



Central Bank of Kenya

Weekly Bulletin

August 13, 2021



RECENT MONETARY AND FINANCIAL DEVELOPMENTS

Exchange Rates

The Kenya Shilling remained stable against major international and regional currencies during the week ending August 12. It exchanged at KSh 109.14 per US dollar on August 12, compared to KSh 108.67 per US dollar on August 5 (**Table 1**).

Foreign Exchange Reserves

The usable foreign exchange reserves remained adequate at USD 9,296 million (5.68 months of import cover) as at August 12. 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 was liquid during the week ending August 12, supported by government payments, which partly offset tax remittances. Commercial banks' excess reserves stood at KSh 10.7 billion in relation to the 4.25 percent cash reserves requirement (CRR). Open market operations remained active. The average interbank rate was 2.74 percent on August 12 compared to 3.29 percent on August 5. During the week, the average number of interbank deals per day increased marginally to 24 from 23 in the previous week, while the average value traded increased to KSh 13.1 billion from KSh 9.9 billion in the previous week (**Table 3**).

Government Securities Market

The Treasury bills auction of August 12 received bids totaling KSh 7.0 billion against an advertised amount of KSh 24.0 billion, representing a performance of 29.3 percent. Interest rates on the Treasury bills remained stable, with the 91-day and 182-day increasing marginally while the 364-day rate remained unchanged (**Table 4**).

During the August 11 Treasury Bond auction, the re-opened ten and twenty-year fixed rate bonds that were first issued in

2019, 2018 and the new twenty-year bond of 2021, received bids totalling KSh 104.6 billion against an advertised amount of KSh 60.0 billion, representing a performance rate of 174.4 percent (**Table 5**).

Equity Market

At the Nairobi Securities Exchange, the NSE 25 and the NASI share price indices rose by 1.6 percent and 2.7 percent, respectively. Similarly, total shares traded, market capitalization and equity turnover rose by 83.4 percent, 2.7 percent and 45.2 percent, respectively, during the week ending August 12. However, NSE 20 share price index declined by 1.2 percent (**Table 6**).

Bonds Market

Turnover of bonds in the domestic secondary market declined by 5.4 percent during the week ending August 12 (**Table 6**). In the international market, yields on Kenya's Eurobonds declined by an average of 2.67 basis points. However, the yields on the 10-year Eurobond for Ghana and Angola rose (**Chart 3**).

Global Trends

Global financial markets sentiment remained calm during the week ending August 12, but with growing concerns about inflation in several advanced economies, as inflation outcomes have been higher than expected due to the unprecedented economic stimulus and supply-chain constraints. In the US, CPI inflation for July was 5.4 percent while the Producer Price Index (PPI) was 7.8 percent.

International oil prices increased during the week boosted by increased demand despite elevated concerns on the surge of the Covid-19 Delta variant. Murban oil price increased to USD 71.02 per barrel on August 12, from USD 69.51 per barrel on August 5.

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

	USD	Sterling Pound	Euro	100 Japanese Yen	Uganda Shilling*	Tanzania Shilling*	Rwandese Franc*	Burundi Franc*
30-Jul-21	108.61	151.20	128.69	98.89	32.69	21.35	9.27	18.25
2-Aug-21	108.63	151.61	129.03	99.06	32.70	21.35	9.27	18.25
3-Aug-21	108.63	151.15	129.04	99.15	32.68	21.35	9.27	18.25
4-Aug-21	108.65	151.09	128.98	99.50	32.67	21.34	9.27	18.25
5-Aug-21	108.67	151.28	129.05	99.91	32.63	21.34	9.27	18.24
July 30- August 5	108.64	151.27	128.96	99.30	32.67	21.35	9.27	18.25
6-Aug-21	108.72	151.37	128.74	99.36	32.53	21.33	9.27	18.23
9-Aug-21	108.77	151.35	128.46	98.68	32.50	21.32	9.26	18.23
10-Aug-21	108.84	151.07	127.98	98.64	32.48	21.31	9.26	18.22
11-Aug-21	109.02	151.09	127.77	98.51	32.38	21.27	9.24	18.19
12-Aug-21	109.14	151.14	127.97	98.84	32.35	21.25	9.24	18.17
August 6-12	108.90	151.20	128.18	98.81	32.45	21.30	9.25	18.21

*Units of currency per Kenya Shilling

Source: Central Bank of Kenya

Table 2: Official Foreign Exchange Reserves (USD Million)

	15-Jul-21	22-Jul-21	29-Jul-21	5-Aug-21	12-Aug-21
1. CBK Usable Foreign Exchange Reserves (USD Million)*	9,621	9,371	9,341	9,352	9,296
2. CBK Usable Foreign Exchange Reserves (Months of Import Cover)**	5.87	5.73	5.71	5.72	5.68

*Excludes Encumbered Reserves

**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 (%)
30-Jul-21	18	6,070.00	3.17
2-Aug-21	33	21,820.00	3.16
3-Aug-21	18	6,010.00	3.36
4-Aug-21	24	7,850.00	3.25
5-Aug-21	20	7,960.00	3.29
July 30-Aug 5	23	9,942.00	3.25
6-Aug-21	16	8,950.00	2.90
9-Aug-21	16	8,910.00	2.79
10-Aug-21	18	10,300.00	2.69
11-Aug-21	36	18,345.00	2.67
12-Aug-21	33	18,970.00	2.74
August 6-12	24	13,095.00	2.76

Source: Central Bank of Kenya

Table 4: Performance of Treasury Bills Auctions

91-Day Treasury Bills						
Date of Auction	8-Jul-21	15-Jul-21	22-Jul-21	29-Jul-21	5-Aug-21	12-Aug-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)	11,308.01	2,673.05	10,082.46	8,495.36	6,093.72	2,812.42
Amount Accepted (KSh M)	11,307.42	2,667.88	10,082.46	8,490.35	6,083.47	2,782.71
Maturities (KSh M)	3,214.00	4,161.45	3,720.50	1,738.20	1,867.30	1,389.70
Average Interest Rate (%)	6.614	6.520	6.477	6.486	6.513	6.527
182-Day Treasury Bills						
Date of Auction	8-Jul-21	15-Jul-21	22-Jul-21	29-Jul-21	5-Aug-21	12-Aug-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)	19,411.26	11,325.32	3,211.47	6,498.46	15,019.57	3,134.61
Amount Accepted (KSh M)	11,667.74	11,295.82	3,207.51	6,443.79	14,044.36	3,134.61
Maturities (KSh M)	3,173.50	8,400.30	937.00	2,042.10	2,082.40	4,377.00
Average Interest Rate (%)	7.101	6.984	6.955	6.966	7.046	7.117
364-Day Treasury Bills						
Date of Auction	8-Jul-21	15-Jul-21	22-Jul-21	29-Jul-21	5-Aug-21	12-Aug-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)	4,324.18	5,269.95	3,404.08	2,809.45	2,829.82	1,088.70
Amount Accepted (KSh M)	4,275.77	5,219.89	3,403.99	2,809.35	2,820.97	1,088.43
Maturities (KSh M)	22,209.20	6,160.90	25,369.30	10,883.20	14,323.90	5,702.95
Average Interest Rate (%)	7.576	7.506	7.432	7.426	7.418	7.418

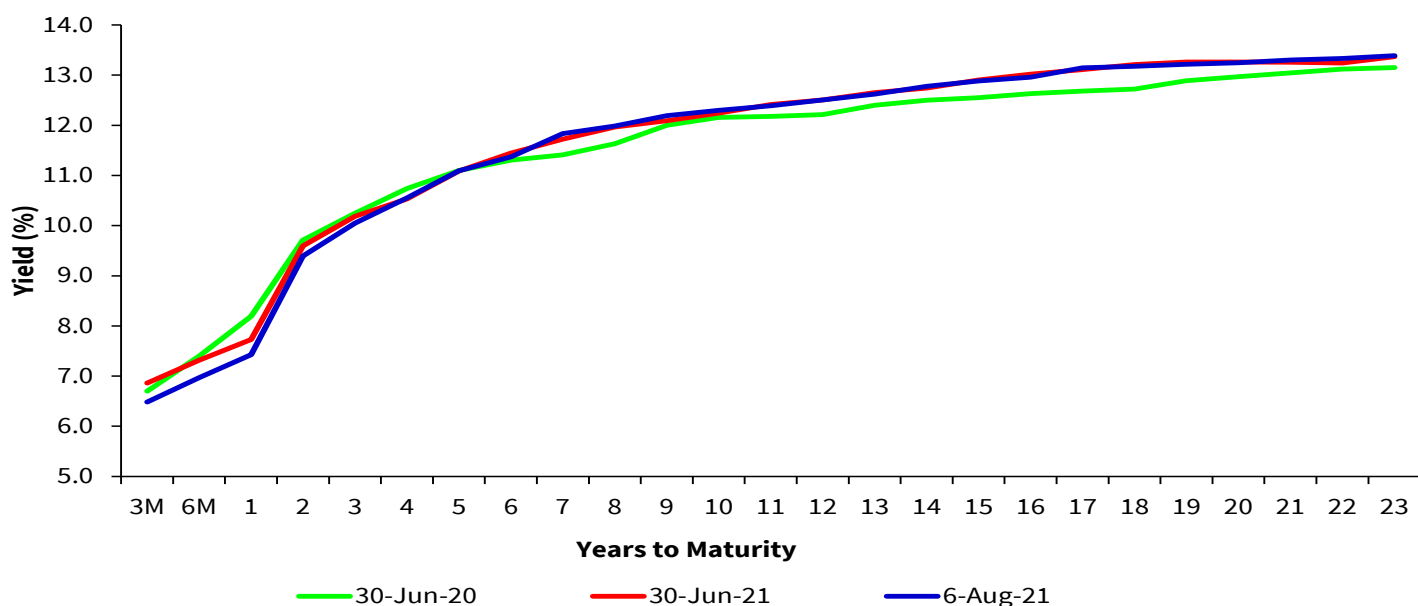
Source: Central Bank of Kenya

Table 5: Performance of Treasury Bond Auctions

Date of Auction	30-Jun-21		14-Jul-21			11-Aug-21		
	REOPEN		REOPEN			REOPEN		
Tenor	FXD1/ 2019/20	FXD1/ 2012/20	FXD1/ 2012/15	FXD1/ 2018/15	FXD1/ 2021/25	FXD3/ 2019/10	FXD1/ 2018/20	FXD1/ 2021/20
Amount offered (KSh M)	50,000.00		60,000.00			60,000.00		
Bids received (KSh M)	29,845.00	8,638.85	48,805.43	28,212.38	39,906.96	38,313.49	22,818.80	43,504.73
Amount Accepted (KSh M)	29,045.75	8,378.30	30,091.53	27,203.05	22,640.58	22,968.26	17,783.62	39,539.41
Maturities (KSh M)	0.00		24,395.3			0.00		
Average interest Rate (%)	13.26	12.50	11.47	12.61	13.68	12.17	13.19	13.44

Source: Central Bank of Kenya

Chart 1: Government Securities Yield Curve



Source: Nairobi Securities Exchange (NSE)

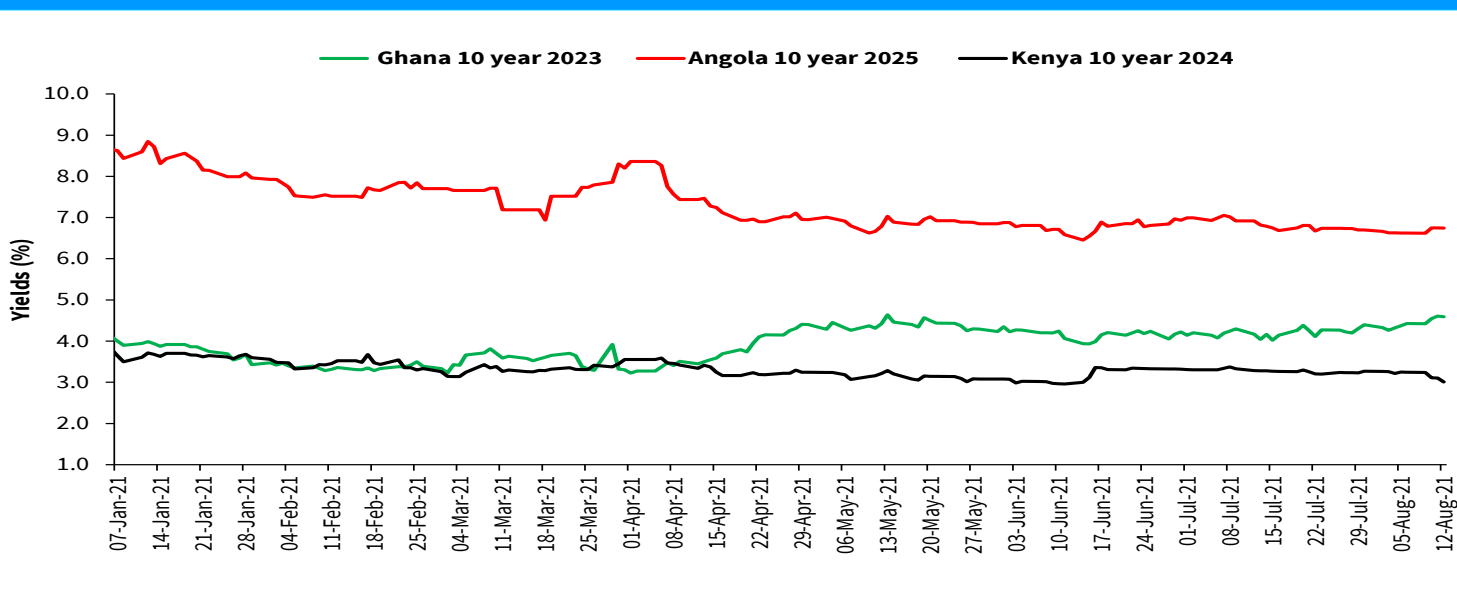
Table 6: Key Weekly Market Indicators

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 Capitaliza- tion (KSh Billion)	Bonds Turnover (KSh Million)	Eurobond Yields (%)					
									7-Year 2027	10-Year 2024	10-Year 2028	12-Year 2032	13-Year 2034	30-Year 2048
30-Jul-21	177.52	3,890.90	1,974.29	1,164.00	15.43	578.09	2,766.28	5,887.70	4.805	3.267	5.355	6.221	6.179	7.335
2-Aug-21	176.16	3,874.63	1,972.65	1,067.00	6.68	225.28	2,744.98	3,107.20	4.809	3.264	5.333	6.189	6.164	7.325
3-Aug-21	175.16	3,862.24	1,972.00	1,243.00	9.14	364.55	2,729.34	1,144.40	4.800	3.260	5.354	6.205	6.149	7.335
4-Aug-21	175.37	3,864.65	1,973.58	946.00	5.84	147.33	2,732.72	4,721.70	4.785	3.214	5.31	6.141	6.119	7.305
5-Aug-21	175.89	3,871.97	1,974.95	962.00	14.69	405.01	2,740.76	6,779.90	4.818	3.248	5.33	6.171	6.149	7.305
July 30-Aug- 5	175.89	3,871.97	1,974.95	5,382.00	51.79	1,720.26	2,740.76	21,640.90	4.818	3.248	5.330	6.171	6.149	7.305
6-Aug-21	178.50	3,917.17	1,974.46	1,052.00	8.92	347.10	2,781.64	5,306.35	4.812	3.244	5.329	6.187	6.149	7.315
9-Aug-21	180.46	3,936.49	1,976.98	1,238.00	20.15	834.54	2,812.23	2,974.25	4.833	3.241	5.328	6.187	6.148	7.315
10-Aug-21	180.53	3,939.02	1,975.02	1,376.00	21.20	539.48	2,813.24	4,976.15	4.824	3.108	5.328	6.202	6.163	7.335
11-Aug-21	180.56	3,934.24	1,962.25	1,036.00	11.88	523.38	2,813.71	5,985.30	4.790	3.105	5.306	6.202	6.134	7.325
12-Aug-21	180.67	3,933.23	1,952.28	1,070.00	32.84	253.51	2,815.45	3,567.40	4.802	3.095	5.304	6.201	6.134	7.325
August 5-12	180.67	3,933.23	1,952.28	5,772.00	94.99	2,498.01	2,815.45	22,809.45	4.802	3.095	5.304	6.201	6.134	7.325
Weekly Changes (%)	2.72	1.58	(1.15)	7.25	83.43	45.21	2.73	5.40	-0.016*	-0.153*	-0.026*	0.030*	-0.015*	0.020*

* Percentage points

Source: Nairobi Securities Exchange (NSE) and Thomson Reuters

Chart 2: Yields on 10 year Eurobonds for Selected Countries



Source: Thomson Reuters

Table 7: Government Domestic Debt (KSh Billion)

	30-Jun-20	30-Sep-20	31-Dec-20	31-Mar-21	30-Jun-21	30-Jul-21	06-Aug-21
1. Treasury Bills (Excluding Repos)	887.14	894.73	855.71	761.90	765.37	751.55	755.14
<i>(As % of total securities)</i>	28.56	26.50	25.04	21.79	21.17	20.34	20.41
2. Treasury Bonds	2,219.44	2,482.24	2,561.33	2,734.47	2,849.94	2,943.98	2,943.98
<i>(As % of total securities)</i>	71.44	73.50	74.96	78.21	78.83	79.66	79.59
3. Total Securities (1+2)	3,106.59	3,376.98	3,417.05	3,496.37	3,615.31	3,695.53	3,699.12
4. Overdraft at Central Bank	47.15	56.21	47.60	49.28	59.28	72.91	70.16
5. Other Domestic debt*	23.24	23.92	23.90	24.19	22.50	23.07	22.48
6. Gross Domestic Debt (3+4+5)	3,176.97	3,457.11	3,488.54	3,569.84	3,697.09	3,791.51	3,791.76

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

Source: Central Bank of Kenya

Table 8: Composition of Government Domestic Debt by Instrument (Percent)

	30-Jun-20	30-Sep-20	31-Dec-20	31-Mar-21	30-Jun-21	30-Jul-21	6-Aug-21
Treasury bills (Excluding Repos)	27.92	25.88	24.53	21.34	20.70	19.82	19.92
Treasury bonds	69.86	71.80	73.42	76.60	77.09	77.65	77.64
Overdraft at Central Bank	1.48	1.63	1.36	1.38	1.60	1.92	1.85
Other domestic debt	0.73	0.69	0.69	0.68	0.61	0.61	0.59
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-20	30-Sep-20	31-Dec-20	31-Mar-21	30-Jun-21	30-Jul-21	6-Aug-21
Banking Institutions	54.84	54.55	52.83	51.75	51.26	51.14	51.29
Insurance Companies	6.05	6.16	6.44	6.57	6.66	6.65	6.65
Parastatals	5.73	5.47	5.69	5.62	5.54	5.39	5.28
Pension Funds	29.04	28.53	30.32	30.46	30.59	30.90	30.88
Other Investors	4.34	5.30	4.73	5.59	5.96	5.92	5.91
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-20	Sep-20	Dec-20	Mar-21	Apr-21	May-21	Jun-21
Domestic debt (KSh Bn)	3,176.97	3,457.11	3,488.54	3,569.84	3,632.91	3,686.89	3,697.09
Public & Publicly Guaranteed External debt (USD Bn)	33.01	33.77	34.75	34.42	35.13	35.31	37.23
Public & Publicly Guaranteed External debt (KSh Bn)	3,515.81	3,663.49	3,793.29	3,769.87	3,788.94	3,799.02	4,015.30
Public debt (KSh Bn)	6,692.78	7,120.60	7,281.83	7,339.71	7,421.85	7,485.91	7,712.39

Source: National Treasury and Central Bank of Kenya