



Central Bank of Kenya

# Weekly Bulletin

December 18, 2020

## KEY MONETARY AND FINANCIAL INDICATORS

### Exchange Rates

The Kenya Shilling remained stable against major international and regional currencies during the week ending December 17. It exchanged at KSh 111.59 per US dollar on December 17, compared to KSh 111.44 per US dollar on December 10 (Table 1).

### Foreign Exchange Reserves

The usable foreign exchange reserves remained adequate at USD 7,837 million (4.81 months of import cover) as at December 17. 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 December 17, supported by government payments, which partly offset tax receipts. Commercial banks' excess reserves stood at KSh 26.2 billion in relation to the 4.25 percent cash reserves requirement (CRR). Open market operations remained active. The average interbank rate was 5.75 percent on December 17 compared to 4.25 percent on December 10. The average number of interbank deals per day increased to 41 from 28 in the previous week, while the average value traded increased to KSh 14.8 billion from KSh 10.6 billion in the previous week (Table 3).

### Government Securities Market

The Treasury bills auction of December 17 received bids totalling KSh 21.7 billion against an advertised amount of KSh 24.0 billion, representing a performance of 90.4 percent. Interest rates on all the Treasury bills tenors remained stable, only rising marginally (Table 4).

### Equity Market

At the Nairobi Securities Exchange, the NASI, NSE 20 share price index and market capitalisation increased by 0.2 percent, 0.8 percent and 0.3 percent, respectively in the week ending December 17. However, the NSE 25 share price index, total shares traded and total equity turnover declined by 0.3 percent, 16.3 percent and 47.8 percent, respectively in the week under review (Table 6).

### Bond Market

Turnover of bonds traded in the domestic secondary market increased by 14.3 percent during the week ending December 17 (Table 6). In the international market, yields on Kenya's Eurobonds increased by an average of 7.0 basis points. The yields on the 10-year Eurobonds for Ghana and Angola also increased (Chart 2).

### Global Trends

Global financial markets sentiment improved during the week ending December 17 on account of progress on US fiscal stimulus negotiations, renewed hope of a Brexit trade deal, continued rollout of COVID-19 vaccine, and stronger than expected economic data in Europe. These developments overshadowed negative news of increased virus cases.

International oil prices increased during the week mainly due to strengthening global demand, and decline in crude oil inventory. Murban oil price increased to USD 51.64 per barrel on December 17 from USD 49.32 per barrel on December 10.

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

	USD	Sterling Pound	Euro	100 Japanese Yen	USHS*	TSHS*	RWF*	BIF*
4-Dec-20	111.06	148.74	134.44	106.84	33.20	20.88	8.91	17.45
7-Dec-20	111.13	149.79	135.08	106.89	33.09	20.87	8.90	17.44
8-Dec-20	111.40	148.20	135.28	107.03	33.04	20.82	8.88	17.40
9-Dec-20	111.41	148.88	135.03	107.07	33.03	20.82	8.88	17.40
10-Dec-20	111.44	149.94	135.03	106.90	33.02	20.81	8.88	17.40
<b>Dec 4-10</b>	<b>111.29</b>	<b>149.11</b>	<b>134.97</b>	<b>106.94</b>	<b>33.08</b>	<b>20.84</b>	<b>8.89</b>	<b>17.42</b>
11-Dec-20	111.48	148.24	134.92	106.80	32.98	20.80	8.88	17.39
14-Dec-20	111.53	147.22	134.88	107.25	32.96	20.79	8.87	17.38
15-Dec-20	111.56	149.79	135.55	107.15	32.87	20.79	8.87	17.38
16-Dec-20	111.59	149.14	135.51	107.84	32.83	20.78	8.87	17.38
17-Dec-20	111.59	150.75	135.95	108.02	32.74	20.78	8.87	17.38
<b>Dec 11-17</b>	<b>111.55</b>	<b>149.03</b>	<b>135.36</b>	<b>107.41</b>	<b>32.87</b>	<b>20.79</b>	<b>8.87</b>	<b>17.38</b>

\* Units of currency per Kenya Shilling

Source: Central Bank of Kenya

**Table 2: Official Foreign Exchange Reserves (US\$ Million)**

	19-Nov-20	26-Nov-20	3-Dec-20	10-Dec-20	17-Dec-20
1. CBK Usable Foreign Exchange Reserves (USD Million)	7,928	7,951	7,954	7,849	7,837
2. CBK Usable Foreign Exchange Reserves (Months of Import Cover)*	4.87	4.88	4.89	4.82	4.81

\*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 (%)
4-Dec-20	22	5,775.00	3.96
7-Dec-20	30	9,100.00	4.09
8-Dec-20	20	10,020.00	4.14
9-Dec-20	24	13,170.00	4.16
10-Dec-20	43	15,007.00	4.25
<b>Dec 4-10, 2020</b>	<b>28</b>	<b>10,614.40</b>	<b>4.12</b>
11-Dec-20	54	12,665.00	4.52
14-Dec-20	56	25,420.00	5.13
15-Dec-20	28	10,175.00	5.33
16-Dec-20	30	14,110.00	5.61
17-Dec-20	36	11,770.00	5.75
<b>Dec 11-17, 2020</b>	<b>41</b>	<b>14,828.00</b>	<b>5.27</b>

Source: Central Bank of Kenya

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

<b>91-Day Treasury Bills</b>						
<b>Date of Auction</b>	<b>29-Oct-20</b>	<b>19-Nov-20</b>	<b>26-Nov-20</b>	<b>3-Dec-20</b>	<b>10-Dec-20</b>	<b>17-Dec-20</b>
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)	2,996.75	5,581.88	4,578.36	2,971.03	1,550.67	8,629.93
Amount Accepted (KSh M)	2,505.10	5,560.64	3,595.33	2,479.53	1,550.67	8,513.96
Maturities (KSh M)	12,075.95	2,647.55	4,042.30	2,271.80	7,324.95	6,126.25
<b>Average Interest Rate (%)</b>	<b>6.653</b>	<b>6.706</b>	<b>6.730</b>	<b>6.861</b>	<b>6.901</b>	<b>6.916</b>
<b>182-Day Treasury Bills</b>						
<b>Date of Auction</b>	<b>29-Oct-20</b>	<b>19-Nov-20</b>	<b>26-Nov-20</b>	<b>3-Dec-20</b>	<b>10-Dec-20</b>	<b>17-Dec-20</b>
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)	3,306.60	6,502.84	6,371.30	2,687.18	3,019.91	7,856.58
Amount Accepted (KSh M)	3,305.83	6,498.06	5,888.93	2,686.51	2,979.90	7,856.58
Maturities (KSh M)	2,621.45	5,732.95	1,457.90	9,218.30	6,966.00	4,375.55
<b>Average Interest Rate (%)</b>	<b>7.038</b>	<b>7.152</b>	<b>7.193</b>	<b>7.333</b>	<b>7.363</b>	<b>7.399</b>
<b>364-Day Treasury Bills</b>						
<b>Date of Auction</b>	<b>29-Oct-20</b>	<b>19-Nov-20</b>	<b>26-Nov-20</b>	<b>3-Dec-20</b>	<b>10-Dec-20</b>	<b>17-Dec-20</b>
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)	11,010.11	12,931.81	4,476.58	5,258.63	5,280.71	5,207.09
Amount Accepted (KSh M)	10,721.36	12,098.00	3,965.10	4,727.59	5,188.48	4,972.92
Maturities (KSh M)	14,027.10	5,308.05	4,374.00	5,178.95	6,074.95	7,679.10
<b>Average Interest Rate (%)</b>	<b>7.933</b>	<b>8.094</b>	<b>8.151</b>	<b>8.204</b>	<b>8.246</b>	<b>8.283</b>

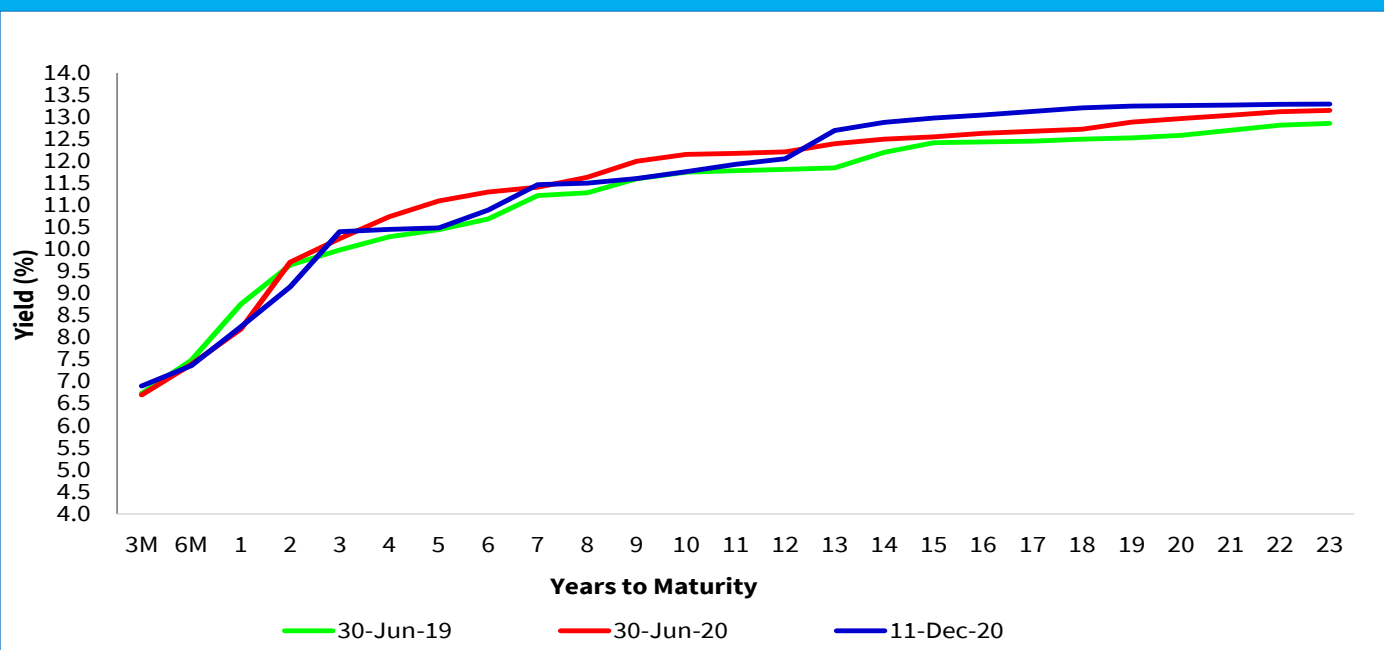
Source: Central Bank of Kenya

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

<b>Date of Auction</b>	<b>14-Oct-20</b>		<b>11-Nov-20</b>	<b>18-Nov-20</b>		<b>9-Dec-20</b>	
	<b>REOPEN</b>		<b>TAP</b>	<b>REOPEN</b>		<b>REOPEN</b>	
<b>Tenor</b>	<b>FXD1/ 2011/20</b>	<b>FXD1/ 2018/25</b>	<b>FXD1/ 2018/25</b>	<b>FXD2/ 2013/15</b>	<b>FXD1/ 2018/20</b>	<b>FXD1/ 2012/15</b>	<b>FXD2/ 2019/15</b>
Amount offered (KSh M)	50,000.00		20,000.00	40,000.00		40,000.00	
Bids received (KSh M)	23,155.69	45,981.50	7,959.90	27,102.68	28,877.58	9,259.23	15,079.12
Amount Accepted (KSh M)	16,992.04	43,034.10	7,904.66	26,226.46	27,490.59	8,549.51	9,706.88
Maturities (KSh M)	33,387.90		0.00	30,673.85		0.00	
Average interest Rate (%)	11.99	13.49	13.49	11.45	13.25	11.46	12.81

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 (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
4-Dec-20	148.12	3312.97	1786.42	869.00	34.35	1,086.58	2,274.77	779.70	4.884	4.047	5.192	5.878	7.026
7-Dec-20	146.75	3293.65	1782.78	665.00	3.23	86.71	2,253.71	1,729.25	4.907	4.081	5.231	5.907	7.053
8-Dec-20	146.57	3286.09	1780.30	961.00	21.21	659.74	2,250.86	2,964.70	4.943	4.079	5.211	5.877	7.044
9-Dec-20	146.59	3289.99	1774.88	725.00	17.84	516.51	2,251.17	4,106.60	4.885	4.041	5.210	5.862	7.016
10-Dec-20	145.97	3280.47	1782.06	882.00	36.40	994.79	2,241.60	1,543.65	4.932	4.071	5.228	5.861	7.025
<b>Dec 4 - 10</b>	<b>145.97</b>	<b>3280.47</b>	<b>1782.06</b>	<b>4,102.00</b>	<b>113.0</b>	<b>3,344.3</b>	<b>2,241.60</b>	<b>11,123.90</b>	<b>4.932</b>	<b>4.071</b>	<b>5.228</b>	<b>5.861</b>	<b>7.025</b>
11-Dec-20	147.12	3296.62	1794.06	825.00	23.21	423.66	2,259.35	2,669.80	4.908	4.070	5.247	5.890	7.044
14-Dec-20	147.48	3303.40	1799.49	829.00	10.78	179.04	2,264.82	2,069.80	4.975	4.068	5.227	5.875	7.025
15-Dec-20	146.96	3292.49	1785.73	889.00	31.47	714.33	2,257.21	2,105.45	4.986	4.139	5.246	5.919	7.053
16-Dec-20	146.23	3270.40	1801.97	942.00	14.24	479.04	2,245.88	3,567.15	5.005	4.137	5.285	5.963	7.081
17-Dec-20	146.32	3271.76	1796.41	983.00	14.86	374.84	2,247.28	2,302.29	4.964	4.168	5.283	5.961	7.091
<b>Dec 10- 17</b>	<b>146.32</b>	<b>3271.76</b>	<b>1796.41</b>	<b>4,468.00</b>	<b>94.6</b>	<b>1,747.3</b>	<b>2,247.28</b>	<b>12,714.49</b>	<b>4.964</b>	<b>4.168</b>	<b>5.283</b>	<b>5.961</b>	<b>7.091</b>
<b>Weekly Changes (%)</b>	<b>0.24</b>	<b>-0.27</b>	<b>0.81</b>	<b>8.92</b>	<b>-16.34</b>	<b>-47.75</b>	<b>0.25</b>	<b>14.30</b>	<b>0.032*</b>	<b>0.097*</b>	<b>0.055*</b>	<b>0.100*</b>	<b>0.066*</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	04-Dec-20	11-Dec-20
1. Treasury Bills (Excluding Repos)	954.25	878.94	900.62	887.14	894.73	864.26	857.96
<i>(As % of total securities)</i>	<b>35.29</b>	<b>30.80</b>	<b>30.09</b>	<b>28.55</b>	<b>26.50</b>	<b>25.38</b>	<b>25.30</b>
2. Treasury Bonds	1,749.71	1,974.69	2,092.64	2,220.34	2,482.24	2,541.52	2,532.88
<i>(As % of total securities)</i>	<b>64.71</b>	<b>69.20</b>	<b>69.91</b>	<b>71.45</b>	<b>73.50</b>	<b>74.62</b>	<b>74.70</b>
3. Total Securities (1+2)	2,703.96	2,853.63	2,993.26	3,107.48	3,376.98	3,405.77	3,390.84
4. Overdraft at Central Bank	57.33	63.72	54.18	47.15	56.21	39.30	39.30
5. Other Domestic debt*	25.76	24.75	25.10	23.24	23.92	24.14	24.14
<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>3,469.21</b>	<b>3,454.28</b>

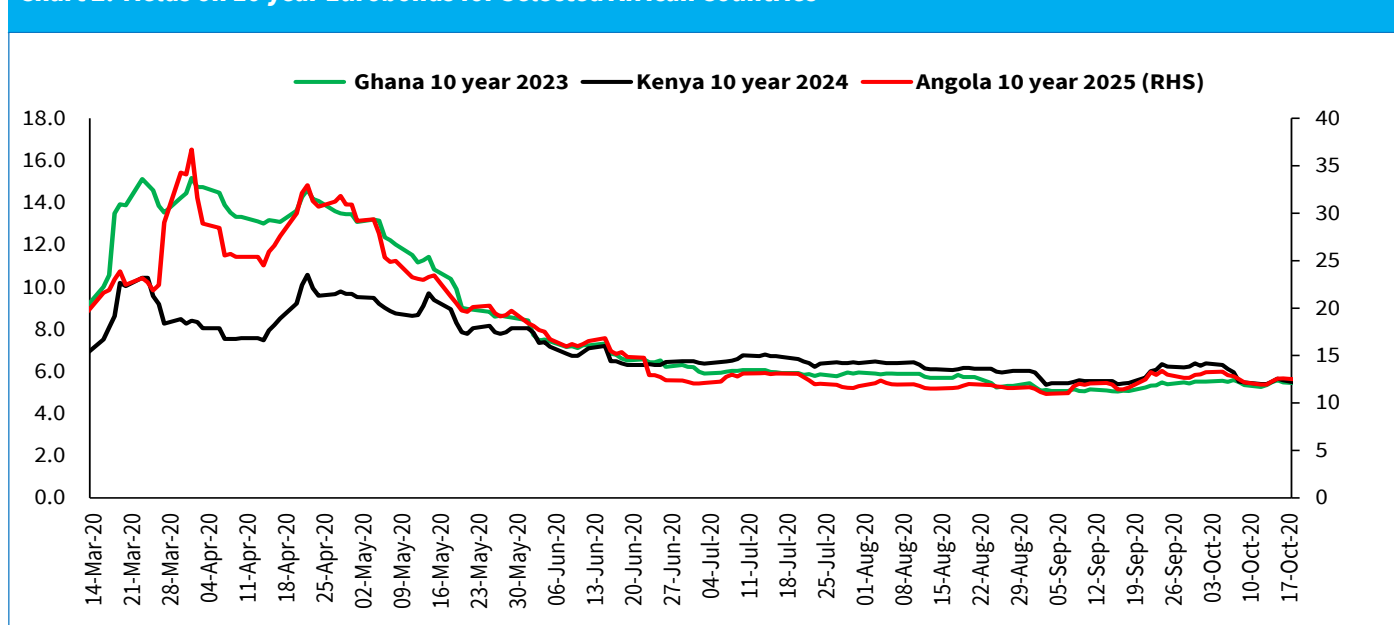
\* Other domestic debt includes clearing items in transit, advances from commercial banks, Pre-1997 Government Overdraft and Tax Reserve Certificates

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	4-Dec-20	11-Dec-20
Treasury bills (Excluding Repos)	34.24	29.87	29.31	27.92	25.88	24.91	24.84
Treasury bonds	62.78	67.12	68.11	69.87	71.80	73.26	73.33
Overdraft at Central Bank	2.06	2.17	1.76	1.48	1.63	1.13	1.14
Other domestic debt	0.92	0.84	0.82	0.73	0.69	0.70	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

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

Source: Thomson Reuters

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

	30-Jun-19	31-Dec-19	31-Mar-20	30-Jun-20	30-Sep-20	4-Dec-20	11-Dec-20
Banking Institutions	54.38	54.33	54.33	54.86	55.15	53.97	53.87
Insurance Companies	6.13	6.42	6.30	6.05	6.16	6.32	6.35
Parastatals	6.97	6.49	6.13	5.73	5.47	5.71	5.67
Pension Funds	28.24	28.60	29.04	29.05	28.52	29.74	29.83
Other Investors	4.28	4.17	4.20	4.32	4.71	4.26	4.29
<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	Aug-20	Sep-20
Domestic debt (KSh Bn)	2,787.04	2,851.64	2,942.10	3,072.54	3,177.87	3,401.61	3,457.11
Public & Publicly Guaranteed External debt (US \$ Bn)	29.55	29.95	30.66	30.69	33.01	33.88	33.77
Public & Publicly Guaranteed External debt (KSh Bn)	3,023.14	3,111.80	3,106.82	3,212.63	3,515.81	3,666.32	3,663.49
Public debt (KSh Bn)	<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>7,067.93</b>	<b>7,120.60</b>

Source: National Treasury and Central Bank of Kenya