



Central Bank of Kenya

Weekly Bulletin

July 9, 2021



RECENT MONETARY AND FINANCIAL DEVELOPMENTS

Exchange Rates

The Kenya Shilling remained stable against major international and regional currencies during the week ending July 8. It exchanged at KSh 107.95 per US dollar on July 8, compared to KSh 107.92 per US dollar on July 1 (**Table 1**).

Foreign Exchange Reserves

The usable foreign exchange reserves remained adequate at USD 9,590 million (5.86 months of import cover) as at July 8. 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**).

Current Account

Provisional data on balance of payments shows that the current account deficit was 5.5 percent of GDP in the 12 months to May 2021 compared to 5.2 percent of GDP in the 12 months to May 2020 (**Chart 1**). The higher deficit was attributed to lower service receipts, which more than offset the increased receipts from exports and remittances.

Money Market

The money market was liquid during the week ending July 8, supported by government payments. Commercial banks' excess reserves stood at KSh 13.9 billion in relation to the 4.25 percent cash reserves requirement (CRR). Open market operations remained active. The average interbank rate was 4.54 percent on July 8 compared to 4.82 percent on July 1. The average number of interbank deals per day increased to 20 from 18 in the previous week, while the average value traded increased to KSh 11.0 billion from KSh 7.5 billion in the previous week (**Table 3**).

Government Securities Market

The Treasury bill auction of July 8 received bids totalling KSh 35.0 billion against an advertised amount of KSh 24.0 billion, representing a performance of 146.0 percent. Interest rates on the Treasury bills declined (**Table 4**).

Equity Market

At the Nairobi Securities Exchange, the NASI, NSE 25 and the NSE 20 share price indices increased by 0.4 percent, 2.1 percent and 0.9 percent, respectively, during the week ending July 8. Market capitalisation also increased by 0.4 percent. However, equity turnover and total shares traded declined by 5.3 percent and 6.9 percent, respectively, during the week (**Table 6**).

Bonds Market

Turnover of bonds traded in the domestic secondary market declined by 17.6 percent during the week ending July 8 (**Table 6**). In the international market, yields on Kenya's Eurobonds remained stable, edging up by an average of 6.0 basis points. The yields on the 10-year Eurobonds for Ghana and Angola also increased marginally (**Chart 3**).

Global Trends

Global financial markets sentiment dipped during the week ending July 8, due to concerns that the spread of Covid-19 variants could hamper global economic recovery.

International oil prices increased marginally during the week due to inventory draw down. Murban oil price rose to USD 72.60 per barrel on July 8 from USD 72.15 per barrel on July 1.

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

	USD	Sterling Pound	Euro	100 Japanese Yen	Uganda Shilling*	Tanzania Shilling*	Rwandese Franc*	Burundi Franc*
25-Jun-21	107.75	150.14	128.60	97.28	32.99	21.52	9.33	18.37
28-Jun-21	107.75	150.01	128.70	97.38	32.99	21.52	9.33	18.37
29-Jun-21	107.78	149.92	128.62	97.25	32.97	21.52	9.33	18.37
30-Jun-21	107.85	149.20	128.23	97.46	32.96	21.50	9.33	18.29
1-Jul-21	107.92	149.31	128.20	97.55	32.94	21.49	9.32	18.34
Jun 25-July 1	107.81	149.72	128.47	97.38	32.97	21.51	9.33	18.35
2-Jul-21	107.95	149.06	128.12	96.75	32.98	21.48	9.32	18.34
5-Jul-21	107.94	148.63	127.79	96.87	32.96	21.48	9.32	18.34
6-Jul-21	107.95	149.26	128.02	97.30	33.00	21.48	9.32	18.34
7-Jul-21	107.95	149.55	127.94	97.57	32.98	21.48	9.32	18.34
8-Jul-21	107.95	149.03	127.60	97.46	32.98	21.48	9.32	18.35
July 2-8	107.95	149.11	127.89	97.19	32.98	21.48	9.32	18.34

*Units of currency per Kenya Shilling

Source: Central Bank of Kenya

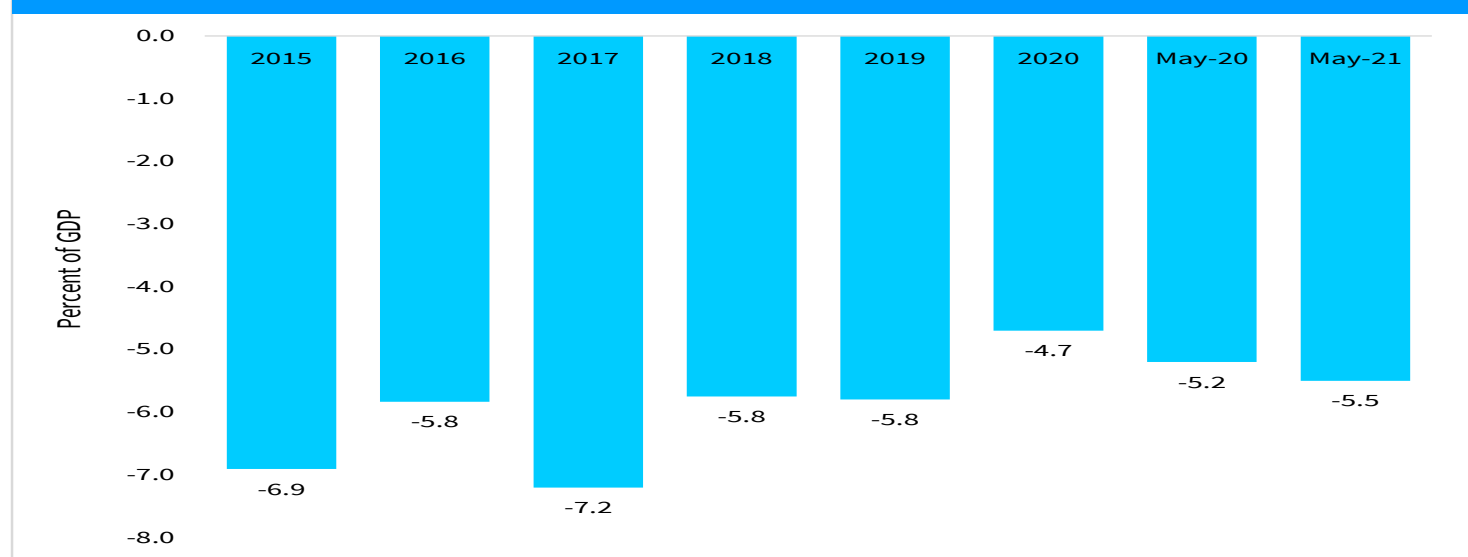
Table 2: Official Foreign Exchange Reserves (USD Million)

	10-Jun-21	17-Jun-21	24-Jun-21	1-Jul-21	8-Jul-21
1. CBK Usable Foreign Exchange Reserves (USD Million)*	7,506	7,474	8,114	9,494	9,590
2. CBK Usable Foreign Exchange Reserves (Months of Import Cover)**	4.59	4.57	4.96	5.81	5.86

*Excludes Encumbered Reserves

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

Source: Central Bank of Kenya

Chart 1: Current Account

Source: Central Bank of Kenya

Table 3: Money Markets

Date	Number of Deals	Value (KSh M)	Average Interbank Rate (%)
25-Jun-21	23	10,220.00	4.98
28-Jun-21	12	3,600.00	5.10
29-Jun-21	14	4,910.00	4.95
30-Jun-21	17	8,600.00	4.82
1-Jul-21	25	10,370.00	4.82
June 25-July 1, 2021	18	7,540.00	4.93
2-Jul-21	31	18,510.00	4.76
5-Jul-21	27	19,260.00	4.68
6-Jul-21	18	8,830.00	4.87
7-Jul-21	9	1,400.00	4.90
8-Jul-21	15	7,230.00	4.54
July 2-8, 2021	20	11,046.00	4.75

Source: Central Bank of Kenya

Table 4: Performance of Treasury Bill Auctions

91-Day Treasury Bills						
Date of Auction	3-Jun-21	10-Jun-21	17-Jun-21	24-Jun-21	1-Jul-21	8-Jul-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)	1,373.41	8,387.84	8,201.76	10,708.40	10,080.95	11,308.01
Amount Accepted (KSh M)	1,342.36	6,821.87	4,515.84	2,000.00	6,049.87	11,307.42
Maturities (KSh M)	6,160.55	4,398.95	5,505.60	3,357.20	2,046.00	3,214.00
Average Interest Rate (%)	7.137	7.104	7.000	6.860	6.728	6.614
182-Day Treasury Bills						
Date of Auction	3-Jun-21	10-Jun-21	17-Jun-21	24-Jun-21	1-Jul-21	8-Jul-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)	9,993.82	10,932.94	11,251.75	5,603.56	13,949.68	19,411.26
Amount Accepted (KSh M)	9,873.01	7,882.40	7,221.59	5,562.79	13,924.67	11,667.74
Maturities (KSh M)	2,776.55	3,078.80	8,143.80	2,506.15	591.75	3,173.50
Average Interest Rate (%)	7.818	7.731	7.536	7.317	7.228	7.101
364-Day Treasury Bills						
Date of Auction	3-Jun-21	10-Jun-21	17-Jun-21	24-Jun-21	1-Jul-21	8-Jul-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)	27,625.89	24,301.07	17,234.25	9,037.50	7,322.10	4,324.18
Amount Accepted (KSh M)	11,657.75	3,799.06	5,527.63	9,034.46	5,472.94	4,275.77
Maturities (KSh M)	5,091.05	13,391.50	4,452.45	12,470.10	25,503.90	17,933.43
Average Interest Rate (%)	8.973	8.648	8.105	7.729	7.661	7.576

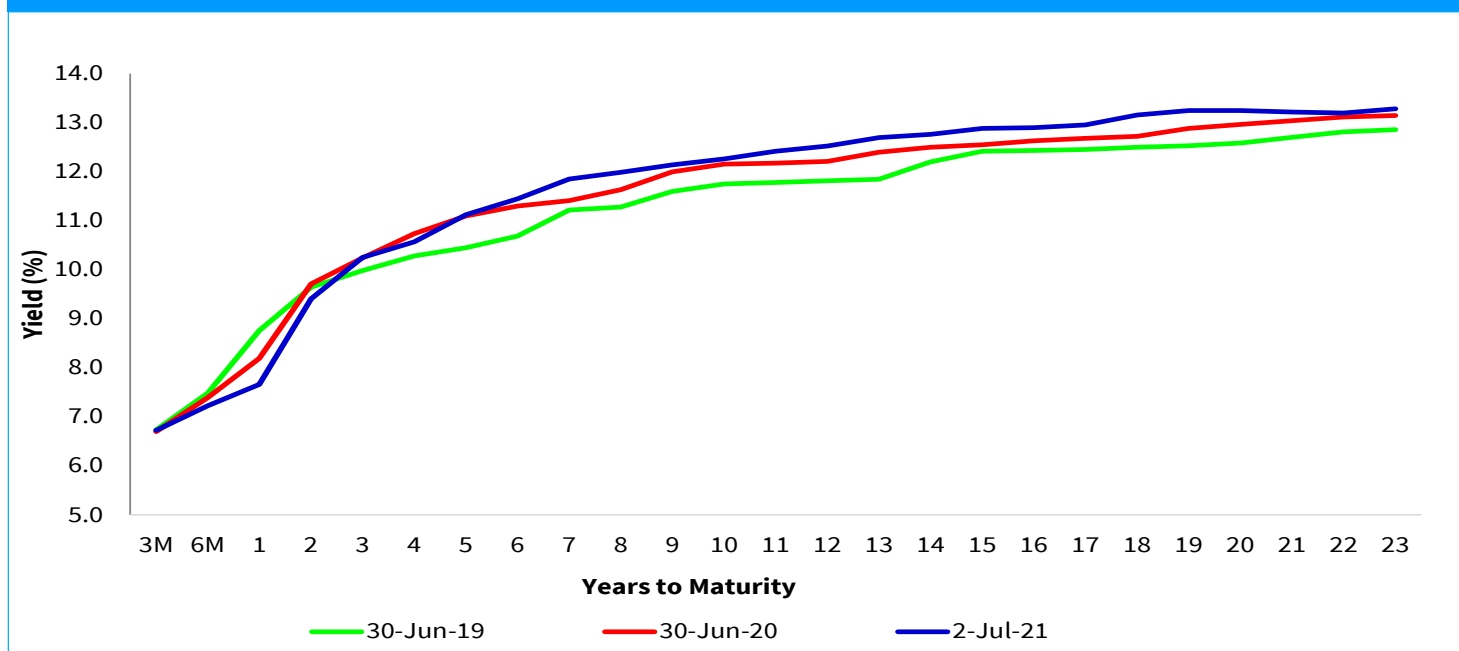
Source: Central Bank of Kenya

Table 5: Performance of Treasury Bond Auctions

Date of Auction	12-May-21		16-Jun-21		30-Jun-21	
	TAP		REOPEN		TAP	
Tenor	FXD2/ 2019/15	FXD1/ 2021/25	FXD2/ 2019/20	FXD1/ 2012/20	FXD1/ 2019/20	FXD1/ 2012/20
Amount offered (KSh M)	30,000.00		20,000.00		50,000.00	
Bids received (KSh M)	15,897.15	5,036.55	41,045.42	23,879.71	29,845.00	8,638.85
Amount Accepted (KSh M)	15,657.58	5,035.74	13,400.65	6,294.65	29,045.75	8,378.30
Maturities (KSh M)	8,249.90		0.00		0.00	
Average interest Rate (%)	12.98	13.92	13.26	12.50	13.26	12.50

Source: Central Bank of Kenya

Chart 2: Government Securities Yield Curve



Source: Nairobi Securities Exchange (NSE)

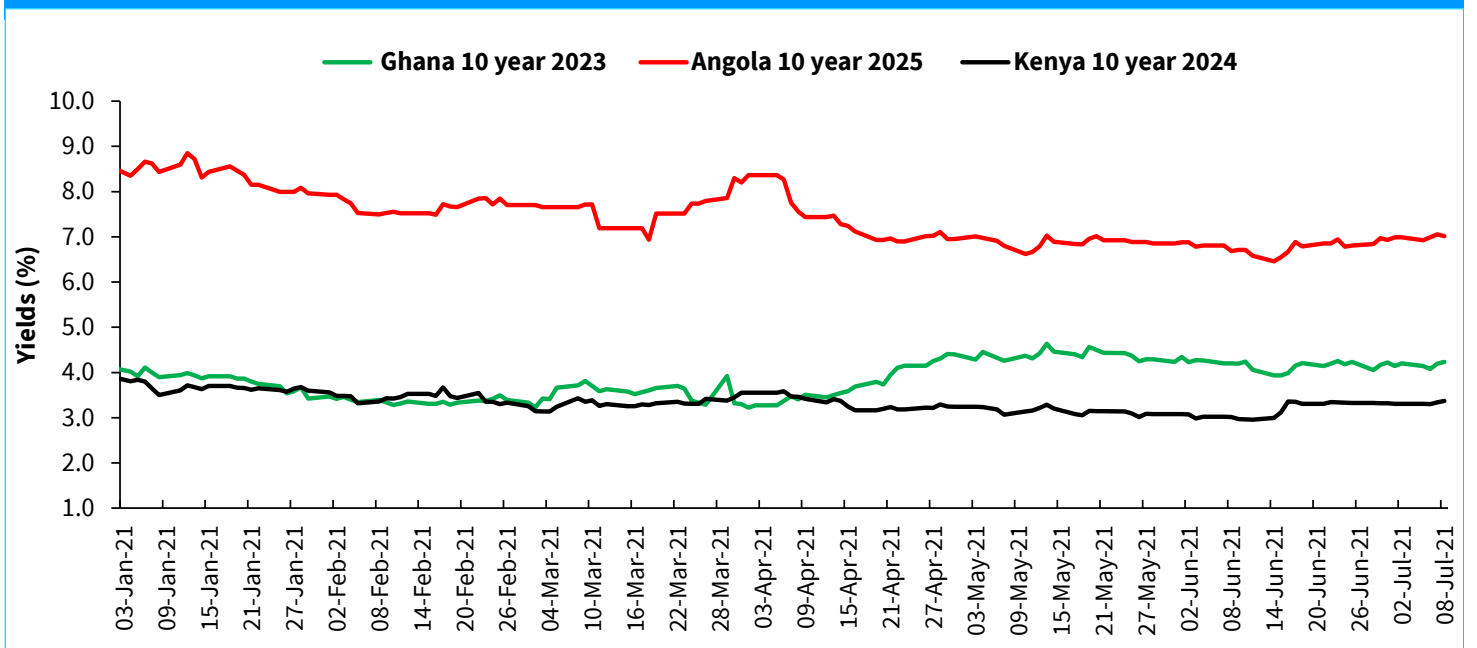
Table 6: Key Weekly Market Indicators

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	13-Year 2034	30-Year 2048
25-Jun-21	171.62	3749.13	1899.11	1054.00	17.65	607.36	2,672.38	4,268.30	4.687	3.329	5.333	6.281	6.269	7.355
28-Jun-21	171.83	3767.12	1918.66	1112.00	18.65	632.75	2,675.76	3,740.50	4.716	3.326	5.353	6.281	6.269	7.365
29-Jun-21	172.09	3762.02	1918.69	1251.00	16.39	428.44	2,679.78	6,426.60	4.766	3.323	5.374	6.296	6.299	7.385
30-Jun-21	173.53	3772.19	1927.53	1111.00	12.67	286.54	2,702.22	6,662.50	4.770	3.320	5.373	6.280	6.284	7.361
1-Jul-21	174.87	3788.02	1926.93	1175.00	23.76	578.59	2,723.20	1,855.15	4.778	3.308	5.371	6.294	6.269	7.385
Jun25-Jul 1	174.87	3788.02	1926.93	5,703.00	89.13	2,533.69	2,723.20	22,953.05	4.778	3.308	5.371	6.294	6.269	7.385
2-Jul-21	171.21	3,781.20	1,928.42	1,078.00	17.76	629.62	2,701.65	3,934.80	4.799	3.305	5.392	6.310	6.284	7.385
5-Jul-21	173.97	3,797.47	1,921.39	1,140.00	17.37	330.98	2,709.07	2,612.65	4.809	3.305	5.370	6.294	6.284	7.385
6-Jul-21	173.93	3,803.01	1,931.57	1,058.00	13.07	467.19	2,708.50	3,229.20	4.826	3.302	5.370	6.310	6.298	7.395
7-Jul-21	174.80	3,830.60	1,939.44	1,260.00	15.50	453.66	2,722.10	3,345.55	4.819	3.341	5.412	6.309	6.298	7.405
8-Jul-21	175.64	3,866.74	1,945.11	1,283.00	19.29	517.82	2,735.14	5,800.40	4.889	3.374	5.453	6.340	6.313	7.395
July 2 - 8	175.64	3866.74	1945.11	5,819.00	82.99	2,399.27	2,735.14	18,922.60	4.889	3.374	5.453	6.340	6.313	7.395
Weekly Changes (%)	0.44	2.08	0.94	2.03	-6.90	-5.31	0.44	-17.56	0.111*	0.066*	0.082*	0.046*	0.044*	0.010*

* Percentage points

Source: Nairobi Securities Exchange (NSE) and Thompson Reuters

Chart 3: Yields on 10 year Eurobonds for Selected Countries



Source: Thomson Reuters

Table 7: Government Domestic Debt (KSh Billion)

	30-Sep-20	31-Dec-20	31-Mar-21	28-May-21	18-Jun-21	25-Jun-21	2-Jul-21
1. Treasury Bills (Excluding Repos)	894.73	855.71	761.90	759.10	766.27	766.20	765.37
<i>(As % of total securities)</i>	26.50	25.04	21.79	21.15	21.31	21.19	21.17
2. Treasury Bonds	2,482.24	2,561.33	2,734.47	2,829.73	2,829.73	2,849.94	2,849.94
<i>(As % of total securities)</i>	73.50	74.96	78.21	78.85	78.69	78.81	78.83
3. Total Securities (1+2)	3,376.98	3,417.05	3,496.37	3,588.83	3,596.00	3,616.13	3,615.31
4. Overdraft at Central Bank	56.21	47.60	49.28	60.17	56.65	57.52	59.28
5. Other Domestic debt*	23.92	23.90	24.19	23.20	24.05	24.05	24.04
6. Gross Domestic Debt (3+4+5)	3,457.11	3,488.54	3,569.84	3,672.20	3,676.71	3,697.70	3,698.63

* 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)

	30-Jun-20	30-Sep-20	31-Dec-20	31-Mar-21	28-May-21	25-Jun-21	2-Jul-21
Treasury bills (Excluding Repos)	27.92	25.88	24.53	21.34	20.67	20.72	20.69
Treasury bonds	69.86	71.80	73.42	76.60	77.06	77.07	77.05
Overdraft at Central Bank	1.48	1.63	1.36	1.38	1.64	1.56	1.60
Other domestic debt	0.73	0.69	0.69	0.68	0.63	0.65	0.65
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	28-May-21	25-Jun-21	2-Jul-21
Banking Institutions	54.84	54.55	52.83	51.75	51.45	51.26	51.26
Insurance Companies	6.05	6.16	6.44	6.57	6.64	6.66	6.66
Parastatals	5.73	5.47	5.69	5.62	5.43	5.54	5.54
Pension Funds	29.04	28.53	30.32	30.46	30.59	30.58	30.59
Other Investors	4.34	5.30	4.73	5.59	5.90	5.97	5.96
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-19	Jun-20	Sep-20	Dec-20	Jan-21	Feb-21	Mar-21
Domestic debt (KSh Bn)	2,785.94	3,176.97	3,457.11	3,488.54	3,532.56	3,531.18	3,569.84
Public & Publicly Guaranteed External debt (USD Bn)	29.55	33.01	33.77	34.75	34.68	34.74	34.42
Public & Publicly Guaranteed External debt (KSh Bn)	3,023.14	3,515.81	3,663.49	3,793.29	3,819.70	3,814.29	3,769.87
Public debt (KSh Bn)	5,809.08	6,692.78	7,120.60	7,281.83	7,352.26	7,345.47	7,339.71

Source: National Treasury and Central Bank of Kenya