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## Highlights

*The money market was relatively liquid during the week ending May 10, 2017, largely supported by net government payments. The weighted average interbank rate decreased to 5.52 percent in the week ending May 10, 2017 from 6.09 percent recorded in the previous week, owing to ample liquidity in the interbank market.*

*The capital markets recorded strong performance across all indicators, in both the equity and bond market segments, during the week ending May 11, 2017*

## Monetary Policy Operations

The money market was relatively liquid during the week ending May 10, 2017, largely supported by net government payments, which injected KSh 9.3 billion. CBK liquidity operations increased interbank market liquidity by KSh 3.1 billion. Reflecting these trends, net liquidity injection into the money market during the week under review amounted to KSh 12.3 billion (**Table 1**).

Commercial banks' excess reserves above 5.25 percent averaging requirement decreased marginally to KSh 13.1 billion, from the previous week's KSh 15.2 billion (**Chart A**).

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

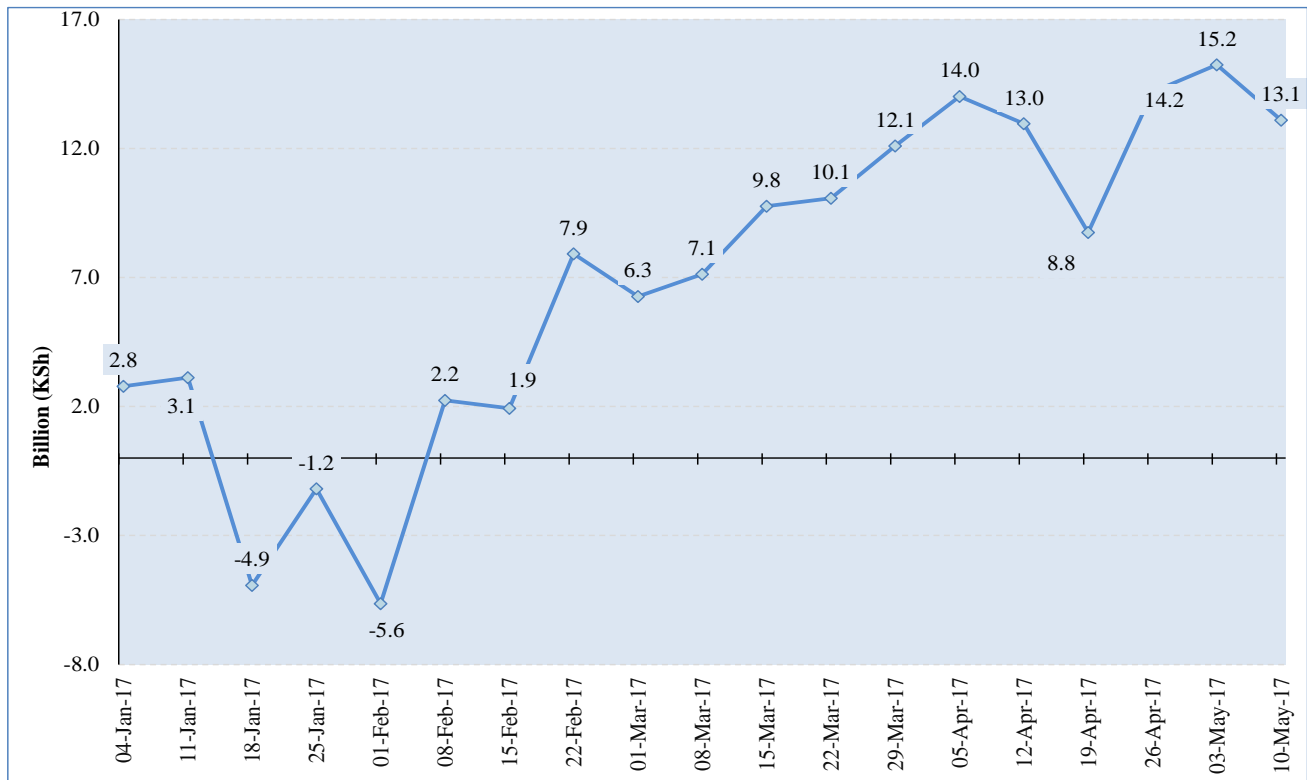
**TABLE 1: INTERBANK LIQUIDITY FLOWS AND OPEN MARKET OPERATIONS (KSH BILLION)**

	4-May-17	5-May-17	8-May-17	9-May-17	10-May-17	Total
<b>Liquidity Flows</b>						
<b>Total liquidity injection <sup>\1</sup></b>	<b>21.5</b>	<b>23.3</b>	<b>37.7</b>	<b>7.3</b>	<b>10.5</b>	<b>100.3</b>
Repos Maturities	0.0	0.0	0.0	0.0	0.0	0.0
Reverse Repo Purchases	0.0	1.2	0.0	0.2	0.0	1.4
Term Auction Deposit maturities	15.0	11.5	0.0	0.0	0.0	26.5
T/bills redemptions	0.0	0.0	23.0	0.0	0.0	23.0
T/bills rediscounts	0.0	0.0	0.0	0.0	0.0	0.0
T/bonds redemptions	0.0	0.0	0.0	0.0	0.0	0.0
T/bonds Interest	0.0	0.0	0.0	0.0	0.0	0.0
T/bonds rediscounts	0.0	0.0	0.0	0.0	0.0	0.0
Govt payments	6.5	10.7	14.7	7.1	10.5	49.4
<b>Total liquidity reduction <sup>\1</sup></b>	<b>14.1</b>	<b>24.5</b>	<b>36.0</b>	<b>6.0</b>	<b>7.3</b>	<b>88.0</b>
T/bills (Primary issues)	0.0	0.0	32.9	0.0	0.0	32.9
Tbonds Sales	0.0	0.0	0.0	0.0	0.0	0.0
T/bills/Tbonds (OMO Tap Sales)	0.0	0.0	0.0	0.0	0.0	0.0
Repos	10.0	12.0	0.0	0.0	0.0	22.0
Reverse Repos maturities	0.0	1.2	0.0	1.6	0.0	2.8
Term Auction Deposit	0.0	0.0	0.0	0.0	0.0	0.0
Transfer from Banks -Taxes	4.1	11.3	3.1	4.4	7.3	30.2
<b>Net liquidity injection (+)/Withdrawal (-)</b>	<b>7.39</b>	<b>-1.22</b>	<b>1.67</b>	<b>1.24</b>	<b>3.2</b>	<b>12.3</b>
<b>Open Market Operations Outcome</b>						
<b>Posted Amount</b>	10.0	12.0				22.0
<b>Realised Amount - Mop up</b>	<b>10.0</b>	<b>12.0</b>		<b>0.0</b>	<b>0.0</b>	<b>22.0</b>
Repo (-)	10.0	12.0	-	-	-	22.0
Term Auction Deposits (-)	-	-	-	-	-	0.0
<b>Reserve Money Position</b>						
Reserve money (actual)	405.0	403.1	405.0	406.4	409.8	405.9

<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 decreased to 5.52 percent in the week ending May 10, 2017 from 6.09 percent recorded in the previous week. The volumes transacted rose marginally to KSh 14.7 billion from KSh 12.8 billion in the previous week, while the average number of deals stood at 29

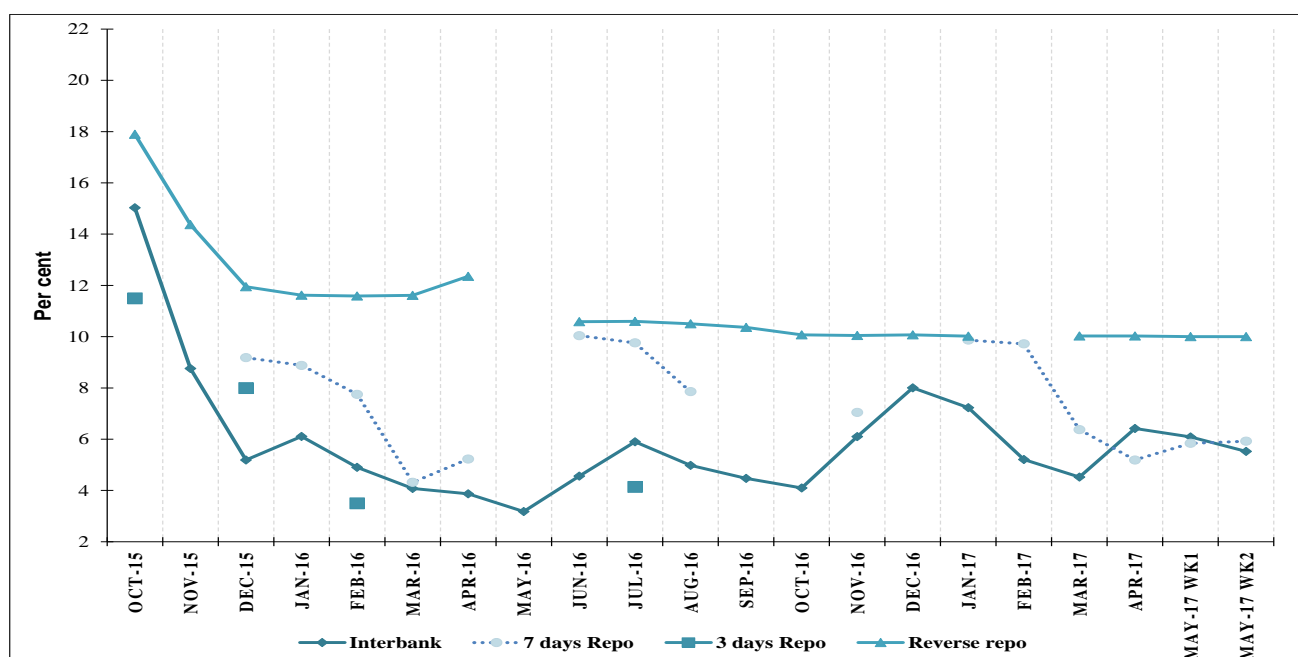
compared to 30. Meanwhile, repo sales traded at a marginally lower average rate of 5.92 percent in the week ending May 10, 2017 compared to 5.84 percent in the previous week (**Table 2** and **Chart B**).

**TABLE 2: OPEN MARKET OPERATIONS (KSH MILLION)**

Date	Number of Deals	Value (KSh M)	Average Interbank Rate (%)	7 days Average Repo Rate (%)
27-Apr-17	31	13,970	6.58	5.50
28-Apr-17	36	16,840	6.13	6.18
1-May-17	PUBLIC HOLIDAY			
2-May-17	25	10,050	6.02	-
3-May-17	26	10,315	5.63	-
<b>April 27, 2017 -May 3, 2017</b>	<b>30</b>	<b>12,794</b>	<b>6.09</b>	<b>5.84</b>
4-May-17	29	17,290	5.34	5.97
5-May-17	26	13,300	5.40	5.88
8-May-17	34	17,820	5.57	-
9-May-17	31	15,330	5.61	-
10-May-17	25	9,775	5.69	-
<b>May 4, 2017 -May 10, 2017</b>	<b>29</b>	<b>14,703</b>	<b>5.52</b>	<b>5.92</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 portrayed mixed performance against major international as well as EAC currencies during the week ending May 11, 2017. The shilling strengthened against the Japanese Yen but weakened marginally against the US Dollar, the Sterling Pound and the Euro. In the

EAC region the shilling strengthened against the Rwanda Franc but weakened against the Uganda shilling, the Tanzania shilling and the Burundi Franc.

**TABLE 3: KENYA SHILLING EXCHANGE RATE**

	USD	Sterling Pound	Euro	100 Japanese Yen	USHS*	TSHS*	RWF*	BIF*
28-Apr-17	103.22	133.52	112.37	92.77	35.31	21.65	8.14	16.41
2-May-17	103.15	133.19	112.44	92.48	35.39	21.69	8.14	16.43
3-May-17	103.10	133.13	112.46	92.43	35.31	21.68	8.00	16.62
4-May-17	103.09	133.14	112.46	91.66	35.21	21.68	8.01	16.62
<b>28 April -4 May 2017</b>	<b>103.14</b>	<b>133.24</b>	<b>112.43</b>	<b>92.34</b>	<b>35.30</b>	<b>21.67</b>	<b>8.07</b>	<b>16.52</b>
5-May-17	103.14	133.06	112.75	91.49	35.19	21.67	8.14	16.43
8-May-17	103.14	133.47	113.14	91.58	35.20	21.67	8.14	16.43
9-May-17	103.18	133.48	112.84	91.46	35.18	21.66	8.14	16.42
10-May-17	103.20	133.66	112.43	90.67	35.13	21.66	8.14	16.43
11-May-17	103.32	133.64	112.29	90.45	35.18	21.63	7.96	16.60
<b>5-11 May 2017</b>	<b>103.19</b>	<b>133.46</b>	<b>112.69</b>	<b>91.13</b>	<b>35.18</b>	<b>21.66</b>	<b>8.11</b>	<b>16.46</b>

*Source: Central Bank of Kenya*

## The Capital Market

The capital markets recorded strong performance across all indicators, in both the equity and bond market segments, during the week ending May 11, 2017.

increased by 30.32 percent, reflecting increased trading activity following the previous short trading week. Shareholder wealth, as measured by market capitalization, increased by 2.3 percent, due to increases in stock prices (Table 4).

## Equity Market

Share prices increased during the week ending May 11, 2017, as indicated by gains in the NASI, NSE 25 and NSE 20 price indices, which increased by 2.27 percent, 1.96 percent and 1.63 percent, respectively. The total number of shares traded increased by 61.83 percent and equity turnover

**TABLE 4: KEY WEEKLY MARKET STATISTICS**

INDICATOR	30-Mar-17	06-Apr-17	12-Apr-17	20-Apr-17	27-Apr-17	04-May-17	11-May-17	Weekly Change (Percent)
NASI 100= 2008	130.43	132.63	134.58	133.78	133.20	134.58	137.64	2.27
NSE 25 Share Index	3,481.32	3,524.12	3,534.60	3,536.93	3,534.00	3,551.26	3,620.80	1.96
NSE 20 Share Index 100= 1996	3,122.51	3,101.19	3,109.78	3,149.33	3,164.00	3,144.38	3,195.70	1.63
Number of Deals	5,074	4,937	4,257	4,136	4,696	4,230	6,068	43.45
Total Shares Traded (Million)	116.38	116.21	66.03	230.34	97.38	82.50	133.51	61.83
Equity Turnover (KSh Million)	2,339.75	2,442.60	1,867.41	4,149.43	2,768.86	2,341.64	3,051.53	30.32
Market Capitalization (KSh Billion)	1,893.11	1,925.17	1,953.85	1,942.49	1,934.61	1,954.12	1,999.00	2.30
I-REIT Turnover in (KSh Million)	3.43	0.79	0.30	0.05	0.43	0.33	0.66	98.39
I-REIT in Units - Total Deals	19.00	30.00	17.00	4.00	12.00	21.00	28.00	33.33
Bonds Turnover (KSh Million)	15,127.23	8,183.45	4,405.05	3,977.40	10,647.71	8,706.15	13,791.38	58.41
FTSE NSE Kenya 15 Index	161.43	164.38	162.89	164.59	164.10	165.27	169.10	2.32
FTSE NSE Kenya 25 Index	164.02	167.43	167.21	168.76	168.20	170.11	174.07	2.33
FTSE NSE Bond Index	89.73	89.71	89.84	89.84	89.90	89.96	89.98	0.02
ETF Turnover(KSh Million)						0.12	-	-100.00
ETF -Total Deals						1.00	-	-100.00

*Source: Nairobi Securities Exchange*

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

Performance of FTSE<sup>1</sup> NSE Kenya 15 Index and FTSE NSE Kenya 25 Index, which measure performance of 15 largest companies by market capitalization and 25 most liquid stocks at the Nairobi Securities Exchange (NSE), increased in the period under review, rising by 2.32 and 2.33 percent, respectively.

The Telecommunication & Technology and Banking sectors dominated trading, accounting for 49.17 and 30.25 percent, respectively, of the total shares traded during the period under review.

Turnover in the real estate market segment, Income-Real Estate Investment Trust (I-REIT<sup>2</sup>) increased by 98.39 percent, with number of deals increasing

by 33.33 percent over the week ending May 11, 2017, signalling increased investor appetite for asset-backed securities.

### Bond Market

Bond turnover increased by 167.71 percent, largely due to continued secondary trading of the M-Akiba mobile Government bond. The number of bond deals increased from 114 to 204 in the week ending April 27, 2017. The FTSE Bond Index increased marginally by seven basis points.

<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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**TABLE 5: PERFORMANCE OF GOVERNMENT SECURITIES**

<b>91-Day Treasury Bills</b>					
Date of Auction	23-Mar-17	30-Mar-17	27-Apr-17	04-May-17	11-May-17
Amount offered (Ksh M)	10,000.0	10,000.0	10,000.0	4,000.0	4,000.0
Bids received (Ksh M)	8,806.8	11,223.1	12,373.5	11,828.9	11,942.9
Amount Accepted (Ksh M)	2,158.4	7,084.8	11,239.8	3,602.9	6,705.5
Maturities (Ksh M)	3,750.1	1,393.8	5,657.4	1,381.9	1,532.8
Average interest Rate (%) - 91 Days	8.7	8.8	8.8	8.8	8.7
<b>182-Day Treasury Bills</b>					
Date of Auction	22-Mar-17	29-Mar-17	26-Apr-17	03-May-17	10-May-17
Amount offered (Ksh M)				10,000.0	10,000.0
Bids received (Ksh M)				25,376.5	19,616.9
Amount Accepted (Ksh M)				20,401.7	12,516.9
Maturities (Ksh M)				6,660.0	6,932.5
Average interest Rate (%) - 182 days				10.5	10.4
<b>364-Day Treasury Bills</b>					
Date of Auction	22-Mar-17	29-Mar-17	26-Apr-17	03-May-17	10-May-17
Amount offered (Ksh M)	10,000.0	10,000.0	10,000.0	10,000.0	10,000.0
Bids received (Ksh M)	20,305.3	13,275.7	8,245.6	9,892.6	10,754.8
Amount Accepted (Ksh M)	15,444.6	9,287.4	7,987.5	8,879.0	10,546.7
Maturities (Ksh M)	13,918.9	4,883.3	8,932.5	6,846.0	6,665.8
Average interest Rate (%) - 364 days	10.9	10.9	10.9	10.9	10.9
<b>Treasury Bonds</b>					
Date of Auction	29-Mar-17		27-Apr-17		
Tenor	FXD 2/2014/5	FXD 3/2013/5	FXD1/2009/11		
Amount offered (Ksh M)	15,000.0		7,000.0		
Bids received (Ksh M)	14,463.7	12,109.4	6,143.05		
Amount Accepted (Ksh M)	7,582.7	7,842.8	4,009.60		
Maturities (Ksh M)	0.0		0		
Average interest Rate (%)	11.817	12.404	12.0		

Source: Central Bank of Kenya

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

	27-Jan-17	24-Feb-17	24-Mar-17	31-Mar-17	21-Apr-17	28-Apr-17	05-May-17
1. Treasury Bills (Excluding Repos)	598.48	607.90	619.59	615.77	619.53	626.90	624.90
(As % of total securities)	<b>32.36</b>	<b>33.21</b>	<b>33.37</b>	<b>32.69</b>	<b>32.55</b>	<b>32.25</b>	<b>32.06</b>
2. Treasury Bonds	1,250.70	1,222.61	1,236.94	1,268.16	1,283.76	1,317.02	1,324.29
(As % of total securities)	<b>67.64</b>	<b>66.79</b>	<b>66.63</b>	<b>67.31</b>	<b>67.45</b>	<b>67.75</b>	<b>67.94</b>
<b>3. Total Securities (1+2)</b>	<b>1,849.17</b>	<b>1,830.51</b>	<b>1,856.52</b>	<b>1,883.93</b>	<b>1,903.29</b>	<b>1,943.92</b>	<b>1,949.18</b>
4. Overdraft at Central Bank	13.58	25.13	21.20	30.27	25.87	-	2.68
5. Other Domestic debt*	32.10	30.97	31.05	31.06	30.75	30.75	30.76
<b>6. Gross Domestic Debt (3+4+5)</b>	<b>1,894.85</b>	<b>1,886.61</b>	<b>1,908.77</b>	<b>1,945.25</b>	<b>1,959.90</b>	<b>1,974.67</b>	<b>1,982.62</b>

\* 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

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

	27-Jan-17	24-Feb-17	24-Mar-17	31-Mar-17	21-Apr-17	28-Apr-17	05-May-17
Treasury bills (Excluding Repos)	31.6	32.2	32.5	31.7	31.6	31.7	31.5
Treasury bonds	66.0	64.8	64.8	65.2	65.5	66.7	66.8
CBK Overdraft to Govt	0.7	1.3	1.1	1.6	1.3	0.0	0.1
Other domestic debt	1.7	1.6	1.6	1.6	1.6	1.6	1.6
<b>TOTAL</b>	<b>100.0</b>	<b>100.0</b>	<b>100.0</b>	<b>100.0</b>	<b>100.0</b>	<b>100.0</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	24-Mar-17	31-Mar-17	21-Apr-17	28-Apr-17	05-May-17
Banking Institutions	51.6	51.0	51.2	54.1	54.9	55.1	55.2
Insurance Companies	7.5	7.5	7.5	7.1	7.0	7.0	7.0
Parastatals	5.7	5.8	6.1	6.5	6.5	6.5	6.5
Pension funds	28.6	29.0	28.8	28.2	27.8	27.5	27.5
<b>Other investors</b>	<b>6.7</b>	<b>6.7</b>	<b>6.4</b>	<b>4.0</b>	<b>3.9</b>	<b>3.9</b>	<b>3.9</b>
<b>Total</b>	<b>100.0</b>	<b>100.0</b>	<b>100.0</b>	<b>100.0</b>	<b>100.0</b>	<b>100.0</b>	<b>100.0</b>

Source: Central Bank of Kenya

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

	09-Mar-17	16-Mar-17	23-Mar-17	30-Mar-17	06-Apr-17	13-Apr-17	20-Apr-17	27-Apr-17	04-May-17	11-May-17
1. CBK Usable Foreign Exchange Reserves (USD Million)*	7,027	6,973	7,777	7,731	8,015	7,957	7,959	8,309	8,299	8,251
2. CBK Usable Foreign Exchange Reserves (Months of Import Cover)**	4.64	4.61	5.14	5.11	5.30	5.26	5.26	5.49	5.48	5.45

\*Excludes Encumbered Reserves

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

Source: Central Bank of Kenya