

Central Bank of Kenya

Weekly Statistical Bulletin

Key Monetary and Financial Indicators

December 8, 2017

Money market liquidity improved, boosted by Government payments during the week ending December 6, 2017. The commercial banks' excess reserves, therefore, increased to KSh 7.0 billion from a shortfall of KSh 1.7 billion the previous week.

The capital market recorded sustained improvement in the week ending December 7, 2017, after the end of a long electioneering period.

Monetary Policy Operations

The money market was relatively liquid during the week ending December 6, 2017. Government payments and redemption of Treasury Bills resulted in a liquidity injection of KSh 69.6 billion. The impact of these actions on liquidity was however, partly offset by tax remittances of KSh 16.3 billion, issuances of government securities worth KSh 17.3 billion and net Reverse Repo maturities of KSh 6.7 billion (**Table 1**). A Safaricom dividend payment of KSh 16.2 billion to government also contributed to the partial reduction of liquidity.

The commercial banks' excess reserves above 5.25 percent averaging requirement, increased to KSh 7.0 billion during the week ending December 6, 2017 compared with a shortfall of KSh 1.7 billion the previous week (**Chart 1**).

The Interbank Market

The interbank market was fairly active during the week ending December 06, 2017 with the volumes traded increasing to an average of KSh 27.4 billion from KSh 21.4 billion the previous week. The weighted average interbank rate decreased to 8.03 percent from 8.56 percent in the previous week. The number of deals decreased to an average of 41 from the previous week's average of 44 (**Table 2 and Chart 2**).

Kenya Shilling Exchange Rate

The Kenya Shilling exchange rate remained steady against major international and regional currencies during the week ending December 7, 2017. The Shilling strengthened against the US Dollar largely on account

of inflows from foreign investors in the stock market. It also strengthened against the Euro and the Yen but weakened against the Sterling Pound. In the EAC region, the Kenya Shilling strengthened against the Tanzania Shilling, Uganda Shilling and Burundi Franc, and remained stable against the Rwanda Franc (**Table 3**).

Equity Market

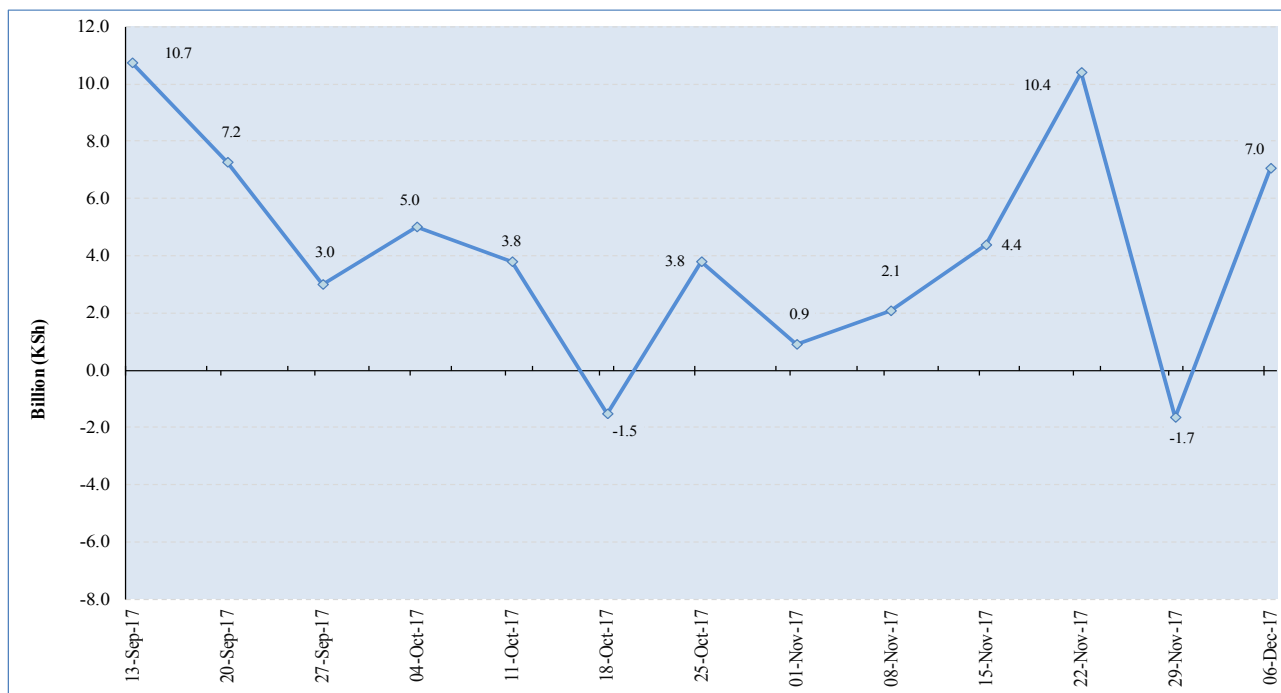
Activity in the equities market improved across most leading indicators, reflecting continued investors' confidence following the end of a long electioneering period. The NASI Index gained 1.2 percent, while the number of shares traded and equity turnover increased by 39.1 percent and 29.0 percent, respectively. Reflecting improved prices (NASI Index) shareholders' wealth measured by market capitalization increased by 0.75 percent (**Table 4**).

Bond Market and Eurobond Yields

The volume of bonds traded increased by 26.9 percent in the week ending December 7, 2017, highlighting a sustained recovery of the market for Treasury bills and bonds. The yield on Kenya's 5-year Eurobond increased by 0.143 percentage points, while the 10-year Eurobond yield reduced by 0.013 percentage points. This indicates mixed investors' perception about the risk on the yields of the two bonds. (**Table 4**).

LIST OF TABLES AND CHARTS

Chart 1: Commercial Banks Excess Reserves



Source: Central Bank of Kenya

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

	30-Nov-17	1-Dec-17	4-Dec-17	5-Dec-17	6-Dec-17	Total
Liquidity Flows						
Total liquidity injection ^{\1}	22.2	15.0	35.0	13.2	7.7	93.2
Repos Maturities	0.0	0.0	0.0	0.0	0.0	0.0
Reverse Repo Purchases	9.6	0.0	0.0	7.4	4.5	21.5
Term Auction Deposit maturities	0.0	0.0	0.0	0.0	0.0	0.0
T/bills redemptions	0.0	0.0	21.8	0.0	0.0	21.8
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	10.6	15.0	13.1	5.8	3.3	47.8
Total liquidity reduction ^{\1}	13.2	3.1	43.0	10.5	5.7	75.44
T/bills (Primary issues)	0.0	0.0	17.3	0.0	0.0	17.3
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	10.0	0.0	8.1	7.4	2.7	28.2
Term Auction Deposit	0.0	0.0	0.0	0.0	0.0	0.0
Transfer from Banks -Taxes	3.2	3.1	3.9	3.1	3.0	16.3
Net liquidity injection (+)/Withdrawal (-)	9.1	11.9	-8.0	2.7	2.0	17.7
Open Market Operations Outcome						
Posted Amount	0.0	0.0	0.0	0.0	0.0	0.0
Realised Amount - Mop up	0.0	0.0	0.0	0.0	0.0	0.0
Repo (-)	0.0	0.0	0.0	0.0	0.0	0.0
Term Auction Deposits (-)	0.0	0.0	0.0	0.0	0.0	0.0
Reserve Money Position						
Reserve money (actual)	411.9	424.3	416.4	416.2	417.4	

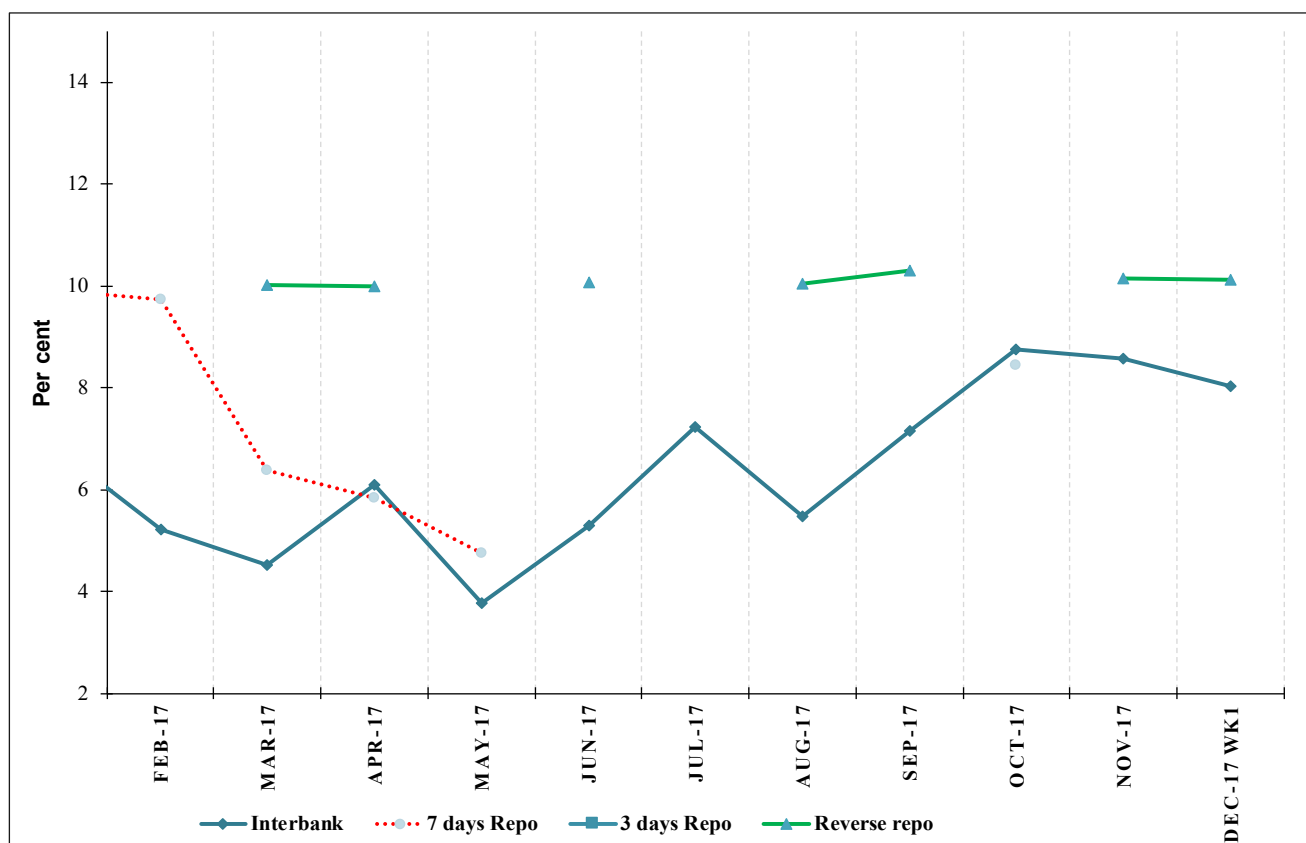
^{\1} Only main transactions increasing or reducing liquidity are included.

Source: Central Bank of Kenya

Table 2: Interbank Deals, Volumes and Interest Rates

Date	Number of Deals	Value (KSh M)	Average Interbank Rate (%)	Reverse Repo Rate (%)
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
30-Nov-17	41	24,730	8.34	10.18
1-Dec-17	38	21,070	8.05	
4-Dec-17	44	30,325	7.96	
5-Dec-17	42	29,200	7.91	
6-Dec-17	42	31,385	7.88	10.05
Nov 23-Nov 29 , 2017	41	27,342	8.03	10.12

Source: Central Bank of Kenya

Chart 2: 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*
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
1-Dec-17	103.10	138.70	122.45	91.91	35.24	21.74	8.32	17.02
4-Dec-17	103.04	138.86	122.46	91.48	35.28	21.75	8.33	17.09
5-Dec-17	103.06	139.38	122.24	91.27	35.24	21.74	8.14	17.03
6-Dec-17	102.98	138.23	121.80	91.20	35.20	21.76	8.14	17.11
7-Dec-17	102.88	137.54	121.30	91.45	35.24	21.79	8.34	17.06
1-7 December 2017	103.01	138.54	122.05	91.46	35.24	21.76	8.25	17.06

* Units of currency per Kenya Shilling

Source: Central Bank of Kenya

Table 4: Key Weekly Market Statistics

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 Eurobond Yield (%)	10-Year Eurobond Yield (%)
24-Nov-17	168.43	4,390	3,833	1,039	12.6685	379.49	2,468.03	542.96	3,968	5.753
27-Nov-17	170.80	4,420	3,821	1,443	25.8836	574.10	2,509.79	1,390.31	3,884	5.719
28-Nov-17	Public Holiday								3,881	5.75
29-Nov-17	170.80	4,411	3,825	1,366	27.9128	857.72	2,559.49	2,840.84	3,877	5.842
30-Nov-17	172.92	4,402	3,805	1,316	22.7703	812.80	2,562.41	3,100.09	0.387	5.852
24 - 30 Nov 2017	172.92	4,402	3,805	5,164	89.24	2,624.10	2,562.41	7,874.20	3,867	5.852
01-Dec-17	173.08	4,397	3,816	1,120	19	558.25	2,564.70	1,493.78	3,946	5.852
04-Dec-17	173.61	4,397	3,804	1,200	26	763.24	2,572.60	2,047.27	3,943	5.863
05-Dec-17	173.30	4,364	3,769	1,377	16	450.44	2,568.06	3,163.09	4,022	5.828
06-Dec-17	173.63	4,359	3,751	1,347	38	870.75	2,572.93	2,702.43	3,937	5.794
07-Dec-17	175.08	4,368	3,752	1,356	26	741.74	2,581.54	587.32	4.01	5.839
01 - 07 Dec 2017	175.08	4,368	3,752	6,400	124.12	3,384.42	2,581.54	9,993.89	4.01	5.839
Weekly Change (%)	1.25	-0.79	-1.38	23.93	39.09	28.97	0.75	26.92	0.143*	0.013*

* Percentage points

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

Table 5: Performance of Treasury Bills

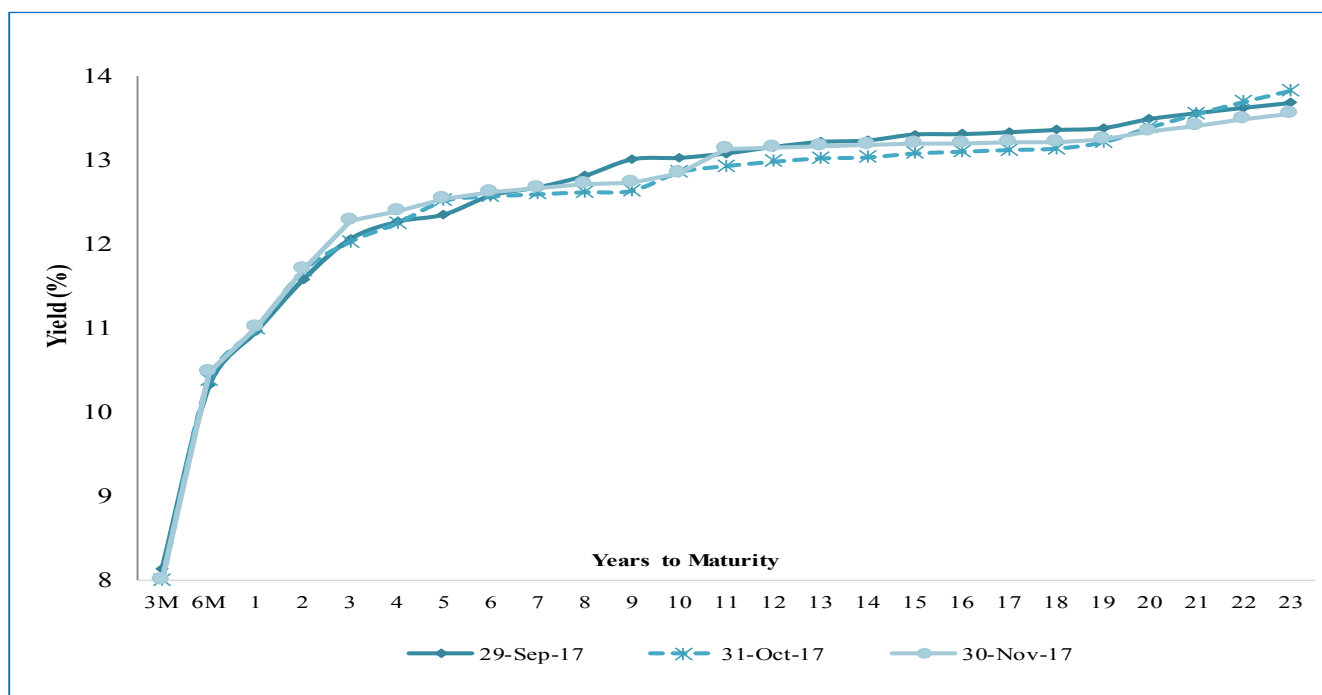
91-Day Treasury Bills									
Date of Auction	27-Jul-17	31-Aug-17	28-Sep-17	19-Oct-17	09-Nov-17	16-Nov-17	23-Nov-17	30-Nov-17	07-Dec-17
Amount offered (Ksh M)	4,000.00	4,000.00	4,000.00	4,000.00	4,000.00	4,000.00	4,000.00	4,000.00	4,000.00
Bids received (Ksh M)	964.01	2,773.01	4,023.90	1,672.96	6,851.63	1,766.86	4,337.92	8,509.05	5,020.34
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	4,978.81
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	4,060.20
Average interest Rate (%) - 91 Days	8.202	8.139	8.130	8.078	8.015	8.008	8.011	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	07-Dec-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	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	6,420.79
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	5,945.89
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	22,399.90
Average interest Rate (%) - 182 days	10.321	10.316	10.317	10.314	10.488	10.483	10.481	10.478	10.522
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	07-Dec-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	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	7,635.14
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	7,180.88
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	5,570.85
Average interest Rate (%) - 364 days	10.894	10.922	10.958	10.985	11.000	11.004	11.019	11.045	11.076

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	IFB1/2017/7
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 3: Kenya Government Securities Yield Curve

Source: Central Bank of Kenya

Table 7: Government Domestic Debt (KSh Billion)

	25-Aug-17	29-Sep-17	27-Oct-17	03-Nov-17	10-Nov-17	17-Nov-17	24-Nov-17	01-Dec-17
1. Treasury Bills (Excluding Repos)	727.40	724.80	734.84	735.82	721.17	719.21	709.79	704.02
(As % of total securities)	35.20	34.33	34.38	34.41	33.84	33.78	33.49	32.67
2. Treasury Bonds	1,339.04	1,386.56	1,402.49	1,402.49	1,409.71	1,409.71	1,409.71	1,451.16
(As % of total securities)	64.80	65.67	65.62	65.59	66.16	66.22	66.51	67.33
3. Total Securities (1+2)	2,066.44	2,111.36	2,137.33	2,138.31	2,130.89	2,128.92	2,119.51	2,155.19
4. Overdraft at Central Bank	13.39	24.72	17.70	17.38	33.19	23.24	33.88	40.66
5. Other Domestic debt*	36.71	36.47	40.50	40.51	40.51	32.82	32.83	32.81
6. Gross Domestic Debt (3+4+5)	2,116.54	2,172.55	2,195.53	2,196.20	2,204.59	2,184.98	2,186.21	2,228.66

* 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	25-Aug-17	29-Sep-17	27-Oct-17	03-Nov-17	10-Nov-17	17-Nov-17	24-Nov-17	01-Dec-17
Treasury bills (Excluding Repos)	35.2	34.4	33.4	33.5	33.5	32.7	32.9	32.5	31.6
Treasury bonds	63.1	63.3	63.8	63.9	63.9	63.9	64.5	64.5	65.1
CBK Overdraft to Govt	0.0	0.6	1.1	0.8	0.8	1.5	1.1	1.5	1.8
Other domestic debt	1.7	1.7	1.7	1.8	1.8	1.8	1.5	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: Composition of Government Domestic Debt by Holder (In Percent)

	25-Aug-17	29-Sep-17	27-Oct-17	03-Nov-17	10-Nov-17	17-Nov-17	24-Nov-17	01-Dec-17
Banking Institutions	55.9	55.9	55.2	55.2	55.3	54.8	54.7	54.7
Insurance Companies	6.2	6.2	6.2	6.2	6.2	6.3	6.3	6.3
Parastatals	6.5	6.3	6.5	6.5	6.5	6.7	7.0	6.9
Pension funds	27.2	27.3	27.8	27.7	27.6	27.7	27.6	27.6
Other investors	4.3	4.3	4.4	4.4	4.4	4.4	4.4	4.5
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 & National Treasury

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

	07-Sep-17	14-Sep-17	21-Sep-17	28-Sep-17	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	07-Dec-17
1. CBK Usable Foreign Exchange Reserves (USD Million)*	7,482	7,545	7,511	7,482	7,412	7,373	7,311	7,214	7,143	7,108	7,111	7,081	7,099	7,128
2. CBK Usable Foreign Exchange Reserves (Months of Import Cover)**	4.97	5.01	4.98	4.97	4.92	4.90	4.86	4.79	4.74	4.72	4.72	4.70	4.71	4.78

*Excludes Encumbered Reserves

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

Source: Central Bank of Kenya