



Central Bank of Kenya

Weekly Bulletin

February 14, 2020

KEY MONETARY AND FINANCIAL INDICATORS

Exchange Rate

The Kenya Shilling remained stable against major international and regional currencies during the week ending February 13. It exchanged at KSh 100.69 per US Dollar on February 13, compared to KSh 100.39 on February 6 (Table 1).

Foreign Exchange Reserves

The CBK usable foreign exchange reserves remained adequate at USD 8,496 million (5.16 months of import cover) as at February 13. 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 February 13, supported by government payments, which partly offset tax remittances. Open market operations remained active. Commercial banks' excess reserves stood at KSh 21.5 billion in relation to the 5.25 percent cash reserves requirement (CRR). The average interbank rate declined to 3.82 percent on February 13 compared to 5.19 percent on February 6. The average number of interbank deals per day and the value traded decreased to 22 from 28, and KSh 5.6 billion from KSh 10.1 billion, respectively (Table 3).

Government Securities Market

The Treasury bills auctions of February 13 received bids totalling KSh 47.0 billion against an advertised amount of KSh 24.0 billion, representing a performance of 195.8 percent. Interest rates on the 91-day and 182-day bills

edged up, while the rate on the 364-day bill declined (Table 4).

Equity Market

The number of shares traded and total equity turnover at the Nairobi Securities Exchange increased by 47.7 percent and 34.5 percent, respectively during the week ending February 13. The NASI, NSE 25 and NSE 20 share price indices, however, declined by 3.1 percent, 3.0 percent and 1.1 percent, respectively. Similarly, market capitalization declined by 3.1 percent (Table 6).

Bond Market

Turnover of bonds traded in the domestic secondary market declined by 17.9 percent during the week ending February 13 (Table 6). In the international market, yields on Kenya's 10-year (2028), 12-year (2032) and 30-year (2048) Eurobonds declined by 3.6, 7.4 and 5.8 basis points, respectively. However, yields on Kenya's 7-year (2027) and 10-year (2024) Eurobonds rose by 16.4 basis points and 4.8 basis points, respectively. The yields on the 10-year Eurobonds for Angola and Ghana also increased (Chart 2).

Global Trends

Global market sentiment remained subdued as the number of confirmed coronavirus cases increased following revisions in the reporting methodology. On the positive side, the US and China are expected to lower tariffs on imports as part of the trade deal signed last month.

International oil prices declined during the week on account of over production and effects of coronavirus outbreak. Murban oil price declined to USD 56.43 per barrel on February 13 from USD 57.16 per barrel on February 6.

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

	USD	Sterling Pound	Euro	100 Japanese Yen	USHS*	TSHS*	RWF*	BIF*
31-Jan-20	100.59	131.69	110.90	92.21	36.59	22.96	9.44	18.72
3-Feb-20	100.44	131.87	110.95	92.55	36.61	22.97	9.46	18.75
4-Feb-20	100.46	131.17	111.13	92.54	36.55	22.99	9.46	18.75
5-Feb-20	100.35	130.82	110.91	91.98	36.59	23.01	9.47	18.77
6-Feb-20	100.39	130.99	110.57	91.46	36.69	23.01	9.46	18.76
Jan 31- Feb 6	100.44	131.31	110.89	92.15	36.61	22.99	9.46	18.75
7-Feb-20	100.45	130.13	110.52	91.39	36.59	23.00	9.46	18.78
10-Feb-20	100.58	130.15	110.28	91.60	36.54	22.97	9.45	18.73
11-Feb-20	Public Holiday							
12-Feb-20	100.63	130.18	110.18	91.67	36.45	22.96	9.45	18.72
13-Feb-20	100.69	130.57	109.82	91.54	36.42	22.94	9.44	18.72
Feb 7 -13	100.59	130.26	110.20	91.55	36.50	22.97	9.45	18.74

* Units of currency per Kenya Shilling

Source: Central Bank of Kenya

Table 2: Official Usable Foreign Exchange Reserves

	09-Jan-20	16-Jan-20	23-Jan-20	30-Jan-20	06-Feb-20	13-Feb-20
1. CBK Usable Foreign Exchange Reserves (USD Million)	8,543	8,496	8,500	8,500	8,510	8,496
2. CBK Usable Foreign Exchange Reserves (Months of Import Cover)*	5.19	5.16	5.16	5.16	5.17	5.16

*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 (%)
31-Jan-20	33	18,050.00	4.30
3-Feb-20	32	12,380.00	4.40
4-Feb-20	27	8,200.00	4.77
5-Feb-20	26	6,175.00	5.41
6-Feb-20	21	5,830.00	5.19
January 31-February 6, 2020	28	10,127.00	4.81
7-Feb-20	30	11,875.00	5.03
10-Feb-20	23	3,400.00	5.56
11-Feb-20	Public Holiday		
12-Feb-20	18	4,300.00	4.13
13-Feb-20	15	2,650.00	3.82
February 7-13, 2020	22	5,556.25	4.64

Source :Central Bank of Kenya

Table 4: Treasury Bills Auctions**91-Day Treasury Bills**

Date of Auction	28-Nov-19	24-Dec-19	30-Jan-20	06-Feb-20	13-Feb-20
Amount offered (Ksh M)	4,000.00	4,000.00	4,000.00	4,000.00	4,000.00
Bids received (Ksh M)	936.76	346.43	4,577.73	3,395.90	2,654.26
Amount Accepted (Ksh M)	445.55	346.43	4,559.95	3,394.92	1,672.21
Maturities (Ksh M)	5,395.25	3,345.20	6,914.70	864.60	1,126.20
Average interest Rate (%)	7.162	7.200	7.296	7.300	7.314

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)	1,055.83	282.08	6,222.88	17,620.55	6,438.62
Amount Accepted (Ksh M)	553.85	282.08	6,054.82	16,659.52	6,434.79
Maturities (Ksh M)	2,540.45	3,647.65	3,976.15	5,617.95	2,982.50
Average interest Rate (%)	8.204	8.150	8.229	8.248	8.258

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)	6,361.04	3,453.15	21,823.45	31,161.50	37,894.65
Amount Accepted (Ksh M)	3,990.96	3,453.15	20,387.38	7,931.34	22,048.40
Maturities (Ksh M)	2,853.15	8,060.45	24,053.65	18,240.35	17,585.50
Average interest Rate (%)	9.800	9.815	9.879	9.873	9.850

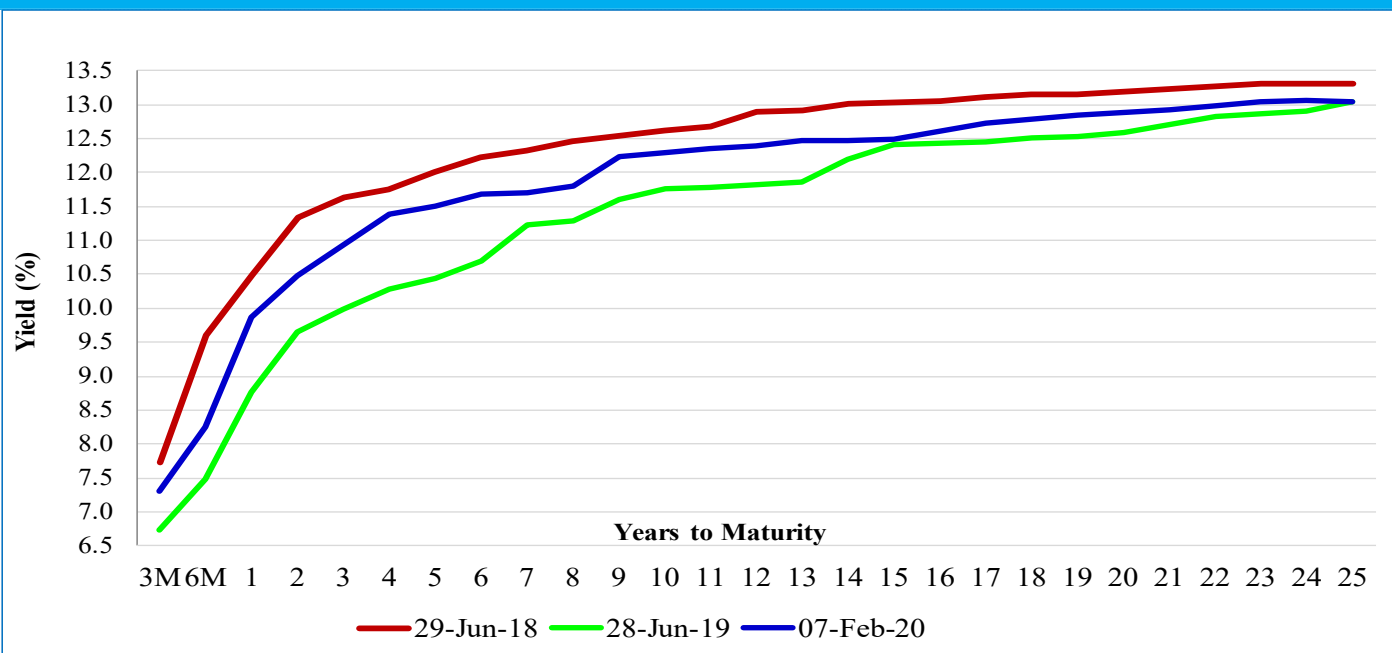
Source: Central Bank of Kenya

Table 5: Treasury Bonds Auctions

Date of Auction	25-Sep-19		19-Dec-19	22-Jan-19	
	TAP		TAP	REOPEN	
Tenor	FXD 1/2018/15	FXD 2/2019/15	FXD3/2019/5	FXD1/2019/5	FXD1/2019/10
Amount offered (Ksh M)	30,000.00		9,720.00	50,000.00	
Bids received (Ksh M)	9,320.40		9,750.51	69,941.73	
Amount Accepted (Ksh M)	3,453.83	5,906.13	9,750.51	44,488.60	19,259.58
Maturities (Ksh M)	3,453.83		5,906.13	0.00	
Average interest Rate (%)	12.56	12.67	11.49	11.50	12.43

Source: Central Bank of Kenya

Chart 1: Government Securities Yield Curve



Source: Nairobi Securities Exchange (NSE)

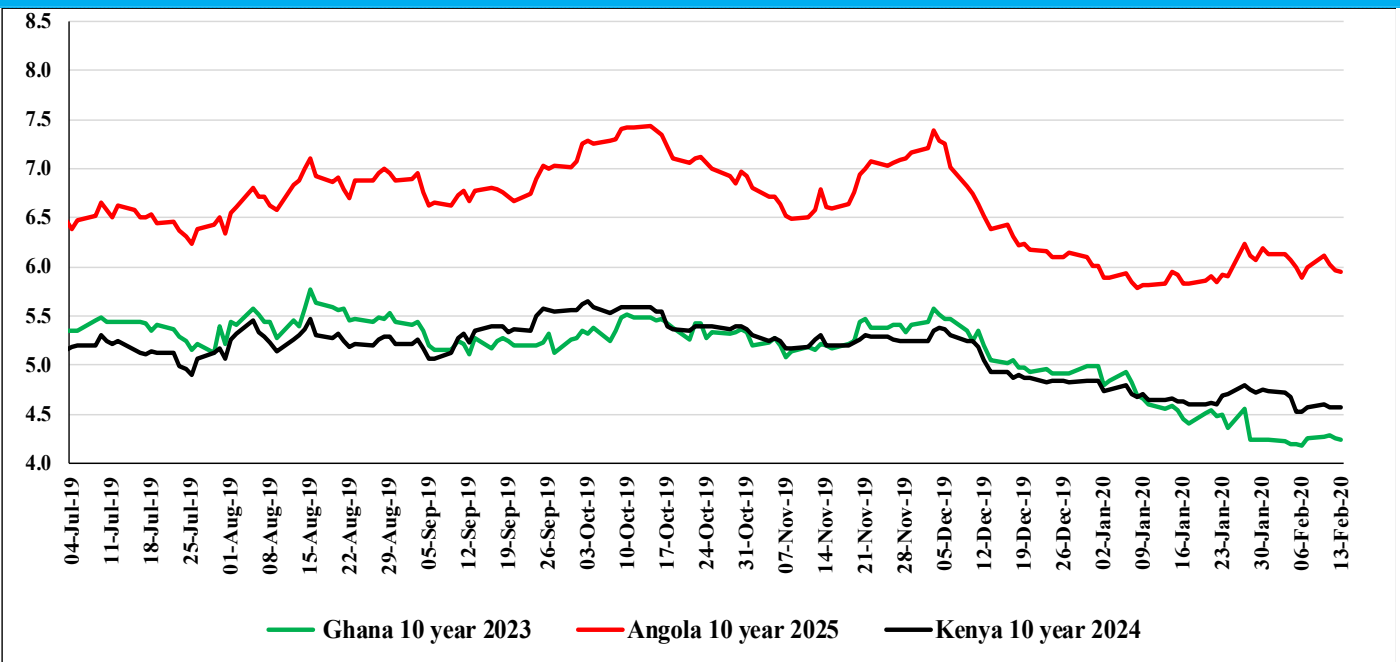
Table 6: Key Weekly Market Indicators

INDICATOR	NASI 100=2008	NSE 25 Share Index	NSE 20 Share Index 100=1996	Total Deals (Equity)	Total Shares Traded (Mil- lion)	Equity Turnover (KSh Million)	Market Capital- ization (KSh Billion)	Bonds Turn- over (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 Eurobond Yield (%) 2048	
31-Jan-20	162.09	4,023.35	2,600.41	755	10.00	453.15	2,473.87	1,005.85	5.645	4.741	6.011	6.886	7.594	
3-Feb-20	163.08	4,035.88	2,605.06	757	5.26	79.39	2,489.09	1,152.95	5.794	4.723	5.985	6.870	7.584	
4-Feb-20	163.45	4,047.43	2,601.98	924	23.73	841.18	2,494.74	3,831.81	5.723	4.674	5.890	6.734	7.498	
5-Feb-20	165.67	4,102.27	2,609.21	863	13.56	515.89	2,528.77	1,892.88	5.530	4.522	5.778	6.584	7.289	
6-Feb-20	169.35	4,163.56	2,607.89	1,053	20.83	816.28	2,585.04	2,490.06	5.279	4.520	5.629	6.436	7.224	
Jan 31- Feb 6, 2020	169.35	4,163.56	2,607.89	4,352	73.38	2,706	2,585.04	10,374	5.279	4.520	5.629	6.436	7.224	
7-Feb-20	168.65	4,124.06	2,602.36	1,099	34.03	1,318.12	2,574.30	1,888.62	5.525	4.565	5.700	6.465	7.281	
10-Feb-20	167.71	4,105.00	2,594.00	829	5.14	193.51	2,559.97	946.18	5.555	4.605	5.725	6.539	7.294	
11-Feb-20				PUBLIC HOLIDAY						5.456	4.575	5.664	6.450	7.234
12-Feb-20	166.96	4,084.68	2,599.44	1,058	40.50	1,126.75	2,548.43	3,542.59	5.448	4.573	5.609	6.406	7.180	
13-Feb-20	164.16	4,039.84	2,580.20	968	28.67	1,001.07	2,505.60	2,142.38	5.444	4.568	5.593	6.362	7.166	
Feb 7-13, 2020	164.16	4,039.84	2,580.20	3,954	108.34	3,639.45	2,505.60	8,520	5.444	4.568	5.593	6.362	7.166	
Weekly Changes (%)	-3.06	-2.97	-1.06	-9.15	47.65	34.50	-3.07	-17.87	0.164*	0.048*	-0.036*	-0.074*	-0.058*	

* Percentage points

Source: Nairobi Securities Exchange (NSE)

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



Source: Thomson Reuters

Table 7: Government Domestic Debt (KSh Billion)

	27-Sep-19	25-Oct-19	29-Nov-19	27-Dec-19	31-Jan-20	07-Feb-20
1. Treasury Bills (Excluding Repos)	933.10	910.38	896.13	889.55	880.01	878.40
(As % of total securities)	33.78	33.12	31.62	31.06	30.15	30.11
2. Treasury Bonds	1,828.78	1,838.11	1,938.13	1,974.69	2,038.71	2,038.71
(As % of total securities)	66.22	66.88	68.38	68.94	69.85	69.89
3. Total Securities (1+2)	2,761.88	2,748.50	2,834.25	2,864.25	2,918.72	2,917.11
4. Overdraft at Central Bank	52.58	50.55	57.23	58.96	59.19	63.14
5. Other Domestic debt*	25.68	25.73	25.88	25.86	25.79	25.79
6. Gross Domestic Debt (3+4+5)	2,840.13	2,824.78	2,917.36	2,949.07	3,003.70	3,006.04

* 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)

	27-Sep-19	25-Oct-19	29-Nov-19	27-Dec-19	31-Jan-20	07-Feb-20
Treasury bills (Excluding Repos)	32.85	32.23	30.72	30.16	29.31	29.23
Treasury bonds	64.39	65.07	66.43	66.96	67.90	67.84
CBK Overdraft to Government	1.85	1.79	1.96	2.00	1.97	2.10
Other domestic debt	0.90	0.91	0.89	0.88	0.82	0.82
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)

	27-Sep-19	25-Oct-19	29-Nov-19	27-Dec-19	31-Jan-20	07-Feb-20
Banking Institutions	53.51	53.35	54.38	54.22	54.63	54.92
Insurance Companies	6.34	6.46	6.43	6.41	6.40	6.29
Parastatals	7.18	6.92	6.78	6.50	6.25	6.25
Pension funds	28.83	29.07	28.22	28.70	28.54	28.36
Other investors	4.14	4.20	4.19	4.17	4.17	4.18
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	Dec-18	Jun-19	Sep-19	Oct-19	Nov-19	Dec-19
Domestic debt (KSh Billion)	2,478.84	2,548.77	2,785.94	2,856.60	2,901.50	2,917.36	2,942.10
Public & Publicly Guaranteed External debt (US \$ Billion)	25.34	26.74	29.55	29.95	30.30	30.30	30.66
Public & Publicly Guaranteed External debt (KSh Billion)	2,560.20	2,723.73	3,023.14	3,111.80	3,127.60	3,114.96	3,106.82
Total public debt (KSh Billion)	5,039.03	5,272.50	5,809.08	5,968.40	6,029.10	6,032.32	6,048.93

Source: National Treasury and Central Bank of Kenya