

Week ending 5th June 2020

Weekly Fixed Income Note

Key Highlight:

A total of **KES 24.0 Billion** worth of T-bills were on offer during the week. The **91-day, 182-day** and **364-day** T-bills were oversubscribed recording subscription rates of **256%, 213%** and **187%** respectively. The CBK accepted **42%, 42%** and **25%** respectively of the bids for the **91-day, 182-day** and **364-day T-bills** on offer.

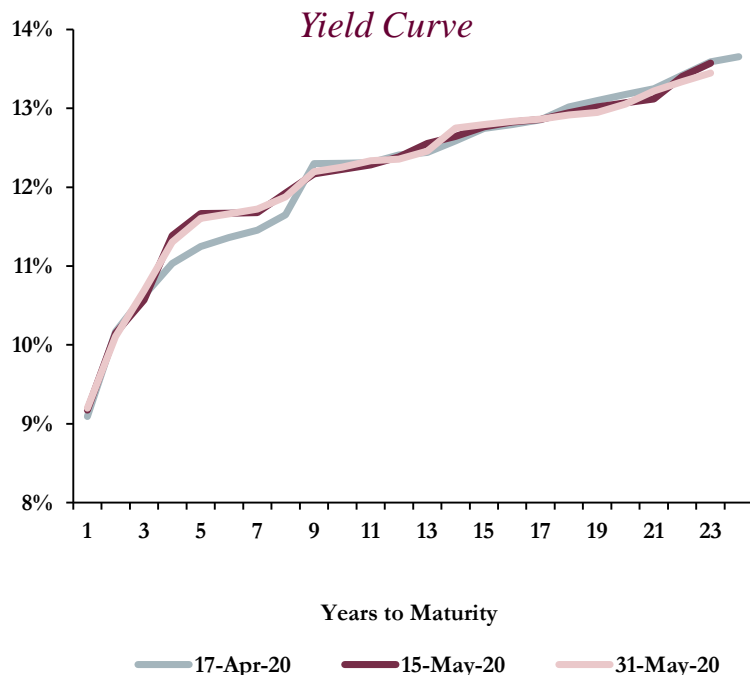
In June, The Central Bank of Kenya (CBK) is reopening two fixed coupon treasury bonds. The bonds being reopened are a 5-year(**FXD3/2019/5**) and 10-year(**FXD4/2019/10**) bond. The coupon rates for the 5-year and 10-year are **11.492%** and **12.280%** respectively. The period of the sale runs until the **16/06/2020**.

Key Indicators

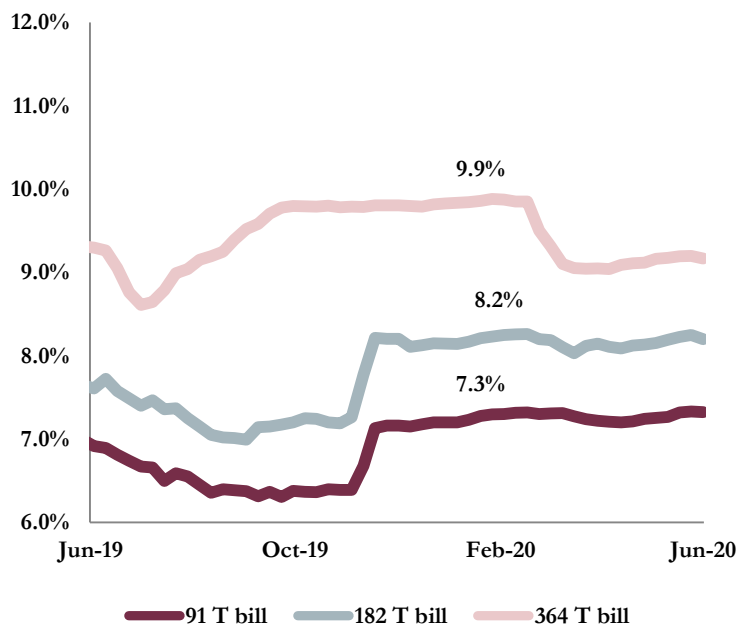
	Current	Previous	% Change	Macroeconomic data	Current	Previous
91-day	7.33%	7.33%	-0.01%	GDP (4Q19 vs. 4Q18)	5.5%	5.9%
182-day	8.20%	8.25%	-0.05%	Inflation (May)	5.47%	5.62%
364-day	9.17%	9.20%	-0.03%	Private sector credit growth (Jan)	7.3%	7.1%
Interbank	2.99%	3.28%	-0.29%	Money Supply (Jan)	5.5%	5.6%

Interest Rates

Yield Curve



T-Bill Rates



MACROECONOMIC NEWS

Currency

The Kenya shilling lost ground against the USD this past week, appreciating by **0.81%** to stand at **106.09**. The CBK's usable forex reserves currently stand at **USD 9,261** million as at June 4th 2020 (5.56 months of import cover) an **11.2%** increase from **USD 8,331** million as at May 28th 2020 (4.99 months of import cover)

Inflation:

Inflation decreased from to **5.62%** in April to **5.47%** in May. The CPI decreased by **0.83%** to **107.02** from **107.92** mainly due to a reduction in the Food and Non-alcoholic beverages index.

GDP growth

Growth receded to **5.5%** in **4Q19** from **5.9%** in the corresponding period of 2018. While the agricultural sector grew slightly by **0.1%** to **3.9%** Year-on-year, other sectors have grown at a slower rate including manufacturing, construction and accommodation that slowed down by **1.4%**, **1.6%** and **12.3%** respectively.

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