

Week ending 23rd August 2019

Weekly Fixed Income

Key Highlights:

A total of **KES 24.0 Billion** worth of T-bills were on offer during the week. The **91-day** T-bill and the **364-day** T-bill on offer were oversubscribed recording a **130%** and **108%** subscription rate while the subscription rate on the **182-day** T-bill stood at **12%**. CBK accepted all the bids for only the **91-day** T-bill on offer.

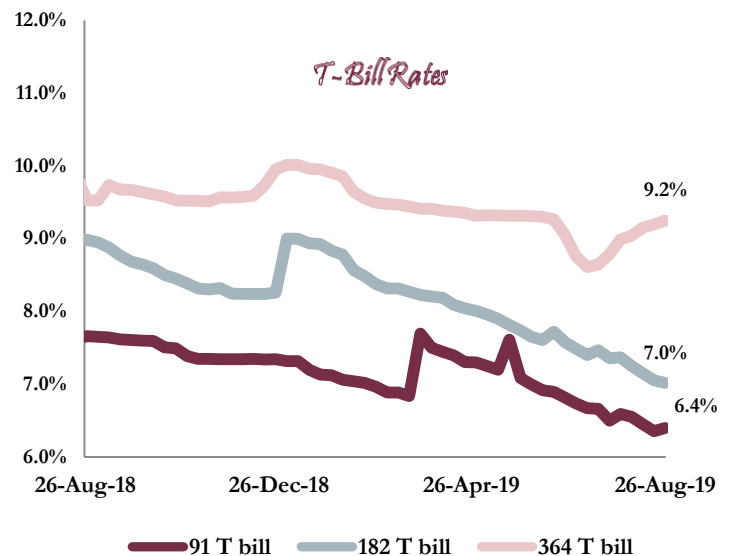
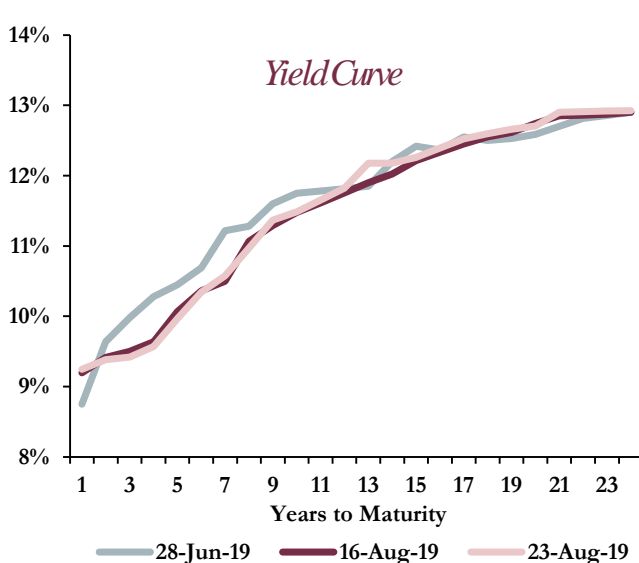
In September, CBK will be auctioning two re-opened **15 year** treasury bonds; **(FXD1/2018/15)** and **(FXD1/2019/15)**, in a bid to raise **KES 50 Bn**. FXD1/2018/15 will have an annual coupon rate of **12.65%** while that on the FXD1/2019/15 will be **12.73%**. The period of sale is from 22/08/2019 to 17/09/2019.

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 | 6.40% | 6.36% | 0.04% | GDP (1Q19 vs 1Q18) | 5.6% | 6.5% |
| 182-day | 7.02% | 7.05% | -0.03% | Inflation (Jul) | 6.3% | 5.7% |
| 364-day | 9.25% | 9.20% | 0.05% | Private sector credit growth (May) | 4.4% | 4.9% |
| Interbank | 3.67% | 3.33% | 10.21% | Money Supply (May) | 8.7% | 10.7% |

Interest Rates



MACROECONOMIC NEWS

Currency

The Kenyan shilling gained ground against the USD closing the week up **0.27%**. 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 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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