



Central Bank of Kenya

# Weekly Bulletin

November 27, 2020

## KEY MONETARY AND FINANCIAL INDICATORS

### Monetary Policy Committee Meeting

The Monetary Policy Committee (MPC) met on November 26 and noted that the package of policy measures implemented since March were having the intended effect on the economy, and are being augmented by implementation of the announced fiscal measures in the FY2020/21 Budget. The MPC concluded that the current accommodative monetary policy stance remains appropriate, and therefore decided to retain the Central Bank Rate (CBR) at 7.00 percent.

### Exchange Rates

The Kenya Shilling depreciated marginally against major international and regional currencies during the week ending November 26. It exchanged at KSh 109.86 per US dollar on November 26, compared to KSh 109.32 per US dollar on November 19 (Table 1).

### Foreign Exchange Reserves

The usable foreign exchange reserves remained adequate at USD 7,951 million (4.88 months of import cover) as at November 26. 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).

### Current Account

Provisional data on balance of payments shows that the current account deficit narrowed to 4.9 percent of GDP in the 12 months to October 2020 compared to 5.3 percent of GDP during a similar period in 2019 (Chart 1). This reflected strong performance of agricultural exports, resilient remittances, as well as lower oil imports.

### Money Markets

The money market was relatively liquid during the week ending November 26, supported by government payments, which partly offset tax receipts. Commercial banks' excess reserves stood at KSh 6.3 billion in relation to the 4.25 percent cash reserves requirement (CRR). Open market operations remained active. The average interbank rate was 3.64 percent on November 26 compared to 3.05 percent on November 19. The average number of interbank deals per day increased to 27 from

12 in the previous week and the average value traded also increased to KSh 12.8 billion from KSh 4.7 billion in the previous week (Table 3).

### Government Securities Market

The Treasury bills auction of November 26 received bids totaling KSh 15.4 billion against an advertised amount of KSh 24.0 billion, representing a performance of 64.3 percent. Interest rates on all the Treasury bills tenors remained stable, only rising marginally (Table 4).

### Equity Market

At the Nairobi Securities Exchange, the NASI, NSE 25 share price index and market capitalization, increased by 1.1 percent, 0.8 percent and 1.1 percent, respectively, during the week ending November 26. The total shares traded and equity turnover also increased by 49.1 percent and 62.5 percent respectively during the week (Table 6).

### Bond Market

Turnover of bonds traded in the domestic secondary market increased by 12.4 percent during the week ending November 26 (Table 6). In the international market, yields on Kenya's Eurobonds declined by an average of 41.1 basis points. The yields on the 10 year Eurobonds for Ghana and Angola also declined (Chart 3).

### Global Trends

Global financial markets sentiment was positive during the week ending November 26 on account of news of a third Covid-19 vaccine, formal announcement of commencement of presidential transition process in the US, and the planned easing of lockdowns in Europe.

International oil prices increased during the week driven by positive vaccine news. Murban oil price increased to USD 48.57 per barrel on November 26 from USD 44.56 per barrel on November 19.

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

	USD	Sterling Pound	Euro	100 Japanese Yen	USHS*	TSHS*	RWF*	BIF*
13-Nov-20	109.11	143.59	128.75	103.60	33.86	21.25	9.05	17.75
16-Nov-20	109.11	143.59	128.75	103.60	33.86	21.25	9.05	17.75
17-Nov-20	109.23	144.17	129.36	104.41	33.83	21.23	9.04	17.73
18-Nov-20	109.26	144.68	129.70	105.02	33.84	21.22	9.04	17.73
19-Nov-20	109.32	145.05	129.77	105.32	33.94	21.21	9.04	17.72
<b>Nov 13-19</b>	<b>109.21</b>	<b>144.22</b>	<b>129.27</b>	<b>104.39</b>	<b>33.87</b>	<b>21.23</b>	<b>9.04</b>	<b>17.73</b>
20-Nov-20	109.39	144.85	129.45	105.14	33.87	21.20	9.03	17.71
23-Nov-20	109.45	145.36	129.87	105.46	33.85	21.19	9.03	17.70
24-Nov-20	109.54	146.58	130.34	105.57	33.81	21.17	9.02	17.69
25-Nov-20	109.72	146.28	130.22	104.94	33.77	21.14	9.01	17.66
26-Nov-20	109.86	146.53	130.65	105.22	33.72	21.11	9.00	17.64
<b>Nov 20-26</b>	<b>109.59</b>	<b>145.92</b>	<b>130.11</b>	<b>105.27</b>	<b>33.80</b>	<b>21.16</b>	<b>9.02</b>	<b>17.68</b>

\* Units of currency per Kenya Shilling

Source :Central Bank of Kenya

**Table 2: Official Foreign Exchange Reserves US\$ Million (Usable)**

	29-Oct-20	5-Nov-20	12-Nov-20	19-Nov-20	26-Nov-20
1. CBK Usable Foreign Exchange Reserves (USD Million)	8,121	8,128	8,142	7,928	7,951
2. CBK Usable Foreign Exchange Reserves (Months of Import Cover)*	4.93	4.93	4.94	4.87	4.88

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

Source: Central Bank of Kenya

**Table 3: Money Market**

Date	Number of Deals	Value (KSh M)	Average Interbank Rate (%)
13-Nov-20	10	5,200.00	2.74
16-Nov-20	14	6,050.00	2.90
17-Nov-20	12	4,190.00	2.95
18-Nov-20	13	3,705.00	3.00
19-Nov-20	12	4,225.00	3.05
<b>Nov 13-19, 2020</b>	<b>12</b>	<b>4,674.00</b>	<b>2.93</b>
20-Nov-20	17	5,860.00	3.14
23-Nov-20	30	23,620.00	3.23
24-Nov-20	33	13,945.00	3.34
25-Nov-20	32	11,960.00	3.49
26-Nov-20	24	8,470.00	3.64
<b>Nov 20-26, 2020</b>	<b>27</b>	<b>12,771.00</b>	<b>3.37</b>

Source :Central Bank of Kenya

**Table 4: Performance of Treasury Bills Auctions**

91-Day Treasury Bills						
Date of Auction	8-Oct-20	15-Oct-20	22-Oct-20	29-Oct-20	19-Nov-20	26-Nov-20
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)	7,458.93	8,606.77	4,122.47	2,996.75	5,581.88	4,578.36
Amount Accepted (KSh M)	7,375.21	8,114.99	4,121.49	2,505.10	5,560.64	3,595.33
Maturities (KSh M)	18,704.45	30,310.30	10,965.75	12,075.95	2,647.55	4,042.30
<b>Average Interest Rate (%)</b>	<b>6.468</b>	<b>6.520</b>	<b>6.589</b>	<b>6.653</b>	<b>6.706</b>	<b>6.730</b>
182-Day Treasury Bills						
Date of Auction	8-Oct-20	15-Oct-20	22-Oct-20	29-Oct-20	19-Nov-20	26-Nov-20
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)	3,930.46	7,096.82	7,227.81	3,306.60	6,502.84	6,371.30
Amount Accepted (KSh M)	3,329.63	6,130.87	6,744.88	3,305.83	6,498.06	5,888.93
Maturities (KSh M)	1,626.05	772.55	4,619.10	2,621.45	5,732.95	1,457.90
<b>Average Interest Rate (%)</b>	<b>6.853</b>	<b>6.909</b>	<b>6.967</b>	<b>7.038</b>	<b>7.152</b>	<b>7.193</b>
364-Day Treasury Bills						
Date of Auction	8-Oct-20	15-Oct-20	22-Oct-20	29-Oct-20	19-Nov-20	26-Nov-20
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)	15,010.33	15,888.06	8,173.50	11,010.11	12,931.81	4,476.58
Amount Accepted (KSh M)	14,084.56	15,744.90	8,140.63	10,721.36	12,098.00	3,965.10
Maturities (KSh M)	12,089.80	8,371.60	14,261.45	14,027.10	5,308.05	4,374.00
<b>Average Interest Rate (%)</b>	<b>7.762</b>	<b>7.800</b>	<b>7.840</b>	<b>7.933</b>	<b>8.094</b>	<b>8.151</b>

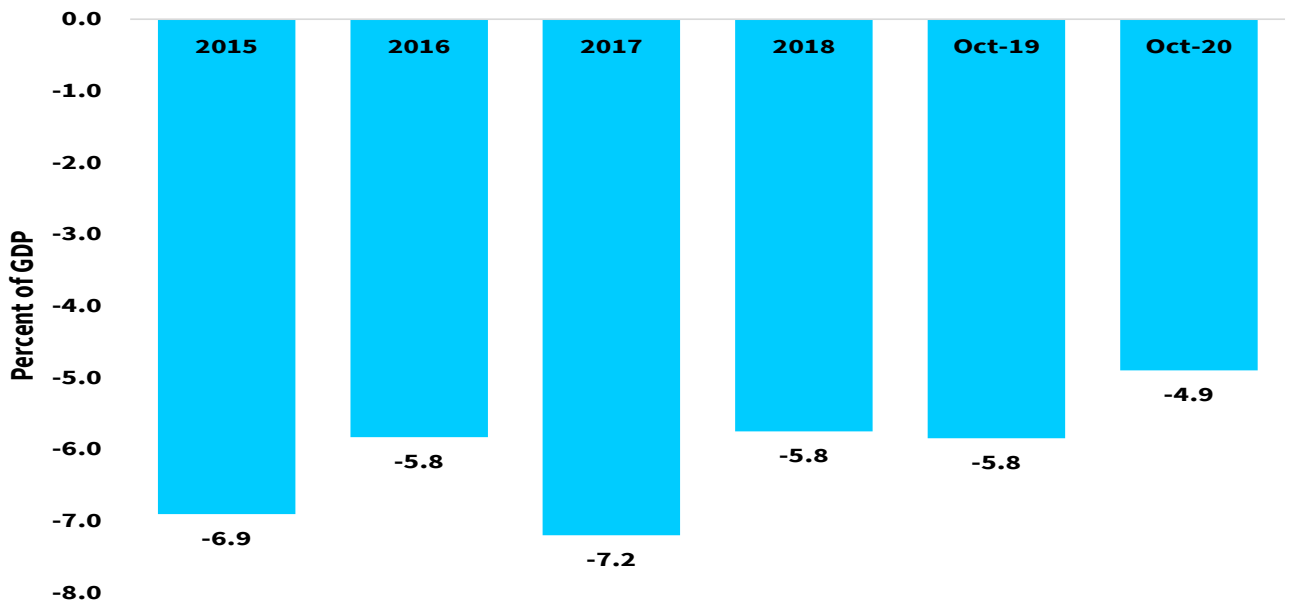
Source: Central Bank of Kenya

**Table 5: Performance of Treasury Bond Auctions**

Date of Auction	16-Sept-20			14-Oct-20		11-Nov-20	18-Nov-20	
	REOPEN			REOPEN		TAP	REOPEN	
Tenor	FXD1/ 2011/20	FXD1/ 2020/15	FXD2/ 2010/15	FXD1/ 2011/20	FXD1/ 2018/25	FXD1/ 2018/25	FXD2/ 2013/15	FXD1/ 2018/20
Amount offered (KSh M)	50,000.00			50,000.00		20,000.00	40,000.00	
Bids received (KSh M)	14,044.33	49,791.29	17,841.15	23,155.69	45,981.50	7,959.90	27,102.68	28,877.58
Amount Accepted (KSh M)	7,465.13	45,691.75	11,019.41	16,992.04	43,034.10	7,904.66	26,226.46	27,490.59
Maturities (KSh M)	0.00			33,387.90		0.00	30,673.85	
Average interest Rate (%)	11.87	12.51	10.46	11.99	13.49	13.49	11.45	13.25

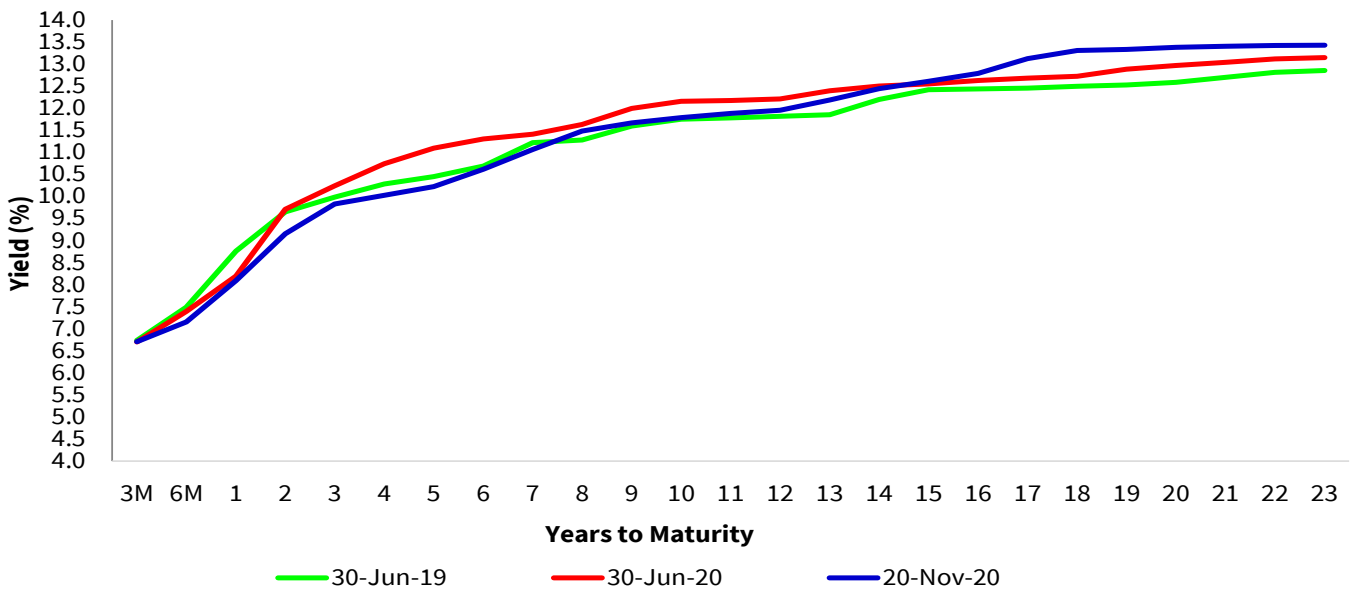
Source: Central Bank of Kenya

**Chart 1: Current Account Balance**



Source: Central Bank of Kenya

**Chart 2: Government Securities Yield Curve**



Source: Nairobi Securities Exchange (NSE)

**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
13-Nov-20	143.9	3,280.7	1,789.5	831.0	16.4	371.9	2,209.9	2,617.8	5.451	4.700	6.086	6.851	7.739
16-Nov-20	144.5	3,283.5	1,783.2	706.0	7.9	266.8	2,218.2	4,095.8	5.536	4.699	5.962	6.723	7.729
17-Nov-20	144.5	3,290.2	1,787.5	855.0	14.1	362.8	2,218.8	2,614.8	5.608	4.734	6.003	6.755	7.707
18-Nov-20	144.1	3,278.3	1,788.5	797.0	6.6	209.8	2,212.3	2,372.0	5.401	4.696	6.003	6.802	7.676
19-Nov-20	142.4	3,241.0	1,784.4	750.0	13.4	435.3	2,186.1	1,063.0	5.370	4.691	5.899	6.627	7.645
<b>Nov 13-19</b>	<b>142.38</b>	<b>3,240.97</b>	<b>1,784.40</b>	<b>3,939.00</b>	<b>58.44</b>	<b>1,646.62</b>	<b>2,186.08</b>	<b>12,763.25</b>	<b>5.37</b>	<b>4.69</b>	<b>5.90</b>	<b>6.63</b>	<b>7.65</b>
20-Nov-20	143.7	3,255.7	1,785.9	953.0	29.3	908.9	2,206.6	2,443.5	5.250	4.471	5.736	6.425	7.451
23-Nov-20	143.8	3,258.2	1,786.9	576.0	9.4	480.8	2,207.2	2,293.4	5.212	4.360	5.615	6.363	7.361
24-Nov-20	143.0	3,251.0	1,790.7	782.0	15.1	432.6	2,195.3	1,875.3	5.037	4.212	5.514	6.180	7.273
25-Nov-20	143.9	3,266.7	1,790.4	729.0	12.3	323.6	2,209.9	4,278.6	4.967	4.062	5.413	6.044	7.186
26-Nov-20	144.0	3,267.3	1,781.1	1,017.0	21.0	529.2	2,210.7	3,451.0	5.105	4.279	5.513	6.074	7.205
<b>Nov 20-26</b>	<b>143.98</b>	<b>3,267.31</b>	<b>1,781.09</b>	<b>4,057.00</b>	<b>87.12</b>	<b>2,675.10</b>	<b>2,210.73</b>	<b>14,341.65</b>	<b>5.11</b>	<b>4.28</b>	<b>5.51</b>	<b>6.07</b>	<b>7.21</b>
<b>Weekly Changes (%)</b>	<b>1.12</b>	<b>0.81</b>	<b>-0.19</b>	<b>3.00</b>	<b>49.06</b>	<b>62.46</b>	<b>1.13</b>	<b>12.37</b>	<b>-0.265*</b>	<b>-0.412*</b>	<b>-0.386*</b>	<b>-0.553*</b>	<b>-0.440*</b>

\* Percentage points

Source: Nairobi Securities Exchange (NSE) and Thompson Reuters

**Table 7: Government Domestic Debt (KSh Billion)**

	28-Jun-19	31-Dec-19	31-Mar-20	30-Jun-20	30-Sep-20	30-Oct-20	20-Nov-20
1. Treasury Bills (Excluding Repos)	954.25	878.94	900.62	887.14	894.73	858.68	848.39
<b>(As % of total securities)</b>	<b>35.29</b>	<b>30.80</b>	<b>30.09</b>	<b>28.55</b>	<b>26.50</b>	<b>25.48</b>	<b>25.19</b>
2. Treasury Bonds	1,749.71	1,974.69	2,092.64	2,220.34	2,482.24	2,511.27	2,519.22
<b>(As % of total securities)</b>	<b>64.71</b>	<b>69.20</b>	<b>69.91</b>	<b>71.45</b>	<b>73.50</b>	<b>74.52</b>	<b>74.81</b>
3. Total Securities (1+2)	2,703.96	2,853.63	2,993.26	3,107.48	3,376.98	3,369.95	3,367.61
4. Overdraft at Central Bank	57.33	63.72	54.18	47.15	56.21	63.53	53.27
5. Other Domestic debt*	25.76	24.75	25.10	23.24	23.92	23.94	24.15
<b>6. Gross Domestic Debt (3+4+5)</b>	<b>2,787.04</b>	<b>2,942.10</b>	<b>3,072.54</b>	<b>3,177.87</b>	<b>3,457.11</b>	<b>3,457.42</b>	<b>3,445.03</b>

\* 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)**

	28-Jun-19	31-Dec-19	31-Mar-20	30-Jun-20	30-Sep-20	30-Oct-20	20-Nov-20
Treasury bills (Excluding Repos)	34.24	29.87	29.31	27.92	25.88	24.84	24.63
Treasury bonds	62.78	67.12	68.11	69.87	71.80	72.63	73.13
Overdraft at Central Bank	2.06	2.17	1.76	1.48	1.63	1.84	1.55
Other domestic debt	0.92	0.84	0.82	0.73	0.69	0.69	0.70
<b>TOTAL</b>	<b>100.00</b>	<b>100.00</b>	<b>100.00</b>	<b>100.00</b>	<b>100.00</b>	<b>100.00</b>	<b>100.00</b>

Source: Central Bank of Kenya

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

	30-Jun-19	31-Dec-19	31-Mar-20	30-Jun-20	30-Sep-20	30-Oct-20	20-Nov-20
Banking Institutions	54.38	54.33	54.33	54.86	55.15	54.66	54.45
Insurance Companies	6.13	6.42	6.30	6.05	6.16	6.30	6.36
Parastatals	6.97	6.49	6.13	5.73	5.47	5.56	5.63
Pension Funds	28.24	28.60	29.04	29.05	28.52	28.75	28.80
Other Investors	4.28	4.17	4.20	4.32	4.71	4.73	4.76
<b>Total</b>	<b>100.00</b>	<b>100.00</b>	<b>100.00</b>	<b>100.00</b>	<b>100.00</b>	<b>100.00</b>	<b>100.00</b>

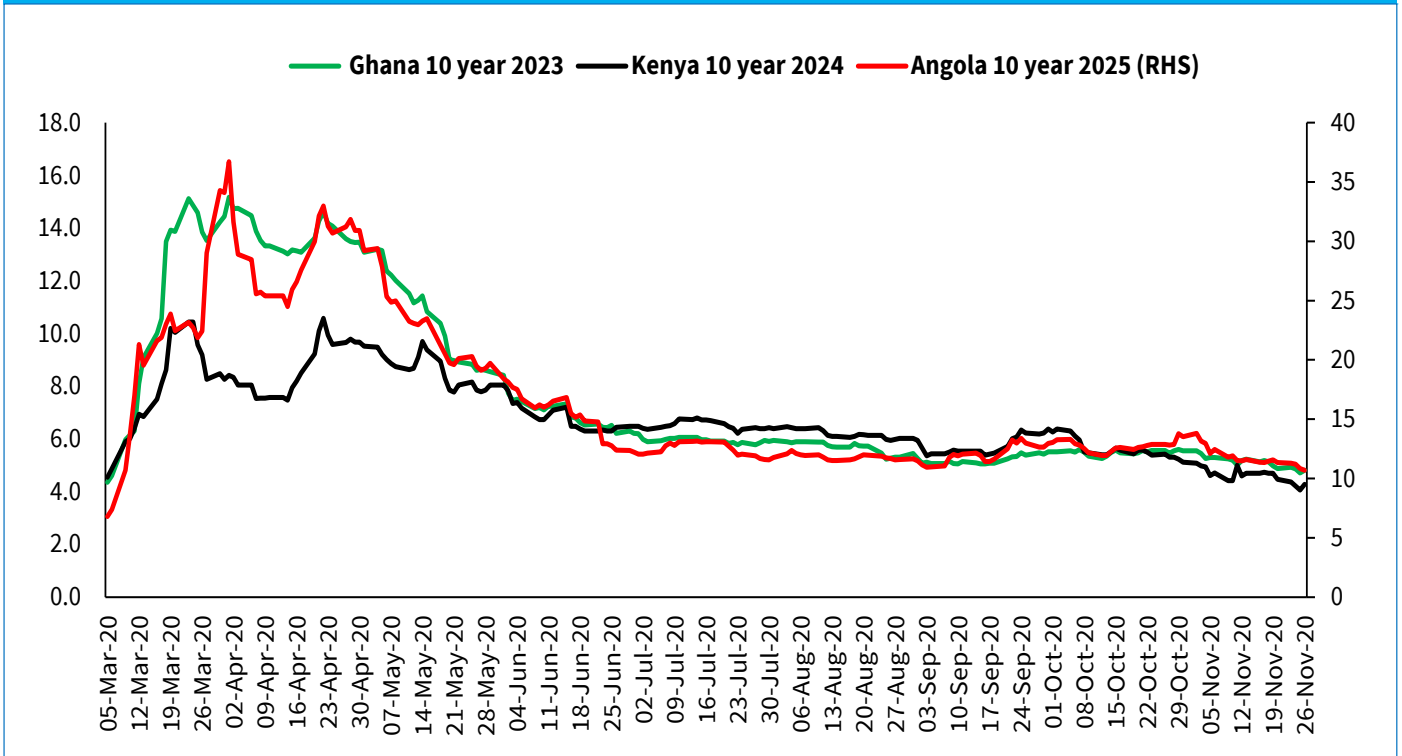
Source: Central Bank of Kenya

**Table 10: Indicators of Government Debt**

	Jun-19	Sep-19	Dec-19	Mar-20	Jun-20	Aug-20	Sep-20
Domestic debt (KSh Bn)	2,787.04	2,851.64	2,942.10	3,072.54	3,177.87	3,401.61	3,457.11
Public & Publicly Guaranteed External debt (US \$ Bn)	29.55	29.95	30.66	30.69	33.01	33.88	33.77
Public & Publicly Guaranteed External debt (KSh Bn)	3,023.14	3,111.80	3,106.82	3,212.63	3,515.81	3,666.32	3,663.49
Public debt (KSh Bn)	<b>5,810.18</b>	<b>5,963.44</b>	<b>6,048.93</b>	<b>6,285.18</b>	<b>6,693.68</b>	<b>7,067.93</b>	<b>7,120.60</b>

Source: National Treasury and Central Bank of Kenya

**Chart 3: Yields on 10 year Eurobonds for Selected African Countries**



Source: Thomson Reuters