



QUARTERLY MARKET ANALYSIS REPORT

July – September 2019

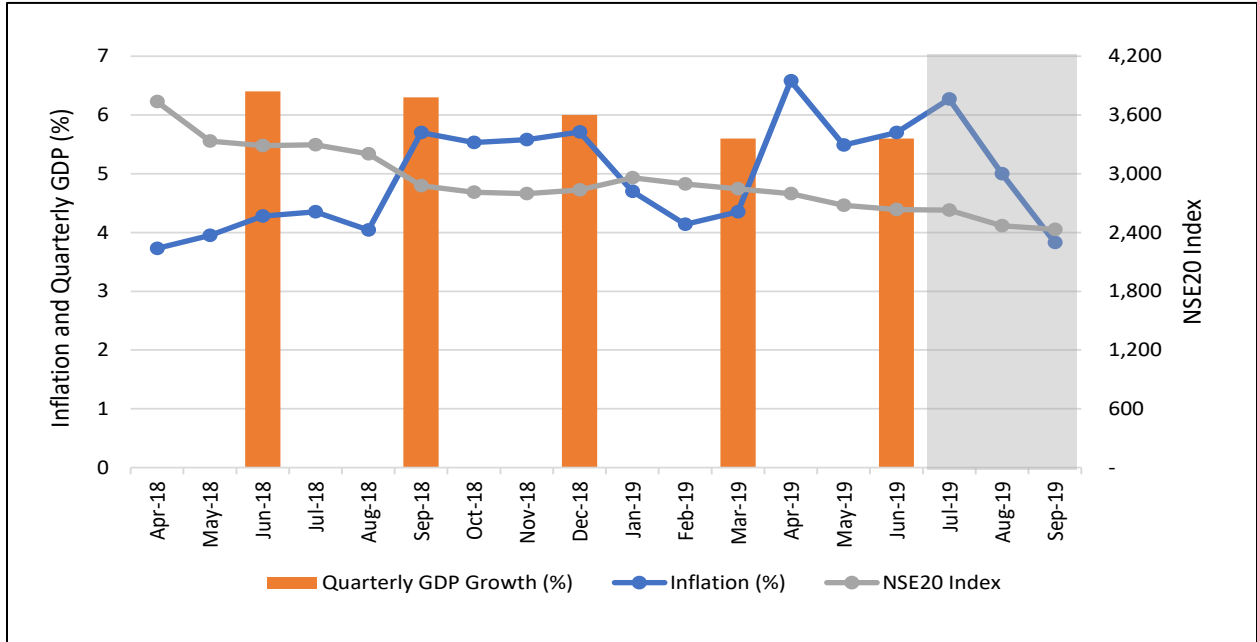
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1. Performance in the Real Sector

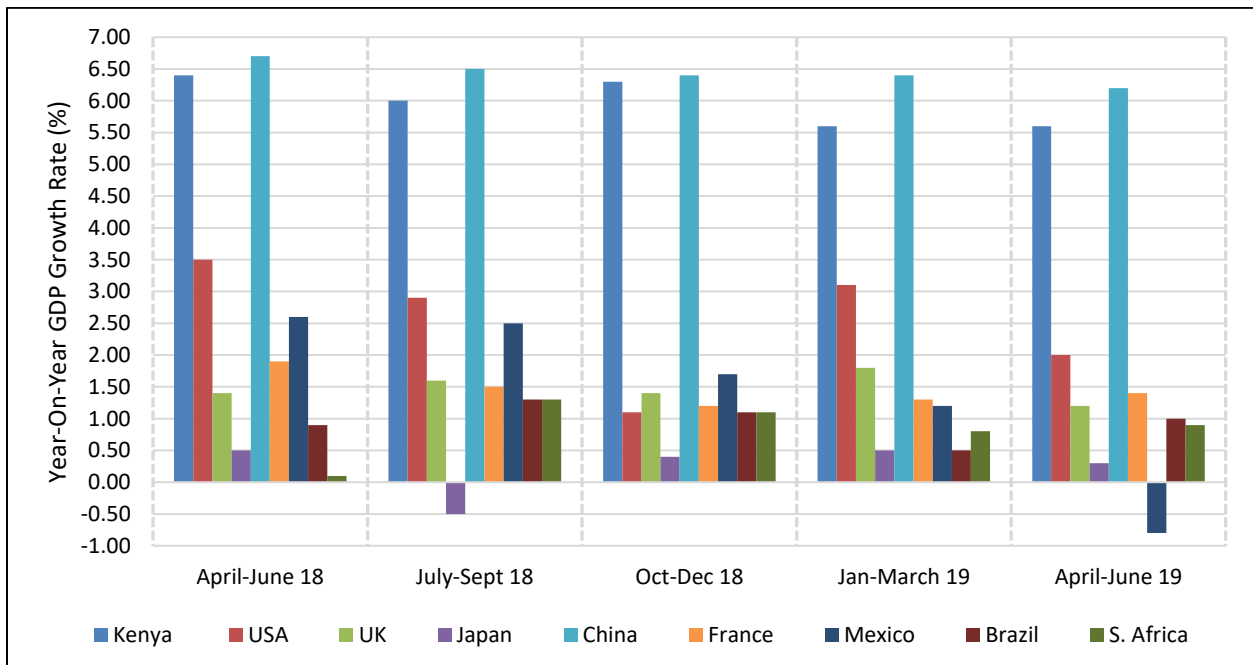
a) GDP Performance

Figure 1: GDP growth, inflation and stock market performance



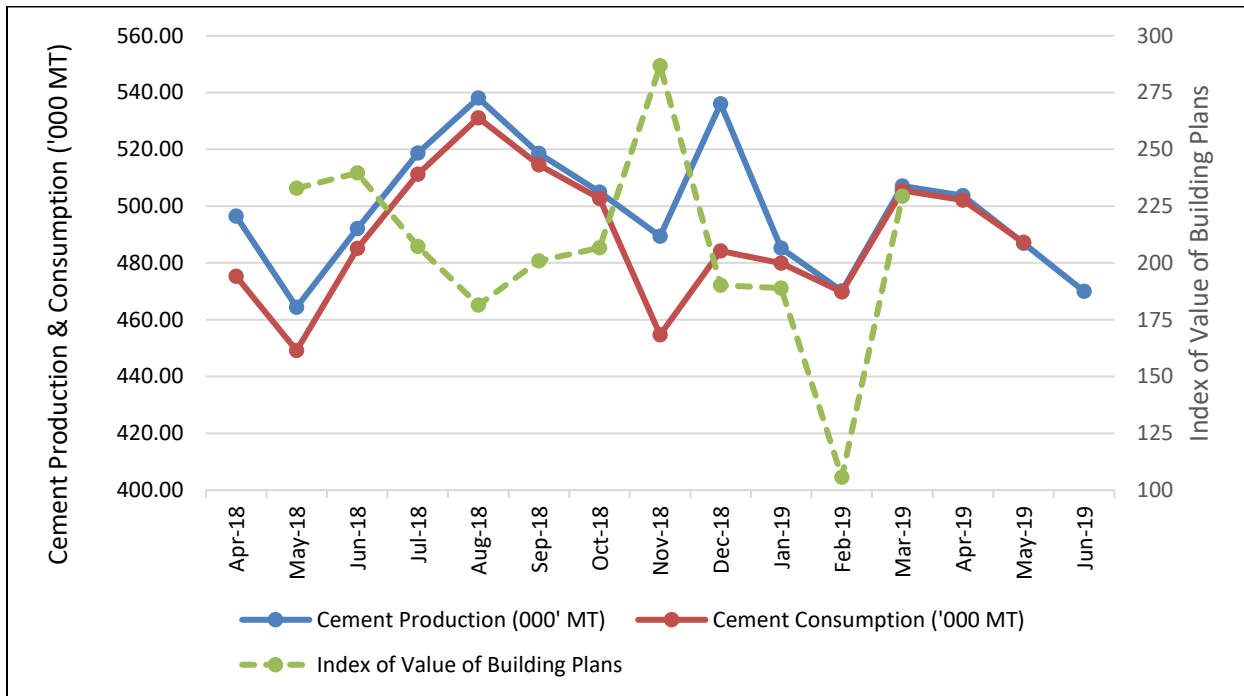
Data source: Central Bank of Kenya; Kenya National Bureau of Statistics

Figure 2: Economic performance of selected advanced and emerging markets



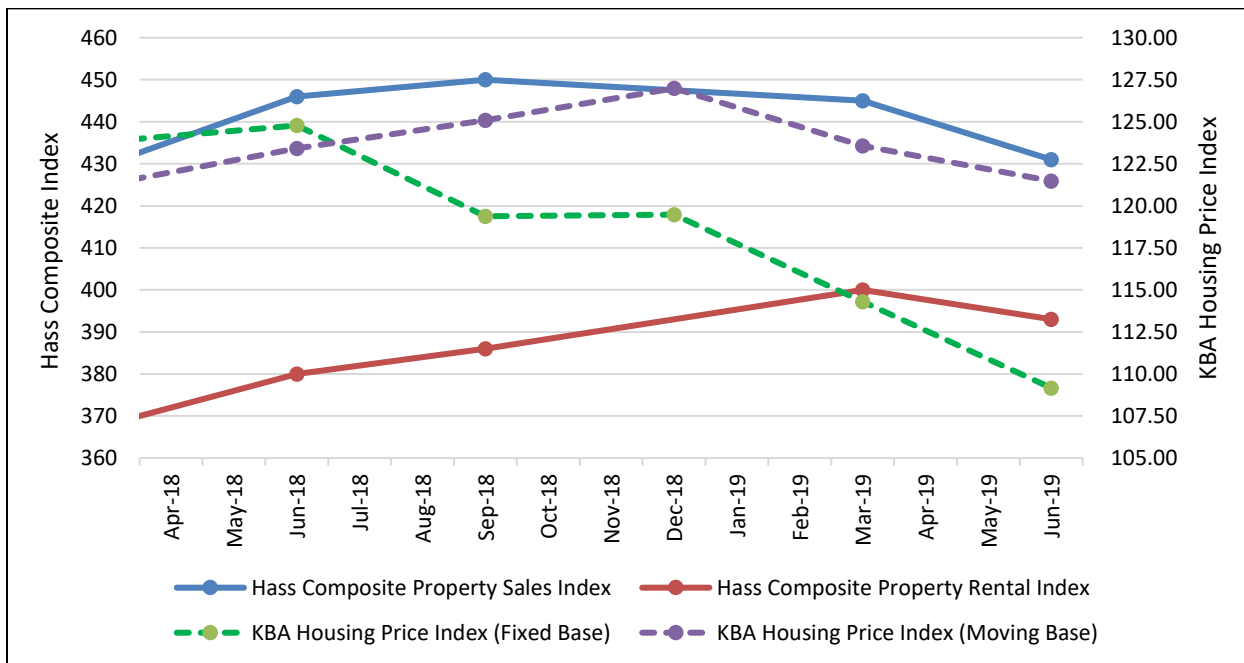
Data Source: Country statistical offices

Figure 3: Cement production and consumption ('000 MT), index of value of building plans



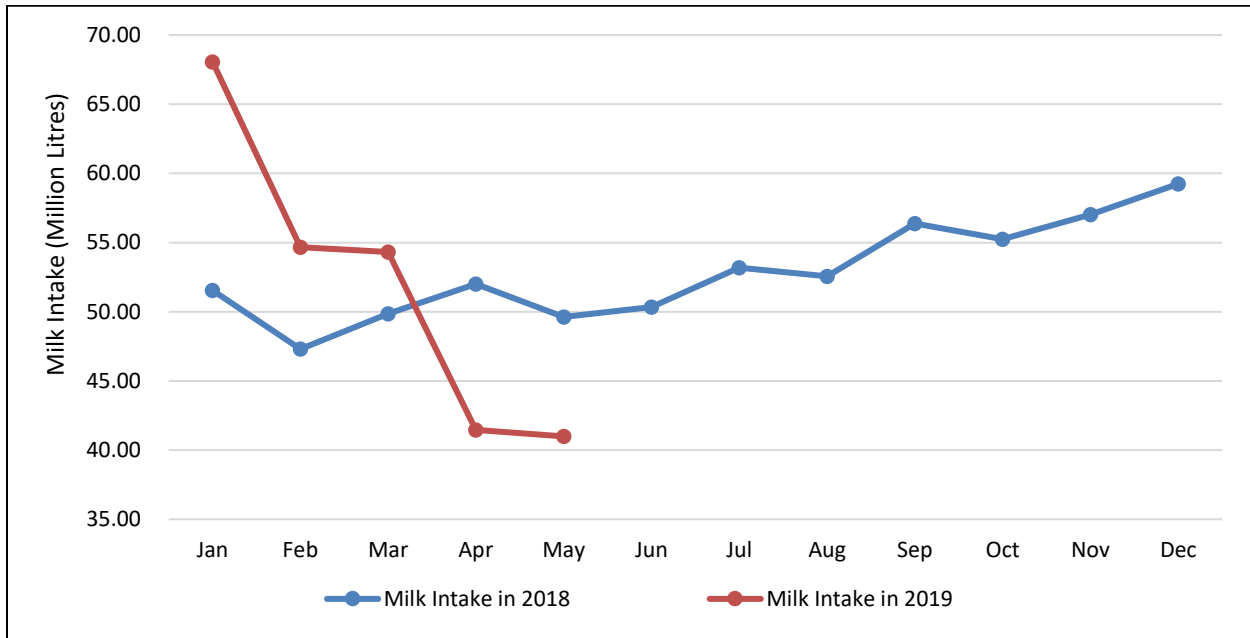
Data source: Kenya National Bureau of Statistics

Figure 4: Kenya Housing and Property Indices



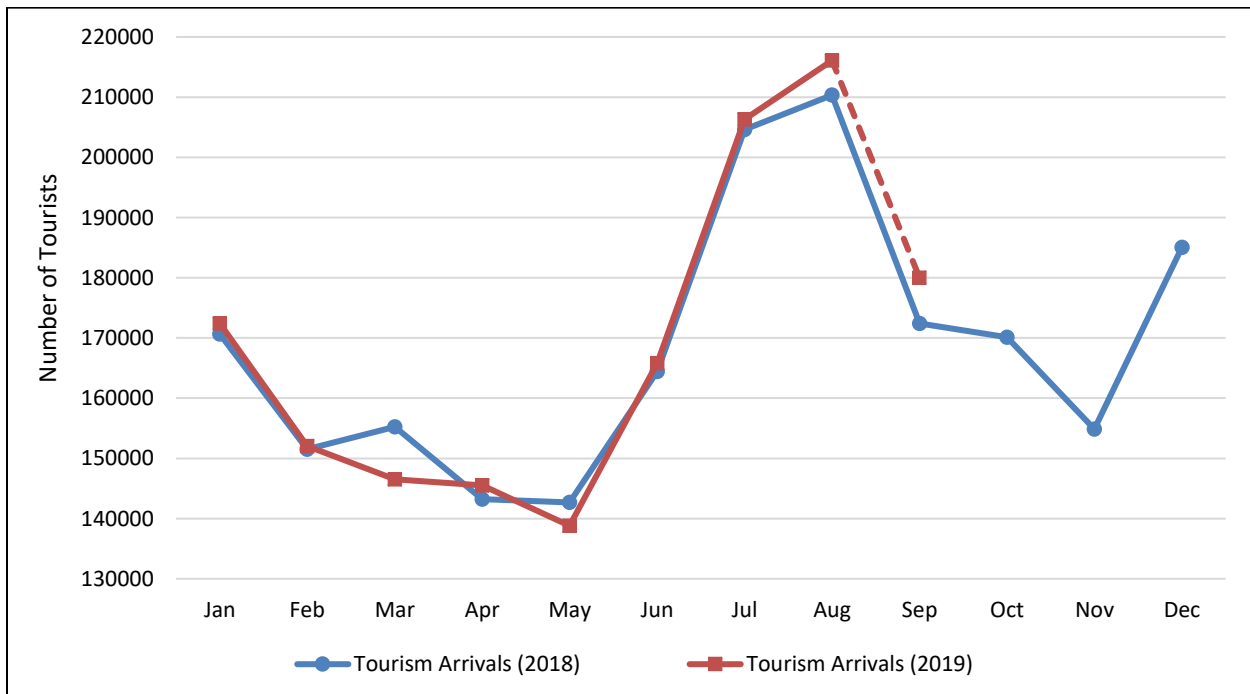
Hass Composite Property Sales Index: Year 2000 = 100; KBA Housing Price Index (fixed base): Q1 – 2013 = 100.
 Data Source: Hass Property Index (<http://hassconsult.co.ke/real-estate/hass-index/>)
 Kenya Bankers Association (https://www.kba.co.ke/house_price.php)

Figure 5: Intake of processed milk in the formal sector (million litres)



Data source: Kenya National Bureau of Statistics

Figure 6: Monthly tourism arrivals* (number)

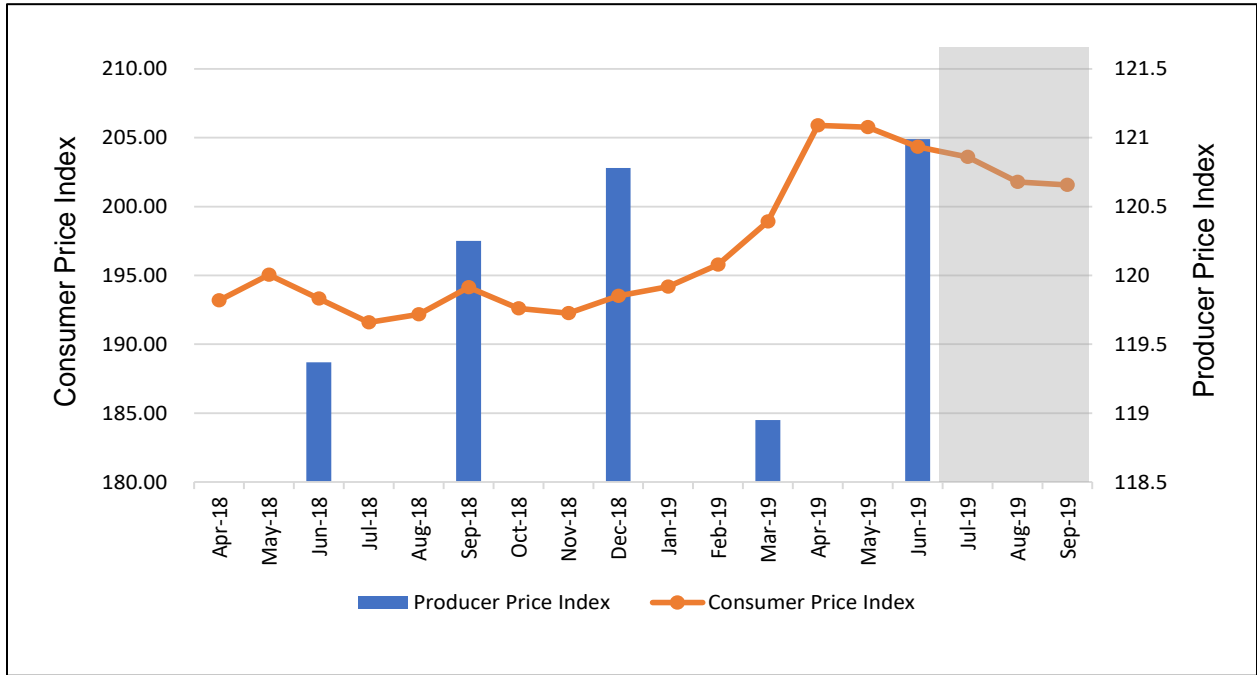


Data source: Kenya National Bureau of Statistics; Central Bank of Kenya

*Total tourist arrivals (air, cruise and cross-border); **September 2019 figure is projected

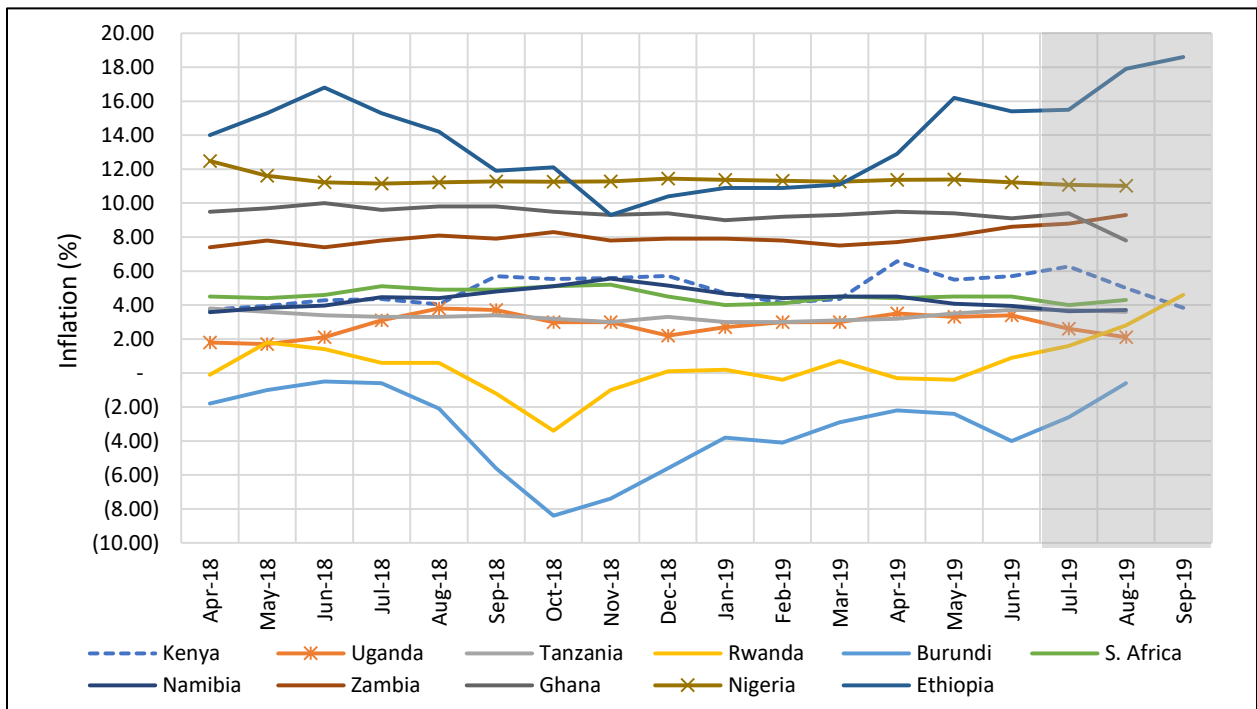
b) Price movement

Figure 7: Consumer Price Index and Producer Price Index



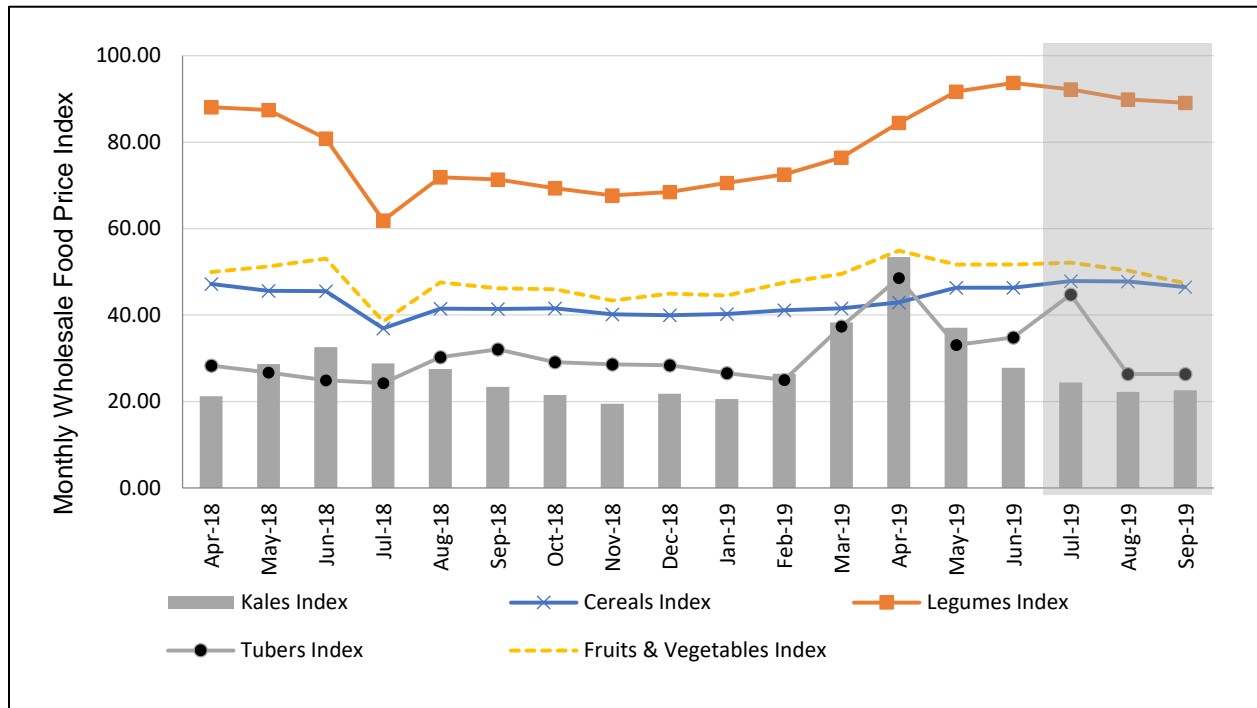
Data source: Kenya National Bureau of Statistics

Figure 8: Comparative Inflation for selected African Countries



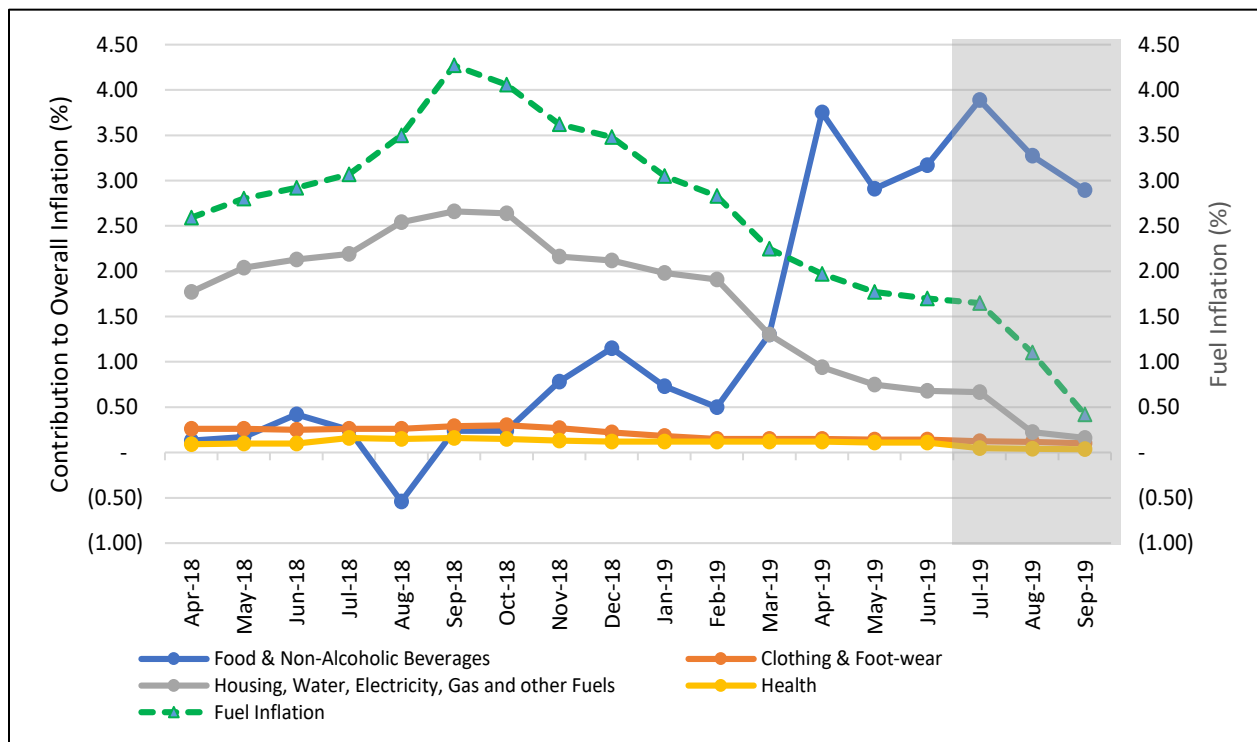
Data Source: Country statistical offices

Figure 9: Domestic wholesale agriculture commodity prices



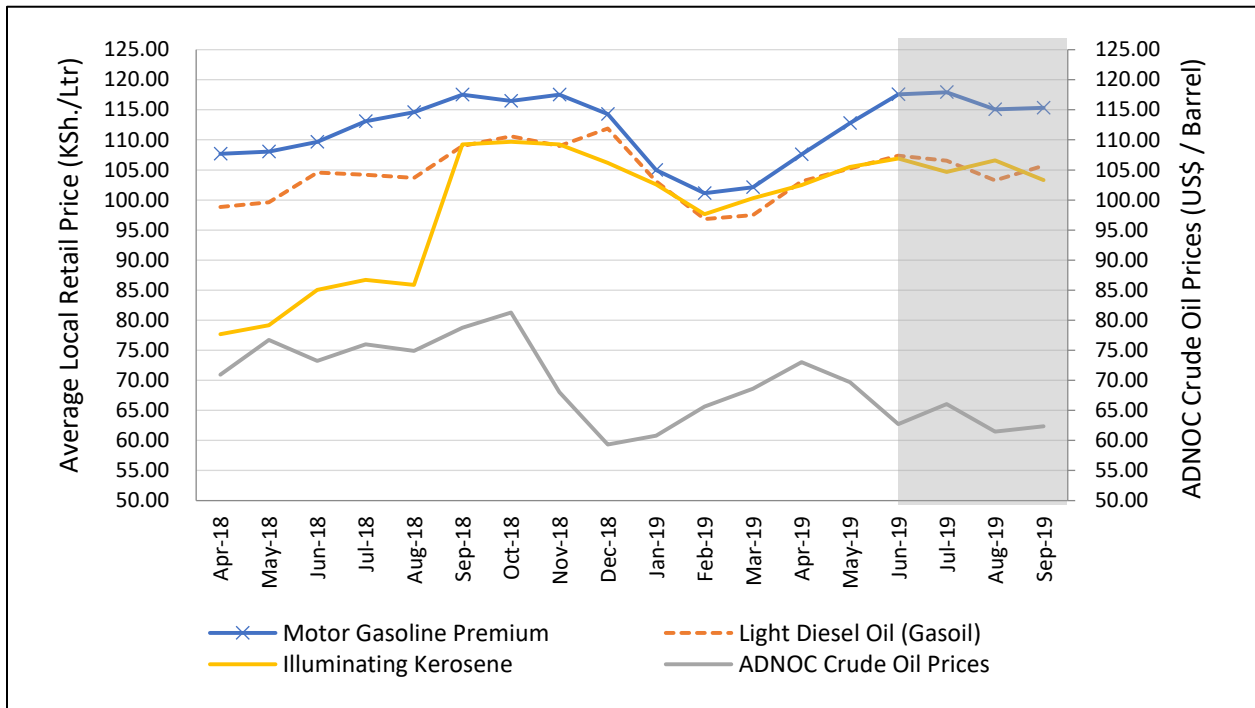
Data source: Index calculated by KIPPRA using data from Ministry of Agriculture

Figure 10: Contribution of selected CPI Baskets to overall Inflation (%)



Data Source: Central Bank of Kenya

Figure 11: Average domestic pump prices and global crude oil prices

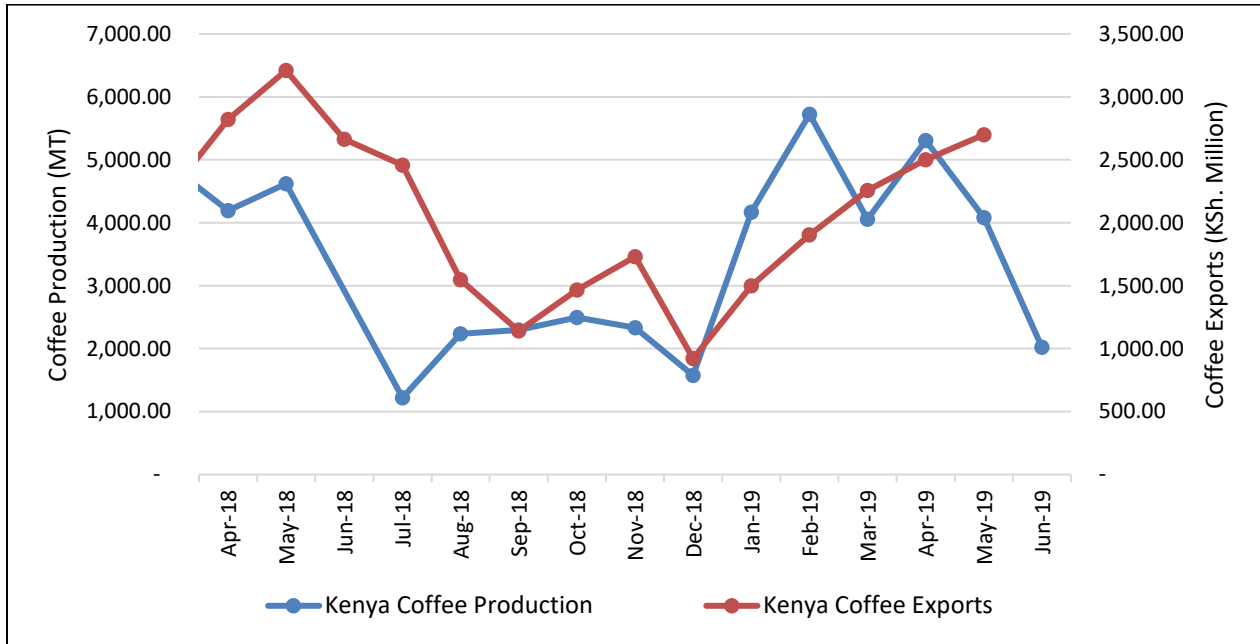


Data Source: Kenya National Bureau of Statistics; Energy and Petroleum Regulatory Authority;
<https://oilprice.com/oil-price-charts/block/50>

2. International Markets

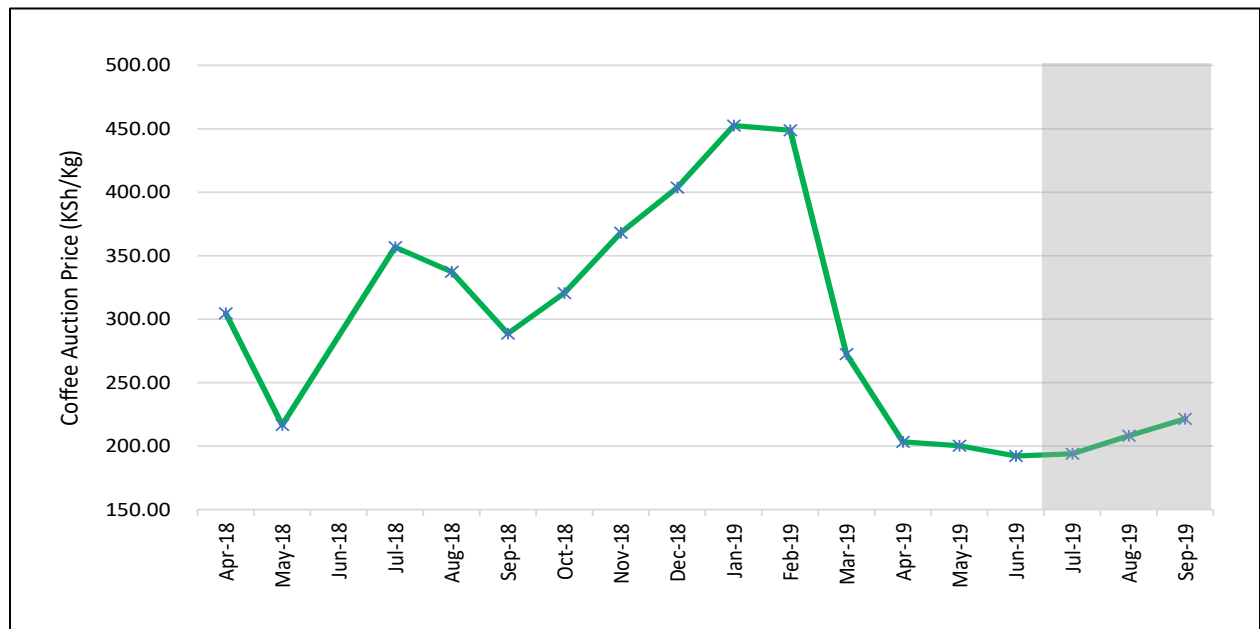
Figure 12: Trends in coffee and tea production (metric tonnes), exports (Ksh millions) and auction prices (Ksh/Kg)

Figure 12(a): Coffee production and exports



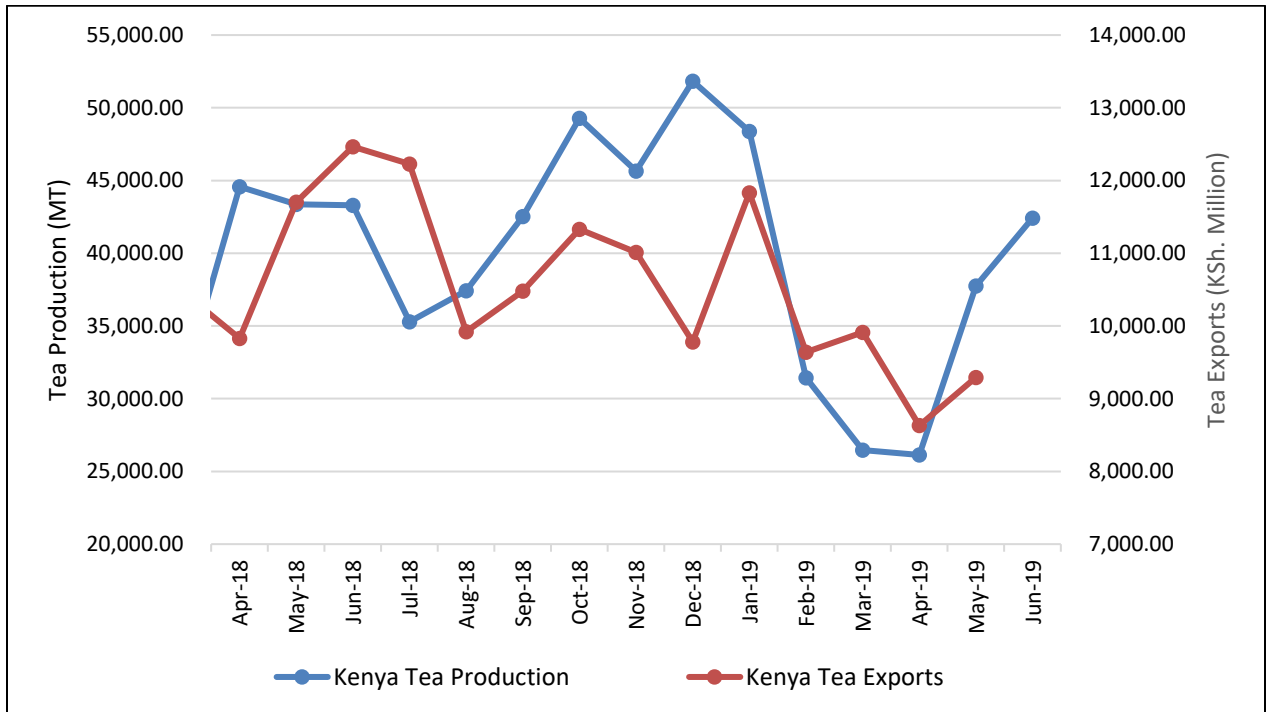
Data source: Kenya National Bureau of Statistics

Figure 12(b): Kenya coffee auction prices (KSh/Kg)



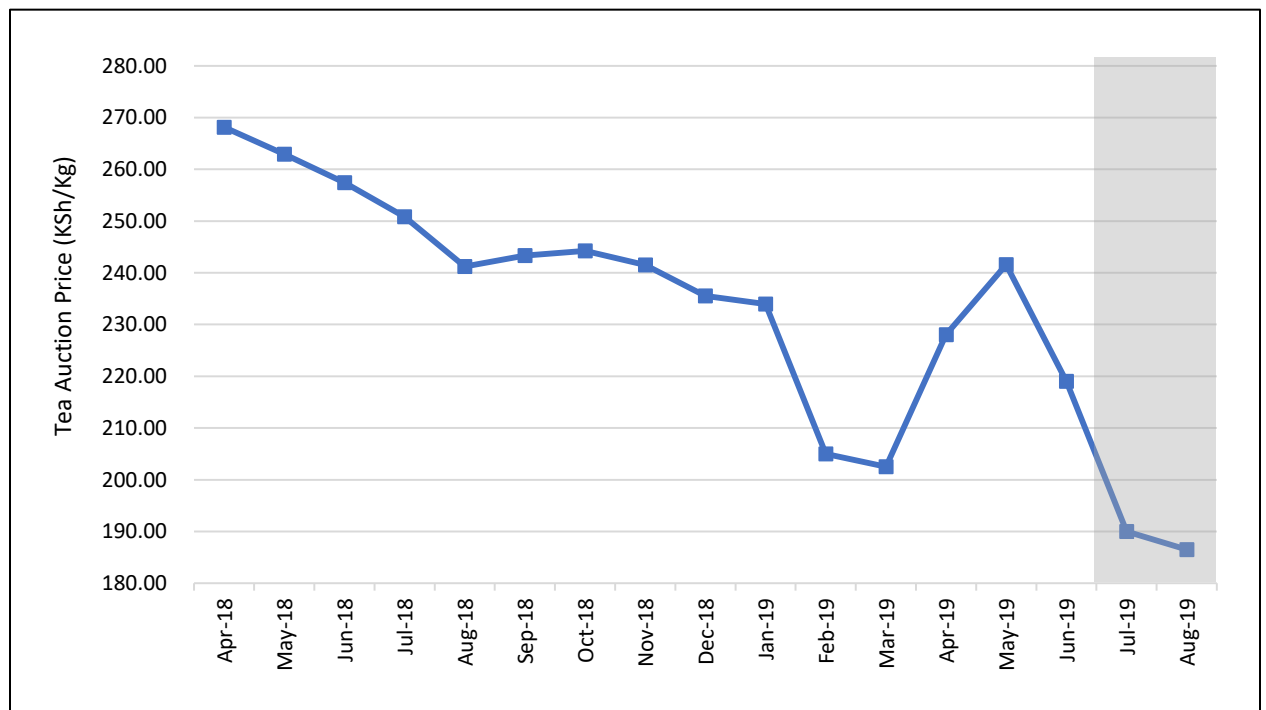
Data source: Kenya National Bureau of Statistics; Nairobi Coffee Exchange

Figure 12(c): Tea production and exports



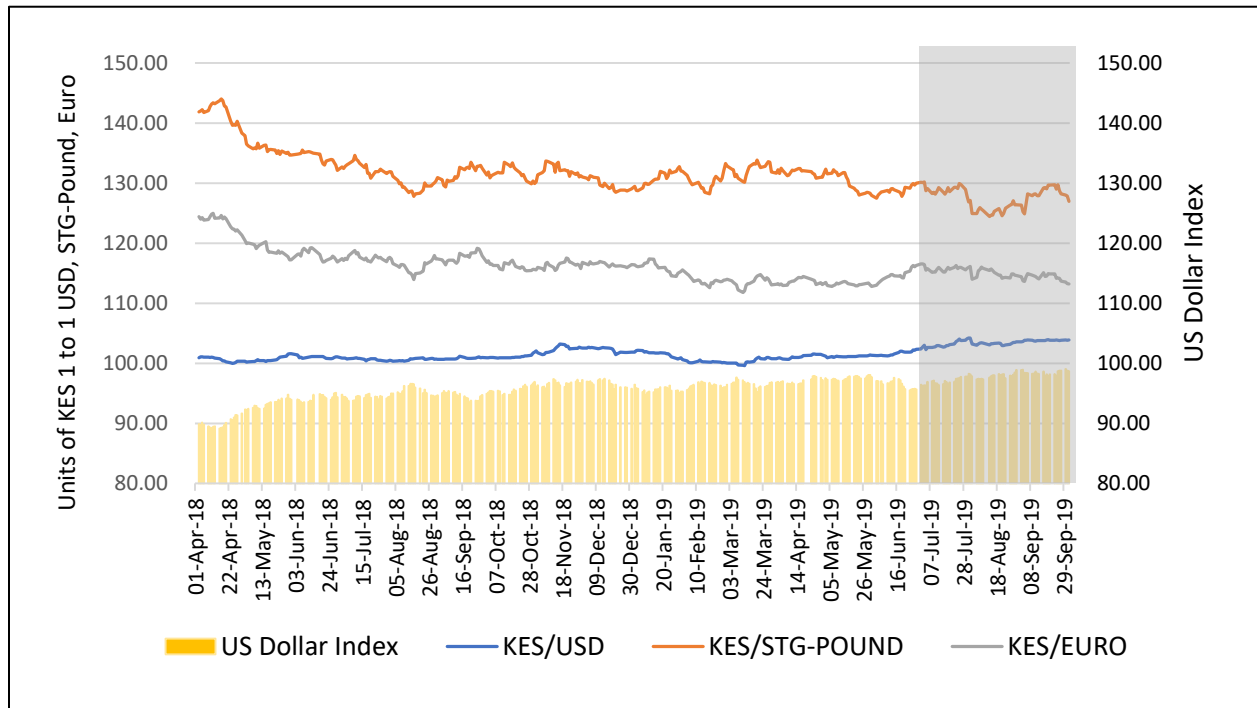
Data source: Kenya National Bureau of Statistics

Figure 12(d): Kenya tea auction prices (KSh/Kg)



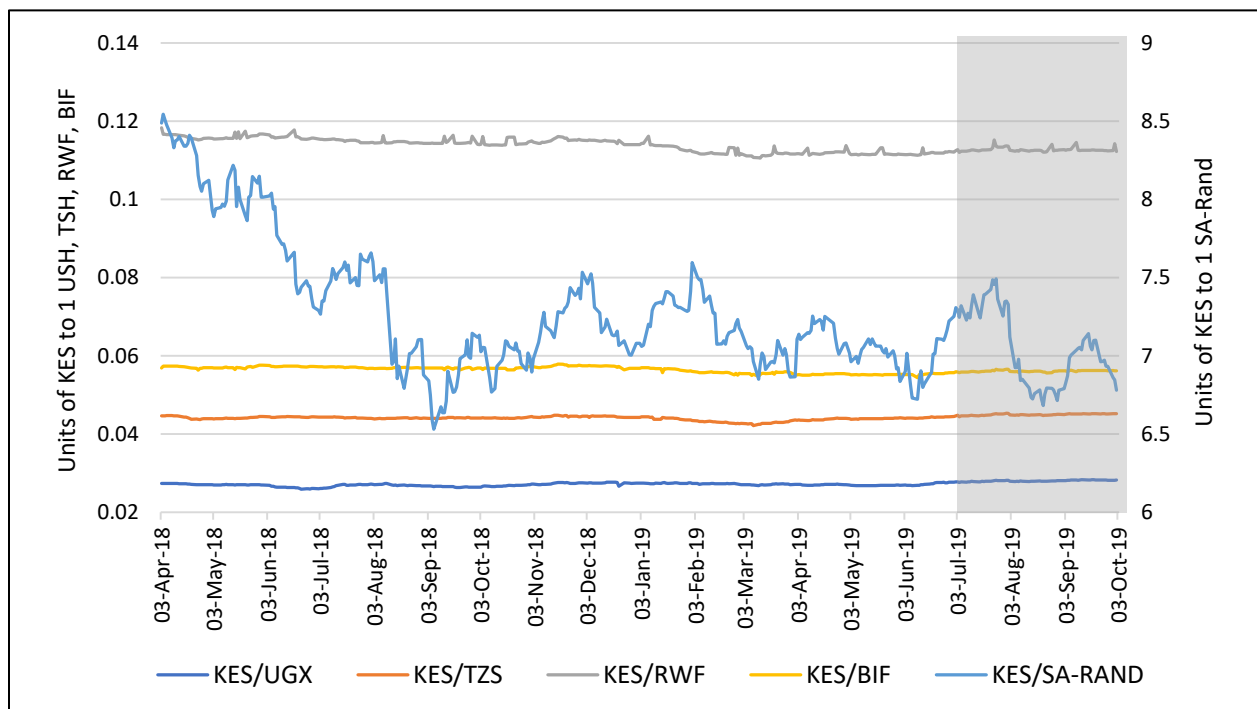
Data source: Kenya National Bureau of Statistics; Mombasa Tea Auction

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



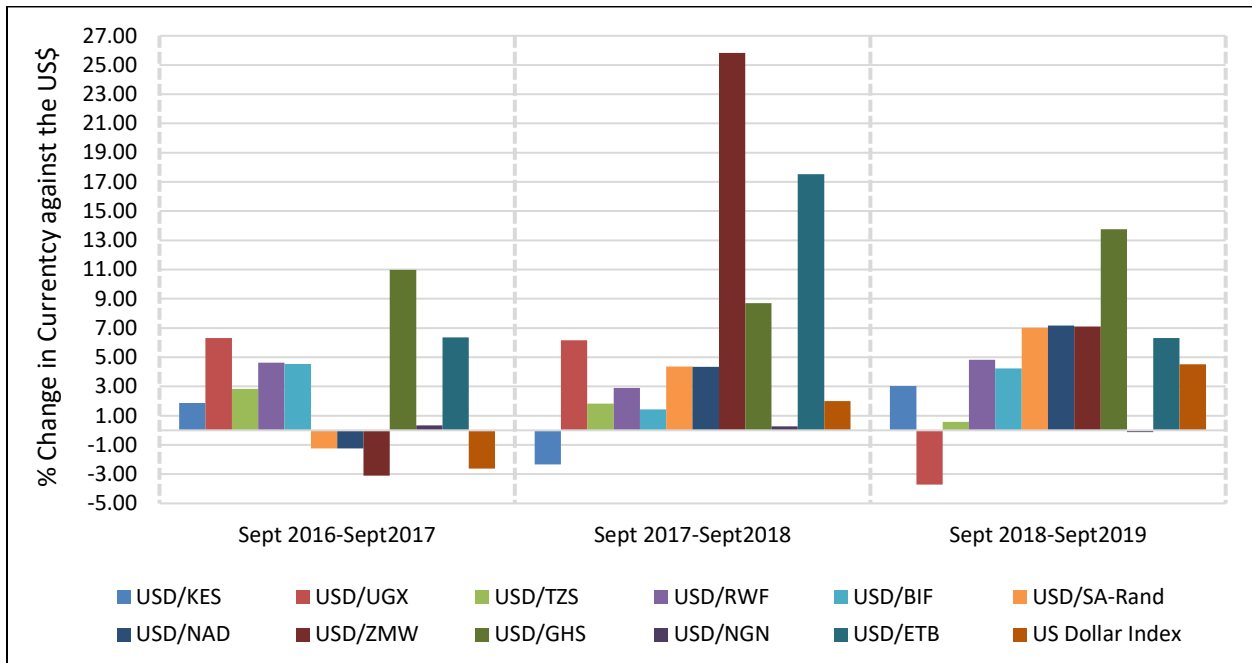
Data source: Central Bank of Kenya; Kenya National Bureau of Statistics; <https://www.investing.com/quotes/us-dollar-index-historical-data>

Figure 14: The exchange rate of Kenya shilling to regional currencies



Data source: Central Bank of Kenya

Figure 15: Performance of select currencies against the US Dollar

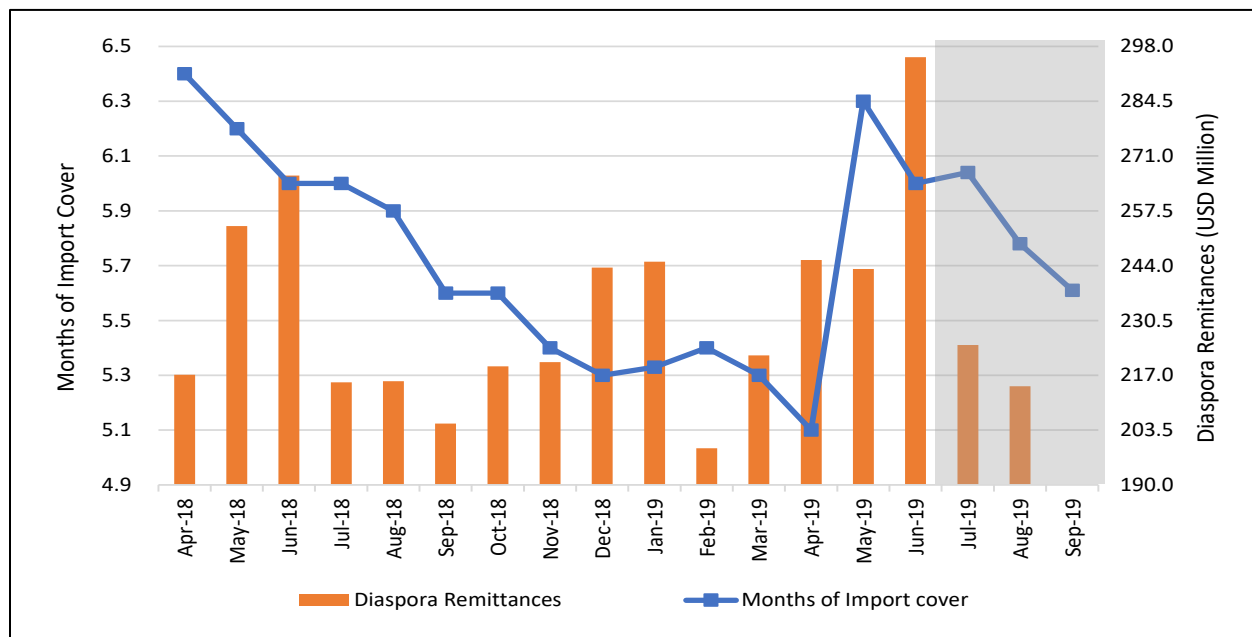


Data source: Country Statistics Offices; <https://www.investing.com>

Percentage change in currencies against the US Dollar measured as end of period changes.

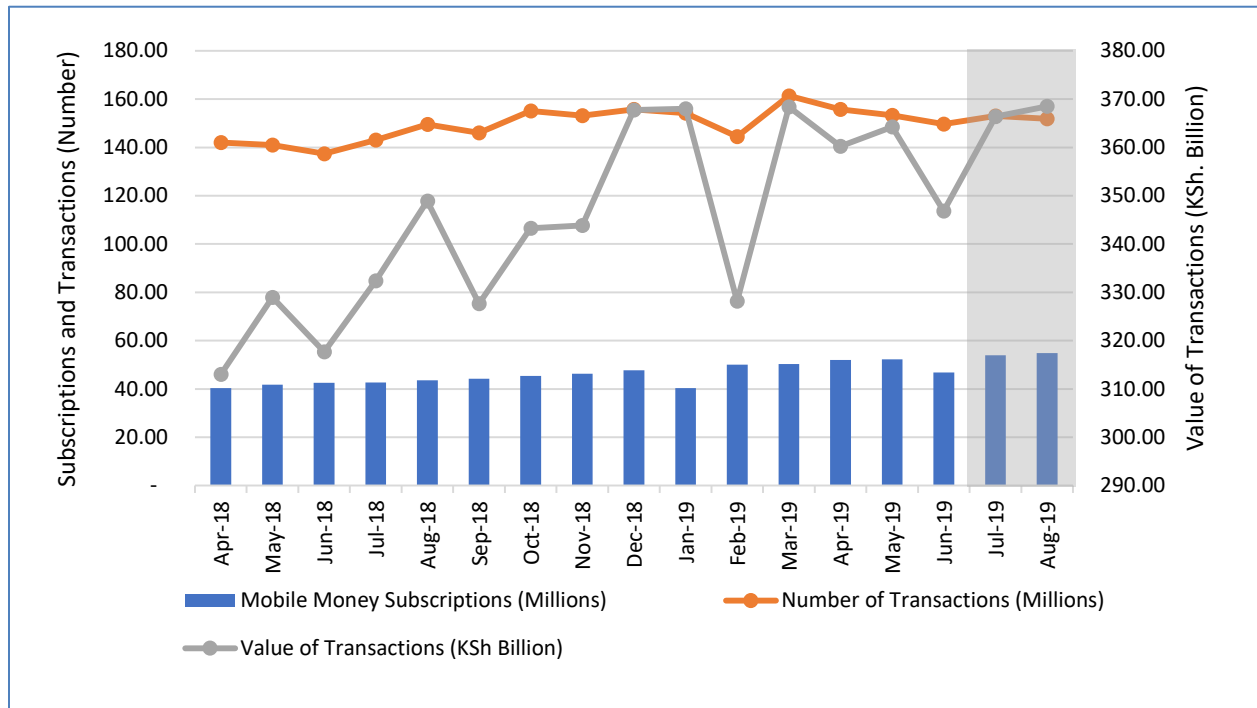
USD-US Dollar; KES - Kenyan Shilling; UGX-Ugandan Shilling; TZS-Tanzanian Shilling; RWF-Rwandan Franc; BIF-Burundian Franc; SA-South Africa; NAD-Namibian Dollar; ZMW-Zambian Kwacha; GHS-Ghanaian Cedi; NGN-Nigerian Naira; ETB-Ethiopian Birr.

Figure 16: Months of import cover and diaspora remittances



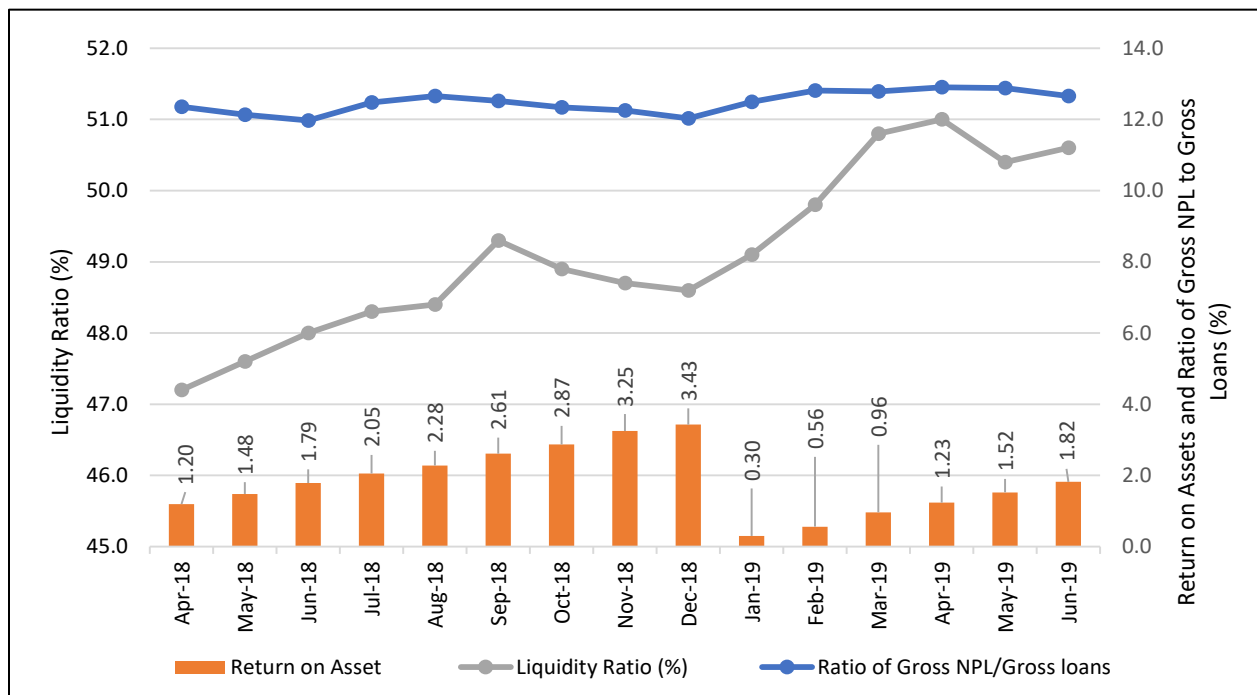
Data Source: Central Bank of Kenya

Figure 19: Mobile money transactions



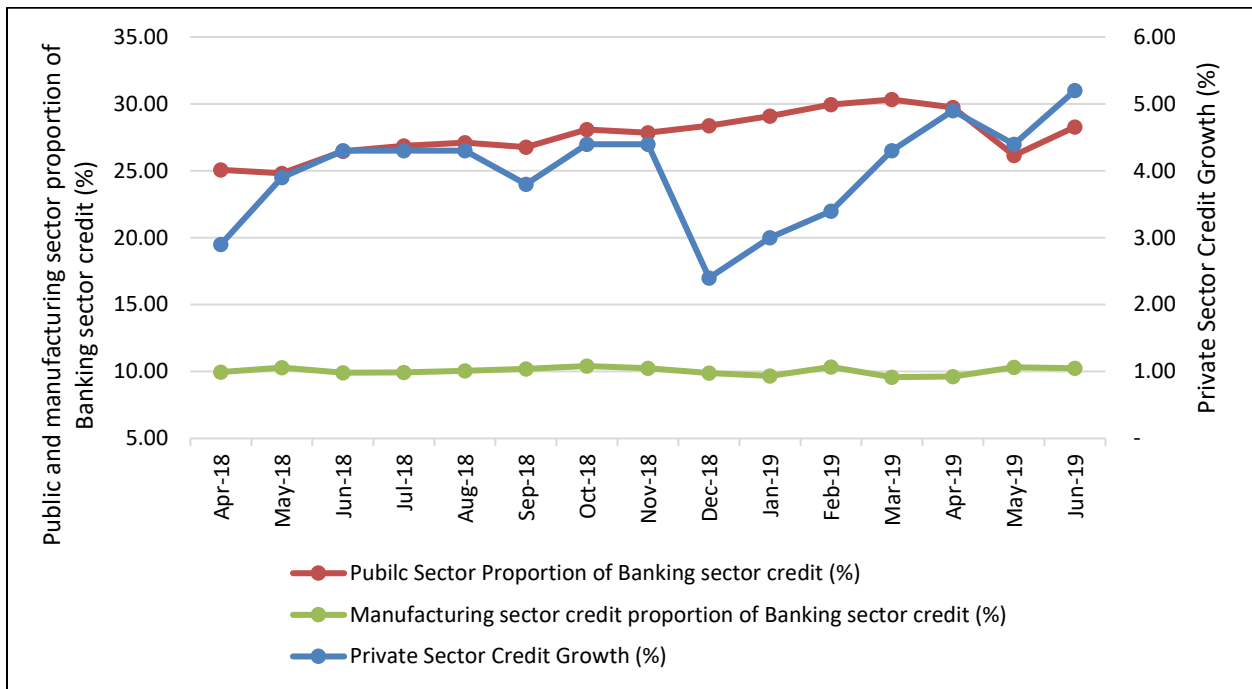
Data source: Kenya National Bureau of Statistics

Figure 20: Kenyan banking sector performance



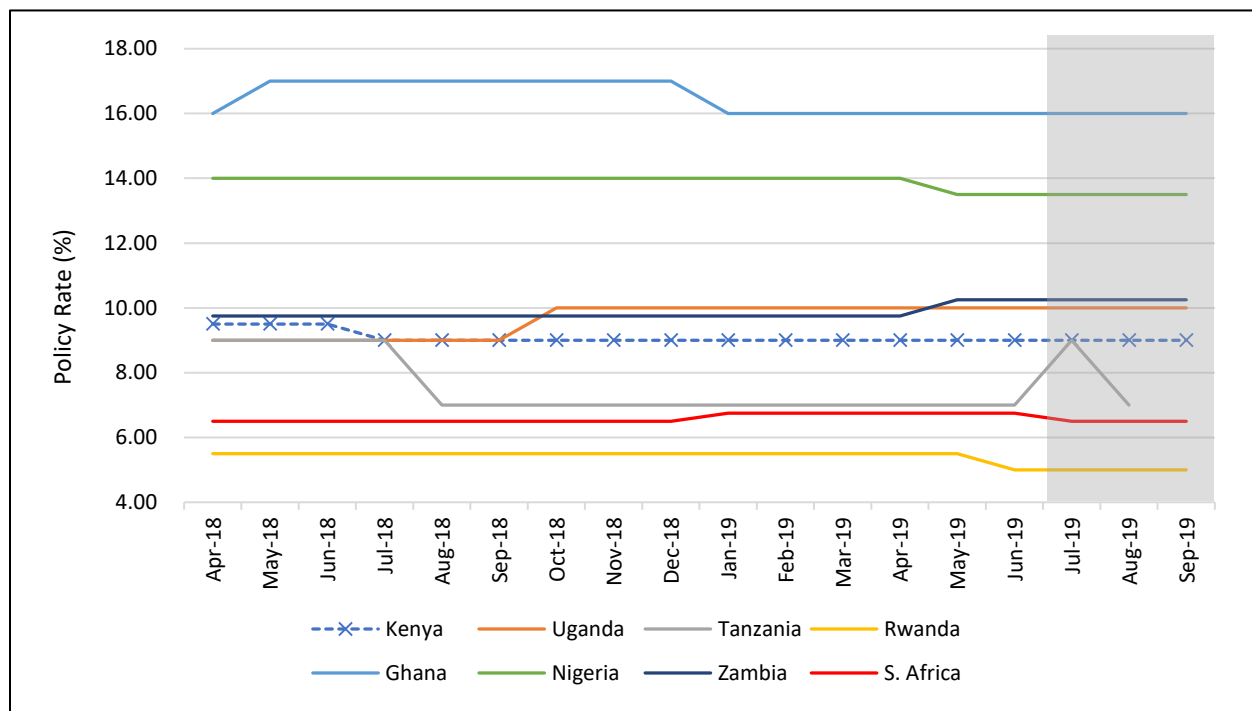
Data Source: Calculated using data from Central Bank of Kenya

Figure 21: Banking sector credit



Data Source: Central Bank of Kenya

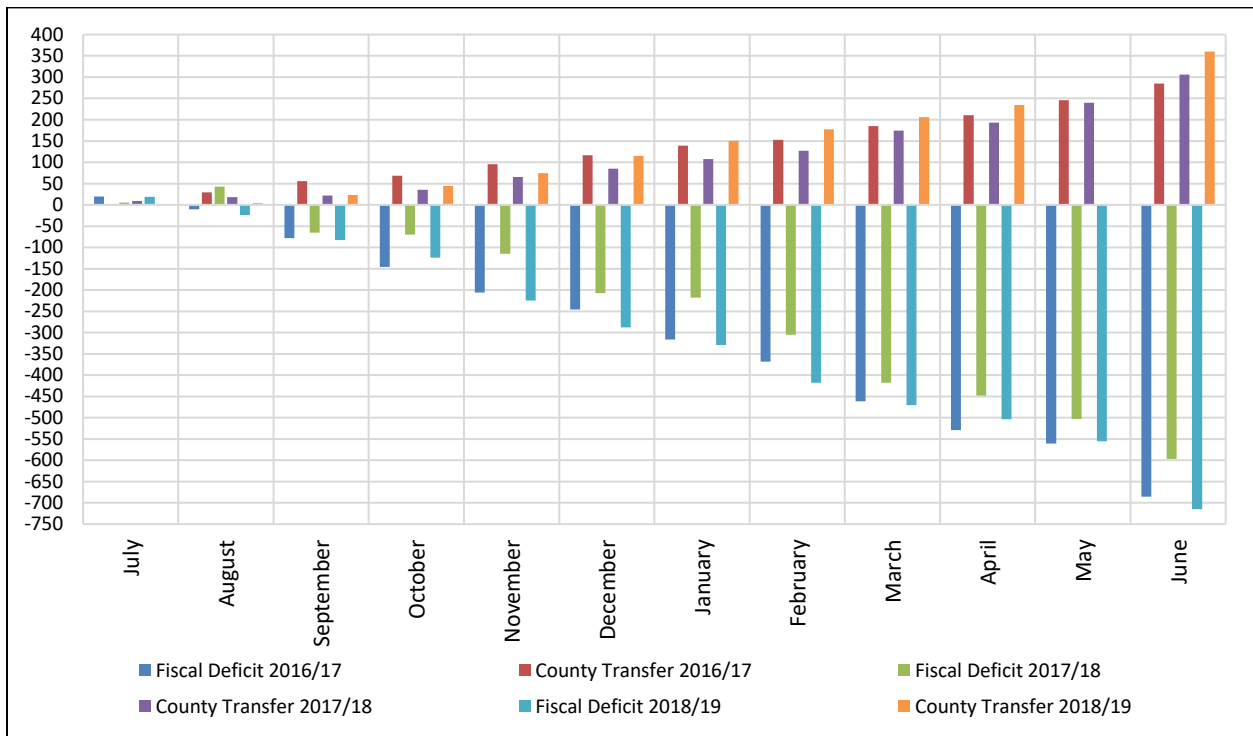
Figure 22: Monetary Policy Stance for Selected Countries



Source: Country Central Banks

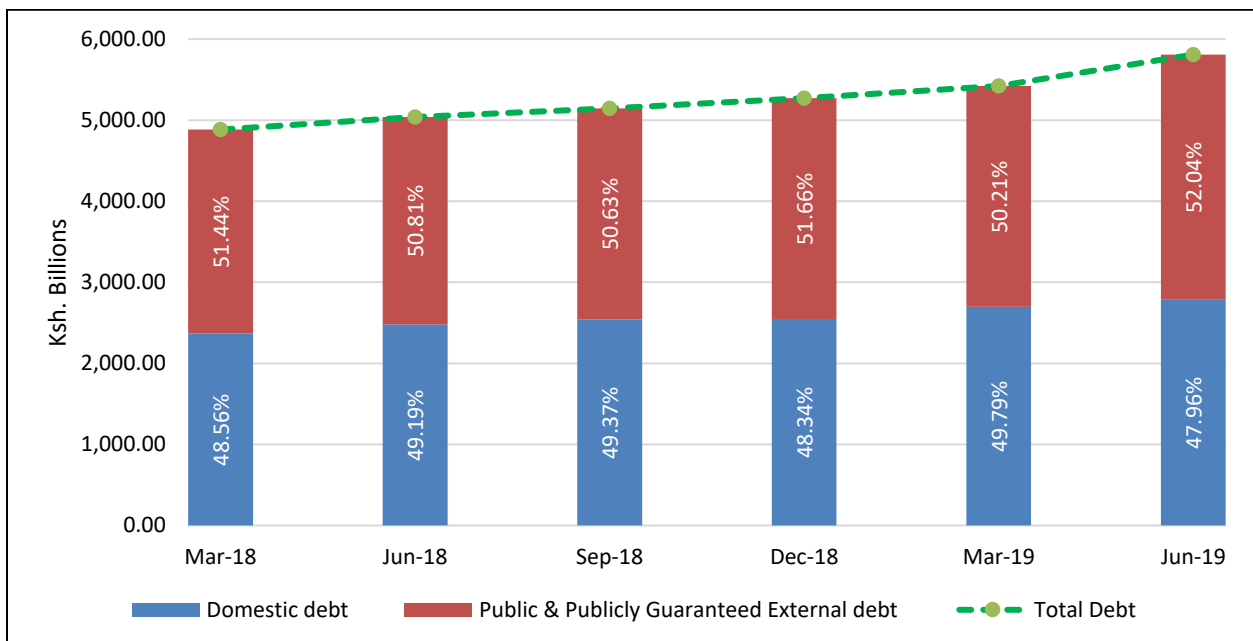
4. Fiscal Performance

Figure 23: Fiscal deficit and county transfers (KSh. Billion)



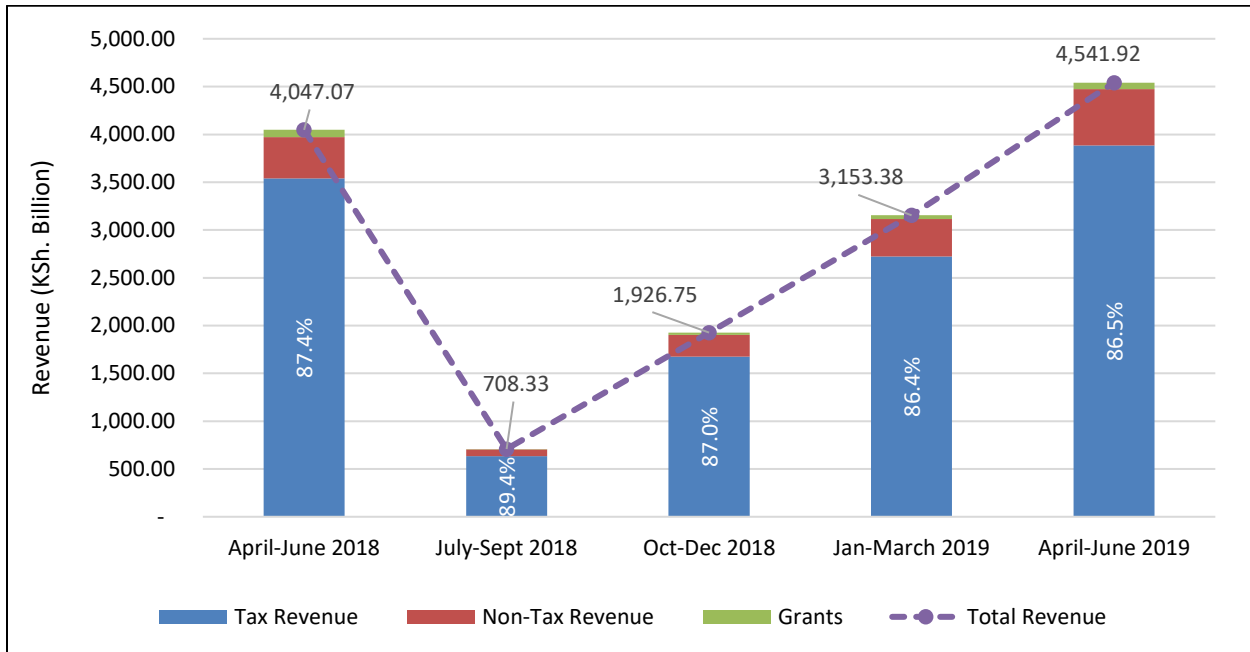
Data Source: Central Bank of Kenya

Figure 24: Total debt (KSh. Billion) and proportionate shares of domestic and foreign debt



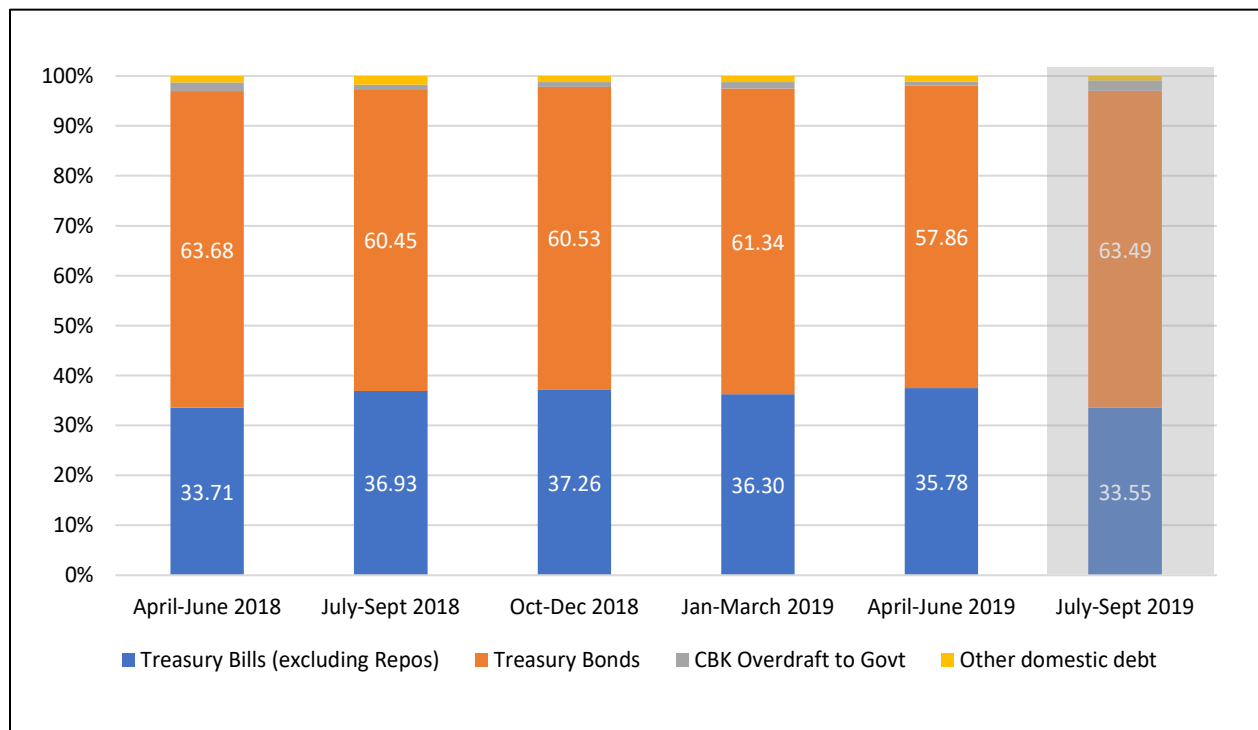
Data Source: Calculated using data from Central Bank of Kenya

Figure 25: Composition of Government Revenue (KSh Billion)



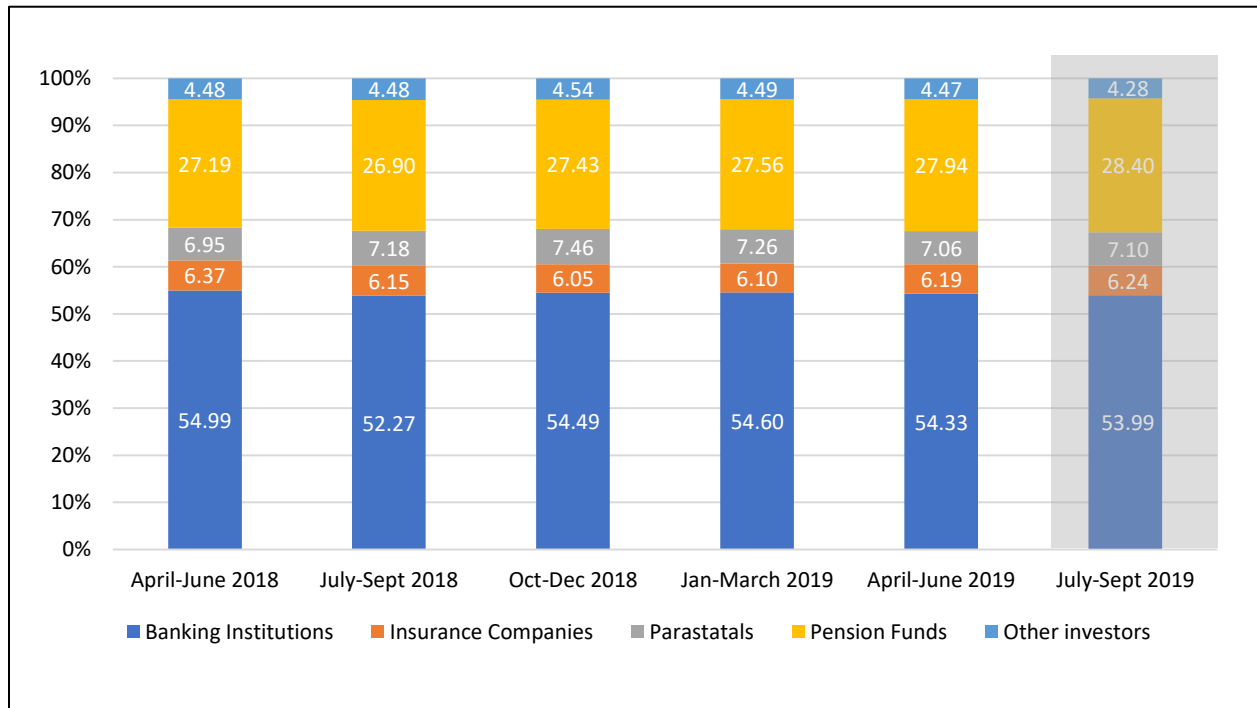
Data Source: Calculated using data from Central Bank of Kenya

Figure 26: Composition of government domestic debt by instrument (%)



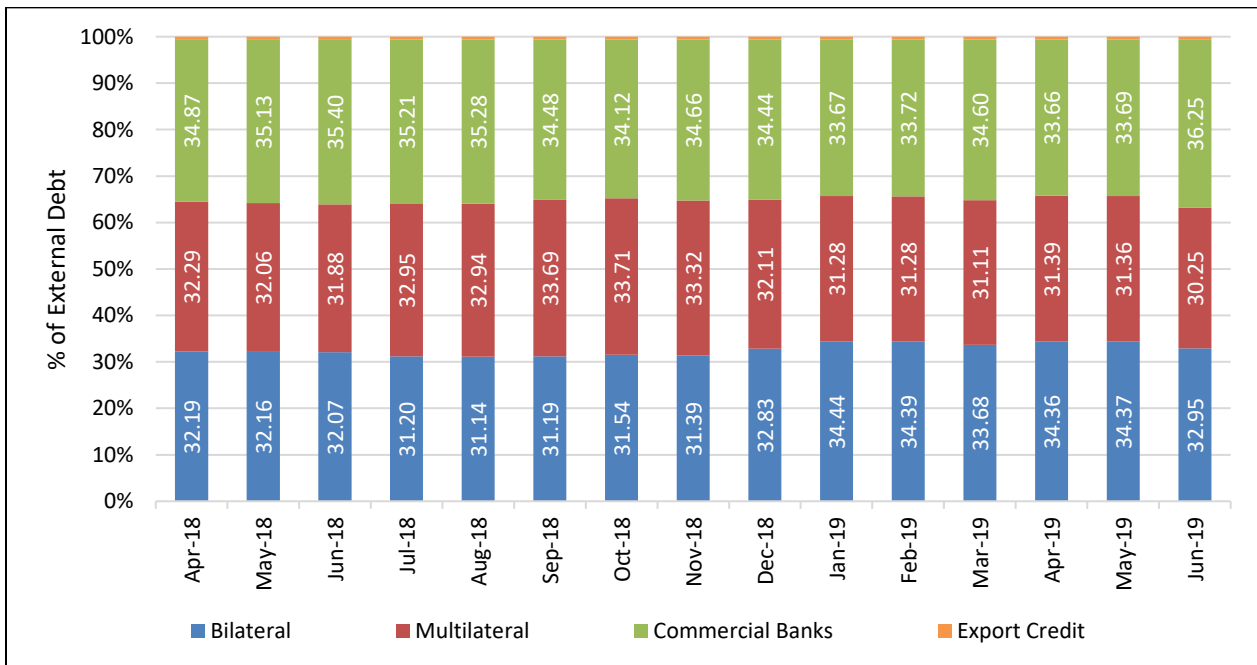
Data Source: Calculated using data from Central Bank of Kenya

Figure 27: Composition of government domestic debt by holder (%)



Data Source: Calculated using data from Central bank of Kenya

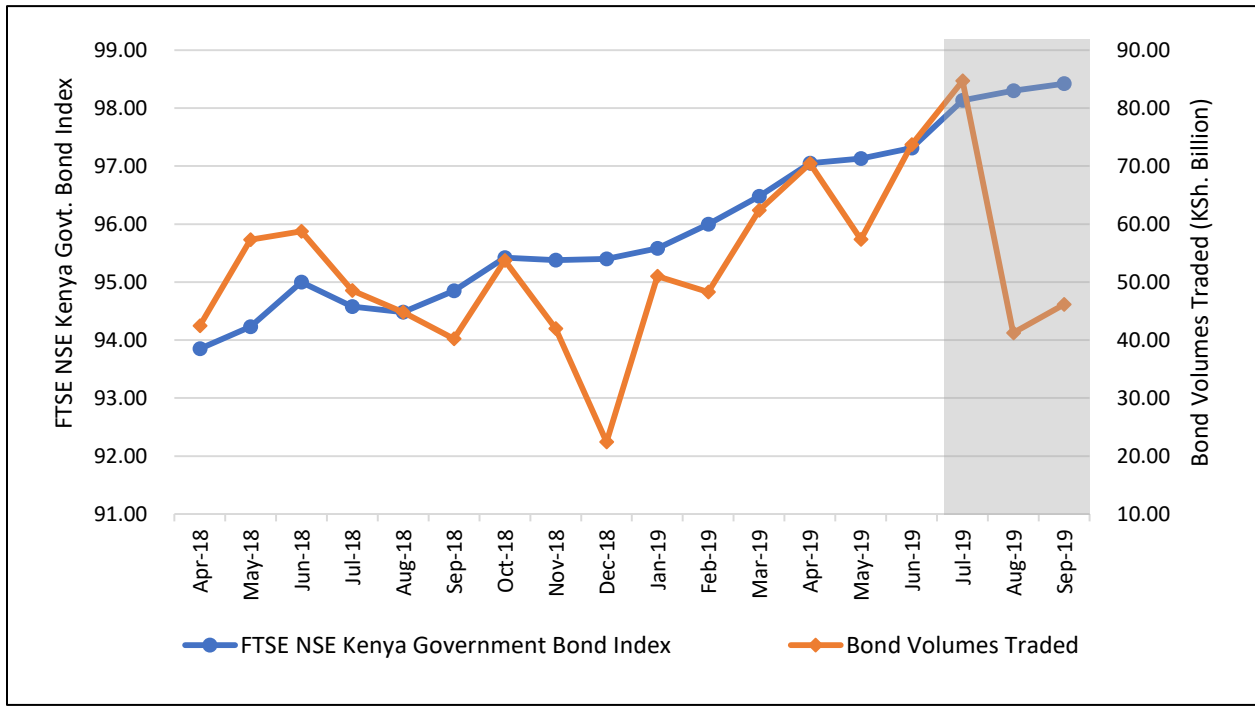
Figure 28: Composition of external debt: proportionate shares of bilateral, multilateral, commercial bank and export credit



Data Source: Calculated using data from Central bank of Kenya

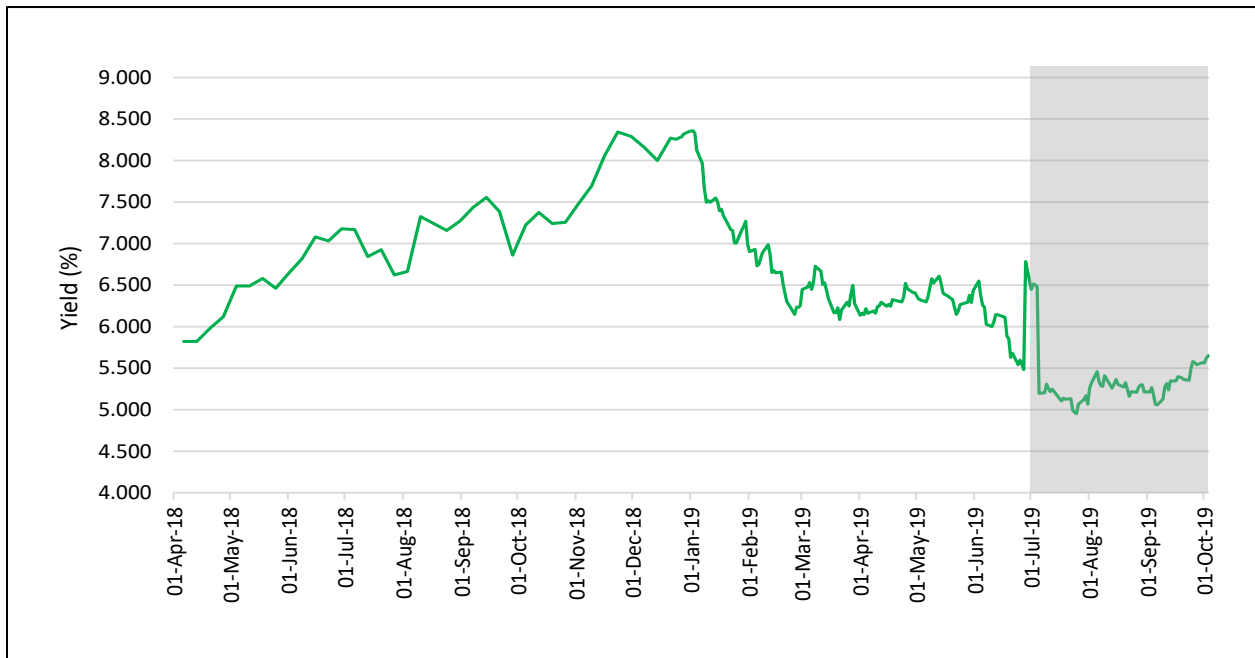
5. Capital Markets

Figure 29: Bond volumes traded (Ksh millions) and FTSE NSE Kenya government bond price Index



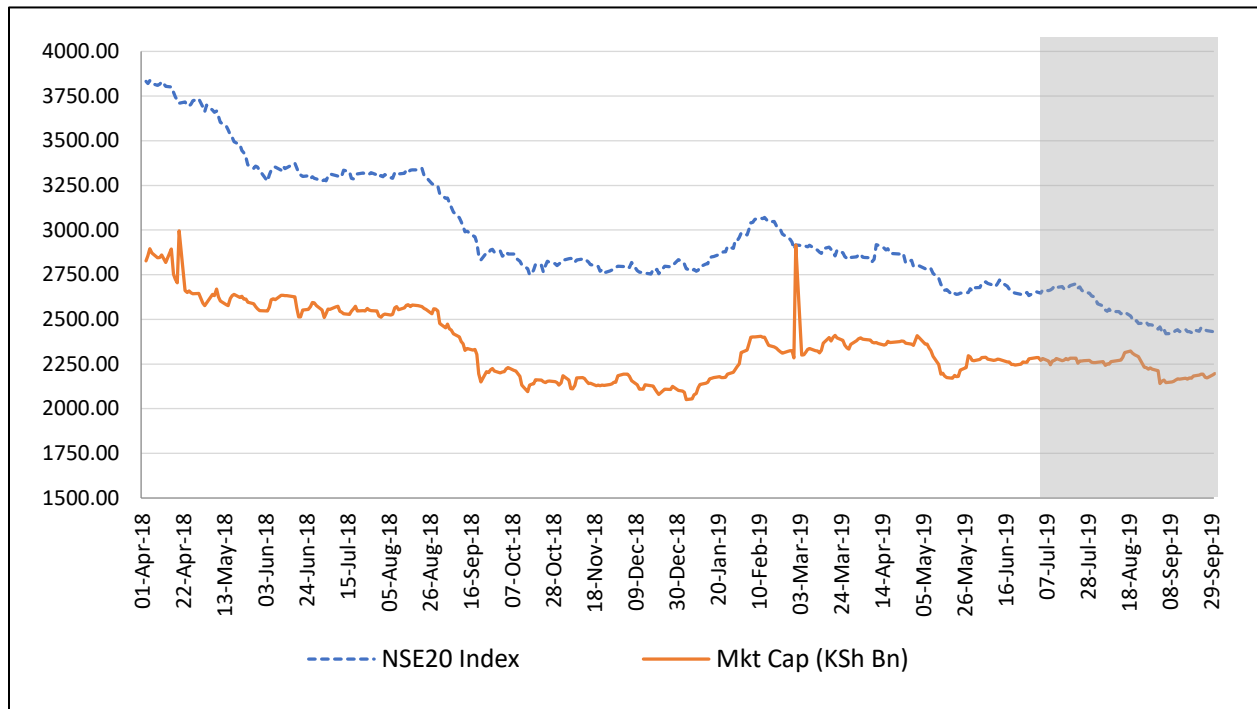
Data Source: Nairobi Securities Exchange; Central Bank of Kenya

Figure 30: The 10-year Kenya Eurobond yield (%)



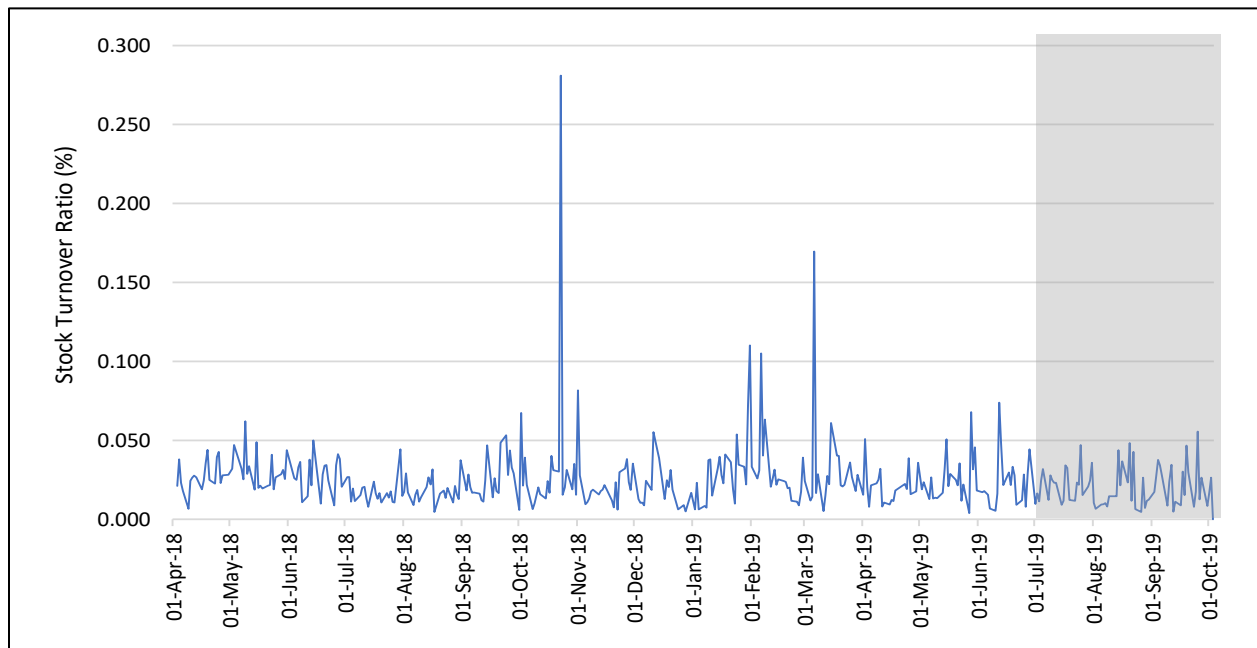
Data Source: Central Bank of Kenya

Figure 31: Stock market performance



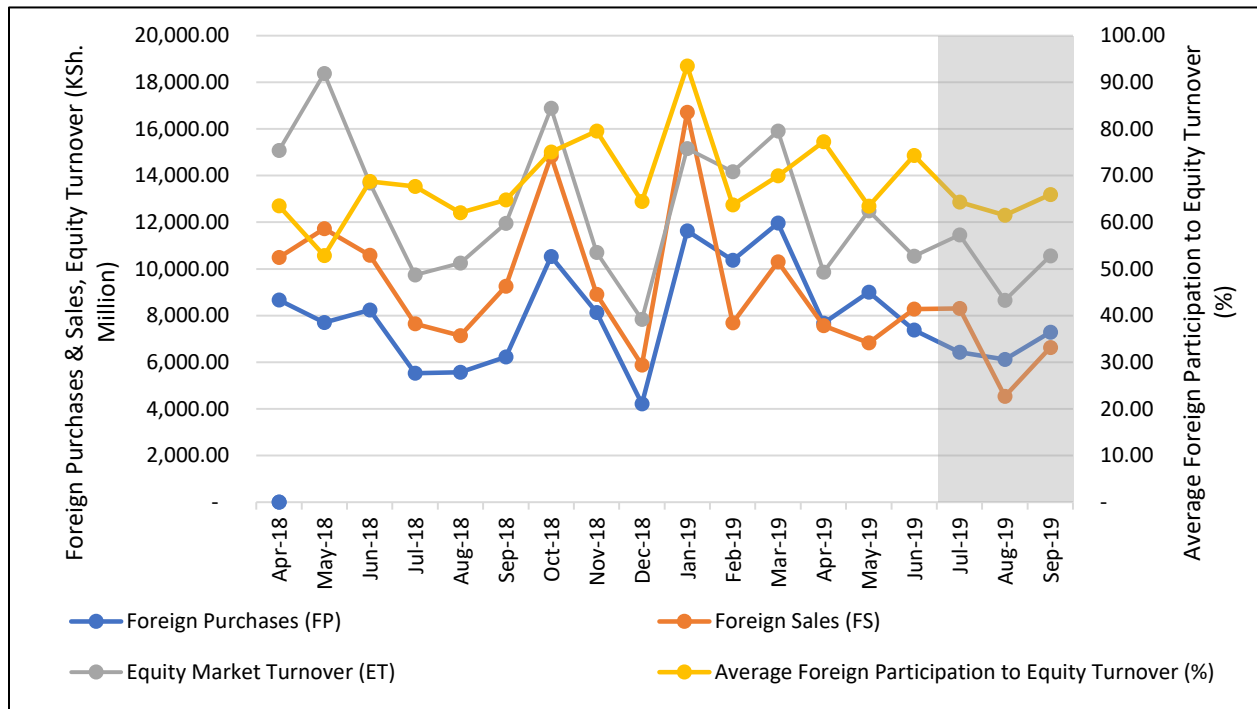
Data Source: Nairobi Securities Exchange

Figure 32: Stock value turnover ratio (%)



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

Figure 33: Foreign trading in the stock market



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

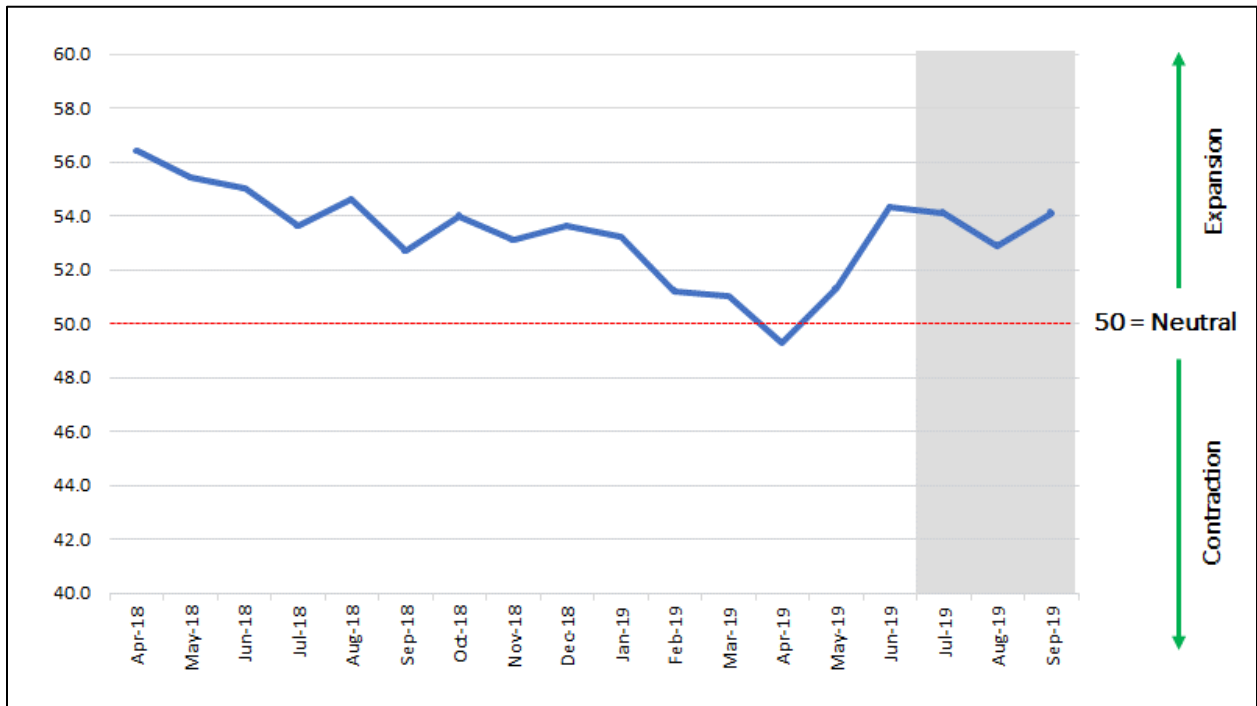
6. Risk-related Factors

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		

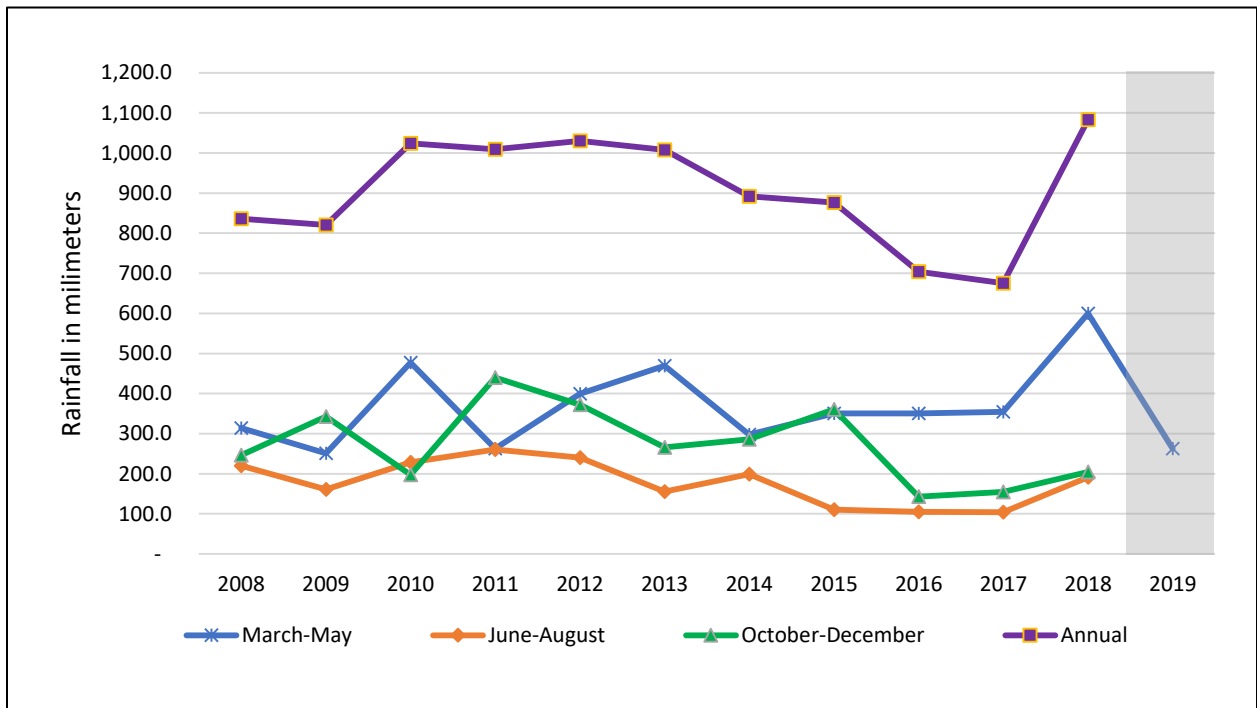
Data source: Standard & Poor's, Fitch, Moody's; <https://countryeconomics.com>

Figure 34: 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 35: Mean annual and seasonal rainfall



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