



Central Bank of Kenya

Weekly Statistical Bulletin

Key Monetary and Financial Indicators

August 18, 2017

The money market was liquid during the week ending August 16, 2017, largely supported by Central Bank's open market operations and net flows from government securities. The weighted average interbank rate decreased to 9.35 percent in the week ending August 16, 2017 from 10.45 percent recorded in the previous week.

Monetary Policy Operations

Liquidity in the money market increased during the week ending August 16, 2017, supported by net repo maturities and government payments. The Central Bank's open market operations resulted in a net liquidity injection of KSh 6.5 billion (**Table 1**).

Commercial banks' excess reserves above 5.25 percent averaging requirement increased to KSh 19.0 billion during the week ending August 16, 2017 largely reflecting build up of reserves towards the end of Cash Reserve Ratio cycle ending on August 14, 2017 (**Chart A**).

Activity in the Interbank Market

The weighted average interbank rate decreased to 9.35 percent in the week ending August 16, 2017 from 10.45 percent recorded in the previous week. The volumes transacted ranged from KSh 8.1 billion to KSh 30.4 billion during the week, giving an average of KSh 19.3 billion compared to an average of KSh 29.1 billion the previous week. The number of deals stood at 31 during the week compared to 46 deals transacted the previous week (**Table 2 and Chart B**).

Kenya Shilling Exchange Rate

The Kenya Shilling exchange rate had mixed performance against major international and regional currencies during the week ending August 17, 2017. The Shilling appreciated against the US Dollar, the Sterling Pound and the Euro but weakened against the Japanese Yen. The appreciation of the Shilling follows positive

sentiments after the peaceful general elections. In the EAC region, the Kenya Shilling strengthened against the Tanzania Shilling and the Burundi Franc; weakened against the Uganda Shilling and remained broadly stable against the Rwanda Franc (**Table 3**).

The Capital Market

The capital markets recorded strong performance in the week ending August 17, 2017, reflecting investor confidence following peaceful elections.

Equity Market

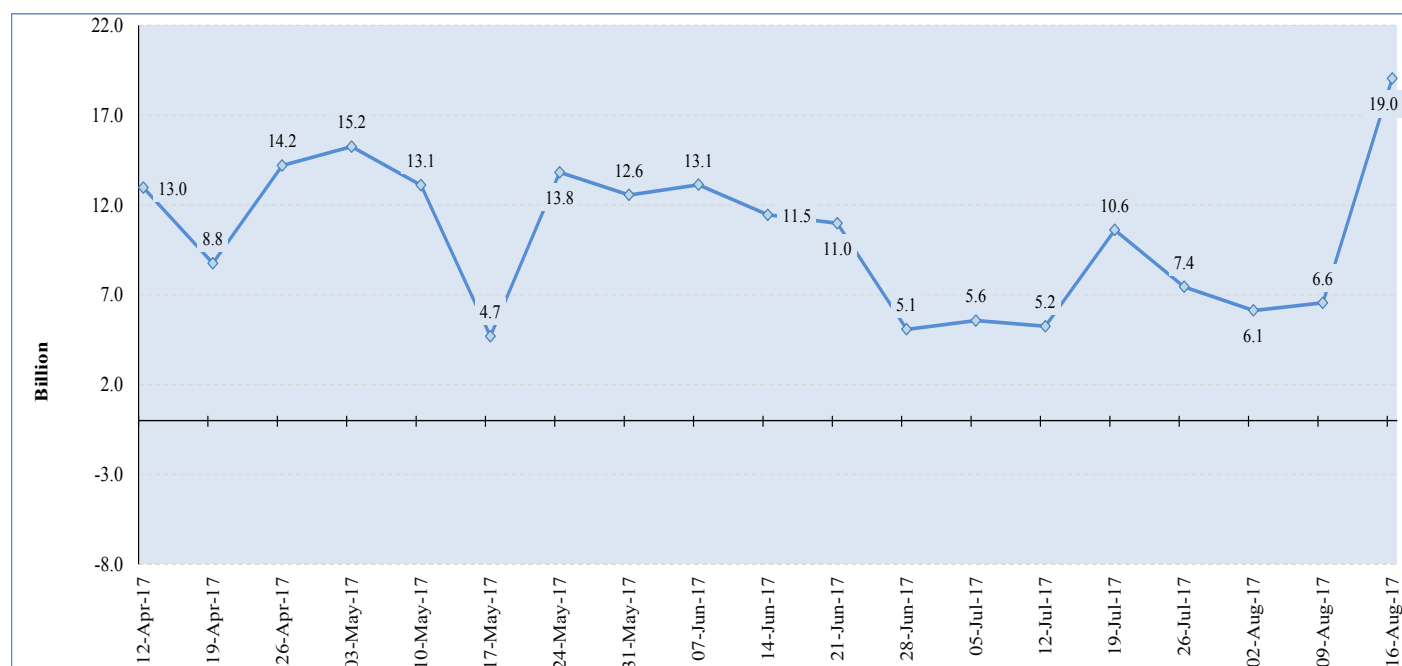
The equities market gained across all leading indicators, with just one indicator declining. This reflects investor confidence following the peaceful elections. Shareholders' wealth gained KSh 69 billion in the week or 2.9 per cent increase in market capitalization. Supply of shares was strong at 236.7 percent increase, pushing up the equity turnover by 203.8 percent (**Table 4**).

Bond Market and Eurobond Yields

The volume of bonds traded increased by 52.2 percent over the week ending August 17, 2017, with corresponding deals at 125 from previous week's 88 deals on account of increased trading days. Kenya's 5-year and 10-year Eurobonds trading yields declined by 8 percentage points and 19 percentage points to close the week ending August 17, 2017 at 4.09 percent and 6.09 percent, respectively. This reflects favourable investor sentiments in international markets following the concluded peaceful elections.

LIST OF TABLES AND CHARTS

Chart A: Commercial Banks Excess Reserves



Source: Central Bank of Kenya

Table 1: Liquidity Flows and Open Market Operations (Ksh billion)

	10-Aug-17	11-Aug-17	14-Aug-17	15-Aug-17	16-Aug-17	Total
Liquidity Flows						
Total liquidity injection ^{\1}	10.8	4.5	42.2	13.2	3.8	74.4
Repos Maturities	0.0	0.0	0.0	0.0	0.0	0.0
Reverse Repo Purchases	10.0	2.2	0.3	8.9	2.3	23.7
Term Auction Deposit maturities	0.0	0.0	10.0	2.5	0.0	12.5
T/bills redemptions	0.0	0.0	28.3	0.0	0.0	28.3
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	0.9	0.0	0.0	0.9
T/bonds rediscounts	0.0	0.0	0.0	0.0	0.0	0.0
Govt payments	0.8	2.2	2.7	1.7	1.5	9.0
Total liquidity reduction ^{\1}	8.6	4.1	41.7	9.5	3.9	67.8
T/bills (Primary issues)	0.0	0.0	18.5	0.0	0.0	18.5
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	0.0	0.0	0.0	0.0	0.0	0.0
Reverse Repos maturities	0.0	0.0	10.1	8.6	2.3	21.0
Term Auction Deposit	0.0	0.0	10.0	0.0	0.0	10.0
Transfer from Banks -Taxes	6.3	2.3	3.0	0.9	1.7	14.2
Net liquidity injection (+)/Withdrawal (-)	2.1	0.4	0.5	3.7	-0.1	6.5
Open Market Operations Outcome						
Posted Amount	-	-	10.0	-	-	10.0
Realised Amount - Mop up	0.0	0.0	10.0	0.0	0.0	10.0
Repo (-)	-	-	-	-	-	0.0
Term Auction Deposits (-)	-	-	10.0	-	-	10.0
Reserve Money Position						
Reserve money (actual)	435.0	434.8	436.4	439.5	438.3	

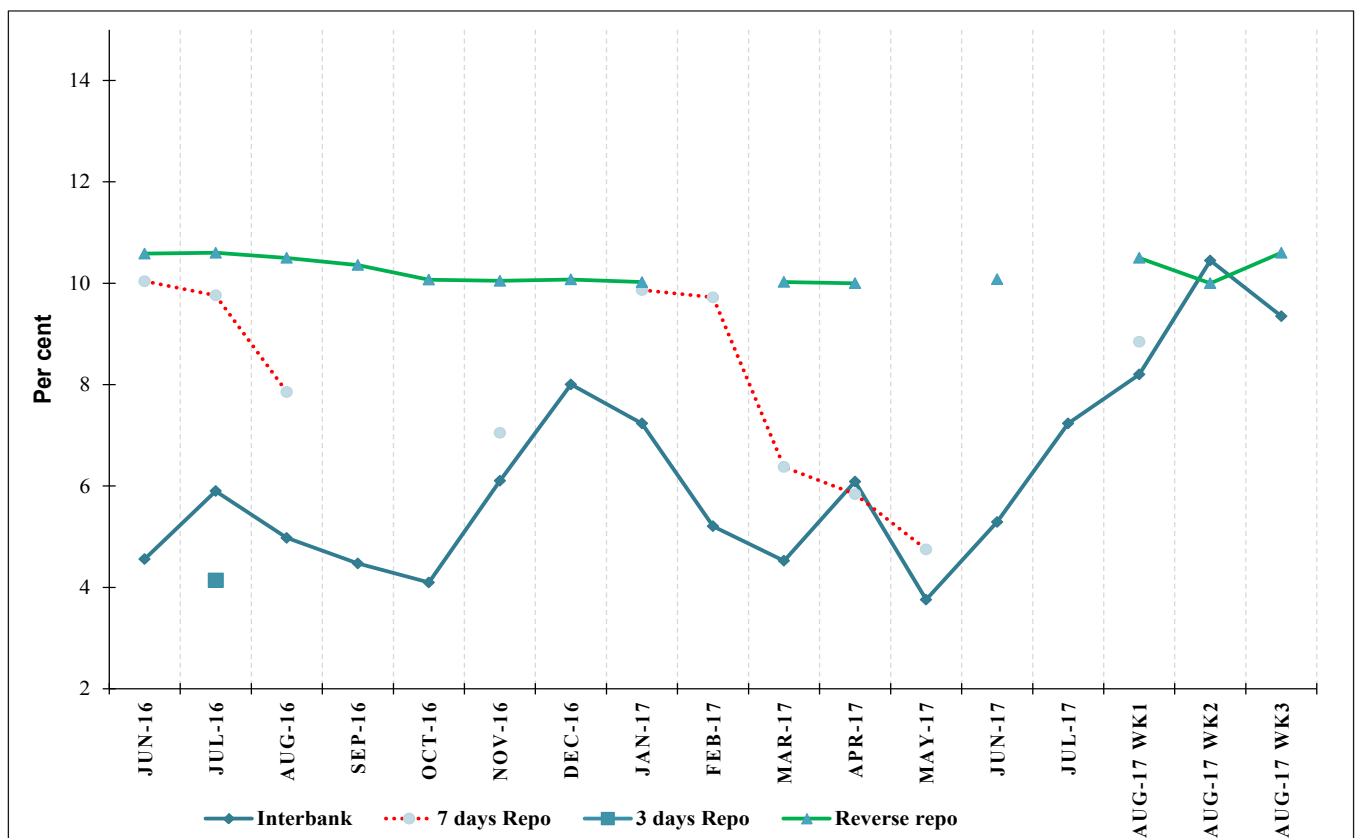
^{\1} Only main transactions increasing or reducing liquidity are included.

Source: Central Bank of Kenya

Table 2: Open Market Operations (KSh Million)

Date	Number of Deals	Value (KSh M)	Average Interbank Rate (%)	Reverse Repo Rate (%)
3-Aug-17	50	28,685	9.93	-
4-Aug-17	57	33,220	10.51	-
7-Aug-17	41	28,425	10.58	-
9-Aug-17	37	26,160	10.76	10.00
Aug 03, 2017-Aug 09, 2017	46	29,123	10.45	10.00
10-Aug-17	45	30,445	10.81	11.15
11-Aug-17	36	20,250	10.40	11.17
14-Aug-17	18	8,050	8.94	
15-Aug-17	27	20,100	8.86	10.03
16-Aug-17	28	17,800	7.73	10.06
Aug 10, 2017-Aug 16, 2017	31	19,329	9.35	10.60

Source: Central Bank of Kenya

Chart B: Structure of Interest Rates

Source: Central Bank of Kenya

Table 3: Kenya Shilling Exchange Rate

	USD	Sterling Pound	Euro	100 Japanese Yen	USHS*	TSHS*	RWF*	BIF*
4-Aug-17	103.87	136.28	123.01	94.04	34.80	21.55	7.97	16.71
7-Aug-17	103.89	135.86	122.94	93.90	34.81	21.54	8.00	16.71
9-Aug-17	103.90	135.24	122.47	94.49	34.79	21.55	7.97	16.72
10-Aug-17	103.90	134.85	121.90	94.45	34.74	21.54	7.97	16.72
4 - 10 August 2017	103.89	135.56	122.58	94.22	34.79	21.54	7.98	16.72
11-Aug-17	103.90	134.91	122.00	95.36	34.75	21.55	7.97	16.72
14-Aug-17	103.87	134.84	122.28	95.05	34.71	21.56	7.98	16.73
15-Aug-17	103.76	134.59	122.39	94.60	34.74	21.58	7.99	16.75
16-Aug-17	103.75	133.48	121.56	93.73	34.75	21.57	7.99	16.75
17-Aug-17	103.70	133.36	121.32	93.56	34.65	21.59	7.99	16.77
11-17 August 2017	103.79	134.24	121.91	94.46	34.72	21.57	7.98	16.75

* Units of currency per Kenya Shilling

Source: Central Bank of Kenya

Table 4: Key Weekly Market Statistics

INDICATOR	29-Jun-17	7-Jul-17	13-Jul-17	20-Jul-17	27-Jul-17	3-Aug-17	10-Aug-17	17-Aug-17	Weekly Change (%)
NASI 100= 2008	153.22	151.50	152.99	154.30	158.40	158.90	162.00	166.08	2.52
NSE 25 Share Index	4,069.38	3,998.00	4,038.39	4,107.00	4,215.46	4,235.00	4,328.42	4,045.89	-6.53
NSE 20 Share Index 100= 1996	3,596.56	3,581.00	3,659.28	3,683.00	3,764.74	3,774.00	3,903.29	4,457.05	14.19
Number of Deals	4,948.00	6,232.00	5,958.00	6,811.00	5,576.00	7,068.00	3,657.00	9,508.00	159.99
Total Shares Traded (Million)	96.88	176.67	296.29	174.07	146.91	215.99	55.87	188.13	236.72
Equity Turnover (KSh Million)	1,676.56	5,285.45	6,458.15	4,353.84	4,030.47	5,384.87	1,585.53	4,817.58	203.85
Market Capitalization (KSh Billion)	2,225.64	2,201.00	2,236.24	2,255.51	2,315.43	2,328.66	2,364.42	2,433.42	2.92
Bonds Turnover (KSh Million)	12,684.80	11,303.78	12,624.13	6,037.61	5,197.72	4,354.16	3,717.46	5,658.65	52.22
5-Year Eurobond Yield (%)	4.40	4.99	4.91	4.84	4.48	4.40	4.17	4.09	(0.08)*
10-Year Eurobond Yield (%)	6.43	7.09	6.87	6.81	6.47	6.55	6.28	6.09	(0.19)*

* Percentage points

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

Table 5 A: Performance of Government Securities

TREASURY BILLS								
91-Day Treasury Bills								
Date of Auction	29-Jun-17	6-Jul-17	13-Jul-17	20-Jul-17	27-Jul-17	3-Aug-17	10-Aug-17	17-Aug-17
Amount offered (Ksh M)	4,000.00	4,000.00	4,000.00	4,000.00	4,000.00	4,000.00	4,000.00	4,000.00
Bids received (Ksh M)	2,307.78	4,245.92	2,241.25	2,224.60	964.01	9,724.34	1,167.78	3,780.51
Amount Accepted (Ksh M)	2,307.78	4,215.51	2,241.16	2,224.60	857.46	1,474.52	1,167.78	3,780.41
Maturities (Ksh M)	7,201.70	11,574.20	8,879.35	6,835.20	11,427.00	3,655.30	6,829.30	2,268.60
Average interest Rate (%) - 91 Days	8.28	8.22	8.21	8.21	8.20	8.20	8.20	8.15
182-Day Treasury Bills								
Date of Auction	30-Jun-17	8-Jul-17	15-Jul-17	22-Jul-17	29-Jul-17	5-Aug-17	12-Aug-17	19-Aug-17
Amount offered (Ksh M)	10,000.00	10,000.00	10,000.00	10,000.00	10,000.00	10,000.00	10,000.00	10,000.00
Bids received (Ksh M)	10,064.50	15,258.51	4,190.65	4,004.42	4,751.78	15,082.94	9,509.28	18,894.82
Amount Accepted (Ksh M)	9,713.05	14,768.06	4,070.86	3,054.54	4,416.32	4,541.27	9,433.22	18,400.69
Maturities (Ksh M)	1,199.70	2,034.40	1,619.55	5,845.20	2,297.80	15,876.50	16,298.75	16,280.10
Average interest Rate (%) - 182 days	10.33	10.31	10.32	10.31	10.32	10.32	10.32	10.32
364-Day Treasury Bills								
Date of Auction	30-Jun-17	8-Jul-17	15-Jul-17	22-Jul-17	29-Jul-17	5-Aug-17	12-Aug-17	19-Aug-17
Amount offered (Ksh M)	10,000.00	10,000.00	10,000.00	10,000.00	10,000.00	10,000.00	10,000.00	10,000.00
Bids received (Ksh M)	5,174.05	8,418.59	1,623.54	1,290.26	9,780.73	3,432.04	7,921.26	12,086.62
Amount Accepted (Ksh M)	5,053.19	5,918.12	1,527.56	1,228.56	9,366.10	3,155.54	7,921.26	11,618.02
Maturities (Ksh M)	1,454.50	1,202.00	7,355.00	3,647.80	6,827.91	6,793.65	5,125.55	5,842.45
Average interest Rate (%) - 364 days	10.90	10.89	10.89	10.89	10.89	10.89	10.91	10.91

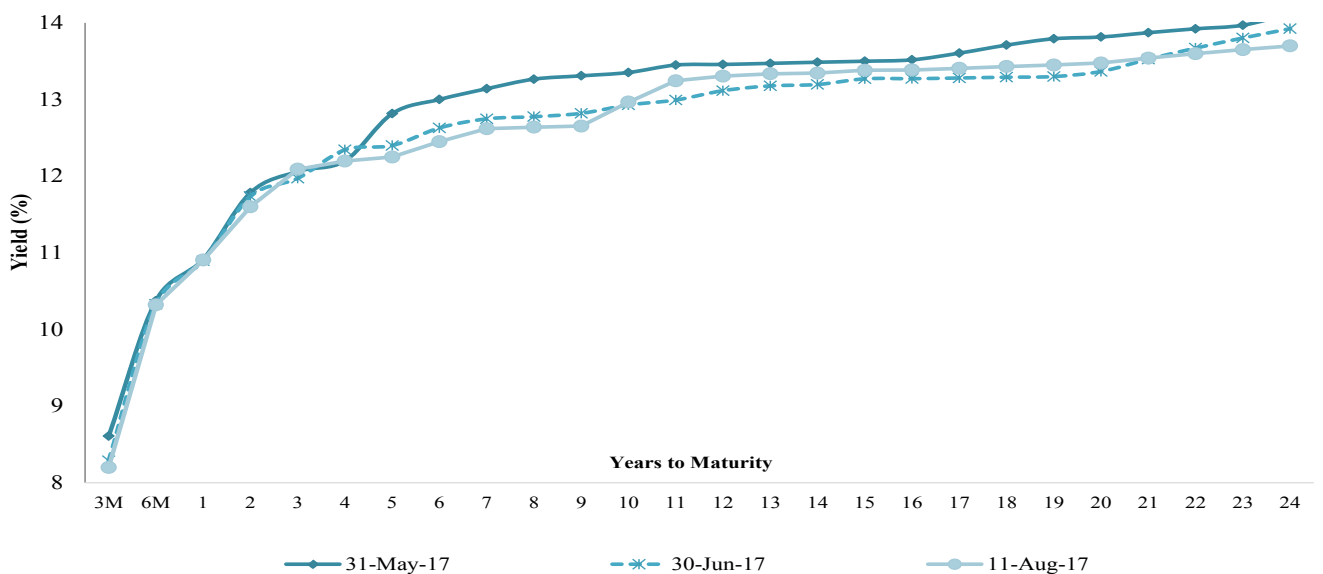
Source: Central Bank of Kenya

Table 5 B: Performance of Government Securities

TREASURY BONDS					
Date of	17-May-17		21-Jun-17	27-Jul-17	3-Aug-17
Tenor	FXD 2/2010/10	FXD 1/2009/15	FXD2/2007/15	FXD 1/2007/10	TAP Sale FXD 1/2007/11
Amount	40,000.0		30,000.0	30,000.0	25,000.0
Bids received	14,494.9	24,354.9	39,073.2	19,043.3	7,015.9
Amount	8,532.8	11,463.4	26,409.9	5,190.8	7,015.4
Maturities	31,079.6		18,746.8	0.0	0.0
Average	12.472	13.141	12.520	12.966	12.966

Source: Central Bank of Kenya

Chart C: Kenya Government Securities Yield Curve



Source: Central Bank of Kenya

Table 6: Government Domestic Debt (KSh Billion)

	28-Apr-17	26-May-17	02-Jun-17	30-Jun-17	07-Jul-17	14-Jul-17	21-Jul-17	28-Jul-17	04-Aug-17	11-Aug-17
1. Treasury Bills (Excluding Repos)	626.90	673.30	684.07	744.15	752.41	763.78	754.13	744.46	740.71	724.15
(As % of total securities)	32.25	33.96	34.04	35.84	36.10	36.44	36.15	35.85	35.65	35.01
2. Treasury Bonds	1,317.02	1,309.35	1,325.28	1,331.98	1,331.98	1,331.98	1,331.98	1,331.98	1,337.15	1,344.17
(As % of total securities)	67.75	66.04	65.96	64.16	63.90	63.56	63.85	64.15	64.35	64.99
3. Total Securities (1+2)	1,943.92	1,982.65	2,009.35	2,076.13	2,084.39	2,095.76	2,086.10	2,076.43	2,077.86	2,068.32
4. Overdraft at Central Bank	-	-	0.03	-	-	-	-	-	-	12.20
5. Other Domestic debt*	30.75	35.93	35.94	36.15	36.12	36.11	36.10	35.56	35.55	35.54
6. Gross Domestic Debt (3+4+5)	1,974.67	2,018.58	2,045.33	2,112.28	2,120.51	2,131.87	2,122.21	2,112.00	2,113.42	2,116.07

* 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 (In Percent)

	16-Jun-17	23-Jun-17	30-Jun-17	7-Jul-17	14-Jul-17	21-Jul-17	28-Jul-17	4-Aug-17	11-Aug-17
Treasury bills (Excluding Repos)	34.5	35.1	35.2	35.5	35.8	35.5	35.2	35.0	34.2
Treasury bonds	63.7	63.1	63.1	62.8	62.5	62.8	63.1	63.3	63.5
CBK Overdraft to Govt	0.1	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.6
Other domestic debt	1.7	1.7	1.7	1.7	1.7	1.7	1.7	1.7	1.7
TOTAL	100.0	100.0	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)

	28-Apr-17	26-May-17	23-Jun-17	30-Jun-17	7-Jul-17	14-Jul-17	21-Jul-17	28-Jul-17	4-Aug-17	11-Aug-17
Banking Institutions	55.1	56.2	56.6	56.2	56.2	56.3	56.1	56.1	56.1	56.1
Insurance Companies	7.0	6.9	6.7	6.6	6.6	6.5	6.6	6.6	6.7	6.7
Parastatals	6.5	6.6	6.4	6.4	6.4	6.5	6.6	6.6	6.6	6.7
Pension funds	27.5	27.9	27.8	28.1	28.1	28.0	28.0	28.0	27.9	27.7
Other investors	3.9	2.4	2.5	2.7	2.7	2.7	2.7	2.7	2.8	2.8
Total	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0

Source: Central Bank of Kenya

Table 9: Official Foreign Reserves US\$ Million (Usable)

	31-May-17	8-Jun-17	15-Jun-17	22-Jun-17	29-Jun-17	6-Jul-17	13-Jul-17	20-Jul-17	27-Jul-17	3-Aug-17	10-Aug-17	17-Aug-17
1. CBK Usable Foreign Exchange Reserves (USD Million)*	8,259	8,197	8,188	8,105	7,964	7,920	7,869	7,781	7,705	7,524	7,446	7,420
2. CBK Usable Foreign Exchange Reserves (Months of Import Cover)**	5.48	5.44	5.44	5.38	5.29	5.26	5.23	5.17	5.12	5.00	4.94	4.93

*Excludes Encumbered Reserves

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

Source: Central Bank of Kenya