



Central Bank of Kenya

Weekly Bulletin

May 08, 2020

KEY MONETARY AND FINANCIAL INDICATORS

Exchange Rate

The Kenya Shilling strengthened against major international and regional currencies during the week ending May 7. It exchanged at KSh 106.08 per US dollar on May 7 compared to KSh 107.29 per US dollar on April 30 (Table 1).

Foreign Exchange Reserves

The CBK usable foreign exchange reserves remained adequate at USD 7,809 million (4.70 months of import cover) as at May 7. 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 Market

The money market was liquid during the week ending May 7, supported by government payments, which offset tax receipts. Commercial banks' excess reserves stood at KSh 39.9 billion in relation to the 4.25 percent cash reserves requirement (CRR). Open market operations remained active. The average interbank rate was 4.05 percent on May 7 compared to 4.27 percent on April 30. The average number of interbank deals per day decreased to 20 from 23 in the previous week, while the value traded decreased to KSh 7.9 billion from KSh 12.3 billion in the previous week (Table 3).

Government Securities Market

The Treasury bills auction of May 7 received bids totaling KSh 15.0 billion against an advertised amount of KSh 24.0 billion, representing a performance of 62.6 percent. Interest rates on all the Treasury bill tenors increased marginally (Table 4).

The 5-year Treasury bond offered at the auction of May 6 received bids totaling KSh 34.5 billion against an advertised amount of KSh 50.0 billion, representing a performance of 69.1 percent (Table 5). The interest rate for the bond increased slightly compared to the previous issue of similar Treasury bond.

Equity Market

At the Nairobi Securities Exchange, the NASI, NSE 25 and NSE 20 share price indices rose by 2.2 percent, 3.2 percent and 4.3 percent, respectively, during the week ending May 7. Similarly, market capitalization, number of shares traded and equity turnover rose by 2.2 percent, 0.79 percent and 60.1 percent, respectively (Table 6).

Bond Market

Turnover of bonds traded in the domestic secondary market increased by 19.2 percent during the week (Table 6). In the international market, yields on Kenya's Eurobonds declined by an average of 60.5 basis points. The yields on the 10-year Eurobonds for Angola and Ghana also declined (Chart 2).

Global Trends

Global financial markets remained cautiously optimistic during the week following the gradual easing of lockdown restrictions in parts of Europe and some US States. However, vulnerabilities persisted as the US employment report released on May 8, revealed unprecedented job losses arising from Covid-19 pandemic.

International oil prices recovered in the week, supported by the gradual easing of the lockdowns in some countries which is expected to boost demand. Murban oil price increased to USD 27.67 per barrel on May 6 from USD 21.97 per barrel on April 30.

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

	USD	Sterling Pound	Euro	100 Japanese Yen	USHS*	TSHS*	RWF*	BIF*
24-Apr-20	107.24	132.45	115.63	110.05	35.37	21.58	8.78	17.70
27-Apr-20	106.93	132.10	115.38	110.00	35.54	21.64	8.91	17.69
28-Apr-20	107.24	133.24	116.32	109.91	35.44	21.63	8.88	17.64
29-Apr-20	107.28	133.98	116.67	110.25	35.47	21.57	8.88	17.63
30-Apr-20	107.29	133.09	116.42	100.71	35.46	21.57	8.88	17.63
Apr 24-30	107.20	132.97	116.08	108.18	35.46	21.60	8.87	17.66
1-May-20	Labour Day							
4-May-20	107.27	133.97	116.59	100.51	35.43	21.57	8.88	17.64
5-May-20	106.61	132.72	116.62	99.98	35.60	21.71	8.94	17.74
6-May-20	106.31	132.43	115.19	99.62	35.70	21.77	8.97	17.92
7-May-20	106.08	131.30	114.63	99.93	35.87	21.81	8.81	17.91
May 01-07	106.57	132.61	115.76	100.01	35.65	21.72	8.90	17.80

*Unit of currency per Kenya Shilling

Source: Central Bank of Kenya

Table 2: Official Usable Foreign Exchange Reserves

	02-Apr-20	09-Apr-20	16-Apr-20	23-Apr-20	30-Apr-20	07-May-20
1. CBK Usable Foreign Exchange Reserves (USD Million)	7,874	7,974	7,913	7,858	7,744	7,809
2. CBK Usable Foreign Exchange Reserves (Months of Import Cover)*	4.76	4.84	4.78	4.75	4.66	4.70

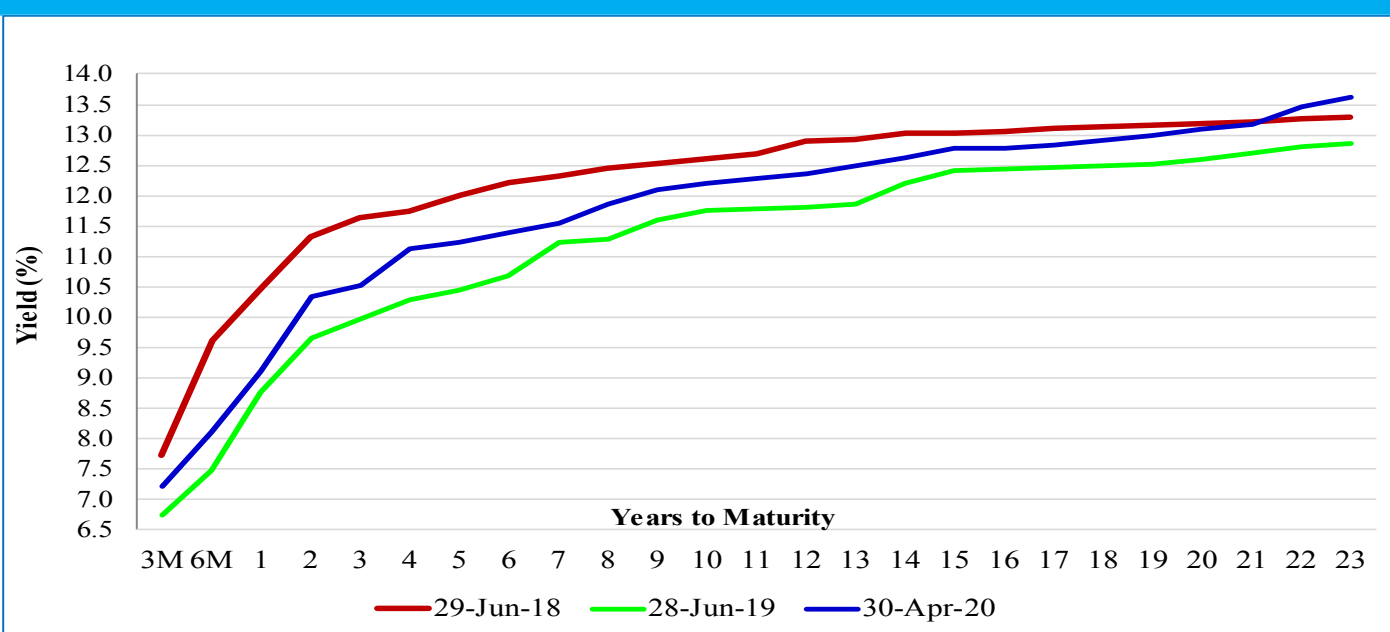
*Based on 36 months average of imports of goods and non-factor services.

Source: Central Bank of Kenya

Table 3: Money Market

Date	Number of Deals	Value (KSh M)	Average Interbank Rate (%)
24-Apr-20	18	6,750.00	4.62
27-Apr-20	25	17,990.00	4.58
28-Apr-20	24	13,540.00	4.69
29-Apr-20	22	10,200.00	4.66
30-Apr-20	27	12,780.00	4.27
April 24 -30, 2020	23	12,252.00	4.56
1-May-20	Public Holiday		
4-May-20	19	7,270.00	4.23
5-May-20	21	7,725.00	4.00
6-May-20	18	6,690.00	4.18
7-May-20	23	9,775.00	4.05
April 30-May 7, 2020	20	7,865.00	4.12

Source :Central Bank of Kenya

Chart 1: Government Securities Yield Curve


Source: Nairobi Securities Exchange (NSE)

Table 4: Treasury Bills Auctions
91-Day Treasury Bills

Date of Auction	09-Apr-20	16-Apr-20	23-Apr-20	30-Apr-20	07-May-20
Amount offered (Ksh M)	4,000.00	4,000.00	4,000.00	4,000.00	4,000.00
Bids received (Ksh M)	571.03	2,620.31	8,785.97	4,472.71	2,442.83
Amount Accepted (Ksh M)	565.68	2,620.31	8,785.68	2,505.61	2,441.95
Maturities (Ksh M)	587.75	5,090.50	3,384.45	4,640.00	3,422.55
Average interest Rate (%)	7.209	7.201	7.212	7.242	7.253

182-Day Treasury Bills

Amount offered (Ksh M)	10,000.00	10,000.00	10,000.00	10,000.00	10,000.00
Bids received (Ksh M)	1,625.45	812.07	4,445.28	2,674.78	3,795.10
Amount Accepted (Ksh M)	1,567.35	773.65	4,444.28	2,536.41	3,795.10
Maturities (Ksh M)	510.55	1,063.15	3,033.65	4,239.50	3,342.15
Average interest Rate (%)	8.106	8.089	8.121	8.134	8.151

364-Day Treasury Bills

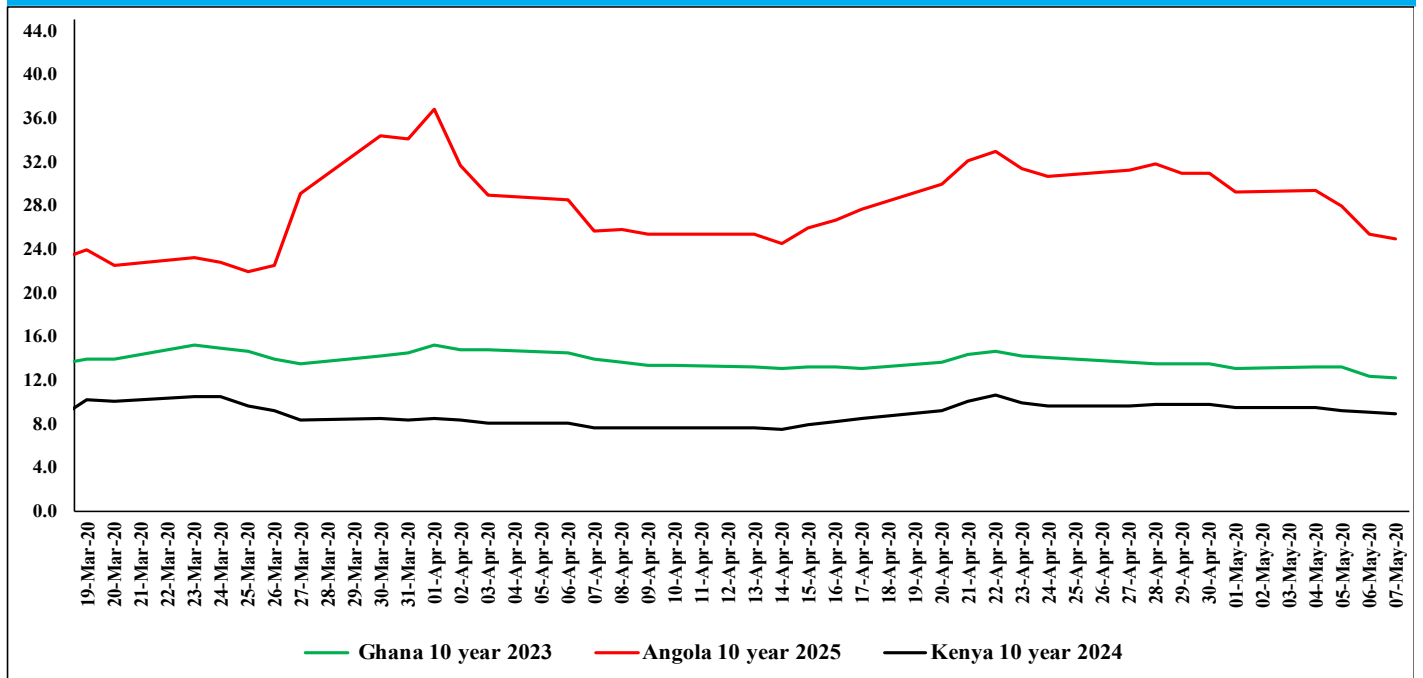
Amount offered (Ksh M)	10,000.00	10,000.00	10,000.00	10,000.00	10,000.00
Bids received (Ksh M)	6,335.57	10,857.34	6,376.10	10,750.99	8,779.00
Amount Accepted (Ksh M)	6,335.57	10,857.16	6,284.36	10,613.69	8,552.61
Maturities (Ksh M)	19,389.20	10,549.25	4,835.60	10,320.05	6,485.45
Average interest Rate (%)	9.040	9.091	9.110	9.115	9.161

Source: Central Bank of Kenya

Table 5: Treasury Bonds Auctions

Date of Auction	18-Mar-20		8-Apr-20	22-Apr-20	06-May-20
	REOPEN			TAP	
Tenor	FXD1/2018/20	FXD1/2018/25	IFB1/2020/9	IFB1/2020/9	FXD1/2020/5
Amount offered (Ksh M)	50,000.00		60,000.00	21,000.00	50,000.00
Bids received (Ksh M)	35,155.99		68,413.78	35,387.16	34,531.50
Amount Accepted (Ksh M)	8,274.69	14,638.57	39,010.13	35,387.16	20,777.17
Maturities (Ksh M)	0.00		0.00	0.00	0.00
Average interest Rate (%)	13.29	13.82	12.05	12.05	11.67

Source: Central Bank of Kenya

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

Source: Thomson Reuters

Table 6: Key Weekly Market Indicators

INDICATOR	NASI	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
24-Apr-20	135.78	3175.45	1967.84	1,276	32.86	1,024.33	2,075.20	951.75	9.313	9.583	9.301	9.579	9.380
27-Apr-20	135.82	3175.12	1957.86	1,071	17.28	477.10	2,075.82	1,433.93	9.411	9.664	9.203	9.721	9.450
28-Apr-20	135.96	3179.57	1947.70	878	15.23	381.20	2,077.88	2,307.83	9.635	9.785	9.302	9.762	9.507
29-Apr-20	140.21	3262.99	1967.19	960	16.61	321.75	2,143.03	916.57	9.433	9.672	9.230	9.661	9.522
30-Apr-20	139.69	3292.64	1958.07	1,313	19.73	423.72	2,135.01	2,007.54	9.268	9.672	9.230	9.661	9.522
April 24-30	139.69	3292.64	1958.07	5,498	101.70	2,628.10	2,135.01	7,617.63	9.268	9.672	9.230	9.661	9.522
1-May-20	LABOUR DAY								9.392	9.516	9.084	9.422	9.338
4-May-20	143.42	3373.69	1990.64	1,212	28.01	908.95	2,192.24	1,995.24	9.361	9.478	9.133	9.561	9.394
5-May-20	145.69	3446.45	2021.55	1,169	17.23	582.97	2,225.96	3,250.41	9.091	9.206	8.988	9.285	9.255
6-May-20	148.22	3611.91	2060.11	1,410	37.70	1,641.53	2,265.74	1,565.92	8.727	9.013	8.726	9.130	9.065
7-May-20	142.80	3399.29	2041.22	1,471	19.56	1,074.88	2,182.68	2,266.58	8.633	8.862	8.656	9.150	9.025
May 4-7, 2020	142.80	3399.29	2041.22	5,262	102.51	4,208.33	2,182.68	9,078.14	8.633	8.862	8.656	9.150	9.025
Weekly Changes (%)	2.23	3.24	4.25	-4.29	0.79	60.13	2.23	19.17	-0.544*	-0.732*	-0.526*	-0.511*	-0.457*

* Percentage points

Source: Nairobi Securities Exchange (NSE)

Table 7: Government Domestic Debt (KSh Billion)

	28-Jun-19	30-Sep-19	31-Dec-19	31-Mar-20	24-Apr-20	30-Apr-20
1. Treasury Bills (Excluding Repos)	954.25	928.91	878.94	902.29	881.28	890.43
(As % of total securities)	35.31	33.68	30.80	30.15	29.44	29.29
2. Treasury Bonds	1,748.15	1,828.78	1,974.69	2,090.29	2,111.94	2,149.72
(As % of total securities)	64.69	66.32	69.20	69.85	70.56	70.71
3. Total Securities (1+2)	2,702.40	2,757.69	2,853.63	2,992.58	2,993.22	3,040.14
4. Overdraft at Central Bank	57.33	68.23	63.72	54.18	62.83	54.59
5. Other Domestic debt*	25.76	25.72	24.75	25.10	25.10	25.09
6. Gross Domestic Debt (3+4+5)	2,785.94	2,851.64	2,942.10	3,071.85	3,081.15	3,119.83

* 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)

	28-Jun-19	30-Sep-19	31-Dec-19	31-Mar-20	24-Apr-20	30-Apr-20
Treasury bills (Excluding Repos)	34.26	32.57	29.87	29.37	28.60	28.54
Treasury bonds	62.76	64.13	67.12	68.03	68.54	68.90
CBK Overdraft to Government	2.06	2.39	2.17	1.76	2.04	1.75
Other domestic debt	0.92	0.90	0.84	0.84	0.81	0.80
TOTAL	100.00	100.00	100.00	100.00	100.00	100.00

Source: Central Bank of Kenya

Table 9: Government Domestic Debt by Holder (Percent)

	28-Jun-19	30-Sep-19	31-Dec-19	31-Mar-20	24-Apr-20	30-Apr-20
Banking Institutions	54.38	53.63	54.33	54.31	54.62	54.58
Insurance Companies	6.13	6.33	6.42	6.30	6.25	6.20
Parastatals	6.97	7.13	6.49	6.13	5.87	5.72
Pension funds	28.24	28.77	28.60	29.01	28.80	28.98
Other investors	4.28	4.13	4.17	4.25	4.45	4.51
Total	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-18	Jun-19	Sep-19	Dec-19	Jan-20	Feb-20	Mar-20
Domestic debt (KSh Billion)	2,478.84	2,785.94	2,856.60	2,942.10	3,003.70	3,040.96	3,071.85
Public & Publicly Guaranteed External debt (US \$ Billion)	25.34	29.55	29.95	30.66	30.95	30.87	30.69
Public & Publicly Guaranteed External debt (KSh Billion)	2,560.20	3,023.14	3,111.80	3,106.82	311.90	3,117.04	3,212.63
Total public debt (KSh Billion)	5,039.03	5,809.08	5,968.40	6,048.93	6,116.60	6,158.00	6,284.49

Source: National Treasury and Central Bank of Kenya