



Central Bank of Kenya

Weekly Bulletin

June 21, 2019

KEY MONETARY AND FINANCIAL INDICATORS

Exchange Rate

The Kenya Shilling remained stable against major international and regional currencies during the week ending June 20. It exchanged at KSh 101.90 per US Dollar on June 20, compared to KSh 101.39 on June 13 (Table 1).

Foreign Exchange Reserves

The CBK usable foreign exchange reserves remained adequate at USD 9,153 million (5.8 months of import cover) as at June 20. This meets the statutory requirement of maintaining at least 4 months of import cover, and the EAC region's convergence criteria of 4.5 months of import cover (Table 2).

Remittances

The remittance inflows remained strong in May 2019 amounting to USD 243 million compared to USD 245 million in April. The 12-month cumulative inflows to May 2019 increased to USD 2,739 million from USD 2,327 million in the 12 months to May 2018, reflecting 17.7 percent growth (Chart 1). North America, Europe and the Rest of the World accounted for 49 percent, 21 percent and 30 percent, respectively, of the remittances in May 2019.

Money Market

The money market was liquid during the week ending June 20, supported by government payments. Commercial banks' excess reserves stood at KSh 20 billion in relation to the 5.25 percent cash reserves requirement (CRR). The average interbank rate declined to 2.89 percent on June 20 from 3.31 percent on June 13. The average number of interbank deals increased to 20 from 13 the previous week, while the value traded increased to KSh 12.96 billion from KSh 3.48 billion in the previous week (Table 3).

Government Securities Market

The Treasury bills auctions of June 20 received bids totaling KSh 56.8 billion against an advertised amount of KSh 24.0 billion, representing a performance of 236.7 percent. Interest rates on all Treasury bill tenures declined during the week (Table 4).

Equity Market

Total number of shares traded at the NSE during the week ending June 20 increased by 0.11 percent. However, all other market indicators declined with NASI, NSE 25 and NSE 20 share price indices falling by 1.90 percent, 1.95 percent and 2.58 percent, respectively. In addition, market capitalization and total equity turnover declined by 1.25 percent and 11.33 percent, respectively (Table 6).

Bonds Market

The volume of bonds traded in the domestic secondary market rose by 10.66 percent during the week ending June 20. In the international market, yields of Kenya's 7-year, 10-year (2024), 10-Year (2028), 12-Year and 30-Year Eurobonds declined by 35.50, 60.00, 62.90, 56.90 and 60.20 basis points, respectively (Table 6). The yields of 10-year Eurobonds for Ghana and Angola also declined (Chart 2).

Global Trends

Global uncertainties remained amidst escalating tensions between the US and Iran, and emerging political developments in the UK. The uncertainties were also reaffirmed by the outcomes of central bank policy meetings that showed expectations of rate cuts in the near term. Key drivers of sentiments included the Federal Open Market Committee (FOMC) meeting of June 19, which signaled rate cuts and communication from the central banks in Brazil, Indonesia and Australia, that indicated potential rate cuts. On a positive note, China-US trade negotiations were expected to resume in the week of June 24, ahead of the G-20 summit in Japan.

International oil prices increased slightly during the week ending June 20, reflecting declining US crude oil inventories and tensions in the Middle East. Murban oil price increased to USD 63.24 per barrel on June 20 from USD 61.46 per barrel on June 13.

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

	USD	Sterling Pound	Euro	100 Japanese Yen	USHS*	TSHS*	RWF*	BIF*
7-Jun-19	101.30	128.60	114.01	93.41	37.24	22.69	8.98	18.12
10-Jun-19	101.21	128.76	114.38	93.65	37.20	22.71	8.98	18.38
11-Jun-19	101.28	128.46	114.53	93.27	37.18	22.69	8.98	18.12
12-Jun-19	101.38	129.03	114.76	93.56	36.99	22.67	8.97	18.11
13-Jun-19	101.39	129.10	114.76	93.58	36.94	22.67	8.83	18.14
June 7-13	101.31	128.79	114.49	93.49	37.11	22.68	8.95	18.17
14-Jun-19	101.55	128.89	114.57	93.61	36.88	22.65	8.96	18.08
17-Jun-19	101.82	128.60	114.51	93.96	36.80	22.59	8.94	18.03
18-Jun-19	102.00	128.42	114.61	93.98	36.62	22.53	8.93	17.99
19-Jun-19	102.02	127.79	114.27	94.17	36.61	22.54	8.93	18.00
20-Jun-19	101.90	128.28	114.19	93.97	36.36	22.59	8.94	18.02
June 14-20	101.86	128.40	114.43	93.94	36.65	22.58	8.94	18.02

* Units of currency per Kenya Shilling

Source: Central Bank of Kenya

Table 2: Official Usable Foreign Exchange Reserves

	16-May-19	23-May-19	30-May-19	6-Jun-19	13-Jun-19	20-Jun-19
1. CBK Usable Foreign Exchange Reserves (USD Million)	8,009	7,981	10,062	10,065	10,083	9,153
2. CBK Usable Foreign Exchange Reserves (Months of Import Cover)*	5.15	5.08	6.40	6.40	6.41	5.82

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

Source: Central Bank of Kenya

Table 3: Money Market

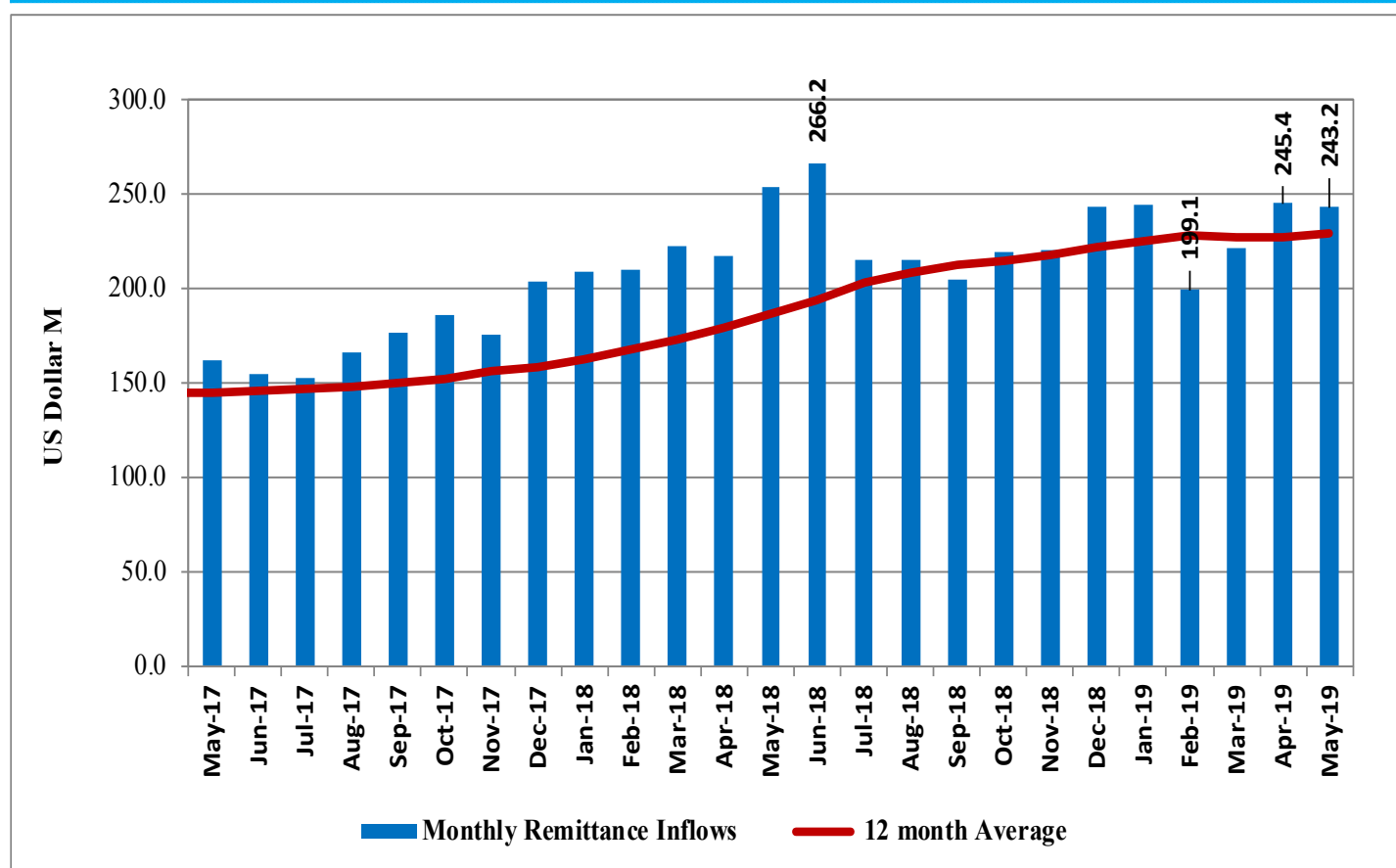
Date	Number of Deals	Value (KSh M)	Average Interbank Rate (%)
7-Jun-19	10	1,200	4.38
10-Jun-19	15	5,900	3.69
11-Jun-19	15	4,630	3.03
12-Jun-19	12	2,930	3.26
13-Jun-19	14	2,750	3.31
June 7-13	13	3,482	3.53
14-Jun-19	18	5,770	2.75
17-Jun-19	18	14,020	3.05
18-Jun-19	21	12,435	3.02
19-Jun-19	22	17,125	2.93
20-Jun-19	23	15,450	2.89
June 14-20	20	12,960	3.53

Source: Central Bank of Kenya

Table 4: Performance of Treasury Bills Auctions

91-Day Treasury Bills					
Date of Auction	28-Mar-19	25-Apr-19	30-May-19	13-Jun-19	20-Jun-19
Amount offered (Ksh M)	4,000.00	4,000.00	4,000.00	4,000.00	4,000.00
Bids received (Ksh M)	6,693.92	7,454.68	2,334.49	1,067.06	6,448.30
Amount Accepted (Ksh M)	966.23	7,454.68	2,334.39	1,067.06	2,379.42
Maturities (Ksh M)	1,044.15	5,024.95	2,927.95	3,107.80	2,782.10
Average interest Rate (%)	7.500	7.298	6.995	6.895	6.814
182-Day Treasury Bills					
Amount offered (Ksh M)	10,000.00	10,000.00	10,000.00	10,000.00	10,000.00
Bids received (Ksh M)	7,343.75	14,193.85	2,465.66	2,851.11	6,399.13
Amount Accepted (Ksh M)	5,908.18	14,120.79	2,462.80	2,851.11	1,184.49
Maturities (Ksh M)	5,245.70	3,129.85	4,516.50	1,663.85	4,336.00
Average interest Rate (%)	8.204	8.006	7.651	7.723	7.578
364-Day Treasury Bills					
Amount offered (Ksh M)	10,000.00	10,000.00	10,000.00	10,000.00	10,000.00
Bids received (Ksh M)	30,046.91	5,657.52	26,261.69	27,418.49	43,970.20
Amount Accepted (Ksh M)	23,655.49	4,466.63	23,511.75	7,082.00	6,341.38
Maturities (Ksh M)	6,923.80	10,080.10	9,351.95	11,940.30	31,331.35
Average interest Rate (%)	9.408	9.315	9.311	9.263	9.050

Source: Central Bank of Kenya

Chart 1: Monthly Remittance Inflows (USD Million)

Source: Central Bank of Kenya

Table 5: Performance of Treasury Bonds Auctions

Date of Auction	20-Mar-19	10-Apr-19		8-May-19		13-Jun-19	
						REOPEN	
Tenor	IFB 1/2019/25	FXD 2/2019/10	FXD 1/ 2019/20	FXD 2/2019/5	FXD 2/ 2019/15	FXD 1/2012/15	FXD 1/ 2018/15
Amount offered (Ksh M)	50,000.00	50,000.00		50,000.00		40,000.00	
Bids received (Ksh M)	29,376.22	85,615.54		70,841.20		85,615.66	
Amount Accepted (Ksh M)	16,303.06	51,326.72	9,022.76	39,210.55	19,316.16	21,211.35	17,727.97
Maturities (Ksh M)	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Average interest Rate (%)	12.66	12.30	12.87	10.87	12.73	11.59	12.46

Source: Central Bank of Kenya

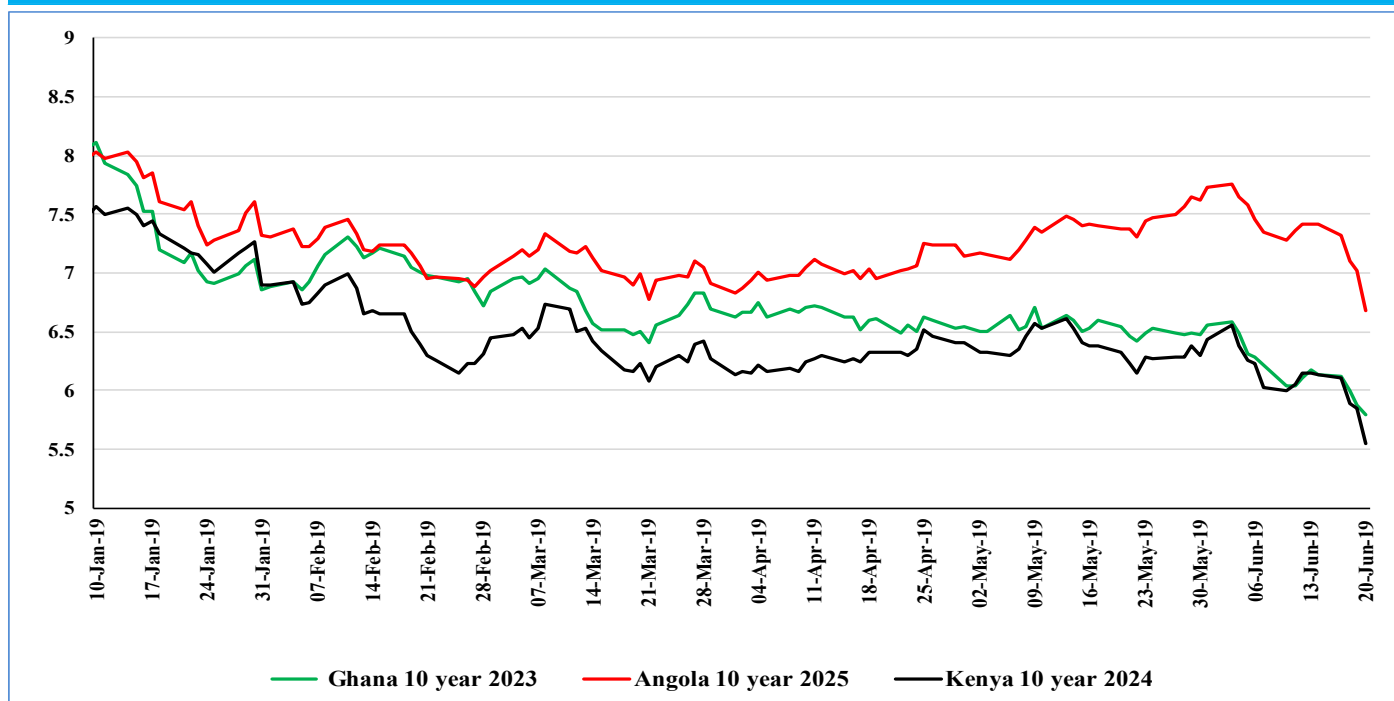
Table 6: Key Weekly Market Indicators

INDICATOR	NASI 100=2008	NSE 25 Share Index	NSE 20 Share Index 100=1996	Total Deals (Equity)	Total Shares Traded (Million)	Equity Turnover (KSh Million)	Market Capitalization (KSh Billion)	Bonds Turnover (KSh Million)	5-Year Euro-bond Yield (%)	7-Year Euro-bond Yield (%)	10-Year Euro-bond Yield (%) - 2024	10-Year Euro-bond Yield (%) - 2028	12-Year Euro-bond Yield (%)	30-Year Euro-bond Yield (%)
7-Jun-19	150.47	3649.06	2700.46	936	9.00	154.00	2,276.66	4,721.68	5.719	6.860	6.029	7.326	7.326	8.470
10-Jun-19	150.04	3641.86	2691.46	872	5.09	121.02	2,270.13	2,689.97	6.011	6.817	6.000	7.208	7.208	8.422
11-Jun-19	150.22	3633.43	2683.67	1,054	12.04	370.10	2,272.84	3,990.16	5.079	6.888	6.057	7.326	7.326	8.470
12-Jun-19	150.46	3640.53	2700.35	1,092	37.29	1,679.80	2,276.50	3,108.90	5.015	6.957	6.142	7.425	7.425	8.518
13-Jun-19	150.44	3646.40	2720.97	1,007	36.03	1,084.60	2,276.18	2,100.60	5.015	6.972	6.143	7.452	7.452	8.572
June 7 - 13	150.44	3646.40	2720.97	4,961.00	99.44	3,409.52	2,276.18	16,611.31	5.015	6.972	6.143	7.452	7.452	8.572
14-Jun-19	150.12	3638.0	2706.8	890	12.05	490.93	2,271.32	1,560.53	5.015	6.982	6.136	7.445	7.445	8.547
17-Jun-19	148.47	3599.3	2683.7	976	24.07	669.58	2,260.77	3,388.14	5.015	6.954	6.110	7.375	7.375	8.530
18-Jun-19	148.50	3598.4	2670.2	1,073	17.68	488.30	2,261.69	3,710.60	5.015	6.813	5.883	7.208	7.208	8.340
19-Jun-19	147.53	3583.5	2658.9	1,053	26.72	748.79	2,246.84	3,936.25	5.015	6.668	5.853	7.071	7.071	8.214
20-Jun-19	147.58	3575.4	2650.7	954	19.02	625.60	2,247.73	5,785.80	5.015	6.617	5.628	6.830	6.823	7.981
June 14-20	147.58	3575.43	2650.69	4,946.00	99.55	3,023.20	2,247.73	18,381.32	5.015	6.617	5.628	6.830	6.823	7.981
Weekly Changes (%)	-1.90	-1.95	-2.58	-0.30	0.11	-11.33	-1.25	10.66	0.000	-0.355*	-0.600*	-0.629*	-0.569*	-0.602*

*Percentage points, ** Matures on June 24, 2019, thus closed from trading, *** Yields from Bloomberg

Source: Nairobi Securities Exchange, Thompson Reuters and Central Bank of Kenya

Chart 2: Yields on 10 year Eurobonds for Selected African Countries



Source: Thomson Reuters

Table 7: Government Domestic Debt (KSh Billion)

	28-Sep-18	28-Dec-18	29-Mar-19	26-Apr-19	31-May-19	14-Jun-19
1. Treasury Bills (Excluding Repos)	867.51	904.10	949.66	994.76	965.63	987.19
<i>(As % of total securities)</i>	37.14	36.90	36.04	37.01	35.61	36.11
2. Treasury Bonds	1,468.50	1,546.29	1,685.66	1,692.89	1,746.21	1,746.40
<i>(As % of total securities)</i>	62.86	63.10	63.96	62.99	64.39	63.89
3. Total Securities (1+2)	2,336.00	2,450.39	2,635.31	2,687.65	2,711.84	2,733.59
4. Overdraft at Central Bank	36.29	45.86	36.90	14.44	35.97	21.73
5. Other Domestic debt*	168.54	31.61	26.88	26.88	31.45	25.27
6. Gross Domestic Debt (3+4+5)	2,540.83	2,527.86	2,699.09	2,728.97	2,779.26	2,780.59

* 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)

	28-Sep-18	28-Dec-18	29-Mar-19	26-Apr-19	31-May-19	14-Jun-19
Treasury bills (Excluding Repos)	34.14	35.77	35.12	36.45	34.74	35.50
Treasury bonds	57.80	61.17	62.34	62.03	62.83	62.81
CBK Overdraft to Government	1.43	1.81	1.36	0.53	1.29	0.78
Other domestic debt	6.63	1.25	1.18	0.99	1.13	0.91
TOTAL	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)

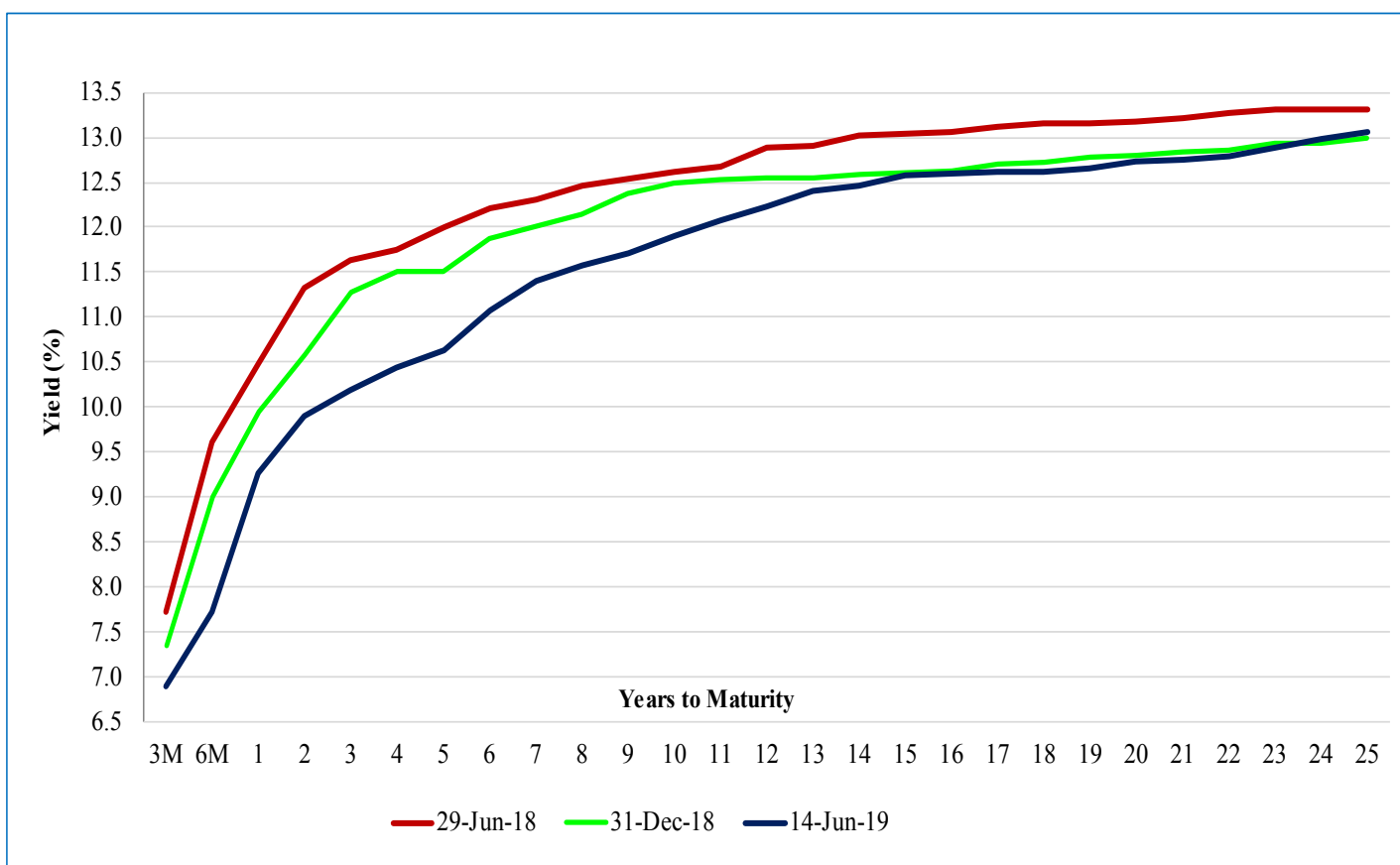
	28-Sep-18	28-Dec-18	29-Mar-19	26-Apr-19	31-May-19	14-Jun-19
Banking Institutions	54.97	54.53	54.88	52.50	54.22	54.32
Insurance Companies	6.07	6.06	6.16	6.50	6.18	6.17
Parastatals	7.32	7.25	7.10	7.11	7.08	7.06
Pension funds	27.12	27.59	27.49	27.49	28.22	28.14
Other investors	4.52	4.57	4.37	6.41	4.30	4.30
Total	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-18	Sep-18	Dec-18	Jan-19	Feb-19	Mar-19
Domestic debt (KSh Billion)	2,478.84	2,540.70	2,548.77	2,604.19	2,691.61	2,699.09
Public & Publicly Guaranteed External debt (US \$ Billion)	25.34	25.81	26.74	27.05	27.05	27.01
Public & Publicly Guaranteed External debt (KSh Billion)	2,560.20	2,605.33	2,723.73	2,729.48	2,707.29	2,721.60
Total public debt (KSh Billion)	5,039.03	5,146.04	5,272.50	5,333.67	5,398.90	5,420.68

Source: National Treasury and Central Bank of Kenya

Chart 3: Kenya Government Securities Yield Curve

Source: Nairobi Securities Exchange (NSE)