

Week ending 16th August 2019

Weekly Fixed Income

Key Highlights:

A total of **KES 24.0 Billion** worth of T-bills were on offer during the week. Only the **364-day** T-bill on offer was oversubscribed recording a **152%** subscription rate while the subscription rates on the **91-day** and **182-day** T-bill stood at **69%** and **29%** respectively. CBK accepted all the bids for the **91-day** and **182-day** T-bills on offer.

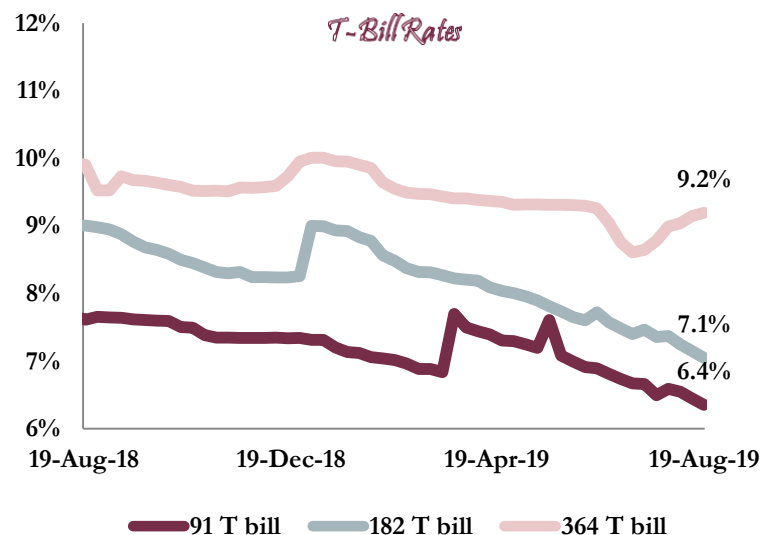
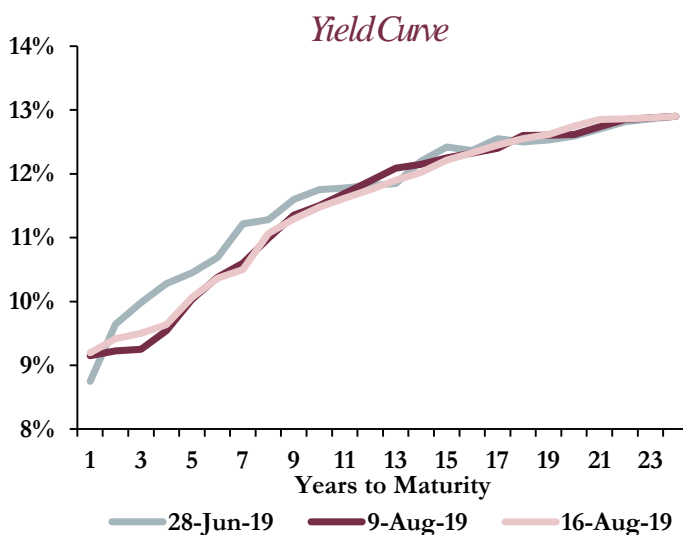
This month, CBK auctioned two treasury bonds; a **10 year (FXD3/2019/10)** and reopened a **20-year (FXD1/2019/20)** treasury bond, in a bid to raise **KES 50 Bn**. The 10-yr bond was oversubscribed recording **105%** while the 20-yr bond was undersubscribed at **29%**. The weighted average rate of accepted bids stood at **11.52%** for the 10- year bond while that of the 20-year was at **12.74%**.

The government is offering a 3-year M-Akiba Bond; MAB2/2017/3 to raise 500Mn for infrastructure development. It will have a 10% coupon. The period for applications is between 19/08/19 and 6/09/19.

Key Indicators

	Current	Previous	%Change	Macroeconomic data	Current	Previous
91-day	6.36%	6.45%	-0.09%	GDP (1Q19 vs 1Q18)	5.6%	6.5%
182-day	7.05%	7.15%	-0.10%	Inflation (Jul)	6.3%	5.7%
364-day	9.20%	9.15%	0.04%	Private sector credit growth (May)	4.4%	4.9%
Interbank	3.64%	3.33%	-0.31%	Money Supply (May)	8.7%	10.7%

Interest Rates



MACROECONOMIC NEWS

Currency

The Kenyan shilling gained ground against the USD closing the week up **0.04%**. 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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