

Weekly Fixed Income

Key Highlights:

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 a **205%** and **170%** subscription rates respectively while the subscription rate on the **182-day** T-bill stood at **78%**. CBK accepted all bids for the **91-day** T-bills on offer.

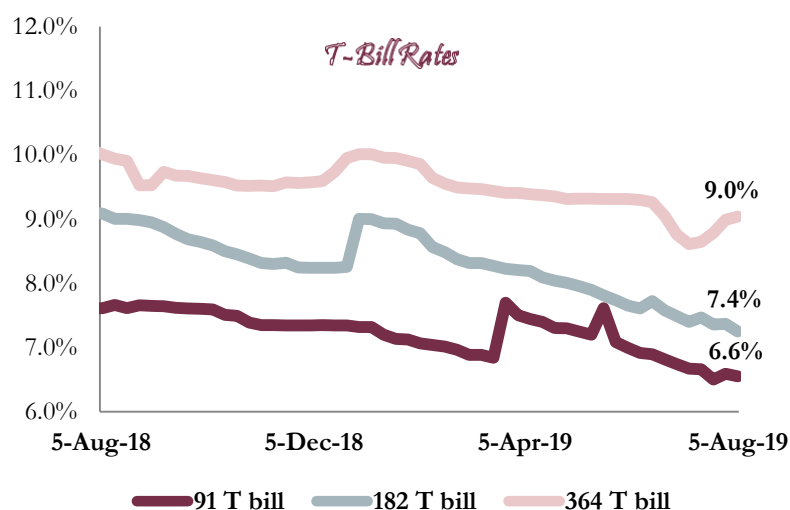
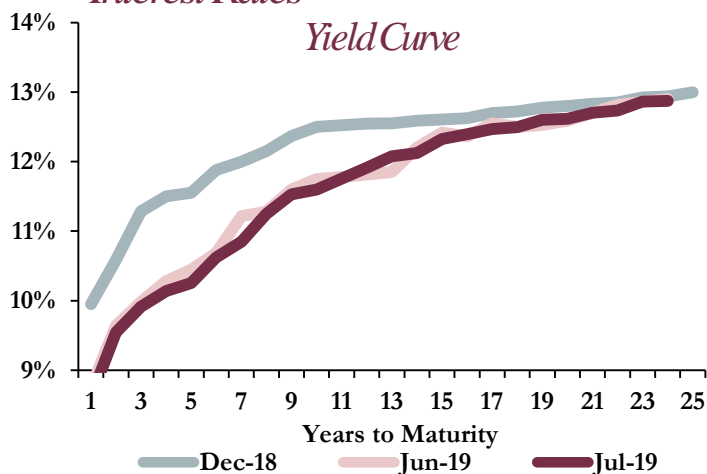
In a bid to raise **KES 50 Billion** CBK will this month auction a 10 year and 20 year bond, **FXD3/2019/10** and **FXD1/2019/20**. The 10 year bond's coupon will be market determined while the 20 year bond's coupon will be 12.873%. The sale period will run from **1st to 13th August**. We will send out our auction note during the course of the week.

RECOMMENDED TRADE: **BUY** the FXD1/2010/25 which is currently trading at 12.25%. We see value in this paper as the recently issued FXD3/2019/15 is currently trading at 12.15%

Key Indicators

	Current	Previous	%Change	Macroeconomic data	Current	Previous
91-day	6.55%	6.60%	-0.05%	GDP (1Q19 vs 1Q18)	5.6%	6.5%
182-day	7.25%	7.47%	-0.22%	Inflation (Jul)	6.3%	5.7%
364-day	9.04%	8.65%	0.39%	Private sector credit growth (Apr)	4.9%	4.3%
Interbank	2.67%	2.75%	-2.91%	Money Supply (April)	10.7%	12.5%

Interest Rates



MACROECONOMIC NEWS

Currency

The Kenyan shilling gained ground against the USD closing the week up 0.55%. The shilling is likely to remain stable at current levels.

Inflation:

Inflation rose to **6.3%** in July from **5.7%** in June. However, the CPI also decreased by **0.36%** mainly due to a **1.04%** decline in the Food and non-alcoholic beverages index.

GDP growth

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

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