

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 **294%, 265%** and **315%** respectively. The CBK accepted **33%, 25%** and **39%** respectively of the bids for the **91-day, 182-day** and **364-day T-bills** on offer.

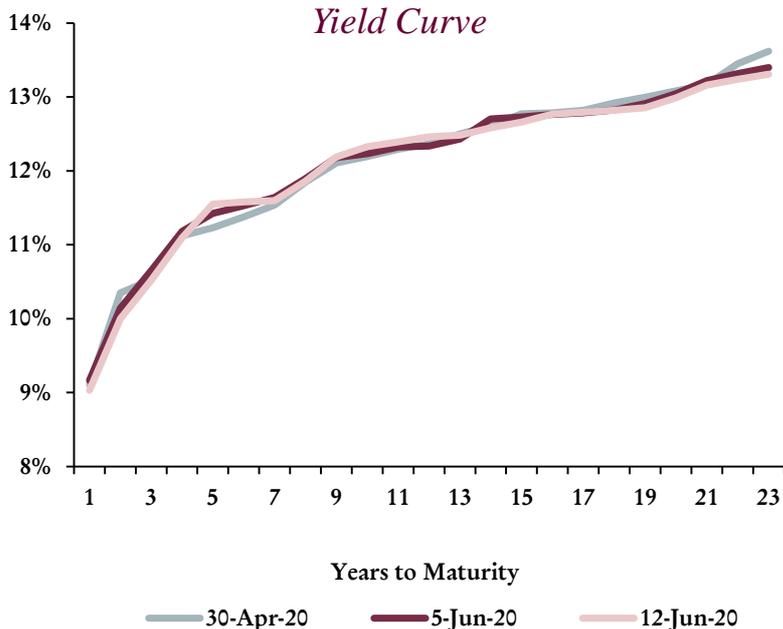
In June, The Central Bank of Kenya (CBK) is reopening two fixed coupon treasury bonds. The bonds being reopened are a 5-year(**FXD3/2019/5**) and 10-year(**FXD4/2019/10**) bond for the purpose of providing budgetary support. The 5-year and 10-year bonds are subject to withholding taxes of **15%** and **10%** respectively. 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**. [Click here](#).

Key Indicators

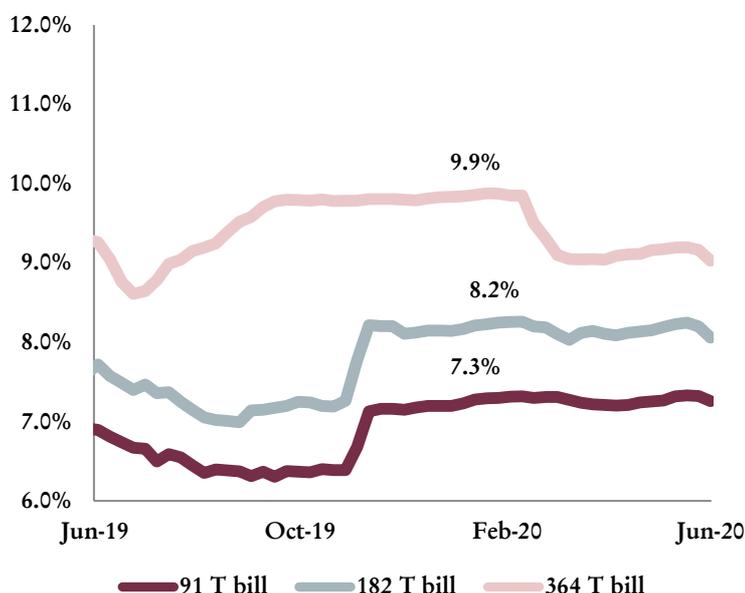
	Current	Previous	% Change	Macroeconomic data	Current	Previous
91-day	7.26%	7.33%	-0.07%	GDP (4Q19 vs. 4Q18)	5.5%	5.9%
182-day	8.06%	8.20%	-0.14%	Inflation (May)	5.47%	5.62%
364-day	9.03%	9.17%	-0.13%	Private sector credit growth (Jan)	7.3%	7.1%
Interbank	2.34%	2.99%	-0.65%	Money Supply (Jan)	5.5%	5.6%

Interest Rates

Yield Curve



T-Bill Rates



MACROECONOMIC NEWS

Currency

The Kenya shilling lost ground against the USD this past week, depreciating by **0.41%** to stand at **106.50**. The CBK's usable forex reserves currently stand at **USD 9,302** million as at June 11th 2020 (5.59 months of import cover) a **0.4%** increase from **USD 9,261** million as at June 4th 2020 (5.56 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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