

Week ending 9<sup>th</sup> August 2019

# Weekly Fixed Income

## Key Highlights:

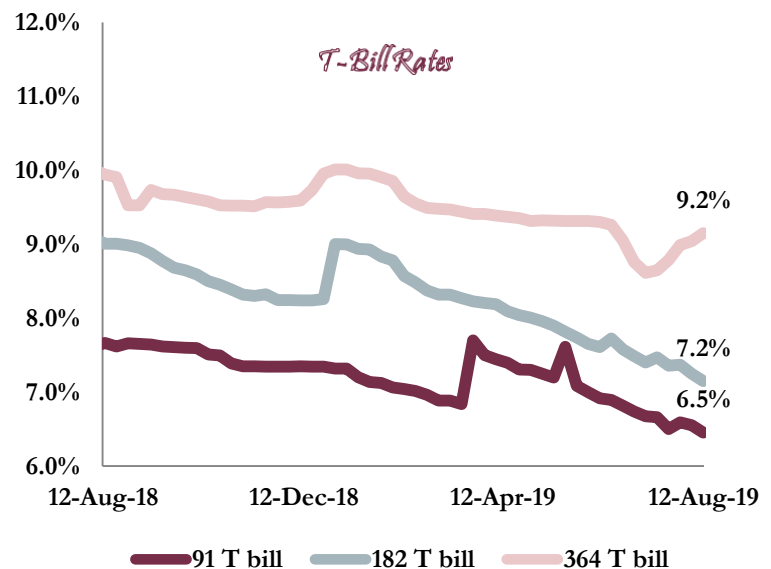
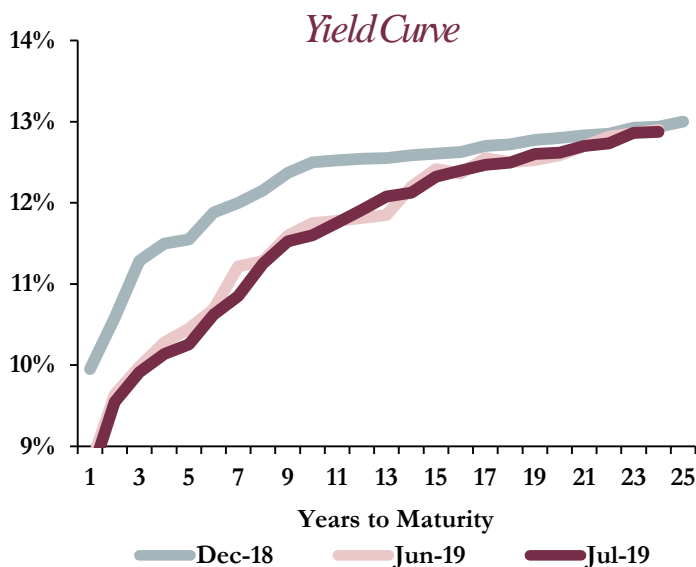
A total of **KES 24.0 Billion** worth of T-bills were on offer during the week. Both the **91-day** and **364-day** T-bill on offer were oversubscribed recording a **103%** and **122%** subscription rates respectively while the subscription rate on the **182-day** T-bill stood at **64%**. CBK did not accepted all the bids for any of the T-bills on offer.

In August, the CBK is offering two treasury bonds for auction; a **10 year ( FXD3/2019/10)** reopening a **20-year (FXD1/2019/20)** treasury bond to raise **50 Bn**. The 10- year bond will have a market determined coupon while the reopened 20-year bond will have a **12.87%** coupon. We advise investors to bid aggressively for the 10-year treasury bond, ranging between **11.45%** and **11.70%**, but be reserved when bidding for the reopened 20-year treasury bond, ranging between **12.65%** and **12.85%** due to our expectation of a medium to low subscription for the bond. (For Primary Auction Note : [click here](#))

## Key Indicators

	Current	Previous	%Change	Macroeconomic data	Current	Previous
91-day	6.45%	6.55%	-0.10%	GDP (1Q19 vs 1Q18)	5.6%	6.5%
182-day	7.15%	7.25%	-0.10%	Inflation (Jul)	6.3%	5.7%
364-day	9.15%	9.04%	0.11%	Private sector credit growth (May)	4.4%	4.9%
Interbank	3.64%	2.67%	36.33%	Money Supply (May)	8.7%	10.7%

## Interest Rates



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## MACROECONOMIC NEWS

### *Currency*

The Kenyan shilling lost ground against the USD closing the week down **0.14%**. 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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