

Week ending 4<sup>th</sup> October 2019

# Weekly Fixed Income Note

## 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 **171%** subscription rate while the subscription rates on the **91-day** and **182-day** T-bill stood at **60%** and **13%** respectively. CBK accepted all the bids for the **91-day** and **182-day** T-bills on offer.

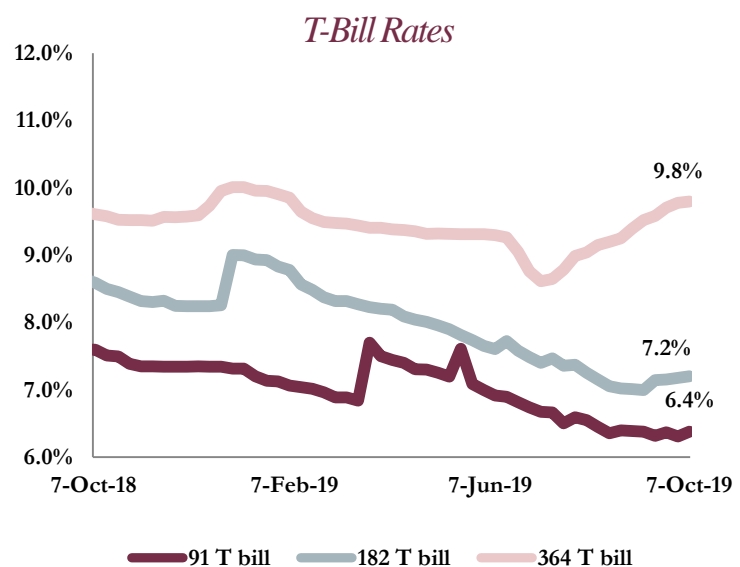
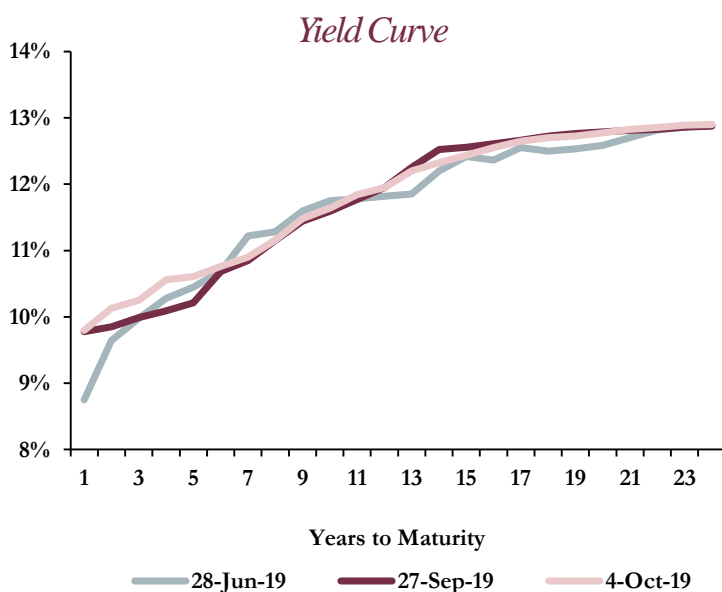
CBK re-opened the issue, through a tap sale, of two 15-Year bonds, **FXD 1/2018/15** and **FXD 2/2019/1**, that had been issued in September. The sale was aimed at raising **KES 30Bn** but only received bids amounting to **KES 9.36Bn**. The average rate was **12.56%** and **12.67%** respectively.

This October, CBK is issuing a **16-Year** Infrastructure Bond, **IFB 1/2019/16**, with an aim of raising **KES 60Bn**. It will have a market-determined coupon and will be tax-free. The period of sale runs from 2/10/2019 to 22/10/2019.

## Key Indicators

	Current	Previous	%Change	Macroeconomic data	Current	Previous
91-day	6.38%	6.31%	0.07%	GDP (2Q19 vs. 2Q18)	5.6%	6.4%
182-day	7.20%	7.18%	0.03%	Inflation (Sep)	3.8%	5.0%
364-day	9.80%	9.78%	0.02%	Private sector credit growth (Jun)	5.2%	4.4%
Interbank	7.21%	7.35%	-0.14%	Money Supply (Jun)	9.2%	8.7%

## Interest Rates



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## MACROECONOMIC NEWS

### *Currency*

The Kenyan shilling was flat against the USD this week. CBK reserves declined by USD 50 million as the Bank sought to support the shilling. CBK's usable forex reserves now stand at USD 8.94 billion (5.58 months of import cover) versus USD 8.99 billion (5.61 months of import cover) during the previous week.

### *Inflation:*

Inflation fell to **3.8%** in September from **5.0%** in August. However, the CPI decreased by **0.11%** mainly due to a **0.40%** decline in the Food and Non-alcoholic beverages index.

### *GDP growth*

Growth slowed to **5.6%** in **2Q19** from **6.4%** in the corresponding period of 2018. This is mainly attributed to a slowdown in the Agricultural sector where growth reduced to **4.1%** from **6.5%** in **2Q18**

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