

# 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 **364-day** T-bill on offer were oversubscribed recording **157%** and **115%** subscription rates while the subscription rate on the **182-day** T-bill stood at **11%**. CBK accepted all the bids for the **91-day** T-bill and **182-day** T-bill on offer.

This week, CBK will be auctioning two re-opened **15 year** treasury bonds; **(FXD1/2018/15)** and **(FXD2/2019/15)**, in a bid to raise **KES 50Bn**. 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 begun in 22/08/2019 and is set to end on 17/09/2019, this Tuesday.

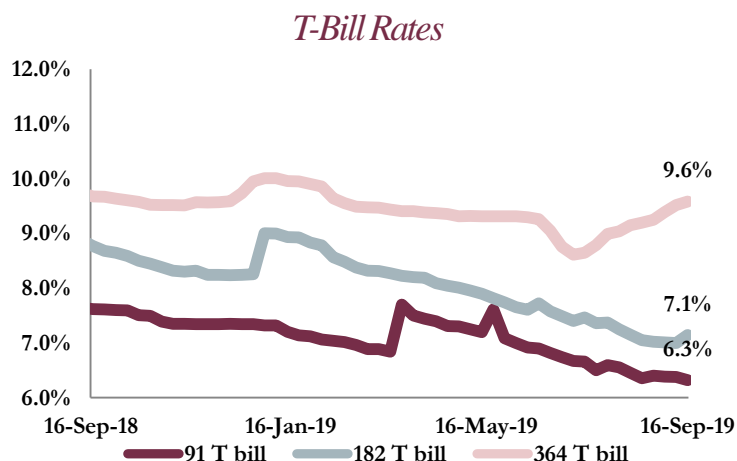
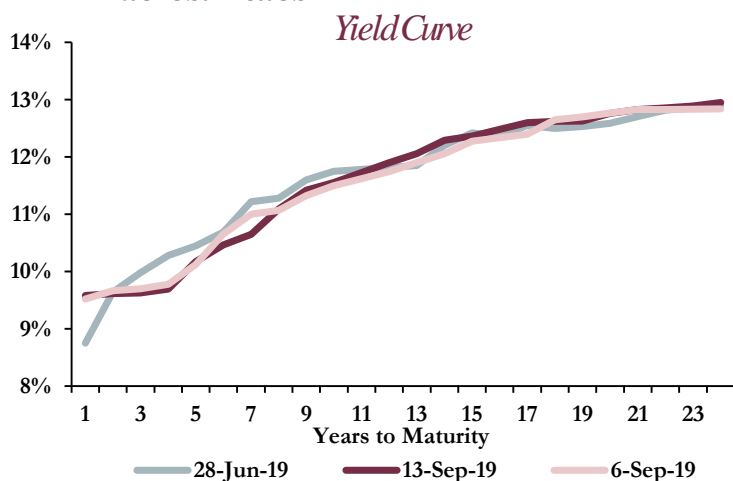
The government re-opened a 3-year M-Akiba Bond; **MAB2/2017/3** the 3<sup>rd</sup> time this year in August to raise **KES 500Mn** for infrastructure development. It has a 10% coupon. A total of **KES 263Mn** was raised bringing the total amount raised from the first issue to **KES 1.05Bn**. On its pilot phase there was full subscription and raised 150Mn. On the first issue in June 2017 it offered KES 1Bn but raised only KES 248Mn, the bond was reopened again in February 2019 offering KES 250Mn but raised KES 197Mn and lastly was reopened in June 2019 to raise KES 250Mn but only raised KES 188Mn.

**RECOMMENDED BDS:** We recommend our clients to bid the FXD1/2018/15 between 12.15% and 12.35% and between 12.4% and 12.6% for the FXD2/2019/15.

## Key Indicators

	Current	Previous	%Change	Macroeconomic data	Current	Previous
91-day	6.32%	6.38%	-0.06%	GDP (1Q19 vs 1Q18)	5.6%	6.5%
182-day	7.14%	7.00%	0.15%	Inflation (Aug)	5.0%	6.3%
364-day	9.58%	9.52%	0.06%	Private sector credit growth (Jun)	5.2%	4.4%
Interbank	6.34%	6.11%	0.23%	Money Supply (Jun)	9.2%	8.7%

## Interest Rates



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## MACROECONOMIC NEWS

### *Currency*

The Kenyan shilling gained ground against the USD closing the week up **0.09%**. The shilling is likely to remain stable at current levels.

### *Inflation:*

Inflation fell to **5.0%** in August from **6.3%** in July. However, the CPI decreased by **0.90%** mainly due to a **1.89%** 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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