



Central Bank of Kenya

# Weekly Bulletin

January 15, 2021

## KEY MONETARY AND FINANCIAL INDICATORS

### Exchange Rates

The Kenya Shilling remained relatively stable against major international and regional currencies during the week ending January 14. It exchanged at KSh 109.97 per US dollar on January 14, compared to KSh 109.47 per US dollar on January 7 (Table 1).

### Foreign Exchange Reserves

The usable foreign exchange reserves remained adequate at USD 7,807 million (4.80 months of import cover) as at January 14. 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 remained resilient in December 2020 amounting to USD 299.6 million compared to USD 250.3 in December 2019, an increase of 19.7 percent (Chart 1). Cumulative remittances in 2020 increased to USD 3,094 million from USD 2,796 million in 2019, reflecting a growth of 10.7 percent.

### Money Market

The money market was liquid during the week ending January 14, supported by government payments which partly offset tax remittances. Commercial banks' excess reserves stood at KSh 13.0 billion in relation to the 4.25 percent cash reserves requirement (CRR). Open market operations remained active. The average interbank rate was 3.71 percent on January 14 compared to 6.09 percent on January 7. The average number of interbank deals per day increased to 19 from 13 in the previous week, while the average value traded increased to KSh 10.7 billion from KSh 5.2 billion in the previous week (Table 3).

### Government Securities Market

The Treasury bills auction of January 14 received bids totalling KSh 26.4 billion against an advertised amount of KSh 24.0 billion, representing a performance of 110.1 percent. Interest rates remained stable, with the 91-day Treasury bill rate decreasing while the 182-day and 364-day rates increased marginally (Table 4).

### Equity Market

At the Nairobi Securities Exchange, the NASI, NSE 25 and NSE 20 share price indices increased by 2.8 percent, 1.8 percent and 2.2 percent respectively, during the week ending January 14. Similarly, market capitalisation, total shares traded and equity turnover rose by 2.8 percent, 10.5 percent and 14.5 percent, respectively (Table 6).

### Bonds Market

Turnover of bonds traded in the domestic secondary market rose by 126.5 percent during the week ending January 14 (Table 6). In the international market, yields on Kenya's Eurobonds remained relatively stable, rising by an average of 15.2 basis points. The yields on the 10-year Eurobonds for Ghana and Angola also remained relatively stable (Chart 3).

### Global Trends

Global financial markets sentiment was lifted during the week ending January 14 by the news of USD 1.9 trillion Covid-19 relief package proposed by US President-elect Joe Biden. Market sentiment was further boosted by widespread rollout of Covid-19 vaccines in many countries.

International oil prices increased during the week ending January 14 after a drawdown in U.S crude stocks and robust data from China showing an increase in imports. Murban oil price increased to USD 55.88 on January 14 from USD 54.53 on January 7.

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

|                 | USD            | Sterling Pound | Euro          | 100 Japanese Yen | USHS*        | TSHS*        | RWF*        | BIF*         |
|-----------------|----------------|----------------|---------------|------------------|--------------|--------------|-------------|--------------|
| 1-Jan-21        | Public Holiday |                |               |                  |              |              |             |              |
| 4-Jan-21        | 109.22         | 149.07         | 134.18        | 105.86           | 33.47        | 21.23        | 9.07        | 17.76        |
| 5-Jan-21        | 109.29         | 149.15         | 134.37        | 106.09           | 33.67        | 21.22        | 9.07        | 17.76        |
| 6-Jan-21        | 109.38         | 148.61         | 134.27        | 106.44           | 33.78        | 21.20        | 9.06        | 17.74        |
| 7-Jan-21        | 109.47         | 149.01         | 134.88        | 106.04           | 33.80        | 21.18        | 9.05        | 17.73        |
| <b>Jan 4-7</b>  | <b>109.34</b>  | <b>148.96</b>  | <b>134.42</b> | <b>106.11</b>    | <b>33.68</b> | <b>21.21</b> | <b>9.06</b> | <b>17.75</b> |
| 8-Jan-21        | 109.55         | 148.89         | 134.52        | 105.47           | 33.77        | 21.17        | 9.05        | 17.71        |
| 11-Jan-21       | 109.55         | 148.79         | 134.28        | 105.12           | 33.73        | 21.17        | 9.05        | 17.72        |
| 12-Jan-21       | 109.55         | 148.11         | 133.63        | 105.20           | 33.76        | 21.17        | 9.05        | 17.72        |
| 13-Jan-21       | 109.67         | 149.11         | 133.29        | 105.18           | 33.87        | 21.15        | 9.04        | 17.70        |
| 14-Jan-21       | 109.97         | 150.35         | 133.76        | 105.77           | 33.65        | 21.09        | 9.02        | 17.65        |
| <b>Jan 8-14</b> | <b>109.66</b>  | <b>149.05</b>  | <b>133.90</b> | <b>105.35</b>    | <b>33.76</b> | <b>21.15</b> | <b>9.04</b> | <b>17.70</b> |

\* Units of currency per Kenya Shilling

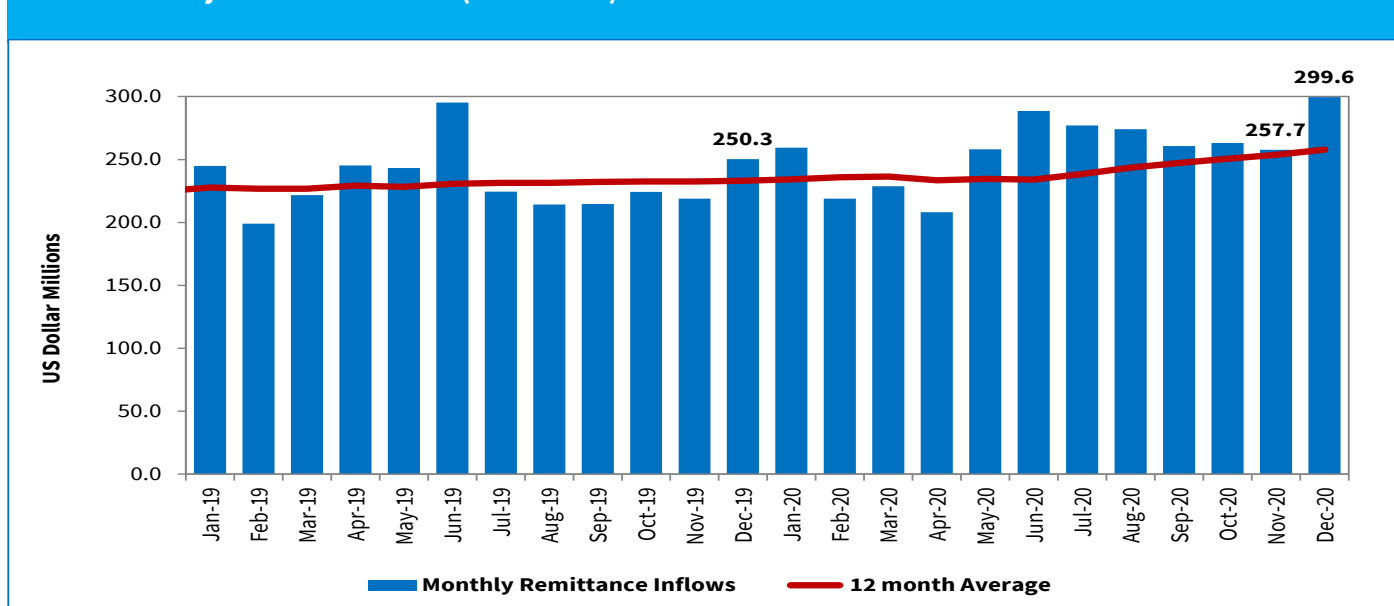
Source: Central Bank of Kenya

**Table 2: Official Foreign Exchange Reserves (US\$ Million)**

|   | 17-Dec-20 | 24-Dec-20 | 31-Dec-20 | 7-Jan-21 | 14-Jan-21 |
|---|-----------|-----------|-----------|----------|-----------|
| 1. CBK Usable Foreign Exchange Reserves (USD Million)             | 7,837     | 7,788     | 7,750     | 7,722    | 7,807     |
| 2. CBK Usable Foreign Exchange Reserves (Months of Import Cover)* | 4.81      | 4.78      | 4.76      | 4.74     | 4.80      |

\*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: Nairobi Securities Exchange (NSE)

**Table 3: Money Market**

| Date                  | Number of Deals | Value (KSh M)    | Average Interbank Rate (%) |
|-----------------------|-----------------|------------------|----------------------------|
| 1-Jan-21              |                 | Public Holiday   |                            |
| 4-Jan-21              | 17              | 4,835.00         | 6.37                       |
| 5-Jan-21              | 14              | 6,740.00         | 6.26                       |
| 6-Jan-21              | 11              | 5,380.00         | 6.12                       |
| 7-Jan-21              | 10              | 3,750.00         | 6.09                       |
| <b>Jan 4-7, 2021</b>  | <b>13</b>       | <b>5,176.25</b>  | <b>6.21</b>                |
| 8-Jan-21              | 10              | 3,350.00         | 6.03                       |
| 11-Jan-21             | 17              | 10,215.00        | 5.53                       |
| 12-Jan-21             | 26              | 18,220.00        | 5.30                       |
| 13-Jan-21             | 20              | 7,645.00         | 4.80                       |
| 14-Jan-21             | 24              | 14,150.00        | 3.71                       |
| <b>Jan 8-14, 2021</b> | <b>19</b>       | <b>10,716.00</b> | <b>5.07</b>                |

Source: Central Bank of Kenya

**Table 4: Performance of Treasury Bills Auctions**

| 91-Day Treasury Bills            |              |              |              |              |              |              |
|----------------------------------|--------------|--------------|--------------|--------------|--------------|--------------|
| Date of Auction                  | 10-Dec-20    | 17-Dec-20    | 23-Dec-20    | 30-Dec-20    | 7-Jan-21     | 14-Jan-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)            | 1,550.67     | 8,629.93     | 5,752.66     | 668.93       | 748.14       | 5,014.68     |
| Amount Accepted (KSh M)          | 1,550.67     | 8,513.96     | 5,601.50     | 667.31       | 746.52       | 5,012.96     |
| Maturities (KSh M)               | 7,324.95     | 6,126.25     | 1,115.70     | 4,960.35     | 7,491.25     | 8,235.20     |
| <b>Average Interest Rate (%)</b> | <b>6.901</b> | <b>6.916</b> | <b>6.929</b> | <b>6.906</b> | <b>6.895</b> | <b>6.884</b> |
| 182-Day Treasury Bills           |              |              |              |              |              |              |
| Date of Auction                  | 10-Dec-20    | 17-Dec-20    | 23-Dec-20    | 30-Dec-20    | 7-Jan-21     | 14-Jan-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)            | 3,019.91     | 7,856.58     | 2,520.92     | 564.90       | 4,999.74     | 8,102.11     |
| Amount Accepted (KSh M)          | 2,979.90     | 7,856.58     | 2,443.21     | 564.90       | 3,072.63     | 8,101.63     |
| Maturities (KSh M)               | 6,966.00     | 4,375.55     | 1,583.90     | 11,153.65    | 7,375.45     | 10,092.55    |
| <b>Average Interest Rate (%)</b> | <b>7.363</b> | <b>7.399</b> | <b>7.403</b> | <b>7.400</b> | <b>7.479</b> | <b>7.522</b> |
| 364-Day Treasury Bills           |              |              |              |              |              |              |
| Date of Auction                  | 10-Dec-20    | 17-Dec-20    | 23-Dec-20    | 30-Dec-20    | 7-Jan-21     | 14-Jan-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)            | 5,280.71     | 5,207.09     | 4,400.22     | 3,953.88     | 10,021.31    | 13,314.91    |
| Amount Accepted (KSh M)          | 5,188.48     | 4,972.92     | 2,093.79     | 3,953.88     | 10,021.31    | 13,303.48    |
| Maturities (KSh M)               | 6,074.95     | 7,679.10     | 3,790.80     | 9,385.40     | 40,439.15    | 12,433.70    |
| <b>Average Interest Rate (%)</b> | <b>8.246</b> | <b>8.283</b> | <b>8.338</b> | <b>8.348</b> | <b>8.363</b> | <b>8.445</b> |

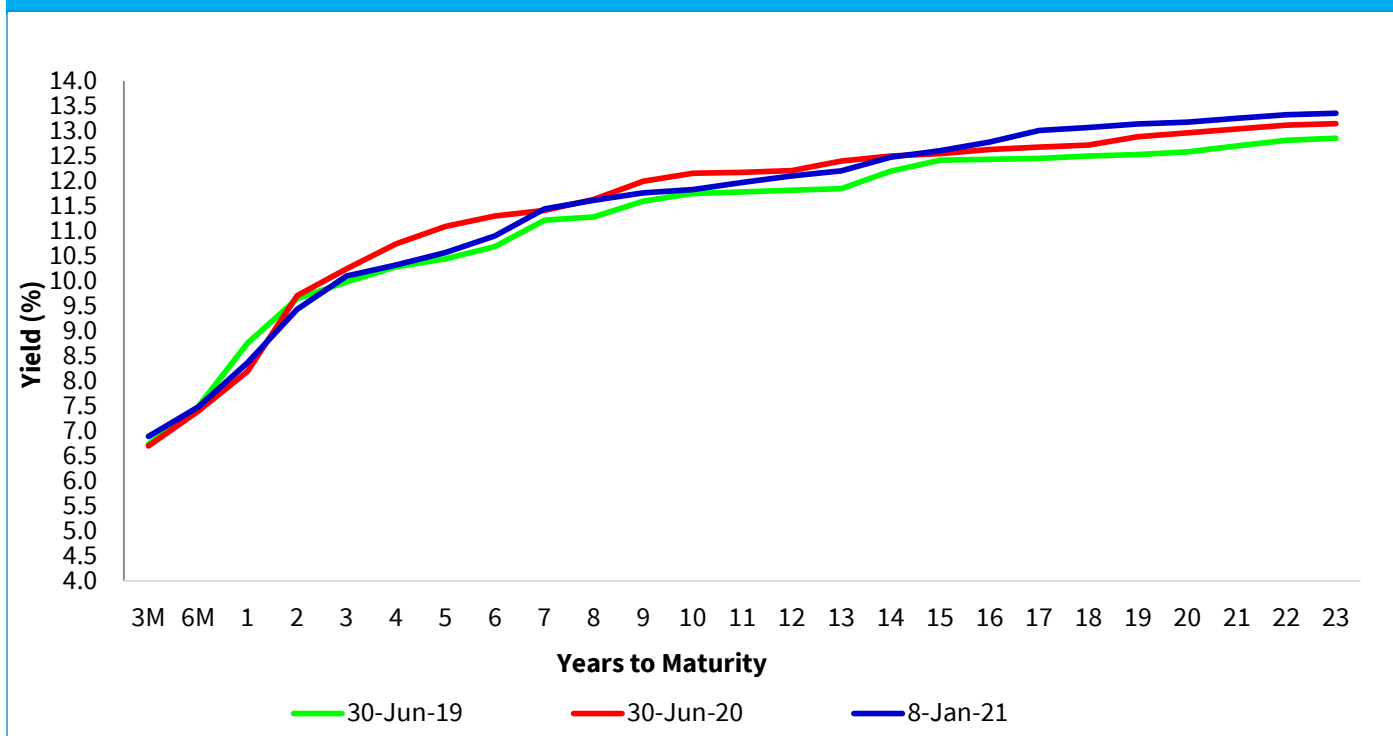
Source: Central Bank of Kenya

**Table 5: Performance of Treasury Bond Auctions**

| Date of Auction           | 18-Nov-20        |                  | 9-Dec-20         |                  | 23-Dec-20        |                  | 6-Jan-21         |
|---------------------------|------------------|------------------|------------------|------------------|------------------|------------------|------------------|
|                           | REOPEN           |                  | REOPEN           |                  | TAP              |                  |                  |
| Tenor                     | FXD2/<br>2013/15 | FXD1/<br>2018/20 | FXD1/<br>2012/15 | FXD2/<br>2019/15 | FXD1/<br>2012/15 | FXD2/<br>2019/15 | FXD1/<br>2021/02 |
| Amount offered (KSh M)    | 40,000.00        |                  | 40,000.00        |                  | 22,000.00        |                  | 25,000.00        |
| Bids received (KSh M)     | 27,102.68        | 28,877.58        | 9,259.23         | 15,079.12        | 2,578.40         | 7,433.65         | 61,150.39        |
| Amount Accepted (KSh M)   | 26,226.46        | 27,490.59        | 8,549.51         | 9,706.88         | 2,522.81         | 7,396.48         | 55,860.26        |
| Maturities (KSh M)        | 30,673.85        |                  | 0.00             |                  | 0.00             |                  | 0.00             |
| Average interest Rate (%) | 11.45            | 13.25            | 11.46            | 12.81            | 11.00            | 12.73            | 9.49             |

Source: Central Bank of Kenya

**Chart 2: Government Securities Yield Curve**



Source: Nairobi Securities Exchange (NSE)

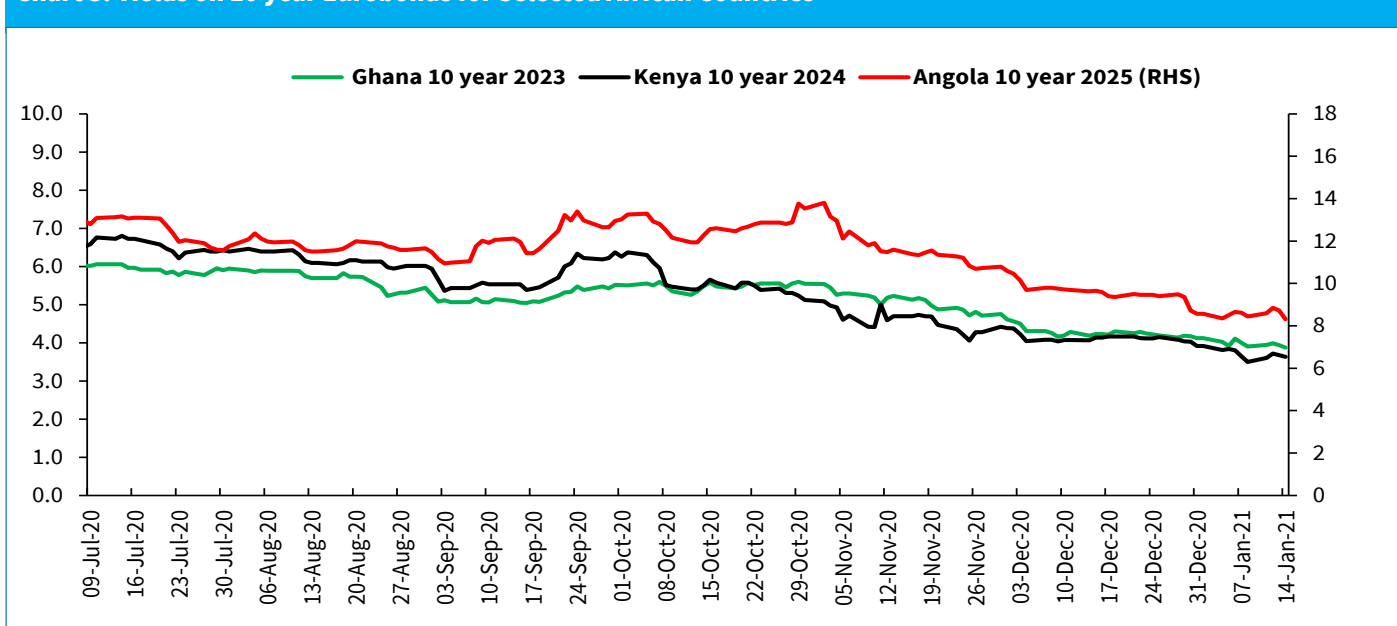
**Table 6: Key Weekly Market Indicators**

| INDICATOR                     | NASI<br>100=2008 | NSE 25<br>Share<br>Index | NSE 20<br>Share<br>Index<br>100=1996 | Total<br>Deals<br>(Equity) | Total<br>Shares<br>Traded<br>(Million) | Equity<br>Turnover<br>(KSh<br>Million) | Market<br>Capital-<br>ization<br>(KSh<br>Billion) | Bonds<br>Turnover<br>(KSh<br>Million) | Eurobond Yields<br>(%) |                 |                 |                 |                 |
|-------------------------------|------------------|--------------------------|--------------------------------------|----------------------------|--|--|---|---------------------------------------|------------------------|-----------------|-----------------|-----------------|-----------------|
|                               |                  |                          |                                      |                            |  |  |   |                                       | 7-Year<br>2027         | 10-Year<br>2024 | 10-Year<br>2028 | 12-Year<br>2032 | 30-Year<br>2048 |
| 1-Jan-21                      | PUBLIC HOLIDAY   |                          |                                      |                            |  |  |   |                                       | 4.862                  | 3.919           | 5.216           | 5.852           | 7.043           |
| 4-Jan-21                      | 152.04           | 3410.11                  | 1872.42                              | 738.00                     | 8.68                                   | 242.14                                 | 2,335.68  | 569.45                                | 4.757                  | 3.807           | 5.136           | 5.793           | 6.969           |
| 5-Jan-21                      | 152.49           | 3412.13                  | 1877.89                              | 909.00                     | 13.06                                  | 384.89                                 | 2,342.55  | 811.20                                | 4.780                  | 3.841           | 5.155           | 5.822           | 6.978           |
| 6-Jan-21                      | 153.82           | 3428.83                  | 1869.26                              | 1,056.00                   | 21.06                                  | 596.75                                 | 2,363.09  | 1,534.35                              | 4.796                  | 3.802           | 5.174           | 5.851           | 7.015           |
| 7-Jan-21                      | 153.94           | 3438.04                  | 1879.92                              | 827.00                     | 5.67                                   | 130.97                                 | 2,364.92  | 606.05                                | 4.726                  | 3.649           | 5.133           | 5.776           | 6.988           |
| <b>Jan 1-7</b>                | <b>153.94</b>    | <b>3438.04</b>           | <b>1879.92</b>                       | <b>3,530.00</b>            | <b>48.46</b>                           | <b>1,354.73</b>                        | <b>2,364.92</b>                                   | <b>3,521.05</b>                       | <b>4.726</b>           | <b>3.649</b>    | <b>5.133</b>    | <b>5.776</b>    | <b>6.988</b>    |
| 8-Jan-21                      | 154.18           | 3444.02                  | 1896.46                              | 840.00                     | 9.24                                   | 237.68                                 | 2,368.67  | 2,911.80                              | 4.656                  | 3.500           | 5.054           | 5.718           | 6.951           |
| 11-Jan-21                     | 153.92           | 3436.08                  | 1892.39                              | 769.00                     | 6.42                                   | 196.17                                 | 2,364.58  | 2,040.85                              | 4.758                  | 3.607           | 5.171           | 5.849           | 7.006           |
| 12-Jan-21                     | 153.88           | 3437.23                  | 1902.22                              | 927.00                     | 15.36                                  | 405.80                                 | 2,364.02  | 1,058.50                              | 4.945                  | 3.715           | 5.330           | 6.042           | 7.156           |
| 13-Jan-21                     | 154.53           | 3445.93                  | 1910.64                              | 987.00                     | 8.46                                   | 248.82                                 | 2,373.95  | 922.35                                | 4.919                  | 3.676           | 5.349           | 6.072           | 7.214           |
| 14-Jan-21                     | 158.26           | 3498.61                  | 1921.06                              | 1,207.00                   | 14.09                                  | 462.86                                 | 2,431.42  | 1,042.45                              | 4.867                  | 3.630           | 5.307           | 6.041           | 7.185           |
| <b>Jan 8-14</b>               | <b>158.26</b>    | <b>3498.61</b>           | <b>1921.06</b>                       | <b>4,730.00</b>            | <b>53.57</b>                           | <b>1,551.33</b>                        | <b>2,431.42</b>                                   | <b>7,975.95</b>                       | <b>4.867</b>           | <b>3.630</b>    | <b>5.307</b>    | <b>6.041</b>    | <b>7.185</b>    |
| <b>Weekly<br/>Changes (%)</b> | <b>2.81</b>      | <b>1.76</b>              | <b>2.19</b>                          | <b>33.99</b>               | <b>10.54</b>                           | <b>14.51</b>                           | <b>2.81</b>                                       | <b>126.52</b>                         | <b>0.141*</b>          | <b>-0.019*</b>  | <b>0.174*</b>   | <b>0.265*</b>   | <b>0.197*</b>   |

\* Percentage points

Source: Nairobi Securities Exchange (NSE) and Thomson Reuters

**Chart 3: Yields on 10 year Eurobonds for Selected African Countries**



Source: Thomson Reuters

| <b>Table 7: Government Domestic Debt (KSh Billion)</b> |                 |                 |                 |                 |                 |                 |                 |
|--|-----------------|-----------------|-----------------|-----------------|-----------------|-----------------|-----------------|
|  | 28-Jun-19       | 31-Dec-19       | 31-Mar-20       | 30-Jun-20       | 30-Sep-20       | 31-Dec-20       | 08-Jan-21       |
| 1. Treasury Bills (Excluding Repos)                    | 954.25          | 878.94          | 900.62          | 887.14          | 894.73          | 855.71          | 835.76          |
| <i>(As % of total securities)</i>                      | <b>35.29</b>    | <b>30.80</b>    | <b>30.09</b>    | <b>28.55</b>    | <b>26.50</b>    | <b>25.04</b>    | <b>24.60</b>    |
| 2. Treasury Bonds                                      | 1,749.71        | 1,974.69        | 2,092.64        | 2,220.34        | 2,482.24        | 2,561.33        | 2,561.33        |
| <i>(As % of total securities)</i>                      | <b>64.71</b>    | <b>69.20</b>    | <b>69.91</b>    | <b>71.45</b>    | <b>73.50</b>    | <b>74.96</b>    | <b>75.40</b>    |
| 3. Total Securities (1+2)                              | 2,703.96        | 2,853.63        | 2,993.26        | 3,107.48        | 3,376.98        | 3,417.05        | 3,397.09        |
| 4. Overdraft at Central Bank                           | 57.33           | 63.72           | 54.18           | 47.15           | 56.21           | 47.60           | 67.91           |
| 5. Other Domestic debt*                                | 25.76           | 24.75           | 25.10           | 23.24           | 23.92           | 24.16           | 24.17           |
| <b>6. Gross Domestic Debt (3+4+5)</b>                  | <b>2,787.04</b> | <b>2,942.10</b> | <b>3,072.54</b> | <b>3,177.87</b> | <b>3,457.11</b> | <b>3,488.81</b> | <b>3,489.18</b> |

\* 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

| <b>Table 8: Composition of Government Domestic Debt by Instrument (Percent)</b> |               |               |               |               |               |               |               |
|---|---------------|---------------|---------------|---------------|---------------|---------------|---------------|
|   | 28-Jun-19     | 31-Dec-19     | 31-Mar-20     | 30-Jun-20     | 30-Sep-20     | 31-Dec-20     | 8-Jan-21      |
| Treasury bills (Excluding Repos)  | 34.24         | 29.87         | 29.31         | 27.92         | 25.88         | 24.53         | 23.95         |
| Treasury bonds  | 62.78         | 67.12         | 68.11         | 69.87         | 71.80         | 73.42         | 73.41         |
| Overdraft at Central Bank   | 2.06          | 2.17          | 1.76          | 1.48          | 1.63          | 1.36          | 1.95          |
| Other domestic debt   | 0.92          | 0.84          | 0.82          | 0.73          | 0.69          | 0.69          | 0.69          |
| <b>TOTAL</b>  | <b>100.00</b> | <b>100.00</b> | <b>100.00</b> | <b>100.00</b> | <b>100.00</b> | <b>100.00</b> | <b>100.00</b> |

Source: Central Bank of Kenya

| <b>Table 9: Composition of Government Domestic Debt by Holder (In Percent)</b> |               |               |               |               |               |               |               |
|--|---------------|---------------|---------------|---------------|---------------|---------------|---------------|
|  | 30-Jun-19     | 31-Dec-19     | 31-Mar-20     | 30-Jun-20     | 30-Sep-20     | 31-Dec-20     | 8-Jan-21      |
| Banking Institutions   | 54.38         | 54.33         | 54.33         | 54.86         | 55.15         | 53.29         | 53.29         |
| Insurance Companies  | 6.13          | 6.42          | 6.30          | 6.05          | 6.16          | 6.44          | 6.44          |
| Parastatals  | 6.97          | 6.49          | 6.13          | 5.73          | 5.47          | 5.68          | 5.68          |
| Pension Funds  | 28.24         | 28.60         | 29.04         | 29.05         | 28.52         | 30.32         | 30.32         |
| Other Investors  | 4.28          | 4.17          | 4.20          | 4.32          | 4.71          | 4.27          | 4.27          |
| <b>Total</b>   | <b>100.00</b> | <b>100.00</b> | <b>100.00</b> | <b>100.00</b> | <b>100.00</b> | <b>100.00</b> | <b>100.00</b> |

Source: Central Bank of Kenya

**Table 10: Indicators of Government Debt**

|   | <b>Jun-19</b>   | <b>Dec-19</b>   | <b>Mar-20</b>   | <b>Jun-20</b>   | <b>Sep-20</b>   | <b>Oct-20</b>   | <b>Nov-20</b>   |
|---|-----------------|-----------------|-----------------|-----------------|-----------------|-----------------|-----------------|
| Domestic debt (KSh Bn)                                    | 2,787.04        | 2,942.10        | 3,072.54        | 3,177.87        | 3,457.11        | 3,457.64        | 3,482.65        |
| Public & Publicly Guaranteed<br>External debt (USD \$ Bn) | 29.55           | 30.66           | 30.69           | 33.01           | 33.77           | 34.05           | 34.27           |
| Public & Publicly Guaranteed<br>External debt (KSh Bn)    | 3,023.14        | 3,106.82        | 3,212.63        | 3,515.81        | 3,663.49        | 3,705.64        | 3,771.81        |
| Public debt (KSh Bn)                                      | <b>5,810.18</b> | <b>6,048.93</b> | <b>6,285.18</b> | <b>6,693.68</b> | <b>7,120.60</b> | <b>7,163.29</b> | <b>7,254.46</b> |

Source: National Treasury and Central Bank of Kenya