



Central Bank of Kenya

Weekly Bulletin

May 14, 2021

KEY MONETARY AND FINANCIAL INDICATORS

Exchange Rates

The Kenya Shilling remained stable against major international and regional currencies during the week ending May 13. It exchanged at KSh 107.02 per US dollar on May 13, compared to KSh 106.98 per US dollar on May 6 (Table 1).

Foreign Exchange Reserves

The usable foreign exchange reserves remained adequate at USD 7,594.1 million (4.64 months of import cover) as at May 13. 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).

Remittances

Remittance inflows increased to USD 299.3 million in April 2021, from USD 208.2 million in April 2020, representing a 43.7 percent increase and 2.9 percent higher than the remittances in March 2021 (Chart 1). The cumulative inflows in the 12 months to March 2021 totalled USD 3,308 million compared to USD 2,801 million in the same period in 2020, an 18.1 percent increase. The United States continues to be the largest source of remittances into Kenya, accounting for 57.2 percent of remittances in April 2021.

Money Markets

The money market was relatively liquid during the week ending May 13, supported by government payments, which offset tax remittances. Commercial banks' excess reserves stood at KSh 9.6 billion in relation to the 4.25 percent cash reserves requirement (CRR). Open market operations remained active. The average interbank rate was 4.97 percent on May 13 compared to 4.07 percent on May 6. During the week, the average number of interbank deals per day increased to 23 from 20 in the previous week, while the average value traded increased to KSh 11.4 billion from KSh 8.0 billion in the previous week (Table 3).

Government Securities Market

The Treasury bills auction of May 13 received bids totalling KSh 26.6 billion against an advertised amount of KSh 24.0 billion, representing a performance of 110.7 percent. Interest rates on the Treasury bills remained stable (Table 4).

The tap sale for the 15-year and 25-year Treasury bonds auctioned on May 12 received bids totalling KSh 20.9 billion against an advertised amount of KSh 20 billion, representing a performance of 104.7 percent (Table 5).

Equity Market

At the Nairobi Securities Exchange, equity turnover and total shares traded rose by 90.2 percent and 87.2 percent respectively, during the week ending May 13 (Table 6). However, the NSE 20 share price index remained stable increasing by 0.1 percent while the NASI and the NSE 25 share price index declined by 2.8 percent and 3.3 percent, respectively.

Bonds Market

Turnover of bonds in the domestic secondary market improved by 20.3 percent during the week ending May 13 (Table 6). In the international market, yields on Kenya's Eurobonds increased by an average of 3.9 basis points. The yields on the 10-year Eurobonds for Ghana and Angola also increased (Chart 3).

Global Trends

Global financial markets sentiment was subdued during the week ending May 13, following concerns on the rising global inflation that could dent the recent global economic growth momentum. The weak US non-farm payroll data also added to the concerns.

International oil prices decreased during the week on account of falling import demand from India. Murban oil price decreased marginally to USD 67.06 per barrel on May 12 from USD 67.78 per barrel on May 6

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

| | USD | Sterling Pound | Euro | 100 Japanese Yen | USHS* | TSHS* | RWF* | BIF* |
|----------------------------|---------------|----------------|---------------|------------------|--------------|--------------|-------------|--------------|
| 30-Apr-21 | 107.84 | 150.27 | 130.63 | 98.93 | 33.20 | 21.50 | 9.28 | 18.08 |
| 3-May-21 | 107.84 | 149.91 | 130.38 | 99.02 | 33.14 | 21.50 | 9.28 | 18.08 |
| 4-May-21 | 107.71 | 149.38 | 129.80 | 98.40 | 33.14 | 21.53 | 9.29 | 18.10 |
| 5-May-21 | 107.26 | 148.93 | 129.01 | 98.07 | 33.28 | 21.62 | 9.33 | 18.41 |
| 6-May-21 | 106.98 | 148.83 | 128.52 | 97.85 | 33.28 | 21.68 | 9.36 | 18.46 |
| Apr 30- May 6, 2021 | 107.53 | 149.47 | 129.67 | 98.45 | 33.21 | 21.57 | 9.31 | 18.23 |
| 7-May-21 | 106.86 | 147.67 | 127.94 | 97.90 | 33.24 | 21.70 | 9.37 | 18.48 |
| 10-May-21 | 106.74 | 148.43 | 128.84 | 98.06 | 33.33 | 21.73 | 9.38 | 18.51 |
| 11-May-21 | 106.54 | 150.32 | 129.55 | 97.97 | 33.34 | 21.77 | 9.40 | 18.54 |
| 12-May-21 | 106.80 | 150.91 | 129.71 | 98.12 | 33.15 | 21.71 | 9.37 | 18.50 |
| 13-May-21 | 107.02 | 151.21 | 129.75 | 98.38 | 33.08 | 21.67 | 9.35 | 18.46 |
| May 7 - 13, 2021 | 106.79 | 149.71 | 129.16 | 98.09 | 33.23 | 21.72 | 9.37 | 18.50 |

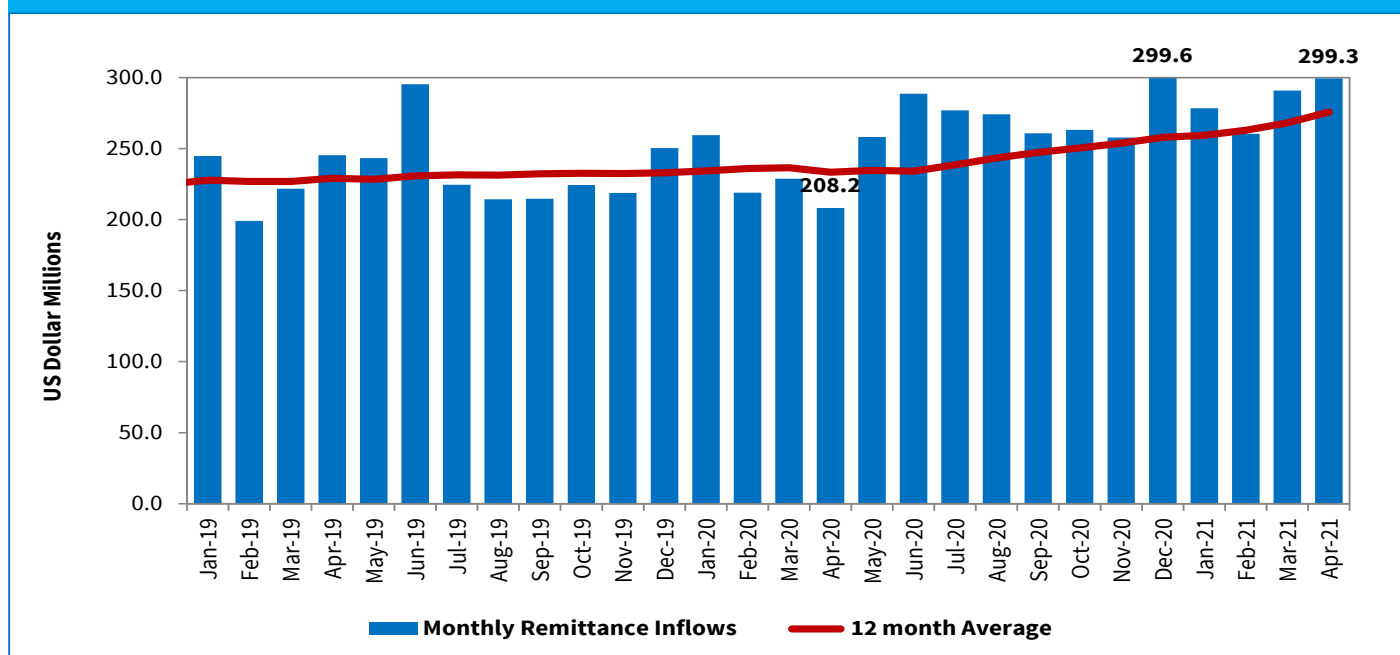
Source: Central Bank of Kenya

Table 2: Official Foreign Exchange Reserves (USD Million)

| | 15-Apr-21 | 22-Apr-21 | 29-Apr-21 | 6-May-21 | 13-May-21 |
|---|-----------|-----------|-----------|----------|-----------|
| 1. CBK Usable Foreign Exchange Reserves (USD Million) | 7,656 | 7,727 | 7,664 | 7,575 | 7,594 |
| 2. CBK Usable Foreign Exchange Reserves (Months of Import Cover)* | 4.71 | 4.75 | 4.71 | 4.63 | 4.64 |

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

Source: Central Bank of Kenya

Chart 1: Monthly Remittance Inflows (USD Million)

Source: Central Bank of Kenya

Table 3: Money Markets

| Date | Number of Deals | Value (KSh M) | Average Interbank Rate (%) |
|-----------------------------|-----------------|------------------|----------------------------|
| 30-Apr-21 | 22 | 9,700.00 | 4.83 |
| 3-May-21 | 19 | 5,880.00 | 4.95 |
| 4-May-21 | 22 | 9,035.00 | 4.76 |
| 5-May-21 | 19 | 6,860.00 | 4.54 |
| 6-May-21 | 17 | 8,435.00 | 4.07 |
| Apr 30 - May 6, 2021 | 20 | 7,982.00 | 4.63 |
| 7-May-21 | 11 | 6,860.00 | 3.61 |
| 10-May-21 | 19 | 11,310.00 | 2.41 |
| 11-May-21 | 20 | 9,930.00 | 4.15 |
| 12-May-21 | 33 | 11,120.00 | 4.65 |
| 13-May-21 | 33 | 17,710.00 | 4.97 |
| May 7 - 13, 2021 | 23 | 11,386.00 | 3.96 |

Source: Central Bank of Kenya

Table 4: Performance of Treasury Bills Auctions

| 91-Day Treasury Bills | | | | | | |
|----------------------------------|--------------|--------------|--------------|--------------|--------------|--------------|
| Date of Auction | 31-Mar-21 | 8-Apr-21 | 15-Apr-21 | 22-Apr-21 | 6-May-21 | 13-May-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) | 2,018.11 | 3,161.07 | 4,095.93 | 3,659.54 | 1,857.92 | 1,428.41 |
| Amount Accepted (KSh M) | 2,018.11 | 3,160.98 | 4,095.44 | 3,659.34 | 1,856.84 | 1,398.16 |
| Maturities (KSh M) | 672.75 | 752.55 | 5,094.80 | 2,186.60 | 494.10 | 960.75 |
| Average Interest Rate (%) | 7.085 | 7.096 | 7.108 | 7.115 | 7.152 | 7.156 |
| 182-Day Treasury Bills | | | | | | |
| Date of Auction | 31-Mar-21 | 8-Apr-21 | 15-Apr-21 | 22-Apr-21 | 6-May-21 | 13-May-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) | 764.64 | 2,559.42 | 3,665.14 | 2,005.11 | 4,263.95 | 2,885.98 |
| Amount Accepted (KSh M) | 764.64 | 2,428.47 | 3,665.14 | 2,001.89 | 3,772.41 | 2,856.63 |
| Maturities (KSh M) | 3,578.50 | 3,443.30 | 6,339.50 | 6,977.70 | 4,700.85 | 8,297.90 |
| Average Interest Rate (%) | 7.910 | 7.914 | 7.938 | 7.925 | 7.990 | 7.995 |
| 364-Day Treasury Bills | | | | | | |
| Date of Auction | 31-Mar-21 | 8-Apr-21 | 15-Apr-21 | 22-Apr-21 | 6-May-21 | 13-May-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) | 4,405.24 | 14,626.64 | 13,097.63 | 8,686.00 | 25,319.39 | 22,262.05 |
| Amount Accepted (KSh M) | 4,375.51 | 14,534.43 | 10,424.96 | 7,768.52 | 15,190.96 | 16,197.55 |
| Maturities (KSh M) | 23,194.95 | 6,545.75 | 11,841.40 | 6,852.10 | 9,320.75 | 12,970.40 |
| Average Interest Rate (%) | 9.308 | 9.366 | 9.403 | 9.460 | 9.424 | 9.365 |

Source: Central Bank of Kenya

Table 5: Performance of Treasury Bond Auctions

| Date of Auction | 10-Mar-21 | | 7-Apr-21 | 5-May-21 | | 12-May-21 | |
|---------------------------|------------------|------------------|------------------|------------------|------------------|------------------|------------------|
| | REOPEN | | | REOPEN | | TAP | |
| Tenor | FXD1/ 2019/15 | FXD2/ 2018/20 | IFB1/ 2021/18 | FXD2/ 2019/15 | FXD1/ 2021/25 | FXD2/ 2019/15 | FXD1/ 2021/25 |
| Amount offered (KSh M) | 50,000.00 | | 60,000.00 | 30,000.00 | | 20,000.00 | |
| Bids received (KSh M) | 15,897.21 | 32,809.37 | 88,577.56 | 11,581.96 | 31,003.70 | 15,897.15 | 5,036.55 |
| Amount Accepted (KSh M) | 15,511.29 | 32,795.91 | 81,941.63 | 6,042.69 | 14,246.10 | 15,657.58 | 5,035.74 |
| Maturities (KSh M) | 0.00 | | 0.00 | 0.00 | | 8,249.90 | |
| Average interest Rate (%) | 12.41 | 13.44 | 12.67 | 12.98 | 13.92 | 12.98 | 13.92 |

Source: Central Bank of Kenya

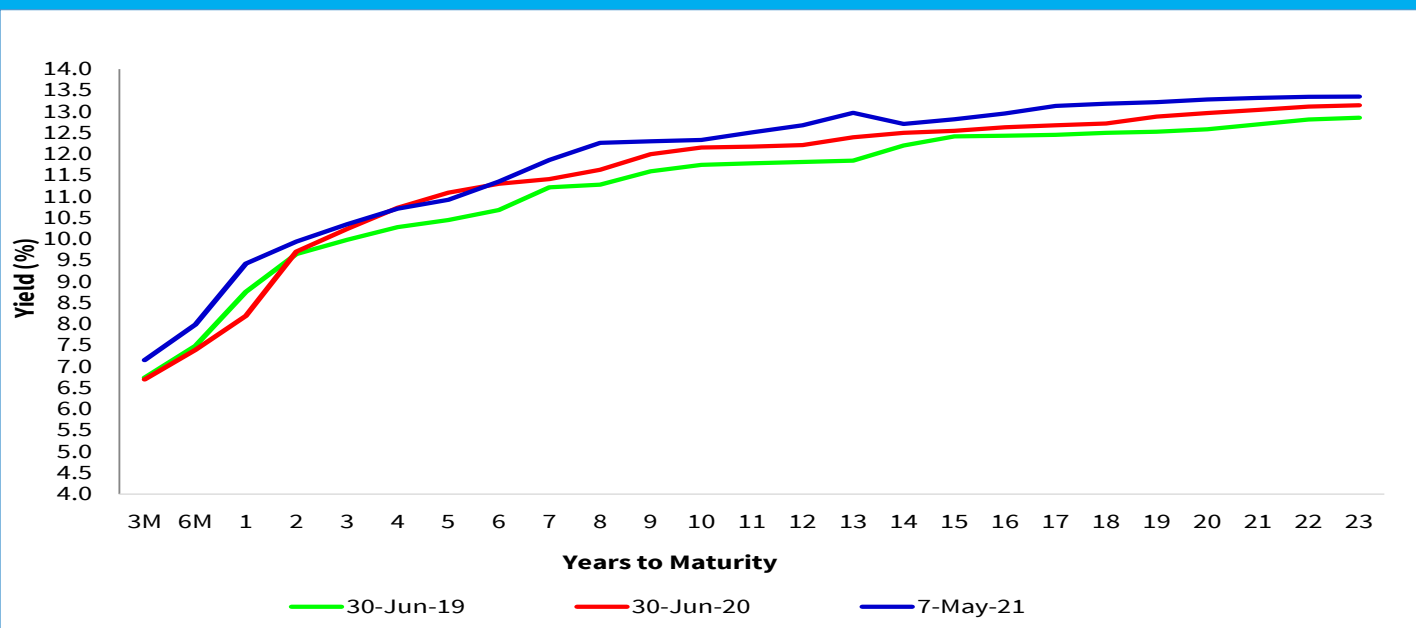
Table 6: Key Weekly Market Indicators

| 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 | 30-Year 2048 |
| 30-Apr-21 | 169.15 | 3,674.77 | 1,866.58 | 998.00 | 13.37 | 465.31 | 2,599.05 | 3,002.40 | 5.011 | 3.243 | 5.746 | 6.684 | 7.663 |
| 3-May-21 | 169.61 | 3,686.02 | 1,858.26 | 921.00 | 5.62 | 187.10 | 2,606.21 | 4,614.55 | 4.990 | 3.241 | 5.767 | 6.684 | 7.652 |
| 4-May-21 | 170.07 | 3,685.33 | 1,845.80 | 1,075.00 | 14.30 | 501.21 | 2,613.26 | 5,419.65 | 5.054 | 3.238 | 5.766 | 6.667 | 7.642 |
| 5-May-21 | 169.69 | 3,685.10 | 1,862.07 | 1,039.00 | 7.54 | 249.43 | 2,607.49 | 2,969.45 | 5.018 | 3.235 | 5.766 | 6.667 | 7.642 |
| 6-May-21 | 170.51 | 3,710.28 | 1,861.81 | 1,076.00 | 17.80 | 728.24 | 2,620.04 | 3,261.75 | 5.021 | 3.186 | 5.743 | 6.634 | 7.642 |
| April 30- May 6 | 170.51 | 3710.28 | 1861.81 | 5,109.00 | 58.63 | 2,131.29 | 2,620.04 | 19,267.80 | 5.021 | 3.186 | 5.743 | 6.634 | 7.642 |
| 7-May-21 | 171.09 | 3725.72 | 1,862.50 | 1,236.00 | 28.71 | 1,004.30 | 2,629.01 | 3,231.75 | 4.960 | 3.064 | 5.742 | 6.650 | 7.621 |
| 10-May-21 | 171.45 | 3735.35 | 1,866.53 | 1,074.00 | 35.75 | 1,347.74 | 2,634.55 | 8,336.20 | 4.980 | 3.141 | 5.678 | 6.569 | 7.559 |
| 11-May-21 | 168.95 | 3631.03 | 1,862.84 | 1,115.00 | 22.38 | 906.17 | 2,630.82 | 6,289.40 | 4.993 | 3.138 | 5.677 | 5.584 | 7.548 |
| 12-May-21 | 167.40 | 3604.01 | 1,861.14 | 916.00 | 11.11 | 349.10 | 2,606.58 | 3,107.40 | 5.051 | 3.215 | 5.677 | 6.600 | 7.579 |
| 13-May-21 | 165.76 | 3586.62 | 1,863.25 | 891.00 | 11.80 | 447.34 | 2,580.95 | 2,219.65 | 5.065 | 3.286 | 5.782 | 6.665 | 7.621 |
| May 7-13 | 165.76 | 3586.62 | 1863.25 | 5,232.00 | 109.75 | 4,054.66 | 2,580.95 | 23,184.40 | 5.065 | 3.286 | 5.782 | 6.665 | 7.621 |
| Weekly Changes (%) | -2.79 | -3.33 | 0.08 | 2.41 | 87.18 | 90.24 | -1.49 | 20.33 | 0.044* | 0.100* | 0.039* | 0.031* | -0.021* |

* Percentage points

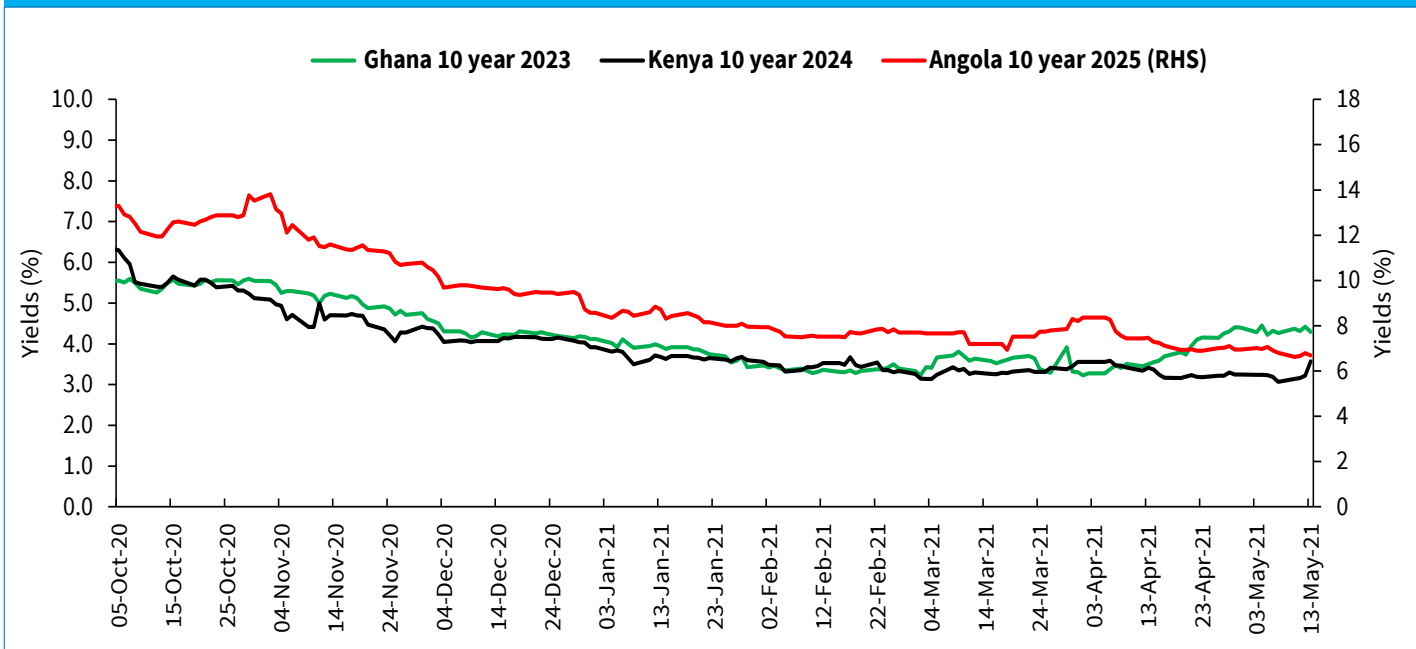
Source: Nairobi Securities Exchange (NSE) and Thompson Reuters

Chart 2: Government Securities Yield Curve



Source: Nairobi Securities Exchange (NSE)

Chart 3: Yields on 10 year Eurobonds for Selected Countries



Source: Thomson Reuters

Table 7: Government Domestic Debt (KSh Billion)

| | 30-Jun-20 | 31-Dec-20 | 29-Jan-21 | 26-Feb-21 | 31-Mar-21 | 30-Apr-21 | 7-May-21 |
|---------------------------------------|-----------------|-----------------|-----------------|-----------------|-----------------|-----------------|-----------------|
| 1. Treasury Bills (Excluding Repos) | 887.14 | 855.71 | 785.46 | 748.00 | 761.90 | 747.16 | 753.62 |
| <i>(As % of total securities)</i> | 28.56 | 25.04 | 22.75 | 21.67 | 21.79 | 21.08 | 21.23 |
| 2. Treasury Bonds | 2,219.44 | 2,561.33 | 2,667.02 | 2,703.56 | 2,734.47 | 2,796.71 | 2,796.71 |
| <i>(As % of total securities)</i> | 71.44 | 74.96 | 77.25 | 78.33 | 78.21 | 78.92 | 78.77 |
| 3. Total Securities (1+2) | 3,106.59 | 3,417.05 | 3,452.48 | 3,451.56 | 3,496.37 | 3,543.87 | 3,550.32 |
| 4. Overdraft at Central Bank | 47.15 | 47.60 | 55.27 | 55.40 | 49.28 | 65.84 | 61.03 |
| 5. Other Domestic debt* | 23.24 | 23.90 | 24.81 | 24.22 | 24.19 | 24.19 | 23.22 |
| 6. Gross Domestic Debt (3+4+5) | 3,176.97 | 3,488.54 | 3,532.56 | 3,531.18 | 3,569.84 | 3,633.91 | 3,634.57 |

* 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 | 31-Dec-20 | 29-Jan-21 | 26-Feb-21 | 31-Mar-21 | 30-Apr-21 | 7-May-21 |
|----------------------------------|---------------|---------------|---------------|---------------|---------------|---------------|---------------|
| Treasury bills (Excluding Repos) | 27.92 | 24.53 | 22.23 | 21.18 | 21.34 | 20.57 | 20.73 |
| Treasury bonds | 69.86 | 73.42 | 75.50 | 76.56 | 76.60 | 76.98 | 76.95 |
| Overdraft at Central Bank | 1.48 | 1.36 | 1.56 | 1.57 | 1.38 | 1.81 | 1.68 |
| Other domestic debt | 0.73 | 0.69 | 0.70 | 0.69 | 0.68 | 0.64 | 0.64 |
| 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 | 31-Dec-20 | 29-Jan-21 | 26-Feb-21 | 31-Mar-21 | 30-Apr-21 | 7-May-21 |
|----------------------|---------------|---------------|---------------|---------------|---------------|---------------|---------------|
| Banking Institutions | 54.84 | 52.83 | 52.81 | 52.89 | 51.75 | 51.23 | 51.24 |
| Insurance Companies | 6.05 | 6.44 | 6.40 | 6.48 | 6.57 | 6.54 | 6.53 |
| Parastatals | 5.73 | 5.69 | 5.64 | 5.66 | 5.62 | 5.59 | 5.57 |
| Pension Funds | 29.04 | 30.32 | 30.34 | 29.88 | 30.46 | 30.59 | 30.57 |
| Other Investors | 4.34 | 4.73 | 4.81 | 5.08 | 5.59 | 6.06 | 6.09 |
| 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