



# QUARTERLY MARKET ANALYSIS REPORT

January 2019

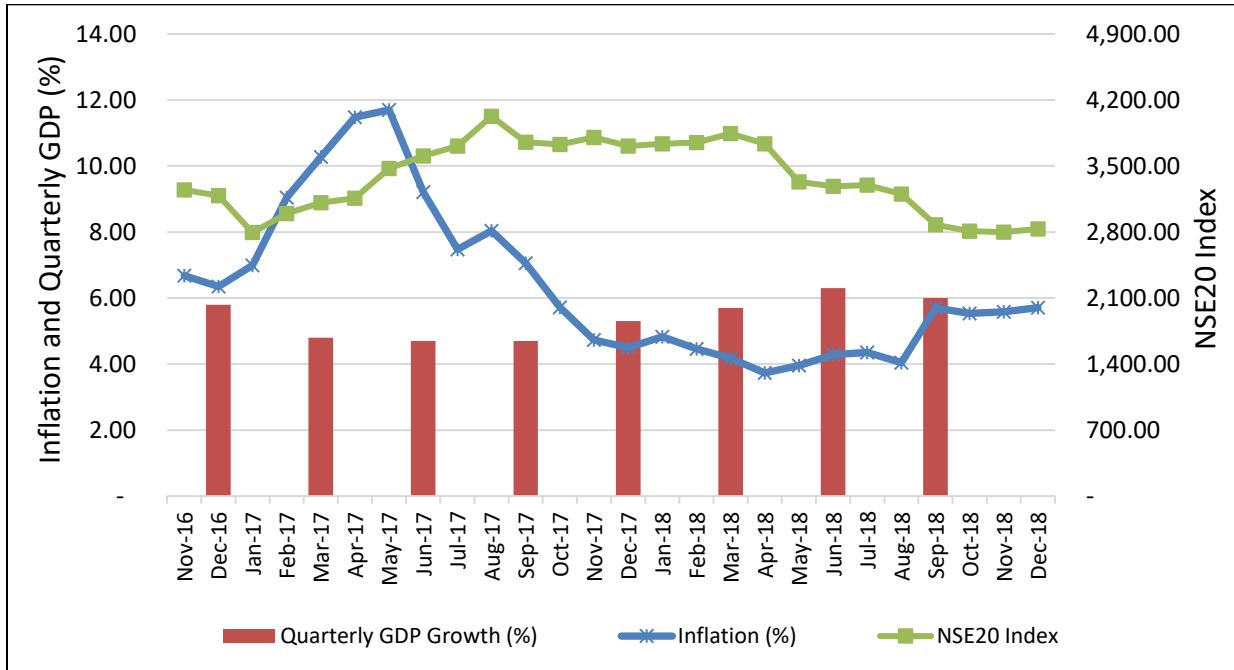
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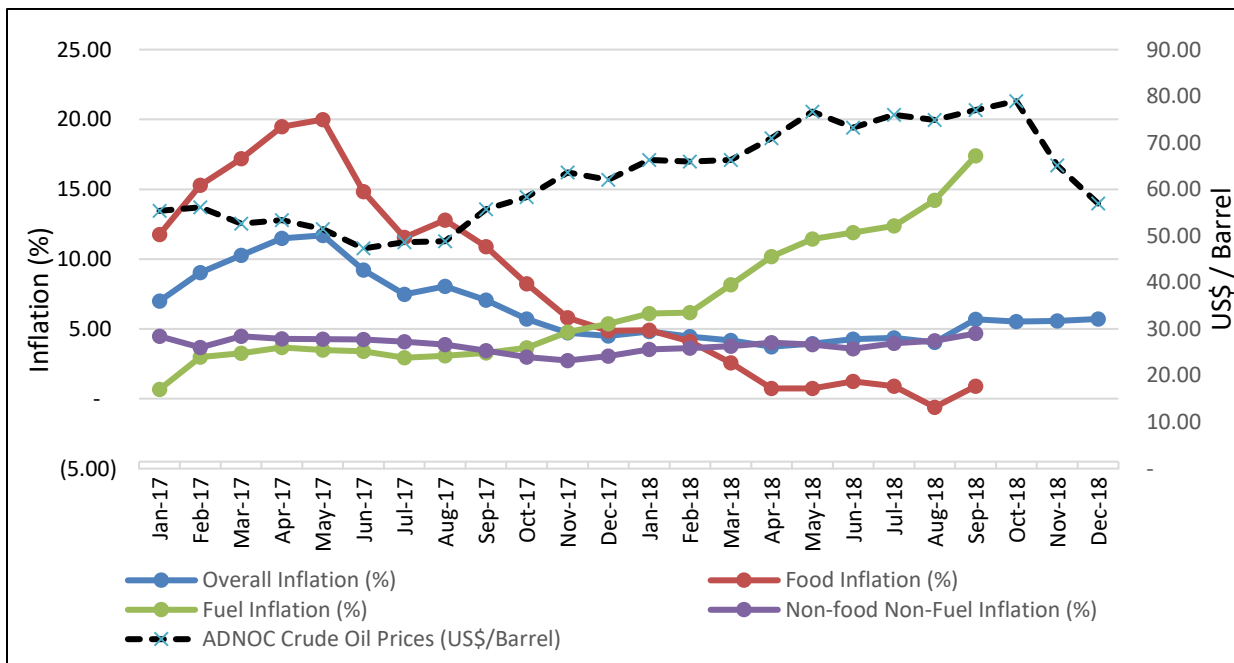
# 1. Performance in the Real Sector

Figure 1: GDP growth, inflation and stock market performance



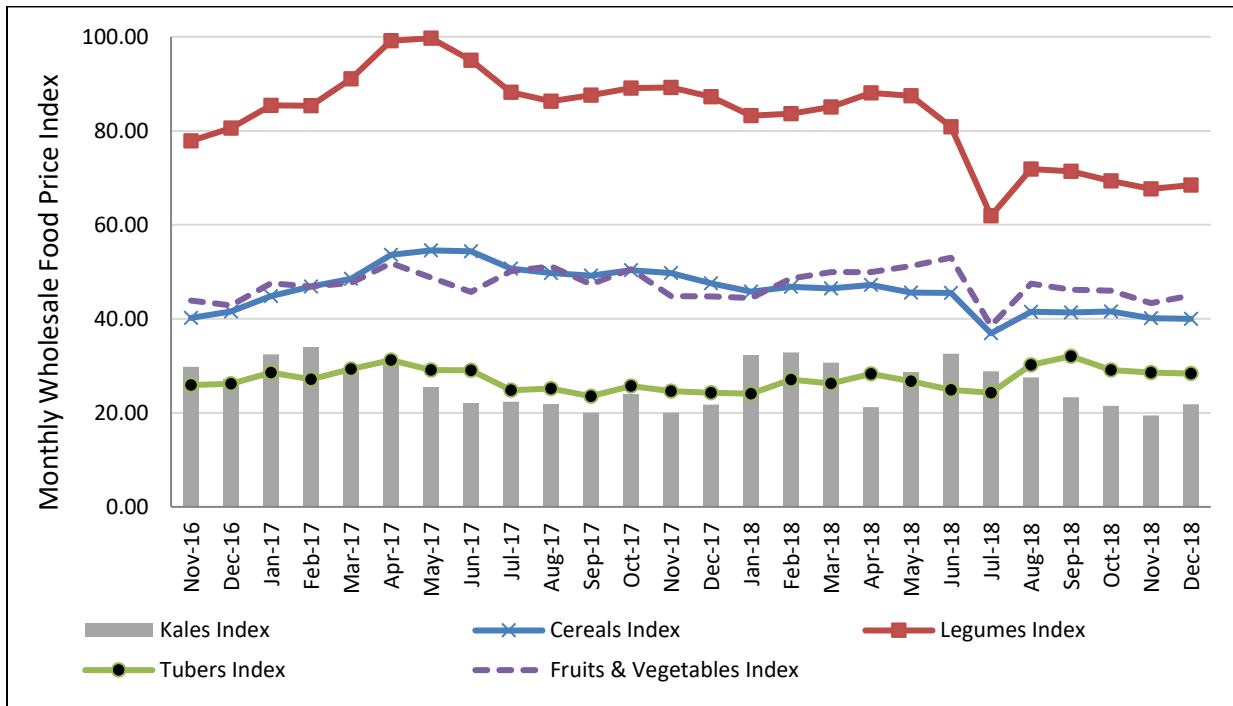
Data source: Central Bank of Kenya; Kenya National Bureau of Statistics

Figure 2: Commodity inflation and crude oil prices



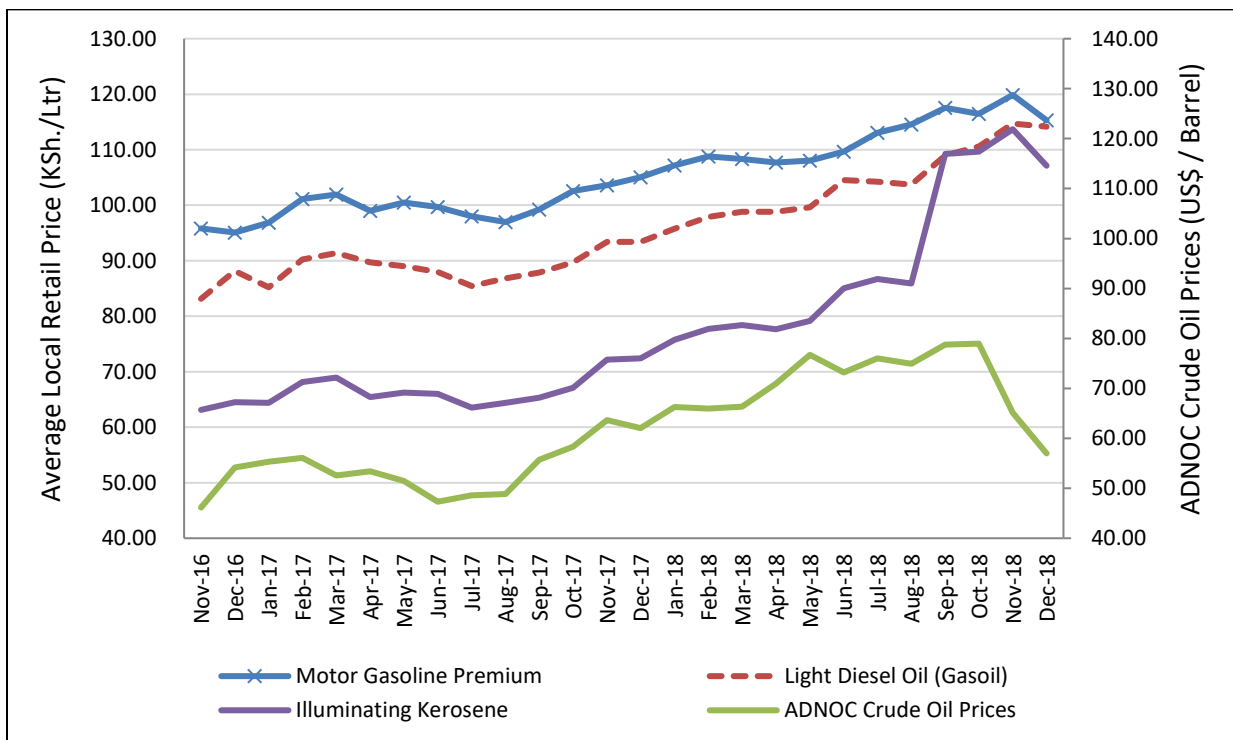
Data source: Kenya National Bureau of Statistics

**Figure 3: Domestic wholesale agriculture commodity prices**



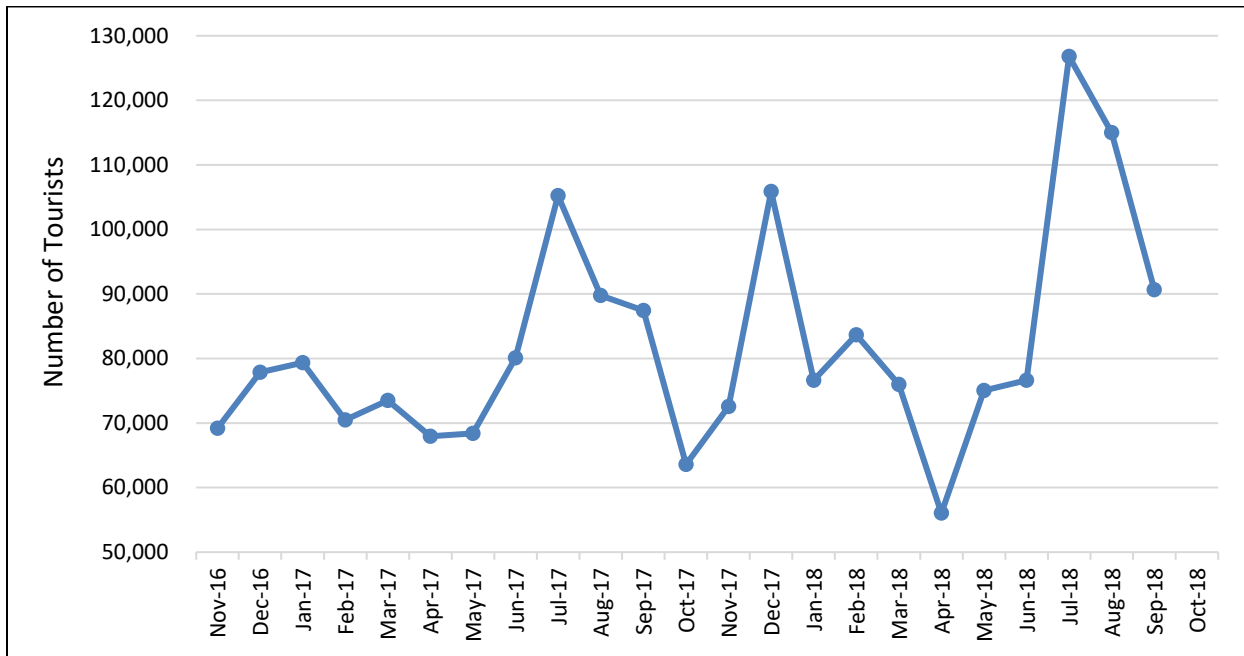
Data source: Index calculated by KIPPRA using data from Ministry of Agriculture

**Figure 4: Average domestic pump prices and global crude oil prices**



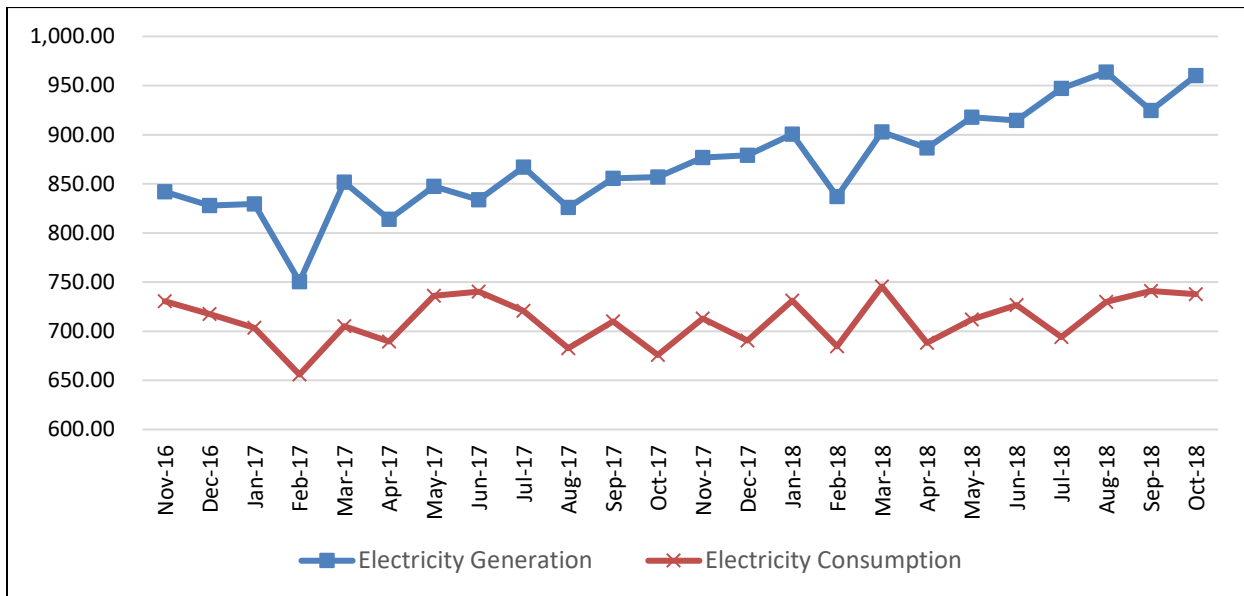
Data Source: Kenya National Bureau of Statistics; Energy Regulatory Commission

**Figure 5: Monthly tourism arrivals (number)**



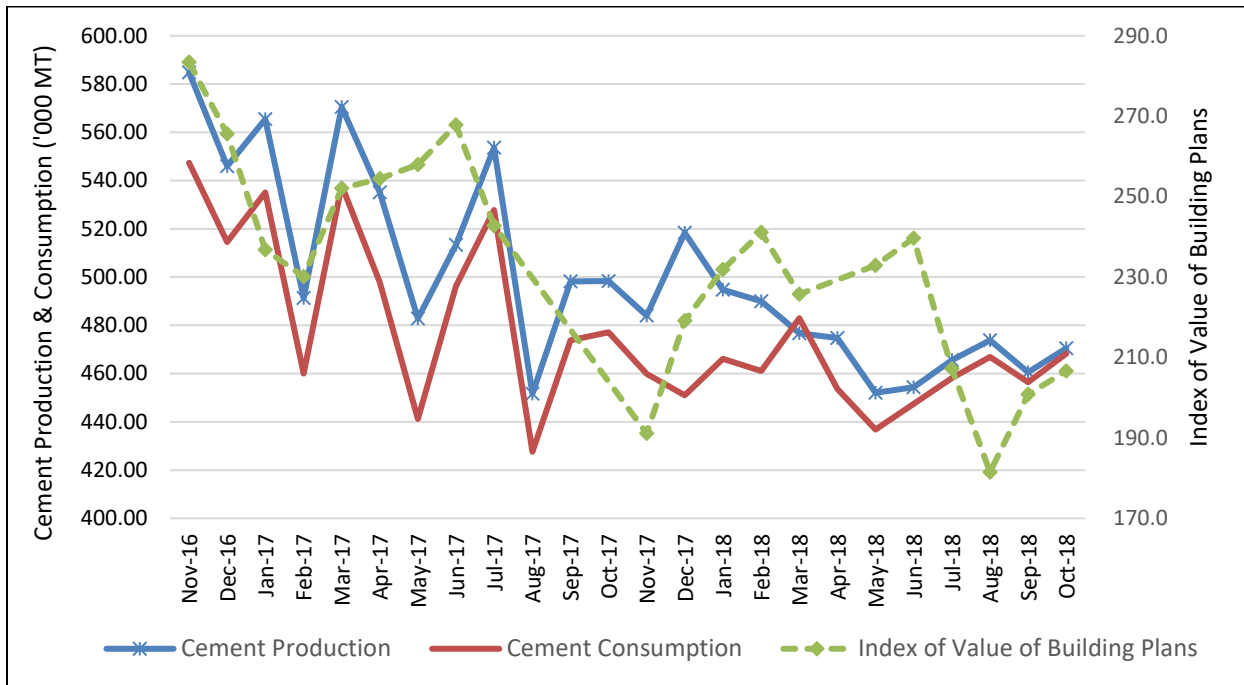
Data source: Kenya National Bureau of Statistics

**Figure 6: Electricity generation and consumption (KPLC sales in million KWh)**



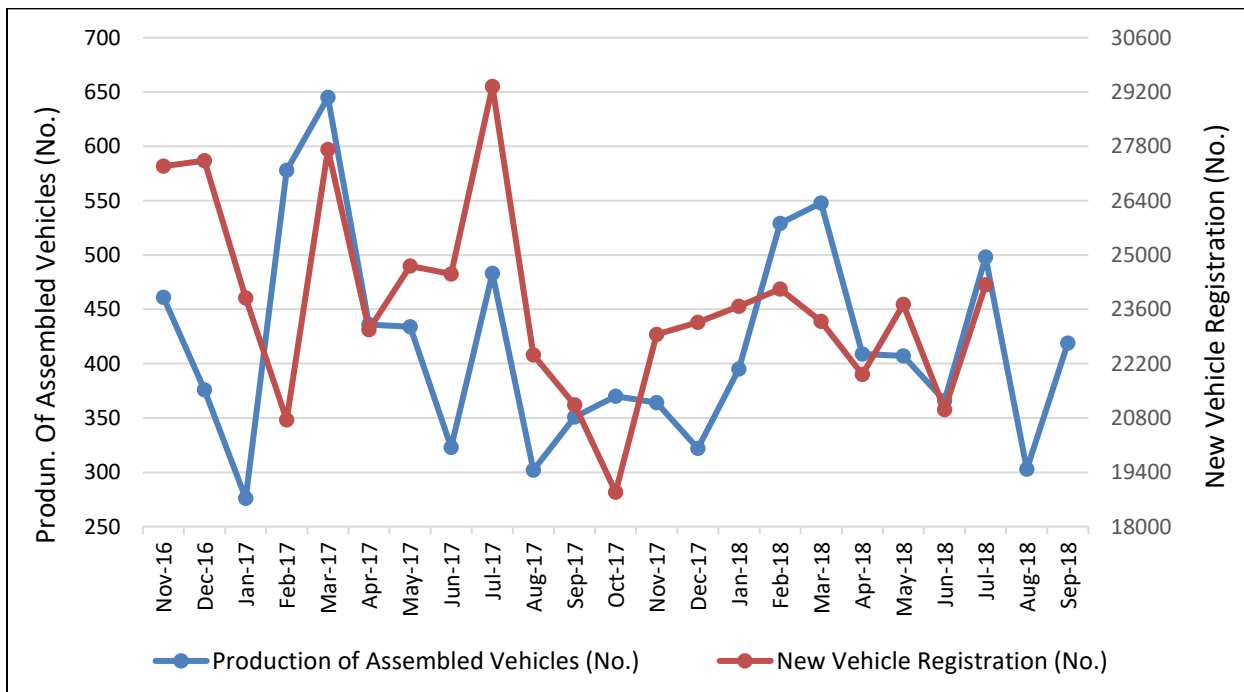
Data source: Kenya National Bureau of Statistics

**Figure 7: Cement production and consumption ('000 MT), index of value of building plans**



Data source: Kenya National Bureau of Statistics

**Figure 8: New vehicle registration and production of assembled vehicles (number)**

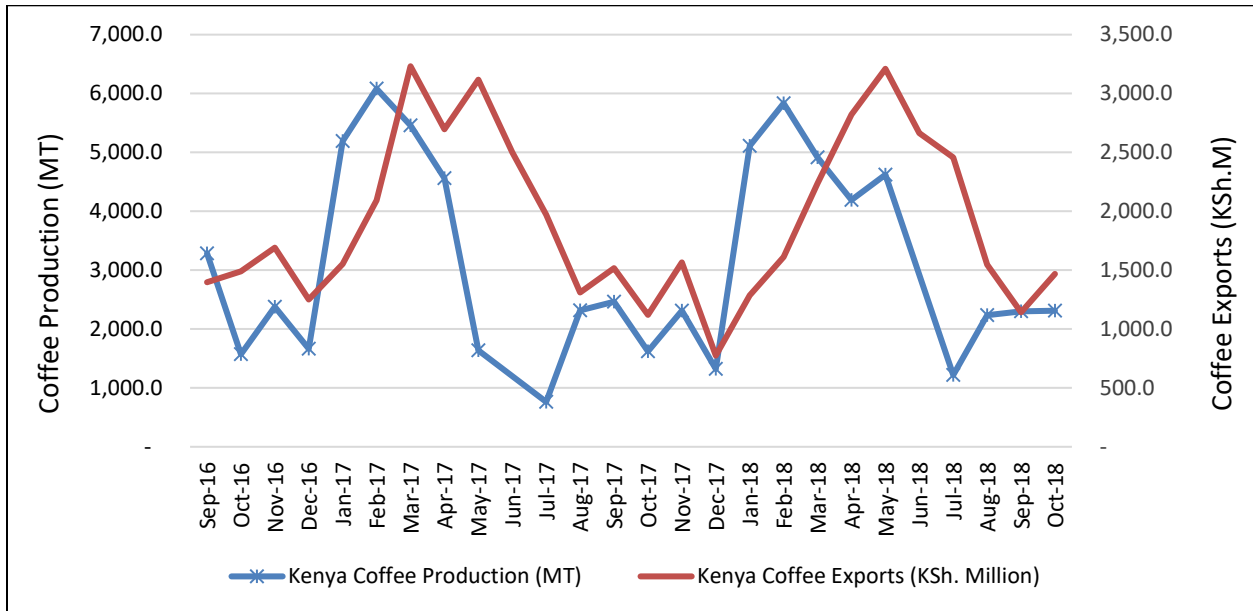


Data source: Kenya National Bureau of Statistics

## 2. International Markets

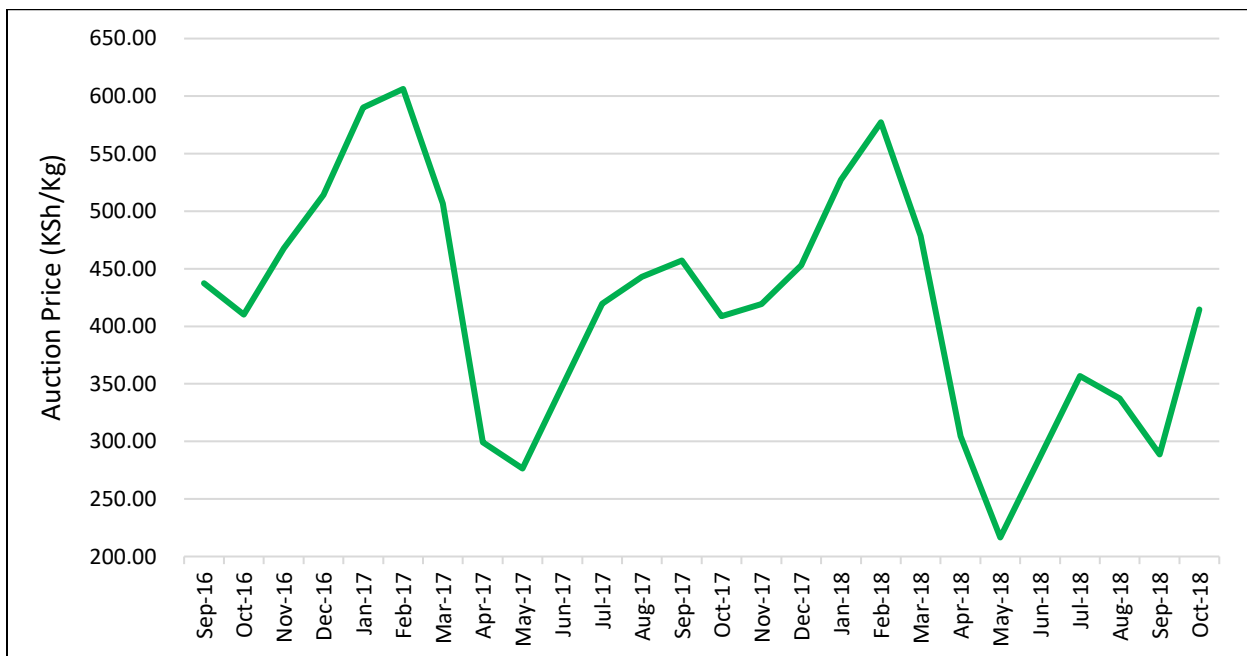
**Figure 9: Trends in coffee and tea production (metric tonnes), exports (Ksh millions) and auction prices (Ksh/Kg)**

**Figure 9(a): Coffee production and exports**



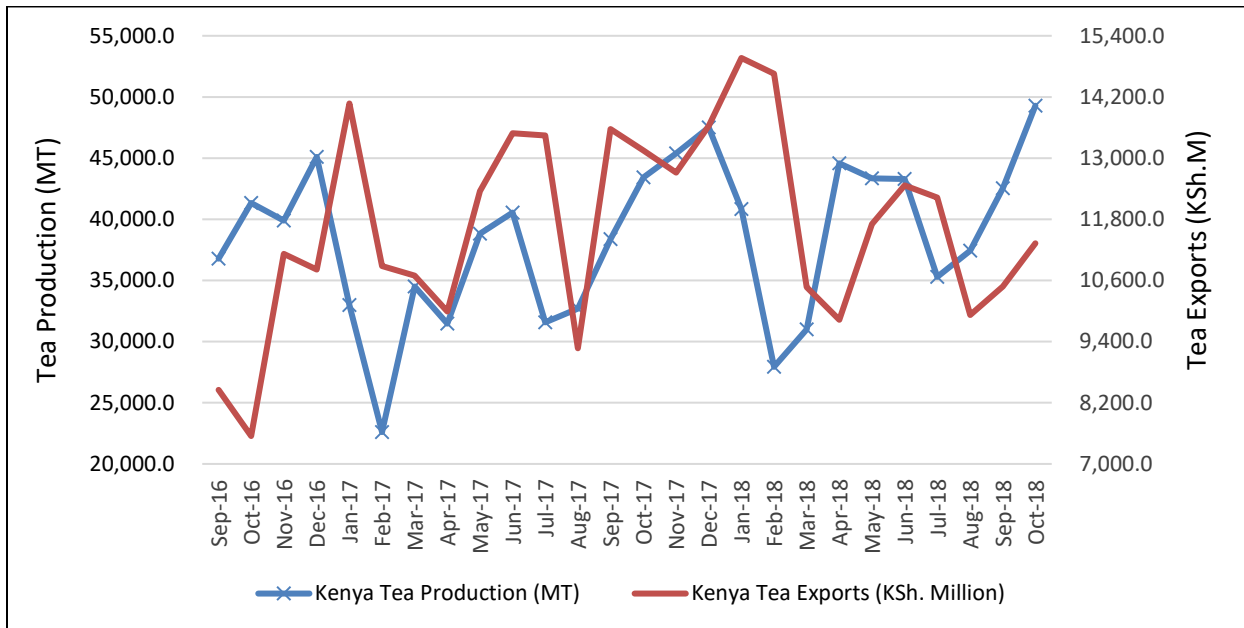
Data source: Kenya National Bureau of Statistics

**Figure 9(b): Kenya coffee auction prices (Ksh/Kg)**



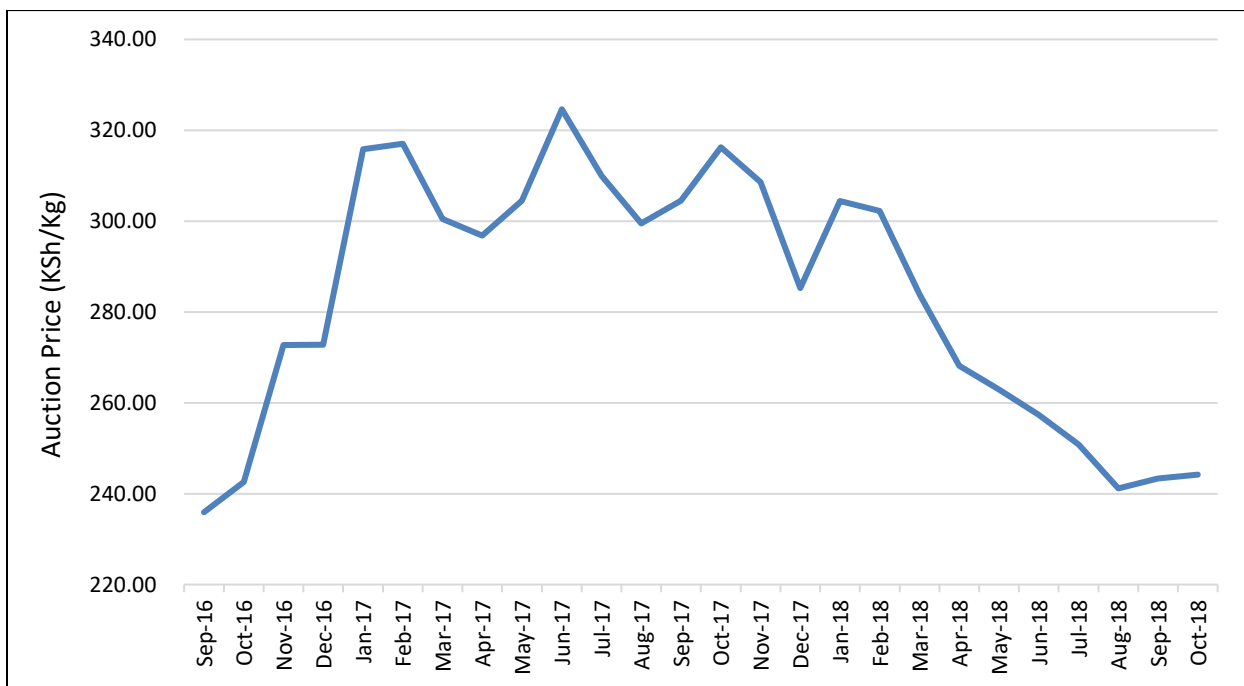
Data source: Kenya National Bureau of Statistics

**Figure 9(c): Tea production and exports**



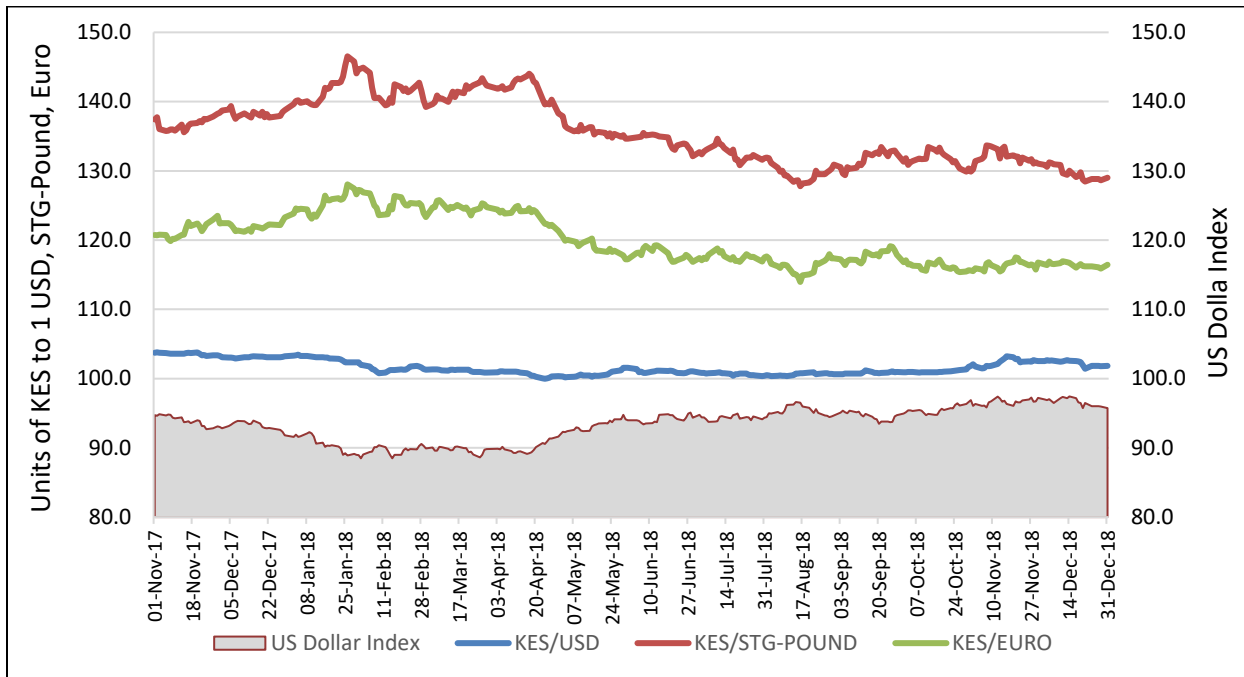
Data source: Kenya National Bureau of Statistics

**Figure 9(d): Kenya tea auction prices (Ksh/Kg)**



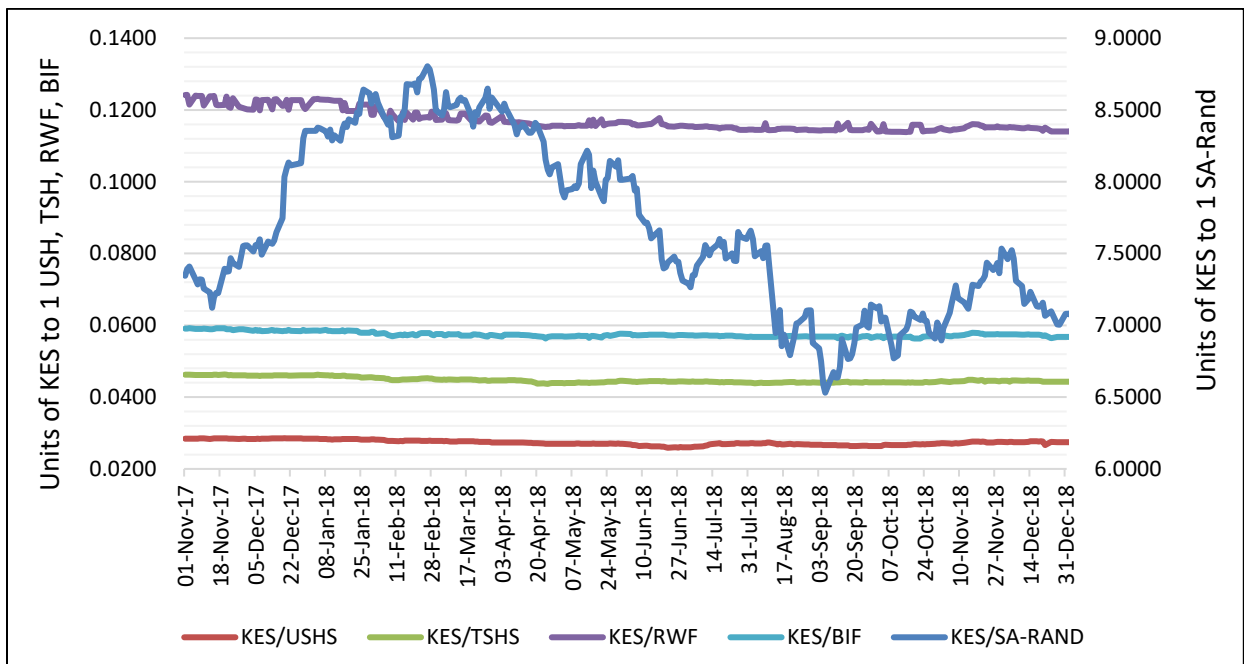
Data source: Kenya National Bureau of Statistics

**Figure 10: 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 11: The exchange rate of Kenya shilling to regional currencies**

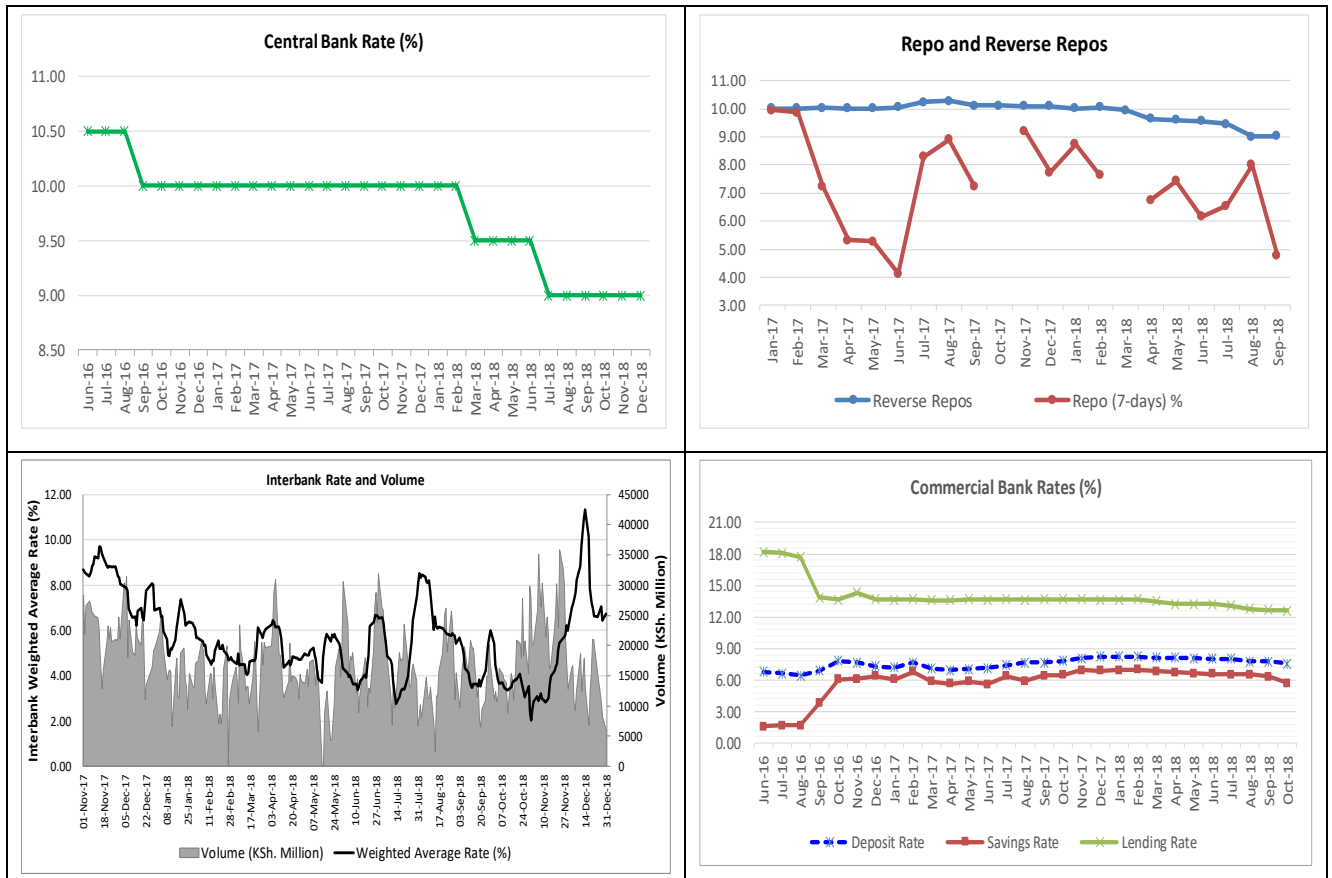


Data source: Central Bank of Kenya



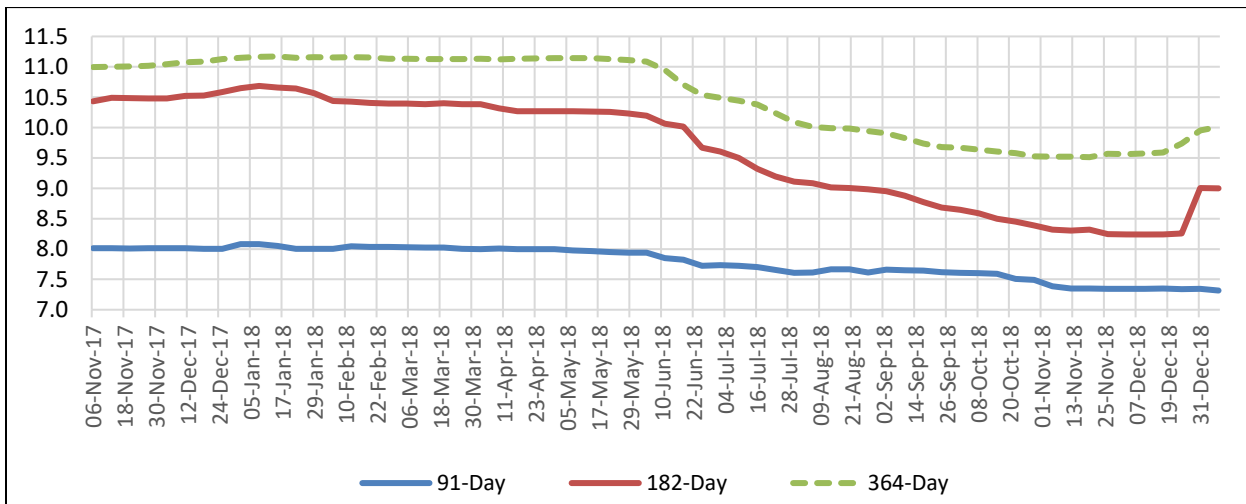
### 3. Money Market

Figure 12: Interbank rate and volume, Repo and interest rates



Data source: Central Bank of Kenya

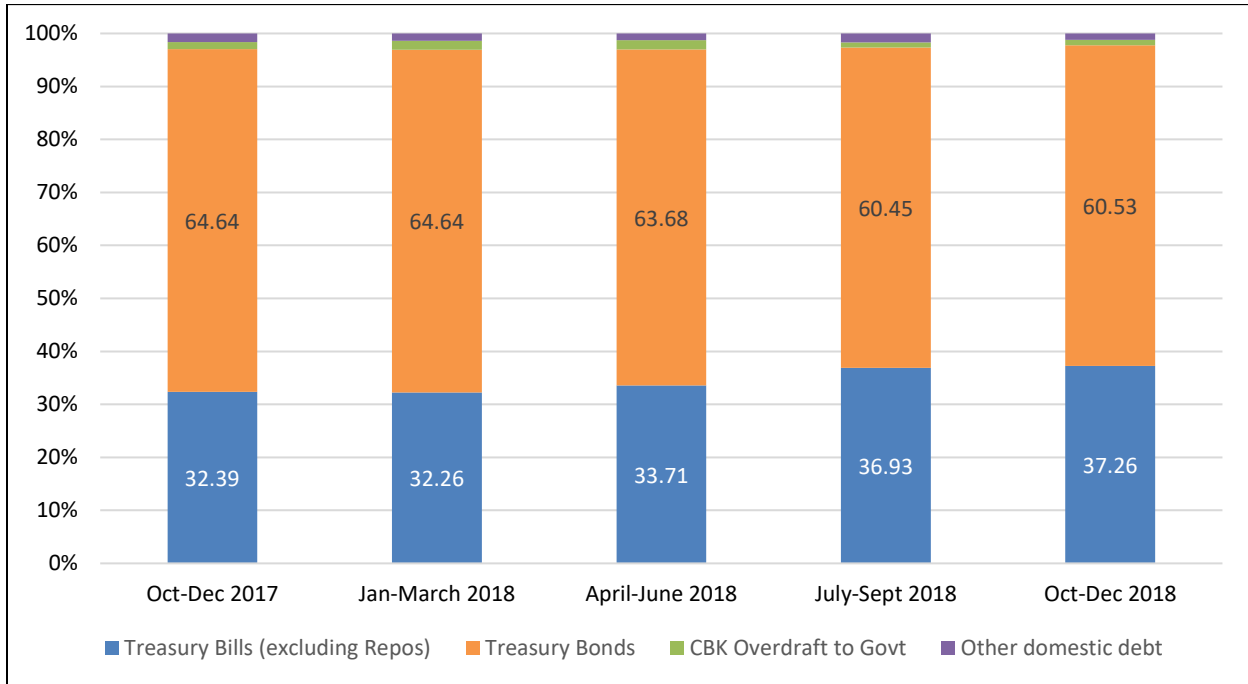
Figure 13: T-bill weighted average rate (%)



Data source: Central Bank of Kenya

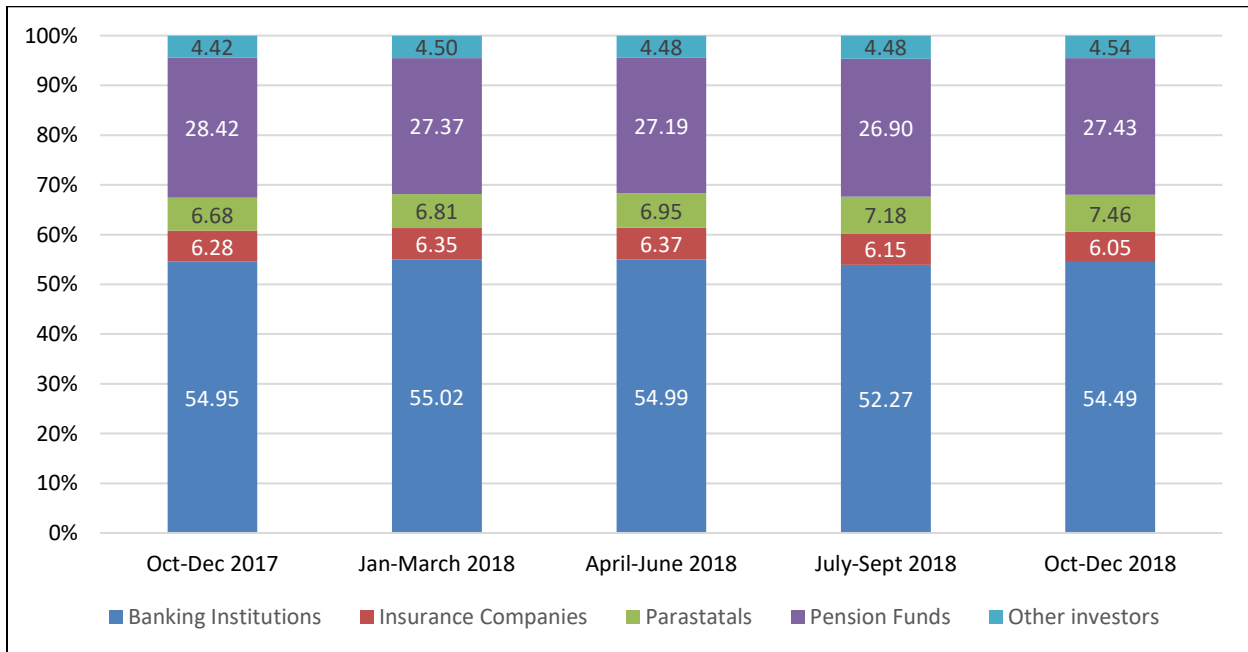
## 4. Fiscal Performance

**Figure 14: Composition of government domestic debt by instrument**



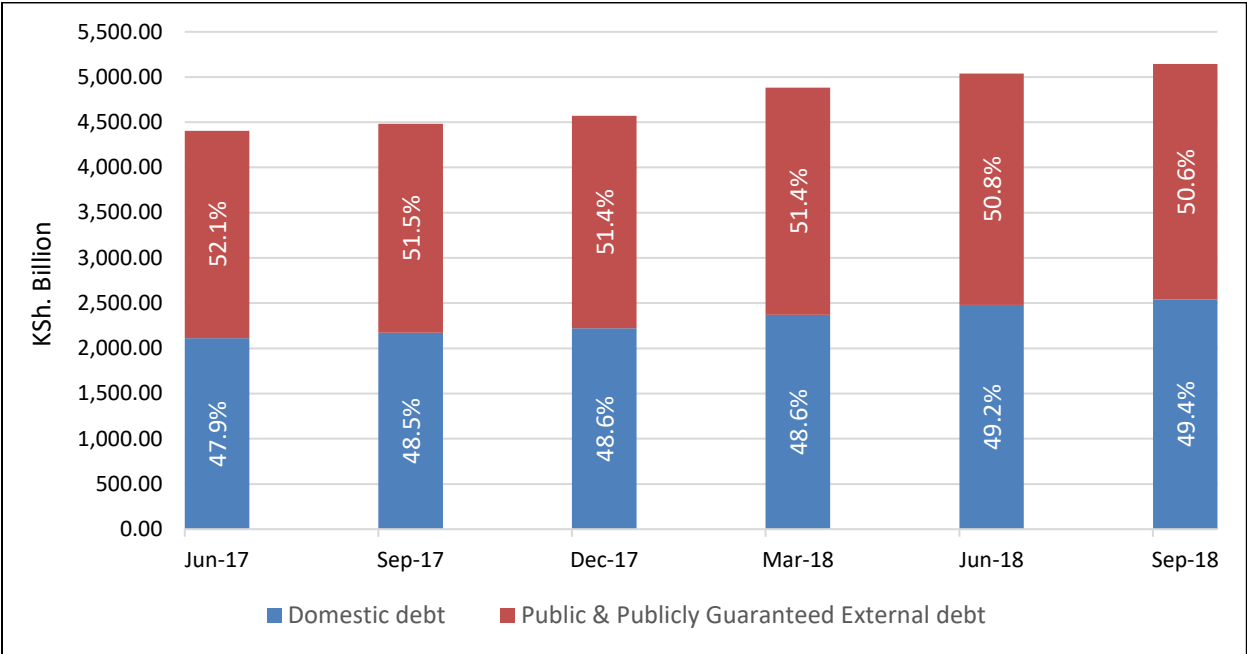
Data Source: Calculated using data from Central Bank of Kenya, Weekly Bulletin.

**Figure 15: Composition of government domestic debt by holder**



Data Source: Calculated using data from CBK Weekly Bulletin

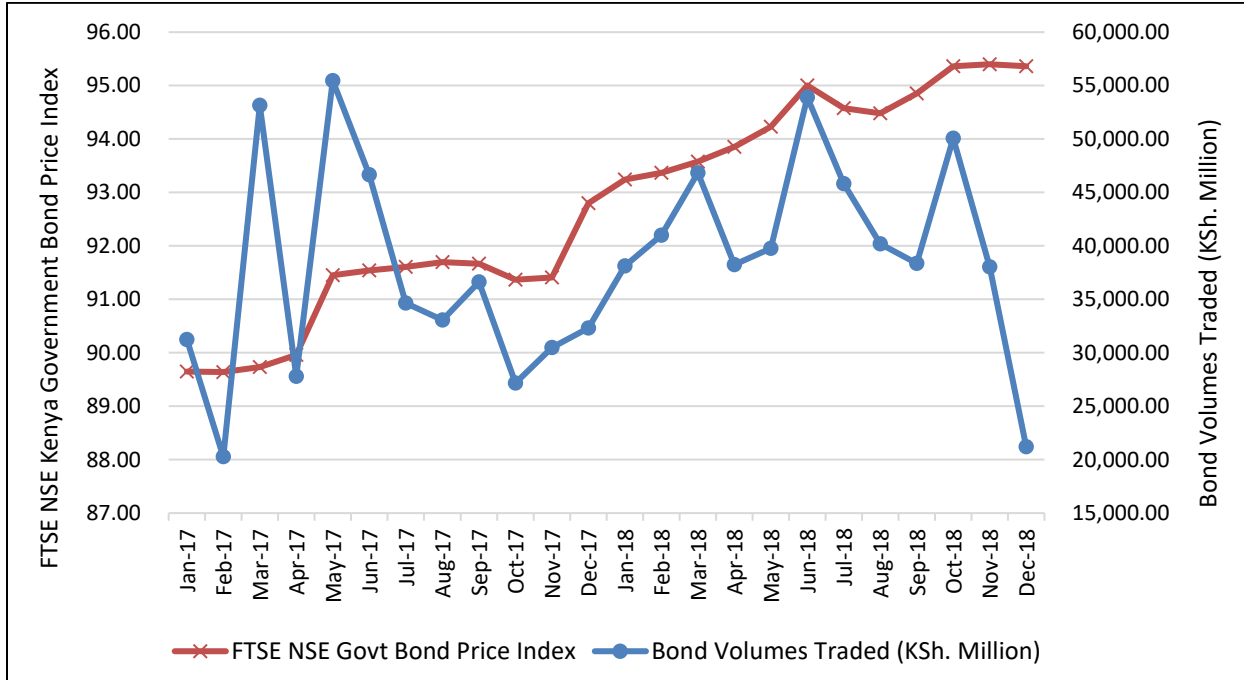
**Figure 16: Proportionate shares of domestic and foreign debt**



Data Source: Calculated using data from Central Bank of Kenya Weekly Bulletin

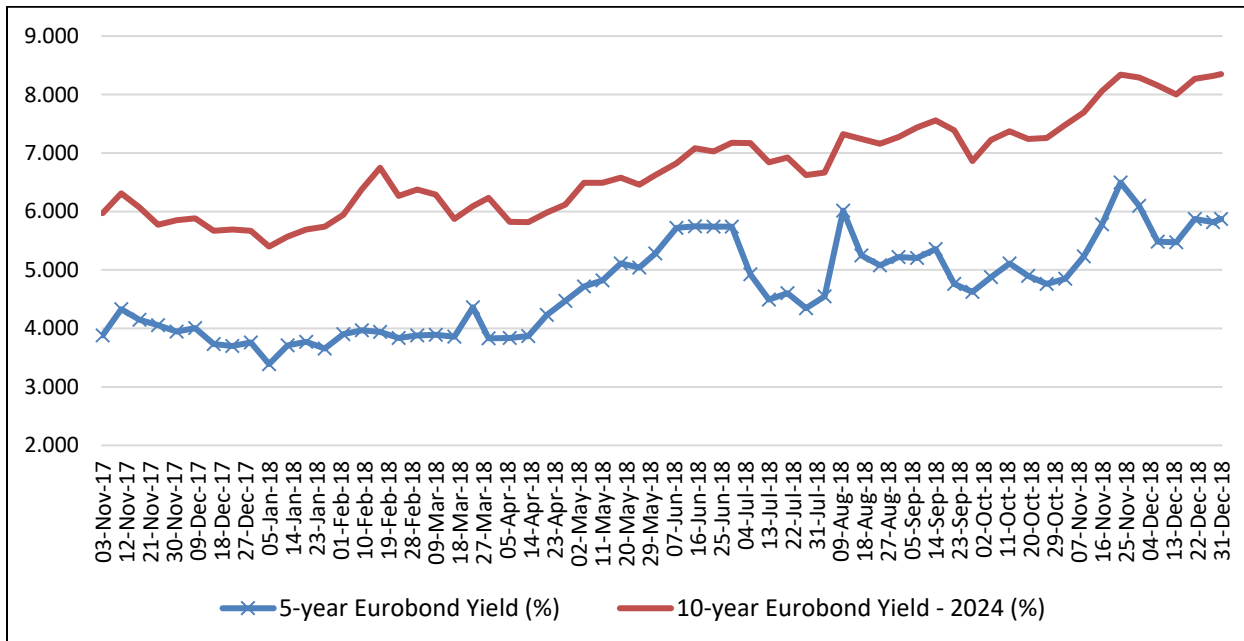
## 5. Capital Markets

**Figure 17: Bond volumes traded (Ksh millions) and FTSE NSE Kenya government bond price Index**



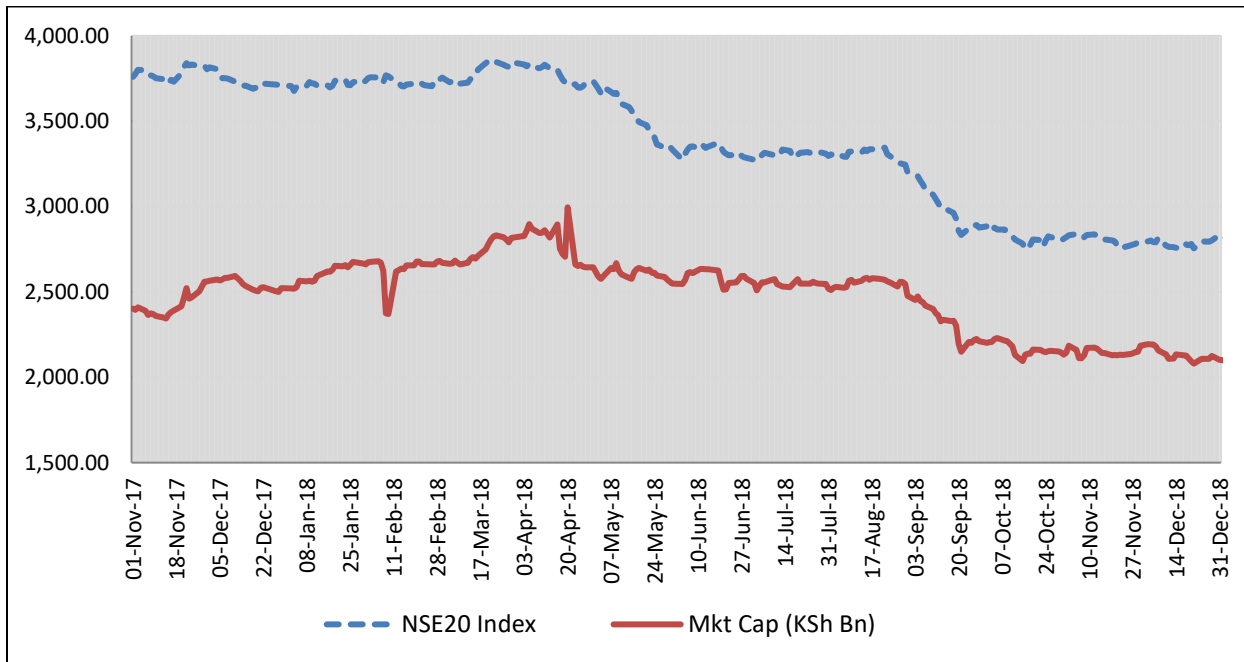
Data Source: Nairobi Securities Exchange; Central Bank of Kenya

**Figure 18: The 5 and 10-year Kenya Eurobond yields (%)**



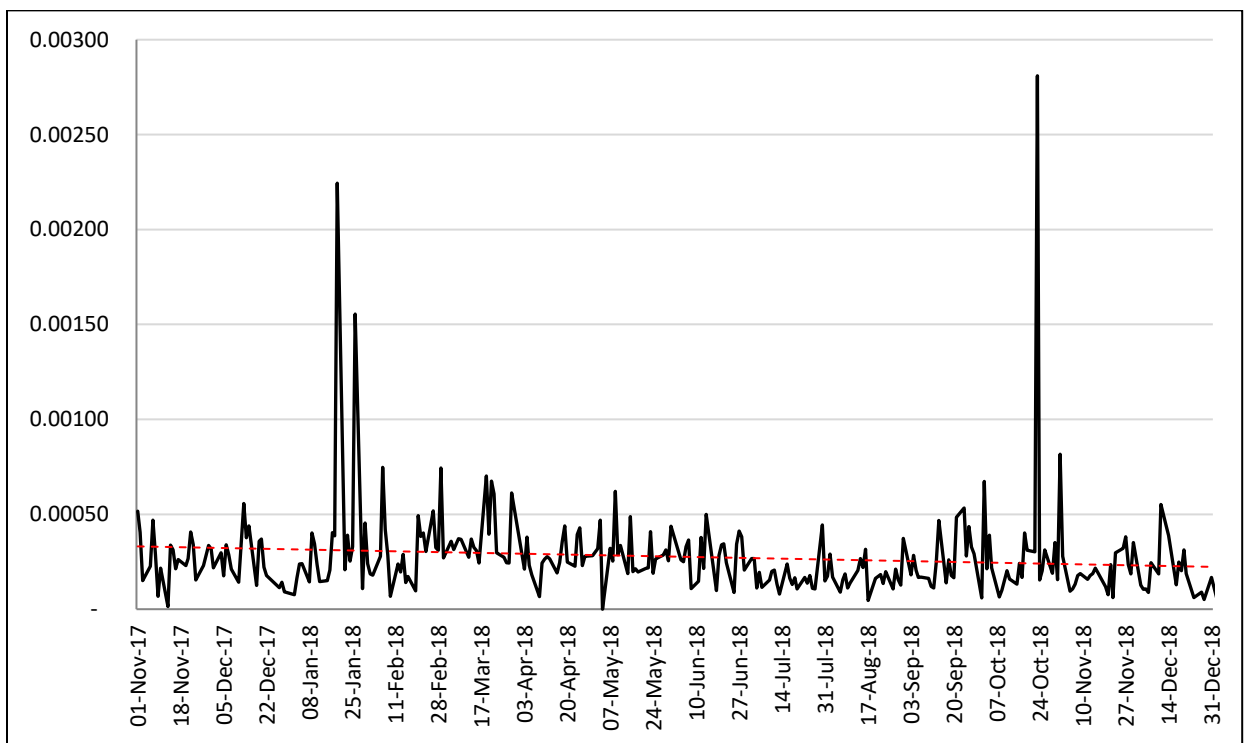
Data Source: Central Bank of Kenya

**Figure 19: Stock market performance**



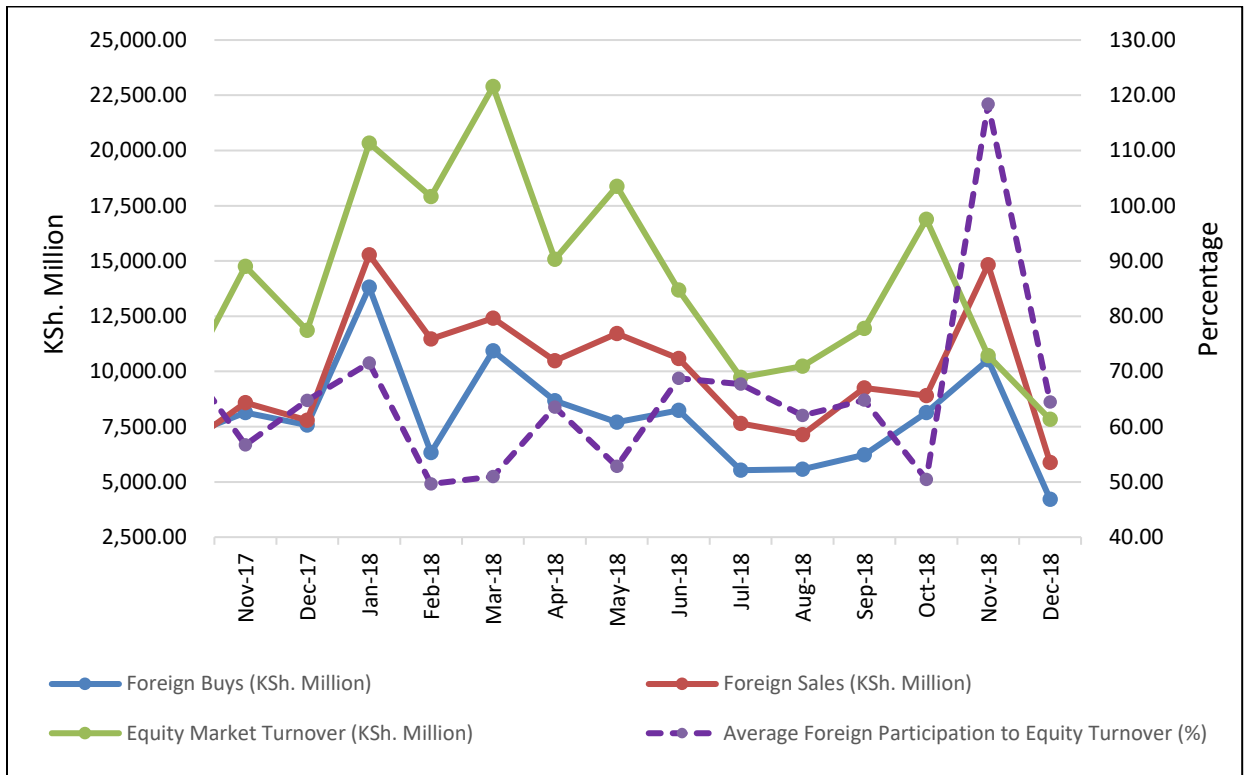
Data Source: Nairobi Securities Exchange

**Figure 20: Stock value turnover ratio**



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

**Figure 21: Foreign trading in the stock market**



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

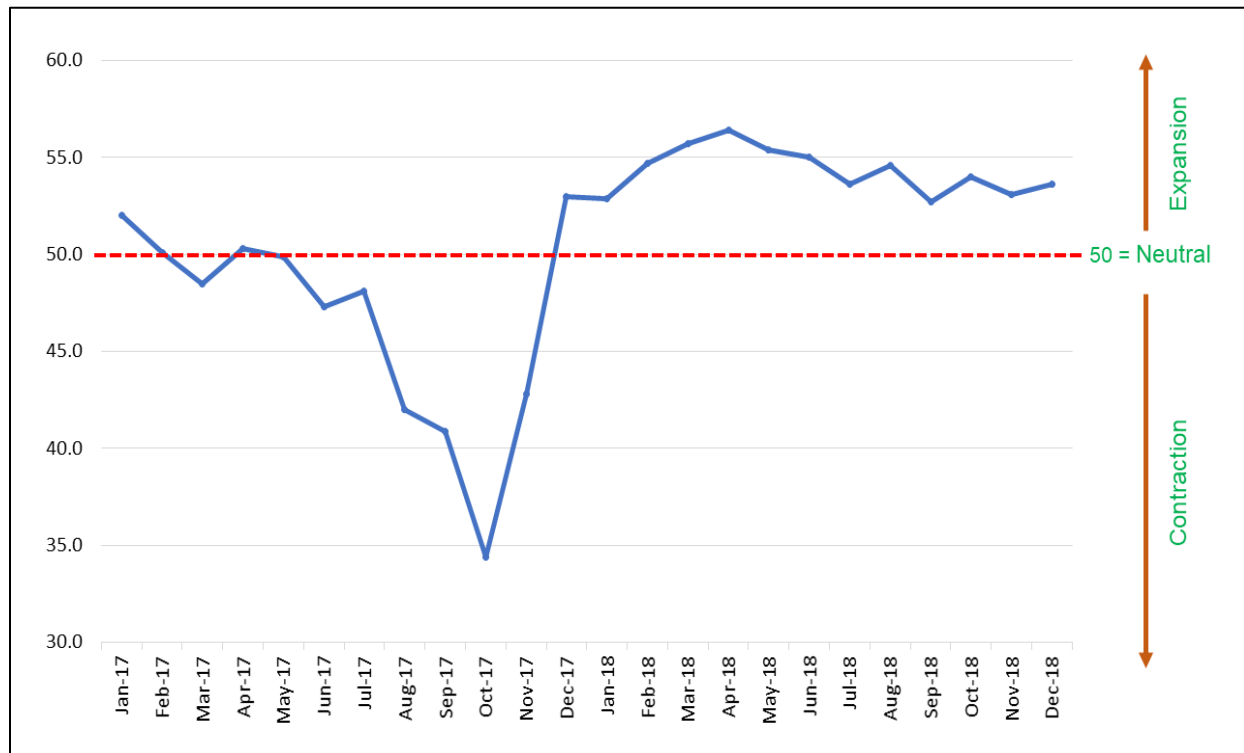
## 6. Risk-related Factors

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	<b>Negative</b>	Caa1	Stable
Ghana	B-	Positive	B	Stable	B3	Stable
<b>Kenya</b>	<b>B+</b>	<b>Stable</b>	<b>B+</b>	<b>Stable</b>	<b>B2</b>	<b>Stable</b>
Mozambique	SD	Not rated	RD	Not Rated	Caa3	<b>Negative</b>
Namibia	Not Rated	Not Rated	BB+	Stable	Ba1	<b>Negative</b>
Nigeria	B	Stable	B+	<b>Negative</b>	B2	Stable
Senegal	B+	Positive	Not Rated	Not Rated	Ba3	Stable
South Africa	BB	Stable	BB+	Stable	Baa3	Stable
Zambia	B	Stable	B	<b>Negative</b>	B3	Stable

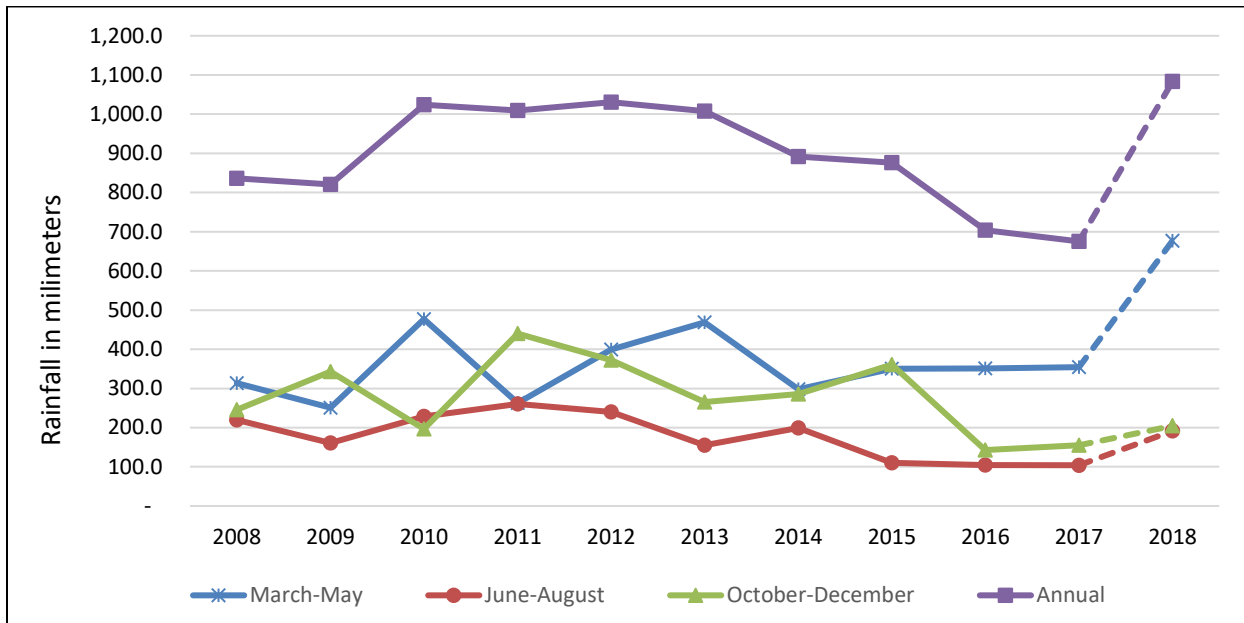
Data source: Bloomberg Finance L.P., Standard & Poor's, Fitch, and Moody's

Figure 22: Kenya purchasing managers' index



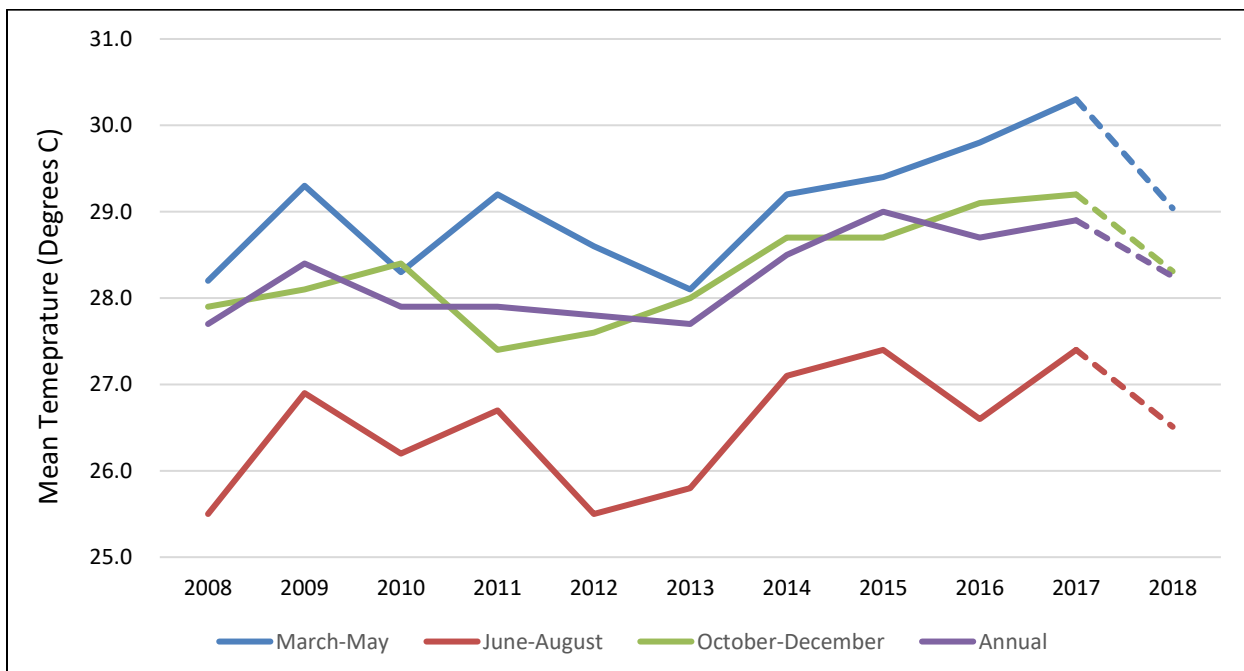
Data Source: Stanbic Bank (<https://www.stanbicbank.co.ke>); IHS-Markit (<https://ihsmarkit.com>)  
Key: 50.0 = Neutral; Above 50.0 = Expansion; Below 50.0 = Contraction

**Figure 23: 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> )

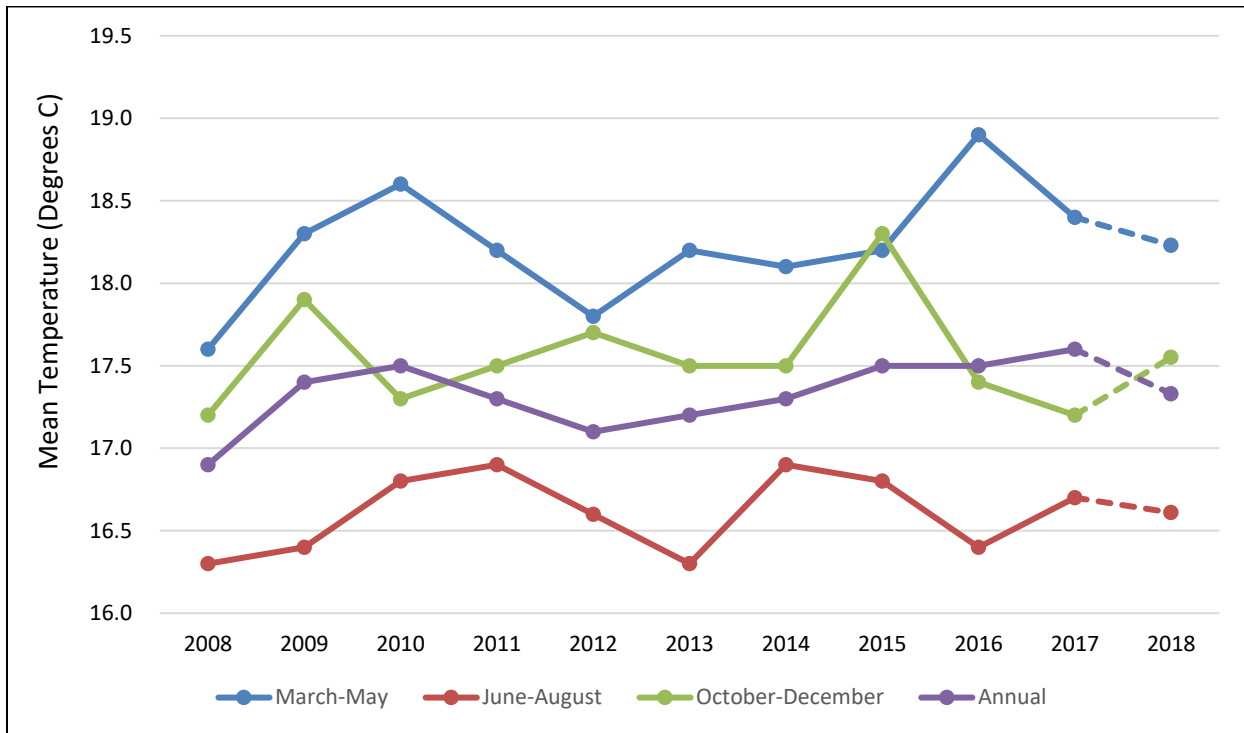
**Figure 24: Mean annual and seasonal maximum temperatures (°C)**



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



**Figure 25: Mean annual and seasonal minimum temperatures (°C)**



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