

Week ending 13th July 2019

Weekly Fixed Income

Key Highlights:

A total of **KES 24.0 billion** worth of T-bills were on offer during the week. Both the **182** and **364 day** T-bill on offer was oversubscribed, recording a **111%** and **298%** subscription rate, as investors sought to lock in higher interest rates while the subscription rate on the 91-day T-bill stood at **81%**. CBK accepted all bids due to the high T-bill maturities due this month.

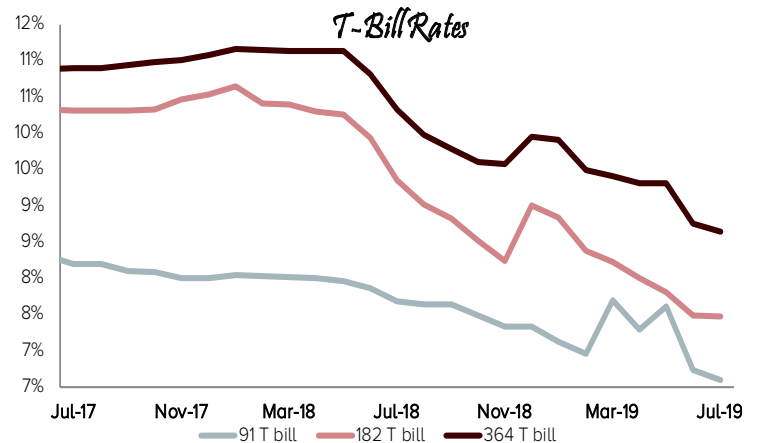
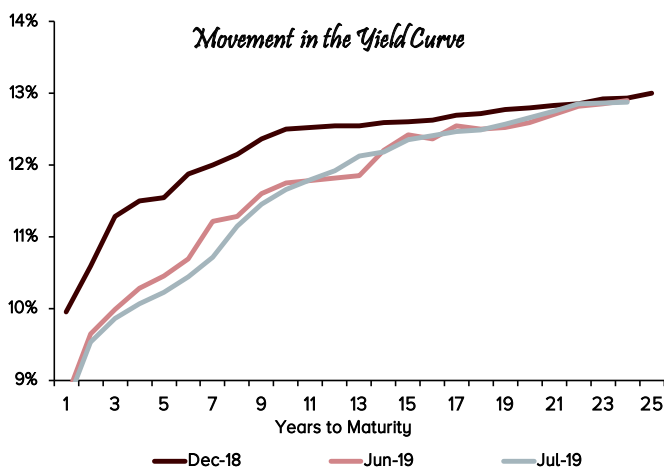
In a bid to raise **KES 40 billion**, CBK will this month auction a **15 year** bond, **FXD3/2019/15**. The bond's coupon will be market determined and the sale period runs from 2nd July to 23rd July. We recommend that investors bid within the range of **12.40%** to **12.25%**.

Key Indicators

	Current	Previous	% Change
91-day	6.66%	6.69%	-0.03%
182-day	7.47%	7.40%	0.07%
364-day	8.65%	8.61%	0.04%
Interbank	2.44%	2.38%	0.06%

Macroeconomic data	Current	Previous
GDP (1Q19 vs 1Q18)	5.6%	6.5%
Inflation (Jun)	5.7%	5.5%
Private sector credit growth (Apr)	4.9%	4.3%
Money Supply (April)	10.7%	12.5%

Interest Rates



MACROECONOMIC NEWS

Economic Growth:

GDP growth slowed to **5.6%** in 1Q19 from **6.5%** in the corresponding period of 2018. This is mainly attributed to a slowdown in the Agricultural sector where growth reduced to **5.3%** from **7.5%** in 1Q18.

Currency:

The Kenyan shilling continued to lose ground against the USD closing the week down **0.3%**. The shilling is expected to continue to lose against the USD as dollar demand remains elevated.

Inflation:

Inflation rose to **5.7%** in June from **5.49%** in May. However, the CPI also decreased by **0.69%** mainly due to a **1.6%** decline in the Food and non-alcoholic beverages index.

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