



# QUARTERLY MARKET ANALYSIS REPORT

April – June 2019

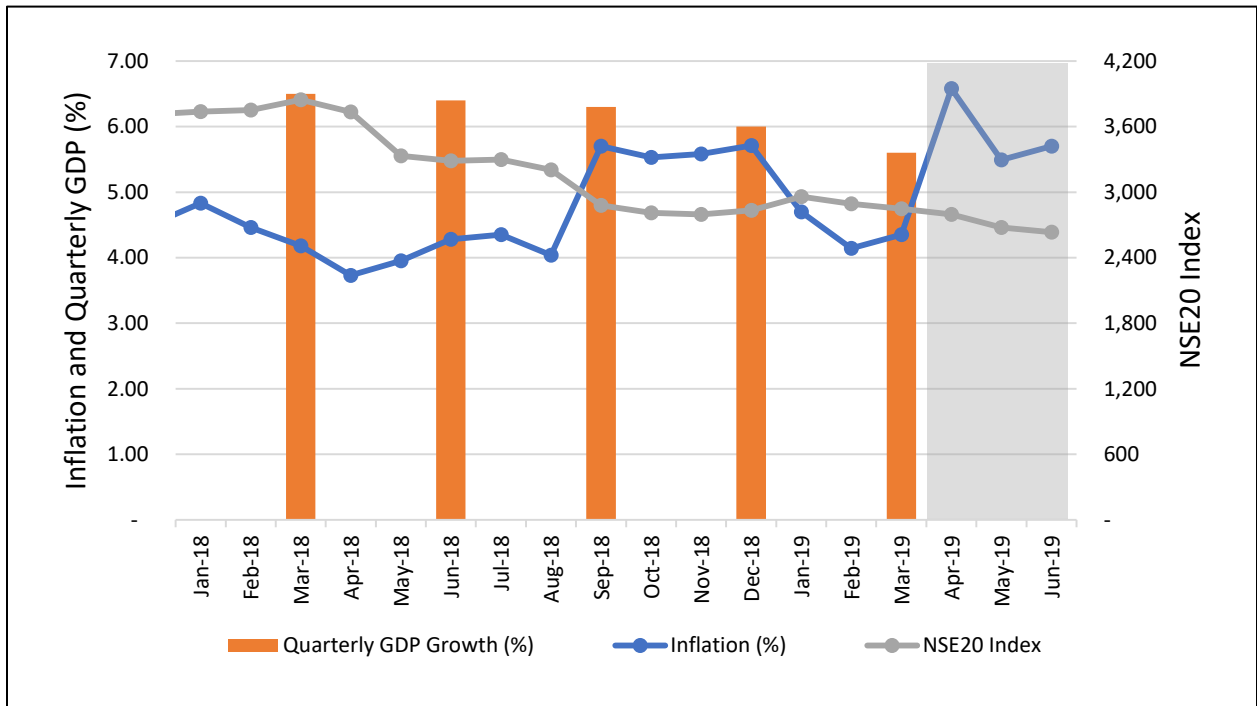
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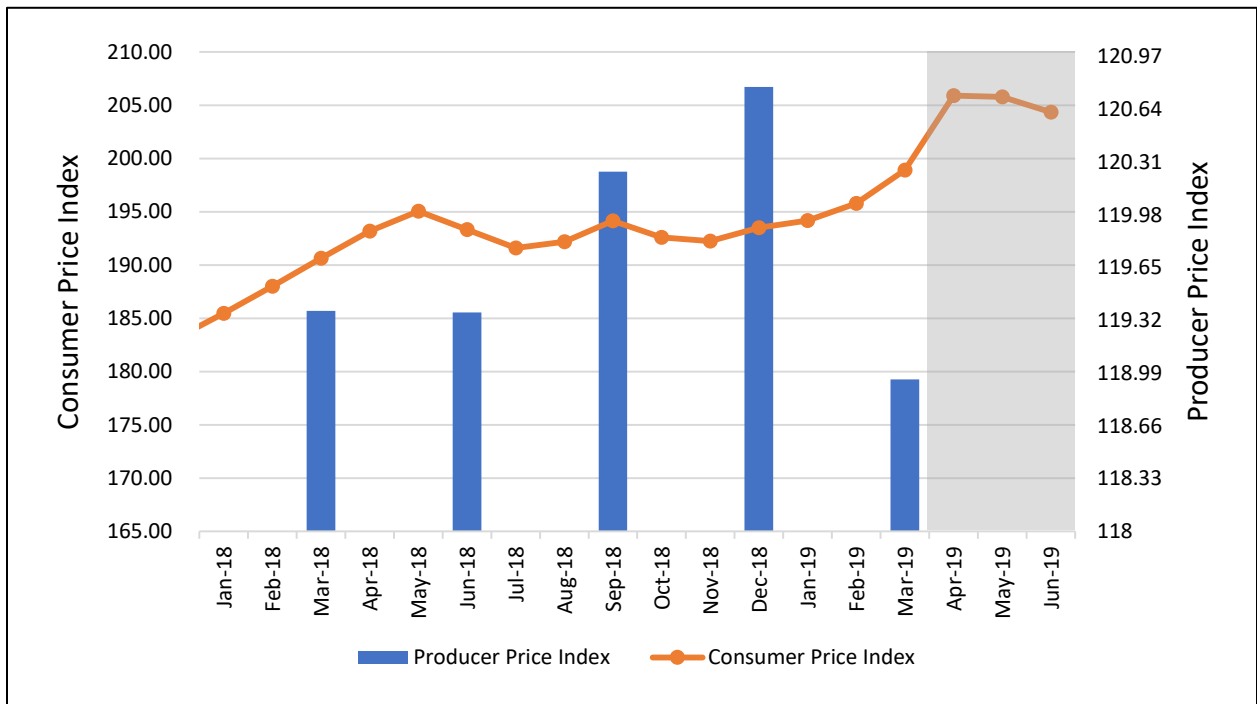
# 1. Performance in the Real Sector

Figure 1: GDP growth, inflation and stock market performance



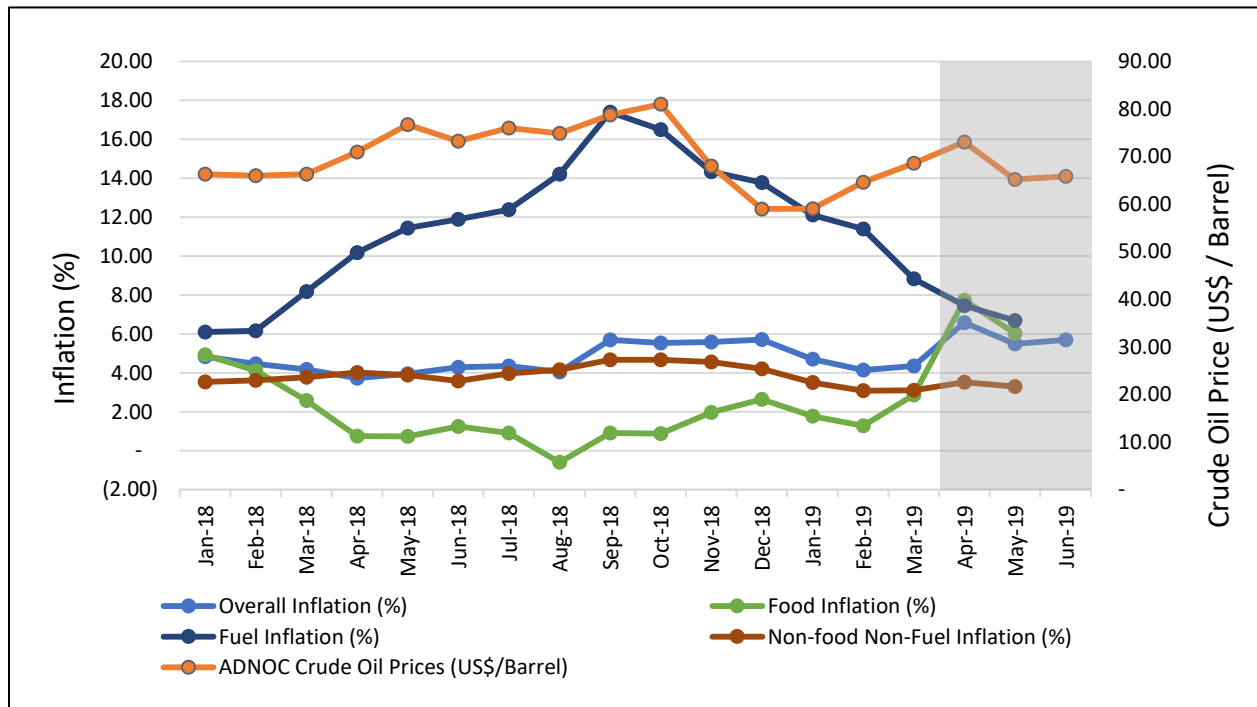
Data source: Central Bank of Kenya; Kenya National Bureau of Statistics

Figure 2: Consumer Price Index and Producer Price Index



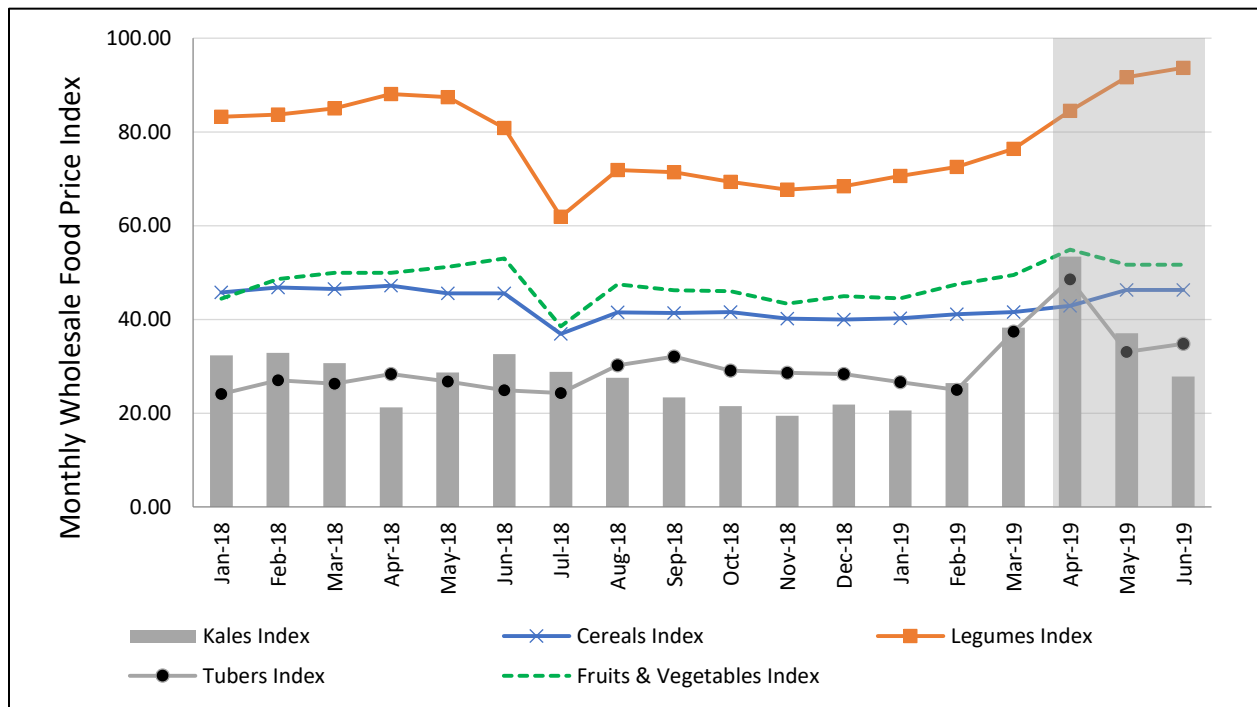
Data source: Kenya National Bureau of Statistics

**Figure 3: Commodity inflation and crude oil prices**



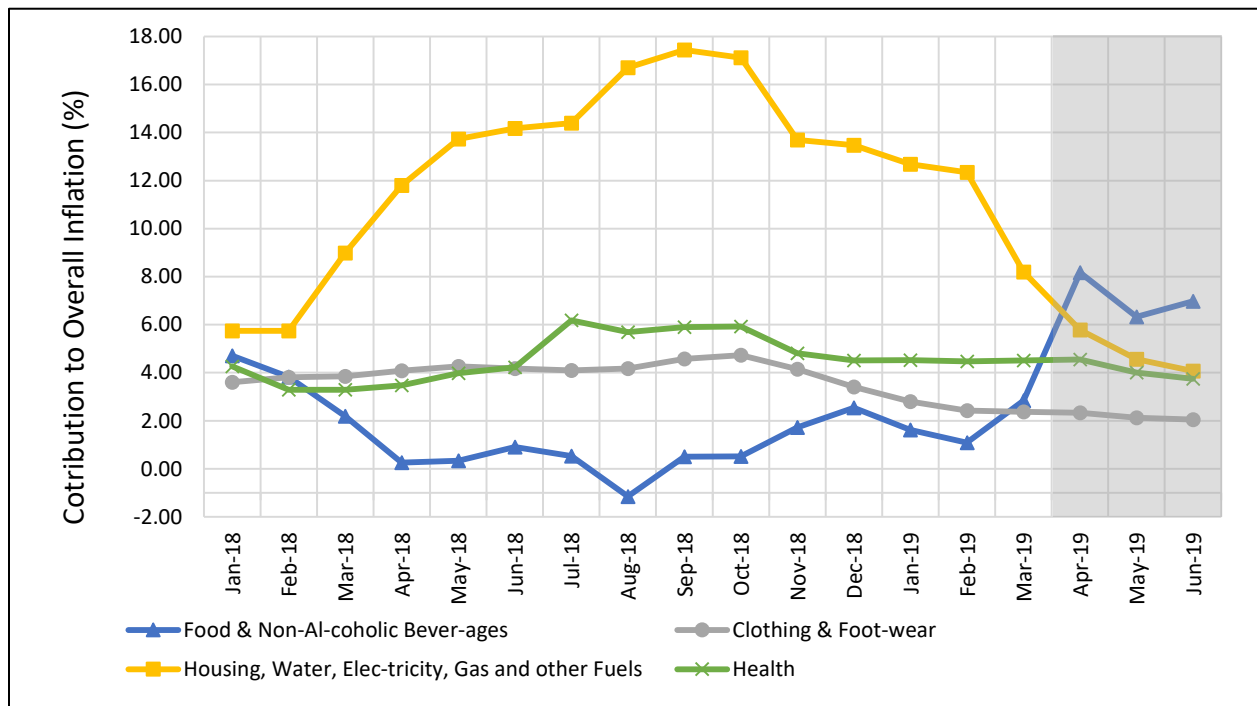
Data source: Central Bank of Kenya; <https://oilprice.com/oil-price-charts/block/50>

**Figure 4: Domestic wholesale agriculture commodity prices**



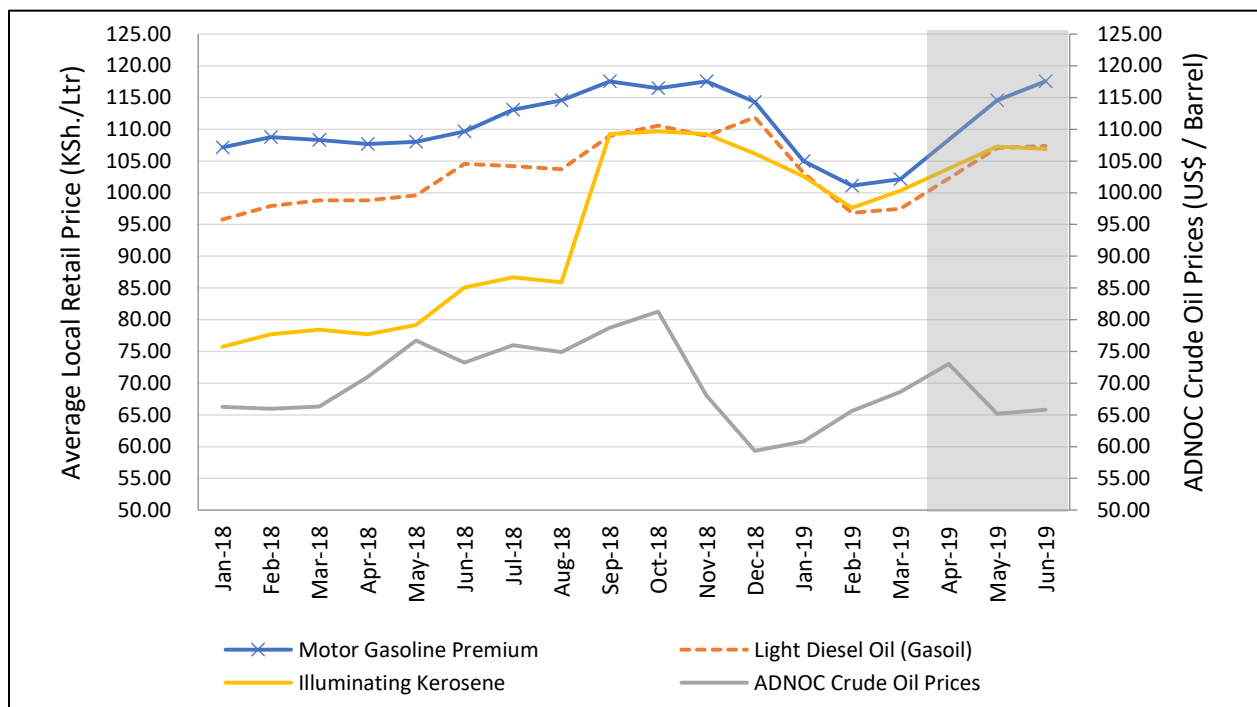
Data source: Index calculated by KIPPRA using data from Ministry of Agriculture

**Figure 5: Contribution of selected CPI Baskets to overall Inflation (%)**



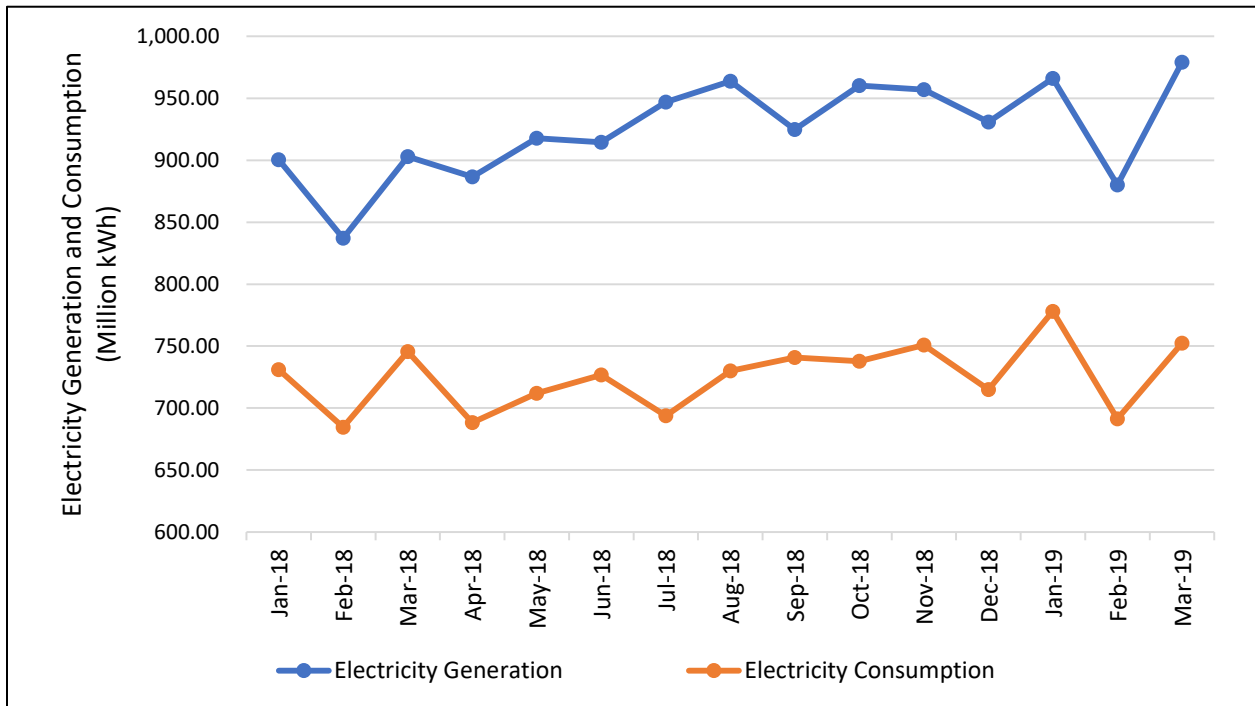
Data Source: Central Bank of Kenya

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



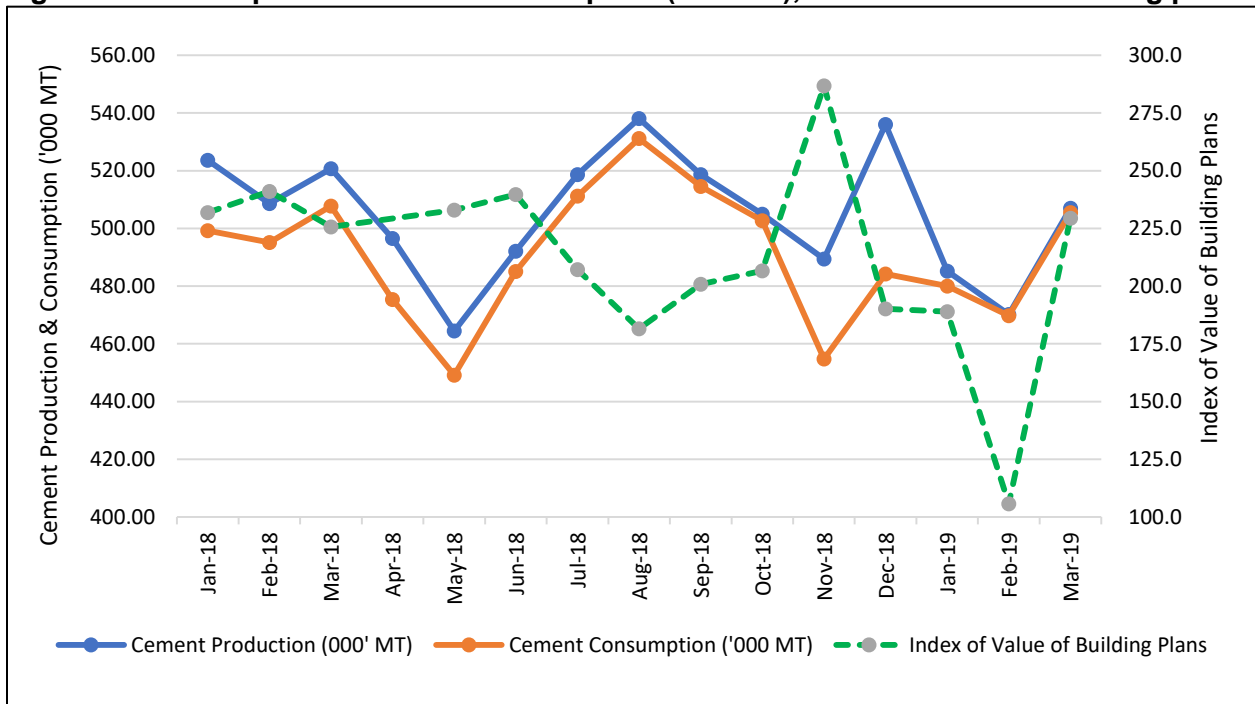
Data Source: Kenya National Bureau of Statistics; Energy Regulatory Commission;  
<https://oilprice.com/oil-price-charts/block/50>

**Figure 7: Electricity generation and consumption (KPLC sales in million KWh)**



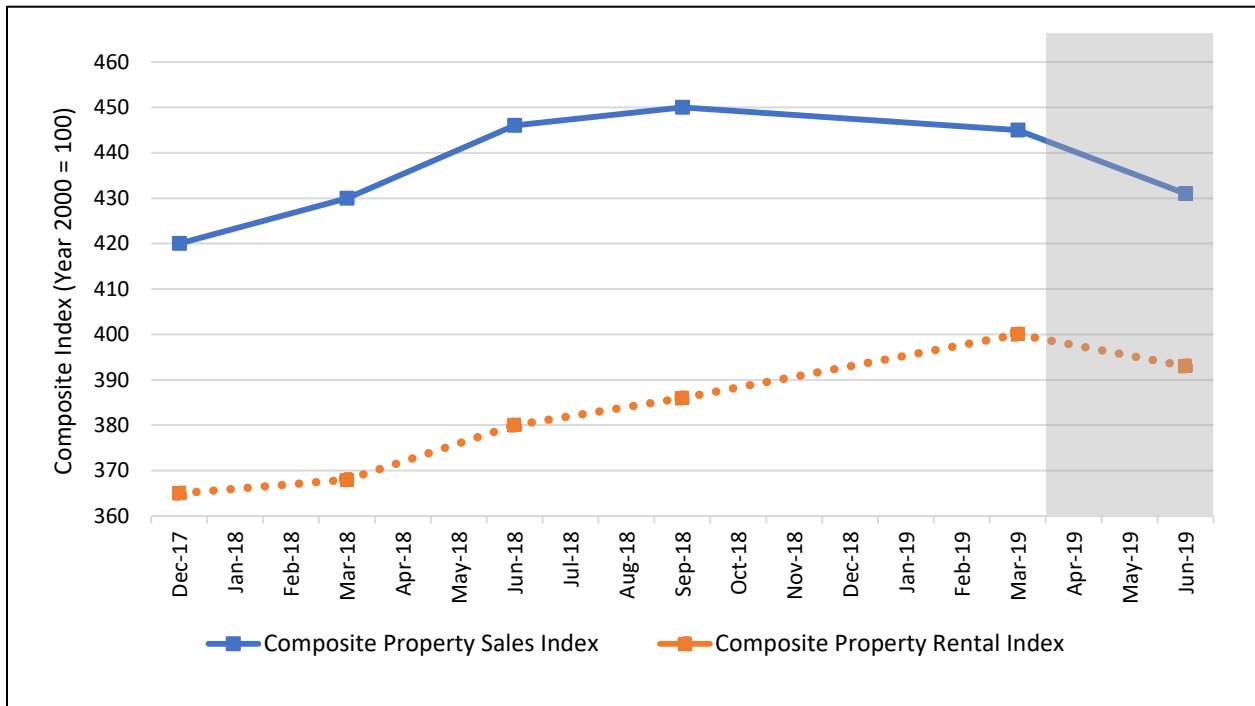
Data source: Kenya National Bureau of Statistics

**Figure 8: Cement production and consumption ('000 MT), index of value of building plans**



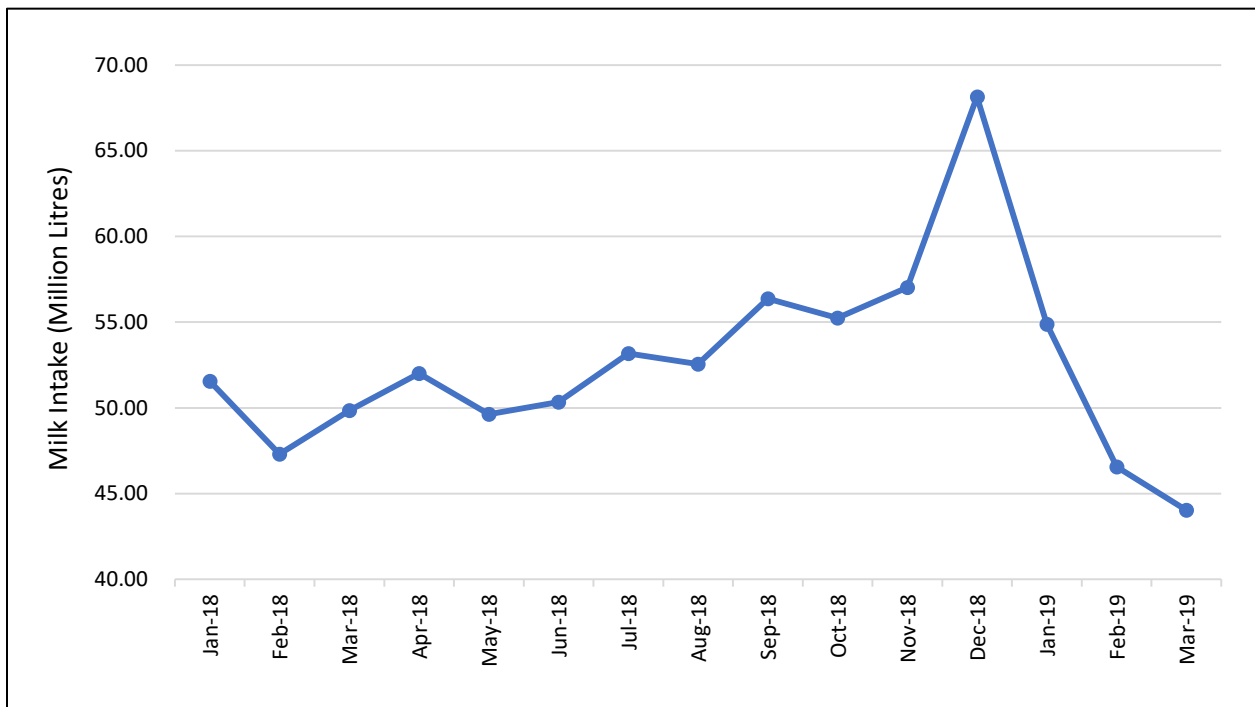
Data source: Kenya National Bureau of Statistics

**Figure 9: Kenya composite housing sales and rental Index (year 2000 = 100)**



Data Source: Hass Property Index; <http://hassconsult.co.ke/real-estate/hass-index/>

**Figure 10: Intake of processed milk in the formal sector (million litres)**

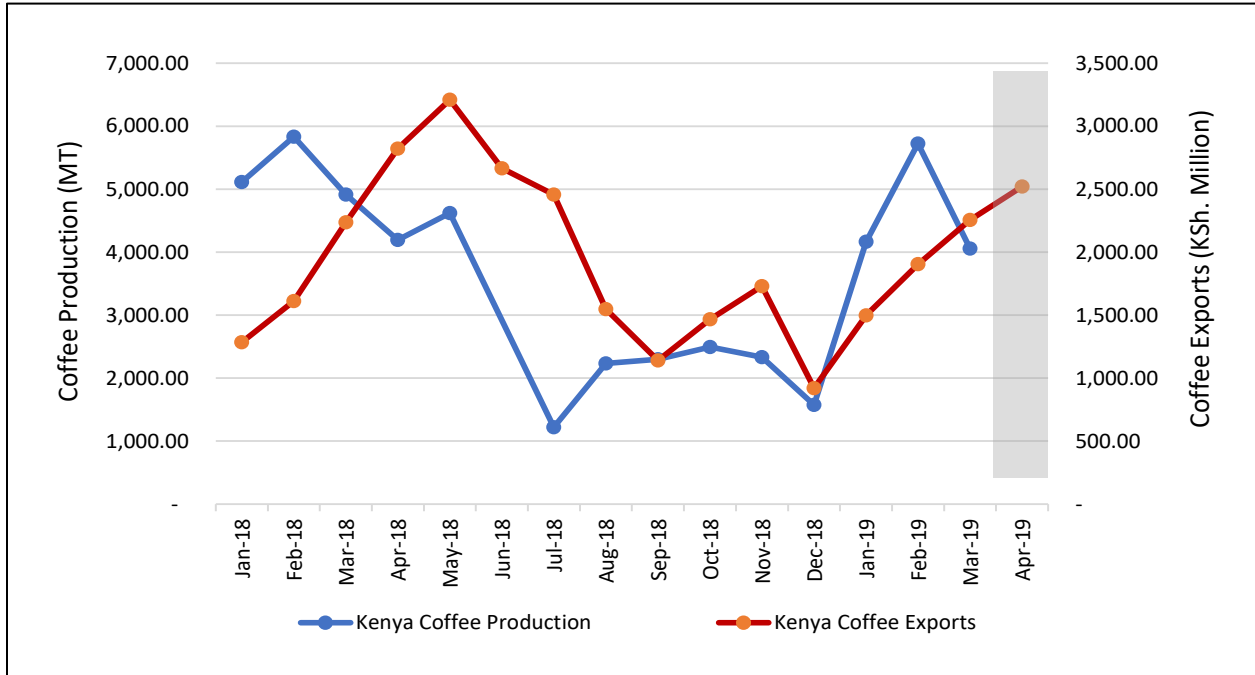


Data source: Kenya National Bureau of Statistics

## 2. International Markets

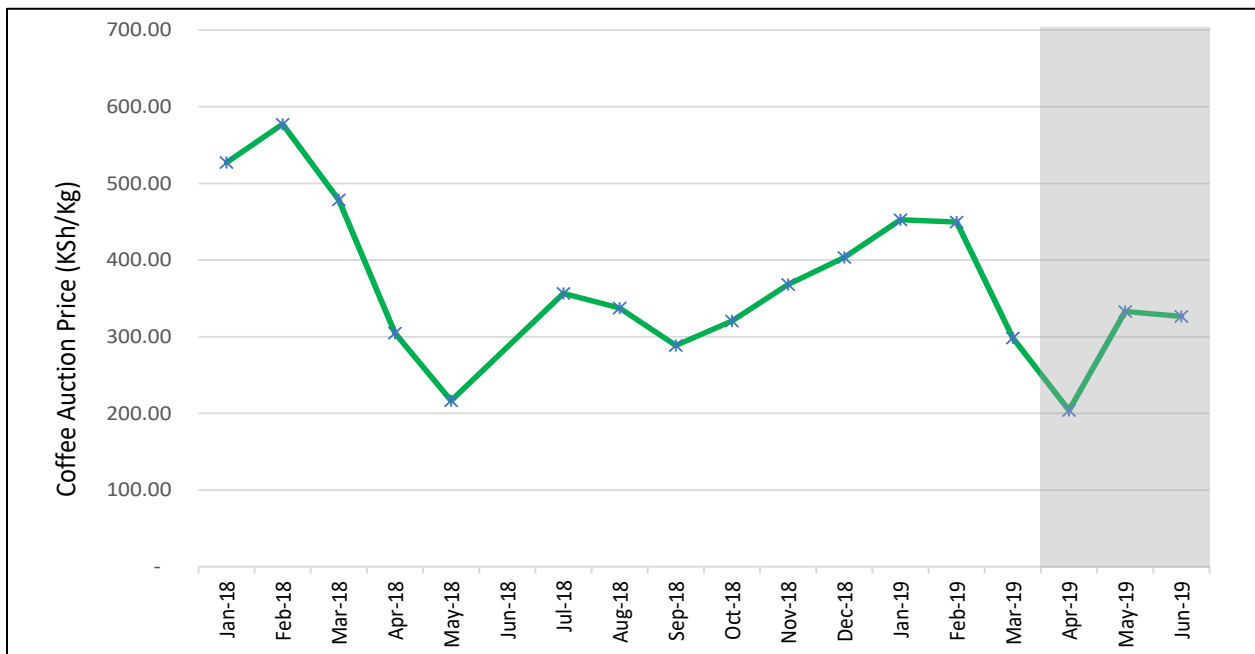
**Figure 11: Trends in coffee and tea production (metric tonnes), exports (Ksh millions) and auction prices (Ksh/Kg)**

**Figure 11(a): Coffee production and exports**



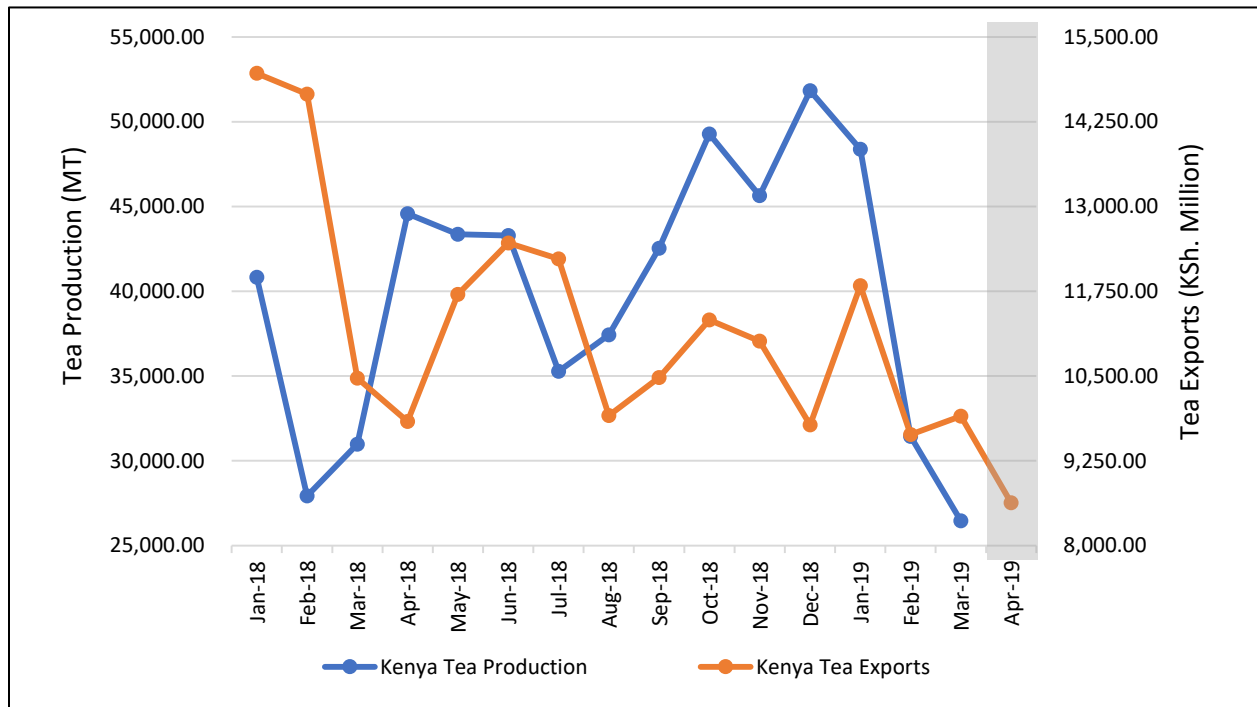
Data source: Kenya National Bureau of Statistics

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



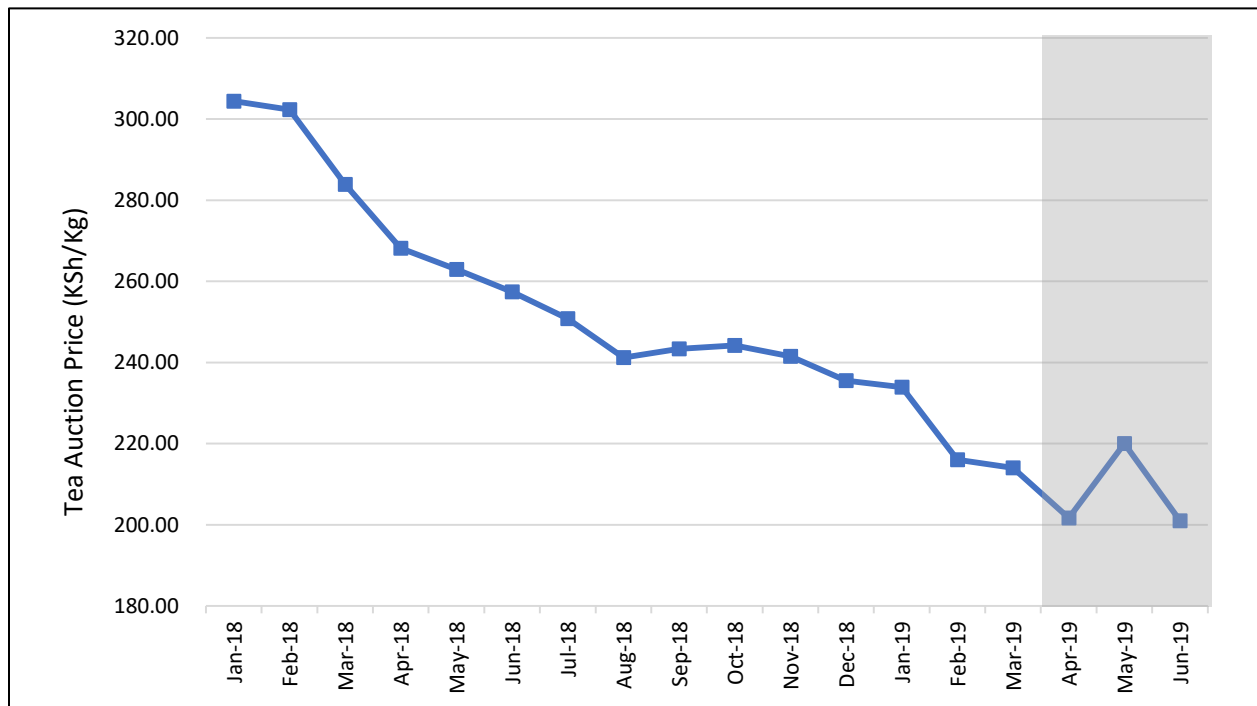
Data source: Kenya National Bureau of Statistics; Nairobi Coffee Exchange

**Figure 11(c): Tea production and exports**



Data source: Kenya National Bureau of Statistics

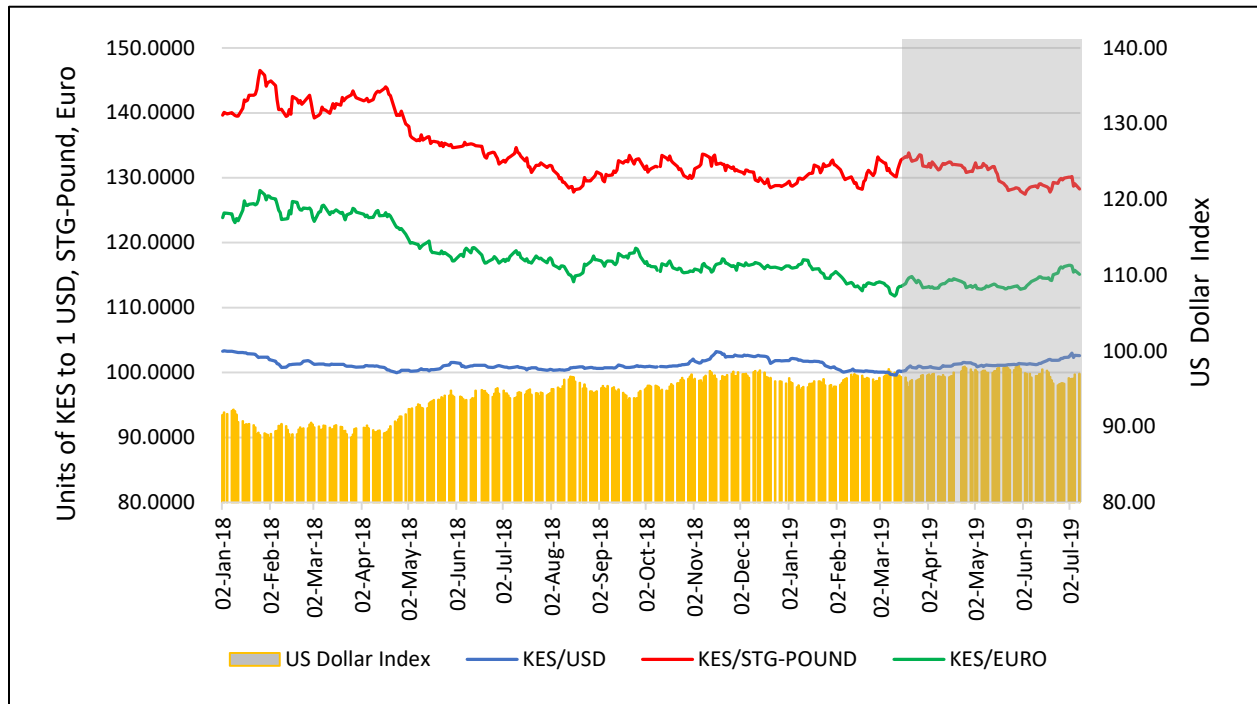
**Figure 11(d): Kenya tea auction prices (KSh/Kg)**



Data source: Kenya National Bureau of Statistics; Mombasa Tea Auction

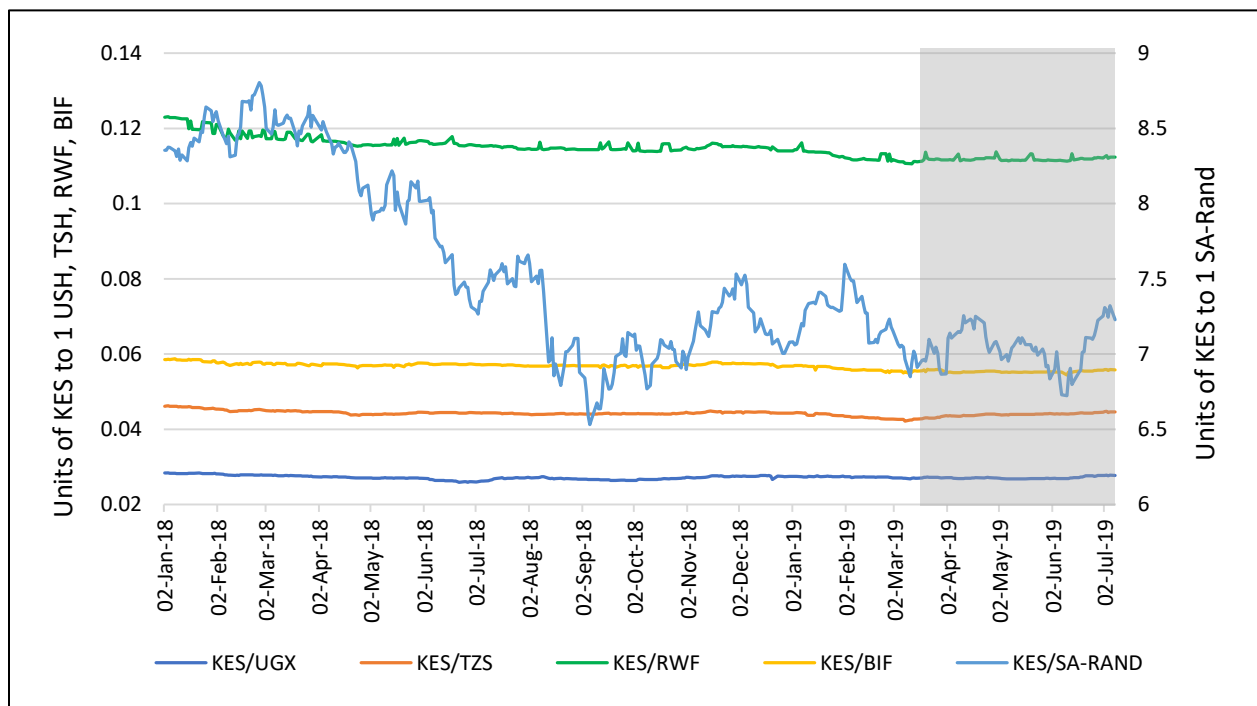


**Figure 12: The exchange rate of Kenya shilling to global currencies**



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

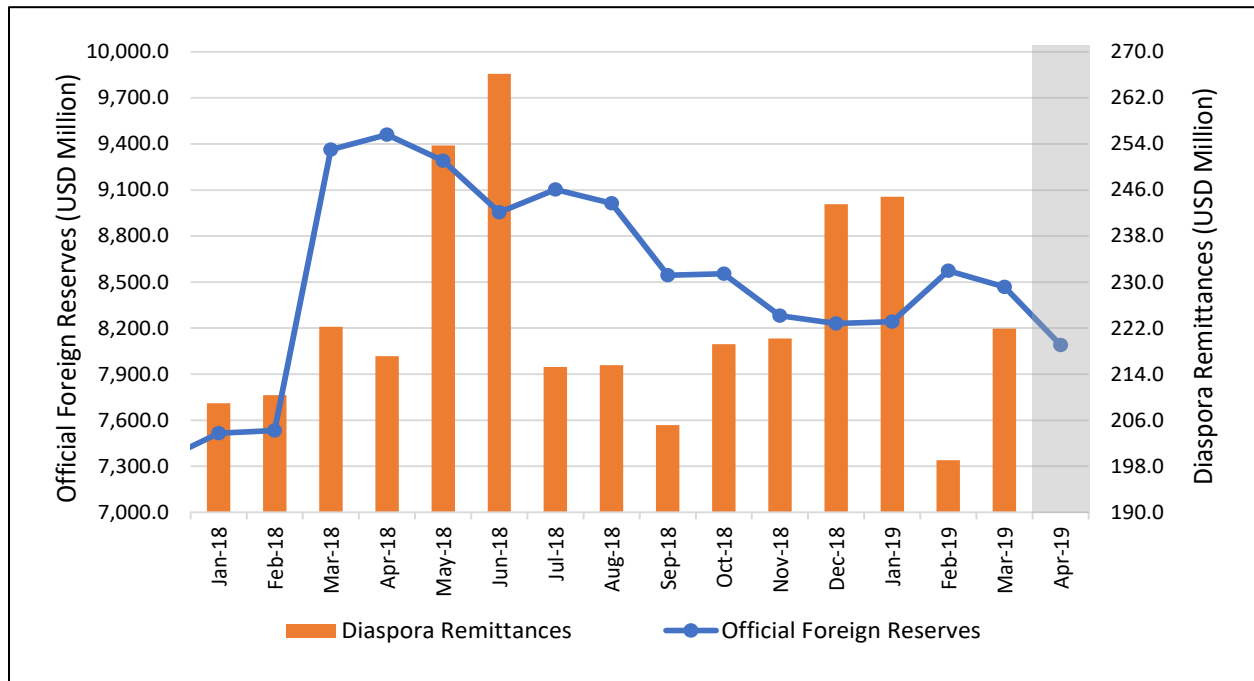
**Figure 13: The exchange rate of Kenya shilling to regional currencies**



Data source: Central Bank of Kenya

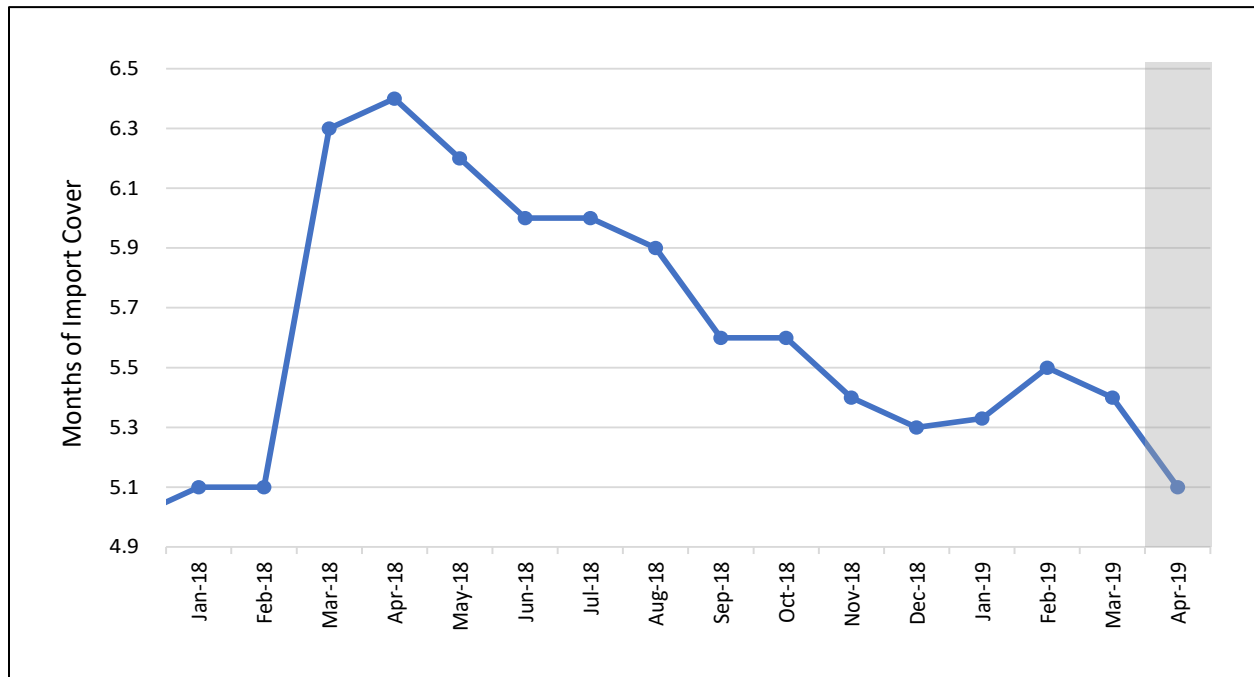
**Figure 14: Foreign exchange reserves, remittances and months of import cover**

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



Data Source: Central Bank of Kenya

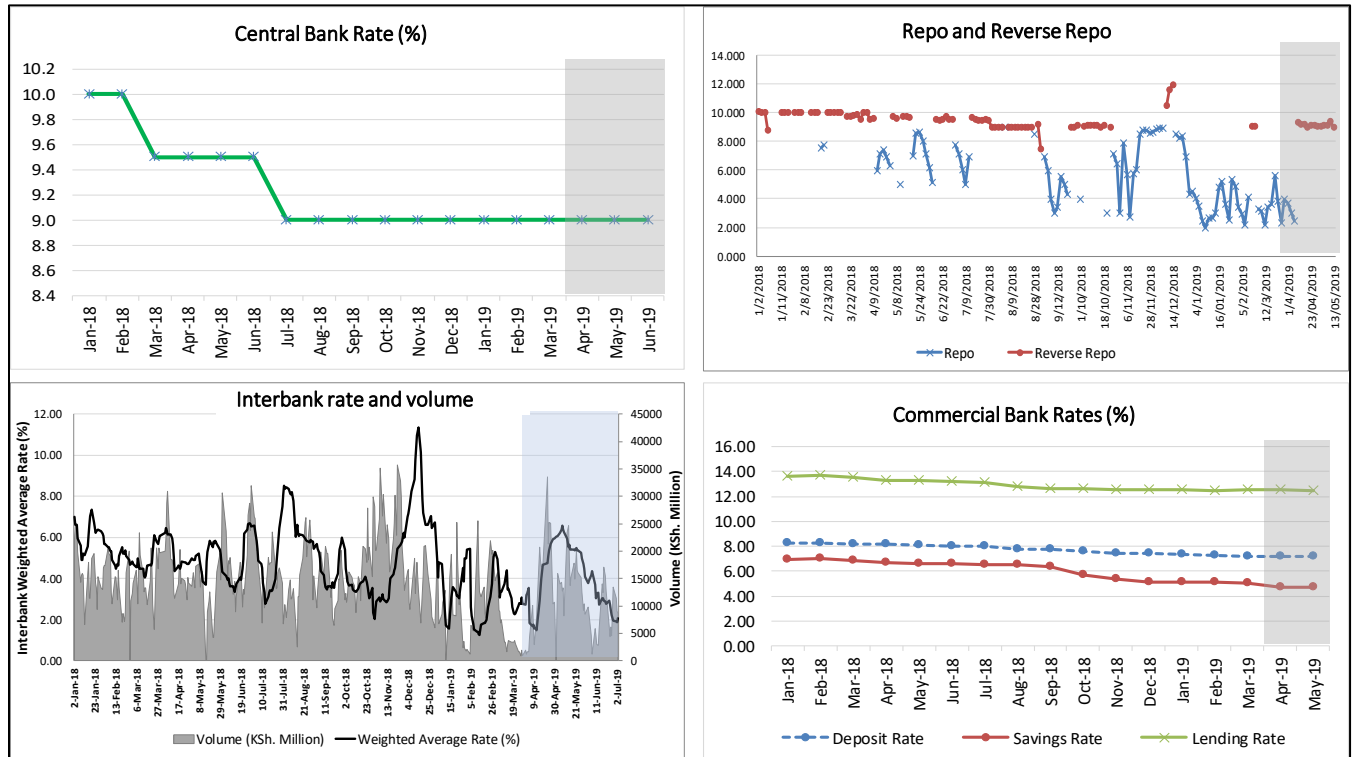
**Figure 14 (b): Months of import cover**



Data Source: Central Bank of Kenya

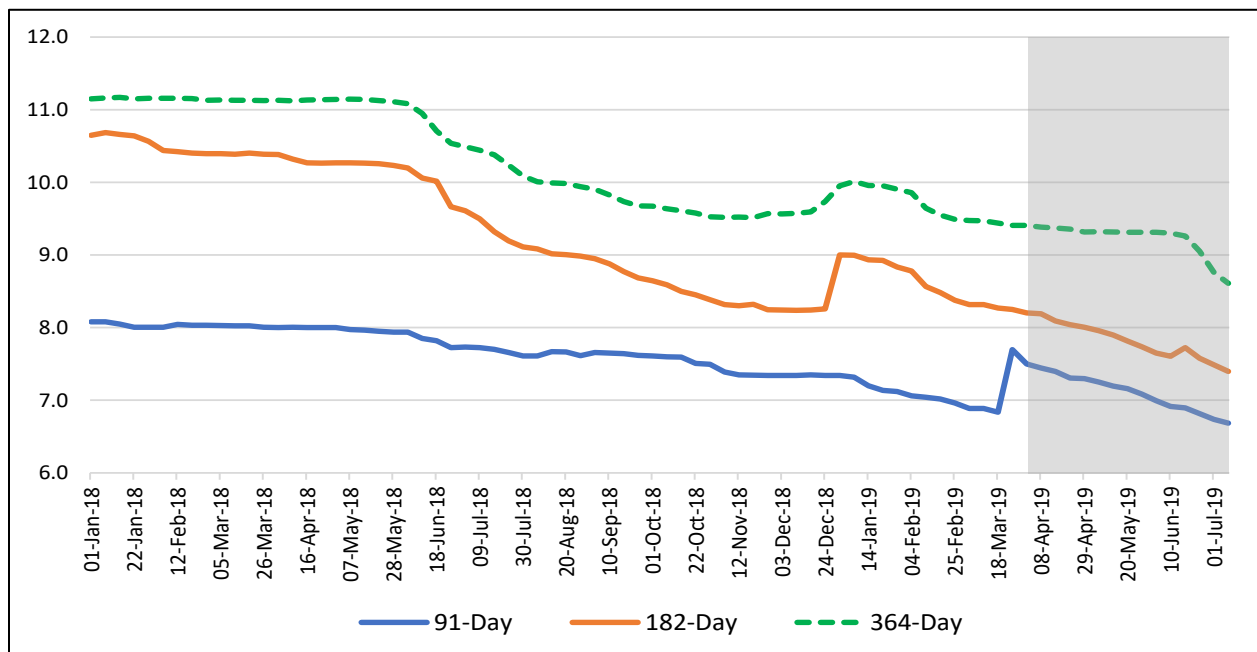
### 3. Money Market

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



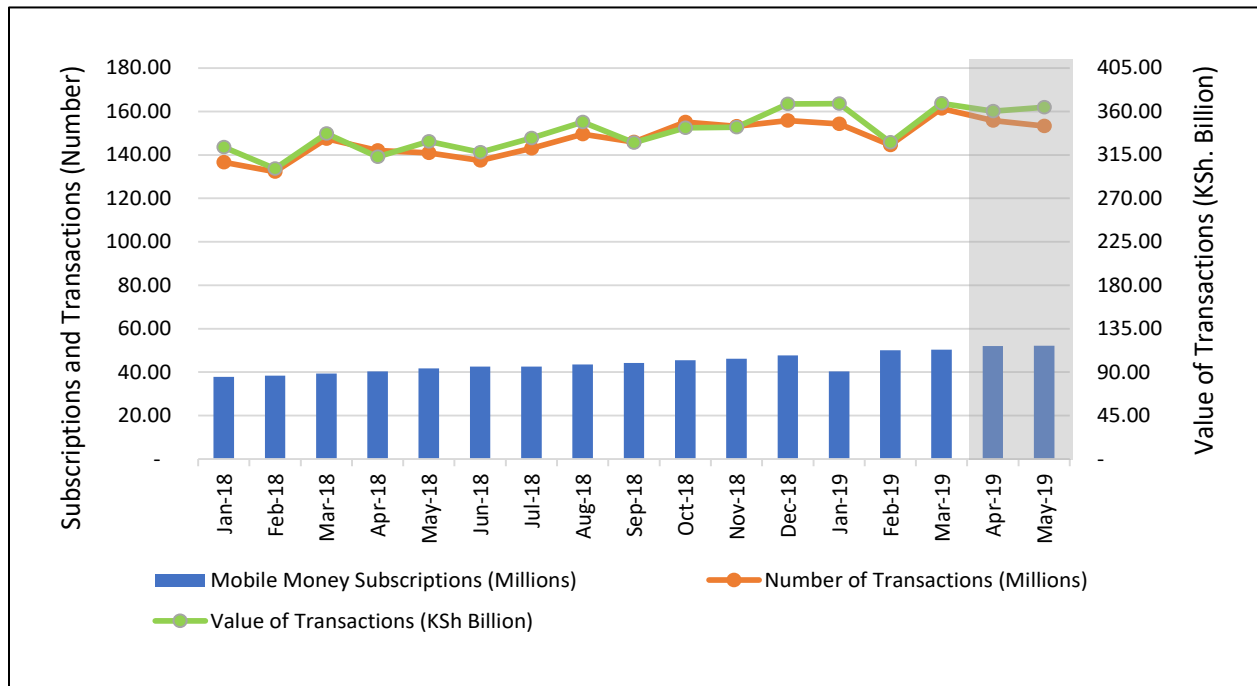
Data source: Central Bank of Kenya

Figure 16: Treasury bill weighted average rate (%)



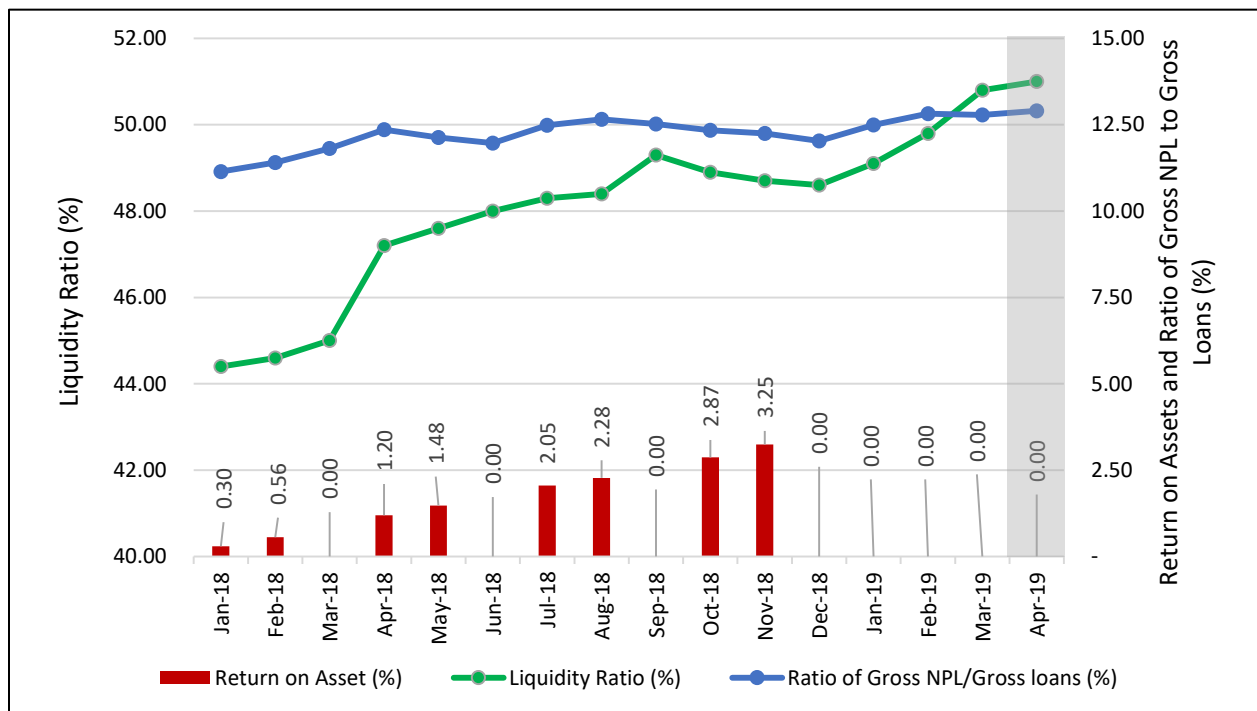
Data source: Central Bank of Kenya

**Figure 17: Mobile money transactions**



Data source: Kenya National Bureau of Statistics

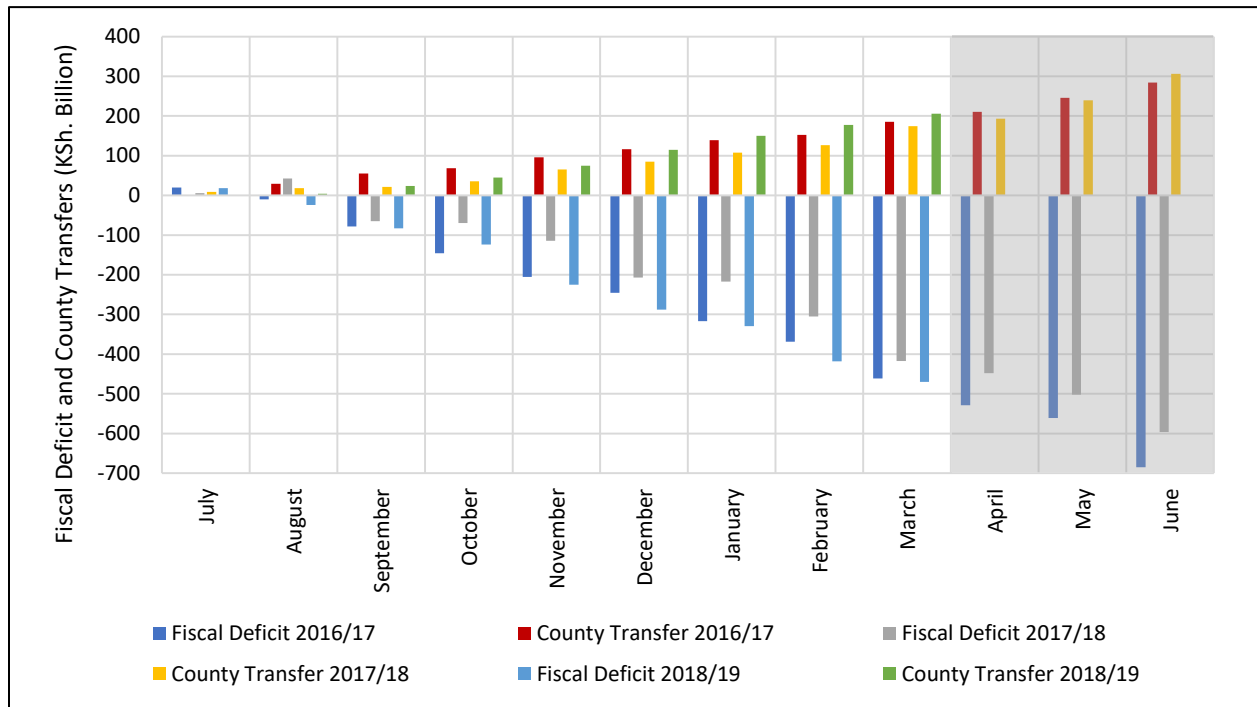
**Figure 18: Kenyan banking sector performance**



Data Source: Calculated using data from Central Bank of Kenya

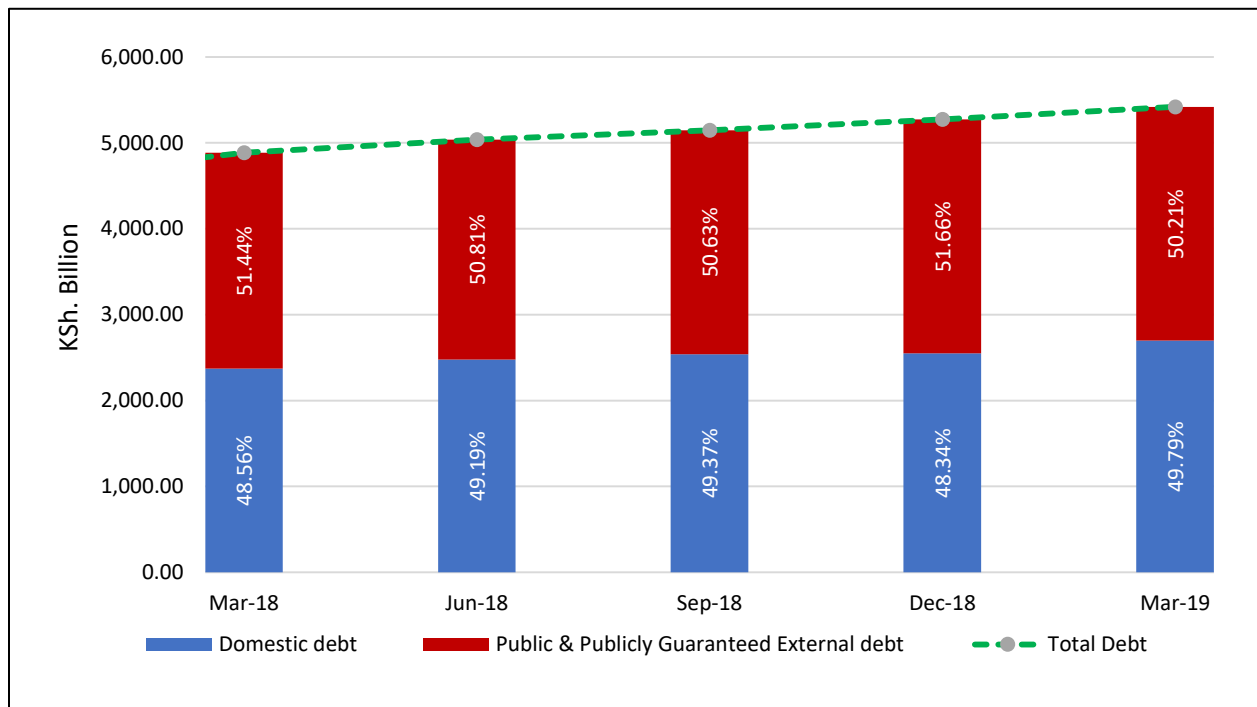
## 4. Fiscal Performance

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



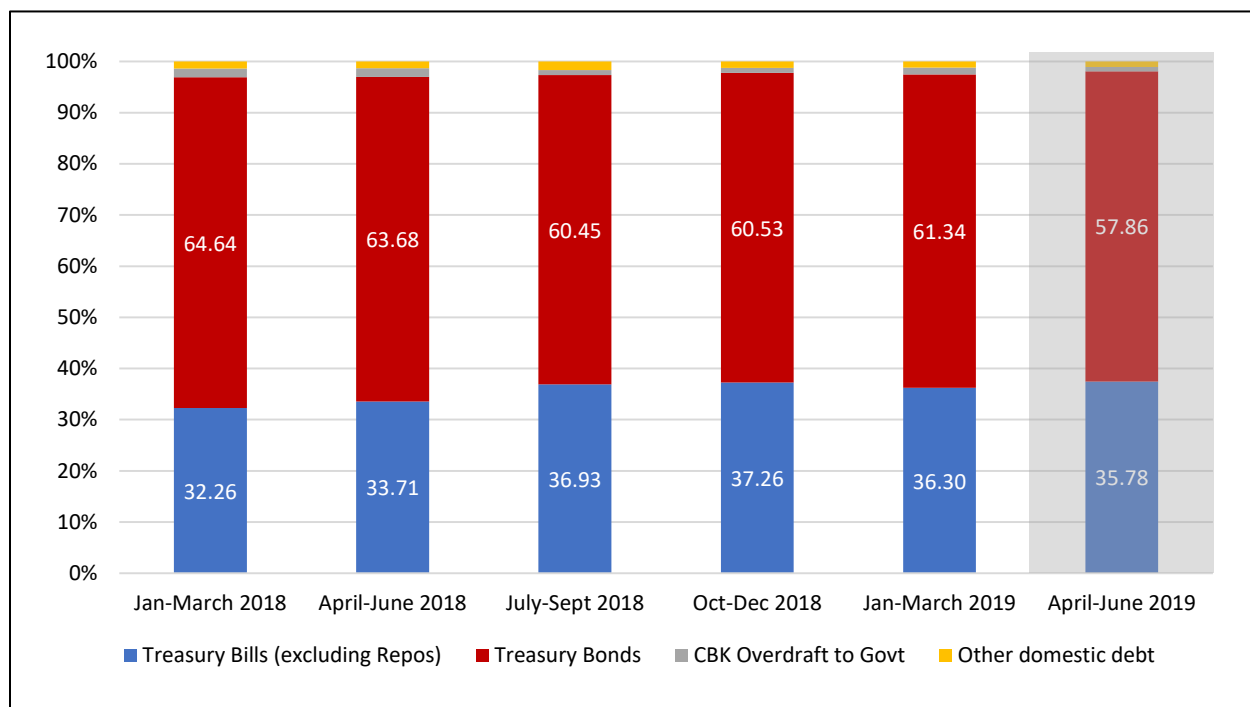
Data Source: Central Bank of Kenya

Figure 20: Total debt (KSh. Billion) and proportionate shares of domestic and foreign debt



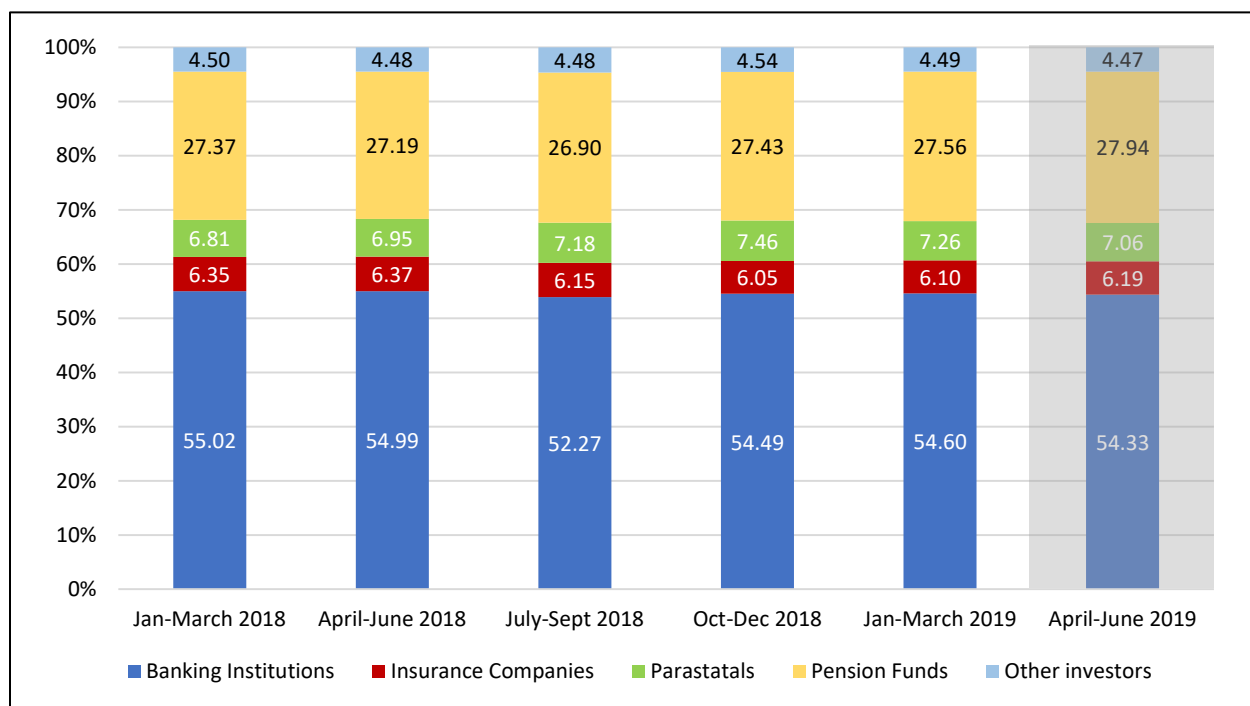
Data Source: Calculated using data from Central Bank of Kenya

**Figure 21: Composition of government domestic debt by instrument (%)**



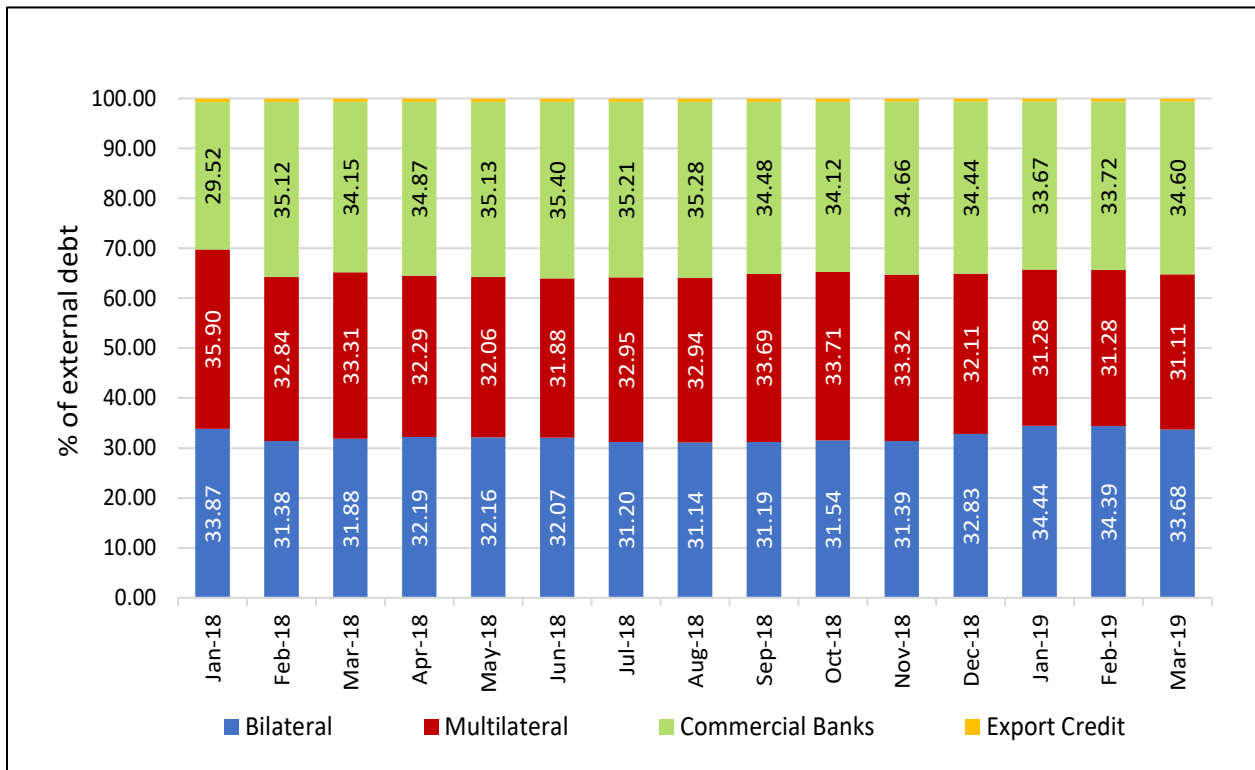
Data Source: Calculated using data from Central Bank of Kenya

**Figure 22: Composition of government domestic debt by holder (%)**



Data Source: Calculated using data from Central bank of Kenya

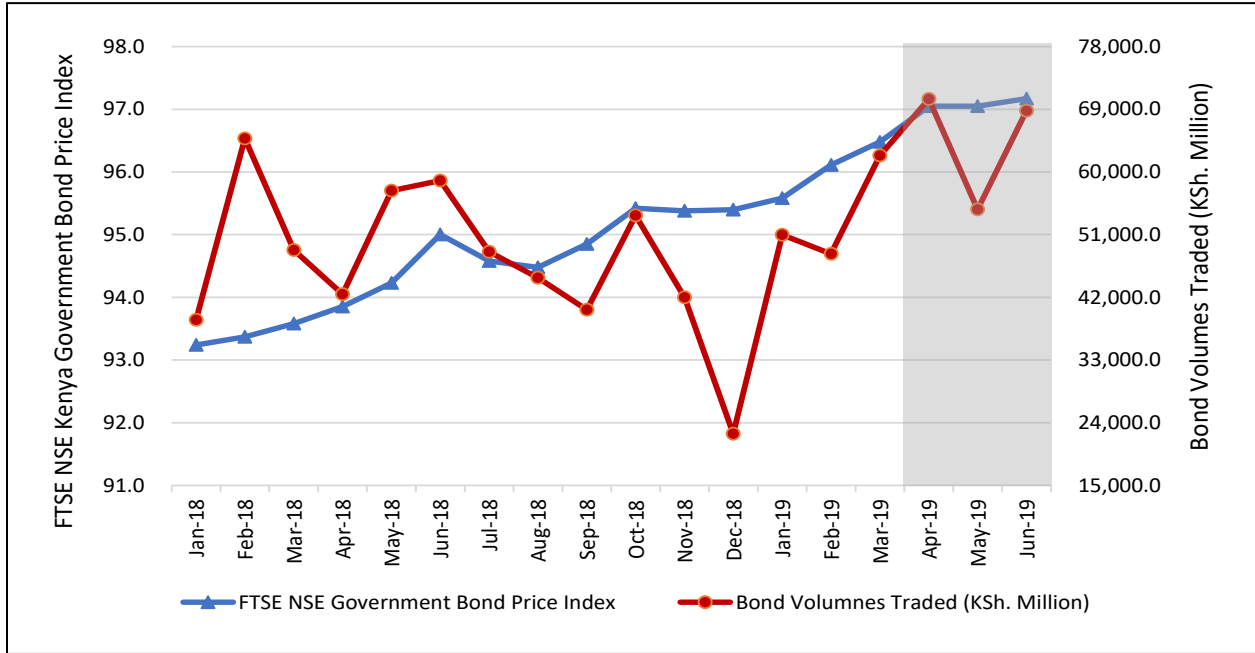
**Figure 23: Composition of external debt: proportionate shares of bilateral, multilateral, commercial bank and export credit**



Data Source: Calculated using data from Central bank of Kenya

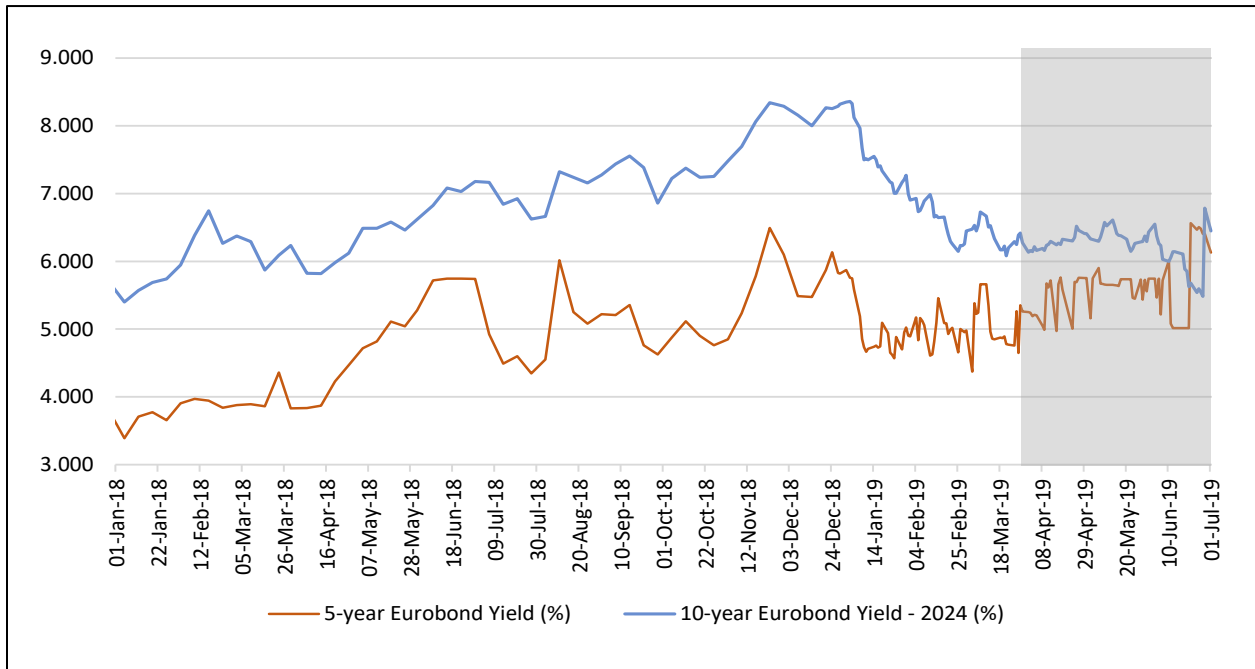
## 5. Capital Markets

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



Data Source: Nairobi Securities Exchange; Central Bank of Kenya

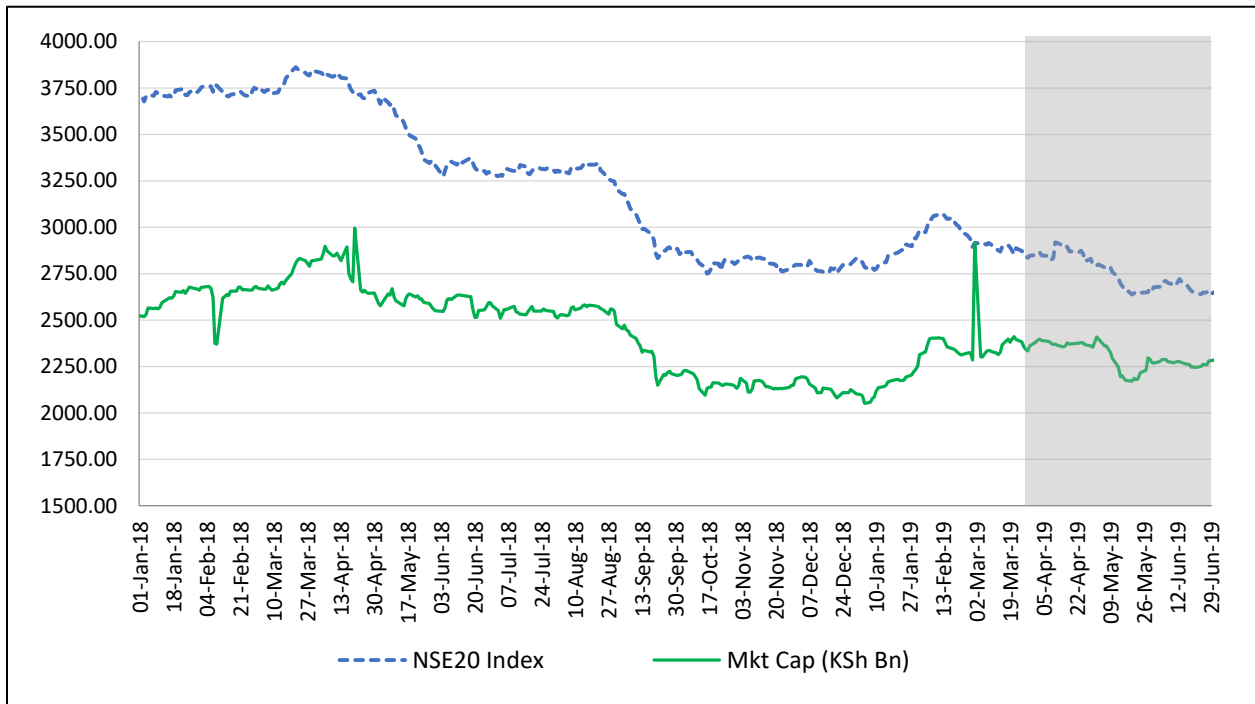
**Figure 25: The 5 and 10-year Kenya Eurobond yields (%)**



Data Source: Central Bank of Kenya

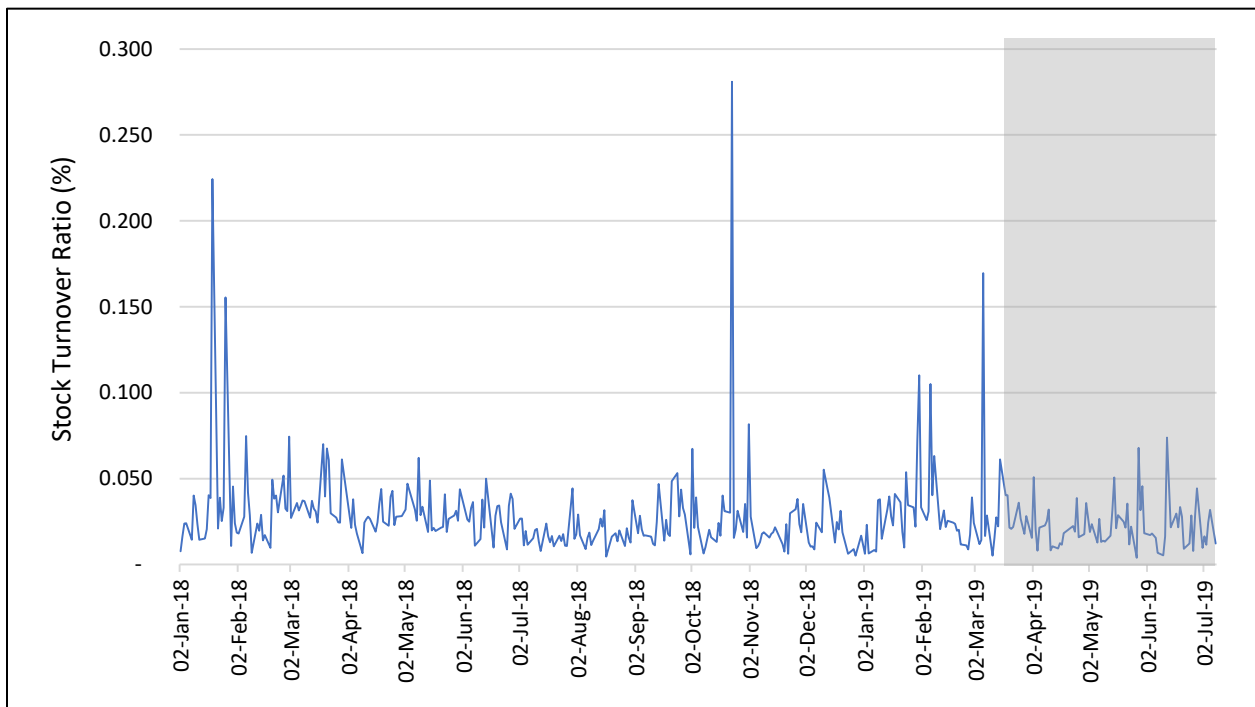


**Figure 26: Stock market performance**



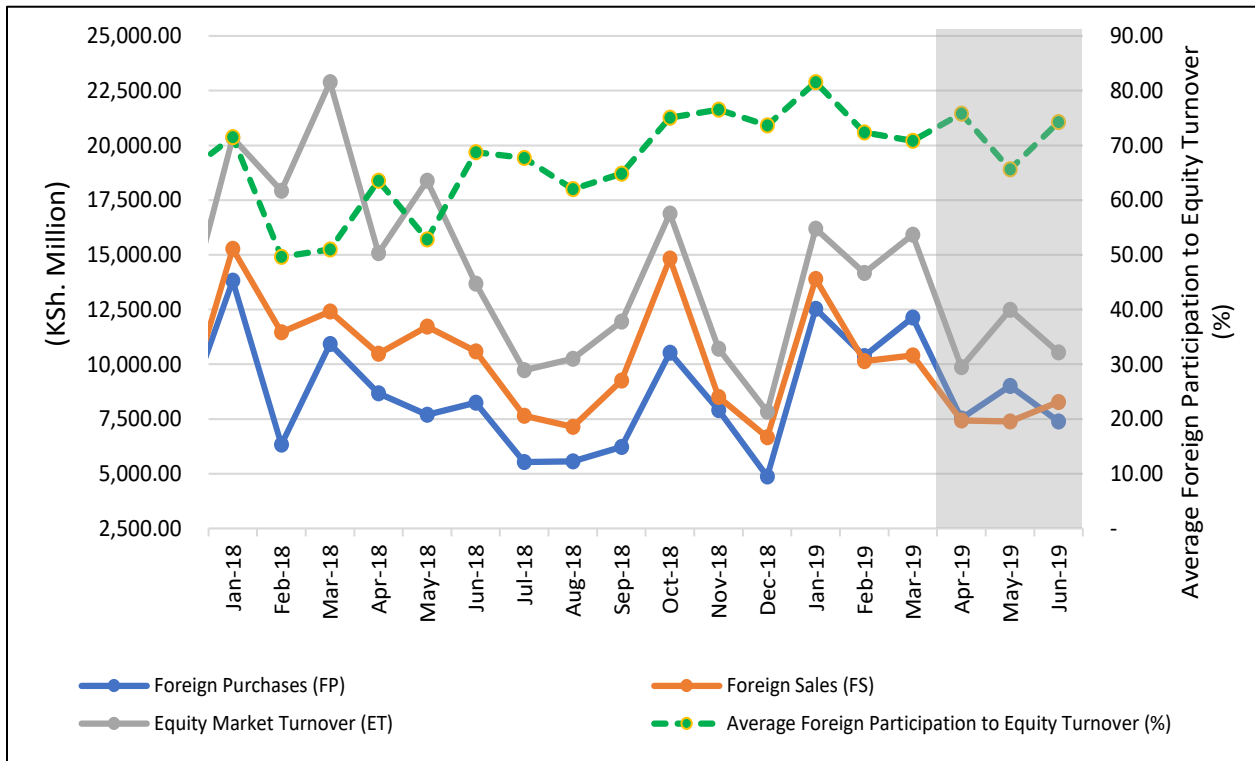
Data Source: Nairobi Securities Exchange

**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>).

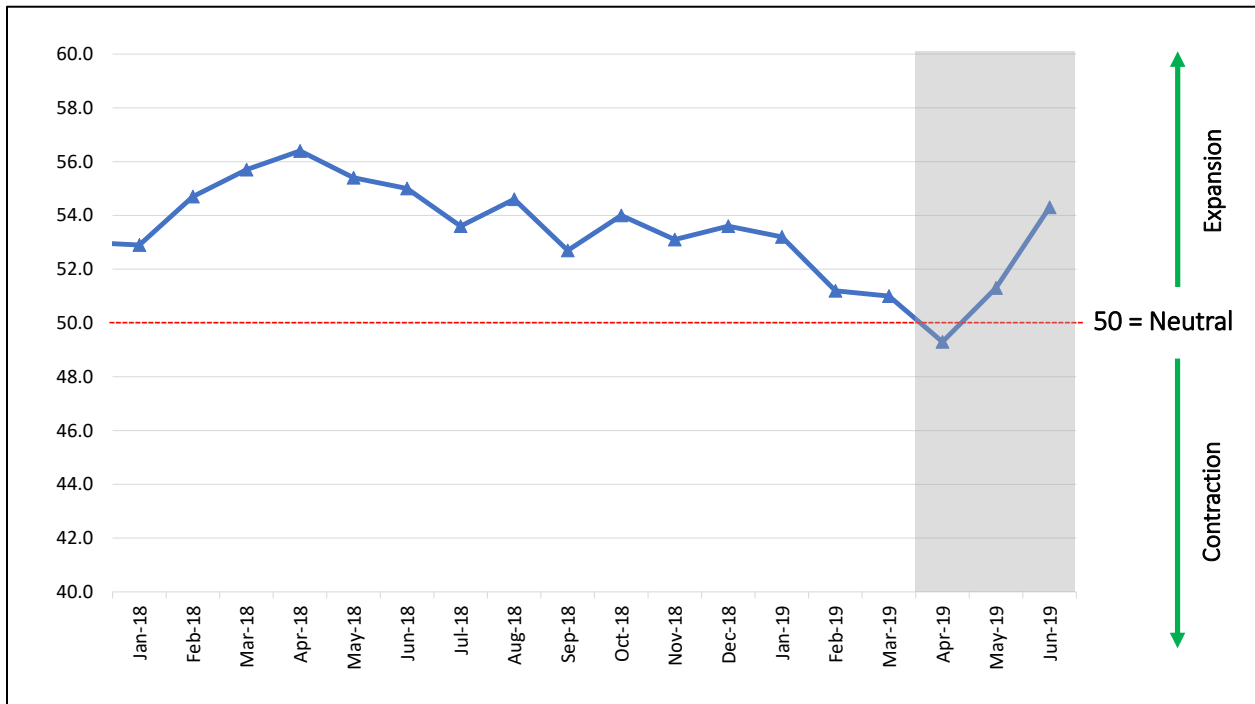
## 6. Risk-related Factors

**Table 1: Sovereign credit ratings for select African economies (As at June 2019)**

Country	Credit Rating			
	Grade	Moody's	Fitch	S&P
Angola	B3		B (12/07/2019)	B- (11/08/2017)
Botswana	A2			A- (15/02/2010)
Cameroon			B (26/02/2007)	B (07/06/2019)
Egypt	B2		B+ (21/03/2019)	B (11/05/2019)
Ethiopia			B (23/11/2018)	
Ghana	Not rated		B (18/03/2019)	B (14/09/2019)
Kenya	B1 (January 2019)		B+ (30/04/2019)	B+ (19/11/2010)
Morocco	Ba1		BBB- (11/04/2019)	BBB- (23/03/2010)
Mauritius	Baa1			
Mozambique	Caa3		RD (10/05/2019)	SD (18/01/2017)
Namibia	Ba1		BB+ (13/08/2018)	
Rwanda			B+ (02/11/2018)	B (09/09/2016)
South Africa	Baa3		BB+ (06/12/2018)	BB (24/11/2017)
Uganda			B+ (28/06/2019)	B (17/01/2014)
Grade	Moody's	Fitch	S&P	
Prime ( <i>lowest level of credit risk</i> )	Aaa	AAA	AAA	
High grade ( <i>very low credit risk</i> )	Aa1	AA+	AA+	
	Aa2	AA	AA	
	Aa3	AA-	AA-	
Upper medium grade ( <i>Low credit risk</i> )	A1	A+	A+	
	A2	A	A	
	A3	A-	A-	
Lower medium grade ( <i>Moderate credit risk</i> )	Baa1	BBB+	BBB+	
	Baa2	BBB	BBB	
	Baa3	BBB-	BBB-	
Non-investment grade Speculative ( <i>Substantial credit risk</i> )	Ba1	BB+	BB+	
	Ba2	BB	BB	
	Ba3	BB-	BB-	
Highly speculative ( <i>High credit risk</i> )	B1	B+	B+	
	B2	B	B	
	B3	B-	B-	
Substantial risks ( <i>Very high credit risk</i> )	Caa1	CCC+	CCC+	
	Caa2	CCC	CCC	
	Caa3	CCC-	CCC-	
Extremely speculative	Ca	CC	CC	
		C		

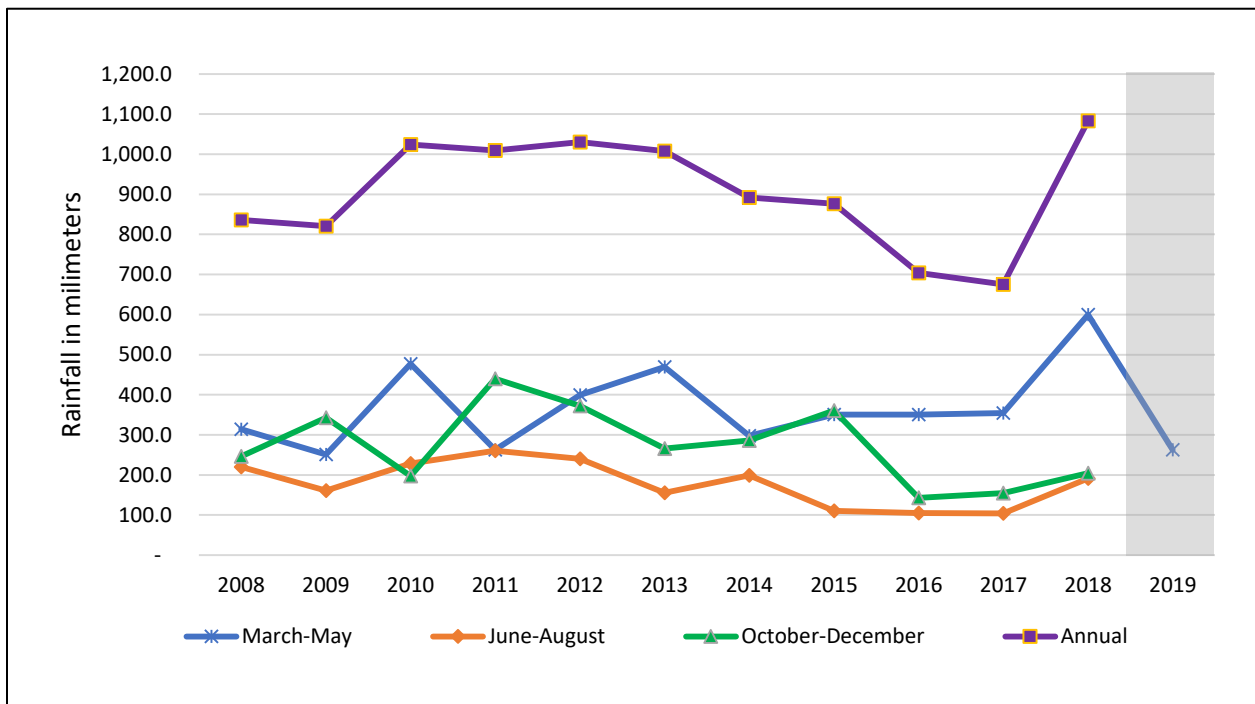
Data source: Standard & Poor's, Fitch, Moody's; <https://countryeconomics.com>

**Figure 29: 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 30: Mean annual and seasonal rainfall**



Data Source: Kenya National Bureau of Statistics; Kenya Meteorological Department