



Central Bank of Kenya

Weekly Bulletin

July 24, 2020

KEY MONETARY AND FINANCIAL INDICATORS

Exchange Rates

The Kenya Shilling weakened against major international and regional currencies during the week ending July 23, on account of increased demand for dollars in the interbank market. It exchanged at KSh 108.13 per US dollar on July 23 compared to KSh 107.35 per US dollar on July 16 (Table 1).

Foreign Exchange Reserves

The usable foreign exchange reserves remained adequate at USD 9,421 million (5.72 months of import cover) as at July 23. 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).

Current Account

Preliminary data on the balance of payments shows that the current account deficit narrowed to 5.0 percent of GDP in the 12 months to June 2020 compared to 5.2 percent of GDP in the 12 months to May (Chart 1). This reflected lower oil imports and improvement in exports of tea, horticulture as well as remittances.

Remittance Inflows

Remittance inflows increased to USD 288.5 million in June 2020 from USD 258.2 million in May, an increase of 12 percent (Chart 2). The cumulative inflows in the 12 months to June totalled USD 2,809 million compared to USD 2,768 million in the 12 months to June 2019, reflecting a growth of 1.5 percent. Inflows from the US, South Africa and Saudi Arabia recorded the highest increases.

Money Markets

The money market remained liquid during the week ending July 23, supported by government payments. Commercial banks' excess reserves stood at KSh 28.2 billion in relation to the 4.25 percent cash reserves requirement (CRR). Open market operations remained active. The average interbank rate was 2.32 percent on July 23 compared to 1.76 percent on July 16. The average number of interbank deals per day remained stable at 13 and the value traded declined to KSh 6.2 billion from KSh 8.4 billion in the previous week (Table 3).

Government Securities Market

The Treasury bills auction of July 23 received bids totalling KSh 35.9 billion against an advertised amount of KSh 24.0 billion, representing a performance of 149.6 percent. Interest rate on the 91-day Treasury bill increased marginally while those of 182-day and 364-day Treasury bills decreased (Table 4).

The reopened 5-year, 10-year and 15-year Treasury bonds offered at the auction of July 22 received bids totalling KSh 181.8 billion against an advertised amount of KSh 60.0 billion, representing a performance of 303.0 percent. The interest rates on all the Treasury bonds decreased compared to previous issues of similar instruments (Table 5).

Equity Market

At the Nairobi Securities Exchange, NASI, equity turnover and market capitalization increased by 0.4 percent, 0.2 percent and 0.4 percent, respectively during the week ending July 23 (Table 6). The NSE 25 and NSE 20 share price indices declined by 1.1 percent and 1.3 percent, respectively.

Bond Market

Turnover of bonds traded in the domestic secondary market increased by 12.7 percent during the week ending July 23 (Table 6). In the international market, yields on Kenya's Eurobonds declined by an average of 44.8 basis points. Similarly, the yields on the 10-year Eurobonds for Angola and Ghana declined (Chart 4).

Global Trends

Global financial markets reacted positively to the better than expected corporate earnings in Europe and agreement on a recovery fund for the EU. Positive results from several Covid-19 vaccine trials also supported market sentiment.

International oil prices increased during the week reflecting continued gradual pick up in global demand following easing of pandemic containment measures. Murban oil price increased to USD 44.74 per barrel on July 23 from USD 43.88 per barrel on July 16.

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

	USD	Sterling Pound	Euro	100 Japanese Yen	USHS*	TSHS*	RWF*	BIF*
10-Jul-20	106.90	135.21	121.17	99.96	34.65	21.69	8.95	18.01
13-Jul-20	107.05	135.07	120.97	100.15	34.52	21.65	8.94	17.98
14-Jul-20	107.15	135.15	121.39	99.92	34.58	21.64	8.93	17.97
15-Jul-20	107.29	134.35	121.86	100.02	34.49	21.62	8.92	17.95
16-Jul-20	107.35	135.01	122.51	100.38	34.37	21.60	8.91	17.94
Jul 10-16	107.15	134.96	121.58	100.08	34.52	21.64	8.93	17.97
17-Jul-20	107.46	134.92	122.61	100.26	34.34	21.58	8.91	17.92
20-Jul-20	107.43	134.56	122.45	100.16	34.39	21.59	8.91	17.93
21-Jul-20	107.62	135.90	123.23	100.44	34.43	21.55	8.90	17.90
22-Jul-20	107.88	136.95	123.41	100.54	34.25	21.52	8.88	17.86
23-Jul-20	108.13	137.48	125.26	100.88	34.19	21.46	8.86	17.82
Jul 17-23	107.70	135.96	123.39	100.46	34.32	21.54	8.89	17.89

* Units of currency per Kenya Shilling

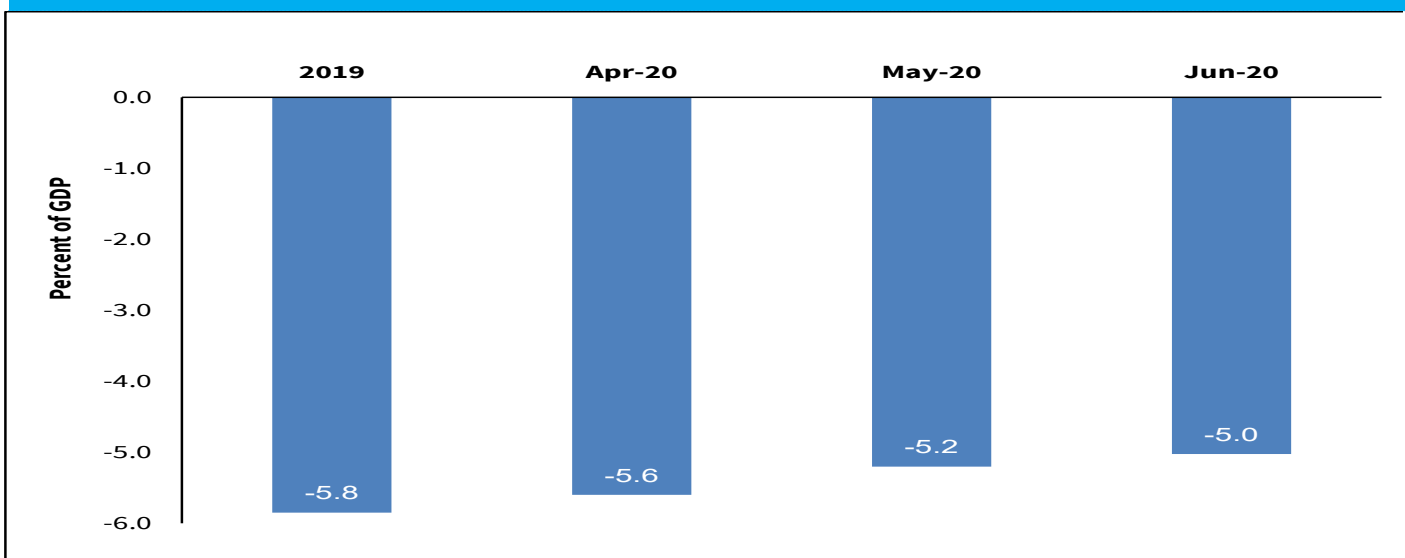
Source :Central Bank of Kenya

Table 2: Official Usable Foreign Exchange Reserves

	11-Jun-20	18-Jun-20	25-Jun-20	2-Jul-20	9-Jul-20	16-Jul-20	23-Jul-20
1. CBK Usable Foreign Exchange Reserves (USD Million)	9,302	9,278	9,229	9,717	9,704	9,669	9,421
2. CBK Usable Foreign Exchange Reserves (Months of Import Cover)*	5.59	5.58	5.55	5.84	5.83	5.87	5.72

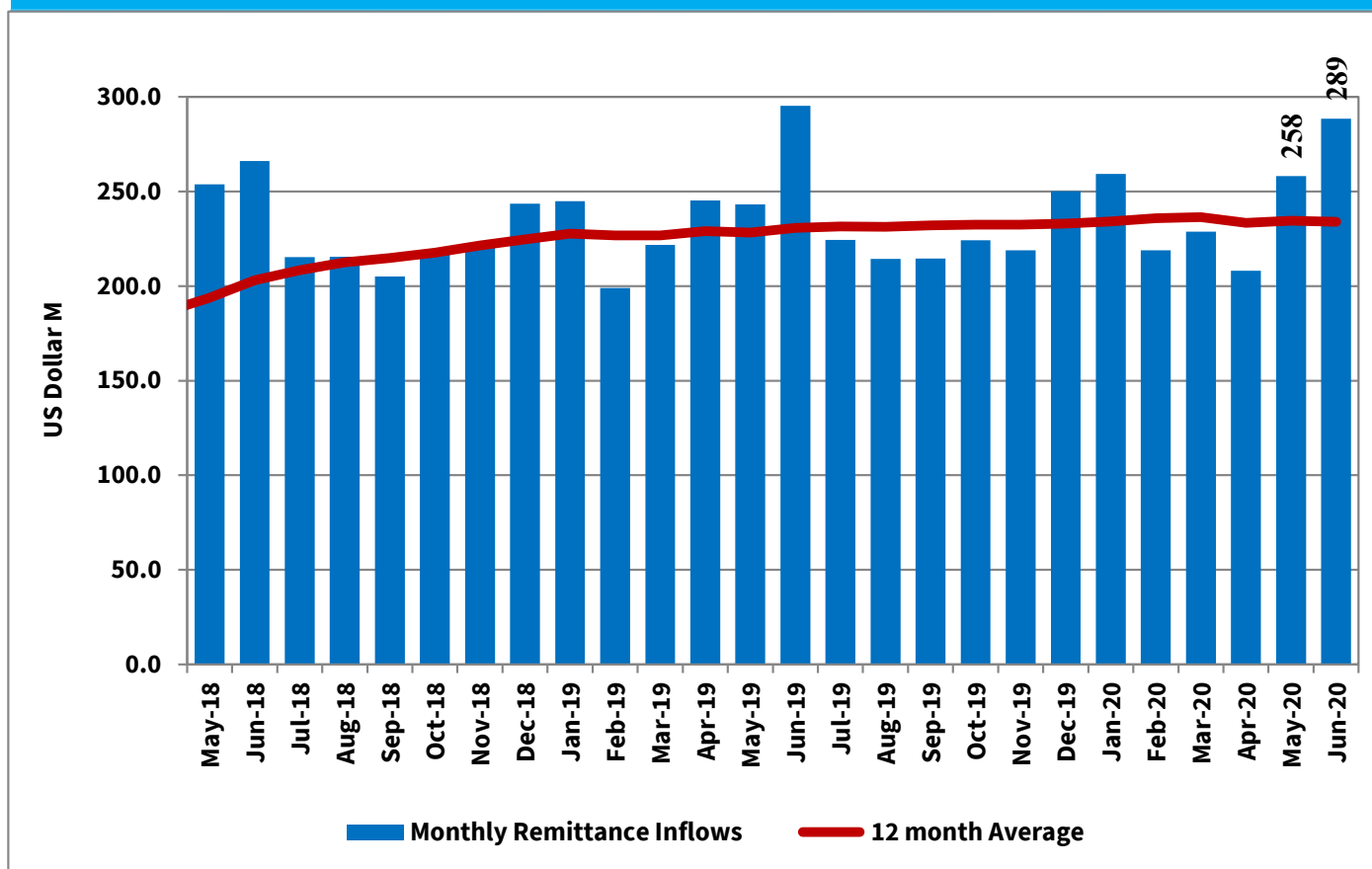
*Based on 36 months average of imports of goods and non-factor services.

Source: Central Bank of Kenya

Chart 1: Current Account Balance

Source: Central Bank of Kenya

Chart 2: Monthly Remittance Inflows (USD Million)



Source: Central Bank of Kenya

Table 3: Money Market

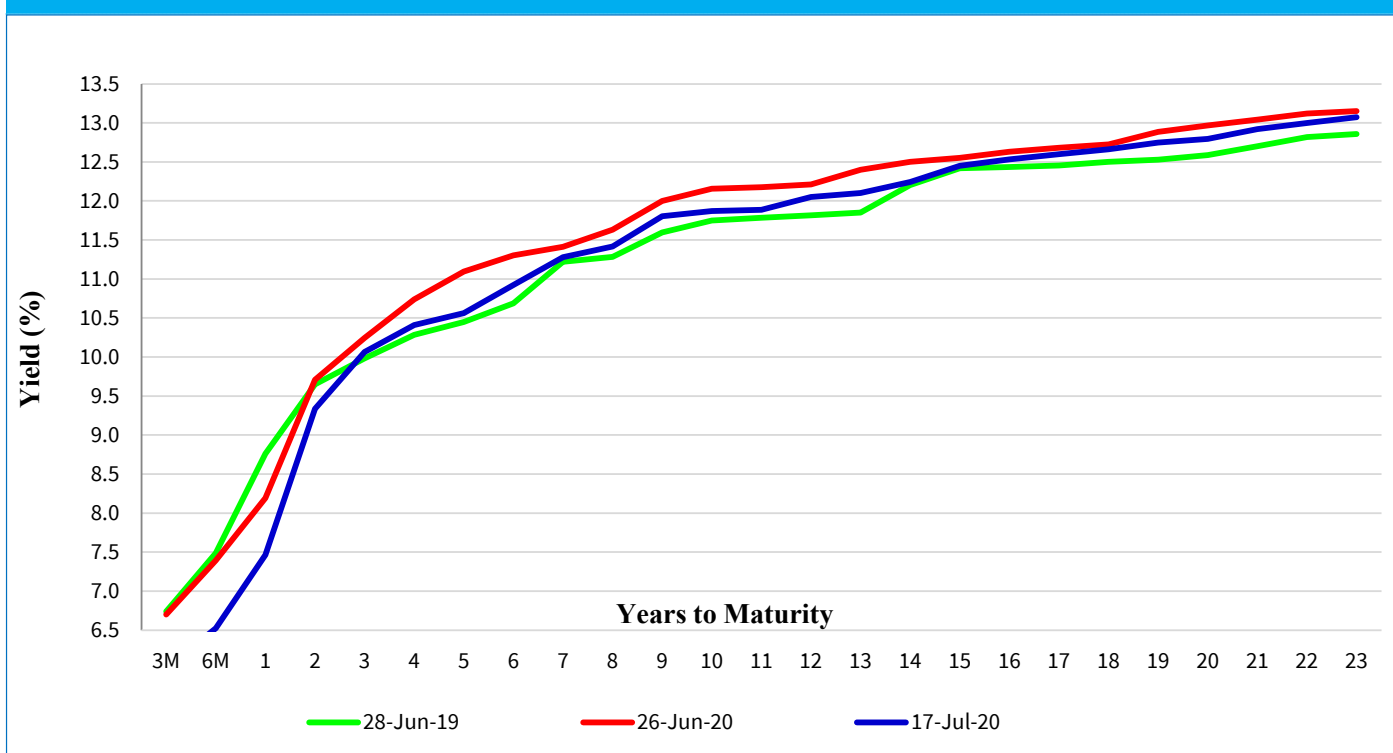
Date	Number of Deals	Value (KSh M)	Average Interbank Rate (%)
10-Jul-20	6	2,200.00	1.68
13-Jul-20	15	8,350.00	1.70
14-Jul-20	18	10,980.00	1.68
15-Jul-20	16	10,590.00	1.93
16-Jul-20	10	10,000.00	1.76
Jul 10-16	13	8,424.00	1.75
17-Jul-20	10	8,850.00	1.87
20-Jul-20	18	4,250.00	2.33
21-Jul-20	13	6,000.00	2.33
22-Jul-20	13	6,500.00	2.29
23-Jul-20	9	5,500.00	2.32
Jul 17-23	13	6,220.00	2.22

Source: Central Bank of Kenya

Table 4: Performance of Treasury Bills Auctions

91-Day Treasury Bills						
Date of Auction	18-Jun-20	25-Jun-20	2-Jul-20	9-Jul-20	16-Jul-20	23-Jul-20
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)	13,374.46	16,481.51	20,453.02	37,923.99	29,877.61	10,817.60
Amount Accepted (Ksh M)	6,357.09	685.99	9,446.15	18,419.97	29,876.33	10,816.32
Maturities (Ksh M)	543.55	3,434.55	910.70	518.95	2,630.45	8,924.35
Average interest Rate (%)	7.089	6.700	6.546	6.274	6.011	6.112
182-Day Treasury Bills						
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)	13,056.50	14,025.30	26,752.97	27,373.63	10,781.05	1,388.27
Amount Accepted (Ksh M)	4,238.45	1,543.33	10,783.81	7,155.78	9,780.79	1,388.27
Maturities (Ksh M)	3,964.95	293.25	1,107.00	2,277.90	6,612.05	5,344.90
Average interest Rate (%)	7.739	7.395	7.048	6.759	6.524	6.440
364-Day Treasury Bills						
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)	18,774.71	28,443.82	28,976.63	20,665.88	24,511.06	23,689.66
Amount Accepted (Ksh M)	4,124.73	11,530.06	23,680.06	20,648.03	5,858.26	23,633.05
Maturities (Ksh M)	6,883.75	25,463.50	25,153.35	32,335.05	11,533.15	17,883.35
Average interest Rate (%)	8.667	8.194	7.769	7.700	7.464	7.370

Source: Central Bank of Kenya

Chart 3: Kenya Government Securities Yield Curve

Source: Nairobi Securities Exchange

Table 5: Performance of Treasury Bonds Auctions

Date of Auction	6-May-20	20-May-20	27-May-20	17-Jun-20		22-Jul-20		
	REOPEN			REOPEN	REOPEN	REOPEN		
Tenor	FXD1/2020/5	FXD1/2020/5	IFB1/2020/6	FXD3/2019/5	FXD4/2019/10	FXD1/2020/5	FXD2/2018/10	FXD1/2019/15
Amount offered (Ksh M)	50,000.00	30,000.00	25,600.00	40,000.00		60,000.00		
Bids received (Ksh M)	34,531.50	20,581.07	21,164.29	105,135.63		65,336.90	55,488.14	60,947.80
Amount Accepted (Ksh M)	20,777.17	8,948.12	19,275.46	16,527.35	32,795.89	9,344.71	21,267.34	50,242.43
Maturities (Ksh M)	0.00	0.00	20,226.65	0.00		0.00		
Average interest Rate (%)	11.67	11.75	11.60	11.19	12.42	10.26	11.45	12.34

Source: Central Bank of Kenya

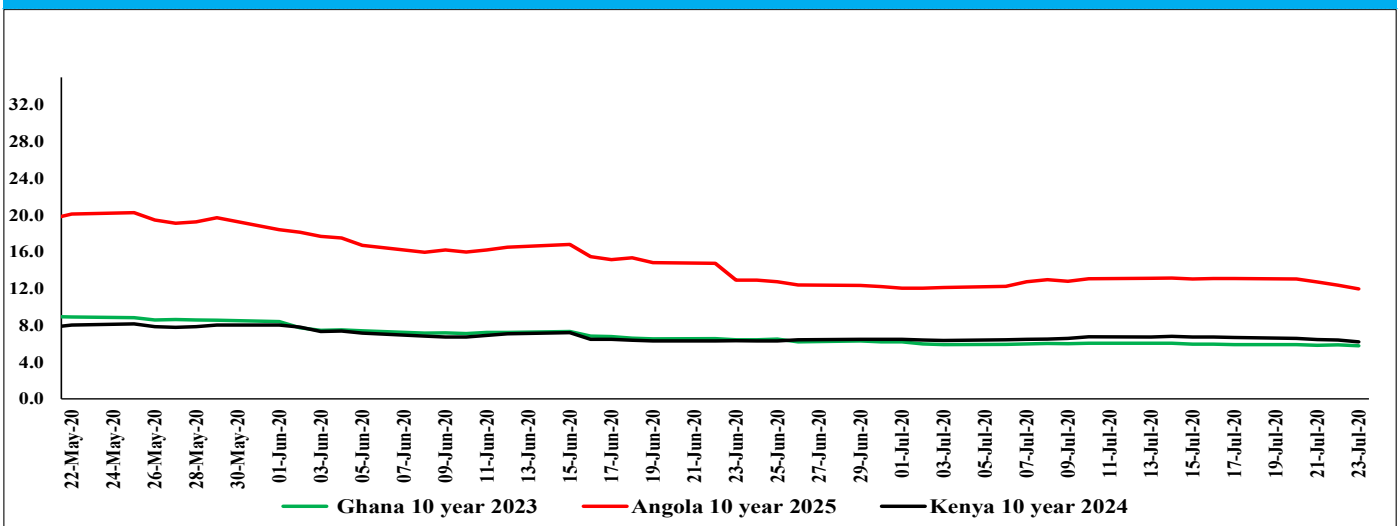
Table 6: Key Weekly Market Indicators

INDICATOR	NASI 100=2008	NSE 25 Share Index	NSE 20 Share Index 100=1996	Total Deals (Equity)	Total Shares Traded (Million)	Equity Turn- over (KSh Million)	Market Capital- ization (KSh Billion)	Bonds Turnover (KSh Million)	Eurobond Yield (%)				
									7-Year 2027	10- Year 2024	10-Year 2028	12-Year 2032	30-Year 2048
10-Jul-20	132.38	3092.01	1901.28	2,298	39.5	731.38	2023.12	1259.95	7.616	6.763	7.754	8.444	8.545
13-Jul-20	132.63	3102.50	1900.81	1,048	17.9	458.82	2026.90	1165.51	7.614	6.727	7.755	8.389	8.582
14-Jul-20	131.54	3097.15	1893.65	1,488	27.0	620.18	2010.12	2169.92	7.662	6.800	7.800	8.444	8.594
15-Jul-20	131.90	3109.51	1913.57	1,314	34.8	883.57	2015.72	2005.01	7.551	6.726	7.732	8.371	8.545
16-Jul-20	131.98	3107.19	1906.43	1,108	35.8	923.96	2016.87	3995.95	7.610	6.726	7.688	8.335	8.545
Jul 10- 16	131.98	3107.19	1906.43	7,256	155.14	3617.91	2016.87	10596.34	7.610	6.726	7.688	8.335	8.545
17-Jul-20	132.25	3107.31	1909.36	1,125	23.2	543.54	2021.08	2239.72	7.536	6.689	7.621	8.335	8.533
20-Jul-20	132.22	3105.80	1909.63	837	11.3	548.04	2020.54	895.07	7.486	6.579	7.599	8.263	8.497
21-Jul-20	130.79	3076.64	1906.25	1,476	39.2	1013.37	1998.69	5508.39	7.293	6.470	7.445	8.068	8.354
22-Jul-20	131.03	3064.48	1886.45	1,167	38.8	1074.20	2002.32	1861.52	7.211	6.397	7.335	7.998	8.330
23-Jul-20	132.44	3072.52	1880.84	1,092	17.0	446.68	2024.05	1436.36	7.100	6.215	7.205	7.893	8.249
Jul 17-23	132.44	3072.52	1880.84	5,697	129.46	3625.84	2024.05	11941.05	7.100	6.215	7.205	7.893	8.249
Weekly Changes (%)	0.35	-1.12	-1.34	-21.49	-18.71	0.21	0.35	9.62	-0.510*	-0.511*	-0.483*	-0.442*	-0.296*

* Percentage points

Source: Nairobi Securities Exchange (NSE)

Chart 4: Yields on 10 year Eurobonds for Selected African Countries



Source: Thomson Reuters

Table 7: Government Domestic Debt (KSh Billion)

	28-Jun-19	30-Sep-19	31-Dec-19	31-Mar-20	3-Jul-20	10-Jul-20	17-Jul-20
1. Treasury Bills (Excluding Repos)	954.25	928.91	878.94	902.29	887.14	906.22	919.38
<i>(As % of total securities)</i>	35.31	33.68	30.80	30.15	28.56	28.99	29.29
2. Treasury Bonds	1,748.15	1,828.78	1,974.69	2,090.29	2,219.44	2,219.44	2,219.44
<i>(As % of total securities)</i>	64.69	66.32	69.20	69.85	71.44	71.01	70.71
3. Total Securities (1+2)	2,702.40	2,757.69	2,853.63	2,992.58	3,106.59	3,125.66	3,138.82
4. Overdraft at Central Bank	57.33	68.23	63.72	54.18	47.15	31.10	22.80
5. Other Domestic debt*	25.76	25.72	24.75	25.10	25.26	23.77	23.77
6. Gross Domestic Debt (3+4+5)	2,785.48	2,851.64	2,942.10	3,071.85	3,179.00	3,180.53	3,185.40

* 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)

	28-Jun-19	30-Sep-19	31-Dec-19	31-Mar-20	3-Jul-20	10-Jul-20	17-Jul-20
Treasury bills (Excluding Repos)	34.26	32.57	29.87	29.37	27.91	28.49	28.86
Treasury bonds	62.76	64.13	67.12	68.05	69.82	69.78	69.68
CBK Overdraft to Government	2.06	2.39	2.17	1.76	1.48	0.98	0.72
Other domestic debt	0.92	0.90	0.84	0.82	0.79	0.75	0.75
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)

	28-Jun-19	30-Sep-19	31-Dec-19	31-Mar-20	3-Jul-20	10-Jul-20	17-Jul-20
Banking Institutions	54.38	53.63	54.33	54.31	54.88	54.93	54.88
Insurance Companies	6.13	6.33	6.42	6.30	6.05	6.04	6.03
Parastatals	6.97	7.13	6.49	6.13	5.73	5.73	5.72
Pension funds	28.24	28.77	28.60	29.01	29.04	29.01	29.09
Other investors	4.28	4.13	4.17	4.25	4.31	4.29	4.29
Total	100.00	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	Jun-19	Sep-19	Dec-19	Mar-20	Apr-20	May-20
Domestic debt (KSh Billion)	2,478.84	2,785.48	2,851.64	2,942.10	3,071.85	3,119.42	3,153.14
Public & Publicly Guaranteed External debt (US \$ Billion)	25.34	29.55	29.95	30.66	30.69	30.89	32.67
Public & Publicly Guaranteed External debt (KSh Billion)	2,560.20	3,023.14	3,111.80	3,106.82	3,212.63	3,317.33	3,496.43
Total public debt (KSh Billion)	5,039.03	5,808.62	5,963.44	6,048.93	6,284.49	6,436.75	6,649.57

Source: National Treasury and Central Bank of Kenya