



Central Bank of Kenya

Weekly Bulletin

September 4, 2020

KEY MONETARY AND FINANCIAL INDICATORS

Inflation

Overall inflation remained stable at 4.4 percent in July and August, driven by lower food prices following increased supply resulting from favorable weather conditions across the country. Food inflation declined to 5.4 percent from 6.6 percent in July, offsetting the impact of the increase in fuel inflation during the month (Chart 1).

Exchange Rates

The Kenya Shilling remained relatively stable against major international and regional currencies during the week ending September 3. It exchanged at KSh 108.30 per US dollar on September 3, compared to KSh 108.15 per US dollar on August 27 (Table 1).

Foreign Exchange Reserves

The usable foreign exchange reserves remained adequate at USD 8,865 million (5.38 months of import cover) as at September 3. 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 remained liquid during the week ending September 3, supported by government payments, which offset tax receipts. Commercial banks' excess reserves stood at KSh 37.0 billion in relation to the 4.25 percent cash reserves requirement (CRR). Open market operations remained active. The average interbank rate was 3.07 percent on September 3 compared to 3.01 percent on August 27. The average number of interbank deals per day declined to 23 from 27 in the previous week, while the value traded declined to KSh 11.0 billion from KSh 16.7 billion in the previous week (Table 3).

Government Securities Market

The Treasury bills auction of September 3 received bids totalling KSh 11.9 billion against an advertised amount of KSh 24.0 billion, representing a performance of 49.6 percent. Interest rates remained stable, with the 91-day and 364-day Treasury bill rates rising marginally and the 182-day rate remaining virtually the same (Table 4).

Equity Market

At the Nairobi Securities Exchange, the NASI, NSE 25 and NSE 20 share price indices rose by 2.9 percent, 3.3 percent and 4.6 percent, respectively, during the week ending September 3. The number of shares traded, equity turnover and market capitalization also increased by 5.3 percent, 24.6 percent and 2.8 percent, respectively (Table 6).

Bond Market

Turnover of bonds traded in the domestic secondary market rose by 51.3 percent during the week ending September 3 (Table 6). In the international market, yields on Kenya's Eurobonds declined by an average of 43.2 basis points. The yields on the 10-year Eurobonds for Ghana and Angola also declined (Chart 3).

Global Trends

The US dollar strengthened against its peers and the global equity markets declined led by the US. The decline in US equities followed a move away from technology stocks with investors concerned about their high valuations. The markets were further weighed by heightened US- China tensions and relatively weak job numbers coming out of the US this week.

International oil prices declined during the week, with Murban oil price decreasing to USD 43.81 per barrel on September 3 from USD 45.57 per barrel on August 27.

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

	USD	Sterling Pound	Euro	100 Japanese Yen	USHS*	TSHS*	RWF*	BIF*
21-Aug-20	108.01	141.88	127.93	102.29	34.03	21.48	8.94	17.86
24-Aug-20	108.01	141.76	127.30	102.14	34.00	21.48	8.95	17.86
25-Aug-20	108.04	141.77	127.91	102.11	33.99	21.47	8.94	17.86
26-Aug-20	108.12	142.02	127.82	101.68	33.99	21.46	8.94	17.85
27-Aug-20	108.15	142.20	127.67	102.04	33.98	21.45	8.94	17.84
Aug 21-27	108.07	141.93	127.73	102.05	34.00	21.47	8.94	17.85
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

* Units of currency per Kenya Shilling

Source :Central Bank of Kenya

Table 2: Official Usable Foreign Exchange Reserves

	30-Jul-20	6-Aug-20	13-Aug-20	20-Aug-20	27-Aug-20	3-Sep-20
1. CBK Usable Foreign Exchange Reserves (USD Million)	9,336	9,290	9,249	9,175	8,963	8,865
2. CBK Usable Foreign Exchange Reserves (Months of Import Cover)*	5.66	5.64	5.61	5.57	5.44	5.38

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

Source: Central Bank of Kenya

Table 3: Money Market

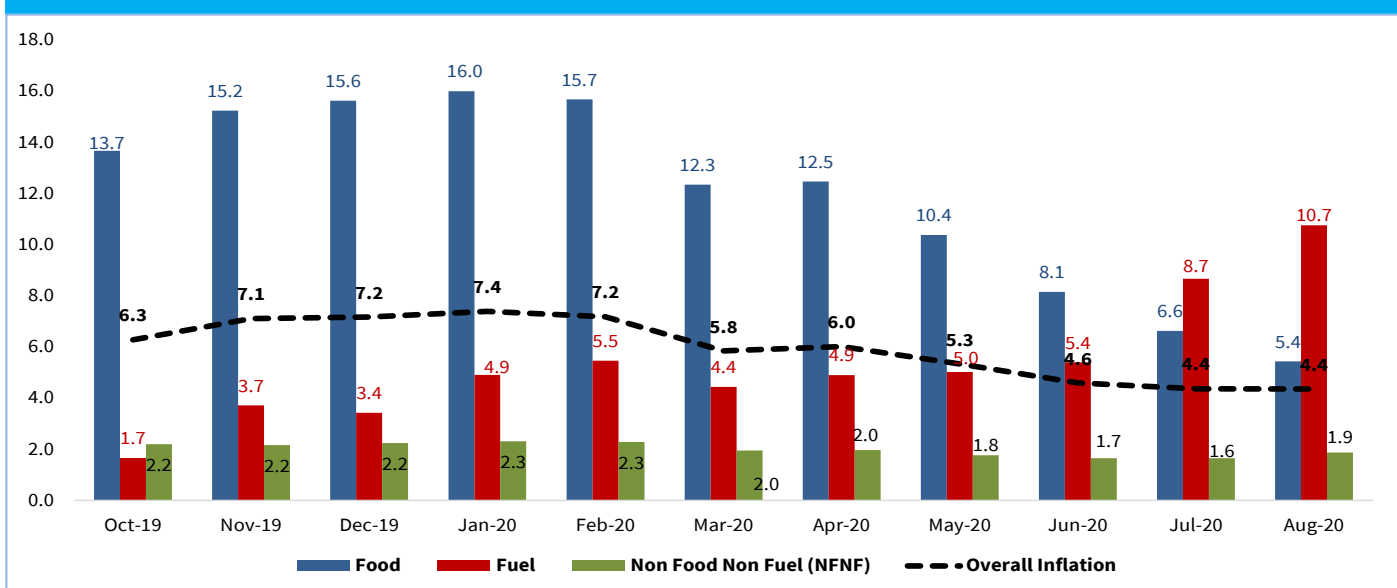
Date	Number of Deals	Value (KSh M)	Average Interbank Rate (%)
21-Aug-20	28	15,810.00	2.71
24-Aug-20	36	28,125.00	2.95
25-Aug-20	26	16,395.00	3.06
26-Aug-20	19	9,835.00	3.02
27-Aug-20	25	13,435.00	3.01
Aug 21-27,2020	27	16,720.00	2.95
28-Aug-20	27	14,825.00	3.05
31-Aug-20	19	10,225.00	3.24
1-Sep-20	18	8,205.00	3.21
2-Sep-20	21	8,925.00	3.12
3-Sep-20	29	12,675.00	3.07
Aug 28-Sept 3, 2020	23	10,971.00	3.14

Source :Central Bank of Kenya

Table 4: Performance of Treasury Bills Auctions

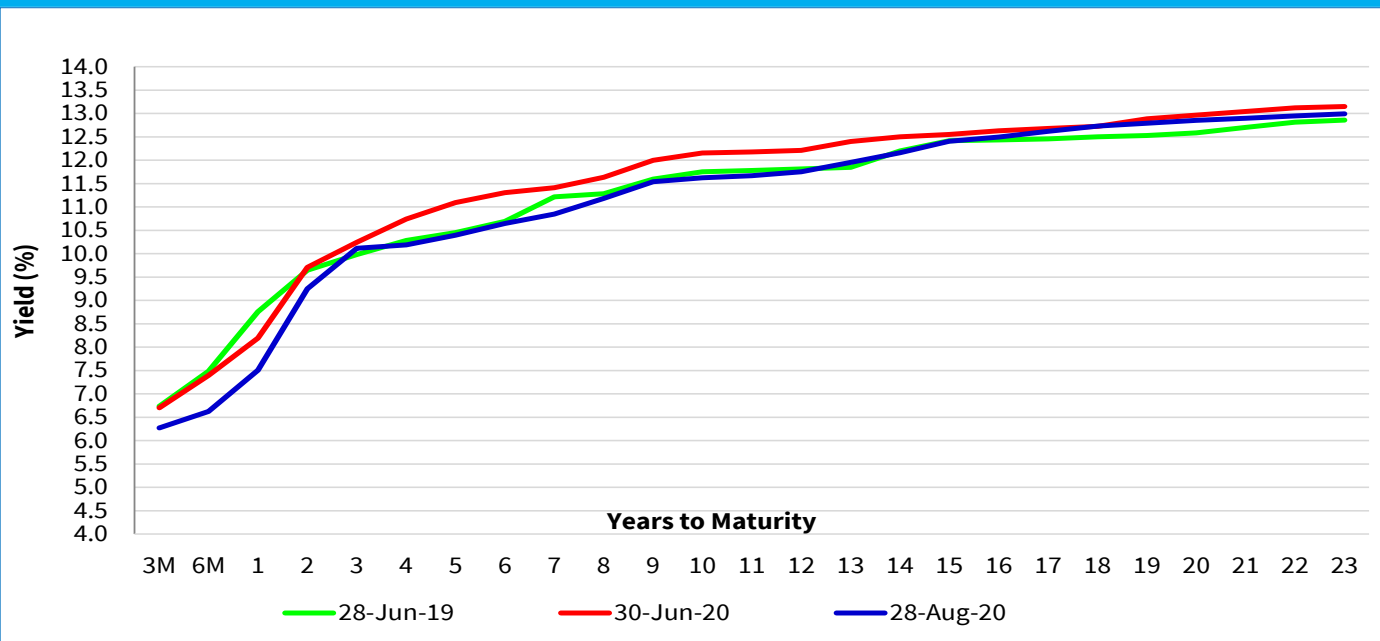
91-Day Treasury Bills						
Date of Auction	30-Jul-20	6-Aug-20	13-Aug-20	20-Aug-20	27-Aug-20	3-Sep-20
Amount offered (Ksh M)	4,000.00	4,000.00	4,000.00	4,000.00	4,000.00	4,000.00
Bids received (Ksh M)	15,860.12	8,520.47	6,373.54	2,617.91	4,531.82	2,738.60
Amount Accepted (Ksh M)	11,922.94	7,535.73	6,373.54	2,617.51	3,988.09	2,248.26
Maturities (Ksh M)	2,542.80	2,466.15	7,775.85	7,992.80	2,285.85	4,309.50
Average interest Rate (%)	6.121	6.123	6.200	6.257	6.273	6.295
182-Day Treasury Bills						
Date of Auction	30-Jul-20	6-Aug-20	13-Aug-20	20-Aug-20	27-Aug-20	3-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)	2,474.12	9,600.71	9,378.10	882.55	6,095.76	3,162.21
Amount Accepted (Ksh M)	1,509.71	9,600.71	6,968.43	882.55	4,901.01	2,682.80
Maturities (Ksh M)	6,302.15	17,337.20	6,669.45	7,909.25	2,771.45	2,050.40
Average interest Rate (%)	6.455	6.549	6.561	6.600	6.625	6.627
364-Day Treasury Bills						
Date of Auction	30-Jul-20	6-Aug-20	13-Aug-20	20-Aug-20	27-Aug-20	3-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)	10,147.35	14,271.22	6,511.13	6,184.46	1,932.63	5,995.46
Amount Accepted (Ksh M)	10,147.35	13,344.93	5,306.17	6,184.46	1,836.51	5,995.46
Maturities (Ksh M)	12,955.85	19,677.60	16,448.55	9,717.75	8,496.70	7,879.45
Average interest Rate (%)	7.391	7.455	7.517	7.508	7.507	7.554

Source: Central Bank of Kenya

Chart 1: Trends in broad inflation categories

Source: Central Bank of Kenya

Chart 2: Government Securities Yield Curve



Source: Nairobi Securities Exchange (NSE)

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

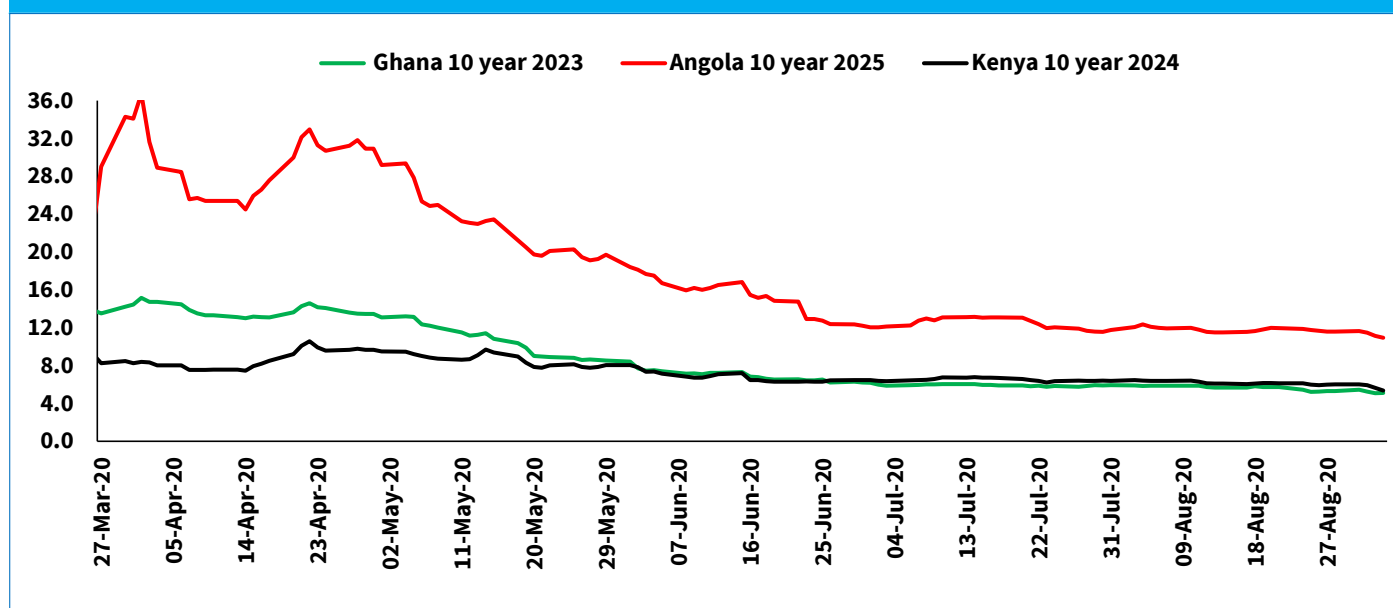
Table 6: Key Weekly Market Indicators

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
21-Aug-20	131.75	3013.33	1723.96	1,091	35.9	707.7	2,022.4	845.9	7.018	6.129	7.076	7.703	8.215
24-Aug-20	132.52	3044.29	1748.40	877	11.0	260.9	2,034.2	1,180.6	6.971	6.129	7.097	7.668	8.192
25-Aug-20	133.89	3071.26	1743.08	1,220	37.2	823.2	2,055.4	10,316.9	6.849	5.982	6.990	7.566	8.124
26-Aug-20	135.24	3106.01	1760.64	1,025	21.9	474.2	2,076.2	4,949.2	6.902	5.946	7.011	7.566	8.136
27-Aug-20	137.26	3163.48	1771.18	1,141	20.3	494.8	2,108.8	3,107.5	6.898	5.981	7.054	7.617	8.170
August 21-27	137.26	3163.48	1771.18	5,354	126.2	2,760.9	2,108.8	20,400.1	6.898	5.981	7.054	7.617	8.170
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
August 28-September 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
Weekly Changes (Percent)	2.91	3.33	4.59	36.89	5.32	24.62	2.84	51.25	-0.505*	-0.620*	-0.406*	-0.351*	-0.279*

* Percentage points

Source: Nairobi Securities Exchange (NSE)

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



Source: Thomson Reuters

Table 7: Government Domestic Debt (KSh Billion)

	28-Jun-19	30-Sep-19	31-Dec-19	31-Mar-20	30-Jun-20	21-Aug-20	28-Aug-20
1. Treasury Bills (Excluding Repos)	954.25	928.91	878.94	900.62	887.14	934.19	918.77
<i>(As % of total securities)</i>	35.31	33.68	30.80	30.11	28.56	28.56	27.54
2. Treasury Bonds	1,748.15	1,828.78	1,974.69	2,090.29	2,219.44	2,337.17	2,417.42
<i>(As % of total securities)</i>	64.69	66.32	69.20	69.89	71.44	71.44	72.46
3. Total Securities (1+2)	2,702.40	2,757.69	2,853.63	2,990.91	3,106.59	3,271.37	3,336.19
4. Overdraft at Central Bank	57.33	68.23	63.72	54.18	47.15	13.40	29.85
5. Other Domestic debt*	25.76	25.72	24.75	25.10	23.79	25.06	25.04
6. Gross Domestic Debt (3+4+5)	2,785.48	2,851.64	2,942.10	3,070.19	3,177.53	3,309.82	3,391.08

* 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-Sep-19	31-Dec-19	31-Mar-20	30-Jun-20	21-Aug-20	28-Aug-20
Treasury bills (Excluding Repos)	34.26	32.57	29.87	29.33	27.92	28.22	27.09
Treasury bonds	62.76	64.13	67.12	68.08	69.85	70.61	71.29
CBK Overdraft to Govt	2.06	2.39	2.17	1.76	1.48	0.40	0.88
Other domestic debt	0.92	0.90	0.84	0.82	0.75	0.76	0.74
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-Sep-19	31-Dec-19	31-Mar-20	30-Jun-20	14-Aug-20	21-Aug-20	28-Aug-20
Banking Institutions	53.63	54.33	54.33	54.86	54.34	54.32	54.94
Insurance Companies	6.33	6.42	6.30	6.05	6.23	6.22	6.12
Parastatals	7.13	6.49	6.13	5.73	5.49	5.53	5.34
Pension funds	28.77	28.60	29.04	29.05	29.75	29.75	29.37
Other investors	4.13	4.17	4.20	4.32	4.20	4.18	4.23
Total	100.00	100.00	100.00	100.00	100.00	100.00	100.00

Source: Central Bank of Kenya

Table 10: Indicators of Total Government Debt

	Jun-19	Sep-19	Dec-19	Mar-20	Apr-20	May-20	Jun-20
Domestic debt (Kshs Bn)	2,785.48	2,851.64	2,942.10	3,070.19	3,119.42	3,153.14	3,177.53
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)	5,808.62	5,963.44	6,048.93	6,282.82	6,436.75	6,649.57	6,693.34

Source: National Treasury and Central Bank of Kenya