

# Weekly Fixed Income

## Key Highlights:

A total of **KES 24.0 Billion** worth of T-bills were on offer during the week. The **364-day** T-bill on offer was oversubscribed recording **235%** subscription rate while the subscription rates on the **91-day** and **182-day** T-bill stood at **17%** and **7%** respectively. CBK only partially accepted the bids for all the T-bills on offer.

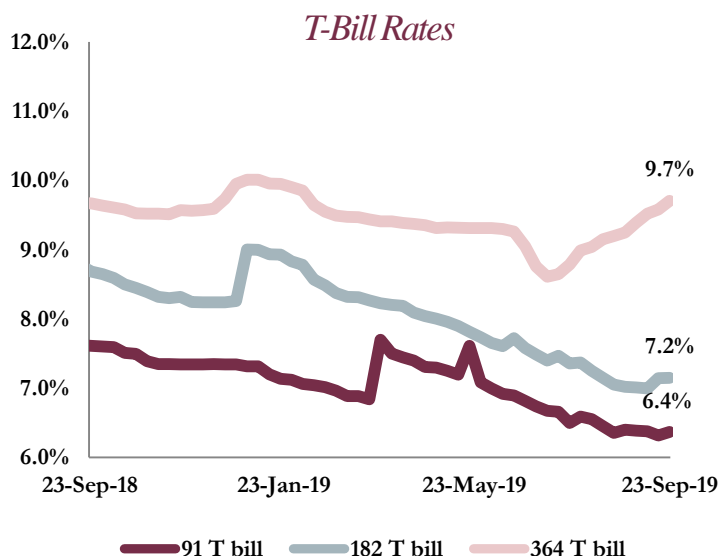
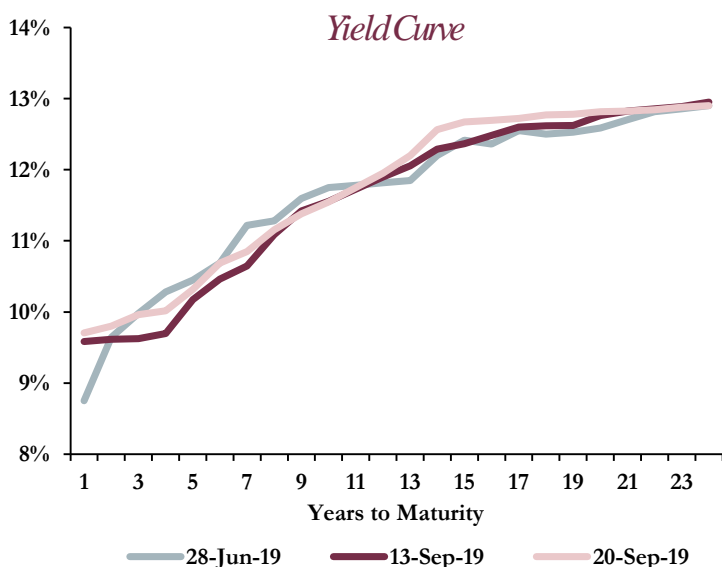
CBK auctioned two re-opened **15 year** treasury bonds; **(FXD1/2018/15)** and **(FXD2/2019/15)**, in a bid to raise **KES 50Bn**. Only 32Bn was raised recording a subscription of 65.25%. FXD1/2018/15 had a weighted average interest rate of **12.56%** while that on the FXD1/2019/15 was **12.67%**.

In the next T-bill auction, we expect rates to maintain an upward trend as CBK accepts aggressive bids as it continues to mop up liquidity.

## Key Indicators

	Current	Previous	%Change	Macroeconomic data	Current	Previous
91-day	6.37%	6.32%	0.05%	GDP (1Q19 vs 1Q18)	5.6%	6.5%
182-day	7.15%	7.14%	0.01%	Inflation (Aug)	5.0%	6.3%
364-day	9.71%	9.58%	0.12%	Private sector credit growth (Jun)	5.2%	4.4%
Interbank	6.99%	6.34%	0.65%	Money Supply (Jun)	9.2%	8.7%

## Interest Rates



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## MACROECONOMIC NEWS

### *Currency*

The Kenyan shilling lost ground against the USD closing the week down **0.04%**. The shilling is likely to lose ground against the dollar this week as month end dollar demand increases. Foreign currency demand is expected to remain elevated ahead of the demonetization of the old 1000 notes.

### *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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