



Central Bank of Kenya

Weekly Bulletin

March 5, 2021

KEY MONETARY AND FINANCIAL INDICATORS

Exchange Rates

The Kenya Shilling remained stable against major international and regional currencies during the week ending March 4. It exchanged at KSh 109.69 per US dollar on March 4, compared to KSh 109.77 per US dollar on February 25 (Table 1).

Foreign Exchange Reserves

The usable foreign exchange reserves remained adequate at USD 7,359 million (4.52 months of import cover) as at March 4. 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 Markets

The money market was relatively liquid during the week ending March 4, supported by government payments which offset tax remittances. Commercial banks' excess reserves stood at KSh 13.5 billion in relation to the 4.25 percent cash reserves requirement (CRR). Open market operations remained active. The interbank rate averaged 5.05 percent on March 4 compared to 4.22 percent on February 25. During the week, the average number of interbank deals per day decreased to 25 from 30 in the previous week, while the average value traded decreased to KSh 10.9 billion from KSh 16.1 billion in the previous week (Table 3).

Government Securities Market

The Treasury bills auction of March 4 received bids totalling KSh 33.8 billion against an advertised amount of KSh 24.0 billion, representing a performance of 141.0 percent. Interest rates on the Treasury bills remained stable (Table 5).

Equity Market

At the Nairobi Securities Exchange, the NSE 20 share price index increased by 2.1 percent during the week ending March 4. However, the NASI, NSE 25 share price index and market capitalisation declined by 1.7 percent, 0.8 percent and 1.7 percent, respectively (Table 6).

Bonds Market

Turnover of bonds in the domestic secondary market declined by 7.1 percent during the week ending March 4 (Table 6). In the international market, yields on Kenya's Eurobonds declined by an average of 28.9 basis points. Yields on the 10-year Eurobonds for Ghana and Angola also declined (Chart 2).

Global Trends

Global financial markets remained anxious during the week ending March 4 due to conflicting factors. Falling Covid-19 infection rates, increased uptake of Vaccines, strong corporate profits, and ample liquidity from central banks supported positive sentiments. However, these were counter balanced by rising inflation expectations and an unexpected spike in interest rates during the week.

Global oil prices declined during the week, largely due to inventory buildup. Murban oil price decreased to USD 63.32 per barrel on March 4 from USD 65.58 per barrel on February 25.

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

	USD	Sterling Pound	Euro	100 Japanese Yen	USHS*	TSHS*	RWF*	BIF*
19-Feb-21	109.55	152.66	132.29	103.62	33.44	21.17	9.06	17.74
22-Feb-21	109.60	153.45	133.00	104.06	33.47	21.16	9.06	17.74
23-Feb-21	109.60	153.65	132.92	103.86	33.50	21.16	9.06	17.74
24-Feb-21	109.70	154.40	133.25	104.18	33.45	21.14	9.05	17.72
25-Feb-21	109.77	155.22	133.46	103.73	33.43	21.13	9.05	17.71
Feb 19-Feb 25	109.64	153.88	132.98	103.89	33.46	21.15	9.06	17.73
26-Feb-21	109.80	154.84	133.83	103.45	33.38	21.12	9.05	17.71
1-Mar-21	109.80	153.48	133.19	103.11	33.38	21.12	9.05	17.71
2-Mar-21	109.80	153.16	132.24	102.91	33.36	21.12	9.05	17.71
3-Mar-21	109.80	152.75	132.06	102.74	33.33	21.12	9.05	17.71
4-Mar-21	109.69	153.13	132.38	102.66	33.37	21.14	9.06	17.73
Feb 26-Mar 4	109.78	153.47	132.74	102.97	33.36	21.12	9.05	17.72

* Units of currency per Kenya Shilling

Source :Central Bank of Kenya

Table 2: Official Foreign Exchange Reserves (USD Million)

	4-Feb-21	11-Feb-21	18-Feb-21	25-Feb-21	4-Mar-21
1. CBK Usable Foreign Exchange Reserves (USD Million)	7,617	7,638	7,605	7,605	7,359
2. CBK Usable Foreign Exchange Reserves (Months of Import Cover)*	4.68	4.69	4.67	4.67	4.52

*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 (%)
19-Feb-21	34	16,105.00	4.03
22-Feb-21	37	19,240.00	4.18
23-Feb-21	26	17,910.00	4.11
24-Feb-21	30	15,110.00	4.27
25-Feb-21	23	11,950.00	4.22
Feb 19-25, 2021	30	16,063.00	4.16
26-Feb-21	26	11,730.00	4.23
1-Mar-21	23	9,700.00	4.55
2-Mar-21	27	12,960.00	4.72
3-Mar-21	22	8,890.00	4.95
4-Mar-21	27	11,360.00	5.05
Feb 26- Mar 4, 2021	25	10,928.00	4.70

Source: Central Bank of Kenya

Table 4: Performance of Treasury Bills Auctions

91-Day Treasury Bills						
Date of Auction	28-Jan-21	4-Feb-21	11-Feb-21	18-Feb-21	25-Feb-21	4-Mar-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)	508.70	504.73	956.43	4,674.45	6,281.66	7,045.17
Amount Accepted (KSh M)	507.72	489.41	945.08	4,655.48	4,806.25	6,062.14
Maturities (KSh M)	2,536.00	2,309.20	8,697.95	5,641.75	3,633.50	2,514.40
Average Interest Rate (%)	6.897	6.873	6.905	6.911	6.931	7.024
182-Day Treasury Bills						
Date of Auction	28-Jan-21	4-Feb-21	11-Feb-21	18-Feb-21	25-Feb-21	4-Mar-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)	1,969.87	2,085.09	4,697.75	11,403.48	10,227.69	7,773.77
Amount Accepted (KSh M)	1,969.87	2,020.55	4,216.39	10,681.88	7,340.21	6,809.86
Maturities (KSh M)	1,555.20	9,905.70	7,190.10	899.50	5,056.35	2,761.95
Average Interest Rate (%)	7.578	7.594	7.644	7.684	7.722	7.765
364-Day Treasury Bills						
Date of Auction	28-Jan-21	4-Feb-21	11-Feb-21	18-Feb-21	25-Feb-21	4-Mar-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)	13,416.65	14,210.31	16,079.26	13,901.18	15,164.20	19,016.49
Amount Accepted (KSh M)	13,414.35	12,373.61	14,074.59	13,471.78	14,522.84	17,293.12
Maturities (KSh M)	22,392.40	8,680.60	24,209.35	27,650.90	10,954.45	20,558.30
Average Interest Rate (%)	8.623	8.716	8.824	8.931	9.014	9.071

Source: Central Bank of Kenya

Table 5: Performance of Treasury Bond Auctions

Date of Auction	6-Jan-21	20-Jan-21	3-Feb-21		17-Feb-21	
			REOPEN		TAP	
Tenor	FXD1/ 2021/02	IFB1/ 2021/016	FXD1/ 2013/15	FXD1/ 2012/20	FXD1/ 2013/15	FXD1/ 2012/20
Amount offered (KSh M)	25,000.00	50,000.00	50,000.00		18,000.00	
Bids received (KSh M)	61,150.39	125,472.82	13,553.50	28,308.65	7,164.85	4,071.20
Amount Accepted (KSh M)	55,860.26	81,052.52	9,408.58	22,713.42	6,985.73	3,924.84
Maturities (KSh M)	0.00	31,120.85	7,868.37		0.00	
Average interest Rate (%)	9.49	12.26	11.78	12.59	11.78	12.59

Source: Central Bank of Kenya

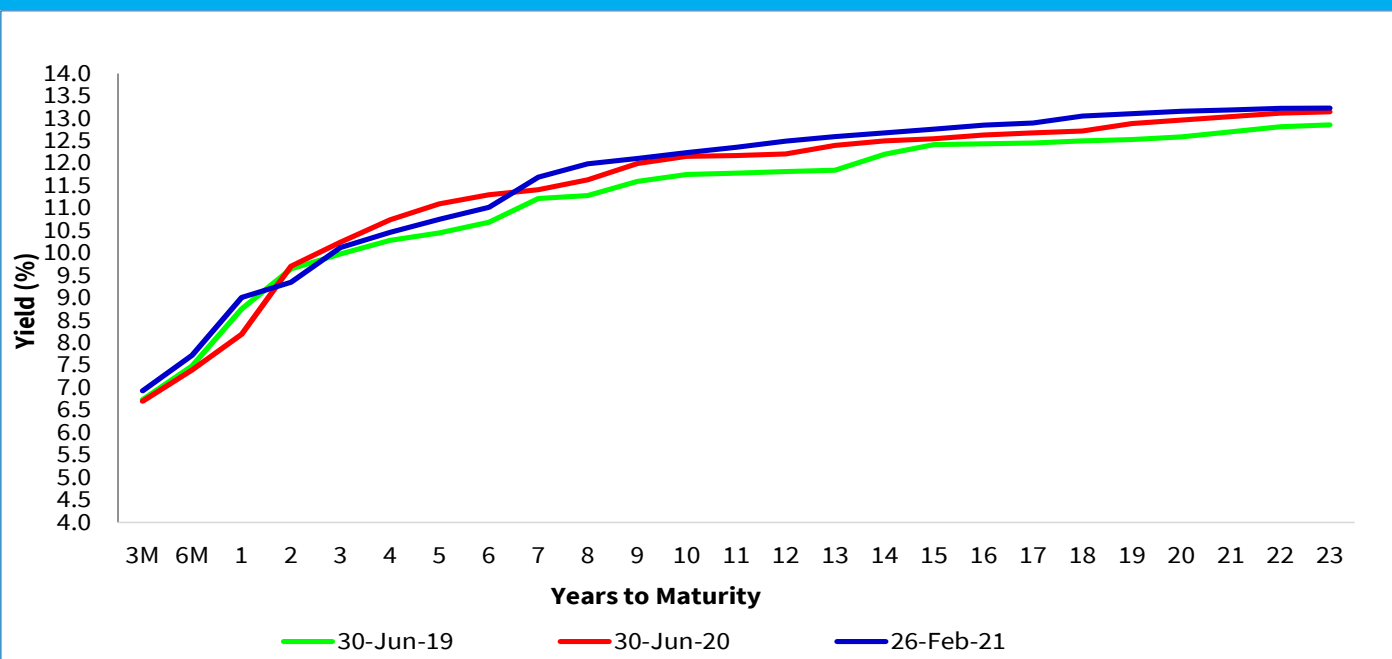
Table 6: Key Weekly Market Indicators

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
19-Feb-21	165.55	3638.47	1888.47	1088.00	18.25	488.52	2,543.63	5,506.55	4.668	3.435	5.207	6.165	7.165
22-Feb-21	165.86	3637.31	1877.46	1017.00	16.75	650.81	2,548.47	3,462.60	4.764	3.545	5.368	6.288	7.204
23-Feb-21	165.89	3627.37	1883.64	970.00	28.25	1,074.73	2,548.92	4,965.60	4.683	3.355	5.327	6.273	7.262
24-Feb-21	165.85	3628.83	1877.67	869.00	14.63	601.11	2,548.34	1,321.35	4.630	3.352	5.266	6.241	7.213
25-Feb-21	165.64	3618.30	1896.68	839.00	10.65	499.46	2,545.09	1,888.00	4.650	3.301	5.303	6.240	7.223
Feb 19-25	165.64	3618.30	1896.68	4783.00	88.54	3,314.63	2,545.09	17,144.10	4.650	3.301	5.303	6.240	7.223
26-Feb-21	165.39	3624.96	1915.68	1025.00	10.20	352.78	2,541.16	3,445.40	4.748	3.336	5.425	6.364	7.360
1-Mar-21	165.20	3623.76	1912.79	1055.00	10.89	355.54	2,538.23	2,758.60	4.647	3.258	5.322	6.317	7.320
2-Mar-21	164.92	3622.31	1922.58	1057.00	26.37	752.63	2,533.95	1,443.85	4.594	3.143	5.281	6.254	7.281
3-Mar-21	163.43	3605.78	1934.90	1005.00	5.69	197.72	2,511.05	3,806.30	4.597	3.140	5.260	6.223	7.252
4-Mar-21	162.79	3589.32	1936.98	1062.00	16.13	619.14	2,501.13	4,468.10	4.631	3.207	5.319	6.269	7.271
Feb 26-Mar 4	162.79	3589.32	1936.98	5204.00	69.29	2,277.81	2,501.13	15,922.25	4.631	3.207	5.319	6.269	7.271
Weekly Chang- es (%)	-1.72	-0.80	2.12	8.80	-21.74	-31.28	-1.73	-7.13	-0.019*	-0.940*	0.160*	0.029*	0.048*

* Percentage points

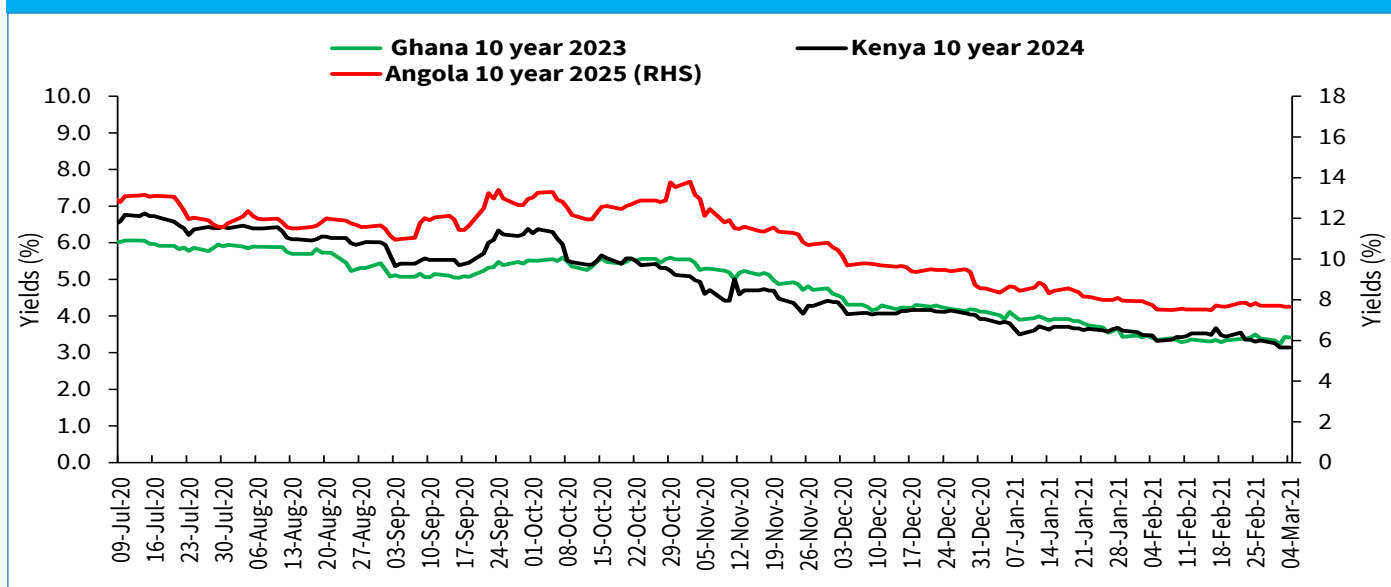
Source: Nairobi Securities Exchange (NSE) and Thompson Reuters

Chart 1: Government Securities Yield Curve



Source: Nairobi Securities Exchange (NSE)

Chart 2: Yields on 10 year Eurobonds for Selected African Countries



Source: Thomson Reuters

Table 7: Government Domestic Debt (KSh Billion)

	28-Jun-19	30-Jun-20	30-Sep-20	31-Dec-20	29-Jan-21	19-Feb-21	26-Feb-21
1. Treasury Bills (Excluding Repos)	954.25	887.14	894.73	855.71	785.46	751.72	748.00
<i>(As % of total securities)</i>	35.29	28.56	26.50	25.04	22.75	21.83	21.67
2. Treasury Bonds	1,749.71	2,219.44	2,482.24	2,561.33	2,667.02	2,692.36	2,703.56
<i>(As % of total securities)</i>	64.71	71.44	73.50	74.96	77.25	78.17	78.33
3. Total Securities (1+2)	2,703.96	3,106.59	3,376.98	3,417.05	3,452.48	3,444.07	3,451.56
4. Overdraft at Central Bank	57.33	47.15	56.21	47.60	55.27	49.99	55.40
5. Other Domestic debt*	25.76	23.24	23.92	23.90	23.90	25.90	24.25
6. Gross Domestic Debt (3+4+5)	2,787.04	3,176.97	3,457.11	3,488.54	3,531.65	3,519.97	3,531.22

* 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	30-Jun-20	30-Sep-20	31-Dec-20	29-Jan-21	19-Feb-21	26-Feb-21
Treasury bills (Excluding Repos)	34.24	27.92	25.88	24.53	22.24	21.36	21.18
Treasury bonds	62.78	69.86	71.80	73.42	75.52	76.49	76.56
Overdraft at Central Bank	2.06	1.48	1.63	1.36	1.57	1.42	1.57
Other domestic debt	0.92	0.73	0.69	0.69	0.68	0.74	0.69
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-19	30-Jun-20	30-Sep-20	31-Dec-20	29-Jan-21	19-Feb-21	26-Feb-21
Banking Institutions	54.38	54.86	55.14	53.29	53.32	53.49	53.46
Insurance Companies	6.13	6.05	6.16	6.44	6.40	6.49	6.48
Parastatals	6.97	5.73	5.47	5.69	5.64	5.58	5.66
Pension Funds	28.24	29.05	28.53	30.32	30.34	29.94	29.88
Other Investors	4.28	4.32	4.71	4.27	4.30	4.50	4.51
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	Dec-19	Jun-20	Sep-20	Oct-20	Nov-20	Dec-20
Domestic debt (KSh Bn)	2,787.04	2,942.10	3,176.97	3,457.11	3,457.64	3,482.65	3,488.54
Public & Publicly Guaranteed External debt (USD Bn)	29.55	30.66	33.01	33.77	34.05	34.27	34.75
Public & Publicly Guaranteed External debt (KSh Bn)	3,023.14	3,106.82	3,515.81	3,663.49	3,705.64	3,771.81	3,793.29
Public debt (KSh Bn)	5,810.18	6,048.93	6,692.78	7,120.60	7,163.29	7,254.46	7,281.83

Source: National Treasury and Central Bank of Kenya