



Central Bank of Kenya

Weekly Bulletin

September 18, 2020

KEY MONETARY AND FINANCIAL INDICATORS

Exchange Rates

The Kenya Shilling remained relatively stable against major international and regional currencies during the week ending September 17. It exchanged at KSh 108.38 per US dollar on September 17 compared to KSh 108.40 per US dollar on September 10 (Table 1).

Foreign Exchange Reserves

The CBK usable foreign exchange reserves remained adequate at USD 8,838 million (5.36 months of import cover) as at September 17. 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).

Money Markets

The money market was relatively liquid during the week ending September 17, supported by government payments. 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 2.87 percent on September 17 compared to 2.62 percent on September 10. The average number of interbank deals per day declined to 25 from 28 in the previous week, and the value traded declined to KSh 11.3 billion from KSh 13.4 billion in the previous week (Table 3).

Government Securities Market

The Treasury bills auction of September 17 received bids totalling KSh 16.9 billion against an advertised amount of KSh 24.0 billion, representing a performance of 70.4 percent. Interest rates on all the Treasury bills tenures remained stable, only rising marginally (Table 4).

The re-opened 15-year and 20-year Treasury bonds of September 16 received bids totalling KSh 81.7 billion against an advertised amount of KSh 50.0 billion, representing a performance of 163.4 percent. Interest rates on the Treasury bonds were lower compared to bonds of similar tenure issued in July and August (Table 5).

Equity Market

At the Nairobi Securities Exchange, the number of shares traded and equity turnover increased by 85.0 percent and 130.0 percent, respectively, during the week ending September 17. The NASI, NSE 20 and NSE 25 share price indices declined by 0.3 percent, 1.5 percent and 0.7 percent, respectively. The market capitalization also declined by 0.3 percent (Table 6).

Bond Market

Turnover of bonds traded in the domestic secondary market decreased by 29.3 percent during the week ending September 17 (Table 6). In the international market, yields on Kenya's Eurobonds remained stable, declining by an average of 0.9 basis points. Similarly, the yields on the 10-year Eurobonds for Angola and Ghana remained stable (Chart 2).

Global Trends

Global financial markets remained calm during the week following the US Fed's announcement to continue keeping interest rates low in order to stimulate the economic growth in the medium term. Market sentiment was also boosted by lower than expected jobless claims in the US.

International oil prices increased during the week in response to mild recovery in global demand. Murban oil price increased to USD 42.01 per barrel on September 17 from USD 39.95 per barrel on September 10.

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

	USD	Sterling Pound	Euro	100 Japanese Yen	USHS*	TSHS*	RWF*	BIF*
4-Sept-20	108.32	143.77	128.19	101.79	34.02	21.42	8.93	17.82
7-Sept-20	108.33	143.98	128.15	101.94	34.02	21.42	8.93	17.82
8-Sept-20	108.34	142.80	128.16	101.93	34.01	21.41	8.93	17.82
9-Sept-20	108.37	141.93	127.97	101.98	34.03	21.41	8.93	17.81
10-Sept-20	108.40	140.34	127.85	102.08	34.10	21.40	8.93	17.81
Sept 4-10	108.35	142.56	128.06	101.95	34.04	21.41	8.93	17.82
11-Sept-20	108.45	140.70	128.40	102.19	34.16	21.39	8.93	17.81
14-Sept-20	108.50	139.06	128.56	102.32	34.10	21.38	8.93	17.80
15-Sept-20	108.56	139.48	128.81	102.77	34.08	21.37	8.92	17.79
16-Sept-20	108.64	140.32	129.22	102.94	34.06	21.36	8.92	17.78
17-Sept-20	108.38	140.55	128.68	103.14	34.12	21.41	8.94	17.82
Sept 11-17	108.38	140.02	128.73	102.67	34.11	21.38	8.93	17.80

* Units of currency per Kenya Shilling

Source :Central Bank of Kenya

Table 2: Official Usable Foreign Exchange Reserves

	20-Aug-20	27-Aug-20	31-Aug-20	3-Sept-20	10-Sept-20	17-Sept-20
1. CBK Usable Foreign Exchange Reserves (USD Million)	9,175	8,963	8,849	8,865	8,877	8,838
2. CBK Usable Foreign Exchange Reserves (Months of Import Cover)*	5.57	5.44	5.37	5.38	5.39	5.36

*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 (%)
4-Sept-20	27	15,925.00	2.76
7-Sept-20	25	13,625.00	2.67
8-Sept-20	31	16,775.00	2.55
9-Sept-20	30	9,060.00	2.76
10-Sept-20	26	11,685.00	2.62
Sept 4-10	28	13,414.00	2.67
11-Sept-20	27	11,865.00	2.58
14-Sept-20	17	10,075.00	2.33
15-Sept-20	34	14,660.00	2.72
16-Sept-20	25	11,425.00	2.78
17-Sept-20	22	8,365.00	2.87
Sept 11-17	25	11,278.00	2.66

Source :Central Bank of Kenya

Table 4: Performance of Treasury Bills Auctions

91-Day Treasury Bills						
Date of Auction	13-Aug-20	20-Aug-20	27-Aug-20	3-Sept-20	10-Sept-20	17-Sept-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)	6,373.54	2,617.91	4,531.82	2,738.60	7,227.67	6,049.89
Amount Accepted (Ksh M)	6,373.54	2,617.51	3,988.09	2,248.26	7,214.49	6,048.02
Maturities (Ksh M)	7,775.85	7,992.80	2,285.85	4,309.50	3,924.05	6,465.20
Average Interest Rate (%)	6.200	6.257	6.273	6.295	6.267	6.273
182-Day Treasury Bills						
Date of Auction	13-Aug-20	20-Aug-20	27-Aug-20	3-Sept-20	10-Sept-20	17-Sept-20
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)	9,378.10	882.55	6,095.76	3,162.21	7,602.49	1,919.00
Amount Accepted (Ksh M)	6,968.43	882.55	4,901.01	2,682.80	7,510.40	1,918.09
Maturities (Ksh M)	6,669.45	7,909.25	2,771.45	2,050.40	2,609.25	3,747.10
Average Interest Rate (%)	6.561	6.600	6.625	6.627	6.689	6.720
364-Day Treasury Bills						
Date of Auction	13-Aug-20	20-Aug-20	27-Aug-20	3-Sept-20	10-Sept-20	17-Sept-20
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)	6,511.13	6,184.46	1,932.63	5,995.46	5,351.49	8,915.21
Amount Accepted (Ksh M)	5,306.17	6,184.46	1,836.51	5,995.46	3,960.39	8,852.01
Maturities (Ksh M)	16,448.55	9,717.75	8,496.70	7,879.45	7,907.80	21,244.20
Average Interest Rate (%)	7.517	7.508	7.507	7.554	7.564	7.571

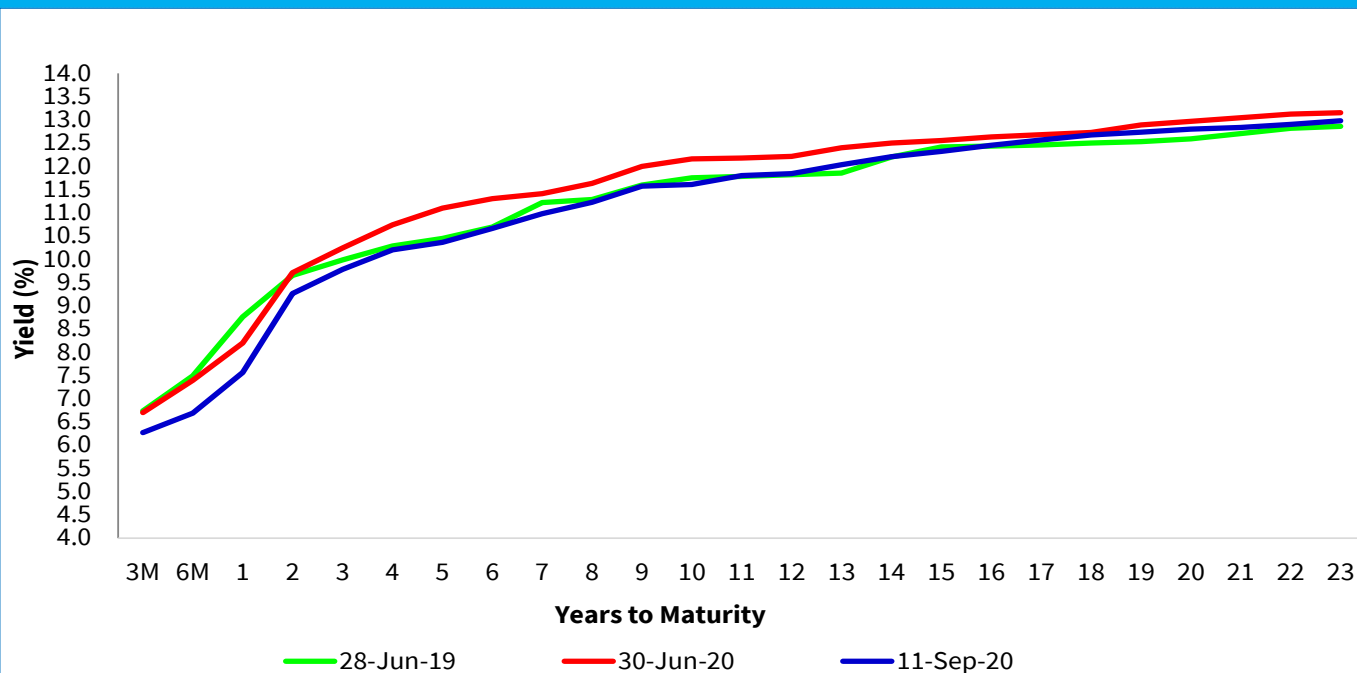
Source: Central Bank of Kenya

Table 5: Performance of Treasury Bonds Auctions

Date of Auction	22-Jul-20			5-Aug-20	19-Aug-20	16-Sept-20		
	REOPEN			TAP		REOPEN		
Tenor	FXD1/ 2020/5	FXD2/ 2018/10	FXD1/ 2019/15	FXD2/ 2018/20	IFB1/ 2020/11	FXD2/ 2010/15	FXD1/ 2020/15	FXD1/ 2011/20
Amount offered (Ksh M)	60,000.00			40,000.00	70,000.00	50,000.00		
Bids received (Ksh M)	65,336.90	55,488.14	60,947.80	41,006.20	101,471.04	17,841.15	49,791.29	14,044.33
Amount Accepted (Ksh M)	9,344.71	21,267.34	50,242.43	41,006.20	78,639.89	11,019.41	45,691.75	7,465.13
Maturities (Ksh M)	0.00			0.00	0.00	0.00		
Average interest Rate (%)	10.26	11.45	12.34	12.93	11.30	10.46	12.51	11.87

Source: Central Bank of Kenya

Chart 1: Government Securities Yield



Source: Central Bank of Kenya

Table 6: Key Weekly Market Indicators

INDICATOR	NASI	NSE 25 Share Index	NSE 20 Share Index 100=1996	Total Deals (Equity)	Total Shares Traded (Million)	Equity Turnover (KSh Million)	Market Capitalization (KSh Billion)	Bonds Turnover (KSh Million)	Eurobond Yields (%)				
									7-Year 2027	10-Year 2024	10-Year 2028	12-Year 2032	30-Year 2048
4-Sept-20	139.27	3224.43	1855.04	1368	15.2	188.4	2,138.2	6379.6	6.427	5.432	6.647	7.298	7.902
7-Sept-20	137.58	3186.43	1849.64	947	18.2	501.4	2,112.2	4176.6	6.458	5.432	6.689	7.315	7.924
8-Sept-20	136.93	3166.04	1850.63	1108	10.1	176.5	2,102.2	5212.8	6.508	5.503	6.753	7.414	7.979
9-Sept-20	137.41	3184.54	1853.32	1026	6.0	143.3	2,109.5	4058.0	6.597	5.574	6.753	7.464	7.979
10-Sept-20	140.28	3241.81	1871.84	1076	43.2	1202.5	2,153.8	4581.5	6.524	5.535	6.731	7.414	8.023
Sep 4-10	140.28	3241.81	1871.84	5,525.00	92.58	2212.06	2,153.80	24,408.40	6.524	5.535	6.731	7.414	8.023
11-Sept-20	140.87	3260.66	1875.69	1018	15.1	398.3	2,162.8	3,323.8	6.554	5.534	6.794	7.481	8.067
14-Sept-20	140.62	3259.34	1879.44	918	5.1	79.8	2,159.0	6,432.8	6.556	5.533	6.794	7.498	8.101
15-Sept-20	141.04	3260.83	1877.80	1061	10.0	295.9	2,165.4	3,310.1	6.501	5.533	6.751	7.464	8.037
16-Sept-20	140.65	3248.16	1866.24	1073	17.5	550.0	2,159.4	2,655.2	6.368	5.387	6.645	7.397	8.011
17-Sept-20	139.80	3219.95	1844.60	1158	123.5	3,763.0	2,146.4	1,540.9	6.451	5.420	6.751	7.481	8.078
Sept 11-17	139.80	3219.95	1844.60	5,228.00	171.25	5086.94	2,146.42	17,262.60	6.451	5.420	6.751	7.481	8.078
Weekly Changes (Percent)	-0.34	-0.67	-1.46	-5.38	84.97	129.96	-0.34	-29.28	-0.073*	-0.115*	0.020	0.067*	0.055

* Percentage points

Source: Nairobi Securities Exchange (NSE)

Table 7: Government Domestic Debt (KSh Billion)							
	28-Jun-19	30-Jun-20	30-Jul-20	21-Aug-20	28-Aug-20	04-Sept-20	11-Sept-20
1. Treasury Bills (Excluding Repos)	954.25	887.14	950.65	934.19	918.77	916.28	913.51
<i>(As % of total securities)</i>	35.29	28.55	29.26	28.55	27.53	27.48	27.42
2. Treasury Bonds	1,749.71	2,220.34	2,297.85	2,338.07	2,418.32	2,418.32	2,417.43
<i>(As % of total securities)</i>	64.71	71.45	70.74	71.45	72.47	72.52	72.58
3. Total Securities (1+2)	2,703.96	3,107.48	3,248.50	3,272.26	3,337.09	3,334.60	3,330.94
4. Overdraft at Central Bank	57.33	47.15	0.00	13.40	29.85	32.39	35.54
5. Other Domestic debt*	25.76	23.79	25.05	25.06	25.04	25.04	24.50
6. Gross Domestic Debt (3+4+5)	2,787.04	3,178.42	3,273.55	3,310.72	3,391.97	3,392.03	3,390.99

* 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-Sept-19	31-Dec-19	31-Mar-20	30-Jun-20	4-Sept-20	11-Sept-20
Treasury bills (Excluding Repos)	34.24	32.57	29.87	29.31	27.91	27.01	26.94
Treasury bonds	62.78	64.13	67.12	68.11	69.86	71.29	71.29
Overdraft at Central Bank	2.06	2.39	2.17	1.76	1.48	0.95	1.05
Other domestic debt	0.92	0.90	0.84	0.82	0.75	0.74	0.72
TOTAL	100.00	100.00	100.00	100.00	100.00	100.00	100.00

Source: Central Bank of Kenya

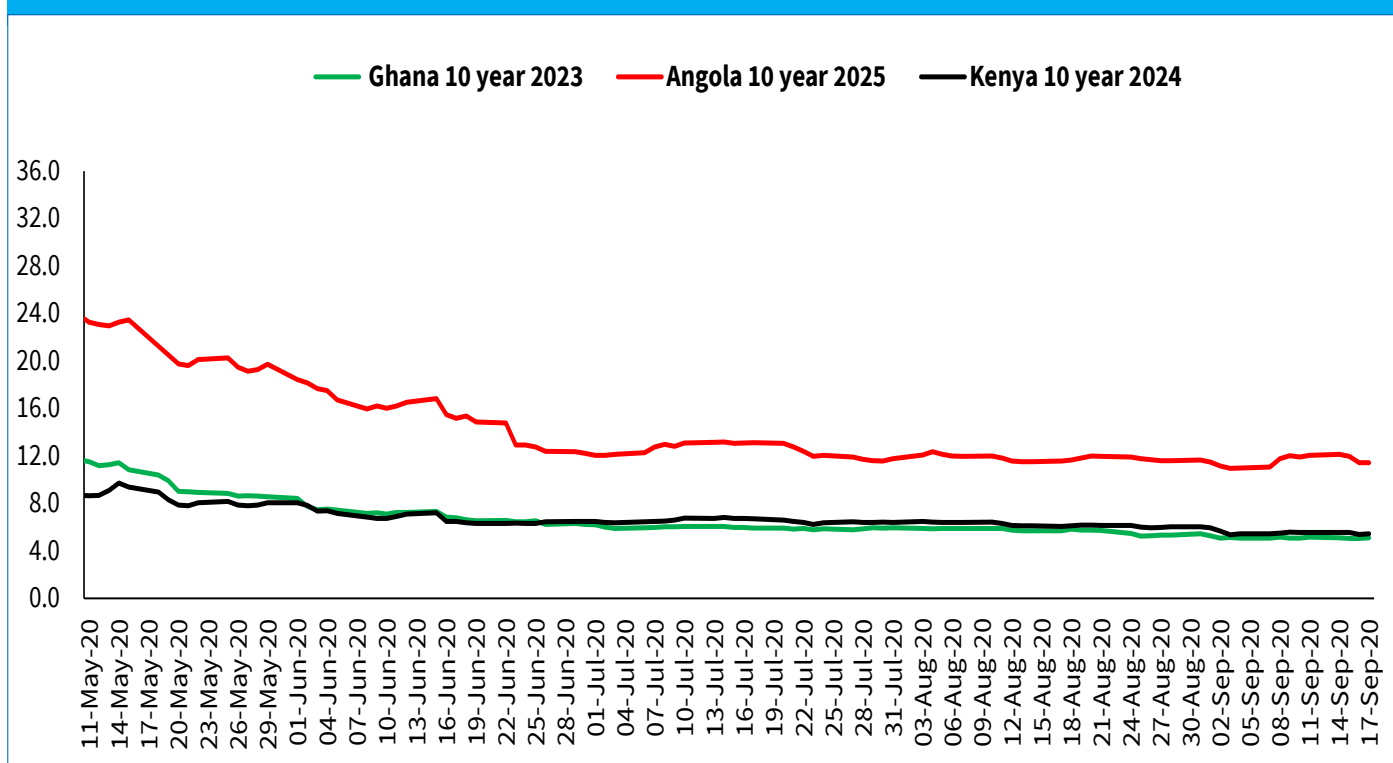
Table 9: Composition of Government Domestic Debt by Holder (Percent)							
	28-Jun-19	31-Dec-19	31-Mar-20	30-Jun-20	21-Aug-20	4-Sep-20	11-Sept-20
Banking Institutions	54.38	54.33	54.33	54.86	54.32	54.82	54.95
Insurance Companies	6.13	6.42	6.30	6.05	6.22	6.12	6.12
Parastatals	6.97	6.49	6.13	5.73	5.53	5.42	5.49
Pension Funds	28.24	28.60	29.04	29.05	29.75	29.40	29.24
Other Investors	4.28	4.17	4.20	4.32	4.18	4.23	4.21
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	Sep-19	Dec-19	Mar-20	Apr-20	May-20	Jun-20
Domestic Debt (Kshs Bn)	2,787.04	2,851.64	2,942.10	3,072.54	3,119.42	3,153.14	3,178.42
Public & Publicly Guaranteed External Debt (US \$ Bn)	29.55	29.95	30.66	30.69	30.89	32.67	33.01
Public & Publicly Guaranteed External Debt (Ksh Bn)	3,023.14	3,111.80	3,106.82	3,212.63	3,317.33	3,496.43	3,515.81
Public Debt (Ksh Bn)	5,810.18	5,963.44	6,048.93	6,285.18	6,436.75	6,649.57	6,694.23

Source: National Treasury and Central Bank of Kenya

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

Source: Thomson Reuters