



QUARTERLY MARKET ANALYSIS REPORT

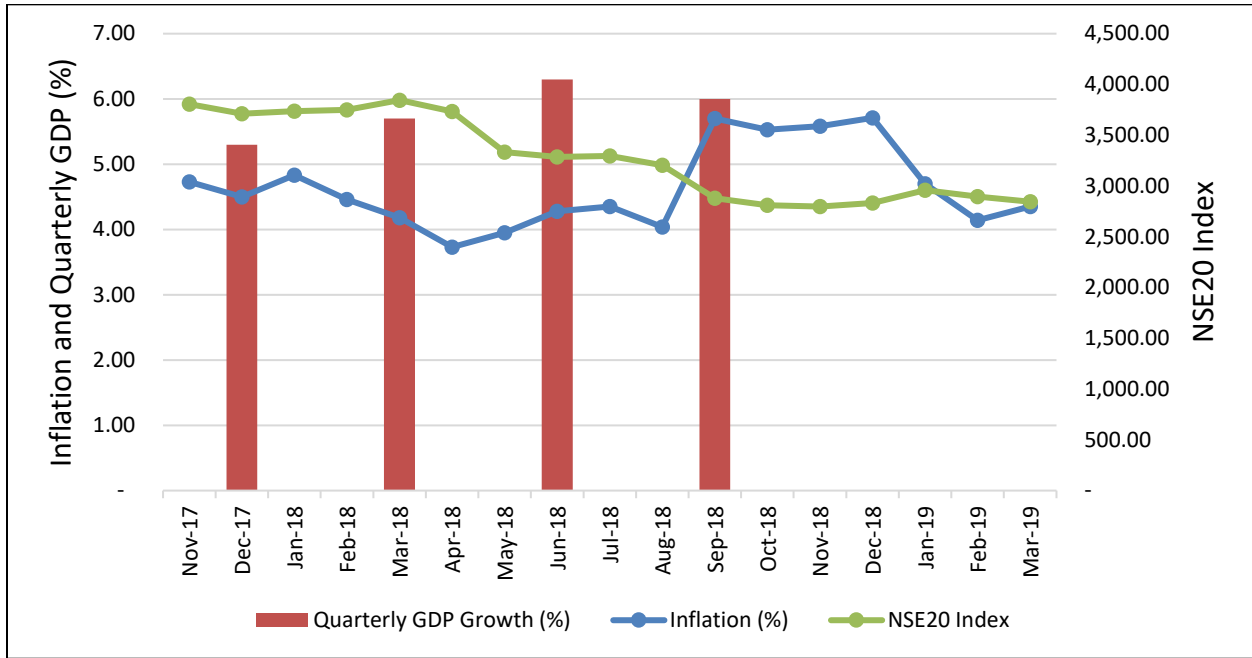
March 2019

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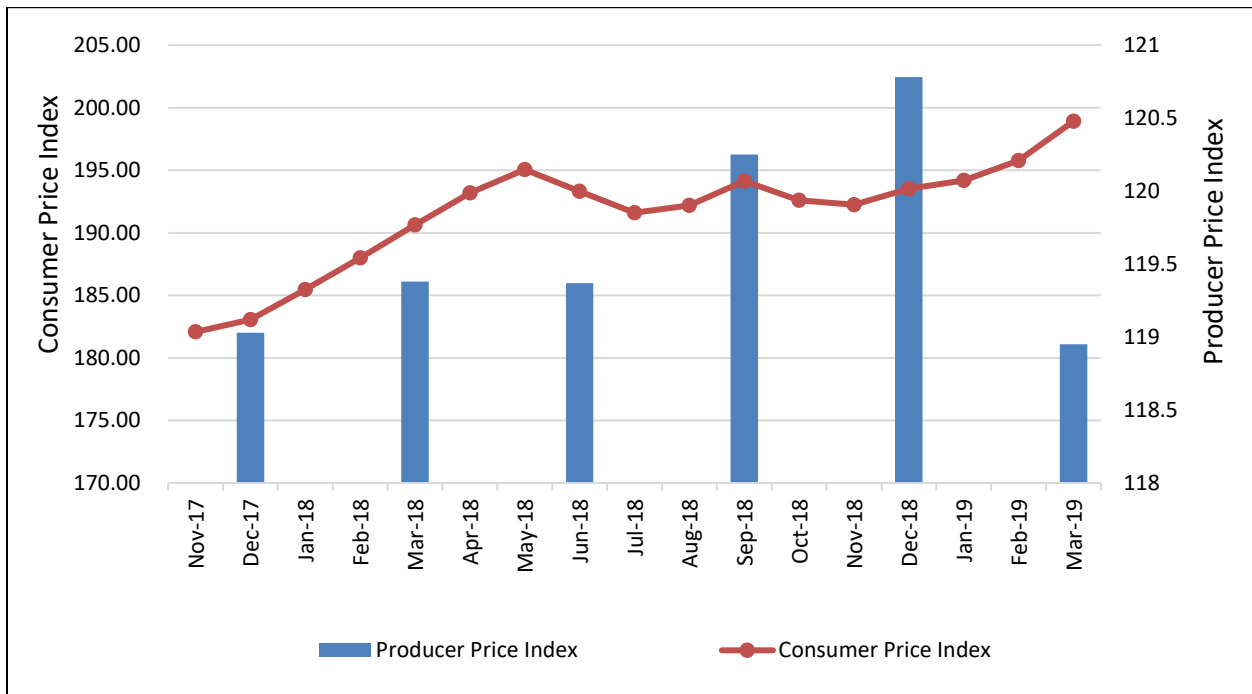
1. Performance in the Real Sector

Figure 1: GDP growth, inflation and stock market performance



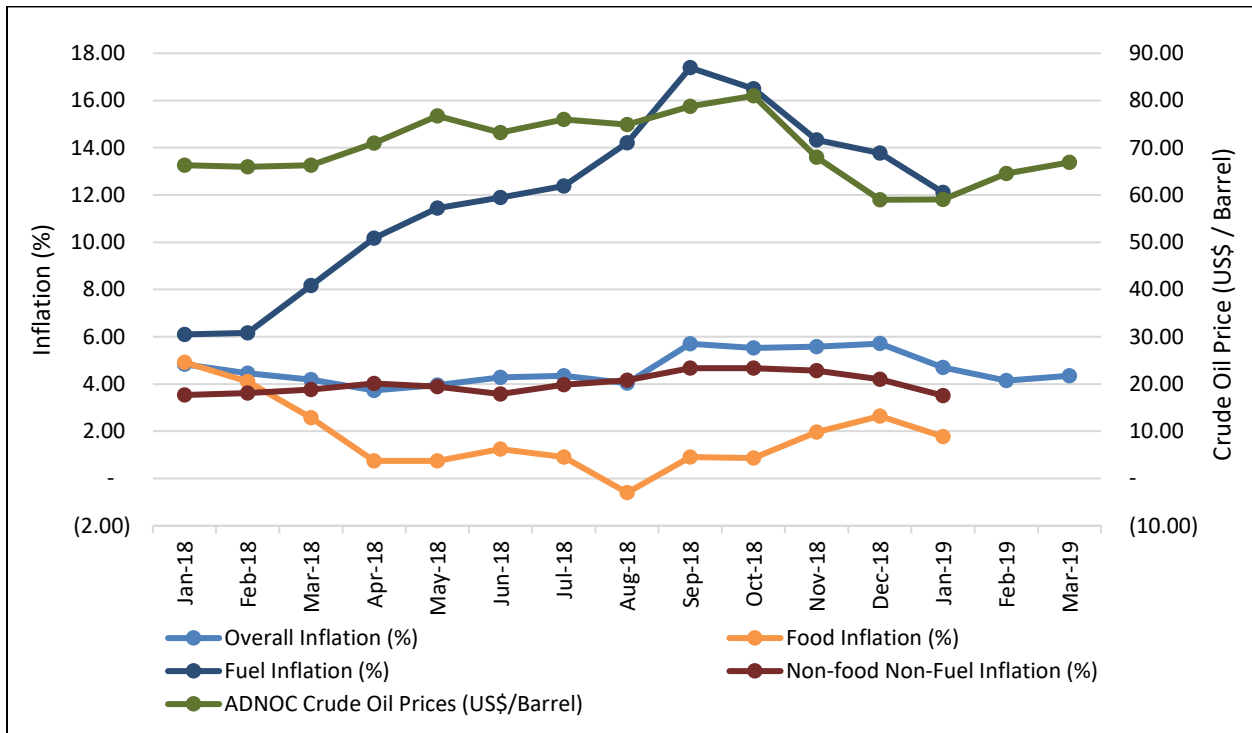
Data source: Central Bank of Kenya; Kenya National Bureau of Statistics

Figure 2: Consumer Price Index and Producer Price Index



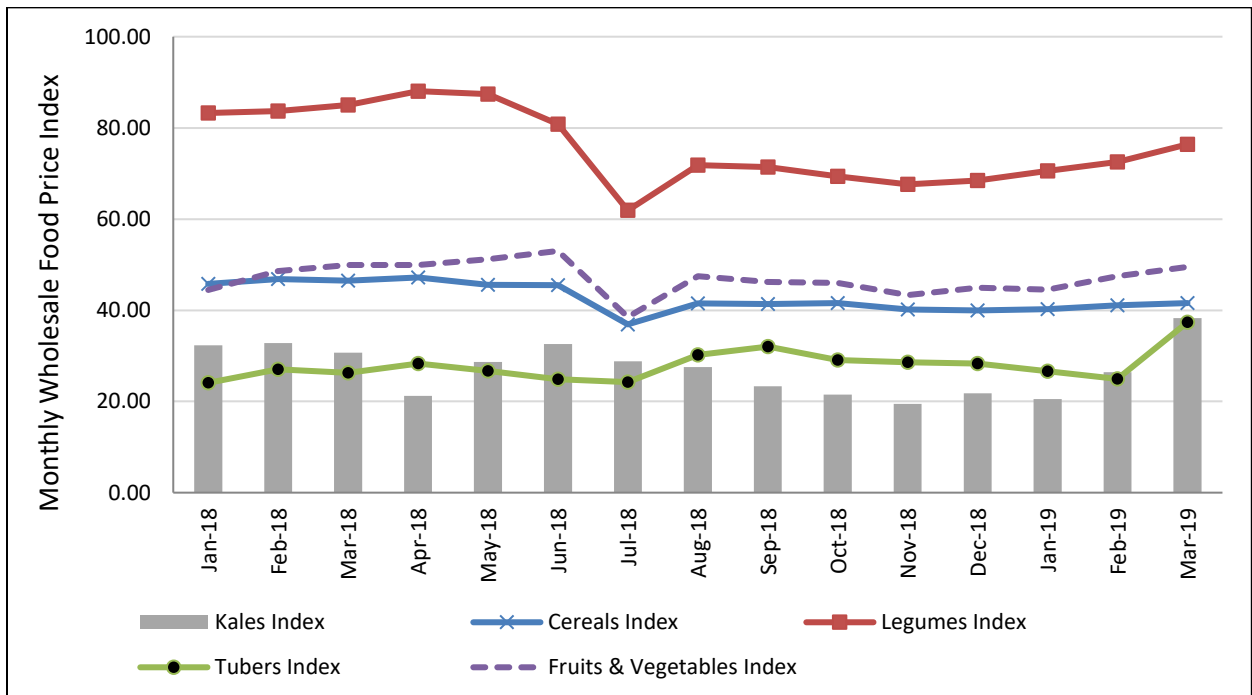
Data source: Kenya National Bureau of Statistics

Figure 3: Commodity inflation and crude oil prices



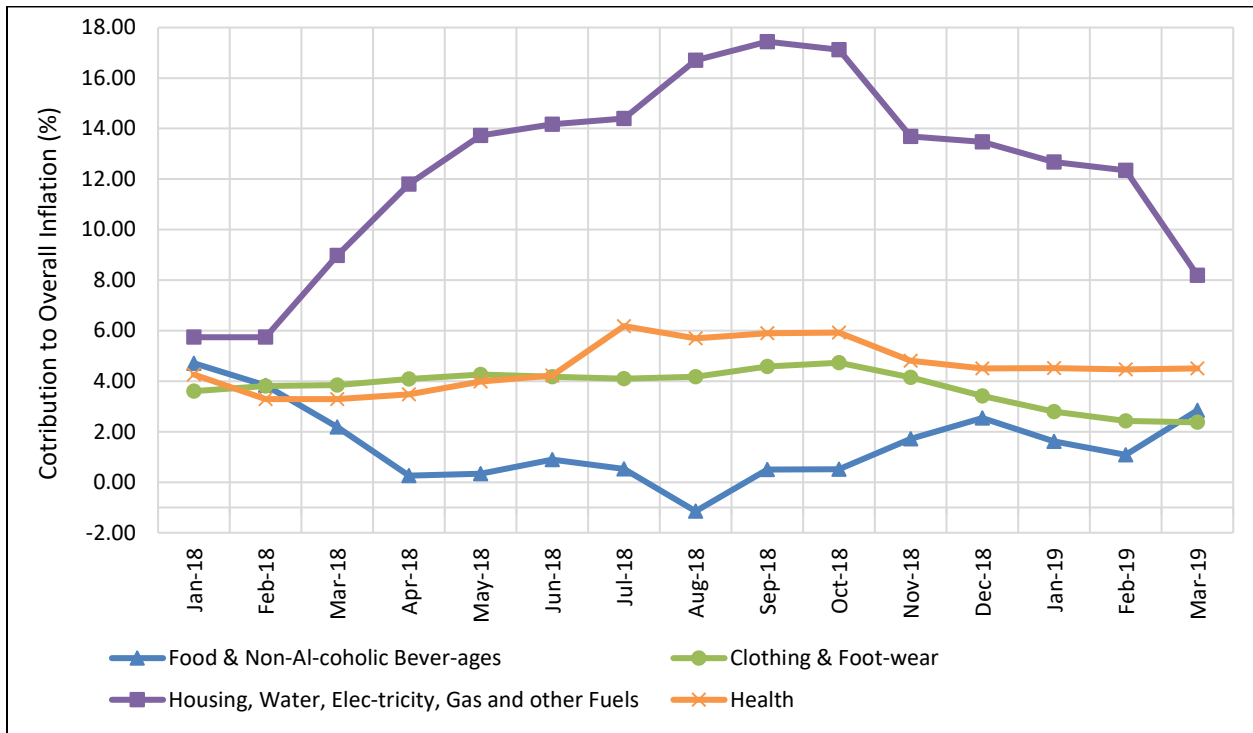
Data source: Central Bank of Kenya; <https://oilprice.com/oil-price-charts/block/50>

Figure 4: Domestic wholesale agriculture commodity prices



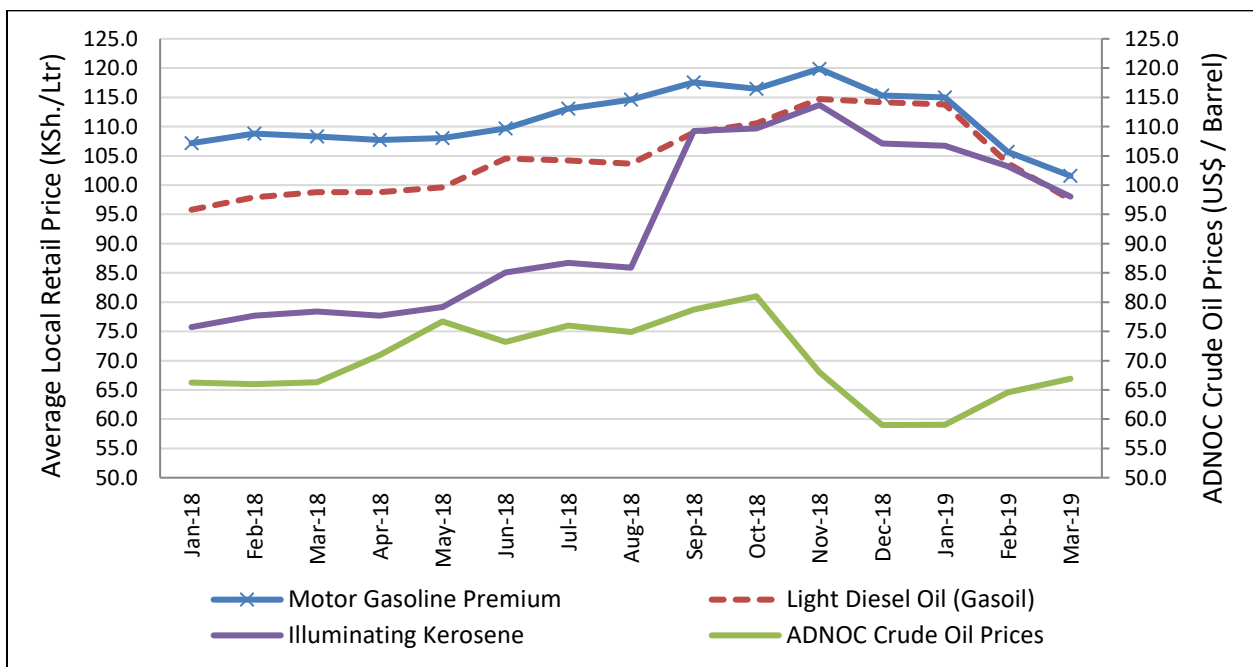
Data source: Index calculated by KIPPRA using data from Ministry of Agriculture

Figure 5: Contribution of selected CPI baskets to overall inflation (%)



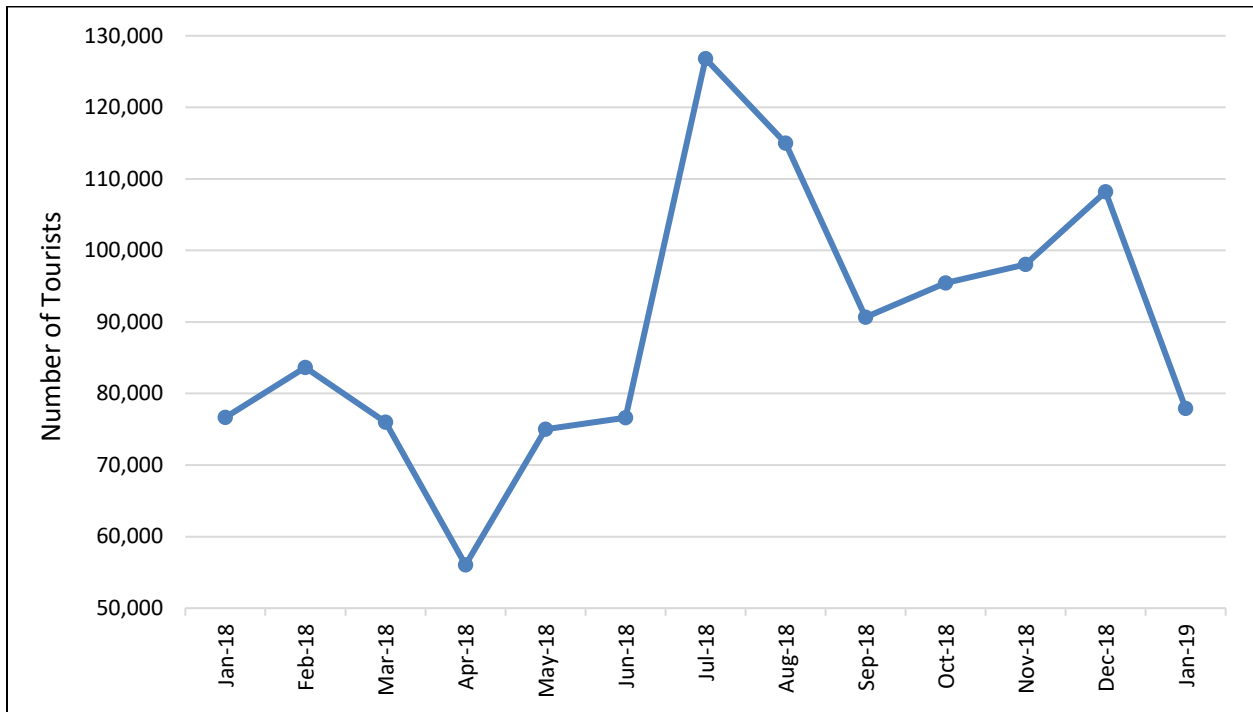
Data Source: Kenya National Bureau of Statistics

Figure 6: Average domestic pump prices and global crude oil prices



Data Source: Kenya National Bureau of Statistics; Energy Regulatory Commission; <https://oilprice.com/oil-price-charts/block/50>

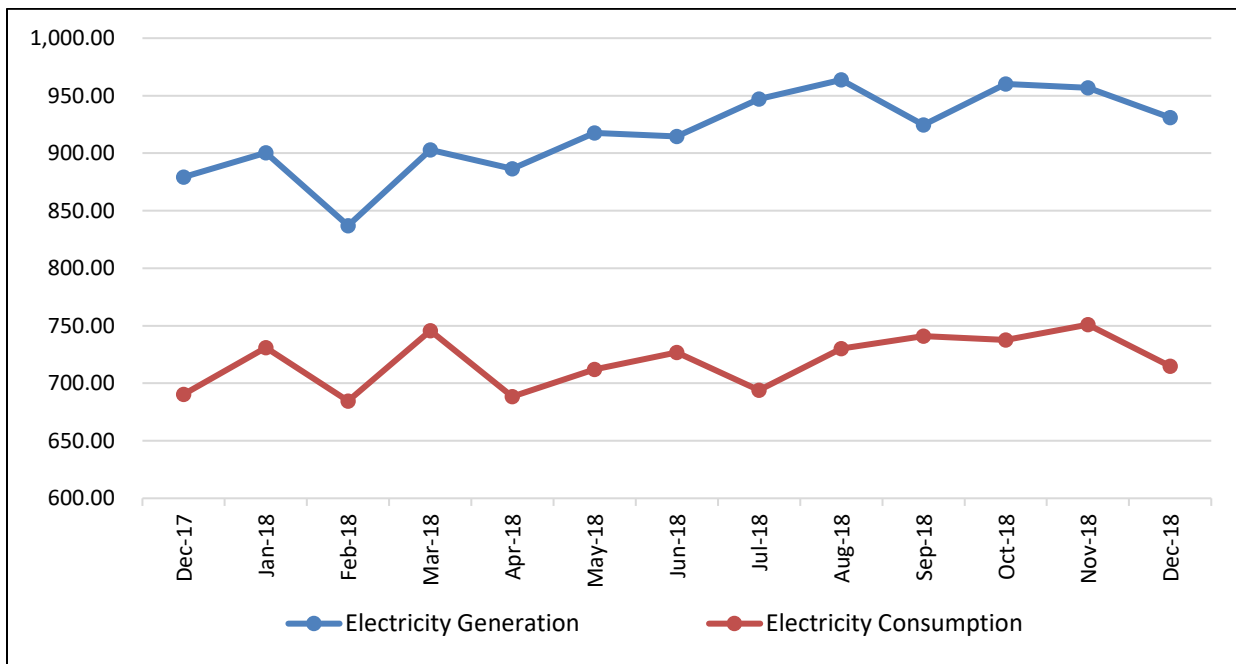
Figure 7: Monthly tourism arrivals* (number)



Data source: Kenya National Bureau of Statistics; Central Bank of Kenya

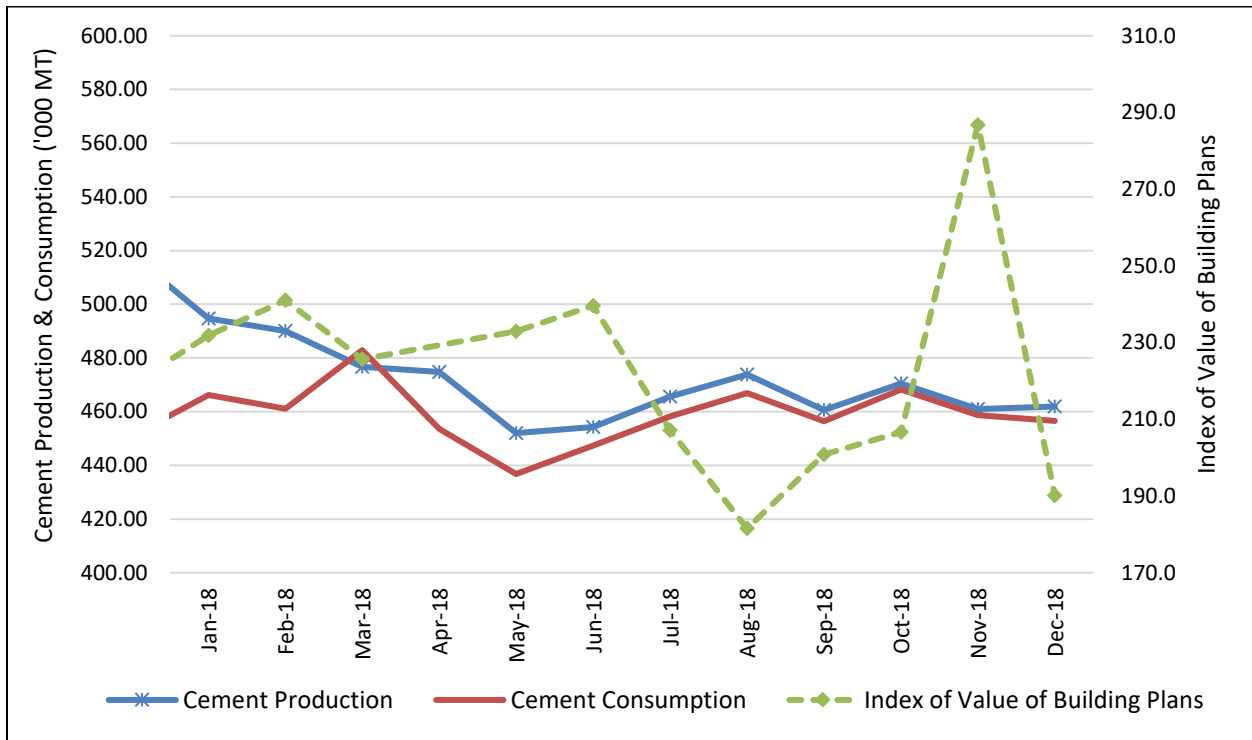
*Tourist arrivals through JKIA and MIAM airports

Figure 8: Electricity generation and consumption (KPLC sales in million KWh)



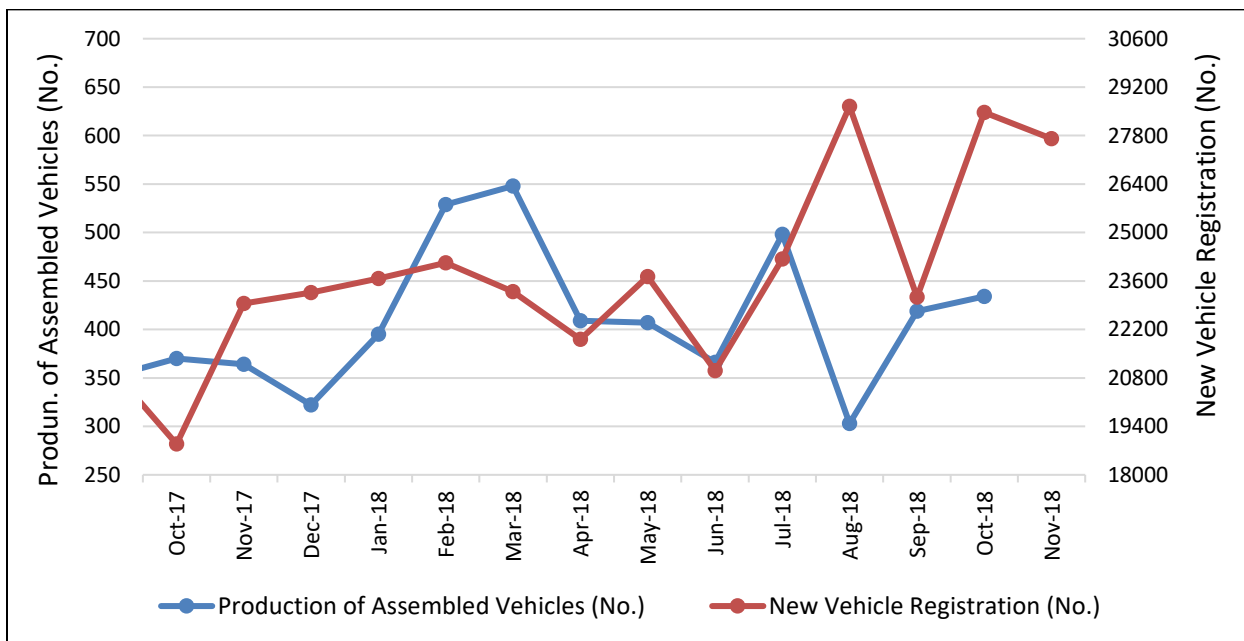
Data source: Kenya National Bureau of Statistics

Figure 9: Cement production and consumption ('000 MT), index of value of building plans



Data source: Kenya National Bureau of Statistics

Figure 10: New vehicle registration and production of assembled vehicles (number)

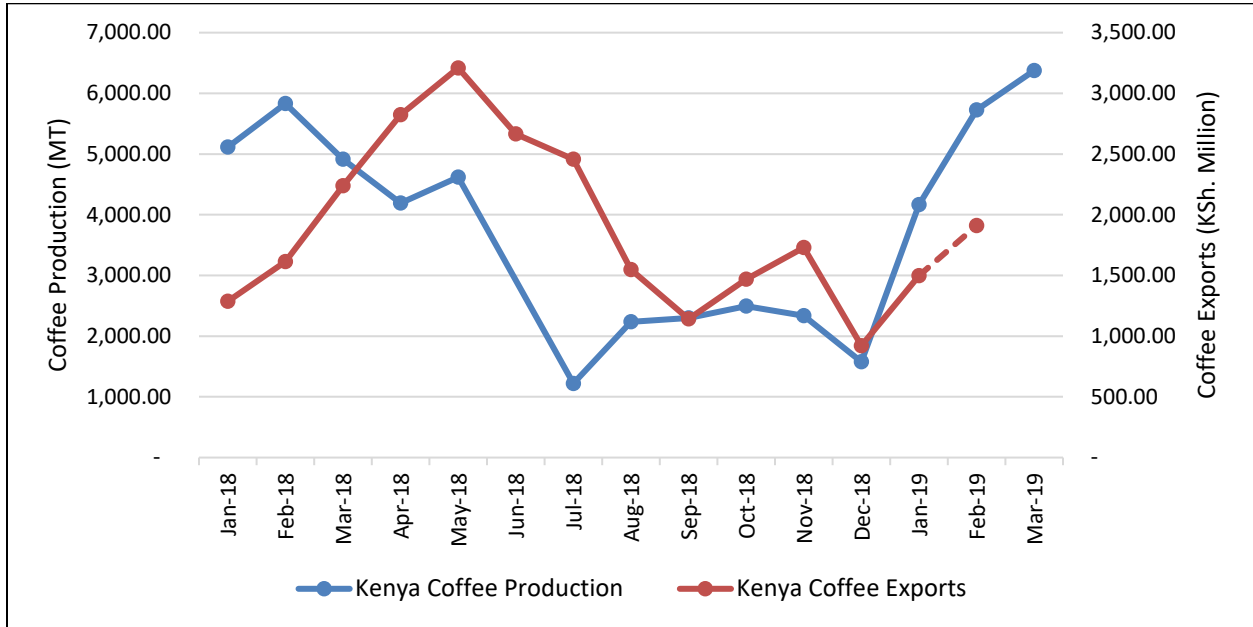


Data source: Kenya National Bureau of Statistics

2. International Markets

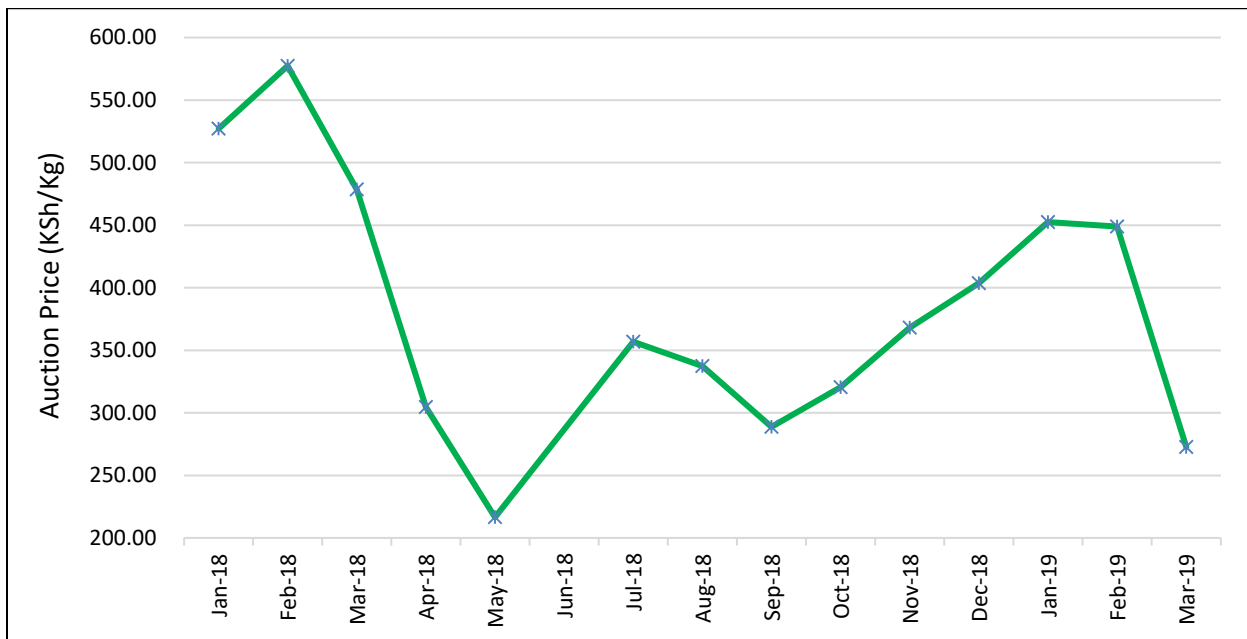
Figure 11: Trends in coffee and tea production (metric tonnes), exports (Ksh millions) and auction prices (Ksh/Kg)

Figure 11(a): Coffee production and exports



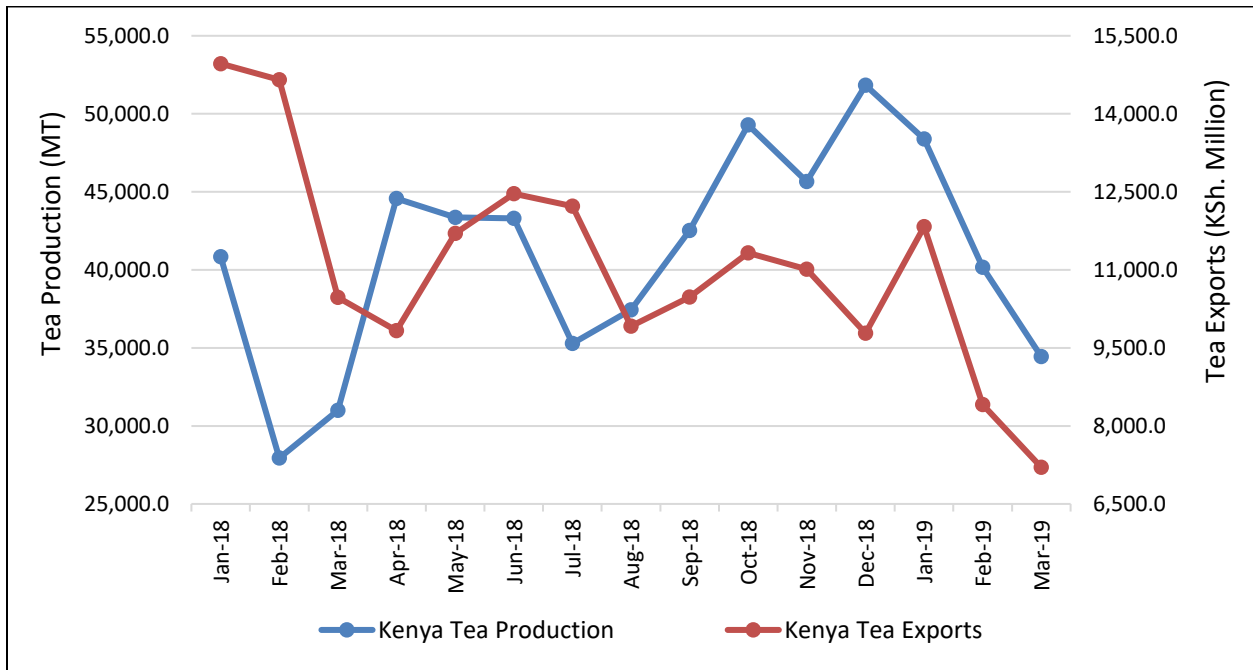
Data source: Kenya National Bureau of Statistics

Figure 11(b): Kenya coffee auction prices (Ksh/Kg)



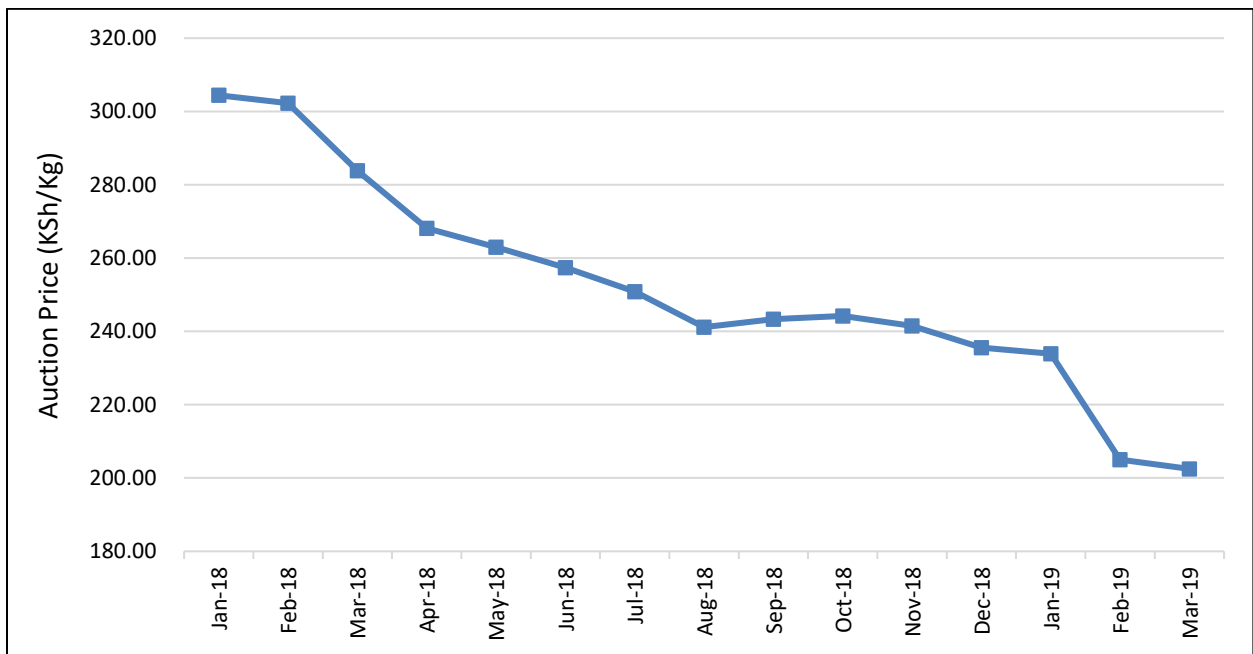
Data source: Kenya National Bureau of Statistics

Figure 11(c): Tea production and exports



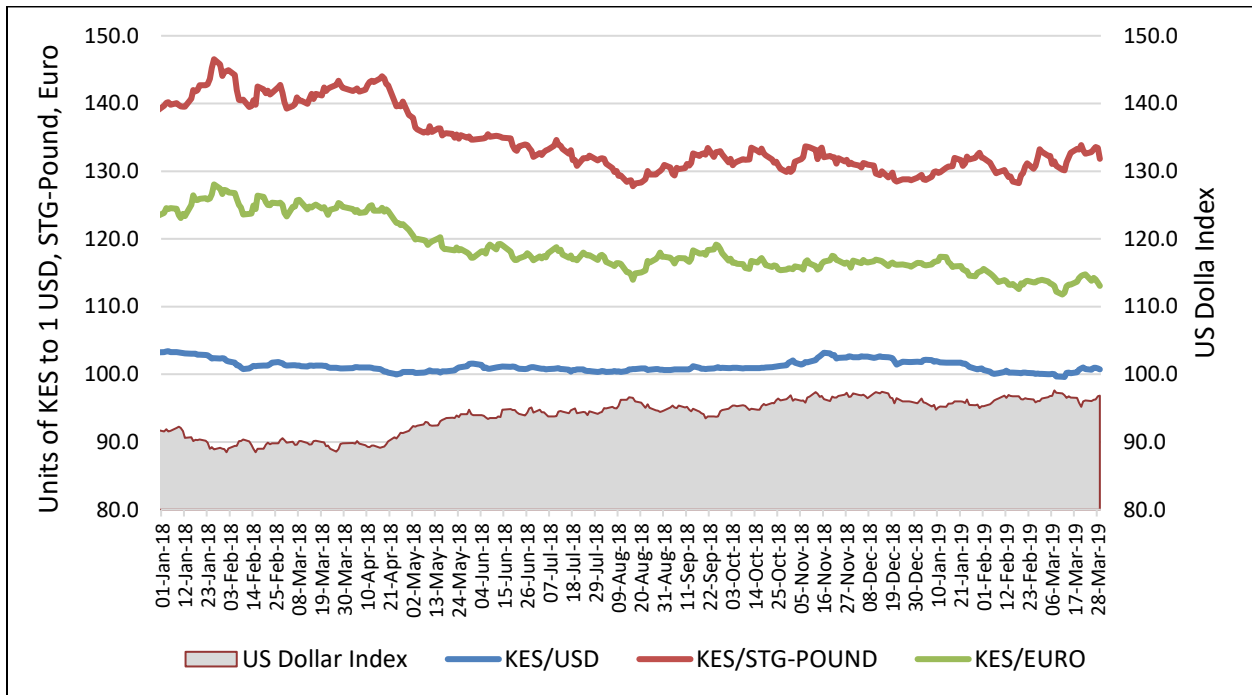
Data source: Kenya National Bureau of Statistics; East African Tea Trade Association (<https://www.eatta.com/>); Business Daily (<https://www.businessdailyafrica.com>)

Figure 11(d): Kenya tea auction prices (Ksh/Kg)



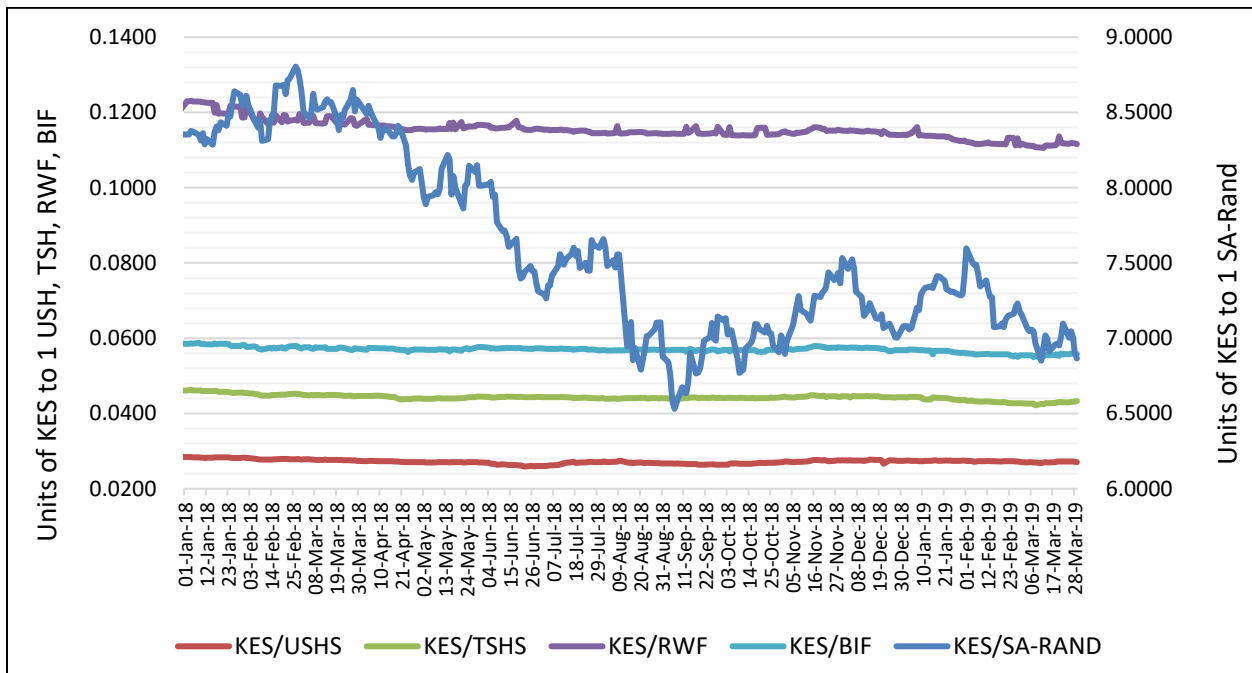
Data source: Kenya National Bureau of Statistics; Business Daily (<https://www.businessdailyafrica.com>)

Figure 12: The exchange rate of Kenya shilling to global currencies



Data source: Central Bank of Kenya; Kenya National Bureau of Statistics;
<https://www.investing.com/quotes/us-dollar-index-historical-data>

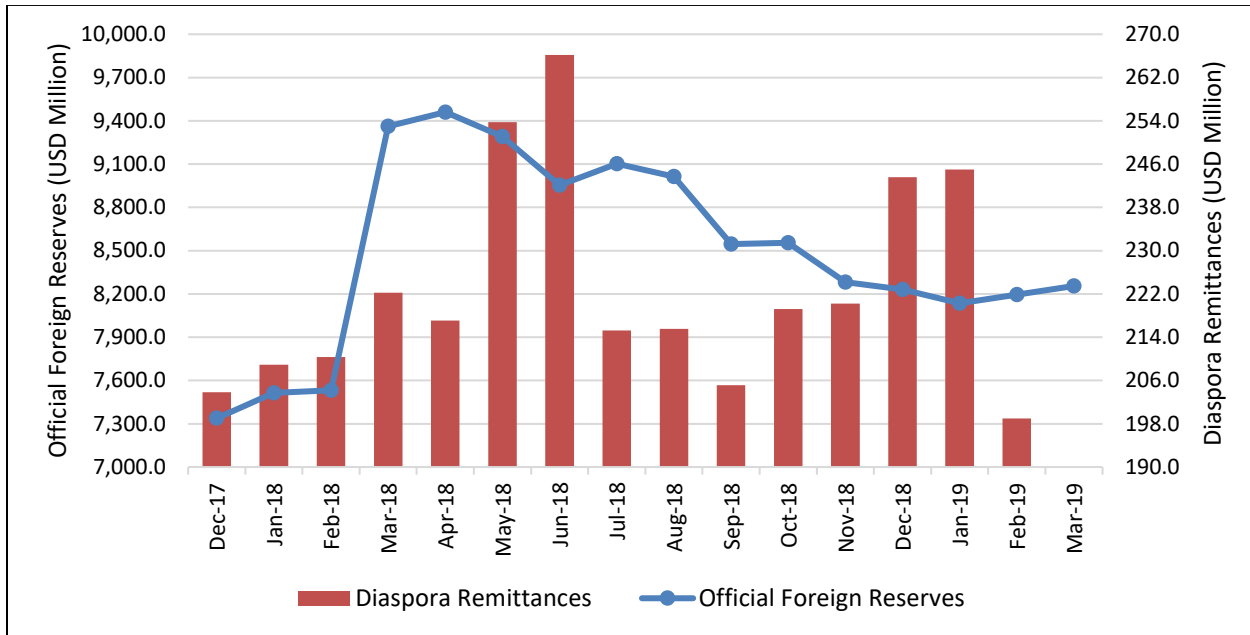
Figure 13: The exchange rate of Kenya shilling to regional currencies



Data source: Central Bank of Kenya

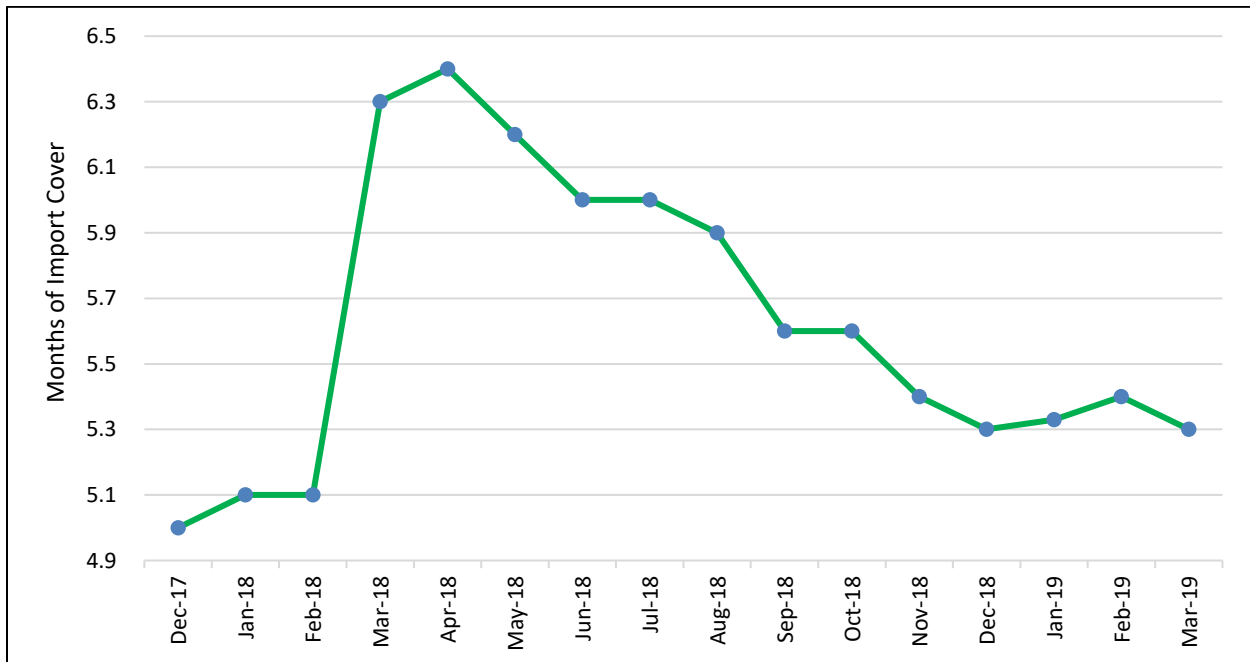
Figure 14: Foreign exchange reserves, remittances and months of import cover

Figure 14 (a): Official foreign exchange reserves and diaspora remittances



Data Source: Central Bank of Kenya

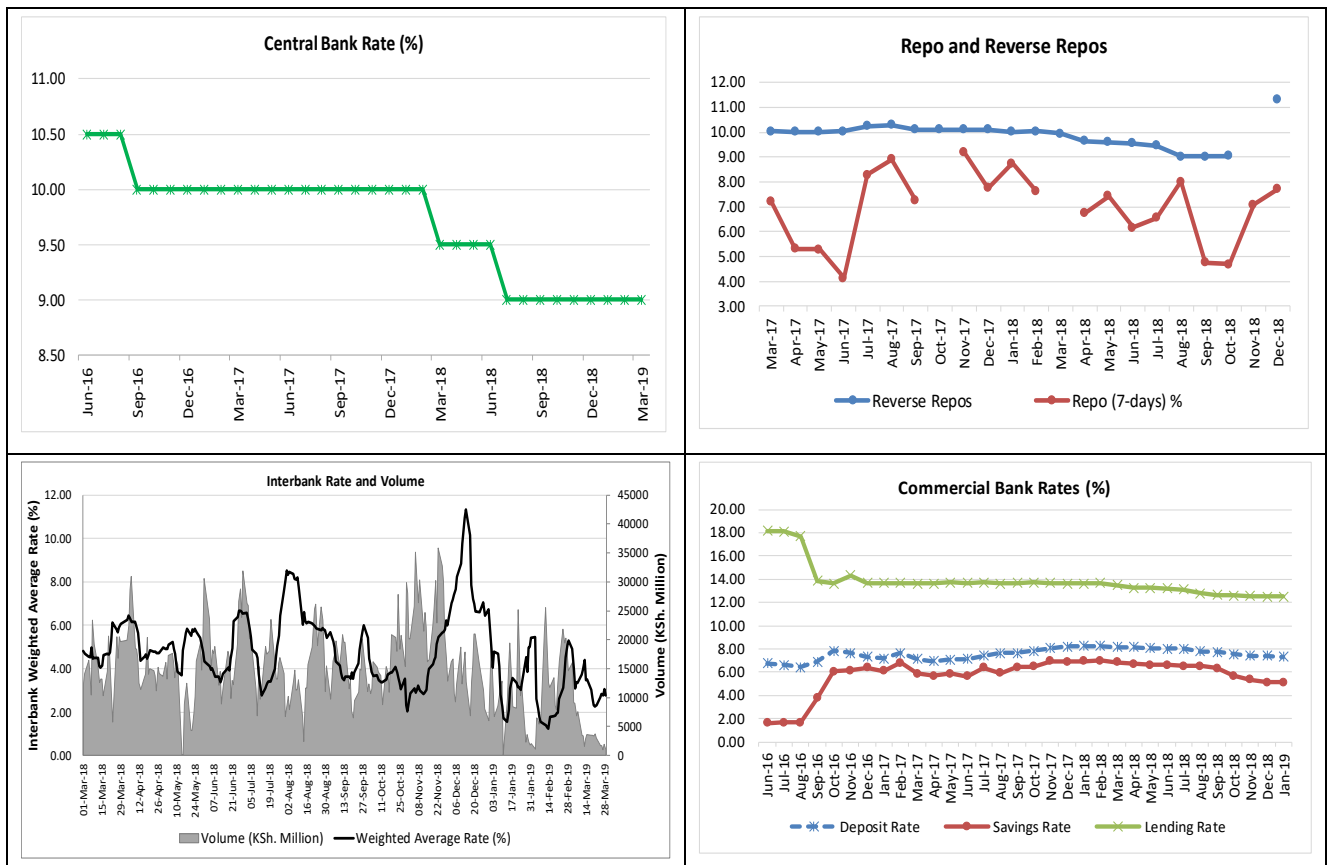
Figure 14 (b): Months of import cover



Data Source: Central Bank of Kenya

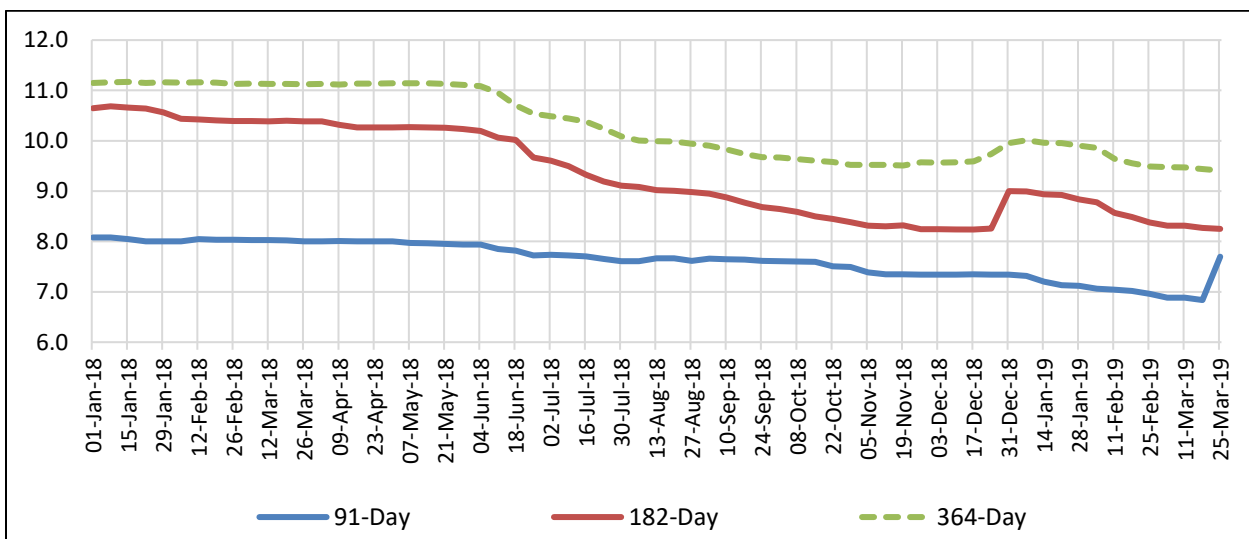
3. Money Market

Figure 15: Interbank rate and volume, repo and interest rates



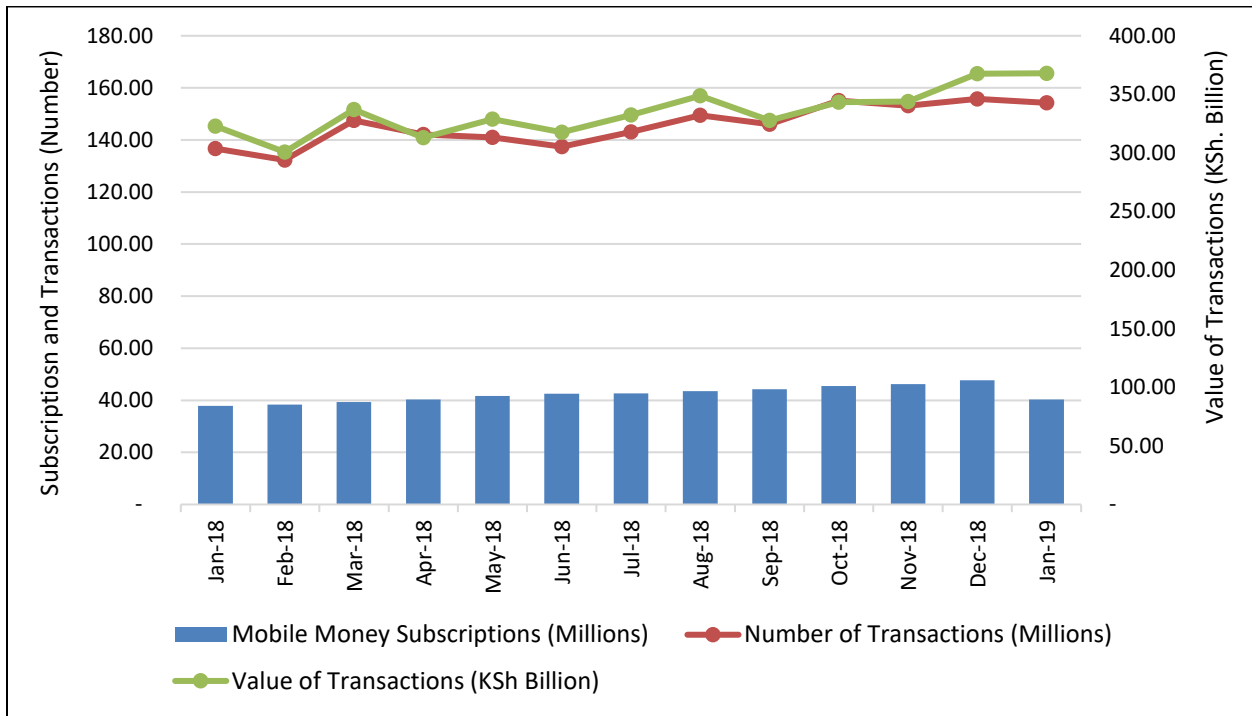
Data source: Central Bank of Kenya

Figure 16: Treasury bill weighted average rate (%)



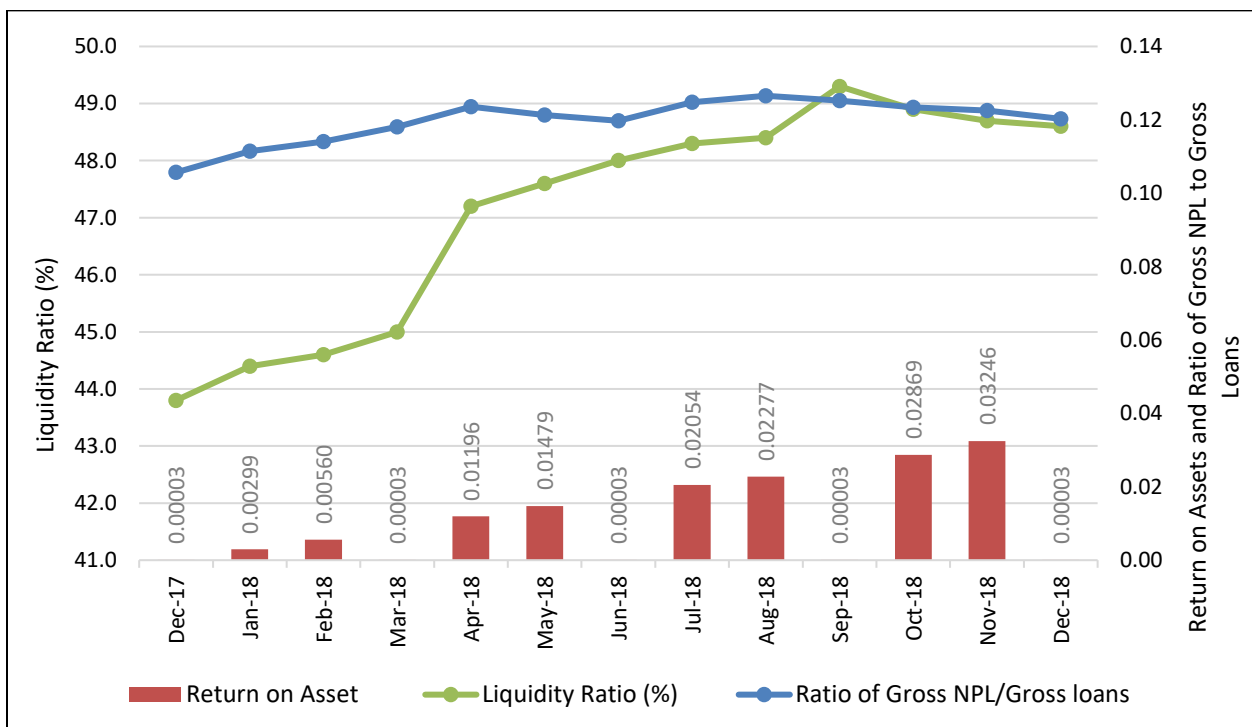
Data source: Central Bank of Kenya

Figure 17: Mobile Money Transactions



Data source: Kenya National Bureau of Statistics

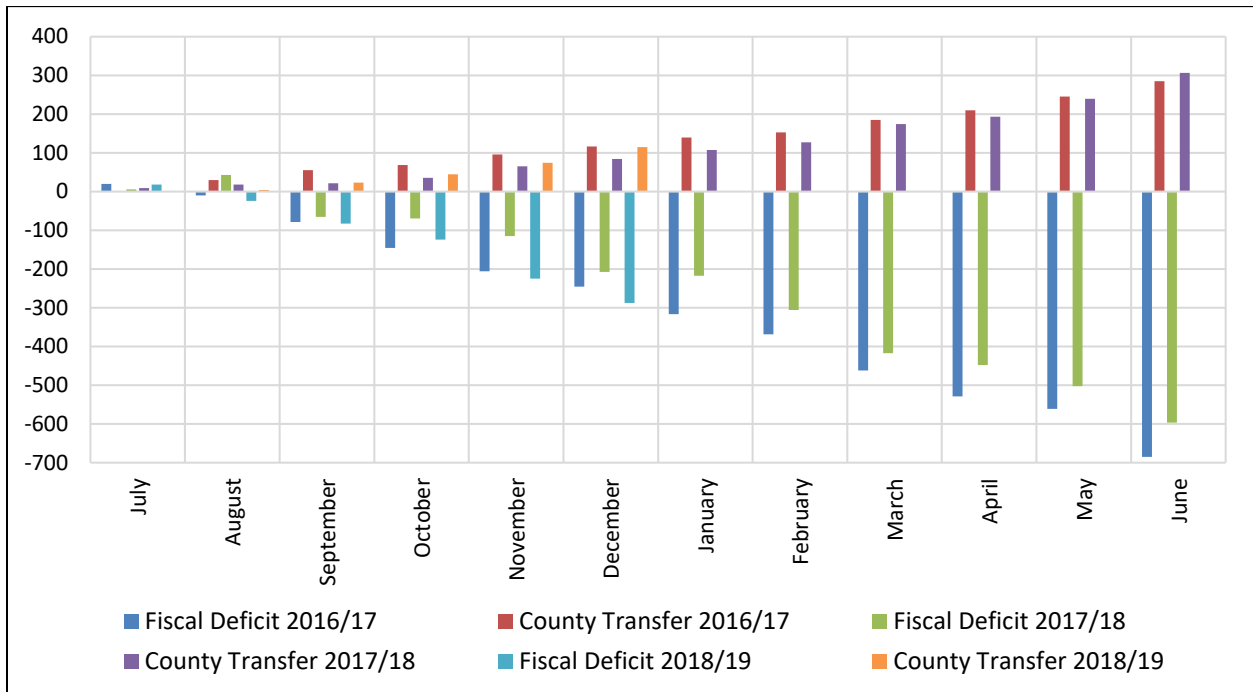
Figure 18: Kenyan banking sector performance



Data source: Central Bank of Kenya

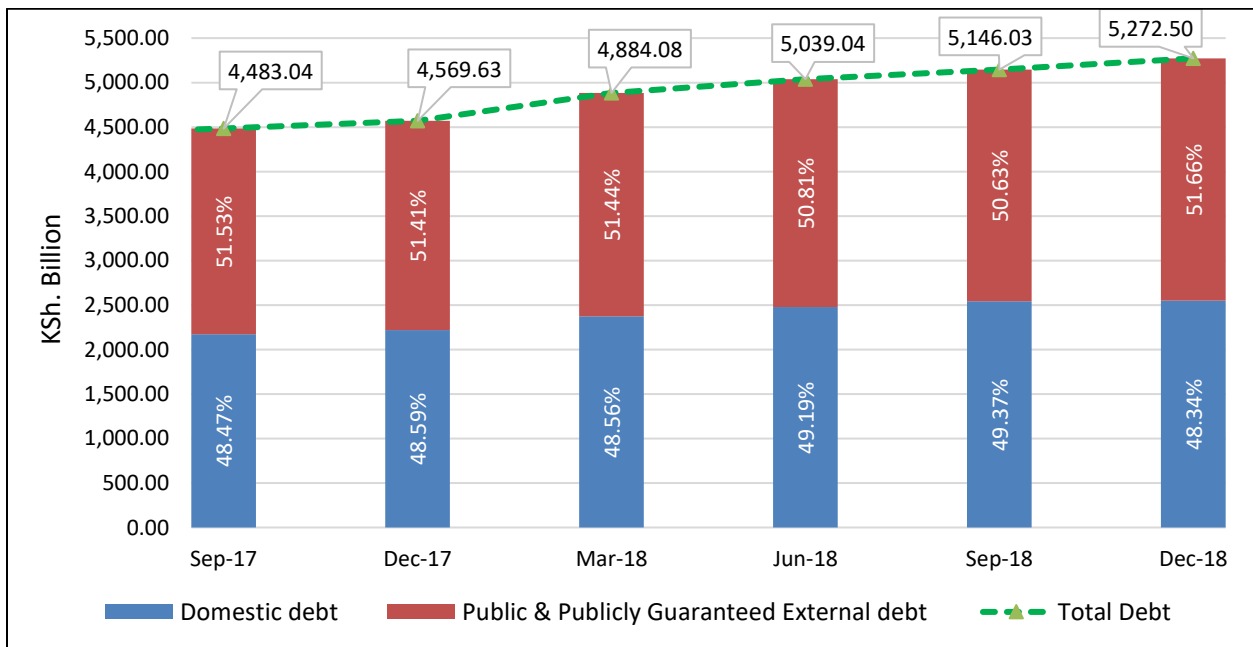
4. Fiscal Performance

Figure 19: Fiscal deficit and county transfers (KSh. Billion)



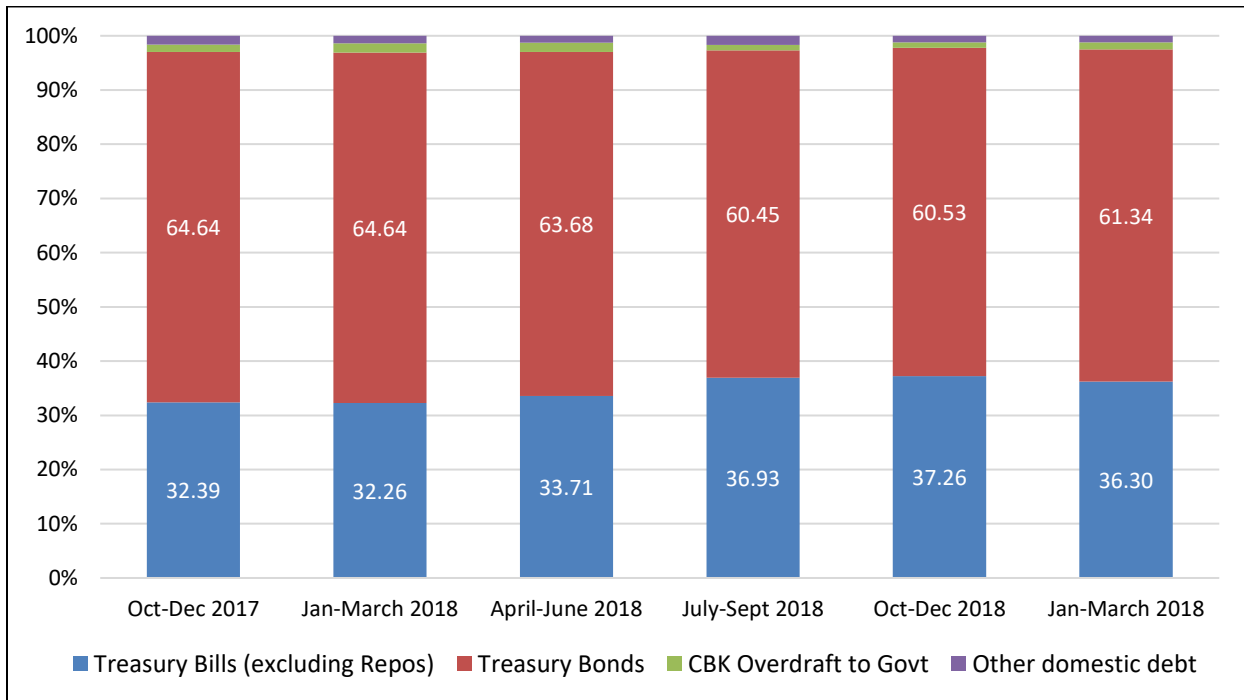
Data Source: Central Bank of Kenya

Figure 20: Total debt, and proportionate shares of domestic and foreign debt



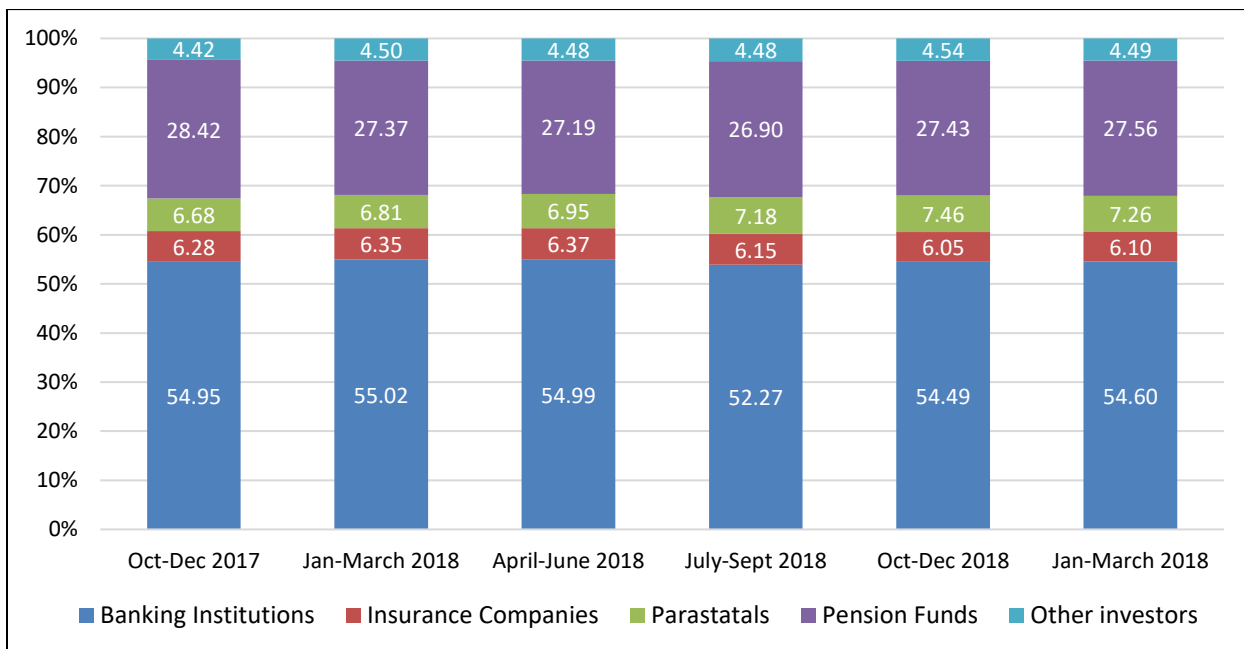
Data Source: Calculated using data from Central Bank of Kenya

Figure 21: Composition of government domestic debt by instrument



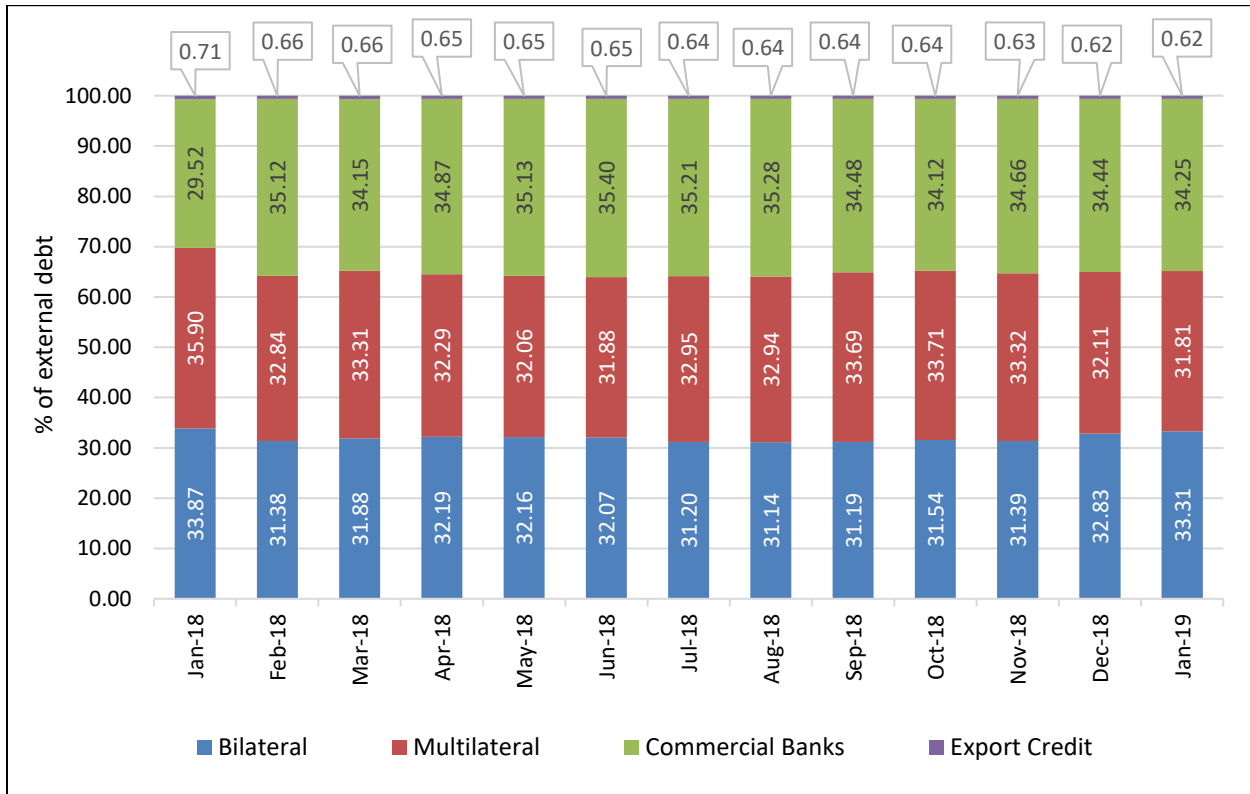
Data Source: Calculated using data from Central Bank of Kenya

Figure 22: Composition of government domestic debt by holder



Data Source: Calculated using data from Central Bank of Kenya

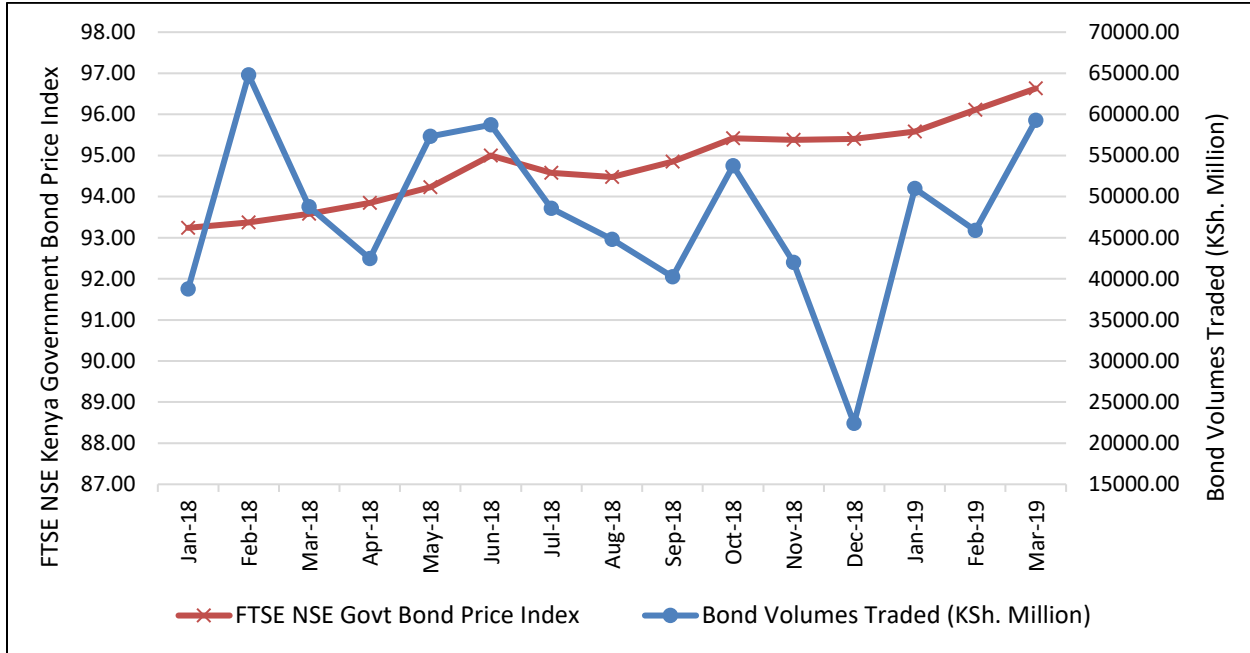
Figure 23: Composition of external debt: proportionate shares of bilateral, multilateral, commercial bank and export credit



Data Source: Calculated using data from Central Bank of Kenya

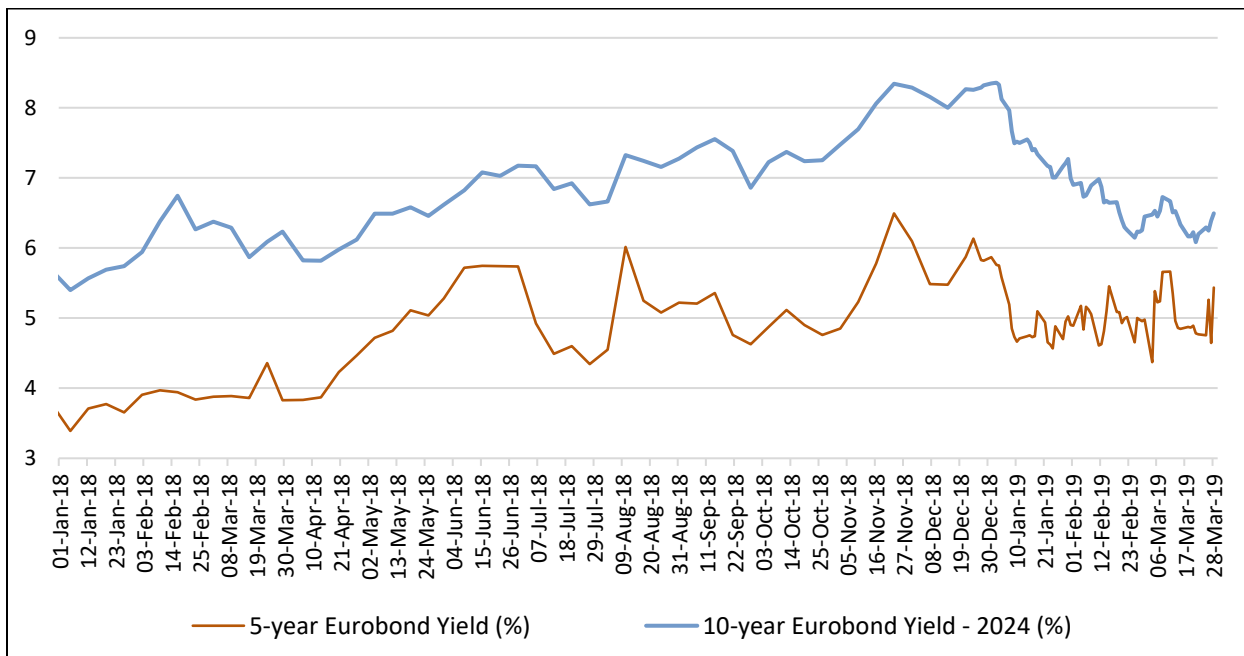
5. Capital Markets

Figure 24: Bond volumes traded (Ksh millions) and FTSE NSE Kenya government bond price index



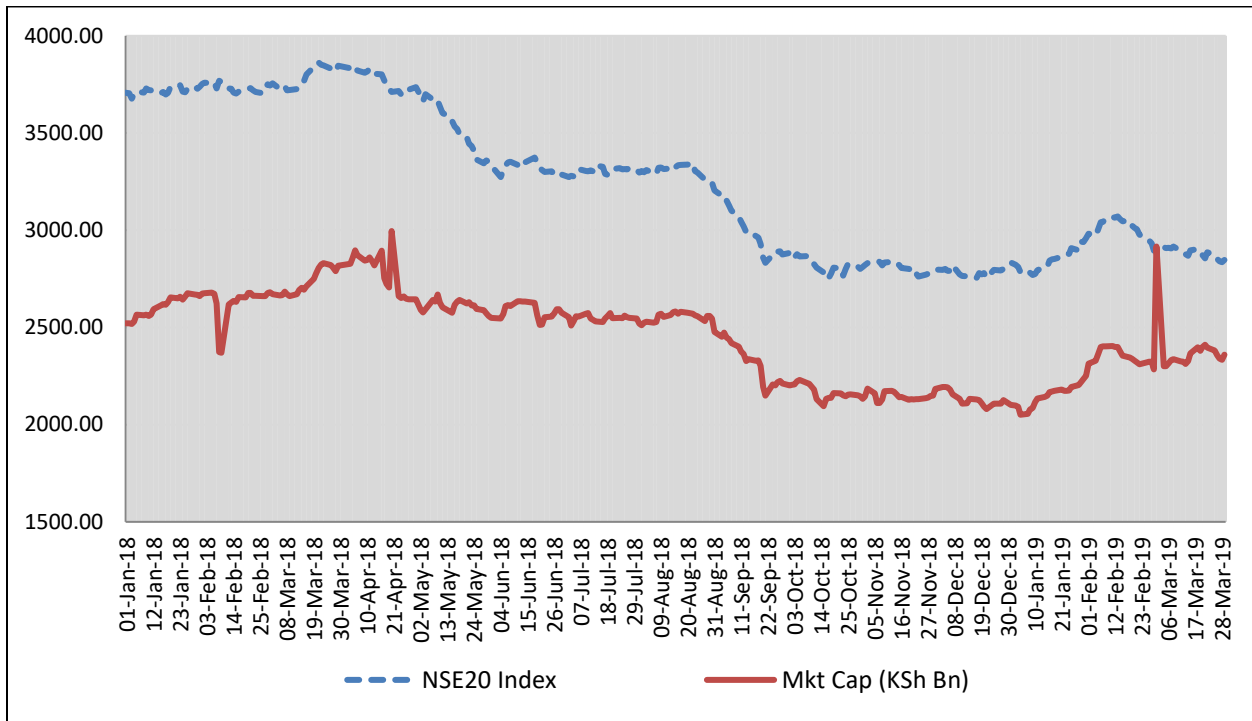
Data Source: Nairobi Securities Exchange; Central Bank of Kenya

Figure 25: The 5 and 10-year Kenya Eurobond yields (%)



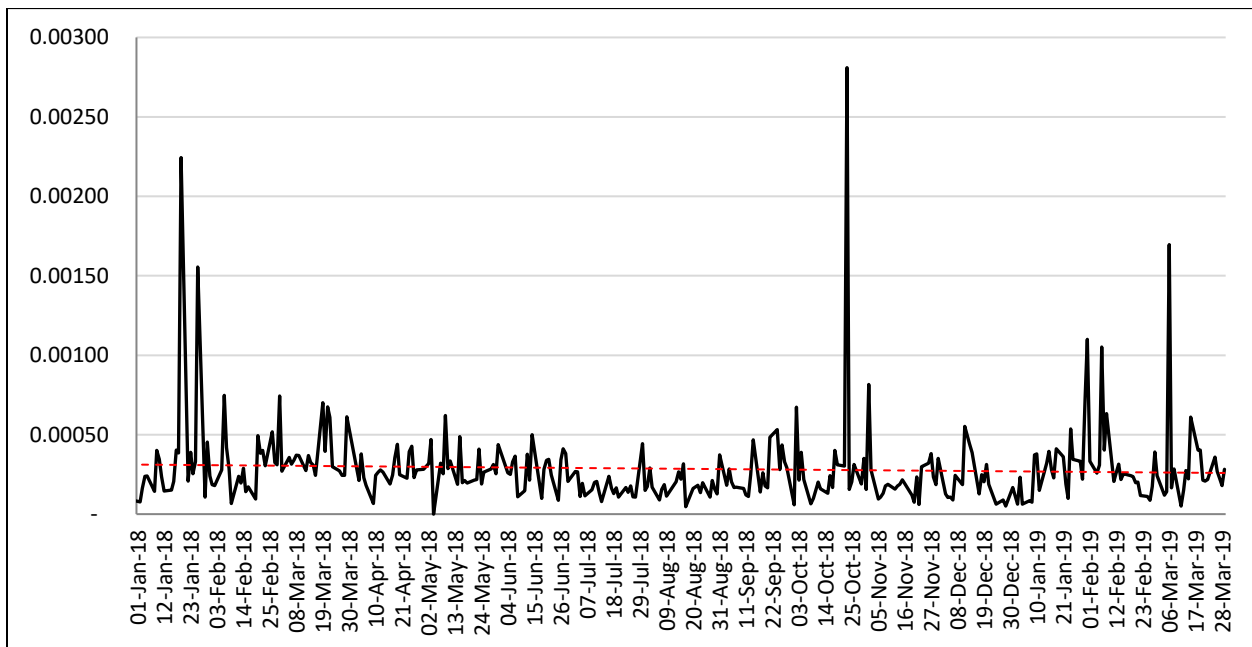
Data Source: Central Bank of Kenya

Figure 26: Stock market performance



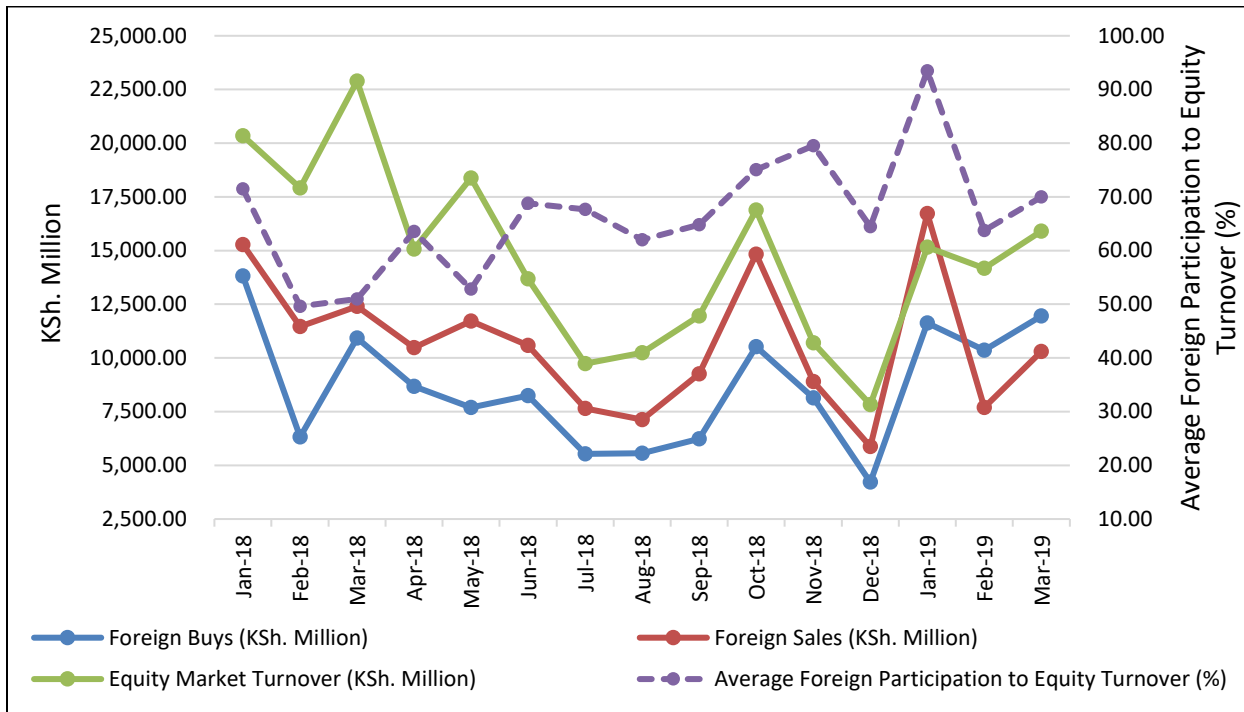
Data Source: Nairobi Securities Exchange

Figure 27: Stock value turnover ratio



Data Source: Nairobi Securities Exchange; Calculated as equity turnover value (Ksh millions)/ Market capitalization (Ksh millions)

Figure 28: Foreign trading in the stock market



Data Source: Central Bank of Kenya; AIB Capital Ltd (<http://www.aibcapital.com/research>).

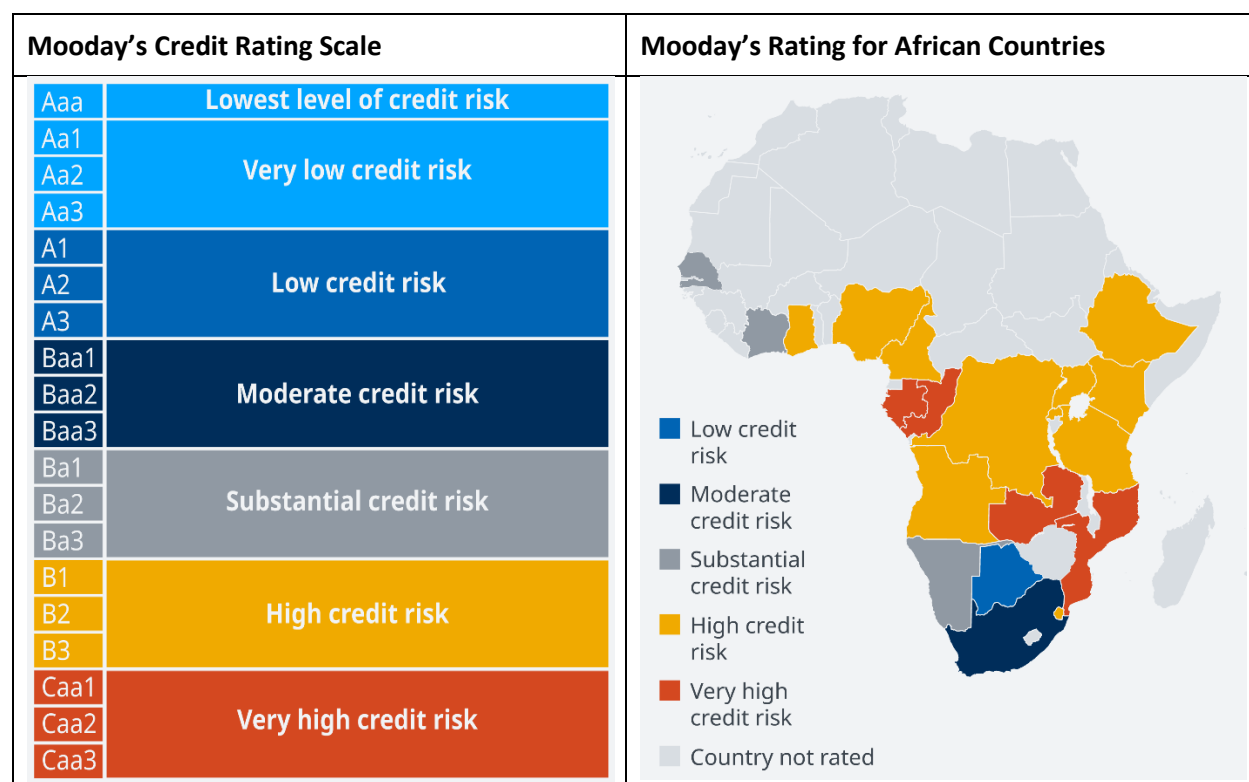
6. Risk-related Factors

Table 1: Sovereign credit ratings and outlooks for select African economies (29 June 2018)

Country	S&P		Fitch		Moody's	
	Credit Rating	Outlook	Credit Rating	Outlook	Credit Rating	Outlook
Ethiopia	B	Stable	B	Stable	B1	Stable
Gabon	Not Rated	Not Rated	B	Negative	Caa1	Stable
Ghana	B-	Positive	B	Stable	B3	Stable
Kenya	B+	Stable	B+	Stable	B2	Stable
Mozambique	SD	Not rated	RD	Not Rated	Caa3	Negative
Namibia	Not Rated	Not Rated	BB+	Stable	Ba1	Negative
Nigeria	B	Stable	B+	Negative	B2	Stable
Senegal	B+	Positive	Not Rated	Not Rated	Ba3	Stable
South Africa	BB	Stable	BB+	Stable	Baa3	Stable
Zambia	B	Stable	B	Negative	B3	Stable

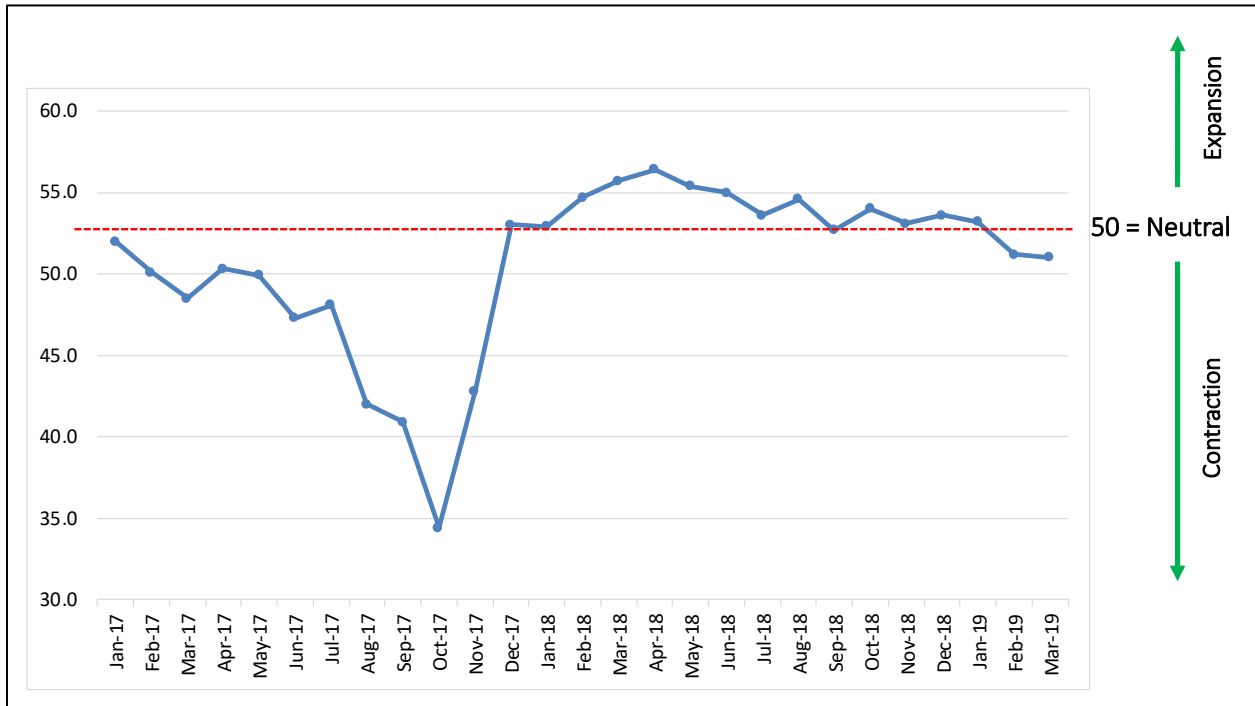
Data source: Bloomberg Finance L.P., Standard & Poor's, Fitch, and Moody's

Figure 29: Moody's Credit Rating for African Economies, January 2019



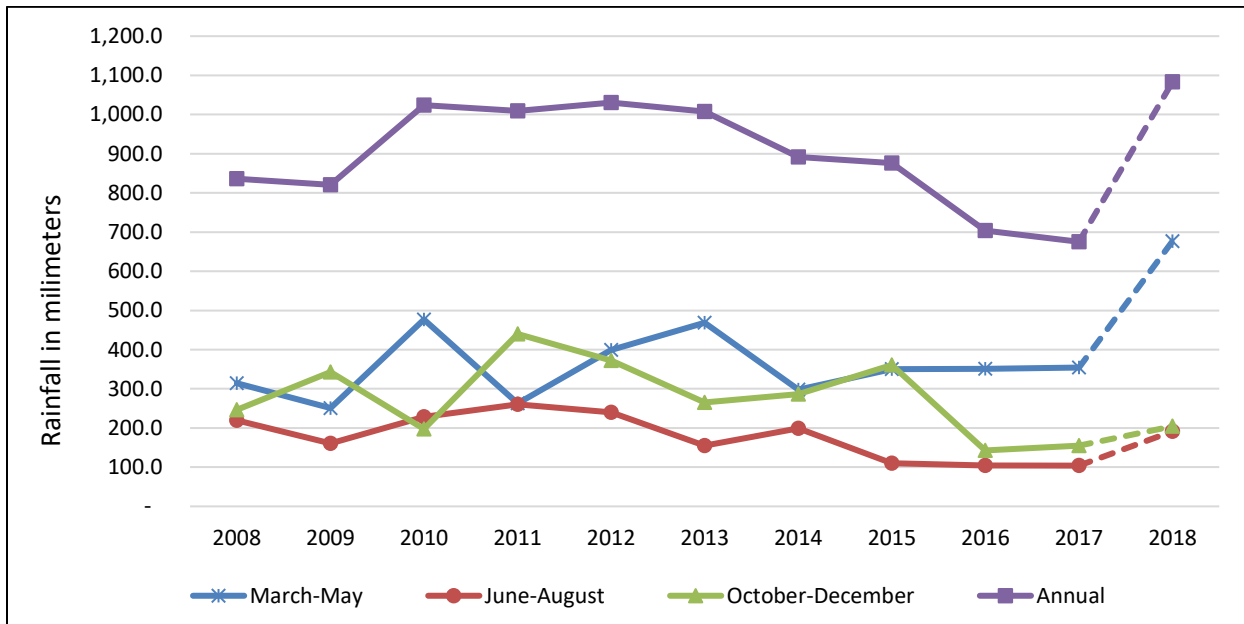
Source: Moody's; <https://www.moody.com>

Figure 30: Kenya purchasing managers' index



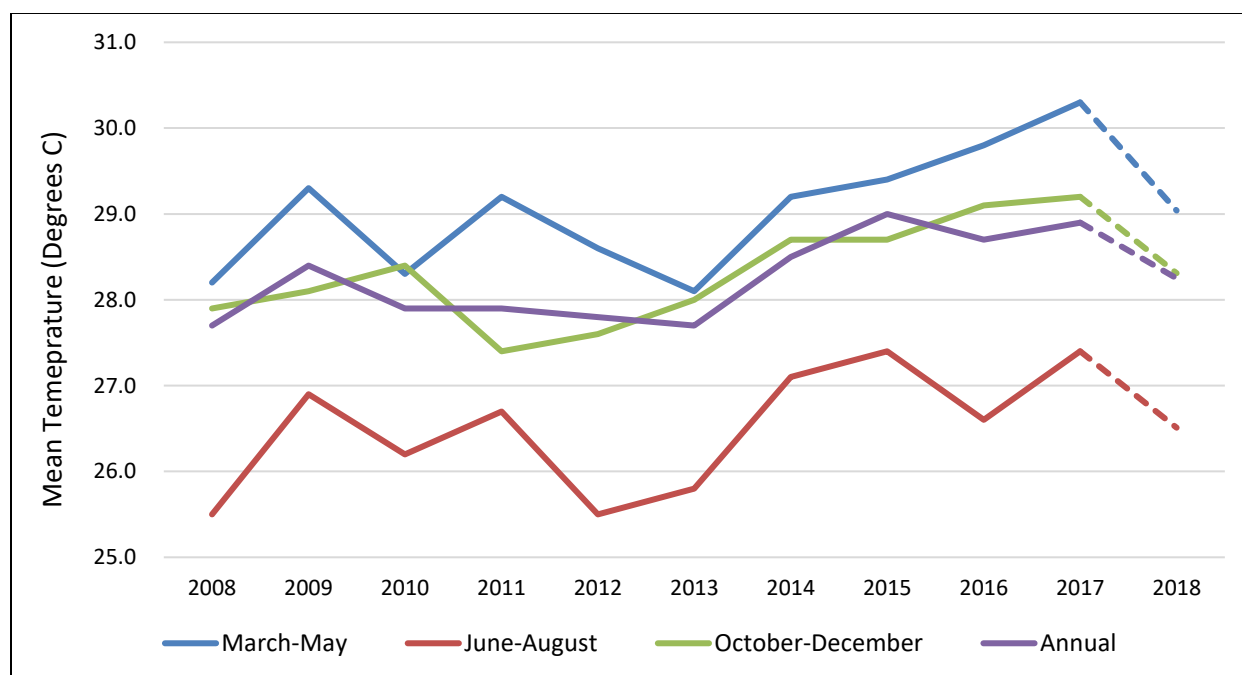
Data Source: Stanbic Bank (<https://www.stanbicbank.co.ke>); IHS-Markit (<https://ihsmarkit.com>)
 Key: 50.0 = Neutral; Above 50.0 = Expansion; Below 50.0 = Contraction

Figure 31: Mean annual and seasonal rainfall



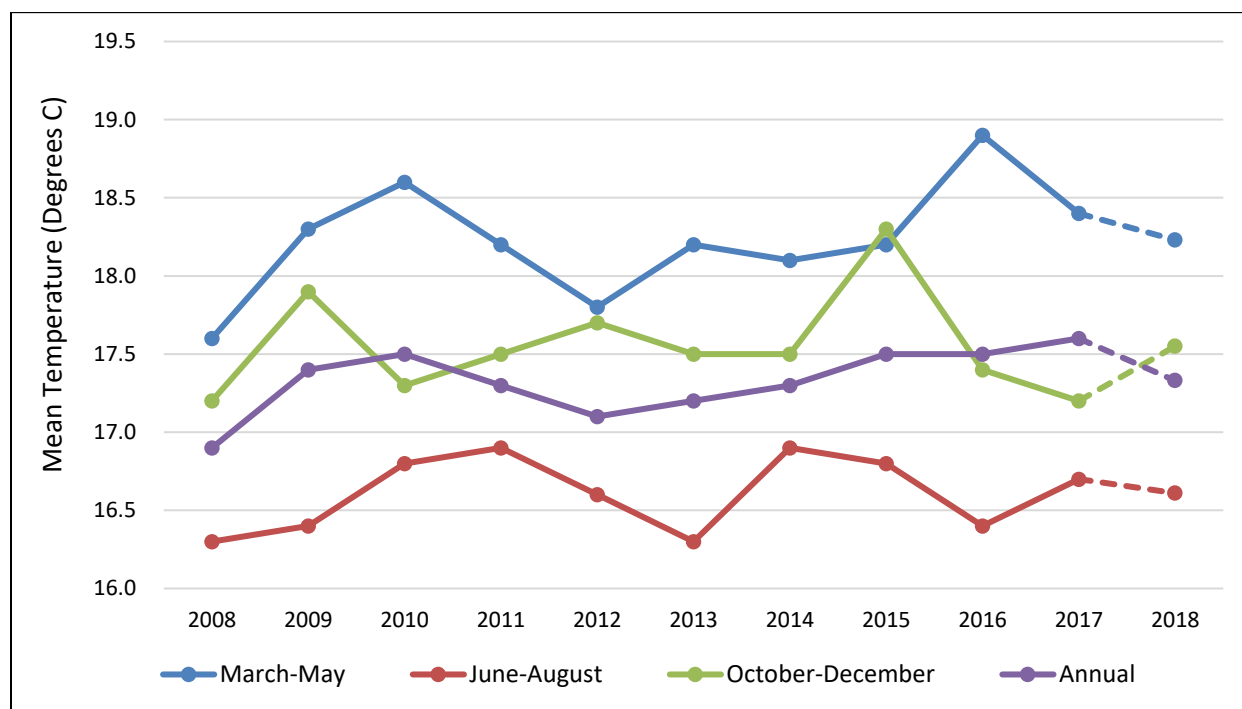
Data Source: Kenya National Bureau of Statistics; Kenya Meteorological Department (2018 provisional data, <http://www.meteo.go.ke/pdf/seasonal.pdf>)

Figure 32: Mean annual and seasonal maximum temperatures (°C)



Data Source: Kenya National Bureau of Statistics; Kenya Meteorological Department (2018), provisional data

Figure 33: Mean annual and seasonal minimum temperatures (°C)



Data Source: Kenya National Bureau of Statistics; Kenya Meteorological Department (2018), provisional data