



Central Bank of Kenya

# Weekly Bulletin

October 23, 2020

## KEY MONETARY AND FINANCIAL INDICATORS

### Exchange Rates

The Kenya Shilling remained relatively stable against major international and regional currencies during the week ending October 22. It exchanged at KSh 108.75 per US dollar on October 22, compared to KSh 108.61 per US dollar on October 15 (Table 1).

### Foreign Exchange Reserves

The usable foreign exchange reserves remained adequate at USD 8,223 million (4.99 months of import cover) as at October 22. 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).

### Remittances

Remittance inflows remained strong in September amounting to USD 260.7 million compared to USD 214.7 million in September 2019, an increase of 21.4 percent (Chart 1). The cumulative inflows in the 12 months to September totalled USD 2,967 million compared to USD 2,786 million in the 12 months to September 2019. The US remains the largest source of remittance flows to Kenya recording a growth of 25.2 percent in the year to September.

### Money Markets

The money market was relatively liquid during the week ending October 22, supported by government payments, which partly offset tax receipts. Commercial banks' excess reserves stood at KSh 18.5 billion in relation to the 4.2 percent cash reserves requirement (CRR). Open market operations remained active. The average interbank rate was 2.62 percent on October 22 compared to 2.46 percent on October 15. The average number of interbank deals per day increased to 25 from 19 in the previous week, and the value traded increased to KSh 17.4 billion from KSh 8.4 billion in the previous week (Table 3).

### Government Securities Market

The Treasury bills auction of October 22 received bids totalling KSh 19.5 billion against an advertised amount of KSh 24.0 billion, representing a performance of 81.34 percent. Interest rates on all the Treasury bills tenors remained relatively stable (Table 4).

### Equity Market

The NSE 20 and NSE 25 share price indices declined by 0.5 percent and 0.1 percent, respectively, while the NASI rose by 0.8 percent during the week ending October 22. Similarly, market capitalization increased by 0.8 percent, while equity turnover and total number of shares traded declined by 45.1 percent and 51.5 percent, respectively (Table 6).

### Bond Market

Turnover of bonds traded in the domestic secondary market declined by 3.7 percent during the week ending October 22 (Table 6). In the international market, yields on Kenya's Eurobonds declined by an average of 5.9 basis points. The yield on the 10-year Eurobond for Angola increased, while that for Ghana declined marginally (Chart 3).

### Global Trends

Global financial markets sentiment was subdued during the week as market optimism of a political compromise on additional US coronavirus fiscal stimulus waned.

International oil prices remained stable during the week. Murban oil price stood at USD 42.09 per barrel on October 22 compared to USD 42.80 per barrel on October 15.

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

	USD	Sterling Pound	Euro	100 Japanese Yen	USHS*	TSHS*	RWF*	BIF*
9-Oct-20	108.52	140.09	127.56	102.36	34.11	21.38	9.00	17.82
12-Oct-20	108.53	140.35	127.80	102.46	34.12	21.38	8.83	17.82
13-Oct-20	108.55	141.51	128.17	102.99	34.10	21.37	9.00	17.81
14-Oct-20	108.59	141.18	127.84	102.84	34.21	21.37	9.00	17.81
15-Oct-20	108.61	141.29	127.64	103.19	34.16	21.36	9.00	17.81
<b>Oct 9-15</b>	<b>108.56</b>	<b>140.89</b>	<b>127.80</b>	<b>102.77</b>	<b>34.14</b>	<b>21.37</b>	<b>8.97</b>	<b>17.81</b>
16-Oct-20	108.62	140.62	127.25	103.19	34.25	21.36	9.00	17.81
19-Oct-20	108.68	140.31	127.40	103.25	34.33	21.35	9.00	17.80
20-Oct-20	Public Holiday							
21-Oct-20	108.72	141.27	127.97	103.16	34.35	21.33	9.00	17.79
22-Oct-20	108.75	141.94	128.78	103.90	34.39	21.32	8.99	17.79
<b>Oct 16-22</b>	<b>108.69</b>	<b>141.03</b>	<b>127.85</b>	<b>103.38</b>	<b>34.32</b>	<b>21.34</b>	<b>9.00</b>	<b>17.80</b>

\* Units of currency per Kenya Shilling

Source :Central Bank of Kenya

**Table 2: Official Usable Foreign Exchange Reserves**

	17-Sep-20	24-Sep-20	1-Oct-20	8-Oct-20	15-Oct-20	22-Oct-20
1. CBK Usable Foreign Exchange Reserves (USD Million)	8,838	8,627	8,533	8,454	8,311	8,223
2. CBK Usable Foreign Exchange Reserves (Months of Import Cover)*	5.36	5.23	5.18	5.13	5.04	4.99

\*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 (%)
9-Oct-20	18	9,825.00	2.04
12-Oct-20	17	8,500.00	2.05
13-Oct-20	20	6,325.00	2.47
14-Oct-20	22	8,060.00	2.38
15-Oct-20	18	9,220.00	2.46
<b>Oct 9-15</b>	<b>19</b>	<b>8,386.00</b>	<b>2.28</b>
16-Oct-20	24	15,835.00	2.44
19-Oct-20	24	15,735.00	2.49
20-Oct-20	Public Holiday		
21-Oct-20	20	16,225.00	2.48
22-Oct-20	32	21,835.00	2.62
<b>Oct 16-22</b>	<b>25</b>	<b>17,407.50</b>	<b>2.51</b>

Source :Central Bank of Kenya

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

91-Day Treasury Bills						
Date of Auction	17-Sep-20	24-Sep-20	1-Oct-20	8-Oct-20	15-Oct-20	22-Oct-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)	6,049.89	1,121.74	6,186.15	7,458.93	8,606.77	4,122.47
Amount Accepted (KSh M)	6,048.02	1,101.03	4,887.21	7,375.21	8,114.99	4,121.49
Maturities (KSh M)	6,465.20	695.40	9,592.90	18,704.45	30,310.30	10,965.75
<b>Average Interest Rate (%)</b>	<b>6.273</b>	<b>6.309</b>	<b>6.400</b>	<b>6.468</b>	<b>6.520</b>	<b>6.589</b>
182-Day Treasury Bills						
Date of Auction	17-Sep-20	24-Sep-20	1-Oct-20	8-Oct-20	15-Oct-20	22-Oct-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)	1,919.00	1,272.08	4,059.29	3,930.46	7,096.82	7,227.81
Amount Accepted (KSh M)	1,918.09	1,131.97	3,469.83	3,329.63	6,130.87	6,744.88
Maturities (KSh M)	3,747.10	3,480.25	4,773.35	1,626.05	772.55	4,619.10
<b>Average Interest Rate (%)</b>	<b>6.720</b>	<b>6.773</b>	<b>6.839</b>	<b>6.853</b>	<b>6.909</b>	<b>6.967</b>
364-Day Treasury Bills						
Date of Auction	17-Sep-20	24-Sep-20	1-Oct-20	8-Oct-20	15-Oct-20	22-Oct-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)	8,915.21	4,731.14	5,334.48	15,010.33	15,888.06	8,173.50
Amount Accepted (KSh M)	8,852.01	4,424.96	2,341.85	14,084.56	15,744.90	8,140.63
Maturities (KSh M)	21,244.20	12,677.60	8,531.60	12,089.80	8,371.60	14,261.45
<b>Average Interest Rate (%)</b>	<b>7.571</b>	<b>7.690</b>	<b>7.744</b>	<b>7.762</b>	<b>7.800</b>	<b>7.840</b>

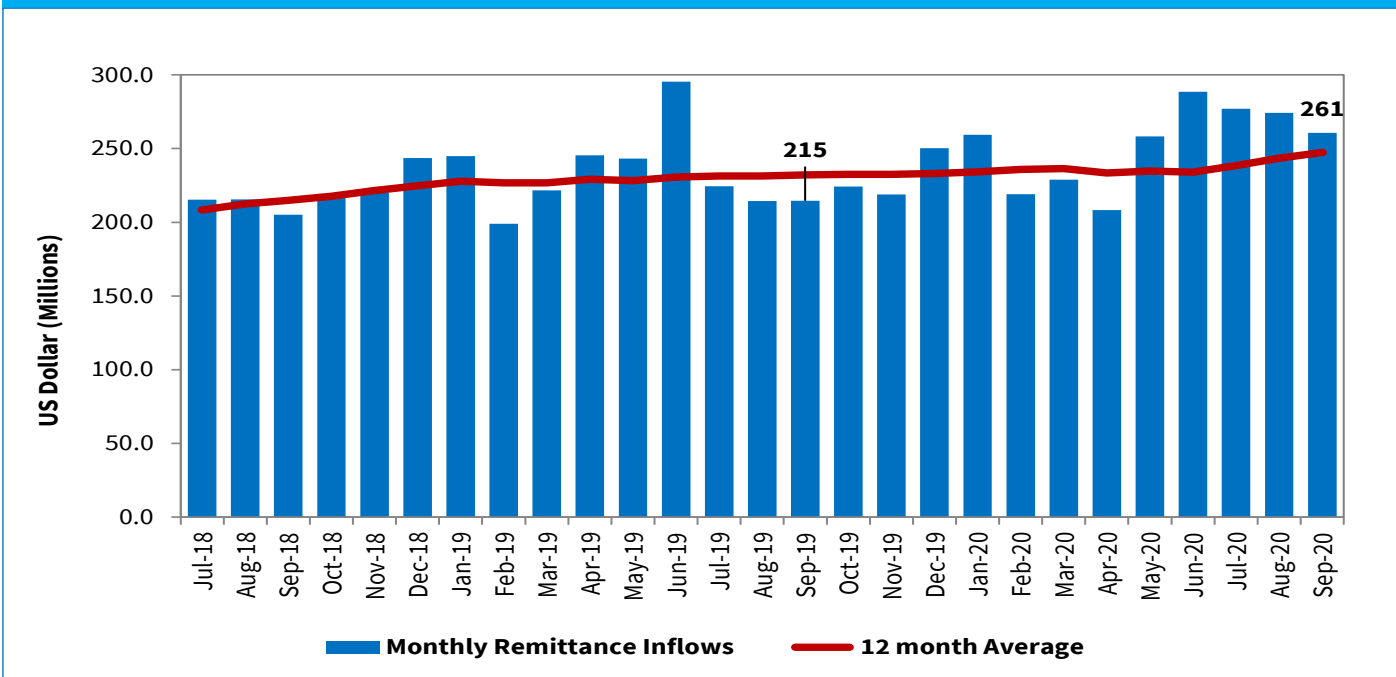
Source: Central Bank of Kenya

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

Date of Auction	5-Aug-20	19-Aug-20	16-Sept-20			14-Oct-20	
	TAP		REOPEN			REOPEN	
Tenor	FXD2/ 2018/20	IFB1/ 2020/11	FXD1/ 2011/20	FXD1/ 2020/15	FXD2/ 2010/15	FXD1/ 2011/20	FXD1/ 2018/25
Amount offered (KSh M)	40,000.00	70,000.00	50,000.00			50,000.00	
Bids received (KSh M)	41,006.20	101,471.04	14,044.33	49,791.29	17,841.15	23,155.69	45,981.50
Amount Accepted (KSh M)	41,006.20	78,639.89	7,465.13	45,691.75	11,019.41	16,992.04	43,034.10
Maturities (KSh M)	0.00	0.00	0.00			33,387.90	
Average interest Rate (%)	12.93	11.30	11.87	12.51	10.46	11.99	13.49

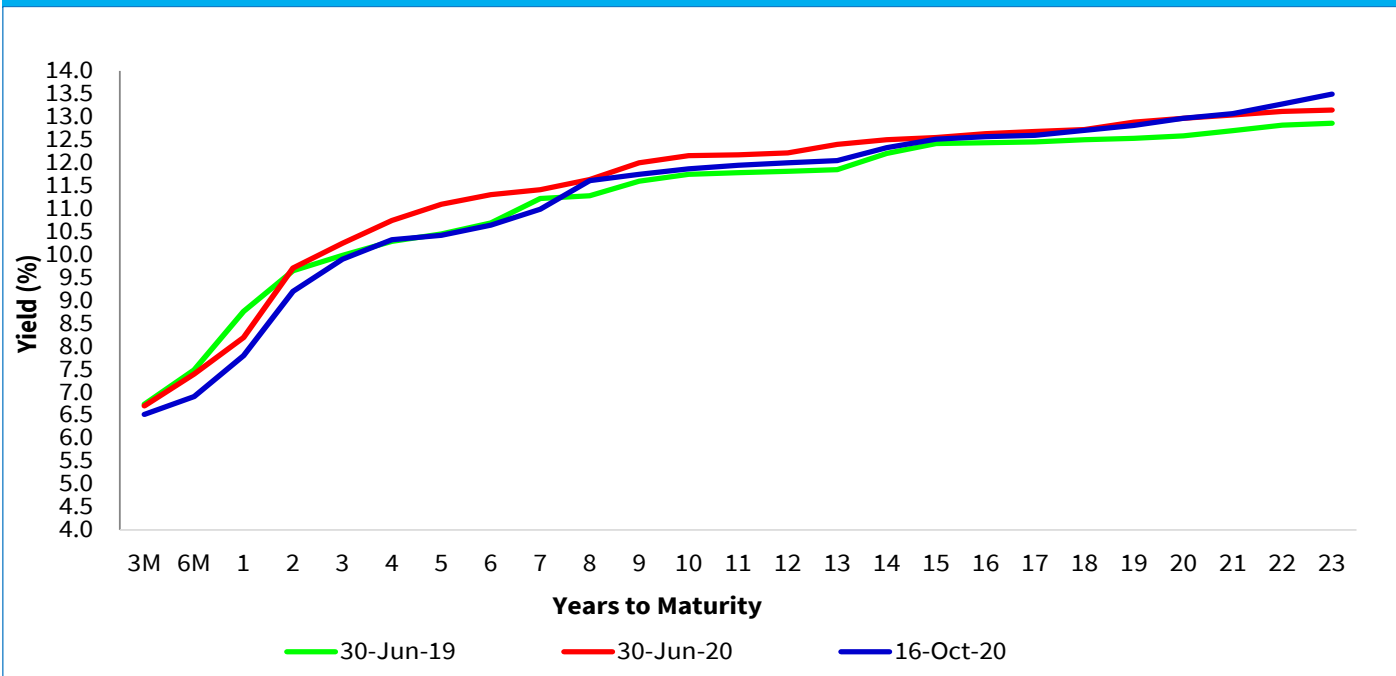
Source: Central Bank of Kenya

**Chart 1: Monthly Remittance Inflows (USD Million)**



Source: Central Bank of Kenya

**Chart 2: Government Securities Yield**



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
9-Oct-20	140.1	3225.9	1836.5	845	13.68	325	2,150	2,959	6.409	5.472	6.790	7.445	8.283
12-Oct-20	140.1	3236.4	1830.5	796	8.62	199	2,152	3,113	6.349	5.399	6.747	7.395	8.237
13-Oct-20	140.0	3225.4	1819.3	1,031	12.71	305	2,149	2,485	6.378	5.398	6.768	7.428	8.283
14-Oct-20	139.7	3218.3	1813.3	896	23.87	600	2,145	1,615	6.440	5.507	6.897	7.564	8.389
15-Oct-20	139.7	3220.5	1814.2	446	2.78	87	2,144	2,851	6.738	5.615	6.897	7.564	8.389
<b>Oct 9- 15</b>	<b>139.65</b>	<b>3220.54</b>	<b>1814.17</b>	<b>4,014.0</b>	<b>61.66</b>	<b>1515.04</b>	<b>2,144.06</b>	<b>13,023.80</b>	<b>6.738</b>	<b>5.615</b>	<b>6.897</b>	<b>7.564</b>	<b>8.389</b>
16-Oct-20	139.7	3212.9	1811.1	830	4.4	121.5	2,144	2,314	6.592	5.578	7.027	7.718	8.449
19-Oct-20	139.7	3210.3	1812.4	744	6.1	179.0	2,145	3,674	6.439	5.429	6.875	7.581	8.365
20-Oct-20	PUBLIC HOLIDAY								6.499	5.576	6.962	7.666	8.449
21-Oct-20	139.8	3205.3	1809.7	712	8.9	250.4	2,146	2,828	6.530	5.575	6.940	7.684	8.377
22-Oct-20	140.7	3217.0	1805.3	725	10.5	280.6	2,161	3,724	6.468	5.498	6.918	7.649	8.377
<b>Oct 16- 22</b>	<b>140.72</b>	<b>3216.95</b>	<b>1805.26</b>	<b>3,011.0</b>	<b>29.92</b>	<b>831.48</b>	<b>2,160.56</b>	<b>12,540.85</b>	<b>6.468</b>	<b>5.498</b>	<b>6.918</b>	<b>7.649</b>	<b>8.377</b>
<b>Weekly Changes (%)</b>	<b>0.77</b>	<b>-0.11</b>	<b>-0.49</b>	<b>-24.99</b>	<b>-51.48</b>	<b>-45.12</b>	<b>0.77</b>	<b>-3.71</b>	<b>-0.270*</b>	<b>-0.117*</b>	<b>-0.021*</b>	<b>-0.085*</b>	<b>-0.012*</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	09-Oct-20	16-Oct-20
1. Treasury Bills (Excluding Repos)	954.25	878.94	900.62	887.14	894.73	882.89	876.58
<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>26.24</b>	<b>26.10</b>
2. Treasury Bonds	1,749.71	1,974.69	2,092.64	2,220.34	2,482.24	2,482.24	2,482.24
<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>73.76</b>	<b>73.90</b>
3. Total Securities (1+2)	2,703.96	2,853.63	2,993.26	3,107.48	3,376.98	3,365.14	3,358.82
4. Overdraft at Central Bank	57.33	63.72	54.18	47.15	56.21	53.65	49.54
5. Other Domestic debt*	25.76	24.75	25.10	23.24	23.92	23.93	23.93
<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>3,442.72</b>	<b>3,432.28</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	9-Oct-20	16-Oct-20
Treasury bills (Excluding Repos)	34.24	29.87	29.31	27.92	25.88	25.65	25.54
Treasury bonds	62.78	67.12	68.11	69.87	71.80	72.10	72.32
Overdraft at Central Bank	2.06	2.17	1.76	1.48	1.63	1.56	1.44
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)**

	28-Jun-19	31-Dec-19	31-Mar-20	30-Jun-20	30-Sep-20	9-Oct-20	16-Oct-20
Banking Institutions	54.38	54.33	54.33	54.86	55.15	54.90	54.66
Insurance Companies	6.13	6.42	6.30	6.05	6.16	6.18	6.20
Parastatals	6.97	6.49	6.13	5.73	5.47	5.49	5.52
Pension Funds	28.24	28.60	29.04	29.05	28.52	28.71	28.91
Other Investors	4.28	4.17	4.20	4.32	4.71	4.72	4.71
<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>

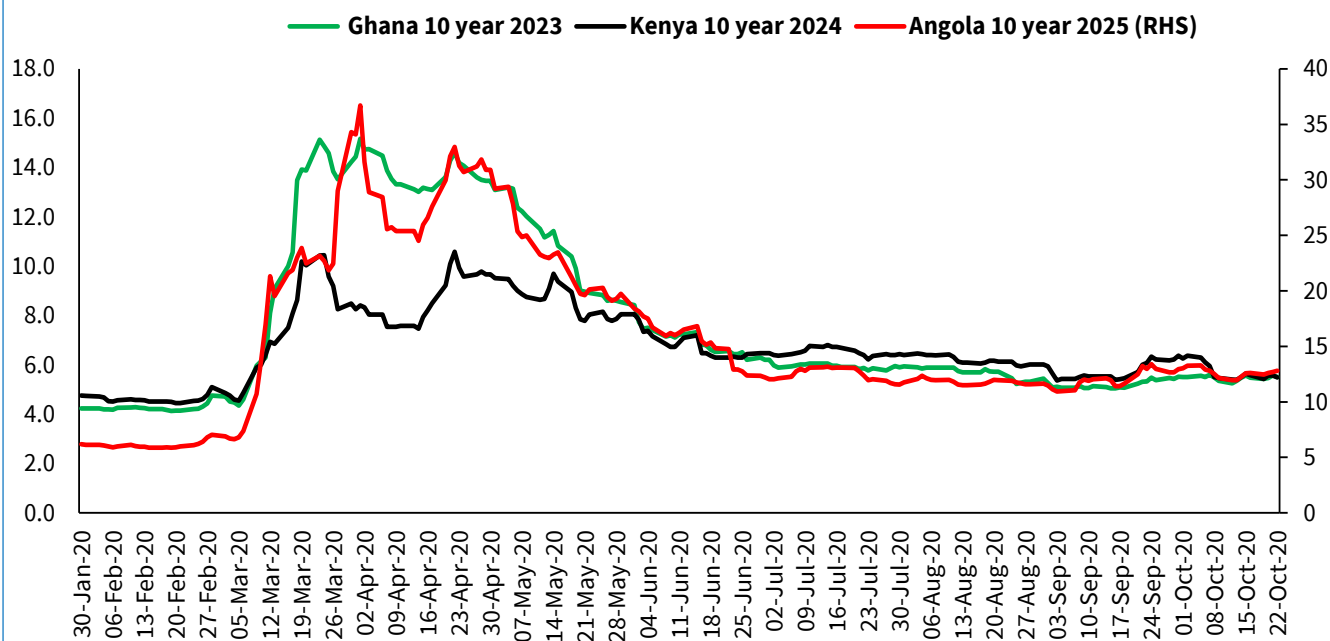
Source: Central Bank of Kenya

**Table 10: Indicators of Government Debt**

	Jun-19	Sep-19	Dec-19	Mar-20	Jun-20	Jul-20	Aug-20
Domestic debt (KSh Bn)	2,787.04	2,851.64	2,942.10	3,072.54	3,177.87	3,273.55	3,401.61
Public & Publicly Guaranteed External debt (US \$ Bn)	29.55	29.95	30.66	30.69	33.01	33.78	33.88
Public & Publicly Guaranteed External debt (KSh Bn)	3,023.14	3,111.80	3,106.82	3,212.63	3,515.81	3,638.51	3,666.32
<b>Public debt (KSh Bn)</b>	<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>6,912.06</b>	<b>7,067.93</b>

Source: National Treasury and Central Bank of Kenya

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



Source: Thomson Reuters