



Central Bank of Kenya

Weekly Bulletin

September 11, 2020

KEY MONETARY AND FINANCIAL INDICATORS

Exchange Rates

The Kenya Shilling remained relatively stable against major international and regional currencies during the week ending September 10. It exchanged at KSh 108.40 per US dollar on September 10, compared to KSh 108.30 per US dollar on September 3 (Table 1).

Foreign Exchange Reserves

The usable foreign exchange reserves remained adequate at USD 8,877 million (5.39 months of import cover) as at September 10. This meets the CBK's statutory requirement to endeavor 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 September 10, supported by government payments. Commercial banks' excess reserves stood at KSh 34.7 billion in relation to the 4.25 percent cash reserves requirement (CRR). Open market operations remained active. The average interbank rate was 2.62 percent on September 10 compared to 3.06 percent on September 3. The average number of interbank deals per day increased to 28 from 23 in the previous week, and the value traded increased to KSh 13.4 billion from KSh 11.0 billion in the previous week (Table 3).

Government Securities Market

The Treasury bills auction of September 10 received bids totalling KSh 20.2 billion against an advertised amount of KSh 24.0 billion, representing a performance of 84.1 percent. Interest rates remained stable, with the 91-day Treasury bill rate declining slightly and those of the 182-day and 364-day Treasury bills rising marginally (Table 4).

Equity Market

At the Nairobi Securities Exchange, the NSE 20 share price index rose by 1.1 percent, while the NASI and NSE 25 share price index decreased by 0.7 percent and 0.8 percent, respectively during the week ending September 10. The number of shares traded, equity turnover and market capitalization also decreased by 30.4 percent, 35.7 percent and 0.7 percent, respectively (Table 10).

Bond Market

Turnover of bonds traded in the domestic secondary market decreased by 20.9 percent during the week ending September 10 (Table 10). In the international market, yields on Kenya's Eurobonds remained stable increasing by an average of 13.4 basis points. The yields on the 10-year Eurobonds for Angola and Ghana also remained stable (Chart 2).

Global Trends

International oil prices decreased during the week following a buildup in inventory attributed to subdued demand. Murban oil price declined to USD 39.95 per barrel on September 10 from USD 43.81 per barrel on September 3.

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

	USD	Sterling Pound	Euro	100 Japanese Yen	USHS*	TSHS*	RWF*	BIF*
28-Aug-20	108.22	142.83	127.85	101.98	33.99	21.44	8.93	17.83
31-Aug-20	108.21	143.50	128.55	102.49	33.97	21.44	8.94	17.83
1-Sep-20	108.21	143.76	128.71	102.16	34.01	21.44	8.94	17.84
2-Sep-20	108.26	145.84	129.80	102.08	33.99	21.43	8.93	17.83
3-Sep-20	108.30	144.62	128.25	101.98	34.03	21.42	8.93	17.82
Aug 28-Sep 3	108.24	144.11	128.63	102.14	34.00	21.43	8.93	17.83
4-Sep-20	108.32	143.77	128.19	101.79	34.02	21.42	8.93	17.82
7-Sep-20	108.33	143.98	128.15	101.94	34.02	21.42	8.93	17.82
8-Sep-20	108.34	142.80	128.16	101.93	34.01	21.41	8.93	17.82
9-Sep-20	108.37	141.93	127.97	101.98	34.03	21.41	8.93	17.81
10-Sep-20	108.40	140.34	127.85	102.08	34.10	21.40	8.93	17.81
Sep 04-10	108.35	142.56	128.06	101.95	34.04	21.41	8.93	17.82

* Units of currency per Kenya Shilling

Source :Central Bank of Kenya

Table 2: Official Usable Foreign Exchange Reserves

	13-Aug-20	20-Aug-20	27-Aug-20	31-Aug-20	3-Sep-20	10-Sep-20
1. CBK Usable Foreign Exchange Reserves (USD Million)	9,249	9,175	8,963	8,849	8,865	8,877
2. CBK Usable Foreign Exchange Reserves (Months of Import Cover)*	5.61	5.57	5.44	5.37	5.38	5.39

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

Source: Central Bank of Kenya

Table 3: Money Market

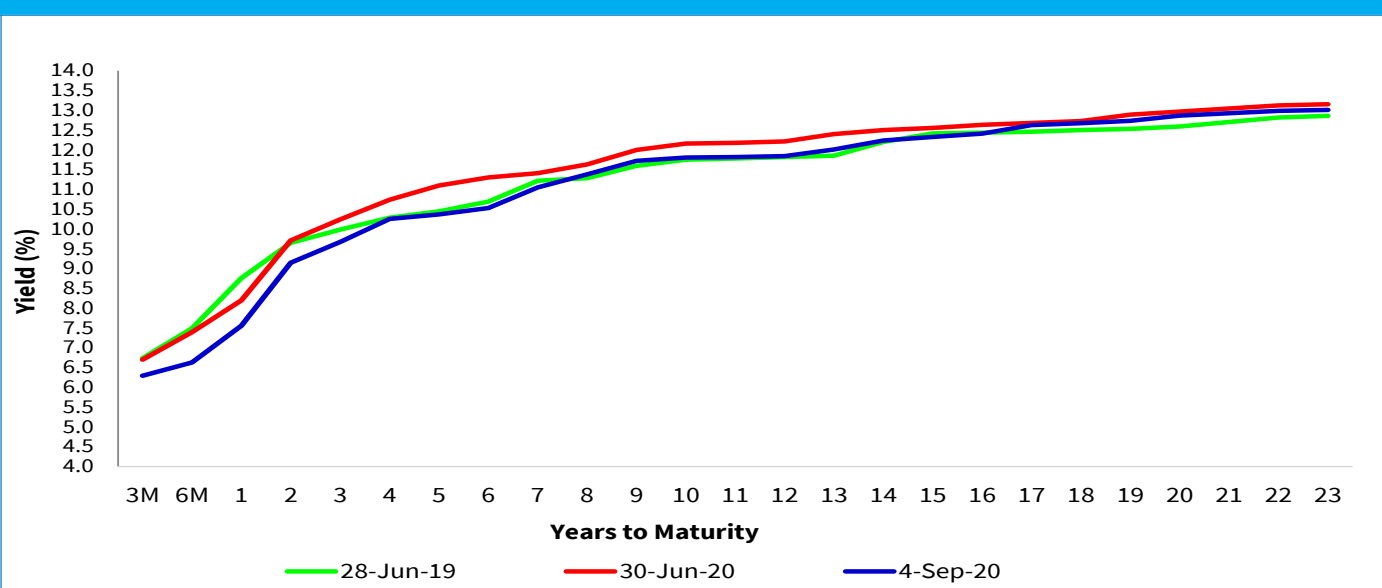
Date	Number of Deals	Value (KSh M)	Average Interbank Rate (%)
28-Aug-20	27	14,825.00	3.05
31-Aug-20	19	10,225.00	3.24
1-Sep-20	18	8,205.00	3.21
2-Sep-20	21	8,925.00	3.12
3-Sep-20	29	12,675.00	3.06
Aug 28-Sep 3	23	10,971.00	3.14
4-Sep-20	27	15,925.00	2.76
7-Sep-20	25	13,625.00	2.67
8-Sep-20	31	16,775.00	2.55
9-Sep-20	30	9,060.00	2.76
10-Sep-20	26	11,685.00	2.62
Sep 4-10	28	13,414.00	2.67

Source :Central Bank of Kenya

Table 4: Performance of Treasury Bills Auctions

91-Day Treasury Bills						
Date of Auction	6-Aug-20	13-Aug-20	20-Aug-20	27-Aug-20	3-Sep-20	10-Sep-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)	8,520.47	6,373.54	2,617.91	4,531.82	2,738.60	7,227.67
Amount Accepted (Ksh M)	7,535.73	6,373.54	2,617.51	3,988.09	2,248.26	7,214.49
Maturities (Ksh M)	2,466.15	7,775.85	7,992.80	2,285.85	4,309.50	3,924.05
Average Interest Rate (%)	6.123	6.200	6.257	6.273	6.295	6.267
182-Day Treasury Bills						
Date of Auction	6-Aug-20	13-Aug-20	20-Aug-20	27-Aug-20	3-Sep-20	10-Sep-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)	9,600.71	9,378.10	882.55	6,095.76	3,162.21	7,602.49
Amount Accepted (Ksh M)	9,600.71	6,968.43	882.55	4,901.01	2,682.80	7,510.40
Maturities (Ksh M)	17,337.20	6,669.45	7,909.25	2,771.45	2,050.40	2,609.25
Average Interest Rate (%)	6.549	6.561	6.600	6.625	6.627	6.689
364-Day Treasury Bills						
Date of Auction	6-Aug-20	13-Aug-20	20-Aug-20	27-Aug-20	3-Sep-20	10-Sep-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)	14,271.22	6,511.13	6,184.46	1,932.63	5,995.46	5,351.49
Amount Accepted (Ksh M)	13,344.93	5,306.17	6,184.46	1,836.51	5,995.46	3,960.39
Maturities (Ksh M)	19,677.60	16,448.55	9,717.75	8,496.70	7,879.45	7,907.80
Average Interest Rate (%)	7.455	7.517	7.508	7.507	7.554	7.564

Source: Central Bank of Kenya

Chart 1: Government Securities Yield

Source: Central Bank of Kenya

Table 5: Performance of Treasury Bonds Auctions

Date of Auction	17-Jun-20		22-Jul-20			5-Aug-20	19-Aug-20
	REOPEN		REOPEN			TAP	
Tenor	FXD3/2019/5	FXD4/2019/10	FXD1/2020/5	FXD2/2018/10	FXD1/2019/15	FXD2/2018/20	IFB1/2020/11
Amount offered (Ksh M)	40,000.00		60,000.00			40,000.00	70,000.00
Bids received (Ksh M)	105,135.63		65,336.90	55,488.14	60,947.80	41,006.20	101,471.04
Amount Accepted (Ksh M)	16,527.35	32,795.89	9,344.71	21,267.34	50,242.43	41,006.20	78,639.89
Maturities (Ksh M)	0.00		0.00			0.00	0.00
Average interest Rate (%)	11.19	12.42	10.26	11.45	12.34	12.93	11.30

Source: Central Bank of Kenya

Table 6: Government Domestic Debt (KSh Billion)

	28-Jun-19	30-Jun-20	30-Jul-20	14-Aug-20	21-Aug-20	28-Aug-20	04-Sep-20
1. Treasury Bills (Excluding Repos)	954.25	887.14	950.65	945.75	934.19	918.77	916.28
<i>(As % of total securities)</i>	35.29	28.55	29.26	28.81	28.55	27.53	27.48
2. Treasury Bonds	1,749.71	2,220.34	2,297.85	2,337.17	2,338.07	2,418.32	2,418.32
<i>(As % of total securities)</i>	64.71	71.45	70.74	71.19	71.45	72.47	72.52
3. Total Securities (1+2)	2,703.96	3,107.48	3,248.50	3,282.92	3,272.26	3,337.09	3,334.60
4. Overdraft at Central Bank	57.33	47.15	0.00	1.12	13.40	29.85	32.39
5. Other Domestic debt*	25.76	23.79	25.05	25.04	25.06	25.04	25.04
6. Gross Domestic Debt (3+4+5)	2,787.04	3,178.42	3,273.55	3,309.08	3,310.72	3,391.97	3,392.03

* 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 7: Composition of Government Domestic Debt by Instrument (percent)

	28-Jun-19	30-Sep-19	31-Dec-19	31-Mar-20	30-Jun-20	28-Aug-20	4-Sep-20
Treasury bills (Excluding Repos)	34.24	32.57	29.87	29.31	27.91	27.09	27.01
Treasury bonds	62.78	64.13	67.12	68.11	69.86	71.30	71.29
Overdraft at Central Bank	2.06	2.39	2.17	1.76	1.48	0.88	0.95
Other domestic debt	0.92	0.90	0.84	0.82	0.75	0.74	0.74
TOTAL	100.00	100.00	100.00	100.00	100.00	100.00	100.00

Source: Central Bank of Kenya

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

	28-Jun-19	31-Dec-19	31-Mar-20	30-Jun-20	21-Aug-20	28-Aug-20	4-Sep-20
Banking Institutions	54.38	54.33	54.33	54.86	54.32	54.94	54.82
Insurance Companies	6.13	6.42	6.30	6.05	6.22	6.12	6.12
Parastatals	6.97	6.49	6.13	5.73	5.53	5.34	5.42
Pension Funds	28.24	28.60	29.04	29.05	29.75	29.37	29.40
Other Investors	4.28	4.17	4.20	4.32	4.18	4.23	4.23
Total	100.00	100.00	100.00	100.00	100.00	100.00	100.00

Source: Central Bank of Kenya

Table 9: Indicators of Government Debt

	Jun-19	Sep-19	Dec-19	Mar-20	Apr-20	May-20	Jun-20
Domestic Debt (Kshs Bn)	2,787.04	2,851.64	2,942.10	3,072.54	3,119.42	3,153.14	3,178.42
Public & Publicly Guaranteed External Debt (US \$ Bn)	29.55	29.95	30.66	30.69	30.89	32.67	33.01
Public & Publicly Guaranteed External Debt (Ksh Bn)	3,023.14	3,111.80	3,106.82	3,212.63	3,317.33	3,496.43	3,515.81
Public Debt (Ksh Bn)	5,810.18	5,963.44	6,048.93	6,285.18	6,436.75	6,649.57	6,694.23

Source: National Treasury and Central Bank of Kenya

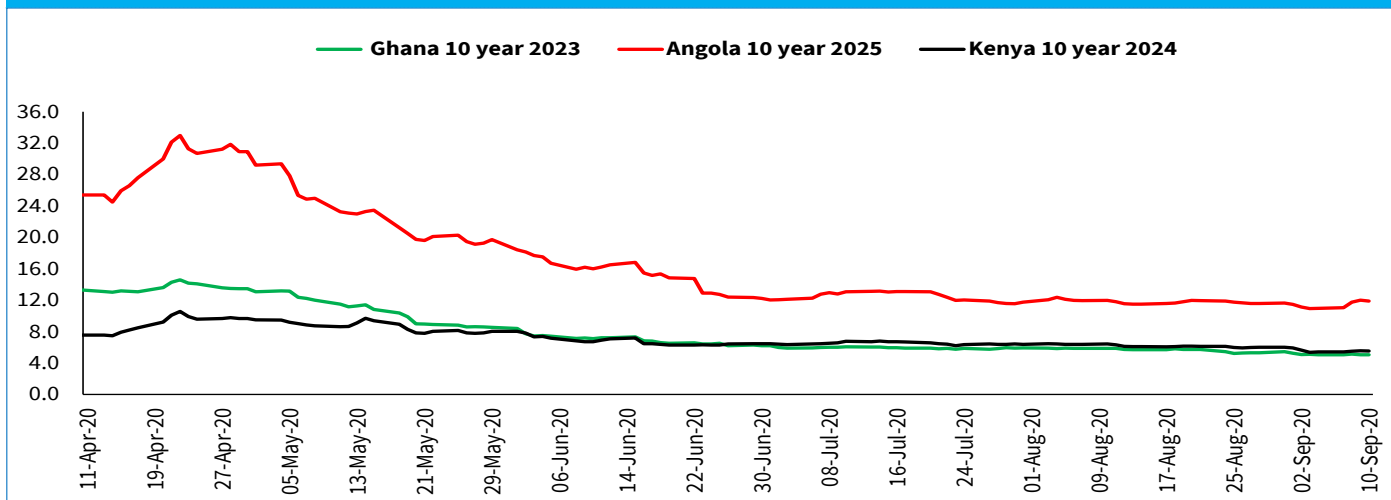
Table 10: Key Weekly Market Indicators

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
28-Aug-20	138.74	3186.97	1793.76	2,289	25.2	668.4	2,130.0	4,950.2	6.984	6.017	7.097	7.651	8.204
30-Aug-20	139.68	3223.79	1794.85	1,230	42.5	1,201.1	2,144.4	8,472.4	6.952	6.016	7.075	7.634	8.204
1-Sep-20	140.26	3244.04	1809.74	1,113	9.4	254.7	2,153.4	6,230.0	6.821	5.942	6.925	7.499	8.135
2-Sep-20	141.00	3264.82	1835.30	1,480	42.2	1,047.4	2,164.9	6,337.4	6.386	5.652	6.648	7.266	7.935
3-Sep-20	141.25	3268.68	1852.39	1,217	13.6	269.0	2,168.7	4,864.4	6.393	5.361	6.648	7.266	7.891
Aug 28-Sep 3	141.25	3268.68	1852.39	7,329.00	132.95	3,440.66	2,168.66	30,854.35	6.393	5.361	6.648	7.266	7.891
4-Sep-20	139.27	3224.43	1855.04	1368	15.2	188.4	2138.2	6379.6	6.427	5.432	6.647	7.298	7.902
7-Sep-20	137.58	3186.43	1849.64	947	18.2	501.4	2112.2	4176.6	6.458	5.432	6.689	7.315	7.924
8-Sep-20	136.93	3166.04	1850.63	1108	10.1	176.5	2102.2	5212.8	6.508	5.503	6.753	7.414	7.979
9-Sep-20	137.41	3184.54	1853.32	1026	6.0	143.3	2109.5	4058.0	6.597	5.574	6.753	7.464	7.979
10-Sep-20	140.28	3241.81	1871.84	1076	43.2	1202.5	2153.8	4581.5	6.524	5.535	6.731	7.414	8.023
Sep 4-10	140.28	3241.81	1871.84	5525.00	92.6	2212.06	2153.8	24,408.40	6.524	5.535	6.731	7.414	8.023
Weekly Changes (Percent)	-0.69	-0.82	1.05	-24.61	-30.37	-35.71	-0.69	-20.89	0.131*	0.174*	0.083*	0.148*	0.132*

* Percentage points

Source: Nairobi Securities Exchange (NSE)

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



Source: Thomson Reuters