



Central Bank of Kenya

# Weekly Bulletin

February 21, 2020

## KEY MONETARY AND FINANCIAL INDICATORS

### Exchange Rate

The Kenya Shilling weakened slightly against major international and regional currencies during the week ending February 20, due to seasonal dollar demand by corporates in the interbank market. It exchanged at KSh 101.25 per US Dollar on February 20, compared to KSh 100.69 on February 13 (Table 1).

### Foreign Exchange Reserves

The CBK usable foreign exchange reserves remained adequate at USD 8,508 million (5.17 months of import cover) as at February 20. 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 Market

The money market remained liquid during the week ending February 20, supported by government payments. Open market operations remained active. Commercial banks' excess reserves stood at KSh 21.7 billion in relation to the 5.25 percent cash reserves requirement (CRR). The average interbank rate increased to 4.22 percent on February 20 from 3.82 percent on February 13. The average number of interbank deals per day decreased to 18 from 22 in the previous week, while the value traded increased to KSh 6.9 billion from KSh 5.6 billion in the previous week (Table 3).

### Government Securities Market

The Treasury bills auctions of February 20 received bids totalling KSh 49.8 billion against an advertised amount of KSh 24.0 billion, representing a performance of 207.3 percent. Interest rates on the 91-day and 182-day bills remained stable, while the 364-day Treasury bill rate declined (Table 4).

The 15-year and the Re-opened 25-year Treasury bonds offered at the auction of February 19 received bids totalling

KSh 42.5 billion against an advertised amount of KSh 50.0 billion, representing a performance of 85.0 percent (Table 5). The respective interest rates for these bonds increased slightly compared to the previous issue of similar securities.

### Equity Market

The number of shares traded, total equity turnover and market capitalisation at the Nairobi Securities Exchange declined by 0.4 percent, 17.6 percent and 3.2 percent respectively, during the week ending February 20. The NASI, NSE 25 and NSE 20 share price indices also declined by 3.2 percent, 2.6 percent and 2.3 percent, respectively (Table 6).

### Bond Market

Turnover of bonds traded in the domestic secondary market increased by 31.3 percent during the week ending February 20 (Table 6). In the international market, yields on Kenya's 7-year (2027), 10-year (2024), 10-year (2028), 12-year (2032) and 30-year (2048) Eurobonds declined by 17.4, 11.2, 8.8, 14.6 and 6.9 basis points, respectively. The yields on the 10-year Eurobonds for Angola and Ghana also declined (Chart 2).

### Global Trends

Global stocks rose during the week despite continued uncertainty about the likely impact of the coronavirus on global growth.

International oil prices increased during the week ending February 20. The Murban oil price stood at 58.67 USD per barrel on February 20 from USD 56.43 per barrel on February 13.

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

	USD	Sterling Pound	Euro	100 Japanese Yen	USHS*	TSHS*	RWF*	BIF*
7-Feb-20	100.45	130.13	110.52	91.39	36.59	23.00	9.46	18.78
10-Feb-20	100.58	130.15	110.28	91.60	36.54	22.97	9.45	18.73
11-Feb-20	<b>Public Holiday</b>							
12-Feb-20	100.63	130.18	110.18	91.67	36.45	22.96	9.45	18.72
13-Feb-20	100.69	130.57	109.82	91.54	36.42	22.94	9.44	18.72
<b>Feb 7 -13</b>	<b>100.59</b>	<b>130.26</b>	<b>110.20</b>	<b>91.55</b>	<b>36.50</b>	<b>22.97</b>	<b>9.45</b>	<b>18.74</b>
14-Feb-20	100.58	131.04	109.25	91.66	36.45	22.97	9.45	18.74
17-Feb-20	100.62	130.90	109.08	91.61	36.43	22.96	9.45	18.74
18-Feb-20	100.89	131.18	109.34	91.82	36.33	22.90	9.42	18.69
19-Feb-20	101.08	131.72	109.26	92.09	36.31	22.85	9.41	18.65
20-Feb-20	101.25	131.45	109.32	91.42	36.24	22.82	9.39	18.65
<b>Feb 14 -20</b>	<b>100.88</b>	<b>131.26</b>	<b>109.25</b>	<b>91.72</b>	<b>36.35</b>	<b>22.90</b>	<b>9.43</b>	<b>18.69</b>

\* Units of currency per Kenya Shilling

Source: Central Bank of Kenya

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

	16-Jan-20	23-Jan-20	30-Jan-20	06-Feb-20	13-Feb-20	20-Feb-20
1. CBK Usable Foreign Exchange Reserves (USD Million)	8,496	8,500	8,500	8,510	8,496	8,508
2. CBK Usable Foreign Exchange Reserves (Months of Import Cover)*	5.16	5.16	5.16	5.17	5.16	5.17

\*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 (%)
7-Feb-20	30	11,875.00	5.03
10-Feb-20	23	3,400.00	5.56
11-Feb-20	<b>Public Holiday</b>		
12-Feb-20	18	4,300.00	4.13
13-Feb-20	15	2,650.00	3.82
<b>February 7-13, 2020</b>	<b>22</b>	<b>5,556.25</b>	<b>4.64</b>
14-Feb-20	14	2,450.00	4.20
17-Feb-20	19	7,150.00	3.97
18-Feb-20	21	8,850.00	4.06
19-Feb-20	18	7,500.00	4.18
20-Feb-20	18	8,640.00	4.22
<b>February 14-20, 2020</b>	<b>18</b>	<b>6,918.00</b>	<b>4.13</b>

Source: Central Bank of Kenya

**Table 4: Treasury Bills Auctions**

<b>91-Day Treasury Bills</b>					
<b>Date of Auction</b>	<b>28-Nov-19</b>	<b>24-Dec-19</b>	<b>30-Jan-20</b>	<b>13-Feb-20</b>	<b>20-Feb-20</b>
Amount offered (Ksh M)	4,000.00	4,000.00	4,000.00	4,000.00	4,000.00
Bids received (Ksh M)	936.76	346.43	4,577.73	2,654.26	2,868.43
Amount Accepted (Ksh M)	445.55	346.43	4,559.95	1,672.21	1,886.38
Maturities (Ksh M)	5,395.25	3,345.20	6,914.70	1,126.20	3,778.25
<b>Average interest Rate (%)</b>	<b>7.162</b>	<b>7.200</b>	<b>7.296</b>	<b>7.314</b>	<b>7.319</b>
<b>182-Day Treasury Bills</b>					
Amount offered (Ksh M)	10,000.00	10,000.00	10,000.00	10,000.00	10,000.00
Bids received (Ksh M)	1,055.83	282.08	6,222.88	6,438.62	7,608.27
Amount Accepted (Ksh M)	553.85	282.08	6,054.82	6,434.79	7,608.27
Maturities (Ksh M)	2,540.45	3,647.65	3,976.15	2,982.50	1,232.25
<b>Average interest Rate (%)</b>	<b>8.204</b>	<b>8.150</b>	<b>8.229</b>	<b>8.258</b>	<b>8.258</b>
<b>364-Day Treasury Bills</b>					
Amount offered (Ksh M)	10,000.00	10,000.00	10,000.00	10,000.00	10,000.00
Bids received (Ksh M)	6,361.04	3,453.15	21,823.45	37,894.65	39,281.13
Amount Accepted (Ksh M)	3,990.96	3,453.15	20,387.38	22,048.40	25,233.22
Maturities (Ksh M)	2,853.15	8,060.45	24,053.65	17,585.50	8,590.50
<b>Average interest Rate (%)</b>	<b>9.800</b>	<b>9.815</b>	<b>9.879</b>	<b>9.850</b>	<b>9.799</b>

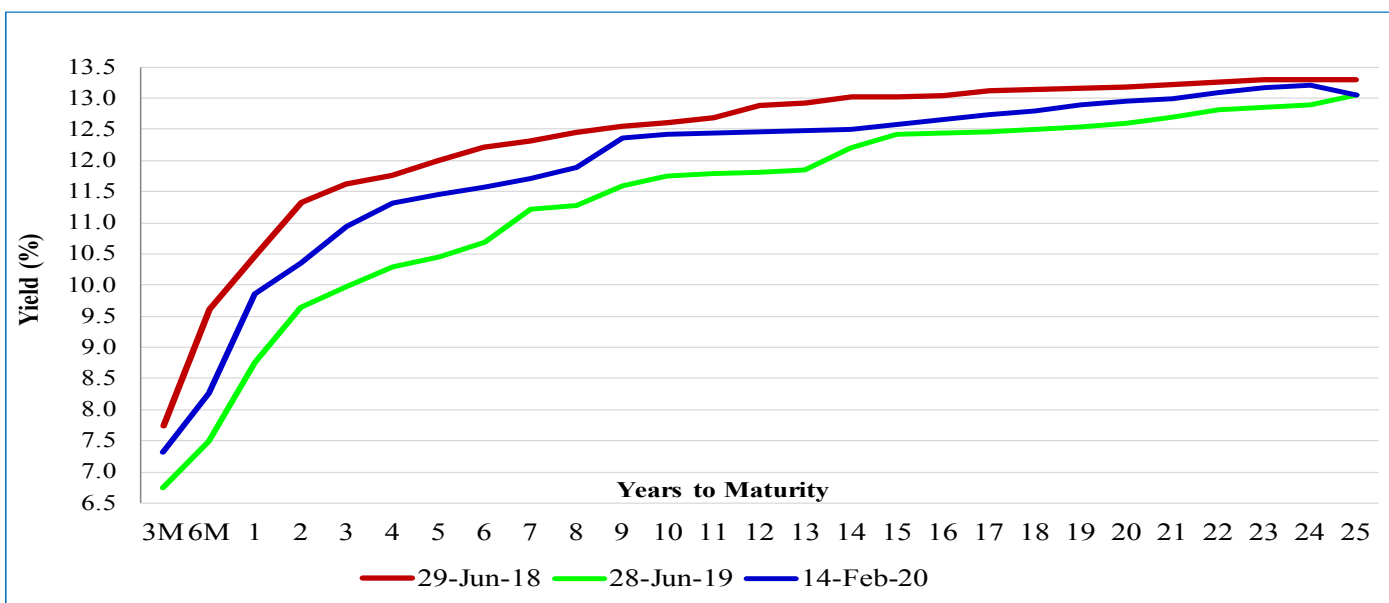
Source: Central Bank of Kenya

**Table 5: Treasury Bonds Auctions**

Date of Auction	20-Jun-18	23-Jan-19	25-Sep-19	19-Dec-19	22-Jan-20	19-Feb-20	
			TAP	TAP	REOPEN	REOPEN	
Tenor	FXD1/2018/25	FXD 1/2019/15	FXD 1/2018/15	FXD3/2019/5	FXD1/2019/10	FXD1/2020/15	FXD1/2018/25
Amount offered (Ksh M)	40,000.0	40,000.00	30,000.00	9,720.00	50,000.00	50,000.00	
Bids received (Ksh M)	10,130.7	101,973.00	9,320.40	9,750.51	69,941.73	42,494.66	
Amount Accepted (Ksh M)	5,171.8	14,719.75	3,453.83	9,750.51	19,259.58	5,194.04	22,678.92
Maturities (Ksh M)	26,340.1	0.00	3,453.83	0.00	0.00	0.00	
Average interest Rate (%)	13.45	12.86	12.56	11.49	12.43	12.76	13.60

Source: Central Bank of Kenya

**Chart 1: Government Securities Yield Curve**



Source: Nairobi Securities Exchange (NSE)

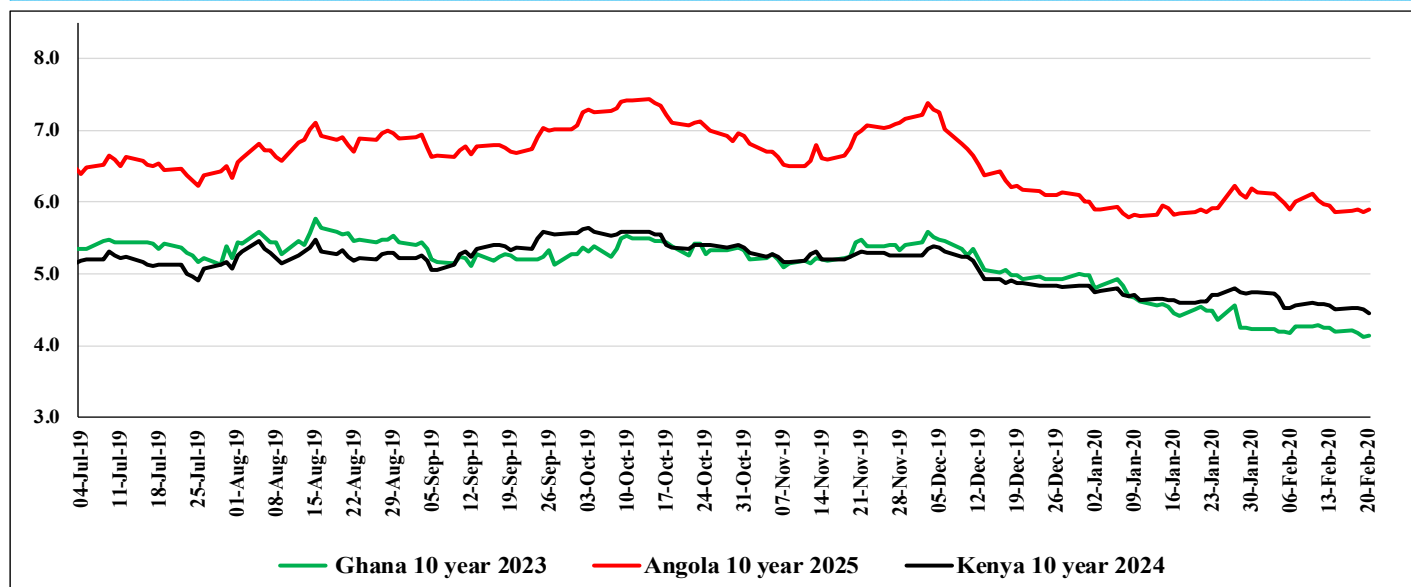
**Table 6: Key Weekly Market Indicators**

INDICATOR	NASI 100=2008	NSE 25 Share Index	NSE 20 Share Index 100=1996	Total Deals (Equity)	Total Shares Traded (Mil- lion)	Equity Turnover (KSh Million)	Market Capital- ization (KSh Billion)	Bonds Turnover (KSh Million)	7-Year Euro- bond Yield (%) 2027	10-Year Euro- bond Yield (%) 2024	10-Year Euro- bond Yield (%) 2028	12-Year Euro- bond Yield (%) 2032	30-Year Euro- bond Yield (%) 2048
7-Feb-20	168.65	4124.06	2602.36	1,099	34.03	1,318.12	2574.30	1,888.62	5.525	4.565	5.700	6.465	7.281
10-Feb-20	167.71	4105.00	2594.00	829	5.14	193.51	2,559.97	946.18	5.555	4.605	5.725	6.539	7.294
11-Feb-20	PUBLIC HOLIDAY								5.456	4.575	5.664	6.450	7.234
12-Feb-20	166.96	4084.68	2599.44	1,058	40.50	1,126.75	2,548.43	3,542.59	5.448	4.573	5.609	6.406	7.180
13-Feb-20	164.16	4039.84	2580.20	968	28.67	1,001.07	2,505.60	2,142.38	5.444	4.568	5.593	6.362	7.166
<b>Feb 7-13, 2020</b>	<b>164.16</b>	<b>4039.84</b>	<b>2580.20</b>	<b>3,954</b>	<b>108.34</b>	<b>3,639.45</b>	<b>2,505.60</b>	<b>8,520</b>	<b>5.444</b>	<b>4.568</b>	<b>5.593</b>	<b>6.362</b>	<b>7.166</b>
14-Feb-20	162.37	4005.76	2559.05	789	36.30	961.41	2,478.22	2,389.51	5.373	4.513	5.534	6.275	7.121
17-Feb-20	162.11	3998.10	2551.17	764.00	14.44	315.57	2,474.18	2,771.64	5.387	4.518	5.515	6.246	7.108
18-Feb-20	160.87	3978.77	2540.23	903.00	11.27	357.52	2,455.34	2,250.27	5.361	4.517	5.532	6.260	7.118
19-Feb-20	159.35	3952.14	2523.35	1,024	18.34	492.77	2,432.08	1,824.46	5.292	4.503	5.492	6.245	7.093
20-Feb-20	158.87	3933.37	2521.84	987	27.53	873.09	2,424.63	1,952.87	5.270	4.456	5.505	6.216	7.097
<b>Feb 14-20, 2020</b>	<b>158.87</b>	<b>3933.37</b>	<b>2521.84</b>	<b>4,467</b>	<b>107.89</b>	<b>3,000.37</b>	<b>2,424.63</b>	<b>11,189</b>	<b>5.270</b>	<b>4.456</b>	<b>5.505</b>	<b>6.216</b>	<b>7.097</b>
<b>Weekly Changes (%)</b>	<b>-3.22</b>	<b>-2.64</b>	<b>-2.26</b>	<b>12.97</b>	<b>-0.41</b>	<b>-17.56</b>	<b>-3.23</b>	<b>31.33</b>	<b>-0.174*</b>	<b>-0.112*</b>	<b>-0.088*</b>	<b>-0.146*</b>	<b>-0.069*</b>

\* Percentage points

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)**

	25-Oct-19	29-Nov-19	27-Dec-19	31-Jan-20	07-Feb-20	14-Feb-20
1. Treasury Bills (Excluding Repos)	910.38	896.13	889.55	880.01	878.40	<b>883.12</b>
<i>(As % of total securities)</i>	<b>33.12</b>	<b>31.62</b>	<b>31.06</b>	<b>30.15</b>	<b>30.11</b>	<b>30.22</b>
2. Treasury Bonds	1,838.11	1,938.13	1,974.69	2,038.71	2,038.71	<b>2,038.71</b>
<i>(As % of total securities)</i>	<b>66.88</b>	<b>68.38</b>	<b>68.94</b>	<b>69.85</b>	<b>69.89</b>	<b>69.78</b>
3. Total Securities (1+2)	2,748.50	2,834.25	2,864.25	2,918.72	2,917.11	2,921.83
4. Overdraft at Central Bank	50.55	57.23	58.96	59.19	63.14	59.95
5. Other Domestic debt*	25.73	25.88	25.86	25.79	25.79	25.79
<b>6. Gross Domestic Debt (3+4+5)</b>	<b>2,824.78</b>	<b>2,917.36</b>	<b>2,949.07</b>	<b>3,003.70</b>	<b>3,006.04</b>	<b>3,007.57</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: Government Domestic Debt by Instrument (Percent)**

	25-Oct-19	29-Nov-19	27-Dec-19	31-Jan-20	07-Feb-20	14-Feb-20
Treasury bills (Excluding Repos)	32.23	30.72	30.16	29.30	29.22	29.36
Treasury bonds	65.07	66.43	66.96	67.87	67.82	67.79
CBK Overdraft to Government	1.79	1.96	2.00	1.97	2.10	1.99
Other domestic debt	0.91	0.89	0.88	0.86	0.86	0.86
<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>

Source: Central Bank of Kenya

**Table 9: Government Domestic Debt by Holder (Percent)**

	<b>25-Oct-19</b>	<b>29-Nov-19</b>	<b>27-Dec-19</b>	<b>31-Jan-20</b>	<b>07-Feb-20</b>	<b>14-Feb-20</b>
Banking Institutions	53.35	54.38	54.22	54.65	54.96	54.86
Insurance Companies	6.46	6.43	6.41	6.40	6.31	6.30
Parastatals	6.92	6.78	6.50	6.25	6.25	6.19
Pension funds	29.07	28.22	28.70	28.54	28.41	28.48
Other investors	4.20	4.19	4.17	4.17	4.07	4.17
<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>

Source: Central Bank of Kenya