



Week ending 14th August 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 subscribed recording subscription rates of **159.34%**, **94%** and **65%** respectively. The CBK accepted KES 6.4B, 6.9B and 5.3B respectively of the bids for the **91-day, 182-day** and **364-day** T-bills on offer.

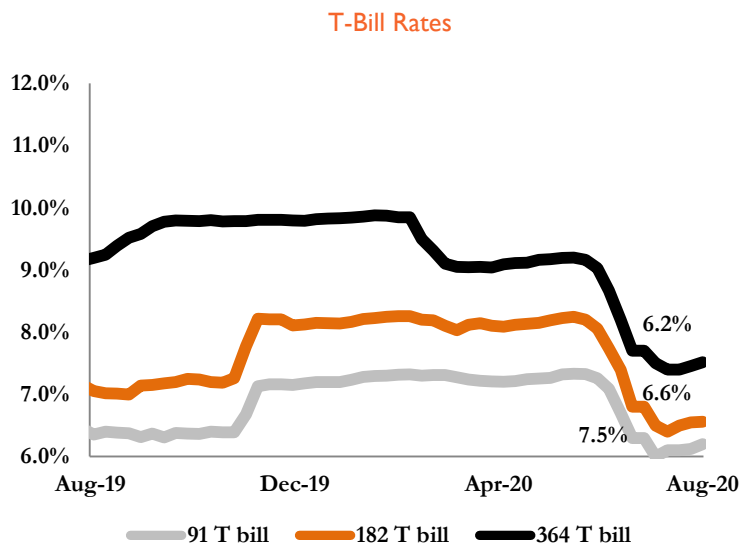
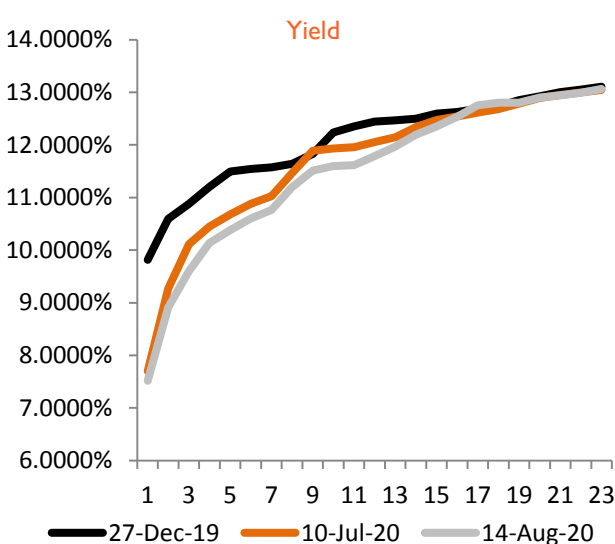
In August, Central Bank of Kenya is opening an infrastructure bond **IFBI/2020/11** in a bid to raise **70 Billion**. The period of sale runs from **28/07/2020** to **18/08/2020**. The coupon rate is **10.900%**. The **IFBI/2020/11** is tax free.

We advise investors to bid within the range of **11.15%** to **11.35%** as demand for the paper is expected to be elevated and CBK is likely to reject aggressive bids. For more information [click here](#).

Key Indicators

	Current	Previous	% Change	Macroeconomic data	Current	Previous
91-day	6.20%	6.12%	1.31%	GDP (IQ20 vs. IQ19)	4.9%	5.5%
182-day	6.56%	6.55%	0.15%	Inflation (July)	4.36%	4.59%
364-day	7.52%	7.46%	0.80%	Private sector credit growth (May)	8.1%	9.0%
Interbank	1.83%	2.34%	-21.79%	Money Supply (March)	4.9%	7.3%

Interest Rates



MACROECONOMIC NEWS

Currency

The Kenya shilling lost ground against the USD this past week, depreciating by **0.29%** to stand at **108.31**. The CBK's usable forex reserves currently stand **USD9246million** (**5.6** months of import cover) as at August 13th a **0.49%** decrease from **USD9,290million** (**5.64** months of import cover) as at August 6th

Inflation

Inflation decreased from to **4.59%** in June to **4.36%** in July. The CPI increased by **0.08%** to **108.35** from **108.27**.

GDP growth

Growth receded to **4.9%** in 1Q20 from **5.5%** in the corresponding period of 2019. While the agricultural sector grew slightly by **0.2%** to **4.9%** Year-on-year, other sectors have grown at a slower rate including manufacturing, construction and accommodation that slowed down by **0.6%, 0.8%** and **9.3%** respectively.

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