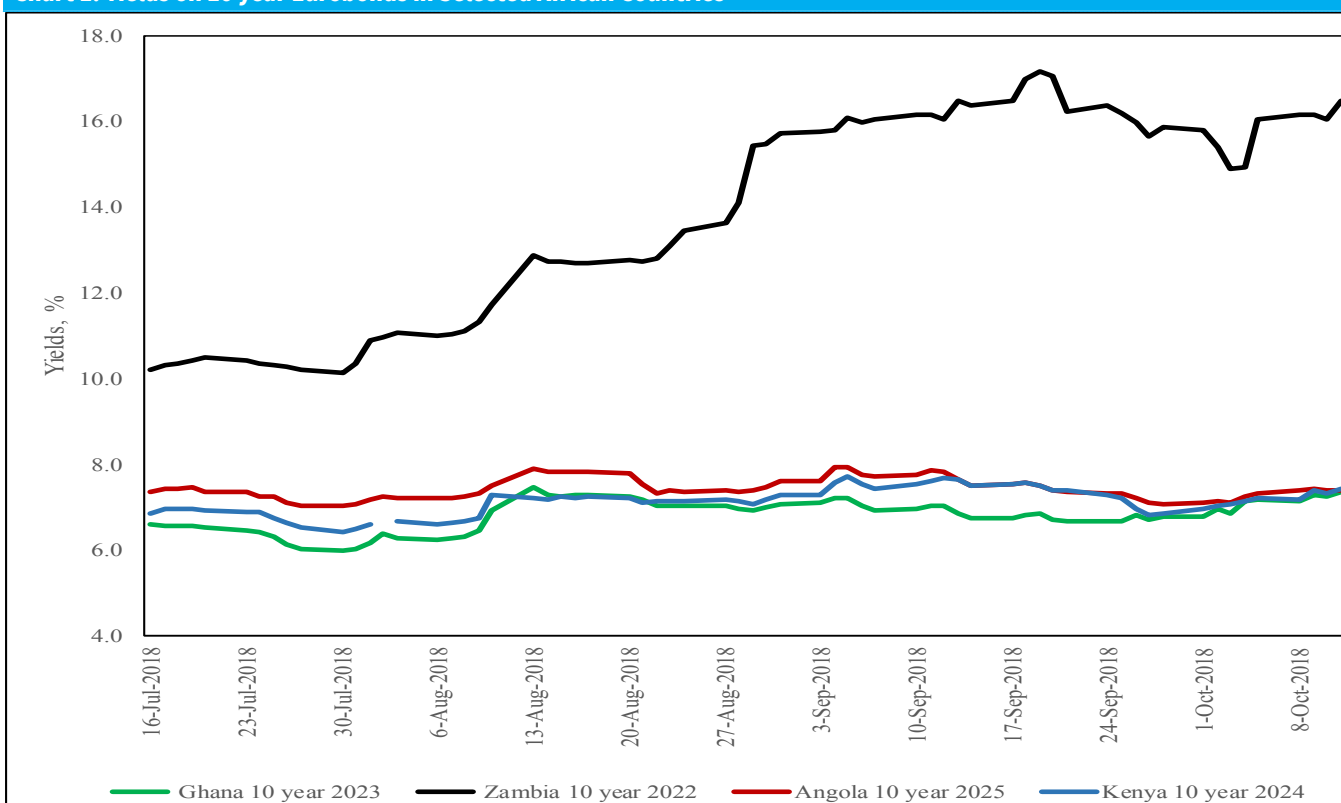
Source :Central Bank of Kenya

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 (%)
28-Sep-18	149.67	3,819.15	2,875.51	1,393	18.11	644.69	2,211	3,289.18	4.627	6.861	7.649	8.589
1-Oct-18	148.98	3,812.28	2,883.98	714	5.51	130.42	2,201	2,596.85	4.517	6.958	7.683	8.645
2-Oct-18	149.24	3,803.22	2,854.32	1,504	32.64	1,484.26	2,205	2,326.45	4.653	7.033	7.800	8.723
3-Oct-18	149.4	3800.51	2861.39	1,127	16.23	469.81	2,207	1,334.23	4.507	7.072	7.780	8.686
4-Oct-18	150.52	3814.7	2876.85	1,293	31.61	866.89	2,224	3,900.69	4.874	7.125	7.937	8.869
28 Sept.-4 Oct., 2018	150.52	3814.70	2876.85	6,031	104.10	3,596.07	2,223.89	13,447.40	4.874	7.125	7.937	8.869
5-Oct-18	149.92	3,795.31	2,866.06	1,155	19.64	485.35	2,229	1,224.45		7.224	8.036	8.925
8-Oct-18	150.88	3,809.99	2,864.99	1,596	6.82	143.51	2,215	741.52	6.043	7.164	8.080	8.993
9-Oct-18	149.63	3,798.36	2,842.26	1,161	7.93	221.02	2,211	3,671.74	6.044	7.380	8.156	9.055
10-Oct-18									5.126	7.334	8.156	9.055
11-Oct-18	147.63	3751.67	2825.11	1,125	17.64	440.49	2,181	1,905.91	4.932	7.425	8.217	9.121
5 Oct. - 11 Oct., 2018	147.63	3751.67	2825.11	5,037	52.03	1,290.37	2,181.10	7,543.62	4.932	7.425	8.217	9.121
Weekly Change (%)	-1.92	-1.65	-1.80	-16.48	-50.02	-64.12	-1.92	-43.90	0.06*	0.3*	0.28*	0.25*

* Percentage points

Source: Central Bank of Kenya, NSE and Thompson Reuters

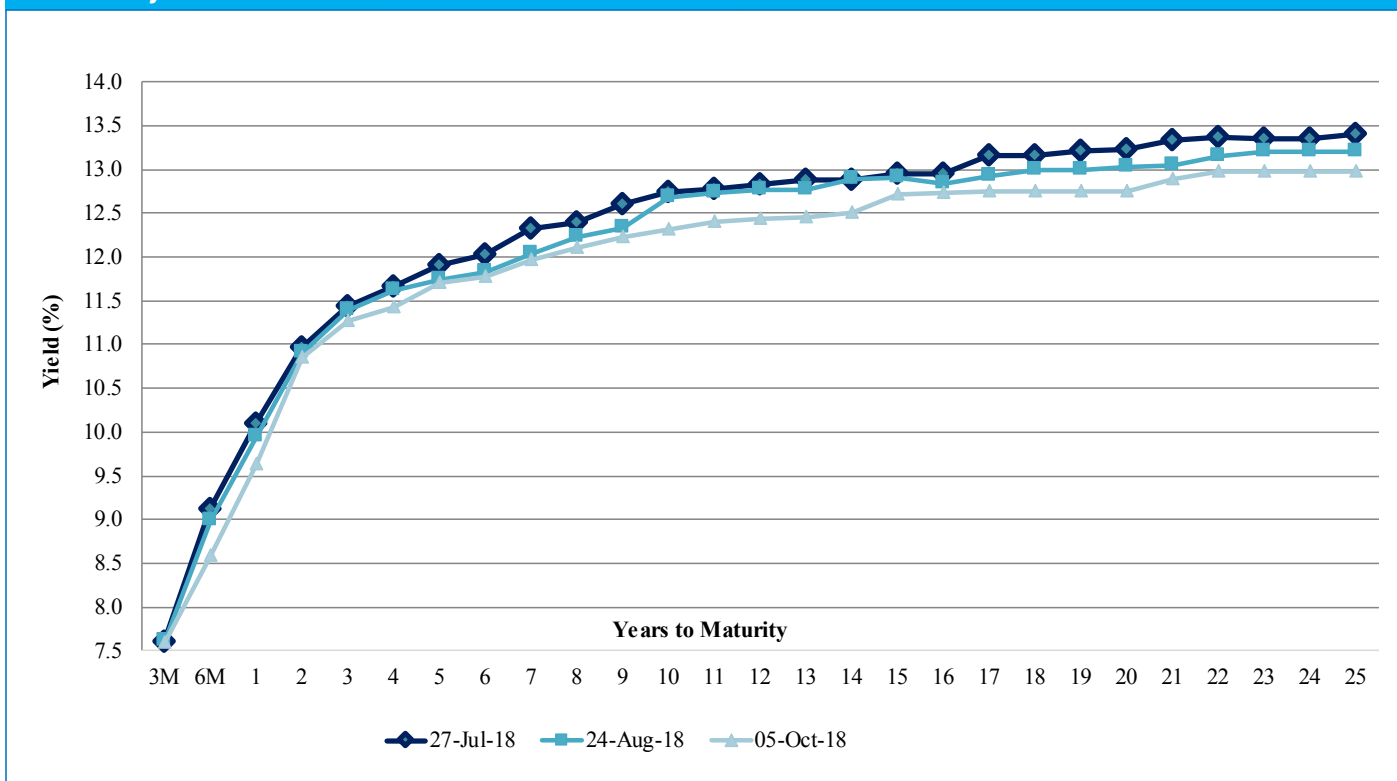
Chart 1: Yields on 10 year Eurobonds in Selected African Countries

Source: Thompson Reuters

Table 4: Performance of Treasury Bonds Auctions

Date of Auction	25-Apr-18		23-May-18	20-Jun-18	25-Jul-18	22-Aug-18	19-Sept-18	
Tenor	REOPEN FXD 1/2008/15	REOPEN FXD 1/2018/20	FXD1/2018/15	FXD1/2018/25	FXD2/2018/20	FXD1/2018/10	REOPEN FXD 1/2008/15	REOPEN FXD 1/2018/20
Amount offered (Ksh M)	40,000.0		40,000.0	40,000.0	40,000.0	40,000.0	40,000.0	
Bids received (Ksh M)	22,864.2	9,904.2	20,217.0	10,130.7	13,860.3	29,825.3	32,466.5	
Amount Accepted (Ksh M)	20,152.6	6,786.1	12,863.5	5,171.8	10,512.4	19,362.2	21,244.6	5,308.4
Maturities (Ksh M)	0.0	0.0	0.0	26,340.1	0.0	0.0	0.0	0.0
Average interest Rate (%)	12.317	13.327	13.078	13.451	13.371	12.686	12.665	12.931

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	20-Sep-18	27-Sep-18	04-Oct-18	11-Oct-18
Amount offered (Ksh M)	4,000.00	4,000.00	4,000.00	4,000.00
Bids received (Ksh M)	5,741.21	5,096.36	3,940.97	6,305.57
Amount Accepted (Ksh M)	3,931.83	5,061.43	3,939.11	6,305.57
Maturities (Ksh M)	5,555.00	3,629.35	744.50	2,359.40
Average interest Rate (%) - 91 Days	7.618	7.609	7.600	7.594

182-Day Treasury Bills

Date of Auction	20-Sep-18	27-Sep-18	04-Oct-18	11-Oct-18
Amount offered (Ksh M)	10,000.00	10,000.00	10,000.00	10,000.00
Bids received (Ksh M)	11,157.80	5,086.11	6,537.52	2,641.89
Amount Accepted (Ksh M)	8,003.47	5,056.99	4,395.14	2,540.19
Maturities (Ksh M)	7,501.55	3,905.45	7,376.25	7,185.80
Average interest Rate (%) - 182 days	8.683	8.646	8.590	8.500

364-Day Treasury Bills

Date of Auction	20-Sep-18	27-Sep-18	04-Oct-18	11-Oct-18
Amount offered (Ksh M)	10,000.00	10,000.00	10,000.00	10,000.00
Bids received (Ksh M)	12,828.05	10,429.49	18,529.98	6,342.44
Amount Accepted (Ksh M)	9,549.24	9,417.98	15,110.96	6,342.44
Maturities (Ksh M)	4,045.95	3,804.75	7,434.10	3,079.15
Average interest Rate (%) - 364 days	9.676	9.670	9.638	9.607

Source: Central Bank of Kenya

Table 6: Government Domestic Debt (KSh Billion)

	24-Aug-18	31-Aug-18	07-Sep-18	14-Sep-18	21-Sep-18	28-Sep-18	05-Oct-18
1. Treasury Bills (Excluding Repos)	927.97	922.48	918.86	924.46	931.33	867.51	953.44
(As % of total securities)	38.14	37.70	37.61	37.75	38.27	37.14	38.41
2. Treasury Bonds	1,505.10	1,524.47	1,524.47	1,524.47	1,502.34	1,468.50	1,528.77
(As % of total securities)	61.86	62.30	62.39	62.25	61.73	62.86	61.59
3. Total Securities (1+2)	2,433.07	2,446.94	2,443.32	2,448.93	2,433.67	2,336.00	2,482.21
4. Overdraft at Central Bank	7.84	15.06	20.64	16.99	33.82	36.29	0.00
5. Other Domestic debt*	32.07	32.08	32.07	31.70	31.70	168.54	31.70
6. Gross Domestic Debt (3+4+5)	2,472.98	2,494.08	2,496.03	2,497.63	2,499.19	2,540.83	2,513.91

* 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)

	24-Aug-18	31-Aug-18	07-Sep-18	14-Sep-18	21-Sep-18	28-Sep-18	05-Oct-18
Treasury bills (Excluding Repos)	37.5	37.0	36.8	37.0	37.3	34.1	37.9
Treasury bonds	60.9	61.1	61.1	61.0	60.1	57.8	60.8
CBK Overdraft to Govt	0.3	0.6	0.8	0.7	1.4	1.4	0.0
Other domestic debt	1.3	1.3	1.3	1.3	1.3	6.6	1.3
TOTAL	100.0	100.0	100.0	100.0	100.0	100.0	100.0

Source: Central Bank of Kenya

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

	24-Aug-18	31-Aug-18	07-Sep-18	14-Sep-18	21-Sep-18	28-Sep-18	05-Oct-18
Banking Institutions	55.1	55.2	55.2	55.5	55.4	55.0	54.2
Insurance Companies	6.2	6.2	6.1	6.1	6.1	6.1	6.1
Parastatals	7.1	7.1	7.2	7.2	7.3	7.3	7.3
Pension funds	27.2	27.1	26.9	26.7	26.6	27.1	27.7
Other investors	4.5	4.5	4.5	4.5	4.5	4.5	4.6
Total	100.0	100.0	100.0	100.0	100.0	100.0	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)

	06-Sep-18	13-Sep-18	20-Sep-18	27-Sep-18	04-Oct-18	11-Oct-18
1. CBK Usable Foreign Exchange Reserves (USD Million)*	8,565	8,536	8,464	8,436	8,459	8,445
2. CBK Usable Foreign Exchange Reserves (Months of Import Cover)**	5.71	5.69	5.64	5.58	5.60	5.59

*Excludes Encumbered Reserves

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

Source: Central Bank of Kenya