

Week ending 26th June 2020

Weekly Fixed Income Note

Key Highlight:

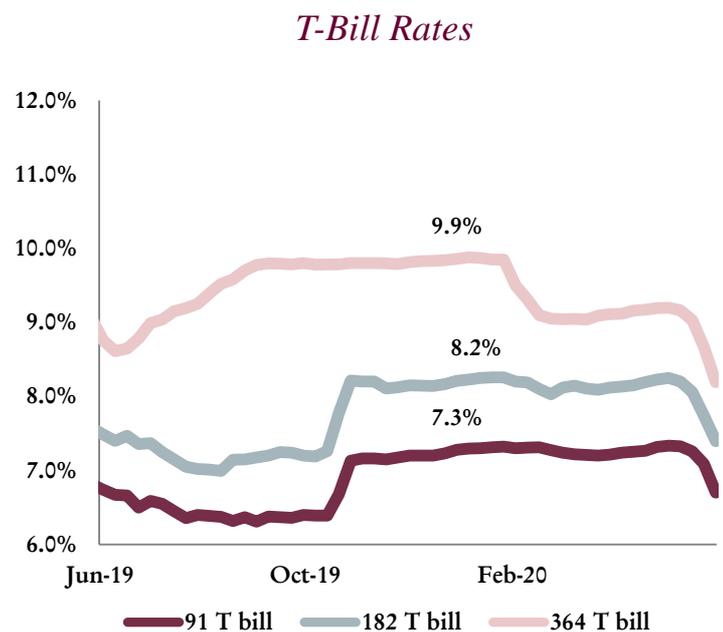
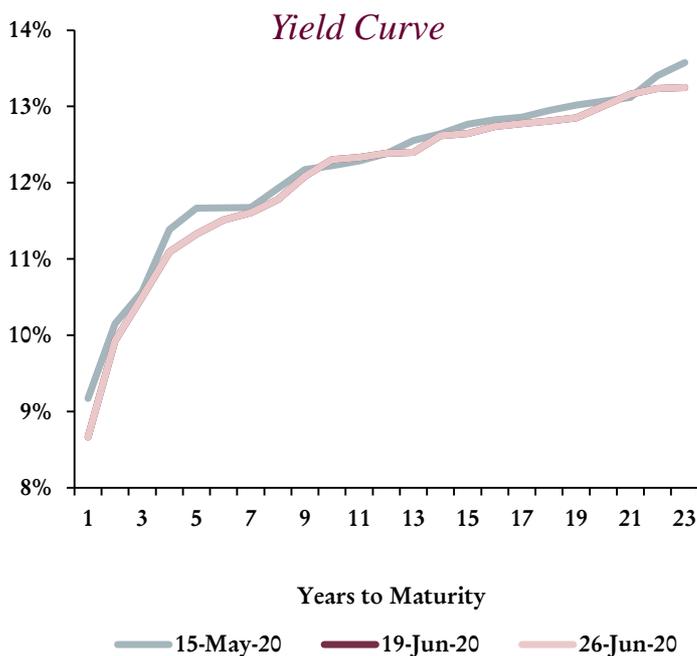
A total of **KES 24.0 Billion** worth of T-bills were on offer during the week. The **91-day, 182-day** and **364-day** T-bills were oversubscribed recording subscription rates of **412%, 140%** and **284%** respectively. The CBK accepted **4%, 11%** and **40%** respectively of the bids for the **91-day, 182-day** and **364-day T-bills** on offer.

In June, The Central Bank of Kenya (CBK) is reopened two fixed coupon treasury bonds. Both the 5-year(**FXD3/2019/5**) and 10-year(**FXD4/2019/10**) bond were oversubscribed recording a subscription rate of **262.84%**. The government accepted **KES 49.32Bn** worth of bids. The market weighted average rate for the 5-year and 10-year bond stood at 11.45% and 12.48% respectively.

Key Indicators

	Current	Previous	% Change	Macroeconomic data	Current	Previous
91-day	6.70%	7.09%	-0.39%	GDP (4Q19 vs. 4Q18)	5.5%	5.9%
182-day	7.40%	7.74%	-0.34%	Inflation (May)	5.47%	5.62%
364-day	8.20%	8.67%	-0.47%	Private sector credit growth (Jan)	7.3%	7.1%
Interbank	3.26%	4.35%	-1.09%	Money Supply (Jan)	5.5%	5.6%

Interest Rates



MACROECONOMIC NEWS

Currency

The Kenya shilling lost ground against the USD this past week, depreciating by **0.005%** to stand at **106.50**. The CBK's usable forex reserves currently stand **USD 9,278** million (5.58 months of import cover) as at June 18 a **0.53% decrease** from **USD 9,229** million (5.55 months of import cover) as at June 25th.

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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