Central Bank of Kenya

Weekly Statistical Bulletin

Key Monetary and Financial Indicators

December 15, 2017

Liquidity increased in the money market during the week ending December 13, 2017 boosted by government payments and net redemption of government securities. The value traded and inter bank rate therefore declined.

The Kenya shilling exchange rate remained steady against the US Dollar during the week ending December 14, 2017.

The capital market recorded strong performance during the week ending December 14, 2017, reflecting continued investor confidence inspite of slight decline across leading indicators due to a short trading week.

Monetary Policy Operations

The money market was liquid during the week ending December 13, 2017 boosted by government payments and net redemptions of government securities, which combined contributed Ksh 30.8 billion additional liquidity. This partly offset KSh12.1 billion liquidity withdrawn largely through Reverse repo maturities **(Table 1)**.

The commercial banks' excess reserves above 5.25 percent averaging requirement increased marginally to 7.4 billion from KSh 7.0 billion the previous week, as commercial banks funded positions at the end of the CRR cycle **(Chart 1).**

The Interbank Market

Activity in the interbank market decreased during the week ending December 13, 2017 as liquidity conditions improved. The value traded decreased to an average of KSh 19.9 billion from KSh 27.3 billion the previous week. The number of deals in the interbank market remained elevated at an average of 43 from the previous week's average of 41. The weighted average interbank rate declined to 6.97 percent from 8.03 percent in the previous week **(Table 2 and Chart 2),** reflecting the improvement in liquidity and large banks borrowing at lower rates in a segmented market.

Kenya Shilling Exchange Rate

The Kenya shilling exchange rate remained steady against the US Dollar during the week ending December 14, 2017. It changed marginally against the Sterling pound, the Euro and the Japanese Yen. In the EAC region, the shilling remained stable against all the currencies (**Table 3**).

Equity Market

Trading in the equities market declined slightly across most of the leading indicators reflecting the shorter trading week due to the public holiday on December 12, 2017. Prices declined across the NASI, NSE 25 and NSE 20 Indices, by 1.26 percent, 0.94 percent and 1.23 percent, respectively. The total number of shares traded increased by 1.52 percent. Equity turnover and shareholders' wealth measured by market capitilization declined by 1.36 percent **(Table 4),** reflecting weaker share prices.

Bond Market and Eurobond Yields

The volume of bonds traded decreased by 62.05 percent in the week ending December 14, 2017, partly due to the short trading week. The yield on Kenya's 5-year Eurobond decreased by 0.19 percentage points, while the 10-year Eurobond yield reduced by 0.08 percentage points, reflecting increased investor demand for the two bonds **(Table 4)**.

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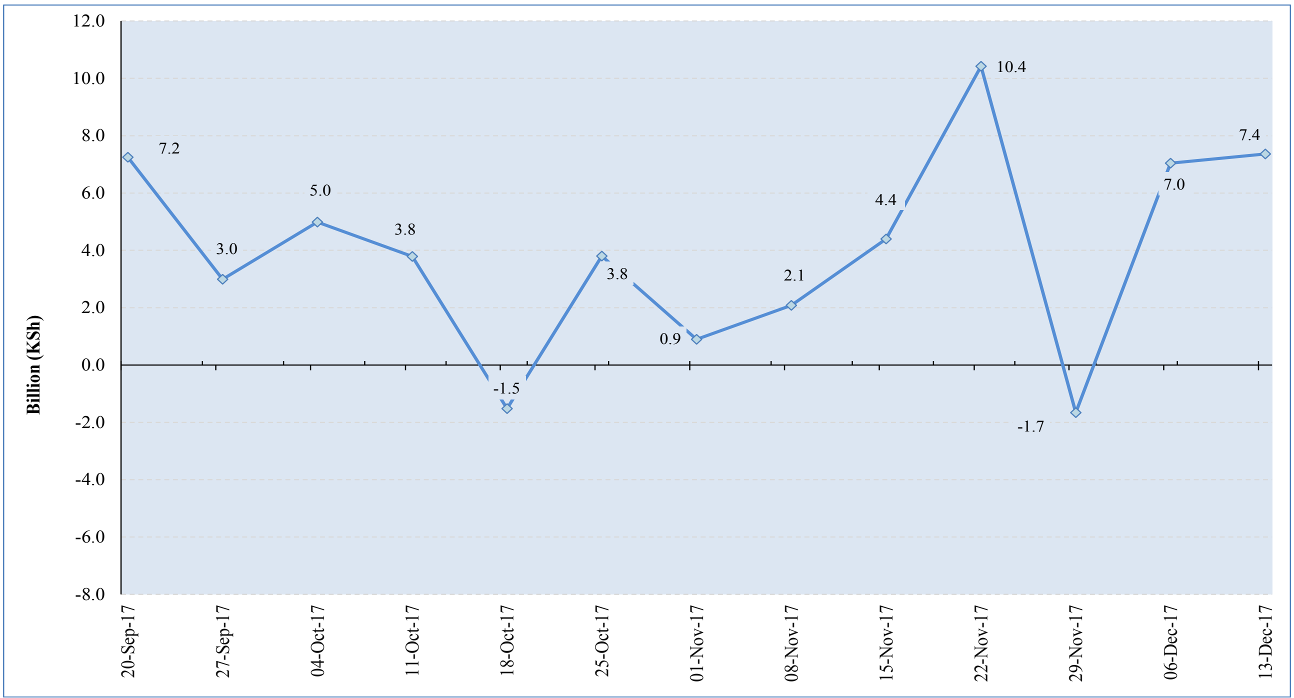
Chart 1: Commercial Banks Excess Reserves



Source: Central Bank of Kenya

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

	7-Dec-17	8-Dec-17	11-Dec-17	13-Dec-17	Total
Liquidity Flows					
Total liquidity injection \[1]	**13.3**	**13.2**	**41.1**	**8.0**	**75.67**
Repos Maturities	0.0	0.0	0.0	0.0	0.0
Reverse Repo Purchases	0.0	0.0	0.3	1.0	1.2
Term Auction Deposit maturities	0.0	0.0	0.0	0.0	0.0
T/bills redemptions	0.0	0.0	0.0	0.0	0.0
T/bills rediscounts	0.0	0.0	0.0	0.0	0.0
T/bonds redemptions	0.0	0.0	32.0	0.0	32.0
T/bonds Interest	0.0	0.0	3.6	0.0	3.6
T/bonds rediscounts	0.0	0.0	0.0	0.0	0.0
Govt payments	13.3	12.2	5.2	7.1	37.8
Total liquidity reduction \[1]	**12.4**	**4.5**	**24.4**	**14.5**	**55.88**
T/bills (Primary issues)	0.0	0.0	18.1	0.0	18.1
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	0.6	0.0	0.6
Reverse Repos maturities	9.6	0.0	0.3	2.8	12.7
Term Auction Deposit	0.0	0.0	0.0	0.0	0.0
Transfer from Banks -Taxes	2.8	4.5	5.4	11.7	24.5
Net liquidity injection (+)/Withdrawal (-)	**1.0**	**8.7**	**16.6**	**-6.5**	**19.8**
Open Market Operations Outcome					
Posted Amount	0.0	0.0	10.0	0.0	10.0
Realised Amount - Mop up	0.0	0.0	0.6	0.0	0.6
Repo (-)	0.0	0.0	0.6	0.0	0.6
Term Auction Deposits (-)	0.0	0.0	0.0	0.0	0.0
Reserve Money Position					
Reserve money (actual)	**417.6**	**425.1**	**441.2**	**433.3**	

\[1] *Only main transactions increasing or reducing liquidity are included.*

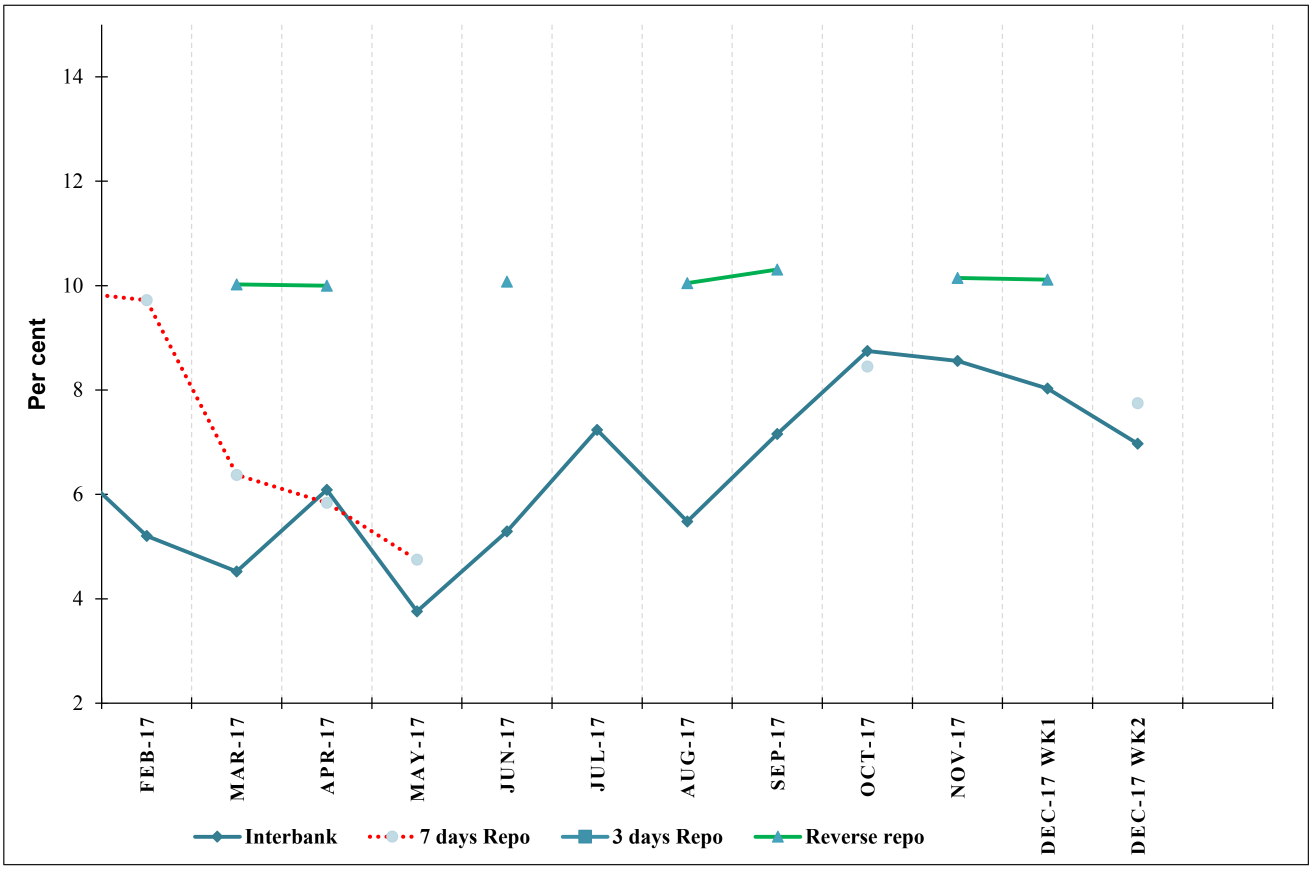
Source: Central Bank of Kenya

Table 2: Interbank Deals, Volumes and Interest Rates

Date	Number of Deals	Value (KSh M)	Average Interbank Rate (%)	7 days Average Repo Rate (%)	Reverse Repo Rate (%)
30-Nov-17	41	24,730	8.34	-	10.18
1-Dec-17	38	21,070	8.05	9.39	
4-Dec-17	44	30,325	7.96	9.85	
5-Dec-17	42	29,200	7.91		
6-Dec-17	42	31,385	7.88	-	10.05
Nov 30-Dec 06 , 2017	**41**	**27,342**	**8.03**	**9.62**	**10.12**
7-Dec-17	39	18,055	7.75		
8-Dec-17	52	24,215	6.95		
11-Dec-17	39	18,925	6.58	7.75	
13-Dec-17	40	18,320	6.60		
Dec 07-Dec 13 , 2017	**43**	**19,879**	**6.97**	**7.75**	

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*
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**
8-Dec-17	102.96	137.85	121.40	90.81	35.21	21.75	8.15	17.12
11-Dec-17	103.08	138.32	121.20	91.05	35.15	21.74	8.14	17.10
13-Dec-17	103.11	137.89	121.55	90.96	35.11	21.73	8.32	17.02
14-Dec-17	103.17	137.68	121.19	91.21	35.08	21.70	8.13	17.09
8-14 December 2017	**103.08**	**137.94**	**121.33**	**91.01**	**35.14**	**21.73**	**8.19**	**17.08**

* *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 (%)
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**	**3752**	**6,400**	**124.12**	**3,384.42**	**2,581.54**	**9,993.89**	**4.01**	**5.839**
08-Dec-17	175.27	4,373	3751	952	20.55	543.68	2,581.89	1,335.04	4.007	5.883
11-Dec-17	176.00	4,388	3732	1,125	13.29	367.93	2,592.57	900.14	3.92	5.876
12-Dec-17	**Public Holiday**								3.833	5.834
13-Dec-17	174.14	4,339	3711	1,399	57.10	1429.74	2,565.18	487.44	3.83	5.803
14-Dec-17	172.88	4,327	3706	1,398	35.06	958.03	2,546.55	1,070.36	3.8197	5.7571
08 - 14 Dec 2017	**172.88**	**4,327**	**3706**	**4,874**	**126.00**	**3299.39**	**2,546.55**	**3,792.98**	**3.8197**	**5.7571**
Weekly Change (%)	**(1.26)**	**(0.94)**	**(1.23)**	**(23.84)**	**1.52**	**(2.51)**	**(1.36)**	**(62.05)**	**(0.19)***	**(0.08)***

* *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**	**14-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	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	1,468.50
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	1,468.50
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	4,096.95
Average interest Rate (%)- 91 Days	8.202	8.139	8.130	8.078	8.015	8.008	8.011	8.011	8.011	8.001
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**	**14-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	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	7,784.30
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	5,117.68
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	16,482.45
Average interest Rate (%)- 182 days	10.321	10.316	10.317	10.314	10.488	10.483	10.481	10.478	10.522	10.529
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**	**14-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	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	8,432.09
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	7,968.18
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	1,768.95
Average interest Rate (%)- 364 days	10.894	10.922	10.958	10.985	11.000	11.004	11.019	11.045	11.076	11.087

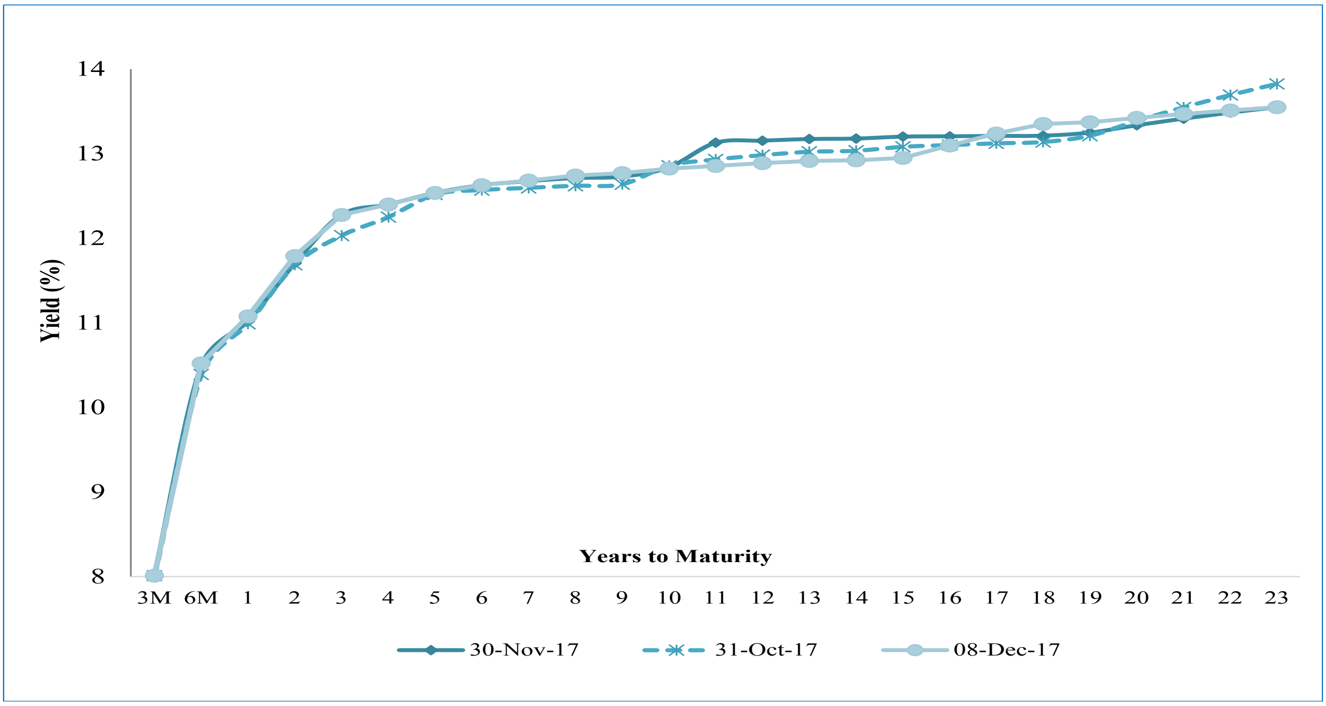
Source: Central Bank of Kenya

Table 6: Performance of Treasury Bonds

Date of Auction	28-Sep-17		18-Oct-17	02-Nov-17	22-Nov-17	13-Dec-17	
Tenor	TAP FXD 1/2017/2	TAP FXD 1/2017/10	FXD 2/2017/5	FXD 2/2017/5	IFB1/2017/7	FXD1/2008/15	FXD1/2017/10
Amount offered (Ksh	13,000.0		30,000.0	16,500.0	30,000.0	30,000.0	
Bids received (Ksh M)	11,137.6	635.0	20,076.8	7,253.0	45,910.9	10,086.3	11,806.1
Amount Accepted (Ksh	11,137.6	635.0	13,504.6	7,253.0	42,020.1	4,679.8	5,366.9
Maturities (Ksh M)	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Average interest Rate	11.619	13.072	12.517	12.517	12.232	12.581	13.087

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	17-Nov-17	24-Nov-17	01-Dec-17	08-Dec-17
1. Treasury Bills (Excluding Repos)	727.40	724.80	734.84	719.21	709.79	704.02	700.44
(As % of total securities)	**35.20**	**34.33**	**34.38**	**33.78**	**33.49**	**32.67**	**32.54**
2. Treasury Bonds	1,339.04	1,386.56	1,402.49	1,409.71	1,409.71	1,451.16	1,452.16
(As % of total securities)	**64.80**	**65.67**	**65.62**	**66.22**	**66.51**	**67.33**	**67.46**
3. Total Securities (1+2)	**2,066.44**	**2,111.36**	**2,137.33**	**2,128.92**	**2,119.51**	**2,155.19**	**2,152.60**
4. Overdraft at Central Bank	13.39	24.72	17.70	23.24	33.88	40.66	28.00
5. Other Domestic debt*	36.71	36.47	40.50	32.82	32.83	32.81	31.82
6. Gross Domestic Debt (3+4+5)	**2,116.54**	**2,172.55**	**2,195.53**	**2,184.98**	**2,186.21**	**2,228.66**	**2,212.42**

** 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	17-Nov-17	24-Nov-17	01-Dec-17	08-Dec-17
Banking Institutions	55.9	55.9	55.2	54.8	54.7	54.7	54.2
Insurance Companies	6.2	6.2	6.2	6.3	6.3	6.3	6.3
Parastatals	6.5	6.3	6.5	6.7	7.0	6.9	6.9
Pension funds	27.2	27.3	27.8	27.7	27.6	27.6	28.0
Other investors	**4.3**	**4.3**	**4.4**	**4.4**	**4.4**	**4.5**	**4.5**
Total	**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	14-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	7,091
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	4.75

**Excludes Encumbered Reserves*

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

Source: Central Bank of Kenya