



Central Bank of Kenya

# Weekly Bulletin

October 16, 2020

## KEY MONETARY AND FINANCIAL INDICATORS

### Economic Growth

Data released by the Kenya National Bureau of Statistics (KNBS) show that output declined by 5.7 percent in 2020Q2 relative to the same quarter in 2019, reflecting the impact of COVID-19 pandemic. Sectors with the largest declines were accommodation and restaurants, education, transport and storage, manufacturing and wholesale and retail trade. However, agriculture reported strong growth of 6.4 percent while mining and quarrying, information and communication, and construction maintained a strong performance (Table 1).

### Exchange Rates

The Kenya Shilling remained relatively stable against major international and regional currencies during the week ending October 15. It exchanged at KSh 108.61 per US dollar on October 15, compared to KSh 108.53 per US dollar on October 8 (Table 2).

### Foreign Exchange Reserves

The usable foreign exchange reserves remained adequate at USD 8,311 million (5.04 months of import cover) as at October 15. 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 3).

### Money Markets

The money market was relatively liquid during the week ending October 15, supported by government payments, which offset tax receipts. Commercial banks' excess reserves stood at KSh 18.3 billion in relation to the 4.25 percent cash reserves requirement (CRR). Open market operations remained active. The average interbank rate was 2.46 percent on October 15 compared to 2.08 percent on October 8. The average number of interbank deals per day and the value traded remained stable at 19 and KSh 8.4 billion, respectively (Table 4).

### Government Securities Market

The Treasury bills auction of October 15 received bids totalling KSh 31.6 billion against an advertised amount of KSh 24.0 billion, representing a performance of 131.6 percent. Interest rates on all the Treasury bills tenors remained stable, only rising marginally (Table 5).

The re-opened 20-year and 25-year Treasury bonds of October 14 received bids totalling KSh 69.1 billion against an advertised amount of KSh 50.0 billion, representing a performance of 138.3 percent. Interest rate on the 25-year Treasury bond was lower compared to the March 2020 issuance of similar tenure. However, the rate on the 20-year bond remained at nearly the same level as the September 2020 bond of similar tenure (Table 6).

### Equity Market

At the Nairobi Securities Exchange (NSE), the NASI and NSE 25 share price index remained stable, increasing by 0.03 percent and 0.44 percent, respectively during the week ending October 15. Similarly, market capitalization also remained stable, while equity turnover and total number of shares traded increased by 38.8 percent and 44.2 percent, respectively (Table 7).

### Bond Market

Turnover of bonds traded in the domestic secondary market declined by 17.6 percent during the week ending October 15 (Table 6). In the international market, yields on Kenya's Eurobonds increased by an average of 2.70 basis points. The yields on the 10-year Eurobonds for Angola and Ghana also increased (Chart 2).

### Global Trends

The global economic outlook has improved but remains highly uncertain with vulnerabilities arising from the resurgence in COVID-19 infections in most advanced economies. In its October 2020 World Economic Outlook (WEO), the IMF projects a less severe economic contraction in 2020 than forecasted in June. Global economic growth is projected at -4.4 percent in 2020 and 5.2 percent in 2021, with the advanced and emerging and developing economies projected to contract by 5.8 percent and 3.3 percent, respectively. Sub-Saharan Africa is expected to contract by 3.0 percent in 2020 before recovering to grow by 3.1 percent in 2021.

International oil prices increased marginally during the week. Murban oil price increased to USD 42.80 per barrel on October 15 from USD 42.28 per barrel on October 8.

**Table 1: Economic Growth (%)**

	Annual			2018				2019				2020	
	2017	2018	2019	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2
<b>1. Agriculture</b>	<b>1.6</b>	<b>6.0</b>	<b>3.6</b>	<b>6.7</b>	<b>5.9</b>	<b>6.8</b>	<b>3.9</b>	<b>4.7</b>	<b>2.9</b>	<b>2.4</b>	<b>4.0</b>	<b>4.9</b>	<b>6.4</b>
<b>2. Non-Agriculture (o/w)</b>	<b>5.7</b>	<b>6.4</b>	<b>5.9</b>	<b>6.0</b>	<b>6.0</b>	<b>6.5</b>	<b>7.1</b>	<b>5.8</b>	<b>6.0</b>	<b>5.9</b>	<b>5.8</b>	<b>4.9</b>	<b>-9.3</b>
<b>2.1 Industry</b>	<b>3.9</b>	<b>5.5</b>	<b>4.7</b>	<b>4.5</b>	<b>5.0</b>	<b>6.0</b>	<b>6.4</b>	<b>4.7</b>	<b>5.4</b>	<b>4.7</b>	<b>3.8</b>	<b>4.4</b>	<b>-0.5</b>
Mining & Quarrying	4.5	2.7	2.5	3.1	3.5	3.2	1.2	1.4	5.0	3.4	0.3	9.5	10.0
Manufacturing	0.7	4.3	3.3	3.2	3.9	5.1	5.2	3.5	4.0	3.2	2.3	2.9	-3.9
Electricity & water supply	7.0	8.0	7.0	6.1	8.3	8.1	9.5	7.8	7.3	6.4	6.4	6.3	-0.6
Construction	8.4	6.9	6.4	6.7	5.6	7.3	7.7	6.1	7.2	6.6	5.7	5.3	3.9
<b>2.2 Services</b>	<b>6.5</b>	<b>7.0</b>	<b>6.7</b>	<b>6.7</b>	<b>6.4</b>	<b>6.8</b>	<b>8.0</b>	<b>6.5</b>	<b>6.8</b>	<b>6.7</b>	<b>6.8</b>	<b>5.5</b>	<b>-11.7</b>
Wholesale & Retail Trade	5.8	6.9	6.6	5.6	6.5	7.3	7.9	6.3	7.8	6.1	6.4	6.4	-6.9
Accommodation & restaurant	14.3	16.6	10.3	13.3	15.1	15.5	21.5	11.0	12.1	9.9	9.0	-9.3	-83.3
Transport & Storage	7.2	8.5	7.8	6.5	6.6	8.5	11.8	6.4	7.6	7.6	9.2	6.1	-11.6
Information & Communication	11.0	11.3	9.0	13.2	11.7	9.8	10.6	10.2	7.8	8.1	9.4	9.7	4.3
Financial & Insurance	2.6	5.3	6.6	4.0	3.5	5.1	8.5	6.3	5.2	8.1	6.6	6.2	4.2
Public administration	4.7	6.7	8.1	5.5	6.1	7.1	8.1	8.9	8.7	8.4	6.2	6.7	5.7
Professional, Administration & Support Services	3.7	5.9	4.9	6.2	7.5	6.6	3.5	5.5	4.2	4.8	4.9	4.4	-15.7
Real estate	6.1	4.1	5.3	5.2	4.5	3.8	3.1	4.8	6.0	5.5	5.1	4.3	2.2
Education	5.2	5.8	5.4	5.3	5.2	5.5	7.0	4.3	6.0	6.0	5.5	5.3	-56.2
Health	4.3	4.4	5.8	4.1	3.4	5.3	4.5	5.4	6.2	5.5	6.2	5.8	10.3
Other services	5.1	4.9	5.1	3.5	4.5	5.0	6.7	5.6	5.6	5.3	3.8	2.2	-8.5
FISIM	-4.3	0.9	6.1	-3.1	-2.4	1.9	7.4	4.6	7.3	6.8	5.7	5.0	4.0
<b>2.3 Taxes on products</b>	<b>5.7</b>	<b>5.6</b>	<b>4.4</b>	<b>6.1</b>	<b>6.0</b>	<b>6.2</b>	<b>4.3</b>	<b>4.7</b>	<b>4.0</b>	<b>4.2</b>	<b>4.5</b>	<b>3.4</b>	<b>-14.2</b>
<b>Real GDP Growth</b>	<b>4.8</b>	<b>6.3</b>	<b>5.4</b>	<b>6.2</b>	<b>6.0</b>	<b>6.6</b>	<b>6.5</b>	<b>5.5</b>	<b>5.3</b>	<b>5.2</b>	<b>5.5</b>	<b>4.9</b>	<b>-5.7</b>

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*
2-Oct-20	108.49	140.25	127.41	102.70	34.20	21.39	8.99	17.82
5-Oct-20	108.49	140.33	127.23	103.12	34.16	21.38	8.99	17.82
6-Oct-20	108.50	140.49	127.41	102.77	34.10	21.38	9.00	17.82
7-Oct-20	108.53	140.53	127.92	102.65	34.05	21.38	9.00	17.81
8-Oct-20	108.53	139.99	127.70	102.43	34.07	21.38	9.00	17.82
<b>Oct 2-8</b>	<b>108.51</b>	<b>140.32</b>	<b>127.54</b>	<b>102.73</b>	<b>34.12</b>	<b>21.38</b>	<b>9.00</b>	<b>17.82</b>
9-Oct-20	108.52	140.09	127.56	102.36	34.11	21.38	9.00	17.82
12-Oct-20	108.53	140.35	127.80	102.46	34.12	21.38	8.83	17.82
13-Oct-20	108.55	141.51	128.17	102.99	34.10	21.37	9.00	17.81
14-Oct-20	108.59	141.18	127.84	102.84	34.21	21.37	9.00	17.81
15-Oct-20	108.61	141.29	127.64	103.19	34.16	21.36	9.00	17.81
<b>Oct 9-15</b>	<b>108.56</b>	<b>140.89</b>	<b>127.80</b>	<b>102.77</b>	<b>34.14</b>	<b>21.37</b>	<b>8.97</b>	<b>17.81</b>

\* Units of currency per Kenya Shilling

Source :Central Bank of Kenya

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

	10-Sep-20	17-Sep-20	24-Sep-20	1-Oct-20	8-Oct-20	15-Oct-20
1. CBK Usable Foreign Exchange Reserves (USD Million)	8,877	8,838	8,631	8,541	8,457	8,311
2. CBK Usable Foreign Exchange Reserves (Months of Import Cover)*	5.39	5.36	5.24	5.18	5.13	5.04

\*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 (%)
2-Oct-20	23	12,075.00	3.28
5-Oct-20	21	9,375.00	2.78
6-Oct-20	16	5,575.00	2.54
7-Oct-20	18	6,475.00	2.34
8-Oct-20	17	8,575.00	2.08
<b>Oct 2-8, 2020</b>	<b>19</b>	<b>8,415.00</b>	<b>2.60</b>
9-Oct-20	18	9,825.00	2.04
12-Oct-20	17	8,500.00	2.05
13-Oct-20	20	6,325.00	2.47
14-Oct-20	22	8,060.00	2.38
15-Oct-20	18	9,220.00	2.46
<b>Oct 9-15, 2020</b>	<b>19</b>	<b>8,386.00</b>	<b>2.28</b>

Source :Central Bank of Kenya

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

<b>91-Day Treasury Bills</b>						
<b>Date of Auction</b>	<b>10-Sep-20</b>	<b>17-Sep-20</b>	<b>24-Sep-20</b>	<b>1-Oct-20</b>	<b>8-Oct-20</b>	<b>15-Oct-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)	7,227.67	6,049.89	1,121.74	6,186.15	7,458.93	8,606.77
Amount Accepted (Ksh M)	7,214.49	6,048.02	1,101.03	4,887.21	7,375.21	8,114.99
Maturities (Ksh M)	3,924.05	6,465.20	695.40	9,592.90	18,704.45	30,310.30
<b>Average Interest Rate (%)</b>	<b>6.267</b>	<b>6.273</b>	<b>6.309</b>	<b>6.400</b>	<b>6.468</b>	<b>6.520</b>
<b>182-Day Treasury Bills</b>						
<b>Date of Auction</b>	<b>10-Sep-20</b>	<b>17-Sep-20</b>	<b>24-Sep-20</b>	<b>1-Oct-20</b>	<b>8-Oct-20</b>	<b>15-Oct-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)	7,602.49	1,919.00	1,272.08	4,059.29	3,930.46	7,096.82
Amount Accepted (Ksh M)	7,510.40	1,918.09	1,131.97	3,469.83	3,329.63	6,130.87
Maturities (Ksh M)	2,609.25	3,747.10	3,480.25	4,773.35	1,626.05	772.55
<b>Average Interest Rate (%)</b>	<b>6.689</b>	<b>6.720</b>	<b>6.773</b>	<b>6.839</b>	<b>6.853</b>	<b>6.909</b>
<b>364-Day Treasury Bills</b>						
<b>Date of Auction</b>	<b>10-Sep-20</b>	<b>17-Sep-20</b>	<b>24-Sep-20</b>	<b>1-Oct-20</b>	<b>8-Oct-20</b>	<b>15-Oct-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)	5,351.49	8,915.21	4,731.14	5,334.48	15,010.33	15,888.06
Amount Accepted (Ksh M)	3,960.09	8,852.01	4,424.96	2,341.85	14,084.56	15,744.90
Maturities (Ksh M)	7,907.80	21,244.20	12,677.60	8,531.60	12,089.80	8,371.60
<b>Average Interest Rate (%)</b>	<b>7.564</b>	<b>7.571</b>	<b>7.690</b>	<b>7.744</b>	<b>7.762</b>	<b>7.800</b>

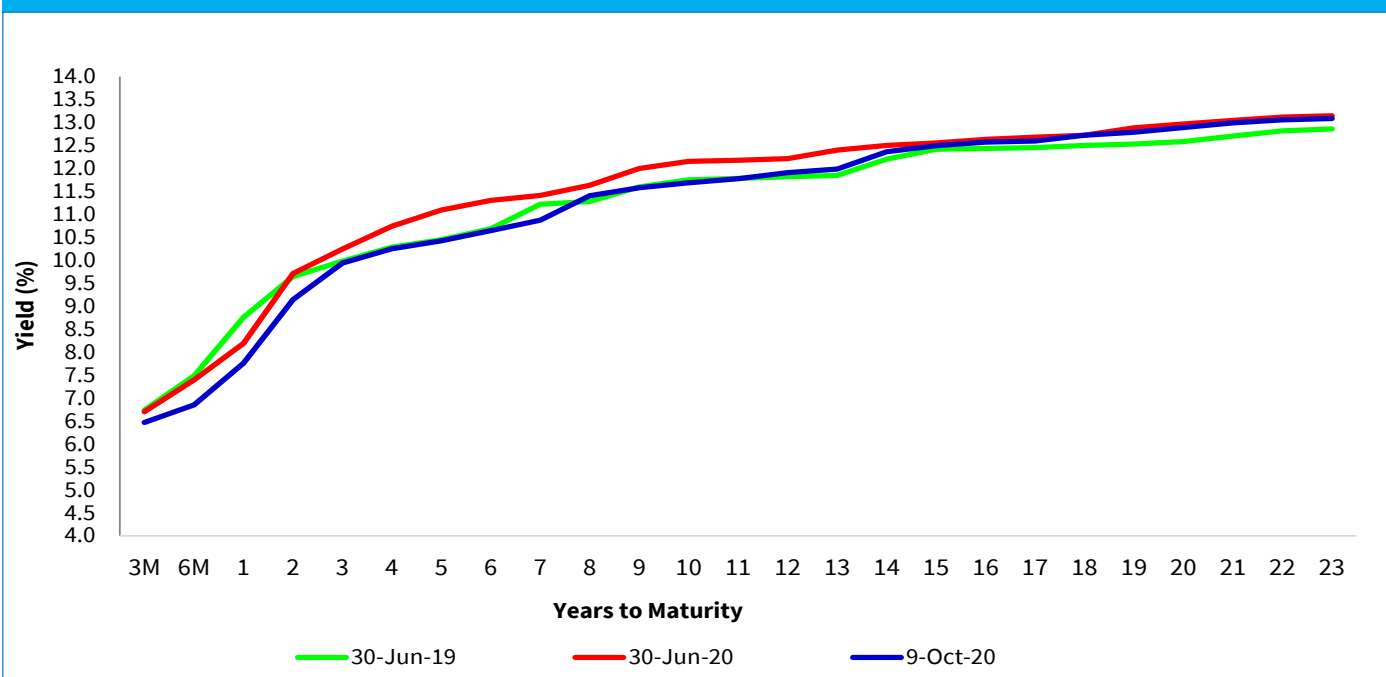
Source: Central Bank of Kenya

**Table 6: Performance of Treasury Bonds Auctions**

<b>Date of Auction</b>	<b>22-Jul-20</b>			<b>19-Aug-20</b>	<b>16-Sept-20</b>			<b>14-Oct-20</b>	
	<b>REOPEN</b>				<b>REOPEN</b>			<b>REOPEN</b>	
<b>Tenor</b>	<b>FXD1/ 2020/5</b>	<b>FXD2/ 2018/10</b>	<b>FXD1/ 2019/15</b>	<b>IFB1/ 2020/11</b>	<b>FXD2/ 2011/20</b>	<b>FXD1/ 2020/15</b>	<b>FXD1/ 2010/15</b>	<b>FXD1/ 2011/20</b>	<b>FXD1/ 2018/25</b>
Amount offered (Ksh M)	60,000.00			70,000.00	50,000.00			50,000.00	
Bids received (Ksh M)	65,336.90	55,488.14	60,947.80	101,471.04	14,044.33	49,791.29	17,841.15	23,155.69	45,981.50
Amount Accepted (Ksh M)	9,344.71	21,267.34	50,242.43	78,639.89	7,465.13	45,691.75	11,019.41	16,992.04	43,034.10
Maturities (Ksh M)	0.00			0.00	0.00			33,387.90	
Average interest Rate (%)	10.26	11.45	12.34	11.30	11.87	12.51	10.46	11.99	13.49

Source: Central Bank of Kenya

**Chart 1: Government Securities Yield**



Source: Nairobi Securities Exchange (NSE)

**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 (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
2-Oct-20	140.2	3242.5	1852.2	1,060.00	9.69	236.45	2,153.80	2,707.20	7.377	6.373	7.449	8.105	8.694
5-Oct-20	140.3	3242.5	1853.0	792.00	3.16	74.15	2,154.50	3,473.70	7.280	6.297	7.359	8.033	8.632
6-Oct-20	139.7	3220.4	1842.7	737.00	7.89	210.53	2,145.18	2,558.90	7.155	6.108	7.292	7.980	8.521
7-Oct-20	141.0	3233.9	1836.1	949.00	9.08	220.77	2,165.18	3,807.05	7.029	5.958	7.204	7.875	8.521
8-Oct-20	139.6	3206.4	1831.6	927.00	12.93	349.52	2,143.45	3,259.25	6.810	5.510	7.072	7.822	8.342
<b>Oct 2- 8</b>	<b>139.61</b>	<b>3206.43</b>	<b>1831.57</b>	<b>4,465.0</b>	<b>42.75</b>	<b>1091.43</b>	<b>2,143.45</b>	<b>15,806.10</b>	<b>6.810</b>	<b>5.510</b>	<b>7.072</b>	<b>7.822</b>	<b>8.342</b>
9-Oct-20	140.1	3225.9	1836.5	845.00	13.68	324.66	2,150.47	2,958.95	6.409	5.472	6.790	7.445	8.283
12-Oct-20	140.1	3236.4	1830.5	796.00	8.62	198.73	2,151.59	3,113.20	6.349	5.399	6.747	7.395	8.237
13-Oct-20	140.0	3225.4	1819.3	1,031.00	12.71	305.03	2,148.99	2,485.20	6.378	5.398	6.768	7.428	8.283
14-Oct-20	139.7	3218.3	1813.3	896.00	23.87	599.65	2,145.39	1,615.35	6.440	5.507	6.897	7.564	8.389
15-Oct-20	139.7	3220.5	1814.2	446.00	2.78	86.97	2,144.06	2,851.10	6.654	5.653	7.093	7.770	8.521
<b>Oct 9- 15</b>	<b>139.65</b>	<b>3220.54</b>	<b>1814.17</b>	<b>4,014.00</b>	<b>61.66</b>	<b>1515.04</b>	<b>2,144.06</b>	<b>13,023.80</b>	<b>6.654</b>	<b>5.653</b>	<b>7.093</b>	<b>7.770</b>	<b>8.521</b>
<b>Weekly Changes (%)</b>	<b>0.03</b>	<b>0.44</b>	<b>-0.95</b>	<b>-10.10</b>	<b>44.24</b>	<b>38.81</b>	<b>0.03</b>	<b>-17.60</b>	<b>-0.156*</b>	<b>0.143*</b>	<b>0.021*</b>	<b>-0.052*</b>	<b>-0.179*</b>

\* Percentage points

Source: Nairobi Securities Exchange (NSE) and Thompson Reuters

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

	28-Jun-19	31-Dec-19	31-Mar-20	30-Jun-20	25-Sep-20	02-Oct-20	09-Oct-20
1. Treasury Bills (Excluding Repos)	954.25	878.94	900.62	887.14	904.54	894.73	882.89
<i>(As % of total securities)</i>	<b>35.29</b>	<b>30.80</b>	<b>30.09</b>	<b>28.55</b>	<b>26.71</b>	<b>26.50</b>	<b>26.24</b>
2. Treasury Bonds	1,749.71	1,974.69	2,092.64	2,220.34	2,482.24	2,482.24	2,482.24
<i>(As % of total securities)</i>	<b>64.71</b>	<b>69.20</b>	<b>69.91</b>	<b>71.45</b>	<b>73.29</b>	<b>73.50</b>	<b>73.76</b>
3. Total Securities (1+2)	2,703.96	2,853.63	2,993.26	3,107.48	3,386.78	3,376.98	3,365.14
4. Overdraft at Central Bank	57.33	63.72	54.18	47.15	46.00	51.20	53.65
5. Other Domestic debt*	25.76	24.75	25.10	23.24	24.51	24.51	24.51
<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>3,457.30</b>	<b>3,452.68</b>	<b>3,443.31</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: Composition of Government Domestic Debt by Instrument (percent)**

	28-Jun-19	31-Dec-19	31-Mar-20	30-Jun-20	25-Sep-20	2-Oct-20	9-Oct-20
Treasury bills (Excluding Repos)	34.24	29.87	29.31	27.92	26.16	25.91	25.64
Treasury bonds	62.78	67.12	68.11	69.87	71.80	71.89	72.09
Overdraft at Central Bank	2.06	2.17	1.76	1.48	1.33	1.48	1.56
Other domestic debt	0.92	0.84	0.82	0.73	0.71	0.71	0.71
<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: Composition of Government Domestic Debt by Holder (Percent)**

	28-Jun-19	31-Dec-19	31-Mar-20	30-Jun-20	25-Sep-20	2-Oct-20	9-Oct-20
Banking Institutions	54.38	54.33	54.33	54.86	54.95	55.10	54.90
Insurance Companies	6.13	6.42	6.30	6.05	6.17	6.17	6.18
Parastatals	6.97	6.49	6.13	5.73	5.44	5.48	5.49
Pension Funds	28.24	28.60	29.04	29.05	28.75	28.57	28.71
Other Investors	4.28	4.17	4.20	4.32	4.68	4.69	4.72
<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>

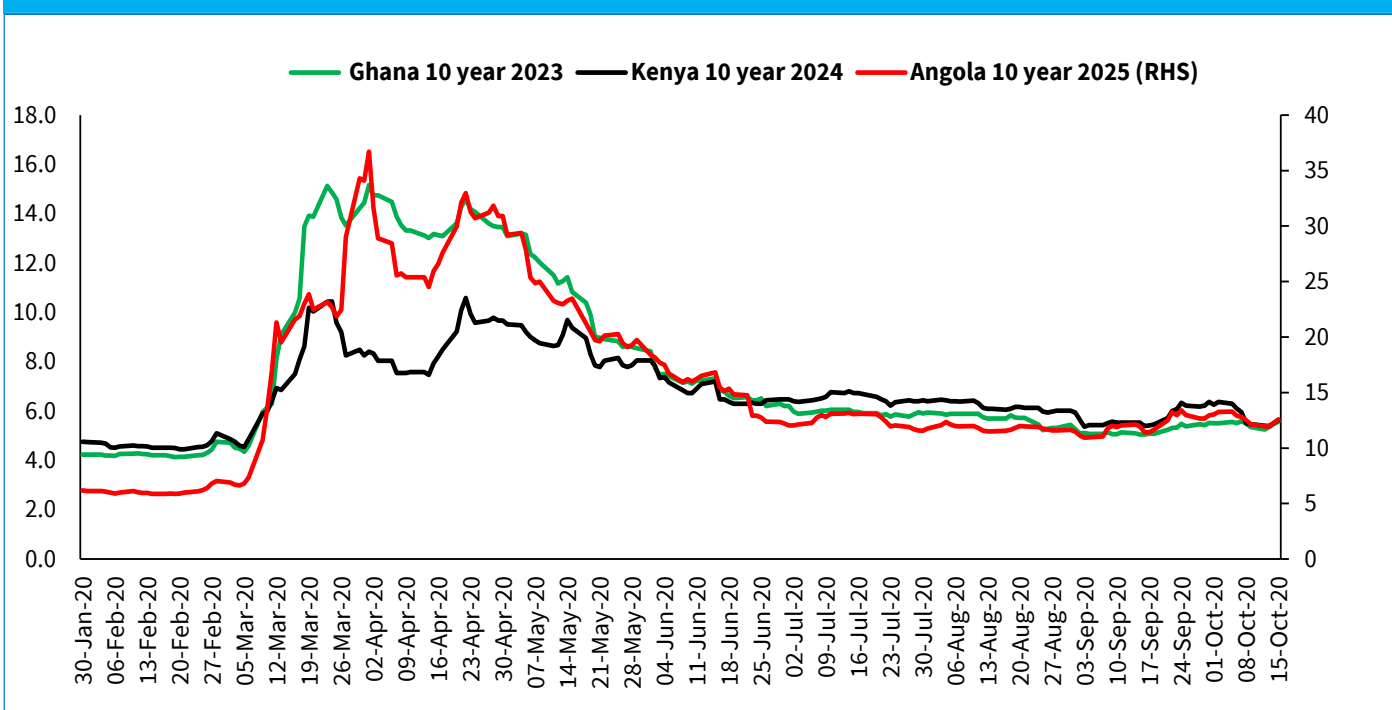
Source: Central Bank of Kenya

**Table 11: Indicators of Government Debt**

	Sep-19	Dec-19	Feb-20	Mar-20	Jun-20	Jul-20	Aug-20
Domestic debt (KSh Bn)	2,851.64	2,942.10	3,040.96	3,072.54	3,177.87	3,273.55	3,401.61
Public & Publicly Guaranteed External debt (US \$ Bn)	29.95	30.66	30.87	30.69	33.01	33.78	33.88
Public & Publicly Guaranteed External debt (KSh Bn)	3,111.80	3,106.82	3,117.04	3,212.63	3,515.81	3,638.51	3,666.32
<b>Public debt (KSh Bn)</b>	<b>5,963.44</b>	<b>6,048.93</b>	<b>6,158.00</b>	<b>6,285.18</b>	<b>6,693.68</b>	<b>6,912.06</b>	<b>7,067.93</b>

Source: National Treasury and Central Bank of Kenya

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



Source: Thomson Reuters