



Central Bank of Kenya

Weekly Bulletin

July 10, 2020

KEY MONETARY AND FINANCIAL INDICATORS

Exchange Rates

The Kenya Shilling remained stable against major international and regional currencies during the week ending July 9. It exchanged at KSh 106.96 per US dollar on July 9 compared to KSh 106.54 per US dollar on July 2 (Table 1).

Foreign Exchange Reserves

The usable foreign exchange reserves remained adequate at USD 9,704 million (5.83 months of import cover) as at July 9. 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 Markets

The money market was liquid during the week ending July 9, supported by government payments, which offset tax receipts. Commercial banks' excess reserves stood at KSh 29.8 billion in relation to the 4.25 percent cash reserves requirement (CRR). Open market operations remained active. The average interbank rate was 2.36 percent on July 9 compared to 2.25 percent on July 2. The average number of interbank deals per day declined to 6 from 11 in the previous week, and the value traded also declined to KSh 4.5 billion from KSh 5.3 billion in the previous week (Table 3).

Government Securities Market

The Treasury bills auction of July 9 received bids totalling KSh 86.0 billion against an advertised amount of KSh 24.0 billion, representing a performance of 358.2 percent. Interest rates on all the Treasury bills tenors decreased (Table 4).

Equity Market

The number of shares traded and equity turnover at the Nairobi Securities Exchange increased by 95.8 percent and 113.8 percent, respectively, during the week ending July 9. However, the NASI, NSE 25 and NSE 20 share price indices declined by 3.8 percent, 3.2 percent and 1.9 percent, respectively. Market capitalization also declined by 3.8 percent (Table 5).

Bond Market

Turnover of bonds traded in the domestic secondary market increased by 10.9 percent during the week ending July 9 (Table 5). In the international market, yields on Kenya's Eurobonds remained stable, rising marginally by an average of 0.14 basis points. Similarly, the yields on the 10-year Eurobonds for Angola and Ghana increased marginally (Chart 2).

Global Trends

The global financial markets sentiment during the week was dominated by COVID-19 anxiety as several countries grappled with rapid increases in new infections. This dampened the impact of positive economic data in some advanced and emerging market economies.

International oil prices increased during the week reflecting mild pickup in demand in Europe and China. Murban oil price increased to USD 43.93 per barrel on July 9 from USD 42.91 per barrel on July 2.

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

	USD	Sterling Pound	Euro	100 Japanese Yen	USHS*	TSHS*	RWF*	BIF*
26-Jun-20	106.51	132.57	119.54	99.44	35.01	21.76	8.97	18.07
29-Jun-20	106.46	131.80	119.44	99.30	35.13	21.74	8.97	18.08
30-Jun-20	106.52	131.17	120.14	99.14	35.02	21.74	8.79	18.07
1-Jul-20	106.55	131.18	119.65	99.04	35.01	21.76	8.97	18.06
2-Jul-20	106.54	132.01	119.68	99.15	34.96	21.77	8.97	18.07
Jun 26- Jul 2	106.52	131.74	119.69	99.21	35.03	21.75	8.93	18.07
3-Jul-20	106.67	133.31	120.28	99.27	34.88	21.70	8.96	18.05
6-Jul-20	106.61	132.81	119.76	99.16	34.87	21.75	8.97	18.05
7-Jul-20	106.59	133.27	120.38	99.12	34.90	21.76	8.97	18.06
8-Jul-20	106.75	133.51	120.48	99.24	34.85	21.72	8.96	18.03
9-Jul-20	106.96	134.19	120.82	99.53	34.73	21.64	8.94	18.00
Jul 3-9	106.72	133.42	120.34	99.26	34.84	21.72	8.96	18.04

* Units of currency per Kenya Shilling

Source :Central Bank of Kenya

Table 2: Official Usable Foreign Exchange Reserves

	28-May-20	4-Jun-20	11-Jun-20	18-Jun-20	25-Jun-20	2-Jul-20	9-Jul-20
1. CBK Usable Foreign Exchange Reserves (USD Million)	8,331	9,261	9,302	9,278	9,229	9,717	9,704
2. CBK Usable Foreign Exchange Reserves (Months of Import Cover)*	4.99	5.56	5.59	5.58	5.55	5.84	5.83

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

Source: Central Bank of Kenya

Table 3: Money Market

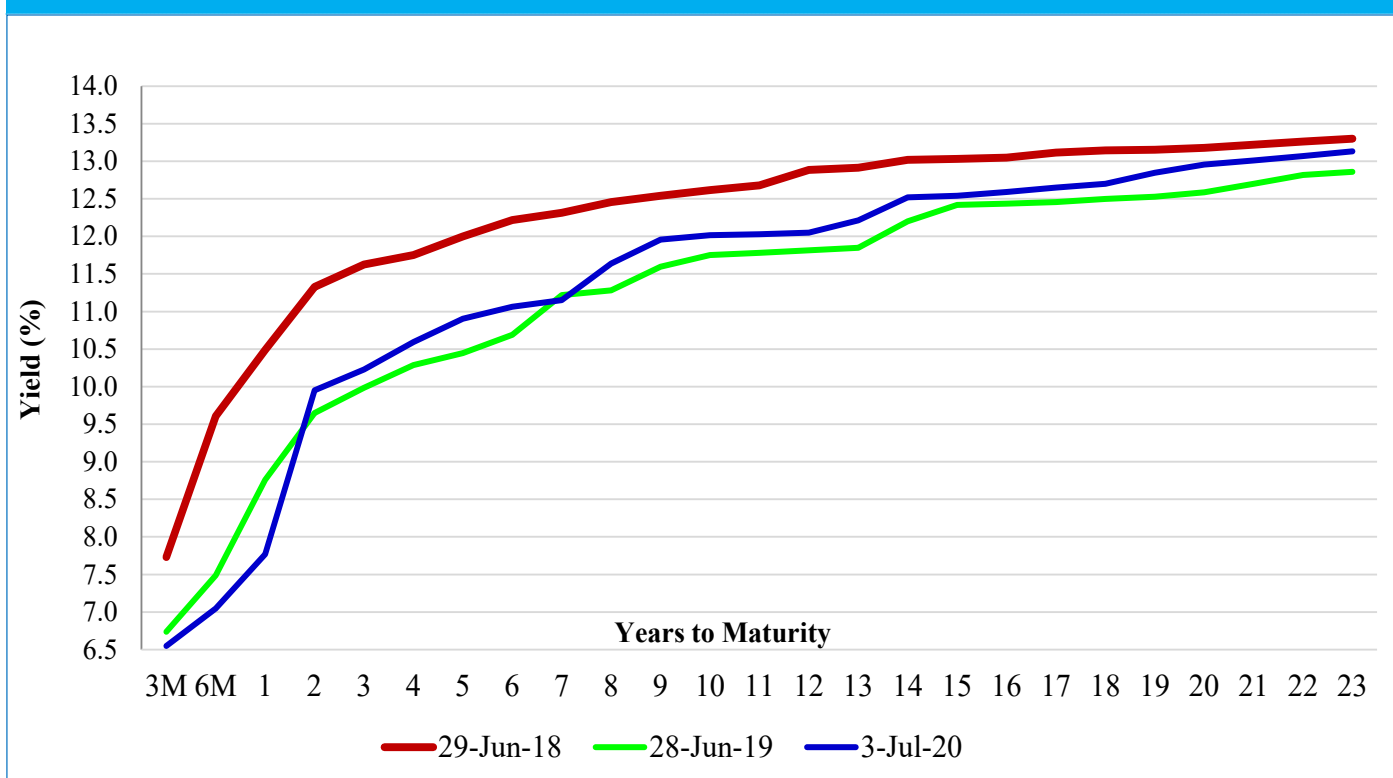
Date	Number of Deals	Value (KSh M)	Average Interbank Rate (%)
26-Jun-20	25	11,530.00	3.26
29-Jun-20	12	4,740.00	3.14
30-Jun-20	11	6,650.00	2.77
1-Jul-20	3	400.00	4.44
2-Jul-20	2	3,000.00	2.25
Jun 26 - Jul 2	11	5,264.00	3.17
3-Jul-20	6	5,750.00	2.19
6-Jul-20	5	5,500.00	1.99
7-Jul-20	8	7,900.00	1.79
8-Jul-20	7	2,900.00	1.91
9-Jul-20	3	550.00	2.36
Jul 3-9	6	4,520.00	2.05

Source :Central Bank of Kenya

Table 4: Performance of Treasury Bills Auctions

91-Day Treasury Bills						
Date of Auction	28-May-20	11-Jun-20	18-Jun-20	25-Jun-20	2-Jul-20	9-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)	3,251.08	11,761.25	13,374.46	16,481.51	20,453.02	37,923.99
Amount Accepted (Ksh M)	2,269.17	3,858.82	6,357.09	685.99	9,446.15	18,419.97
Maturities (Ksh M)	2,380.05	2,235.10	543.55	3,434.55	910.70	518.95
Average interest Rate (%)	7.333	7.259	7.089	6.700	6.546	6.274
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)	5,840.86	26,495.03	13,056.50	14,025.30	26,752.97	27,373.63
Amount Accepted (Ksh M)	1,404.01	6,723.69	4,238.45	1,543.33	10,783.81	7,155.78
Maturities (Ksh M)	576.50	3,603.60	3,964.95	293.25	1,107.00	2,277.90
Average interest Rate (%)	8.248	8.060	7.739	7.395	7.048	6.759
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)	15,498.70	31,465.74	18,774.71	28,443.82	28,976.63	20,665.88
Amount Accepted (Ksh M)	11,456.58	12,290.15	4,124.73	11,530.06	23,680.06	20,648.03
Maturities (Ksh M)	5,332.05	7,689.40	6,883.75	25,463.50	25,153.35	32,335.05
Average interest Rate (%)	9.198	9.030	8.667	8.194	7.769	7.700

Source: Central Bank of Kenya

Chart 1: Kenya Government Securities Yield Curve

Source: Nairobi Securities Exchange

Table 5: Key Weekly Market Indicators

INDICATOR	NASI 100=2008	NSE 25 Share Index	NSE 20 Share Index 100=1996	Total Deals (Equi- ty)	Total Shares Traded (Mil- lion)	Equity Turnover (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
26-Jun-20	137.75	3231.32	1938.62	953	13.3	347.6	2,105.4	4,620.5	7.263	6.442	7.443	8.192	8.365
29-Jun-20	138.79	3546.93	1952.26	1,053	8.5	253.3	2,121.3	1,174.5	7.330	6.477	7.531	8.245	8.412
30-Jun-20	137.68	3217.11	1942.12	1,294	15.5	359.0	2,104.3	2,430.7	7.300	6.477	7.509	8.209	8.412
1-Jul-20	137.73	3215.67	1947.64	1,018	19.6	480.5	2,105.0	2,346.3	7.299	6.475	7.487	8.174	8.401
2-Jul-20	137.77	3196.17	1945.64	1,596	13.2	289.7	2,105.6	2,040.7	7.221	6.403	7.443	8.138	8.377
Jun 26- Jul 2	137.77	3196.17	1945.64	5,914	70.1	1,730.1	2,105.6	12,612.8	7.221	6.403	7.443	8.138	8.377
3-Jul-20	139.57	3219.26	1945.97	1,063	6.2	151.0	2,133.3	1,142.2	7.225	6.367	7.356	8.086	8.377
6-Jul-20	137.99	3193.30	1949.12	1,285	22.3	553.5	2,109.1	2,414.6	7.239	6.439	7.378	8.103	8.330
7-Jul-20	135.14	3154.18	1954.93	1,774	31.7	878.0	2,065.3	3,241.2	7.300	6.474	7.487	8.209	8.365
8-Jul-20	134.40	3134.37	1921.99	1,633	29.7	822.8	2,054.0	2,682.2	7.335	6.510	7.576	8.227	8.424
9-Jul-20	132.51	3094.19	1907.82	1,499	47.3	1,294.2	2,025.1	4,501.0	7.362	6.580	7.620	8.263	8.460
Jul 3 - 9	132.51	3094.19	1907.82	7,254	137.3	3,699.5	2,025.1	13,981.2	7.362	6.580	7.620	8.263	8.460
Weekly Chang- es (%)	-3.82	-3.19	-1.94	22.66	95.76	113.83	-3.82	10.85	0.141*	0.177*	0.177*	0.125*	0.083*

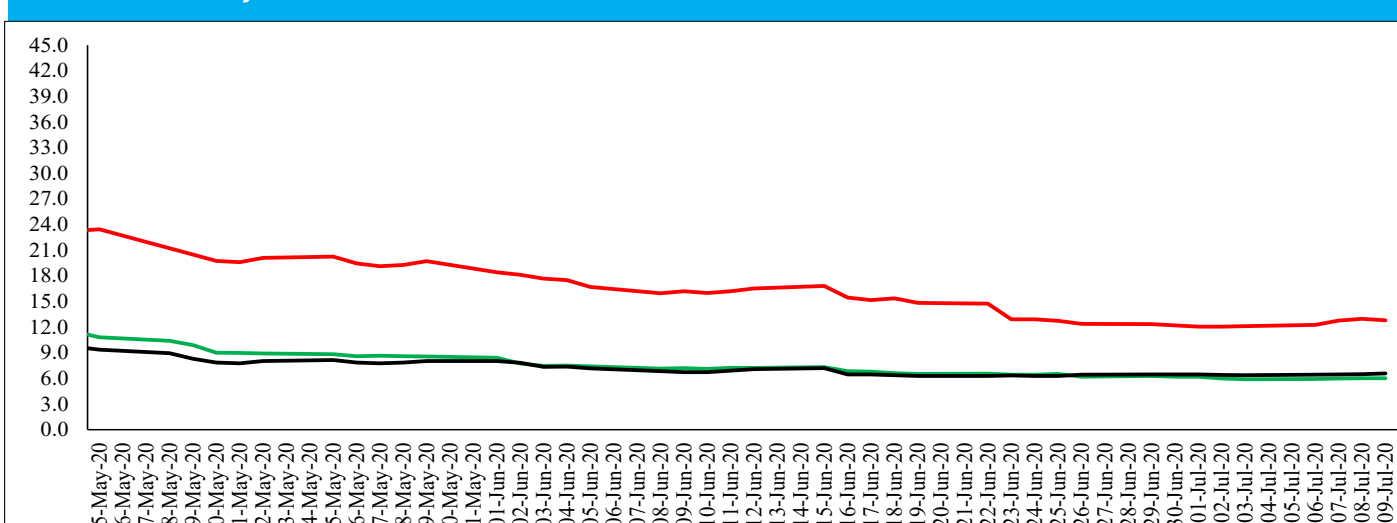
* Percentage points

Source: Nairobi Securities Exchange (NSE)

Table 6: Performance of Treasury Bonds Auctions

Date of Auction	8-Apr-20	22-Apr-20	6-May-20	20-May-20	27-May-20	17-Jun-20	
	TAP		REOPEN		REOPEN	REOPEN	
Tenor	IFB1/2020/9	IFB1/2020/9	FXD1/2020/5	FXD1/2020/5	IFB1/2020/6	FXD3/2019/5	FXD4/2019/10
Amount offered (Ksh M)	60,000.00	21,000.00	50,000.00	30,000.00	25,600.00	40,000.00	
Bids received (Ksh M)	68,413.78	35,387.16	34,531.50	20,581.07	21,164.29	105,135.63	
Amount Accepted (Ksh M)	39,010.13	35,387.16	20,777.17	8,948.12	19,275.46	16,527.35	32,795.89
Maturities (Ksh M)	0.00	0.00	0.00	0.00	20,226.65	0.00	
Average interest Rate (%)	12.05	12.05	11.67	11.75	11.60	11.19	12.42

Source: Central Bank of Kenya

Chart 2: 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	19-Jun-20	26-Jun-20	3-Jul-20
1. Treasury Bills (Excluding Repos)	954.25	928.91	878.94	902.29	897.68	901.58	887.14
<i>(As % of total securities)</i>	35.31	33.68	30.80	30.15	29.55	28.89	28.56
2. Treasury Bonds	1,748.15	1,828.78	1,974.69	2,090.29	2,140.28	2,219.44	2,219.44
<i>(As % of total securities)</i>	64.69	66.32	69.20	69.85	70.45	71.11	71.44
3. Total Securities (1+2)	2,702.40	2,757.69	2,853.63	2,992.58	3,037.96	3,121.03	3,106.59
4. Overdraft at Central Bank	57.33	68.23	63.72	54.18	34.97	31.70	47.15
5. Other Domestic debt*	25.76	25.72	24.75	25.10	25.29	25.28	25.26
6. Gross Domestic Debt (3+4+5)	2,785.48	2,851.64	2,942.10	3,071.85	3,098.22	3,178.00	3,179.00

* 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	19-Jun-20	26-Jun-20	3-Jul-20
Treasury bills (Excluding Repos)	34.26	32.57	29.87	29.37	28.97	28.37	27.91
Treasury bonds	62.76	64.13	67.12	68.05	69.08	69.84	69.82
CBK Overdraft to Government	2.06	2.39	2.17	1.76	1.13	1.00	1.48
Other domestic debt	0.92	0.90	0.84	0.82	0.82	0.80	0.79
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	19-Jun-20	26-Jun-20	3-Jul-20
Banking Institutions	54.38	53.63	54.33	54.31	53.30	54.80	54.88
Insurance Companies	6.13	6.33	6.42	6.30	6.49	6.05	6.05
Parastatals	6.97	7.13	6.49	6.13	5.96	5.72	5.73
Pension funds	28.24	28.77	28.60	29.01	29.93	29.12	29.04
Other investors	4.28	4.13	4.17	4.25	4.33	4.31	4.31
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	Jan-20	Feb-20	Mar-20
Domestic debt (KSh Billion)	2,478.84	2,785.48	2,851.64	2,942.10	3,003.70	3,040.96	3,071.85
Public & Publicly Guaranteed External debt (US \$ Billion)	25.34	29.55	29.95	30.66	30.95	30.87	30.69
Public & Publicly Guaranteed External debt (KSh Billion)	2,560.20	3,023.14	3,111.80	3,106.82	3,112.90	3,117.04	3,212.63
Total public debt (KSh Billion)	5,039.03	5,808.62	5,963.44	6,048.93	6,116.60	6,158.00	6,284.49

Source: National Treasury and Central Bank of Kenya