



Central Bank of Kenya

# Weekly Bulletin

April 30, 2020

## KEY MONETARY AND FINANCIAL INDICATORS

### Monetary Policy Committee Meeting

The Monetary Policy Committee (MPC) meeting held on April 29 assessed the economic impact so far, and the outcomes of policy measures deployed in March to mitigate the adverse economic and financial impact of COVID-19. The Committee noted that the policy measures were having the intended effect on the economy, and were still being transmitted. Given the continuing adverse economic outlook, the MPC decided to augment its accommodative monetary policy stance by lowering the Central Bank Rate (CBR) to 7.00 percent from 7.25 percent. The Committee decided to reconvene within a month.

### Inflation

Overall inflation remained stable at 5.6 percent in April 2020 compared to 5.5 percent in March, mainly driven by the cost of selected key food items, electricity and fares. Food inflation stabilised at 11.6 percent in March and April, while fuel inflation increased to 5.6 percent from 5.0 percent in March, owing to higher transport costs following social distancing measures implemented in *matatus* and buses due to COVID-19 (Chart 1).

### Economic growth

The economy grew by 5.4 percent in 2019 compared to 6.3 percent in 2018. The marginal deceleration in growth was due to subdued performance of agriculture and manufacturing sectors, with agriculture suffering from the delayed and below normal rainfall in the first half of the year. The service-oriented sectors, particularly accommodation and restaurant, information and communication, finance and insurance, transport and storage, and wholesale and retail trade, sustained their strong performance (Table 1).

### Exchange Rate

The Kenya Shilling remained stable against major international and regional currencies during the week ending April 30, supported by balanced supply of and demand for forex in the interbank market. It exchanged at 107.29 per US dollar on April 30 compared to KSh 107.14 per US Dollar on April 23 (Table 2).

### Foreign Exchange Reserves

The CBK usable foreign exchange reserves remained adequate at USD 7,744 million (4.66 months of import cover) as at April 30. 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 3).

### Money Market

The money market was liquid during the week ending April 30, supported by government payments, which partly offset receipts from tax and auction of government securities. Commercial banks' excess reserves stood at KSh 42.7 billion in relation to the 4.25 percent cash reserves requirement (CRR). Open market operations remained active. The average interbank rate was 4.27 percent on April 30 compared to 4.95 percent on April 23. The average number of interbank deals per day increased to 23 from 12 in the previous week, while the value traded increased to KSh 12.3 billion from KSh 6.4 in the previous week (Table 4).

### Government Securities Market

The Treasury bills auction of April 30 received bids totalling KSh 17.9 billion against an advertised amount of KSh 24.0 billion, representing a performance of 74.6 percent. Interest rates on all the Treasury bill tenors remained stable (Table 5).

### Equity Market

At the Nairobi Securities Exchange, the NASI, NSE 25 and NSE 20 share price indices rose by 1.6 percent, 2.0 percent and 0.1 percent, respectively, during the week ending April 30. Similarly, market capitalization rose by 1.6 percent. However, the number of shares traded and equity turnover declined by 21.2 percent and 36.2 percent, respectively (Table 7).

### Bond Market

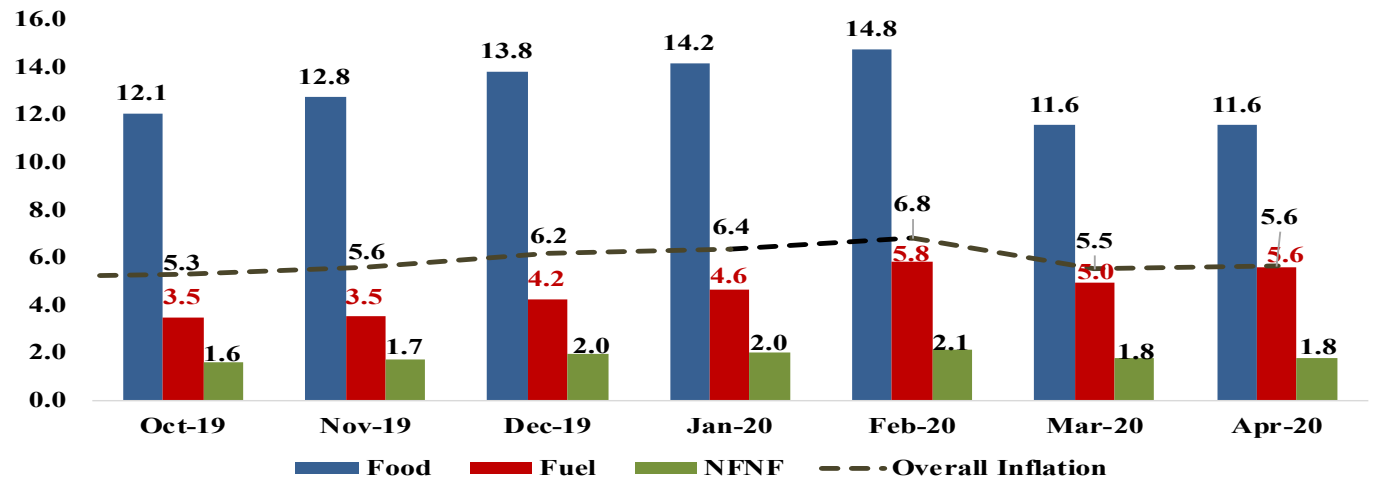
Turnover of bonds traded in the domestic secondary market declined by 14.6 percent during the week (Table 7). In the international market, yields on Kenya's Eurobonds declined by an average of 39.42 basis points. The yields on the 10-year Eurobonds for Angola and Ghana also declined (Chart 3).

### Global Trends

Recently released 2020Q1 GDP data for the US and Euro-area confirmed the dramatic contraction of the global economy. GDP for the US and Euro-area contracted by 4.8 percent and 3.8 percent respectively, in the quarter. In the last six weeks, 30 million workers in the US (18 percent of the workforce) have filed jobless claims.

International oil prices recovered during the week, with Murban oil price rising to USD 21.97 per barrel on April 30 compared to USD 19.04 per barrel on April 23.

**Chart 1: Inflation**



Source: Central Bank of Kenya

**Table 1: Real GDP Growth by Sector (percent)**

	Annual				2018				2019			
	2016	2017	2018	2019	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4
<b>1. Agriculture</b>	4.7	1.6	6.0	3.6	6.7	5.9	6.8	3.9	4.7	2.9	2.4	4.0
<b>2. Non-Agriculture (o/w)</b>	6.2	5.7	6.4	5.9	6.0	6.0	6.5	7.1	5.8	6.0	5.9	5.8
<b>2.1 Industry</b>	5.9	3.9	5.5	4.7	4.5	5.0	6.0	6.4	4.7	5.4	4.7	3.8
Mining & Quarrying	9.5	4.5	2.7	2.5	3.1	3.5	3.2	1.2	1.4	5.0	3.4	0.3
Manufacturing	3.1	0.7	4.3	3.3	3.2	3.9	5.1	5.2	3.5	4.0	3.2	2.3
Electricity & water supply	8.4	7.0	8.0	7.0	6.1	8.3	8.1	9.5	7.8	7.3	6.4	6.4
Construction	9.9	8.4	6.9	6.4	6.7	5.6	7.3	7.7	6.1	7.2	6.6	5.7
<b>2.2 Services</b>	6.8	6.5	7.0	6.7	6.6	6.4	6.8	8.0	6.4	6.8	6.7	6.8
Wholesale & Retail Trade	3.7	5.8	6.9	6.6	5.6	6.5	7.3	7.9	6.3	7.8	6.1	6.4
Accommodation & restaurant	13.3	14.3	16.6	10.3	13.3	15.1	15.5	21.5	11.0	12.1	9.9	9.0
Transport & Storage	6.5	7.2	8.5	7.8	6.5	6.6	8.5	11.8	6.4	7.6	7.6	9.2
Information & Communication	9.9	11.0	11.3	9.0	13.2	11.7	9.8	10.6	10.2	7.8	8.1	9.4
Financial & Insurance	6.9	2.6	5.3	6.6	4.0	3.5	5.1	8.5	6.3	5.2	8.1	6.6
Public administration	5.6	4.7	6.7	8.1	5.5	6.1	7.1	8.1	8.9	8.7	8.4	6.2
Professional, Administration & Support Services	4.5	3.7	5.9	4.9	6.2	7.5	6.6	3.5	5.5	4.2	4.8	4.9
Real estate	8.8	6.1	4.1	5.3	5.1	4.5	3.8	3.1	4.8	6.0	5.5	5.0
Education	5.3	5.2	5.8	5.4	5.1	5.1	5.5	7.3	4.2	6.0	6.1	5.4
Health	4.8	4.3	4.4	5.8	4.1	3.4	5.3	4.5	5.4	6.2	5.5	6.2
Other services	4.3	5.1	4.9	5.1	3.6	4.6	5.0	6.5	5.6	5.6	5.3	3.8
FISIM	0.5	-4.3	0.9	6.1	-3.1	-2.4	1.9	7.4	4.6	7.3	6.8	5.7
<b>2.3 Taxes on products</b>	4.4	5.7	5.6	4.4	6.1	6.0	6.2	4.3	4.7	4.0	4.2	4.5
<b>Real GDP Growth</b>	5.9	4.8	6.3	5.4	6.2	6.0	6.6	6.5	5.5	5.3	5.2	5.5

Source: Kenya National Bureau of Statistics

**Table 2: Kenya Shilling Exchange Rates (Indicative Mean Rates)**

	USD	Sterling Pound	Euro	100 Japanese Yen	USHS*	TSHS*	RWF*	BIF*
17-Apr-20	<b>106.20</b>	<b>132.49</b>	<b>115.42</b>	<b>98.74</b>	<b>35.50</b>	<b>21.79</b>	<b>8.97</b>	<b>17.80</b>
20-Apr-20	106.79	132.96	115.70	98.98	35.35	21.67	8.92	17.70
21-Apr-20	106.88	133.01	116.09	99.22	35.27	21.65	8.91	17.69
22-Apr-20	106.99	131.60	115.90	99.43	35.36	21.63	8.90	17.67
23-Apr-20	107.14	132.42	116.39	99.53	35.36	21.60	8.89	17.64
<b>Apr 17-23</b>	<b>106.80</b>	<b>132.50</b>	<b>115.90</b>	<b>99.18</b>	<b>35.37</b>	<b>21.67</b>	<b>8.92</b>	<b>17.70</b>
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
<b>Apr 24-30</b>	<b>107.20</b>	<b>132.97</b>	<b>116.08</b>	<b>108.18</b>	<b>35.46</b>	<b>21.60</b>	<b>8.87</b>	<b>17.66</b>

\*Unit of currency per Kenya Shilling

Source: Central Bank of Kenya

**Table 3: Official Usable Foreign Exchange Reserves**

	26-Mar-20	2-Apr-20	9-Apr-20	16-Apr-20	23-Apr-20	30-Apr-20
1. CBK Usable Foreign Exchange Reserves (USD Million)	7,965	7,874	7,974	7,913	7,858	7,744
2. CBK Usable Foreign Exchange Reserves (Months of Import Cover)*	4.84	4.76	4.84	4.78	4.75	4.66

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

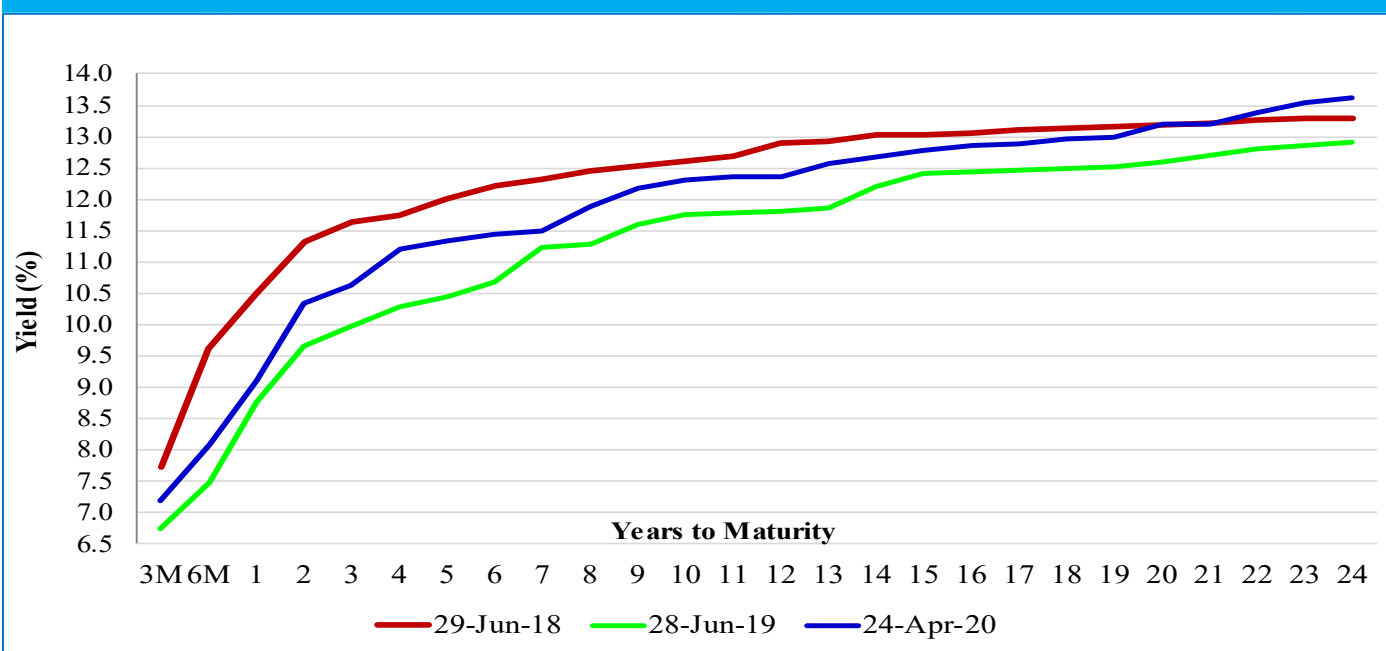
Source: Central Bank of Kenya

**Table 4: Money Market**

Date	Number of Deals	Value (KSh M)	Average Interbank Rate (%)
17-Apr-20	8	2,550.00	6.00
20-Apr-20	12	2,480.00	6.29
21-Apr-20	12	4,070.00	6.06
22-Apr-20	15	10,100.00	5.74
23-Apr-20	15	12,850.00	4.95
<b>April 17 -23</b>	<b>12</b>	<b>6,410.00</b>	<b>5.81</b>
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
<b>April 24 -30, 2020</b>	<b>23</b>	<b>12,252.00</b>	<b>4.56</b>

Source: Central Bank of Kenya

**Chart 2: Government Securities Yield Curve**



Source: Nairobi Securities Exchange (NSE)

**Table 5: Treasury Bills Auctions**

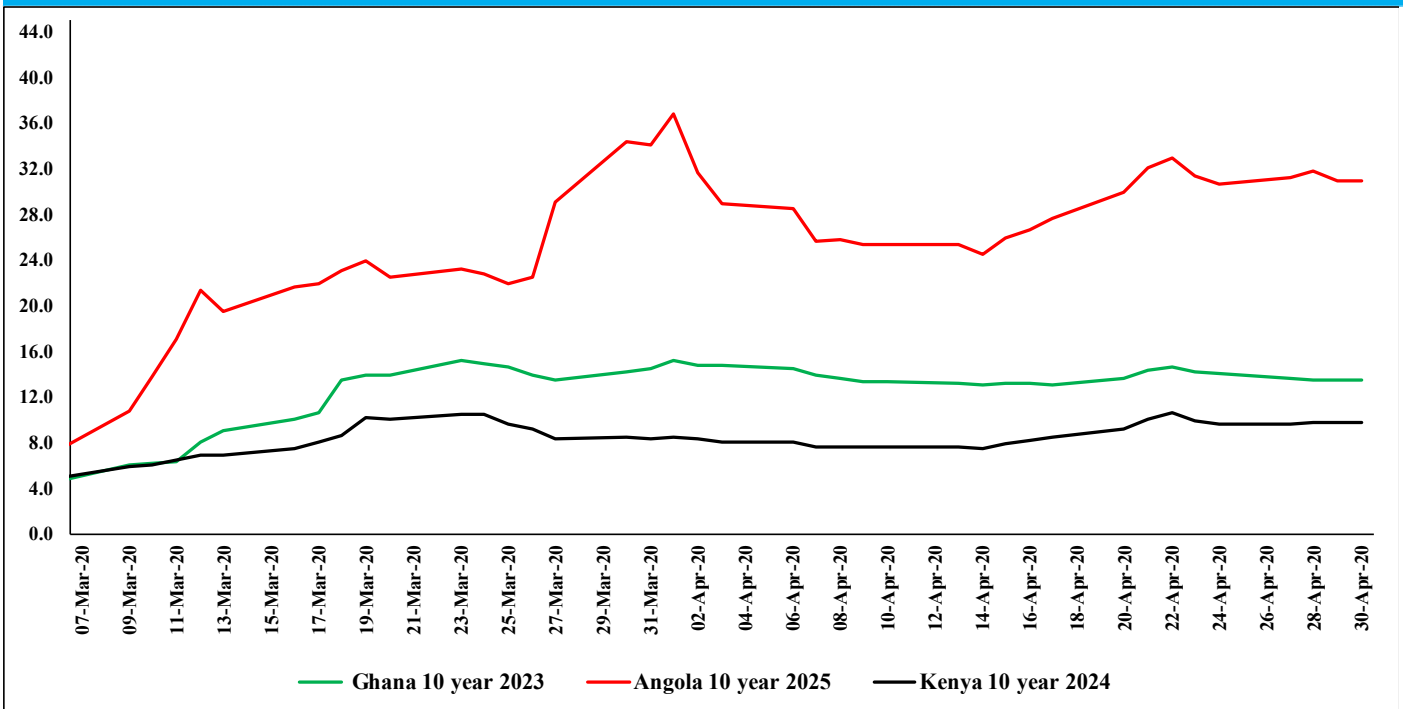
<b>91-Day Treasury Bills</b>					
Date of Auction	2-Apr-20	9-Apr-20	16-Apr-20	23-Apr-20	30-Apr-20
Amount offered (Ksh M)	4,000.00	4,000.00	4,000.00	4,000.00	4,000.00
Bids received (Ksh M)	907.51	571.03	2,620.31	8,785.97	4,472.71
Amount Accepted (Ksh M)	907.41	565.68	2,620.31	8,785.68	2,505.61
Maturities (Ksh M)	2,703.95	587.75	5,090.50	3,384.45	4,640.00
<b>Average interest Rate (%)</b>	<b>7.220</b>	<b>7.209</b>	<b>7.201</b>	<b>7.212</b>	<b>7.242</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)	4,625.78	1,625.45	812.07	4,445.28	2,674.78
Amount Accepted (Ksh M)	4,625.68	1,567.35	773.65	4,444.28	2,536.41
Maturities (Ksh M)	1,321.75	510.55	1,063.15	3,033.65	4,239.50
<b>Average interest Rate (%)</b>	<b>8.145</b>	<b>8.106</b>	<b>8.089</b>	<b>8.121</b>	<b>8.134</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)	21,511.97	6,335.57	10,857.34	6,376.10	10,750.99
Amount Accepted (Ksh M)	21,511.97	6,335.57	10,857.16	6,284.36	10,613.69
Maturities (Ksh M)	32,602.25	19,389.20	10,549.25	4,835.60	10,320.05
<b>Average interest Rate (%)</b>	<b>9.049</b>	<b>9.040</b>	<b>9.091</b>	<b>9.110</b>	<b>9.115</b>

Source: Central Bank of Kenya

**Table 6: Treasury Bonds Auctions**

Date of Auction	19-Feb-20		18-Mar-20		8-Apr-20	22-Apr-20
	REOPEN		REOPEN			TAP
Tenor	FXD1/2020/15	FXD1/2018/25	FXD1/2018/20	FXD1/2018/25	IFB1/2020/9	IFB1/2020/9
Amount offered (Ksh M)	50,000.00		50,000.00		60,000.00	21,000.00
Bids received (Ksh M)	42,494.66		35,155.99		68,413.78	35,387.16
Amount Accepted (Ksh M)	5,194.04	22,678.92	8,274.69	14,638.57	39,010.13	35,387.16
Maturities (Ksh M)	0.00		0.00		0.00	0.00
Average interest Rate (%)	12.76	13.60	13.29	13.82	12.05	12.05

Source: Central Bank of Kenya

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

Source: Thomson Reuters

**Table 7: 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
17-Apr-20	135.93	3145.15	1973.82	1,156	27.82	879.80	2,077.40	1,396.12	8.955	8.499	8.626	9.222	9.052
20-Apr-20	137.84	3179.80	1985.54	952	19.23	517.75	2,106.67	1,877.04	9.440	9.223	9.078	9.658	9.310
21-Apr-20	138.25	3208.59	1994.86	1,148	47.70	1,116.83	2,113.05	2,061.72	10.063	10.092	9.722	10.091	9.712
22-Apr-20	137.07	3194.41	1985.76	966	18.20	579.41	2,094.98	2,190.57	9.897	10.580	10.005	10.239	9.939
23-Apr-20	137.56	3195.95	1970.79	949	16.18	1,028.18	2,102.38	1,396.22	9.644	9.939	9.424	9.863	9.697
<b>April 17-23</b>	<b>137.56</b>	<b>3195.95</b>	<b>1970.79</b>	<b>5,171</b>	<b>129.13</b>	<b>4,121.98</b>	<b>2,102.38</b>	<b>8,921.66</b>	<b>9.644</b>	<b>9.939</b>	<b>9.424</b>	<b>9.863</b>	<b>9.697</b>
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
<b>April 24-30</b>	<b>139.69</b>	<b>3292.64</b>	<b>1958.07</b>	<b>5,498</b>	<b>101.70</b>	<b>2,628.10</b>	<b>2,135.01</b>	<b>7,617.63</b>	<b>9.268</b>	<b>9.672</b>	<b>9.230</b>	<b>9.661</b>	<b>9.522</b>
<b>Weekly Changes (%)</b>	<b>2.17</b>	<b>1.93</b>	<b>0.10</b>	<b>6.32</b>	<b>-21.24</b>	<b>-36.24</b>	<b>1.55</b>	<b>-14.62</b>	<b>-0.376*</b>	<b>-0.267*</b>	<b>-0.194*</b>	<b>-0.202*</b>	<b>-0.175*</b>

\* Percentage points

Source: Nairobi Securities Exchange (NSE)

**Table 8: Government Domestic Debt (KSh Billion)**

	28-Jun-19	30-Sep-19	31-Dec-19	31-Mar-20	17-Apr-20	24-Apr-20
1. Treasury Bills (Excluding Repos)	954.25	928.91	878.94	902.29	882.74	881.28
<b>(As % of total securities)</b>	<b>35.31</b>	<b>33.68</b>	<b>30.80</b>	<b>30.15</b>	<b>29.48</b>	<b>29.44</b>
2. Treasury Bonds	1,748.15	1,828.78	1,974.69	2,090.29	2,111.94	2,111.94
<b>(As % of total securities)</b>	<b>64.69</b>	<b>66.32</b>	<b>69.20</b>	<b>69.85</b>	<b>70.52</b>	<b>70.56</b>
3. Total Securities (1+2)	2,702.40	2,757.69	2,853.63	2,992.58	2,994.68	2,993.22
4. Overdraft at Central Bank	57.33	68.23	63.72	54.18	64.44	62.83
5. Other Domestic debt*	25.76	25.72	24.75	25.73	25.65	25.10
<b>6. Gross Domestic Debt (3+4+5)</b>	<b>2,785.94</b>	<b>2,851.64</b>	<b>2,942.10</b>	<b>3,072.49</b>	<b>3,084.77</b>	<b>3,081.15</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 9: Government Domestic Debt by Instrument (Percent)**

	28-Jun-19	30-Sep-19	31-Dec-19	31-Mar-20	17-Apr-20	24-Apr-20
Treasury bills (Excluding Repos)	34.26	32.57	29.87	29.37	28.62	28.60
Treasury bonds	62.76	64.13	67.12	68.03	68.46	68.54
CBK Overdraft to Government	2.06	2.39	2.17	1.76	2.09	2.04
Other domestic debt	0.92	0.90	0.84	0.84	0.83	0.81
<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 10: Government Domestic Debt by Holder (Percent)**

	28-Jun-19	30-Sep-19	31-Dec-19	31-Mar-20	17-Apr-20	24-Apr-20
Banking Institutions	54.38	53.63	54.33	54.31	54.49	54.62
Insurance Companies	6.13	6.33	6.42	6.30	6.26	6.25
Parastatals	6.97	7.13	6.49	6.13	5.87	5.87
Pension funds	28.24	28.77	28.60	29.01	28.93	28.80
Other investors	4.28	4.13	4.17	4.25	4.44	4.45
<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 11: 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	3,072.49
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
<b>Total public debt (KSh Billion)</b>	<b>5,039.03</b>	<b>5,809.08</b>	<b>5,968.40</b>	<b>6,048.93</b>	<b>6,116.60</b>	<b>6,158.00</b>	<b>6,285.12</b>

Source: National Treasury and Central Bank of Kenya