



Central Bank of Kenya

Weekly Bulletin

February 5, 2021

KEY MONETARY AND FINANCIAL INDICATORS

Exchange Rates

The Kenya Shilling remained stable against major international and regional currencies during the week ending February 4. It exchanged at KSh 109.86 per US dollar on February 4, compared to KSh 110.15 per US dollar on January 28 (Table 1).

Foreign Exchange Reserves

The usable foreign exchange reserves remained adequate at USD 7,617 million (4.68 months of import cover) as at February 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 February 4, supported by government payments which offset tax remittances. Commercial banks' excess reserves stood at KSh 13.0 billion in relation to the 4.25 percent cash reserves requirement (CRR). Open market operations remained active. The average interbank rate was 5.14 percent on February 4 compared to 5.71 percent on January 28. The average number of interbank deals per day declined to 27 from 30 in the previous week, while the average value traded increased to KSh 12.2 billion from KSh 9.9 billion in the previous week (Table 3).

Government Securities Market

The Treasury bills auction of February 4 received bids totalling KSh 16.8 billion against an advertised amount of KSh 24.0 billion, representing a performance of 70.0 percent. Interest rates remained stable, with the 91-day Treasury bill rate decreasing while the 182-day and 364-day rates increased marginally (Table 4).

The 15-year and 20-year reopened Treasury bonds auctioned on February 3 received bids totalling Ksh 41.9 billion against an advertised amount of Ksh 50 billion, representing a performance of 83.7 percent. The interest rates on the 15-year and 20-year bonds were 11.78 percent and 12.59 percent, respectively.

Equity Market

At the Nairobi Securities Exchange, the NASI, NSE 25 share price index and market capitalisation remained stable, all increasing by 1.1 percent during the week ending February 4. Equity turnover, total shares traded and the number of deals also rose by 53.7 percent, 57.2 percent and 6.6 percent, respectively (Table 6).

Bonds Market

Turnover of bonds traded in the domestic secondary market declined by 4.9 percent during the week ending February 4 (Table 6). In the international market, yields on Kenya's Eurobonds declined by an average of 25.4 basis points. Yields on the 10-year Eurobonds for Ghana and Angola also declined (Chart 2).

Global Trends

Global financial markets remained calm during the week, supported by increased optimism on global economic recovery, the news of more efficacious vaccines, and positive non-farm payroll data in the US that showed resilience of the labour market.

International oil prices increased during the week after government data showed US crude stockpiles fell to their lowest since March 2020, while OPEC+ maintained its supply cut agreement. Murban oil price increased to USD 58.50 per barrel on February 4 from USD 54.90 per barrel on January 28.

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

	USD	Sterling Pound	Euro	100 Japanese Yen	USHS*	TSHS*	RWF*	BIF*
22-Jan-21	109.81	150.64	133.34	106.01	33.56	21.12	9.03	17.68
25-Jan-21	110.02	150.24	133.71	105.98	33.49	21.08	9.02	17.65
26-Jan-21	110.09	150.71	133.87	106.03	33.49	21.06	9.01	17.64
27-Jan-21	110.10	150.62	133.69	106.14	33.47	21.06	9.01	17.64
28-Jan-21	110.15	150.96	133.31	106.06	33.36	21.05	9.01	17.63
Jan 22-28	110.03	150.63	133.58	106.04	33.47	21.08	9.02	17.65
29-Jan-21	110.14	150.55	133.16	105.60	33.50	21.05	9.01	17.64
1-Feb-21	110.15	150.88	133.39	105.17	33.45	21.05	9.01	17.63
2-Feb-21	110.15	150.88	133.10	104.95	33.45	21.05	9.01	17.64
3-Feb-21	110.01	150.25	132.29	104.61	33.33	21.08	9.02	17.66
4-Feb-21	109.86	149.88	131.98	104.59	33.37	21.11	9.03	17.68
Jan 29-Feb 4	110.06	150.49	132.78	104.98	33.42	21.07	9.02	17.65

* Units of currency per Kenya Shilling

Source: Central Bank of Kenya

Table 2: Official Foreign Exchange Reserves (USD Million)

	7-Jan-21	14-Jan-21	21-Jan-21	28-Jan-21	4-Feb-21
1. CBK Usable Foreign Exchange Reserves (USD Million)	7,722	7,807	7,658	7,663	7,617
2. CBK Usable Foreign Exchange Reserves (Months of Import Cover)*	4.74	4.80	4.70	4.71	4.68

*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 (%)
22-Jan-21	29	6,540.00	5.25
25-Jan-21	21	5,435.00	5.38
26-Jan-21	25	7,880.00	5.55
27-Jan-21	44	19,130.00	5.62
28-Jan-21	33	10,550.00	5.71
Jan 22-28	30	9,907.00	5.50
29-Jan-21	43	17,245.00	5.79
1-Feb-21	23	9,545.00	5.72
2-Feb-21	26	11,870.00	5.53
3-Feb-21	24	11,570.00	5.29
4-Feb-21	21	10,725.00	5.14
Jan 29-Feb 4	27	12,191.00	5.49

Source: Central Bank of Kenya

Table 4: Performance of Treasury Bills Auctions

91-Day Treasury Bills						
Date of Auction	30-Dec-20	7-Jan-21	14-Jan-21	21-Jan-21	28-Jan-21	4-Feb-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)	668.93	748.14	5,014.68	2,149.68	508.70	504.73
Amount Accepted (KSh M)	667.31	746.52	5,012.96	2,149.68	507.72	489.41
Maturities (KSh M)	4,960.35	7,491.25	8,235.20	4,120.95	2,536.00	2,309.20
Average Interest Rate (%)	6.906	6.895	6.884	6.983	6.897	6.873
182-Day Treasury Bills						
Date of Auction	30-Dec-20	7-Jan-21	14-Jan-21	21-Jan-21	28-Jan-21	4-Feb-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)	564.90	4,999.74	8,102.11	916.09	1,969.87	2,085.09
Amount Accepted (KSh M)	564.90	3,072.63	8,101.63	910.22	1,969.87	2,020.55
Maturities (KSh M)	11,153.65	7,375.45	10,092.55	1,306.30	1,555.20	9,905.70
Average Interest Rate (%)	7.400	7.479	7.522	7.508	7.578	7.594
364-Day Treasury Bills						
Date of Auction	30-Dec-20	7-Jan-21	14-Jan-21	21-Jan-21	28-Jan-21	4-Feb-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)	3,953.88	10,021.31	13,314.91	17,219.73	13,416.65	14,210.31
Amount Accepted (KSh M)	3,953.88	10,021.31	13,303.48	14,473.40	13,414.35	12,373.61
Maturities (KSh M)	9,385.40	40,439.15	12,433.70	20,267.90	22,392.40	8,680.60
Average Interest Rate (%)	8.348	8.363	8.445	8.508	8.623	8.716

Source: Central Bank of Kenya

Table 5: Performance of Treasury Bond Auctions

Date of Auction	9-Dec-20		23-Dec-20		6-Jan-21	20-Jan-21	3-Feb-21	
	REOPEN		TAP				REOPEN	
Tenor	FXD1/ 2012/15	FXD2/ 2019/15	FXD1/ 2012/15	FXD2/ 2019/15	FXD1/ 2021/02	IFB1/ 2021/016	FXD1/ 2013/15	FXD1/ 2012/20
Amount offered (KSh M)	40,000.00		22,000.00		25,000.00	50,000.00	50,000.00	
Bids received (KSh M)	9,259.23	15,079.12	2,578.40	7,433.65	61,150.39	125,472.82	13,553.50	28,308.65
Amount Accepted (KSh M)	8,549.51	9,706.88	2,522.81	7,396.48	55,860.26	81,052.52	9,408.58	22,713.42
Maturities (KSh M)	0.00		0.00		0.00	31,120.85	7,868.37	
Average interest Rate (%)	11.46	12.81	11.00	12.73	9.49	12.26	11.78	12.59

Source: Central Bank of Kenya

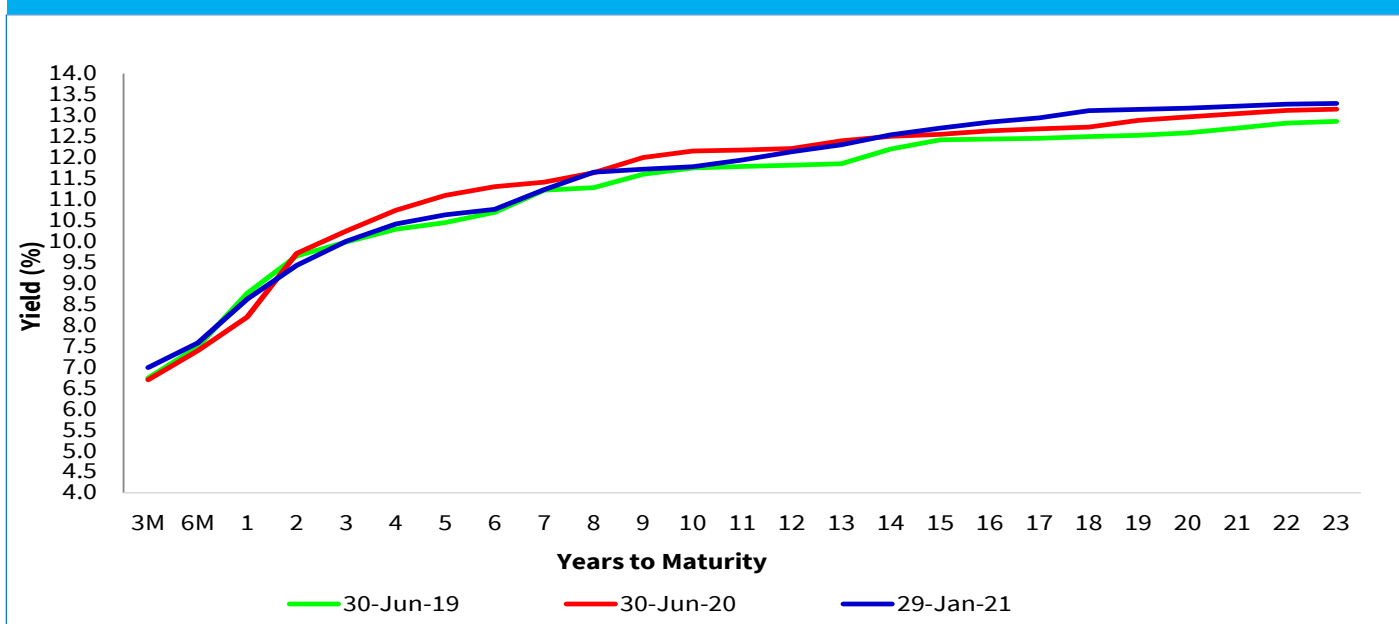
Table 6: Key Weekly Market Indicators

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
22-Jan-21	154.84	3432.28	1887.23	879.00	10.13	338.34	2,378.76	241.35	4.849	3.650	5.343	6.053	7.185
25-Jan-21	157.07	3455.98	1882.20	1,084.00	19.14	567.68	2,413.12	236.10	4.846	3.611	5.282	6.023	7.156
26-Jan-21	157.45	3461.61	1888.71	854.00	5.77	192.60	2,418.96	10,674.35	4.818	3.572	5.282	6.022	7.147
27-Jan-21	156.95	3450.04	1889.74	999.00	23.48	796.67	2,411.23	8,933.05	4.866	3.643	5.321	6.052	7.156
28-Jan-21	156.56	3445.65	1888.74	909.00	20.00	347.29	2,405.34	7,173.35	4.848	3.676	5.340	6.097	7.185
Jan 22-28	156.56	3445.65	1888.74	4,725.00	78.52	2,242.58	2,405.34	27,258.20	4.848	3.676	5.340	6.097	7.185
29-Jan-21	155.59	3434.52	1881.91	1,019.00	22.83	614.76	2,390.29	6,497.20	4.783	3.599	5.259	6.036	7.156
1-Feb-21	153.78	3412.05	1874.96	957.00	18.04	532.88	2,362.46	5,911.15	4.732	3.559	5.219	5.960	7.109
2-Feb-21	154.84	3429.89	1874.37	1,058.00	23.85	769.80	2,378.86	4,341.15	4.633	3.483	5.059	5.900	7.080
3-Feb-21	157.22	3459.86	1872.56	1,036.00	13.21	397.05	2,415.45	4,356.05	4.440	3.480	5.000	5.826	7.043
4-Feb-21	158.33	3481.90	1870.81	968.00	45.53	1,131.30	2,432.58	4,792.20	4.462	3.585	4.958	5.826	7.043
Jan 29-Feb 4	158.33	3481.90	1870.81	5,038.00	123.46	3,445.79	2,432.58	25,897.75	4.462	3.585	4.958	5.826	7.043
Weekly Changes (%)	1.13	1.05	-0.95	6.62	57.24	53.65	1.13	-4.99	-0.386*	-0.091*	-0.382*	-0.271*	-0.142*

* Percentage points

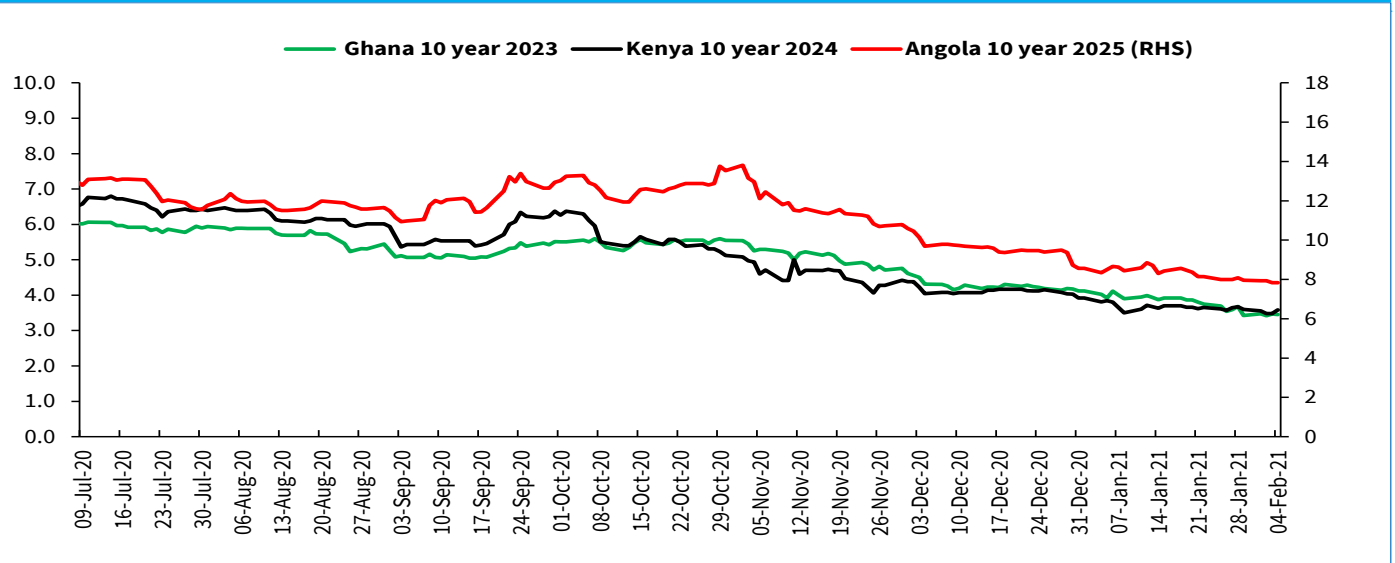
Source: Nairobi Securities Exchange (NSE) and Thompson Reuters

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	31-Dec-19	30-Jun-20	30-Sep-20	31-Dec-20	22-Jan-21	29-Jan-21
1. Treasury Bills (Excluding Repos)	954.25	878.94	887.14	894.73	855.71	792.34	785.46
<i>(As % of total securities)</i>	35.29	30.80	28.55	26.50	25.04	23.24	22.75
2. Treasury Bonds	1,749.71	1,974.69	2,220.34	2,482.24	2,561.33	2,617.18	2,667.02
<i>(As % of total securities)</i>	64.71	69.20	71.45	73.50	74.96	76.76	77.25
3. Total Securities (1+2)	2,703.96	2,853.63	3,107.48	3,376.98	3,417.05	3,409.52	3,452.48
4. Overdraft at Central Bank	57.33	63.72	47.15	56.21	47.60	56.23	55.27
5. Other Domestic debt*	25.76	24.75	23.24	23.92	24.16	23.91	23.90
6. Gross Domestic Debt (3+4+5)	2,787.04	2,942.10	3,177.87	3,457.11	3,488.81	3,489.66	3,531.65

* 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	30-Jun-20	30-Sep-20	31-Dec-20	22-Jan-21	29-Jan-21
Treasury bills (Excluding Repos)	34.24	29.87	27.92	25.88	24.53	22.71	22.24
Treasury bonds	62.78	67.12	69.87	71.80	73.42	75.02	75.52
Overdraft at Central Bank	2.06	2.17	1.48	1.63	1.36	1.58	1.57
Other domestic debt	0.92	0.84	0.73	0.69	0.69	0.69	0.68
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	31-Dec-19	30-Jun-20	30-Sep-20	31-Dec-20	22-Jan-21	29-Jan-21
Banking Institutions	54.38	54.33	54.86	55.15	53.29	53.36	53.30
Insurance Companies	6.13	6.42	6.05	6.16	6.44	6.45	6.40
Parastatals	6.97	6.49	5.73	5.47	5.68	5.76	5.64
Pension Funds	28.24	28.60	29.05	28.52	30.32	30.17	30.34
Other Investors	4.28	4.17	4.32	4.71	4.27	4.25	4.32
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	3,177.87	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	6,693.68	7,120.60	7,163.29	7,254.46	7,281.83

Source: National Treasury and Central Bank of Kenya