



Central Bank of Kenya

Weekly Statistical Bulletin

Key Monetary and Financial Indicators

December 1, 2017

Overall inflation declined below the government's 5 percent medium term target for the first time since June 2013. Inflation declined to 4.7 percent in November 2017 from 5.7 percent in October 2017, largely on account of continued decline in prices of key food items due to favorable weather conditions.

Tight liquidity conditions in the money market during the week followed heavy subscription for the infrastructure bond issued by the government.

The capital market maintained good performance reflecting build-up of investor confidence as the long electioneering period came to an end in the week ending November 30, 2017.

Inflation

Overall inflation declined below the mid-point of the government target band (5 ± 2.5 per cent) for the first time since June 2013. Inflation declined to 4.7 per cent in November 2017 from 5.7 per cent in October 2017, largely on account of continued decline in prices of key food items due to favorable weather conditions.

Food inflation declined to 5.8 per cent in November 2017 from 8.2 per cent in October 2017. The favorable weather conditions resulted in price reductions of the following key food items: carrots (10.5 per cent), cabbages (7.2 per cent), tomatoes (6.0 per cent), kale - sukuma wiki (5.8 per cent), spinach (5.4 per cent) and oranges (3.7 per cent).

Non-food non-fuel (NFNF) inflation, which has maintained a downward trend since March 2017 declined further to 2.7 per cent in November 2017, from 3.0 per cent in October 2017, reflecting muted demand pressures.

Fuel inflation, however increased further to 4.8 per cent in November 2017 from 3.7 per cent in October 2017 on account of rising energy prices (electricity, petrol, diesel, gas-LPG, kerosene and charcoal). Fuels prices rose following mild recovery in international oil prices, while electricity prices increased following an upward fuel cost adjustment that outweighed the decline in forex cost adjustment (**Chart 1**).

Monetary Policy Operations

Tight liquidity conditions prevailed in the money market during the week ending November 29, 2017 on account of payments for an infrastructure bond that was over subscribed. The issuance of government securities resulted in a liquidity withdrawal of KSh 57.3 billion, of which infrastructure bond accounted for KSh 42.00 billion. In addition, tax remittances resulted in a liquidity withdrawal of KSh 16.3 billion. The resulting leakage from interbank liquidity was partly offset by government payments of KSh 10.5 billion, and Central Bank support of KSh 20.1 billion through Reverse Repo purchases (**Table 1**).

Reflecting the tight liquidity conditions, commercial banks' reserves dipped by KSh 1.7 billion below the 5.25 per cent averaging requirement (**Chart 2**).

Activity in the Interbank Market

The volumes traded in the interbank market during the week ending November 29, 2017 increased to an average of KSh 21.4 billion from KSh 18.7 billion the previous week. The number of deals increased to an average of 44 from 37 in the previous week. However, the weighted average interbank rate decreased to 8.6 percent from 9.0 percent in the previous week (**Table 2 and Chart 2**).

Kenya Shilling Exchange Rate

The Kenya Shilling exchange rate remained stable against major international and regional currencies during the week ending November 30, 2017. It strengthened marginally against the US Dollar and EAC Currencies (**Table 3**).

Equity Market

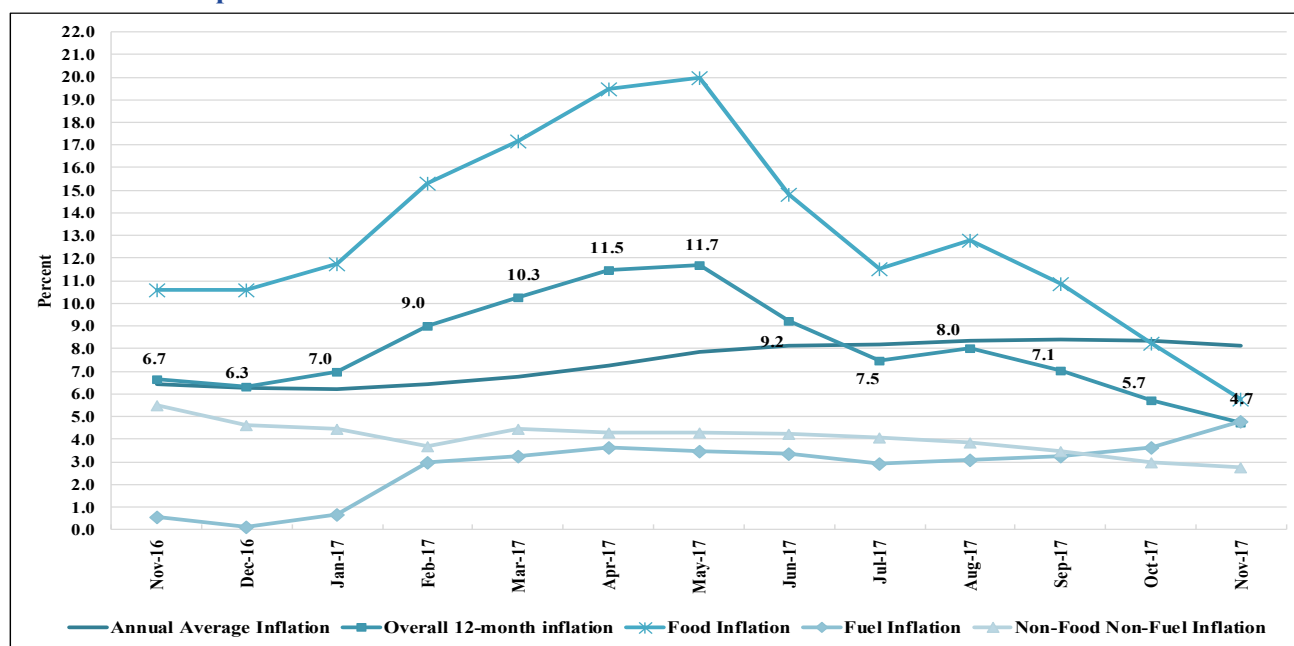
Trading in equities market was strong as reflected by gains in NASI, NSE 25 Share Index and Market Capitalization. Supply of shares for trading was however low, declining by 32.39 per cent. These trends are consistent with expected investors' behaviour following the conclusion of a long electioneering period. Investors gained a total of KSh 102.18 billion or 4.15 per cent value through improvement in market capitalization during the week (**Table 4**).

Bond Market and Eurobond Yields

The bonds market trading maintained upward momentum in the week ending November 30, 2017, highlighting improving investor appetite for fixed income securities. The yield on Kenya's 5-year Eurobond reduced by 0.186 percentage points, while the 10-year Eurobond yield increased by 0.076 percentage points. This indicates mixed investors' perception about the risk and return on the two bonds (**Table 4**).

LIST OF TABLES AND CHARTS

Chart 1: Developments in Inflation



Source: Kenya National Bureau of Statistics

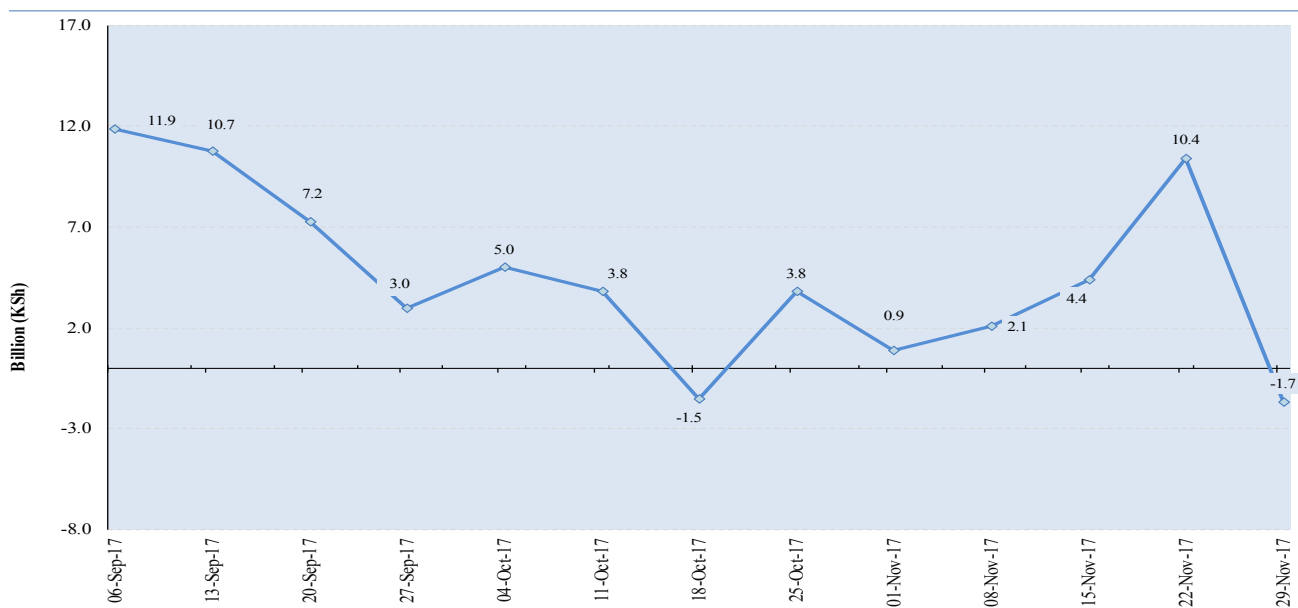
Table 1: Liquidity Flows and Open Market Operations (Ksh billion)

	23-Nov-17	24-Nov-17	27-Nov-17	29-Nov-17	Total
Liquidity Flows					
Total liquidity injection ^{\1}	12.6	3.9	37.5	9.9	64.0
Repos Maturities	0.0	1.1	2.5	5.0	8.6
Reverse Repo Purchases	10.0	0.0	8.1	2.0	20.1
Term Auction Deposit maturities	0.0	0.0	0.0	0.0	0.0
T/bills redemptions	0.0	0.0	22.1	0.0	22.1
T/bills rediscounts	0.0	0.0	0.0	0.0	0.0
T/bonds redemptions	0.0	0.0	0.0	0.0	0.0
T/bonds Interest	0.0	0.0	2.7	0.0	2.7
T/bonds rediscounts	0.0	0.0	0.0	0.0	0.0
Govt payments	2.6	2.8	2.1	3.0	10.5
Total liquidity reduction ^{\1}	2.8	3.7	58.8	10.3	75.6
T/bills (Primary issues)	0.0	0.0	15.3	0.0	15.3
Tbonds Sales	0.0	0.0	42.0	0.0	42.0
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	0.0	2.0	2.0
Term Auction Deposit	0.0	0.0	0.0	0.0	0.0
Transfer from Banks -Taxes	2.8	3.7	1.5	8.3	16.3
Net liquidity injection (+)/Withdrawal (-)	9.8	0.2	-21.3	-0.3	-11.7
Open Market Operations Outcome					
Posted Amount	0.0	0.0	0.0	0.0	0.0
Realised Amount - Mop up	0.0	0.0	0.0	0.0	0.0
Repo (-)	0.0	0.0	0.0	0.0	0.0
Term Auction Deposits (-)	0.0	0.0	0.0	0.0	0.0
Reserve Money Position					
Reserve money (actual)	422.4	421.4	404.1	403.2	

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

Source: Central Bank of Kenya

Chart 2: Commercial Banks Excess Reserves



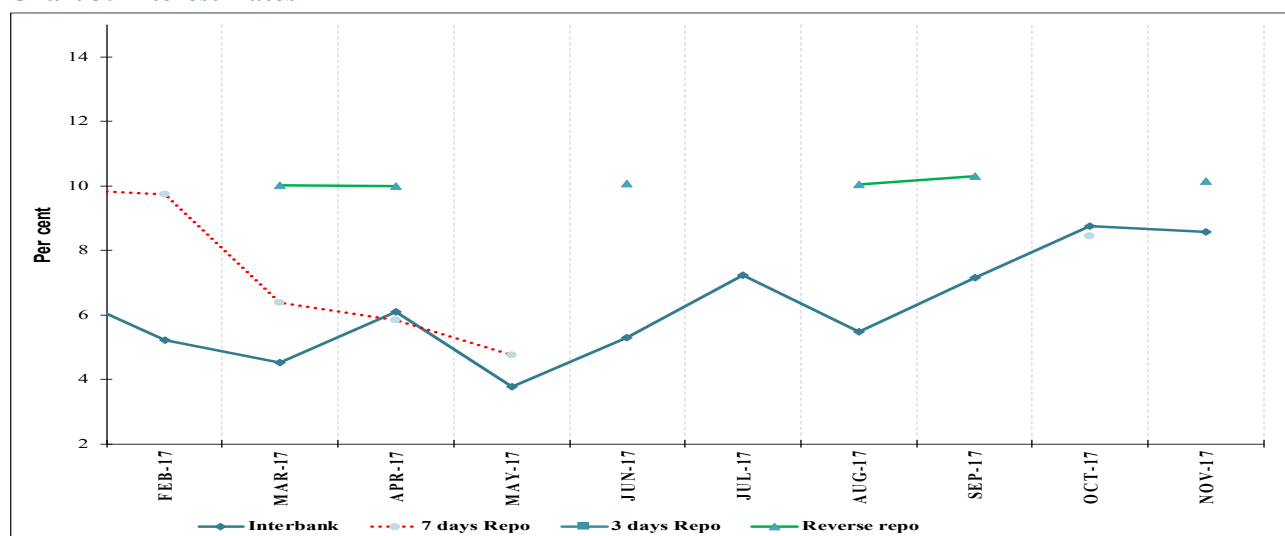
Source: Central Bank of Kenya

Table 2: Interbank Deals, Volumes & Interest Rates

Date	Number of Deals	Value (KSh M)	Average Interbank Rate (%)	Reverse Repo Rate (%)
16-Nov-17	39	12,875	9.43	
17-Nov-17	39	15,960	9.28	
20-Nov-17	31	20,470	8.89	
21-Nov-17	36	23,330	8.79	
22-Nov-17	41	21,090	8.83	
Nov 16-Nov 22, 2017	37	18,745	9.04	
23-Nov-17	47	23,080	8.80	10.18
24-Nov-17	45	20,635	8.82	
27-Nov-17	47	21,040	8.22	10.11
29-Nov-17	35	20,830	8.40	
Nov 23-Nov 29, 2017	44	21,396	8.56	10.15

Source: Central Bank of Kenya

Chart 3: Interest Rates



Source: Central Bank of Kenya

Table 3: Kenya Shilling Exchange Rate

	USD	Sterling Pound	Euro	100 Japanese Yen	USHS*	TSHS*	RWF*	BIF*
17-Nov-17	103.69	136.84	122.03	91.96	35.03	21.65	8.24	16.91
20-Nov-17	103.79	136.89	122.40	92.28	35.02	21.59	8.24	16.89
21-Nov-17	103.60	137.19	121.97	92.30	35.08	21.63	8.08	16.98
22-Nov-17	103.37	136.99	121.31	92.03	35.15	21.70	8.27	16.97
23-Nov-17	103.39	137.50	121.76	92.89	35.21	21.68	8.29	16.96
17-23 November 2017	103.57	137.08	121.89	92.29	35.10	21.65	8.23	16.94
24-Nov-17	103.26	137.43	122.29	92.78	35.20	21.70	8.11	17.04
27-Nov-17	103.34	137.83	122.94	92.77	35.25	21.69	8.27	16.97
29-Nov-17	103.35	138.23	123.51	93.19	35.15	21.69	8.30	16.97
30-Nov-17	103.25	138.38	122.42	92.24	35.20	21.71	8.31	16.99
24-30 November 2017	103.30	137.97	122.79	92.75	35.20	21.70	8.25	16.99

* Units of currency per Kenya Shilling

Source: Central Bank of Kenya

Table 4: Key Weekly Market Statistics

INDICATOR/WEEK ENDING	NASI 100 = 2008 (points)	NSE 25 Share Index (Points)	NSE 20 Share Index 100= 1996 (points)	Number of Deals (Shares)	Total Shares Traded (Million)	Equity Turnover (KSh Million)	Market Capitalization (KSh Billion)	Bonds Turnover (KSh Million)	5-Year Eurobond Yield (%)	10-Year Eurobond Yield (%)
3-9 Nov 2017	161.76	4250.97	3762.11	6252	114.47	2,851.49	2,370.09	7,767.00	4.252	6.220
17-Nov-17	163.13	4251.32	3730.15	1070	18.81	627.04	2,390.20	1,141.53	4.151	6.070
20-Nov-17	164.82	4296.32	3779.16	1177	16.87	555.50	2,414.91	84.92	4.067	5.979
21-Nov-17	168.27	4378.65	3817.77	1233	27.23	657.05	2,465.66	1,428.64	4.061	5.855
22-Nov-17	172.17	4445.28	3839.46	1732	34.61	1,025.49	2,522.91	2,301.09	3.971	5.787
23-Nov-17	167.90	4380.00	3826.76	1499	34.47	839.29	2,460.23	2,034.94	4.053	5.776
17-23 Nov 2017	167.90	4380.00	3827	6711	131.98	3,704.38	2460.23	6,991.11	4.053	5.776
24-Nov-17	168.43	4390.30	3833.00	1039	12.67	379.49	2,468.03	542.96	3.968	5.753
27-Nov-17	170.80	4419.68	3820.74	1443	25.88	574.10	2,509.79	1,390.31	3.884	5.719
28-Nov-17	PUBLIC HOLIDAY								3.881	5.752
29-Nov-17	170.80	4410.91	3825.47	1366	27.91	857.72	2,559.49	2,840.84	3.877	5.842
30-Nov-17	172.92	4402.49	3804.69	1316	22.77	812.80	2,562.41	3,100.09	3.867	5.852
24-30 Nov 2017	172.92	4402.49	3804.69	5164.00	89.24	2,624.10	2,562.41	7,874.20	3.867	5.852
Weekly Change (%)	2.99	0.51	-0.58	-23.05	-32.39	-29.16	4.15	12.63	-0.186*	0.076*

* Percentage points

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

Table 5: Performance of Treasury Bills

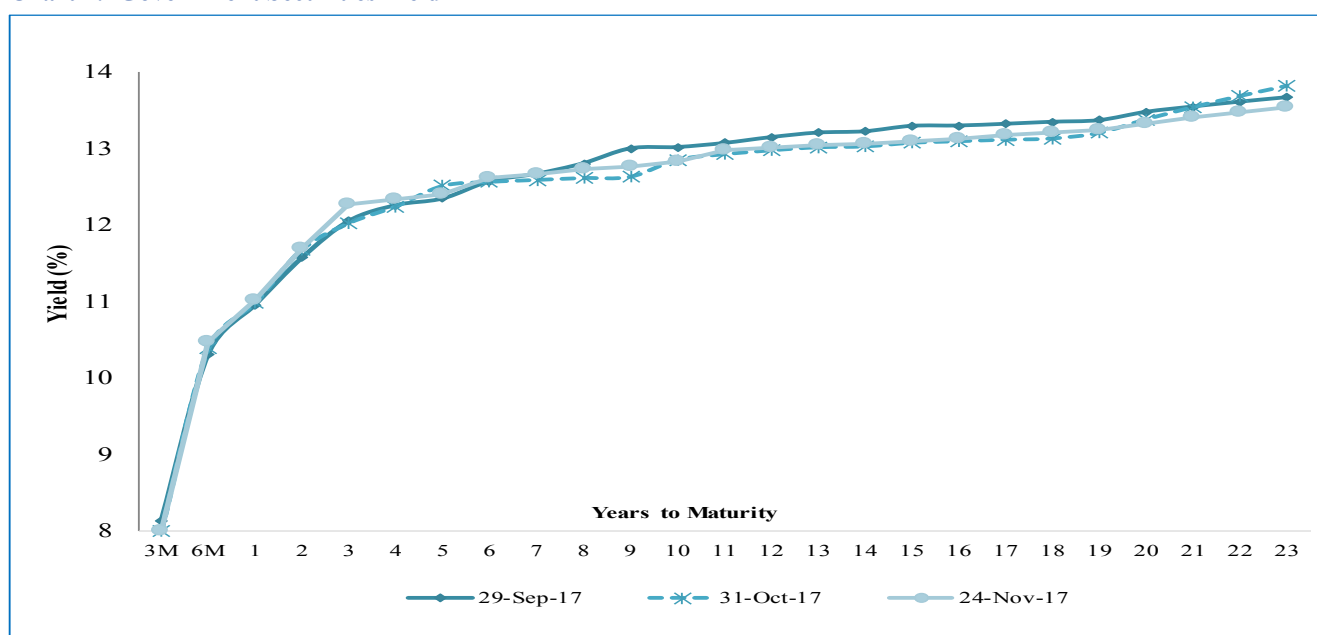
91-Day Treasury Bills								
Date of Auction	27-Jul-17	31-Aug-17	28-Sep-17	19-Oct-17	09-Nov-17	16-Nov-17	23-Nov-17	30-Nov-17
Amount offered (Ksh M)	4,000.00	4,000.00	4,000.00	4,000.00	4,000.00	4,000.00	4,000.00	4,000.00
Bids received (Ksh M)	964.01	2,773.01	4,023.90	1,672.96	6,851.63	1,766.86	4,337.92	8,509.05
Amount Accepted (Ksh M)	857.46	1,577.59	4,023.90	680.10	6,850.65	1,760.01	4,337.92	8,509.05
Maturities (Ksh M)	11,427.00	3,167.80	2,296.35	2,258.60	1,186.95	3,853.55	4,281.45	2,364.45
Average interest Rate (%) - 91 Days	8.202	8.139	8.130	8.078	8.015	8.008	8.011	8.011
182-Day Treasury Bills								
Date of Auction	27-Jul-17	31-Aug-17	28-Sep-17	19-Oct-17	09-Nov-17	16-Nov-17	23-Nov-17	30-Nov-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)	4,751.78	14,540.81	5,262.62	4,587.85	5,816.37	9,105.56	4,859.31	2,926.48
Amount Accepted (Ksh M)	4,416.32	11,463.28	5,241.99	3,942.07	5,338.00	9,094.36	4,806.21	2,648.09
Maturities (Ksh M)	2,297.80	22,446.95	0.00	0.00	13,148.30	16,066.95	14,210.90	14,627.80
Average interest Rate (%) - 182 days	10.321	10.316	10.317	10.314	10.488	10.483	10.481	10.478
364-Day Treasury Bills								
Date of Auction	27-Jul-17	31-Aug-17	28-Sep-17	19-Oct-17	09-Nov-17	16-Nov-17	23-Nov-17	30-Nov-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)	9,780.73	15,343.16	3,448.87	4,948.24	12,787.61	6,556.60	6,654.32	6,637.67
Amount Accepted (Ksh M)	9,366.10	13,019.38	3,448.87	3,747.03	11,671.38	6,475.58	6,167.68	6,187.90
Maturities (Ksh M)	6,827.91	9,843.80	8,085.20	5,223.25	13,066.65	8,010.75	3,582.15	4,847.90
Average interest Rate (%) - 364 days	10.894	10.922	10.958	10.985	11.000	11.004	11.019	11.045

Source: Central Bank of Kenya

Table 6: Performance of Treasury Bonds

Date of Auction	31-Aug-17	28-Sep-17		18-Oct-17	02-Nov-17	22-Nov-17
Tenor	FXD 1/2017/5	TAP SALE FXD 1/2017/2	TAP SALE FXD 1/2017/10	FXD 2/2017/5	FXD 2/2017/5	IFBI/2017/7
Amount offered (Ksh)	13,000.0	13,000.0		30,000.0	16,500.0	30,000.0
Bids received (Ksh M)	17,490.0	11,137.6	635.0	20,076.8	7,253.0	45,910.9
Amount Accepted (Ksh)	17,530.8	11,137.6	635.0	13,504.6	7,253.0	42,020.1
Maturities (Ksh M)	0.0	0.0	0.0	0.0	0.0	0.0
Average interest Rate	12.465	11.619	13.072	12.517	12.517	12.232

Source: Central Bank of Kenya

Chart 4: Government Securities Yield

Source: Central Bank of Kenya

Table 7: Government Domestic Debt (KSh Billion)

	28-Jul-17	25-Aug-17	29-Sep-17	27-Oct-17	03-Nov-17	10-Nov-17	17-Nov-17	24-Nov-17
1. Treasury Bills (Excluding Repos)	744.46	727.40	724.80	734.84	735.82	721.17	719.21	709.79
(As % of total securities)	35.85	35.20	34.33	34.38	34.41	33.84	33.78	33.49
2. Treasury Bonds	1,331.98	1,339.04	1,386.56	1,402.49	1,402.49	1,409.71	1,409.71	1,409.71
(As % of total securities)	64.15	64.80	65.67	65.62	65.59	66.16	66.22	66.51
3. Total Securities (1+2)	2,076.43	2,066.44	2,111.36	2,137.33	2,138.31	2,130.89	2,128.92	2,119.51
4. Overdraft at Central Bank	-	13.39	24.72	17.70	17.38	33.19	23.24	33.88
5. Other Domestic debt*	35.56	36.71	36.47	40.50	40.51	40.51	32.82	32.83
6. Gross Domestic Debt (3+4+5)	2,112.00	2,116.54	2,172.55	2,195.53	2,196.20	2,204.59	2,184.98	2,186.21

* 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 (In Percent)

	30-Jun-17	28-Jul-17	25-Aug-17	29-Sep-17	27-Oct-17	03-Nov-17	10-Nov-17	17-Nov-17	24-Nov-17
Treasury bills (Excluding Repos)	35.2	35.2	34.4	33.4	33.5	33.5	32.7	32.9	32.5
Treasury bonds	63.1	63.1	63.3	63.8	63.9	63.9	63.9	64.5	64.5
CBK Overdraft to Govt	0.0	0.0	0.6	1.1	0.8	0.8	1.5	1.1	1.5
Other domestic debt	1.7	1.7	1.7	1.7	1.8	1.8	1.8	1.5	1.5
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 9: Indicators of Total Government Debt by Holder

	28-Jul-17	25-Aug-17	29-Sep-17	27-Oct-17	03-Nov-17	10-Nov-17	17-Nov-17	24-Nov-17
Banking Institutions	56.1	55.9	55.9	55.2	55.2	55.3	54.8	54.7
Insurance Companies	6.6	6.2	6.2	6.2	6.2	6.2	6.3	6.3
Parastatals	6.6	6.5	6.3	6.5	6.5	6.5	6.7	7.0
Pension funds	28.0	27.2	27.3	27.8	27.7	27.6	27.7	27.6
Other investors	2.7	4.3	4.3	4.4	4.4	4.4	4.4	4.4
Total	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0

Source: Central Bank of Kenya

Table 10: Indicators of Total Government Debt

	Jun-15	Jun-16	Sep-16	Dec-16	Mar-17	Jun-17	Jul-17	Aug-17	Sep-17
Domestic debt (Kshs Bn)	1,420.44	1,815.13	1,854.55	1,930.98	1,944.95	2,111.71	2,123.79	2,135.93	2,176.59
Public & Publicly Guaranteed External debt (US \$ Bn)	14.3	17.8	18.2	18.5	20.4	22.1	22.2	22.4	22.4
Public & Publicly Guaranteed External debt (Ksh Bn)	1,408.61	1,796.20	1,838.42	1,832.45	2,101.39	2,294.40	2,305.54	2,309.78	2,310.20
Total public debt (Ksh Bn)	2,829.06	3,611.33	3,692.97	3,763.43	4,046.35	4,406.11	4,429.33	4,445.71	4,486.79

Source: Central Bank of Kenya

Table 11: Official Foreign Exchange Reserves US\$ Million (Usable)

	05-Oct-17	12-Oct-17	19-Oct-17	24-Oct-17	31-Oct-17	09-Nov-17	16-Nov-17	23-Nov-17	30-Nov-17
1. CBK Usable Foreign Exchange Reserves (USD Million)*	7,412	7,373	7,311	7,214	7,143	7,108	7,111	7,081	7,099
2. CBK Usable Foreign Exchange Reserves (Months of Import Cover)**	4.92	4.90	4.86	4.79	4.74	4.72	4.72	4.70	4.71

*Excludes Encumbered Reserves

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

Source: Central Bank of Kenya