



Central Bank of Kenya

# Weekly Statistical Bulletin

## Key Monetary and Financial Indicators

November 3, 2017

*Overall inflation declined towards the 5 percent mid-point of Government's target band in October 2017, largely supported by continued decline in prices of key food items owing to favorable weather conditions.*

*The Kenya shilling exchange rate was relatively stable against the US Dollar during the week ending November 2, 2017.*

*The capital markets recorded improved performance during the week on account of increased investors' activity reflecting investor confidence after the conclusion of the repeat Presidential elections on October 26, 2017.*

### Inflation

Overall inflation declined further towards the 5 percent mid-point of Government's target band in October 2017. It declined to 5.7 percent from 7.1 percent in September 2017, reflecting continued decline in prices of key food items owing to favorable weather conditions and government interventions. Food inflation, therefore, declined to 8.2 percent in October 2017 from 10.9 percent in September. The decline was reflected in key items as follows: carrots (11.1 percent), cabbages (13.2 percent), oranges (5.0 percent), onions (3.7 percent), sugar (1.9 percent), loose maize grain (2.4 percent) and wheat flour (1.0 percent).

NFNF inflation declined to 3.0 percent in October 2017 from 3.5 percent in September 2017, reflecting muted demand pressures arising from appropriate policy stance and minimal spillovers from elevated food inflation.

Fuel inflation increased for the fourth consecutive month following mild recovery of international oil prices and the upward forex cost adjustment on electricity prices. It increased to 3.7 percent in October 2017 from 3.3 percent in September 2017, on account of a slight increase in energy prices (electricity, petrol, diesel, gas-LPG, and kerosene) in October 2017 (**Chart 1**).

### Monetary Policy Operations

The money market was relatively liquid during the week ending November 01, 2017. Government payments

(mainly salaries) injected liquidity amounting to KSh 30.7 billion during the week. This was partially offset by net liquidity withdrawal of KSh 6.8 billion through Open Market Operations (OMO) and tax remittances (VAT) of KSh 15.1 billion. The issuance and redemption of government securities had a negligible impact on liquidity (Table 1).

Commercial banks' excess reserves above 5.25 percent averaging requirement decreased to KSh 0.9 billion in the week ending November 01, 2017 from KSh 3.8 billion in the previous week (**Chart 2**).

### Activity in the Interbank Market

The interbank market traded elevated volumes during the week ending November 01, 2017, with the average value of transactions increasing to KSh 31.1 billion from KSh 24.3 billion the previous week. This increase is reflective of a skewed liquidity distribution occasioned by flow of funds to facilitate KTDA bonus payment to tea farmers. The weighted average interbank rate increased to 8.75 percent from 7.53 percent in the previous week (**Table 2 and Chart 2**).

### Kenya Shilling Exchange Rate

The Kenya shilling exchange rate remained relatively stable against the US Dollar during the week ending November 2, 2017. It strengthened against the Sterling Pound following the Bank of England's first interest rate rise in over a decade. Against the EAC currencies, the

value of the Kenya shilling remained largely unchanged (**Table 3**).

### Equity Market

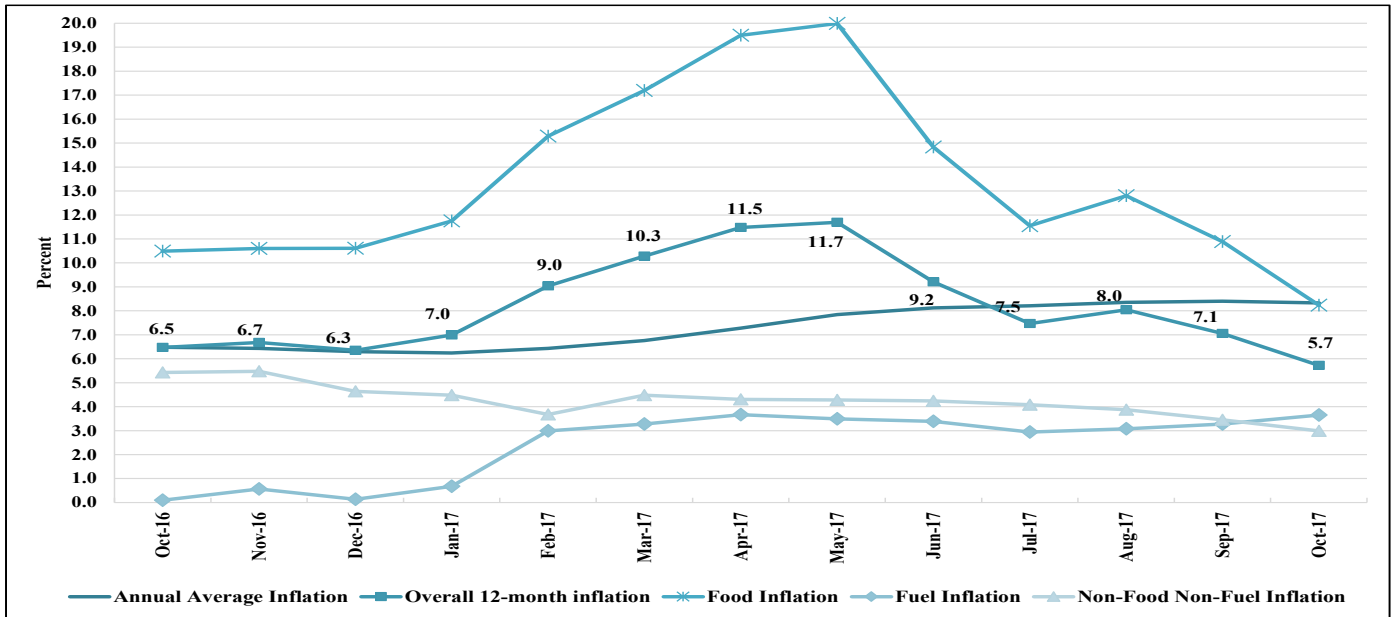
The equities market recorded significant gains across all leading market indicators reflecting investor confidence after the conclusion of the repeat Presidential elections on October 26, 2017. The NASI, NSE 25 and NSE 20 share indices gained 3.4 percent, 4.04 percent and 4.84 percent, respectively. Shareholders' wealth, measured by market capitalization, gained 3.4 percent on account of the rise in share prices. The volume of shares traded increased by 244.3 percent, contributing to increase in equity turnover (**Table 4**).

### Bond Market and Eurobond Yields

The volume of bonds traded increased by 111.8 percent in the week ending November 2, 2017, with the number of deals increasing to 206 from 64 deals in the previous week. The yields on Kenya's 5-year and 10-year Eurobonds decreased by 0.17 and 0.37 percentage points, respectively, reflecting improved market conditions and investors' appetite (**Table 4**).

## LIST OF TABLES AND CHARTS

### Chart 1: Developments in Inflation



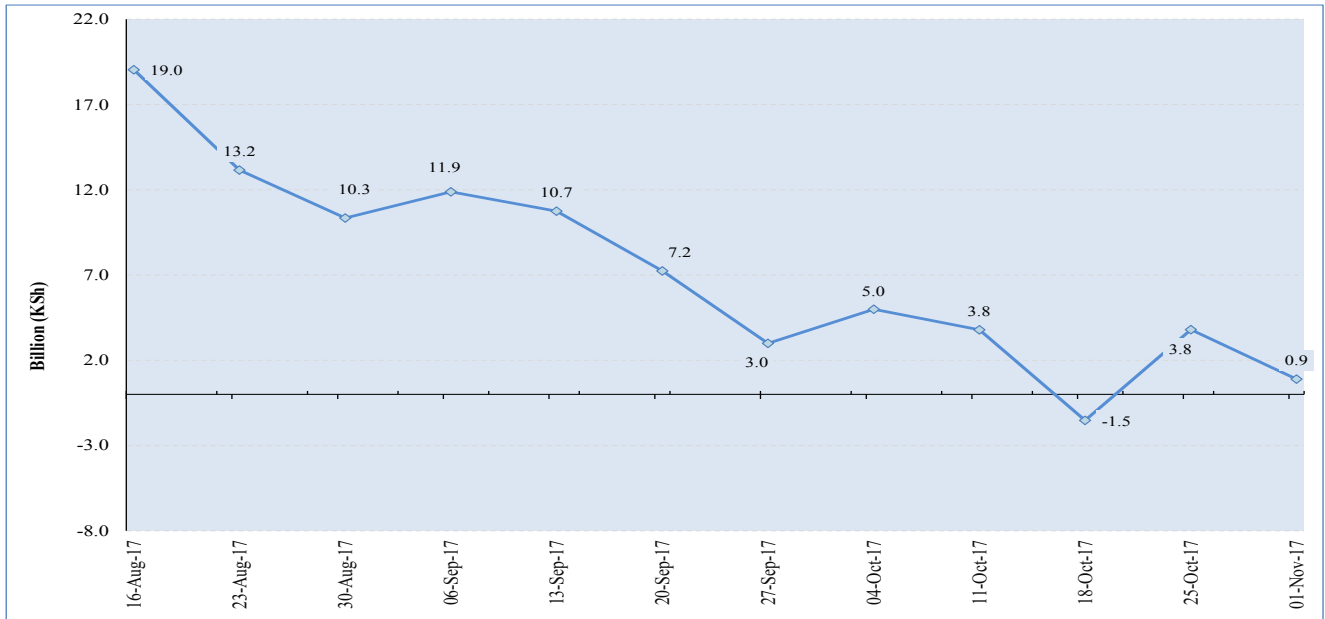
Source: Kenya National Bureau of Statistics

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

	27-Oct-17	30-Oct-17	31-Oct-17	1-Nov-17	Total
<b>Liquidity Flows</b>					
<b>Total liquidity injection <sup>\1</sup></b>	<b>0.3</b>	<b>19.6</b>	<b>11.3</b>	<b>9.0</b>	<b>40.2</b>
Repos Maturities	0.0	0.0	0.0	0.0	0.0
Reverse Repo Purchases	0.3	0.0	0.0	2.4	2.7
Term Auction Deposit maturities	0.0	0.0	0.0	0.0	0.0
T/bills redemptions	0.0	6.8	0.0	0.0	6.8
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	0.0	0.0	0.0
T/bonds rediscounts	0.0	0.0	0.0	0.0	0.0
Govt payments	0.0	12.8	11.3	6.6	30.7
<b>Total liquidity reduction <sup>\1</sup></b>	<b>9.8</b>	<b>13.0</b>	<b>8.7</b>	<b>7.6</b>	<b>39.2</b>
T/bills (Primary issues)	0.0	7.2	0.0	0.0	7.2
Tbonds Sales	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
Repos	0.0	0.0	0.0	0.5	0.5
Reverse Repos maturities	0.3	0.0	6.0	2.7	9.0
Term Auction Deposit	0.0	0.0	0.0	0.0	0.0
Transfer from Banks -Taxes	5.8	2.2	2.7	4.4	15.1
<b>Net liquidity injection (+)/Withdrawal (-)</b>	<b>-9.4</b>	<b>6.6</b>	<b>2.6</b>	<b>1.3</b>	<b>1.1</b>
<b>Open Market Operations Outcome</b>					
<b>Posted Amount</b>	0.0	0.0	0.0	5.0	5.0
<b>Realised Amount - Mop up</b>	0.0	0.0	0.0	0.5	0.5
Repo (-)	0.0	0.0	0.0	0.5	0.5
Term Auction Deposits (-)	0.0	0.0	0.0	0.0	0.0
<b>Reserve Money Position</b>					
Reserve money (actual)	399.3	409.9	416.3	410.2	

<sup>\1</sup> Only main transactions increasing or reducing liquidity are included.

Source: Central Bank of Kenya

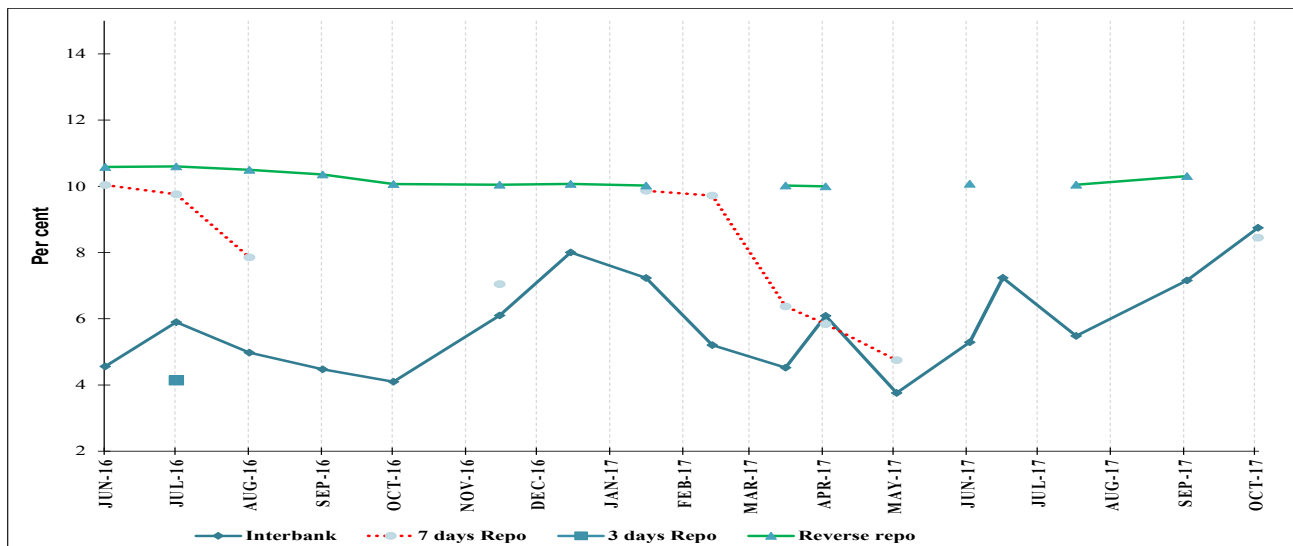
**Chart 2: Commercial Banks Excess Reserves**

Source: Central Bank of Kenya

**Table 2: Interbank Deals, Volumes & Interest Rates**

Date	Number of Deals	Value (KSh M)	Average Interbank Rate (%)	7 days Average Repo Rate (%)
19-Oct-17	35	23,520	7.45	
23-Oct-17	42	17,020	8.52	
24-Oct-17	36	21,710	6.89	
<b>Oct 19-Oct 24 , 2017</b>	<b>39</b>	<b>24,336</b>	<b>7.53</b>	
26-Oct-17				
27-Oct-17	42	24,995	8.77	
30-Oct-17	50	37,870	8.73	
31-Oct-17	48	33,350	8.81	
1-Nov-17	44	28,370	8.69	8.45
<b>Oct 27-Nov 01 , 2017</b>	<b>46</b>	<b>31,146</b>	<b>8.75</b>	<b>8.45</b>

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*
23-Oct-17	103.55	136.53	122.66	91.77	35.34	21.68	8.06	16.93
24-Oct-17	103.70	136.67	121.74	91.12	35.30	21.65	8.05	16.91
<b>23-24 October 2017</b>	<b>103.62</b>	<b>136.60</b>	<b>122.20</b>	<b>91.45</b>	<b>35.32</b>	<b>21.66</b>	<b>8.06</b>	<b>16.92</b>
27-Oct-17	103.81	136.50	122.16	91.15	35.35	21.63	8.04	16.89
30-Oct-17	103.69	135.67	120.07	90.85	35.20	21.65	8.06	16.92
31-Oct-17	103.69	136.65	120.28	91.69	35.20	21.64	8.06	16.92
1-Nov-17	103.75	137.44	120.76	91.45	35.23	21.64	8.05	16.92
2-Nov-17	103.79	137.73	120.68	91.07	35.17	21.62	8.05	16.91
<b>27 October- 2 November 2017</b>	<b>103.75</b>	<b>136.09</b>	<b>121.11</b>	<b>91.00</b>	<b>35.28</b>	<b>21.64</b>	<b>8.05</b>	<b>16.91</b>

\* 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 (%)
20-Oct-17	<b>Public Holiday</b>								3.993	6.280
23-Oct-17	156.07	4,063.25	3,541.56	871	34.66	1,178.72	2,386.43	288.37	3.913	6.284
24-Oct-17	158.11	4,116.56	3,602.56	965	21.45	593.30	2,316.51	2,128.99	3.910	6.329
25-Oct-17	<b>National Elections</b>								3.984	6.329
26-Oct-17	<b>National Elections</b>								4.052	6.346
<b>20 Oct-26 Oct 2017</b>	<b>158.11</b>	<b>4,116.56</b>	<b>3,602.56</b>	<b>1,836</b>	<b>56.12</b>	<b>1,772.02</b>	<b>2,316.51</b>	<b>2,417.36</b>	<b>4.052</b>	<b>6.346</b>
27-Oct-17	159.87	4,114.82	3,648.31	965	10.61	347.28	2,342.26	1,195.18	4.042	6.253
30-Oct-17	160.11	4,155.83	3,674.84	1,142	10.17	291.03	2,345.77	922.00	3.972	6.131
31-Oct-17	161.99	4,202.23	3,729.62	1,376	17.72	760.40	2,373.43	2,102.45	3.891	6.097
1-Nov-17	163.96	4,268.73	3,759.67	1,490	37.23	1,240.60	2,402.38	455.63	3.888	6.018
2-Nov-17	163.48	4,282.91	3,776.83	1,349	37.81	970.13	2,395.30	444.41	3.878	5.972
<b>27 Oct-2 Nov 2017</b>	<b>163.48</b>	<b>4,282.91</b>	<b>3,776.83</b>	<b>6,322</b>	<b>113.53</b>	<b>3,609.44</b>	<b>2,395.30</b>	<b>5,119.67</b>	<b>3.878</b>	<b>5.972</b>
<b>Weekly Change (%)</b>	<b>3.40</b>	<b>4.04</b>	<b>4.84</b>	<b>244.34</b>	<b>102.32</b>	<b>103.69</b>	<b>3.40</b>	<b>111.79</b>	<b>*(0.17)</b>	<b>*(0.37)</b>

\* Percentage points

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

Table 5: Performance of Treasury Bills

TREASURY BILLS							
<b>91-Day Treasury Bills</b>							
Date of Auction	27-Jul-17	31-Aug-17	28-Sep-17	05-Oct-17	12-Oct-17	19-Oct-17	02-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
Bids received (Ksh M)	964.01	2,773.01	4,023.90	4,873.66	2,534.29	1,672.96	4,375.16
Amount Accepted (Ksh M)	857.46	1,577.59	4,023.90	4,336.04	2,534.29	680.10	3,807.72
Maturities (Ksh M)	11,427.00	3,167.80	2,296.35	4,293.85	2,223.95	2,258.60	1,503.65
Average interest Rate (%)- 91 Days	8.202	8.139	8.130	8.129	8.097	8.078	8.015
<b>182-Day Treasury Bills</b>							
Date of Auction	27-Jul-17	31-Aug-17	28-Sep-17	05-Oct-17	12-Oct-17	19-Oct-17	02-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
Bids received (Ksh M)	4,751.78	14,540.81	5,262.62	2,223.64	4,355.04	4,587.85	4,207.27
Amount Accepted (Ksh M)	4,416.32	11,463.28	5,241.99	2,141.98	4,345.77	3,942.07	4,207.27
Maturities (Ksh M)	2,297.80	22,446.95	0.00	0.00	0.00	0.00	21,442.35
Average interest Rate (%)- 182 days	10.321	10.316	10.317	10.319	10.316	10.314	10.433
<b>364-Day Treasury Bills</b>							
Date of Auction	27-Jul-17	31-Aug-17	28-Sep-17	05-Oct-17	12-Oct-17	19-Oct-17	02-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
Bids received (Ksh M)	9,780.73	15,343.16	3,448.87	8,067.79	3,367.24	4,948.24	8,141.46
Amount Accepted (Ksh M)	9,366.10	13,019.38	3,448.87	6,717.29	2,917.07	3,747.03	7,952.35
Maturities (Ksh M)	6,827.91	9,843.80	8,085.20	8,365.30	6,310.95	5,223.25	8,809.90
Average interest Rate (%)- 364 days	10.894	10.922	10.958	10.975	10.989	10.985	10.995

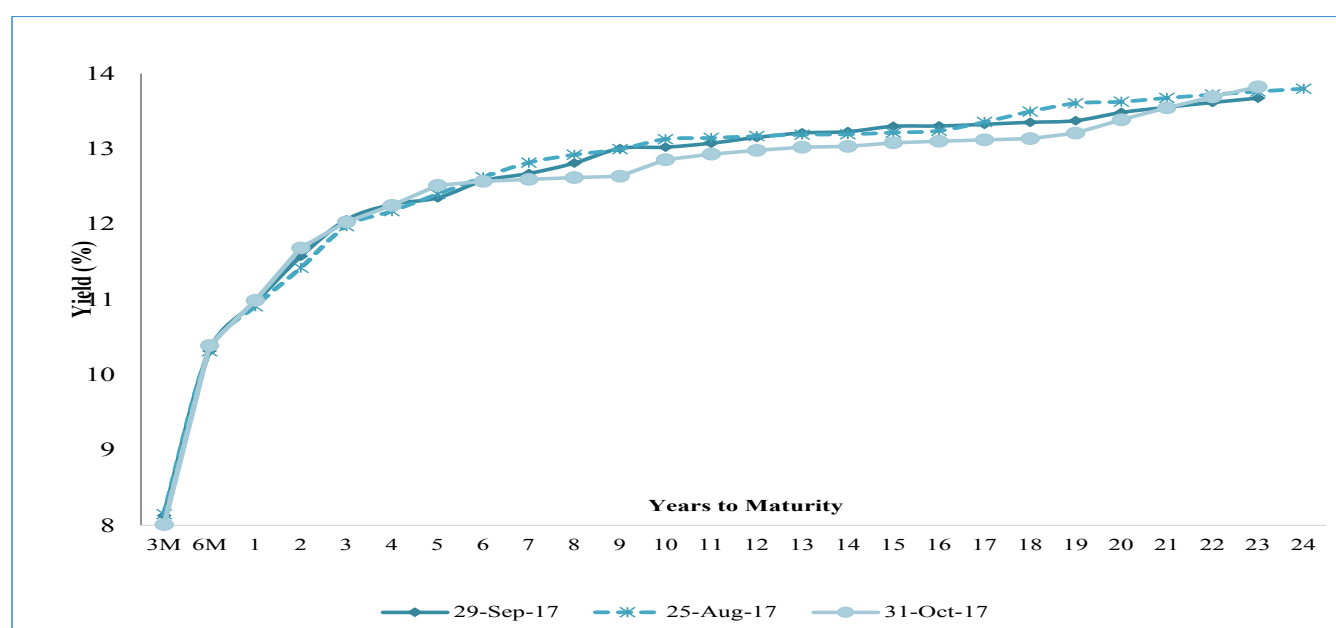
Source: Central Bank of Kenya

Table 6: Performance of Treasury Bonds

TREASURY BONDS						
Date of Auction	27-Jul-17	31-Aug-17	28-Sep-17		18-Oct-17	02-Nov-17
Tenor	FXD 1/2007/10	FXD 1/2017/5	TAP SALE FXD 1/2017/2	TAP SALE FXD 1/2017/10	FXD 2/2017/5	FXD 2/2017/5
Amount offered (Ksh)	30,000.0	13,000.0	13,000.0		30,000.0	16,500.0
Bids received (Ksh M)	19,043.3	17,490.0	11,137.6	635.0	20,076.8	7,253.0
Amount Accepted (Ksh)	5,190.8	17,530.8	11,137.6	635.0	13,504.6	7,253.0
Maturities (Ksh M)	0.0	0.0	0.0	0.0	0.0	0.0
Average interest Rate	12.966	12.465	11.619	13.072	12.517	12.517

Source: Central Bank of Kenya

Chart 4: Government Securities Yield



Source: Central Bank of Kenya

**Table 7: Government Domestic Debt (KSh Billion)**

	30-Jun-17	28-Jul-17	25-Aug-17	29-Sep-17	06-Oct-17	13-Oct-17	19-Oct-17	27-Oct-17
1. Treasury Bills (Excluding Repos)	744.15	744.46	727.40	724.80	727.78	729.21	730.88	734.84
(As % of total securities)	35.84	35.85	35.20	34.33	34.23	34.27	34.48	34.38
2. Treasury Bonds	1,331.98	1,331.98	1,339.04	1,386.56	1,398.31	1,398.31	1,389.00	1,402.49
(As % of total securities)	64.16	64.15	64.80	65.67	65.77	65.73	65.52	65.62
3. Total Securities (1+2)	2,076.13	2,076.43	2,066.44	2,111.36	2,126.09	2,127.52	2,119.88	2,137.33
4. Overdraft at Central Bank	-	-	13.39	24.72	22.46	21.97	20.87	17.70
5. Other Domestic debt*	36.15	35.56	36.71	36.47	36.47	40.51	40.51	40.50
6. Gross Domestic Debt (3+4+5)	2,112.28	2,112.00	2,116.54	2,172.55	2,185.02	2,189.99	2,181.26	2,195.53

\* 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	06-Oct-17	13-Oct-17	19-Oct-17	27-Oct-17
Banking Institutions	56.2	56.1	55.9	55.9	55.7	55.8	55.6	55.2
Insurance Companies	6.6	6.6	6.2	6.2	6.2	6.2	6.2	6.2
Parastatals	6.4	6.6	6.5	6.3	6.3	6.3	6.5	6.5
Pension funds	28.1	28.0	27.2	27.3	27.5	27.4	27.4	27.8
Other investors	2.7	2.7	4.3	4.3	4.3	4.3	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 9: 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	2,172.55
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	4,482.75

Source: Central Bank of Kenya

**TABLE 10: Official Foreign Exchange 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	02-Nov-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
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

\*Excludes Encumbered Reserves

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

Source: Central Bank of Kenya