



Central Bank of Kenya

Weekly Bulletin

June 25, 2021



RECENT MONETARY AND FINANCIAL DEVELOPMENTS

Exchange Rates

The Kenya Shilling remained stable against major international and regional currencies during the week ending June 24. It exchanged at KSh 107.77 per US dollar on June 24, compared to KSh 107.80 per US dollar on June 17 (**Table 1**).

Foreign Exchange Reserves

The usable foreign exchange reserves remained adequate at USD 8,114 million (4.96 months of import cover) as at June 24. This meets the CBK's statutory requirement to endeavour to maintain at least 4 months of import cover, and the EAC region's convergence criteria of 4.5 months of import cover (**Table 2**).

Money Market

The money market was relatively liquid during the week ending June 24, supported by government payments, which partly offset tax remittances. Commercial banks' excess reserves stood at KSh 10.3 billion in relation to the 4.25 percent cash reserves requirement (CRR). Open market operations remained active. The average interbank rate was 5.00 percent on June 24 compared to 4.48 percent on June 17. During the week, the average number of interbank deals per day increased to 34 from 20 in the previous week, while the average value traded increased to KSh 12.7 billion compared to KSh 7.5 billion in the previous week (**Table 3**).

Government Securities Market

The Treasury bills auction of June 24 received bids totalling KSh 25.3 billion against an advertised amount of KSh 24.0 billion, representing a performance of 105.6 percent. Interest rates on all the Treasury bill tenors declined (**Table 4**).

The Government's net domestic borrowing target of KSh 521.9 billion, for FY 2020/21, has now been achieved with borrowing of KSh 521.7 billion.

Equity Market

At the Nairobi Securities Exchange, equity turnover and total shares traded rose by 21.8 percent and 42.2 percent, respectively, during the week ending June 24. However, the NASI, NSE 25 and the NSE 20 share price indices declined by 1.1 percent, 0.8 percent and 1.0 percent, respectively. Similarly, market capitalization declined by 1.1 percent (**Table 6**).

Bonds Market

Turnover of bonds traded in the domestic secondary market rose by 195.7 percent during the week ending June 24 (**Table 6**). In the international market, yields on Kenya's Eurobonds declined by an average of 0.26 basis points. The yield on the 10-year Eurobond for Ghana rose marginally while that of Angola declined (**Chart 2**).

Kenya's 12-year Eurobond issued on June 17, 2021 traded well in the secondary market with a yield of 6.225 percent at close of trading on June 24. The impact of the new issue caused improvement along the rest of the Kenya Eurobond yield curve reflecting pricing success achieved at the primary issuance.

Global Trends

Global financial markets remained calm during the week ending June 24, boosted by stronger-than-expected economic rebound in advanced economies and the US Federal Reserve assurance about the transitory nature of inflation.

International oil prices increased during the week after a larger-than-expected drawdown in oil stock, reinforced by an outlook for robust demand. Murban oil price increased to USD 74.65 per barrel on June 24 compared to USD 73.19 per barrel on June 17.

Table 1: Kenya Shilling Exchange Rates (Indicative Mean Rates)

	USD	Sterling Pound	Euro	100 Japanese Yen	Uganda Shilling*	Tanzania Shilling*	Rwandese Franc*	Burundi Franc*
11-Jun-21	107.90	152.25	131.35	98.51	32.58	21.49	9.31	18.33
14-Jun-21	107.80	152.54	130.88	98.40	32.70	21.51	9.32	18.35
15-Jun-21	107.79	152.13	130.65	98.17	32.70	21.51	9.32	18.35
16-Jun-21	107.77	151.73	130.60	97.90	32.79	21.52	9.33	18.36
17-Jun-21	107.80	152.14	130.65	98.04	32.77	21.51	9.33	18.35
Jun 11-17	107.81	152.16	130.82	98.20	32.71	21.51	9.32	18.35
18-Jun-21	107.80	151.26	129.66	97.46	32.79	21.51	9.33	18.35
21-Jun-21	107.80	149.91	128.67	98.13	32.76	21.51	9.33	18.35
22-Jun-21	107.80	149.73	128.35	97.84	32.93	21.51	9.33	18.35
23-Jun-21	107.80	149.78	128.22	97.50	32.98	21.51	9.33	18.36
24-Jun-21	107.77	150.71	128.78	97.34	33.00	21.52	9.33	18.36
Jun 18-24	107.79	150.28	128.74	97.65	32.89	21.51	9.33	18.36

*Units of currency per Kenya Shilling

Source: Central Bank of Kenya

Table 2: Official Foreign Exchange Reserves (USD Million)

	27-May-21	3-Jun-21	10-Jun-21	17-Jun-21	24-Jun-21
1. CBK Usable Foreign Exchange Reserves (USD Million)*	7,480	7,510	7,506	7,474	8,114
2. CBK Usable Foreign Exchange Reserves (Months of Import Cover)**	4.57	4.59	4.59	4.57	4.96

*Excludes Encumbered Reserves

**Based on 36 months average of imports of goods and non-factor services

Source: Central Bank of Kenya

Table 3: Money Markets

Date	Number of Deals	Value (KSh M)	Average Interbank Rate (%)
11-Jun-21	30	16,960.00	4.15
14-Jun-21	19	4,570.00	4.19
15-Jun-21	20	8,970.00	4.38
16-Jun-21	15	3,250.00	4.45
17-Jun-21	17	3,525.00	4.48
June 11-17, 2021	20	7,455.00	4.33
18-Jun-21	15	4,760.00	4.42
21-Jun-21	27	13,060.00	4.42
22-Jun-21	58	17,155.00	4.69
23-Jun-21	41	15,280.00	4.91
24-Jun-21	31	13,490.00	5.00
June 18-24, 2021	34	12,749.00	4.69

Source: Central Bank of Kenya

Table 4: Performance of Treasury Bills Auctions

91-Day Treasury Bills						
Date of Auction	20-May-21	27-May-21	3-Jun-21	10-Jun-21	17-Jun-21	24-Jun-21
Amount Offered (KSh M)	4,000.00	4,000.00	4,000.00	4,000.00	4,000.00	4,000.00
Bids Received (KSh M)	4,642.35	2,448.51	1,373.41	8,387.84	8,201.76	10,708.40
Amount Accepted (KSh M)	4,641.86	2,407.70	1,342.36	6,821.87	4,515.84	2,000.00
Maturities (KSh M)	4,731.60	4,895.40	6,160.55	4,398.95	5,505.60	3,357.20
Average Interest Rate (%)	7.155	7.139	7.137	7.104	7.000	6.860
182-Day Treasury Bills						
Date of Auction	20-May-21	27-May-21	3-Jun-21	10-Jun-21	17-Jun-21	24-Jun-21
Amount Offered (KSh M)	10,000.00	10,000.00	10,000.00	10,000.00	10,000.00	10,000.00
Bids Received (KSh M)	10,107.40	10,309.46	9,993.82	10,932.94	11,251.75	5,603.56
Amount Accepted (KSh M)	6,927.82	4,418.60	9,873.01	7,882.40	7,221.59	5,562.79
Maturities (KSh M)	6,722.40	6,080.55	2,776.55	3,078.80	8,143.80	2,506.15
Average Interest Rate (%)	7.953	7.865	7.818	7.731	7.536	7.317
364-Day Treasury Bills						
Date of Auction	20-May-21	27-May-21	3-Jun-21	10-Jun-21	17-Jun-21	24-Jun-21
Amount Offered (KSh M)	10,000.00	10,000.00	10,000.00	10,000.00	10,000.00	10,000.00
Bids Received (KSh M)	24,129.65	23,820.65	27,625.89	24,301.07	17,234.25	9,037.50
Amount Accepted (KSh M)	10,801.74	13,757.11	11,657.75	3,799.06	5,527.63	9,034.46
Maturities (KSh M)	14,384.15	12,497.80	5,091.05	13,391.50	4,452.45	12,470.10
Average Interest Rate (%)	9.284	9.156	8.973	8.648	8.105	7.729

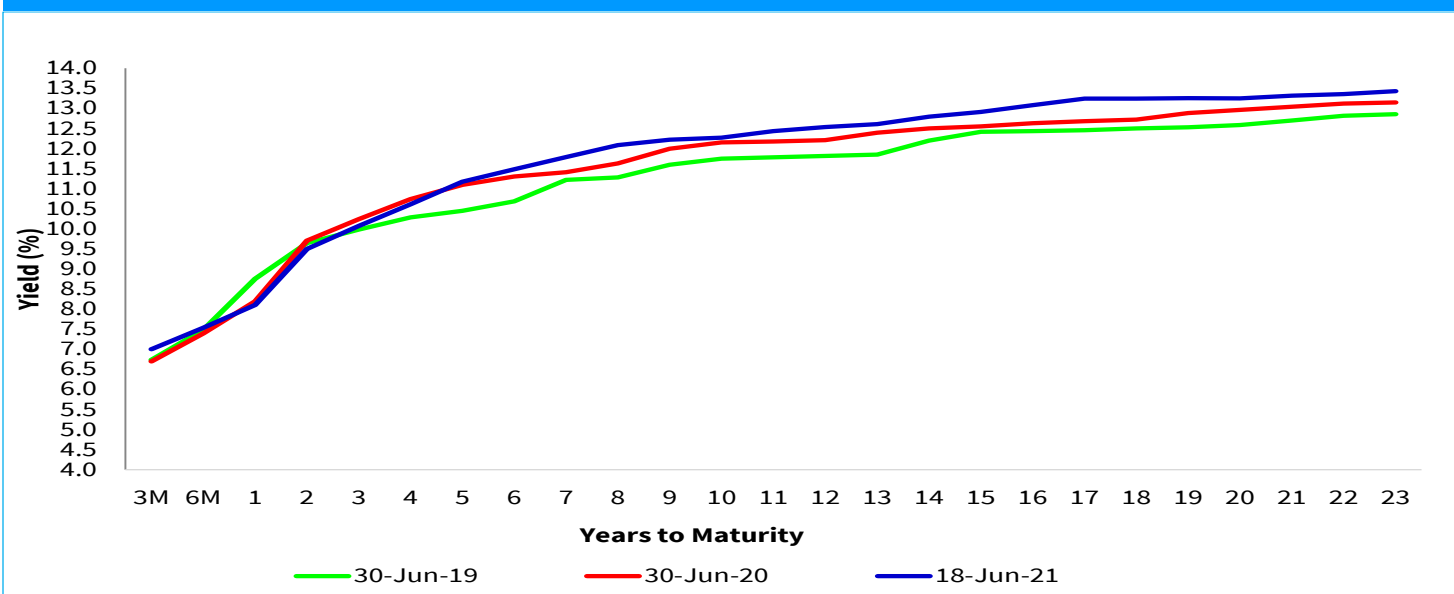
Source: Central Bank of Kenya

Table 5: Performance of Treasury Bond Auctions

Date of Auction	7-Apr-21	5-May-21		12-May-21		16-Jun-21	
Tenor	IFB1/ 2021/18	REOPEN FXD2/ 2019/15	FXD1/ 2021/25	TAP FXD2/ 2019/15 FXD1/ 2021/25		REOPEN FXD1/ 2019/20 FXD1/ 2012/20	
Amount offered (KSh M)	60,000.00	30,000.00		20,000.00		30,000.00	
Bids received (KSh M)	88,577.56	11,581.96	31,003.70	15,897.15	5,036.55	41,045.42	23,879.71
Amount Accepted (KSh M)	81,941.63	6,042.69	14,246.10	15,657.58	5,035.74	13,400.65	6,294.65
Maturities (KSh M)	0.00	0.00		8,249.90		0.00	
Average interest Rate (%)	12.67	12.98	13.92	12.98	13.92	13.26	12.50

Source: Central Bank of Kenya

Chart 1: Government Securities Yield Curve



Source: Kenya National Bureau of Statistics and Central Bank of Kenya

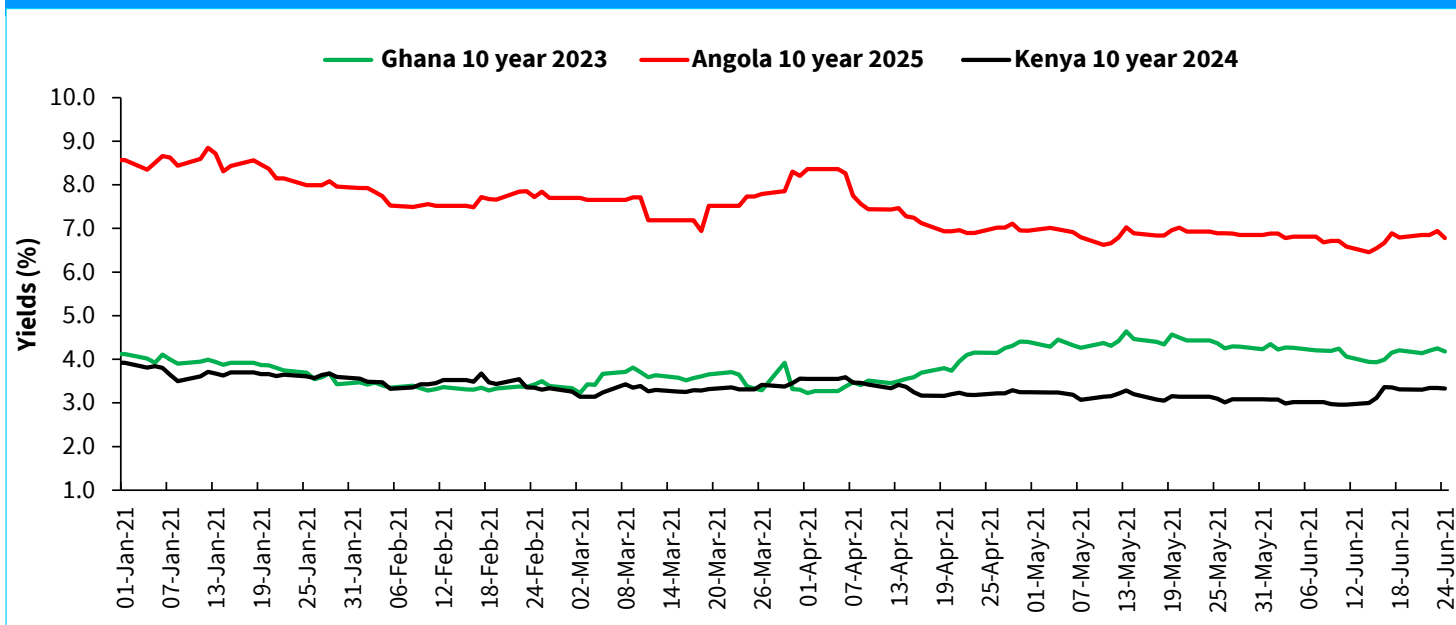
Table 6: Key Weekly Market Indicators

INDICATOR	NASI 100=2008	NSE 25 Share Index	NSE 20 Share Index 100=1996	Total Deals (Equity)	Total Shares Traded (Million)	Equity Turnover (KSh Million)	Market Capital- ization (KSh Billion)	Bonds Turnover (KSh Million)	Eurobond Yields (%)				
									7-Year 2027	10-Year 2024	10-Year 2028	12-Year 2032	30-Year 2048
11-Jun-21	172.33	3745.10	1911.92	1,126.00	30.53	1,168.11	2,683.56	2,014.40	4.478	2.959	5.111	6.097	7.209
14-Jun-21	172.90	3748.20	1919.56	1,120.00	11.13	303.00	2,692.36	2,184.00	4.514	2.997	5.110	6.112	7.228
15-Jun-21	173.34	3757.55	1909.18	1,011.00	12.15	351.34	2,699.32	2,833.80	4.690	3.117	5.256	6.222	7.267
16-Jun-21	174.17	3768.21	1911.45	978.00	14.60	498.09	2,712.24	3,378.25	4.760	3.361	5.234	6.269	7.336
17-Jun-21	173.48	3766.20	1908.57	941.00	10.78	517.61	2,701.37	2,170.15	4.717	3.311	5.316	6.316	7.365
June 11-17	173.48	3766.20	1908.57	5,176.00	79.18	2,838.15	2,701.37	12,580.60	4.717	3.311	5.316	6.316	7.365
18-Jun-21	172.38	3747.26	1901.21	1,591.00	18.19	694.54	2,684.28	9,964.45	4.564	3.308	5.232	6.157	7.326
21-Jun-21	172.70	3755.62	1902.75	967.00	9.04	321.83	2,689.25	6,709.05	4.635	3.305	5.273	6.204	7.316
22-Jun-21	172.94	3768.13	1898.91	1,182.00	37.28	1,411.32	2,693.05	7,157.95	4.723	3.344	5.378	6.235	7.336
23-Jun-21	172.30	3753.14	1898.68	949.00	27.78	441.30	2,682.99	6,345.90	4.684	3.341	5.314	6.282	7.365
24-Jun-21	171.61	3736.36	1890.30	1,164.00	20.32	588.23	2,672.18	7,016.60	4.657	3.332	5.333	6.265	7.345
June 18-24	171.61	3736.36	1890.30	5,853.00	112.61	3,457.23	2,672.18	37,193.95	4.657	3.332	5.333	6.265	7.345
Weekly Changes (%)	-1.08	-0.79	-0.96	13.08	42.22	21.81	-1.08	195.65	-0.060*	-0.021*	0.017*	-0.051*	-0.020*

* Percentage points

Source: Nairobi Securities Exchange (NSE) and Thompson Reuters

Chart 2: Yields on 10 year Eurobonds for Selected Countries



Source: Thomson Reuters

Table 7: Government Domestic Debt (KSh Billion)

	30-Jun-20	30-Sep-20	31-Dec-20	31-Mar-21	28-May-21	11-Jun-21	18-Jun-21
1. Treasury Bills (Excluding Repos)	887.14	894.73	855.71	761.90	759.10	767.94	766.27
<i>(As % of total securities)</i>	28.56	26.50	25.04	21.79	21.15	21.35	21.31
2. Treasury Bonds	2,219.44	2,482.24	2,561.33	2,734.47	2,829.73	2,829.73	2,829.73
<i>(As % of total securities)</i>	71.44	73.50	74.96	78.21	78.85	78.65	78.69
3. Total Securities (1+2)	3,106.59	3,376.98	3,417.05	3,496.37	3,588.83	3,597.67	3,596.00
4. Overdraft at Central Bank	47.15	56.21	47.60	49.28	60.17	54.23	56.65
5. Other Domestic debt*	23.24	23.92	23.90	24.19	23.20	24.04	24.05
6. Gross Domestic Debt (3+4+5)	3,176.97	3,457.11	3,488.54	3,569.84	3,672.20	3,675.95	3,676.71

* Other domestic debt includes clearing items in transit, advances from commercial banks, Pre-1997 Government Overdraft and Tax Reserve Certificates

Source: Central Bank of Kenya

Table 8: Composition of Government Domestic Debt by Instrument (Percent)

	30-Jun-20	30-Sep-20	31-Dec-20	31-Mar-21	28-May-21	11-Jun-21	18-Jun-21
Treasury bills (Excluding Repos)	27.92	25.88	24.53	21.34	20.67	20.89	20.84
Treasury bonds	69.86	71.80	73.42	76.60	77.06	76.98	76.96
Overdraft at Central Bank	1.48	1.63	1.36	1.38	1.64	1.48	1.54
Other domestic debt	0.73	0.69	0.69	0.68	0.63	0.65	0.65
TOTAL	100.00	100.00	100.00	100.00	100.00	100.00	100.00

Source: Central Bank of Kenya

Table 9: Composition of Government Domestic Debt by Holder (Percent)

	30-Jun-20	30-Sep-20	31-Dec-20	31-Mar-21	28-May-21	11-Jun-21	18-Jun-21
Banking Institutions	54.84	54.55	52.83	51.75	51.45	51.56	51.39
Insurance Companies	6.05	6.16	6.44	6.57	6.64	6.63	6.63
Parastatals	5.73	5.47	5.69	5.62	5.43	5.51	5.44
Pension Funds	29.04	28.53	30.32	30.46	30.59	30.41	30.64
Other Investors	4.34	5.30	4.73	5.59	5.90	5.90	5.90
Total	100.00	100.00	100.00	100.00	100.00	100.00	100.00

Source: Central Bank of Kenya

Table 10: Indicators of Government Debt

	Jun-19	Jun-20	Sep-20	Dec-20	Jan-21	Feb-21	Mar-21
Domestic debt (KSh Bn)	2,785.94	3,176.97	3,457.11	3,488.54	3,532.56	3,531.18	3,569.84
Public & Publicly Guaranteed External debt (USD Bn)	29.55	33.01	33.77	34.75	34.68	34.74	34.42
Public & Publicly Guaranteed External debt (KSh Bn)	3,023.14	3,515.81	3,663.49	3,793.29	3,819.70	3,814.29	3,769.87
Public debt (KSh Bn)	5,809.08	6,692.78	7,120.60	7,281.83	7,352.26	7,345.47	7,339.71

Source: National Treasury and Central Bank of Kenya