

Weekly Fixed Income

Key Highlights:

CBK's monetary policy committee (MPC) met on Wednesday, July 24th. The committee decided to leave the CBR unchanged on the back of a stable macroeconomic environment. The Kenyan shilling has depreciated since the last policy meeting but inflation remains below CBK's upper target of **7.5%**.

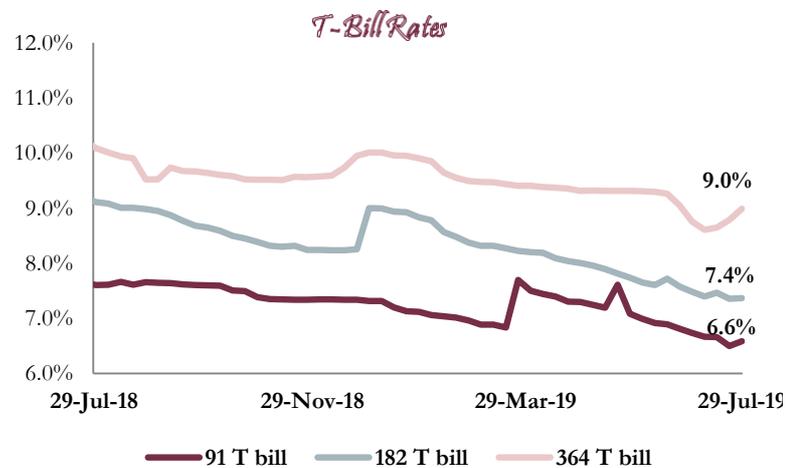
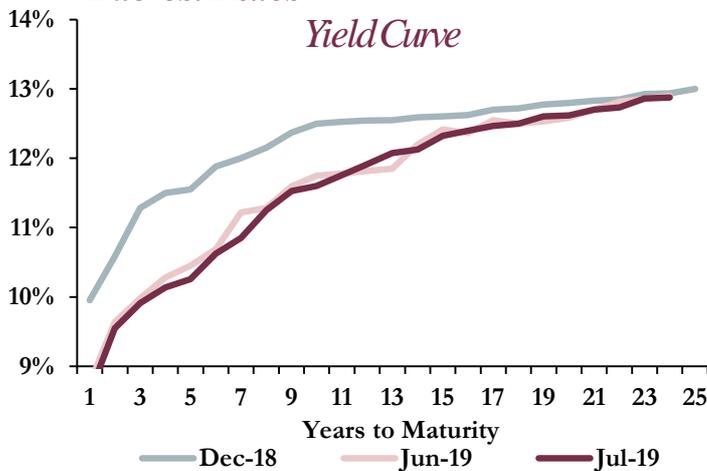
A total of **KES 24.0 Billion** worth of T-bills were on offer during the week. Both the **91-day** and **364-day** T-bill on offer were oversubscribed recording **201.80%** and **164.46%** subscription rates respectively while the subscription rate on the **182-day** T-bill stood at **27.20%**. CBK accepted all bids for the **182-day** T-bills on offer.

In a bid to raise **KES 40 billion**, CBK auctioned a **15-year** bond, **FXD3/2019/15**, this month. Demand for the paper was elevated, KES 86.6 billion worth of bids, its long tenure. The weighted average rate of accepted bids stood at **12.34%**.

Key Indicators

	Current	Previous	%Change	Macroeconomic data	Current	Previous
91-day	6.59%	6.50%	0.09%	GDP (1Q19 vs 1Q18)	5.6%	6.5%
182-day	7.37%	7.36%	0.01%	Inflation (Jun)	5.7%	5.5%
364-day	8.99%	8.79%	0.20%	Private sector credit growth (Apr)	4.9%	4.3%
Interbank	2.75%	2.00%	0.75%	Money Supply (April)	10.7%	12.5%

Interest Rates



MACROECONOMIC NEWS

CURRENCY

The Kenyan shilling continued to lose ground against the USD closing the week down 0.68%. The shilling is expected to continue to lose against the USD as dollar demand remains elevated.

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.

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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