



Central Bank of Kenya

Weekly Bulletin

June 18, 2021

KEY MONETARY AND FINANCIAL INDICATORS

Exchange Rates

The Kenya Shilling remained stable against major international and regional currencies during the week ending June 17. It exchanged at KSh 107.80 per US dollar on June 17, compared to KSh 107.90 per US dollar on June 10 (Table 1).

Foreign Exchange Reserves

The usable foreign exchange reserves remained adequate at USD 7,474 million (4.57 months of import cover) as at June 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).

Remittances

Remittance inflows increased to USD 315.8 million in May 2021, compared to USD 258.2 million in May 2020, representing a 22.3 percent increase (Chart 1). The cumulative inflows in the 12 months to May 2021 totalled USD 3,365 million compared to USD 2,816 million in the same period in 2020, a 19.5 percent increase. The United States continues to be the largest source of remittances to Kenya, accounting for 57.8 percent of remittances in May 2021.

Money Market

The money market was liquid during the week ending June 17, supported by government payments, which offset tax remittances. Commercial banks' excess reserves stood at KSh 15.3 billion in relation to the 4.25 percent cash reserves requirement (CRR). Open market operations remained active. The average interbank rate was 4.48 percent on June 17 compared to 4.04 percent on June 10. During the week, the average number of interbank deals per day increased to 20 from 18 in the previous week, while the average value traded decreased to KSh 7.5 billion compared to KSh 10.2 billion in the previous week (Table 3).

Government Securities Market

The Treasury bills auction of June 17 received bids totalling KSh 36.7 billion against an advertised amount of KSh 24.0 billion, representing a performance of 152.9 percent. Interest rates on the Treasury bills declined (Table 4).

During the June 16 Treasury Bonds auction, the two reopened 20-year Fixed Rate Bonds, that were first issued in 2012 and 2019, received bids totalling KSh 64.9 billion against an advertised amount of KSh 30.0 billion, representing a 216.4 percent performance (Table 5).

Kenya's Eurobond Issuance

Kenya raised USD 1 billion by issuing a 12-year Eurobond at 6.3 percent on June 17, 2021. The Eurobond, listed at the London Stock Exchange, received offers of USD 5.4 billion and a final pricing outcome that was better than the initial market expectations, signalling strong investor confidence. The Eurobond will be repaid in two equal tranches in January 2033 and January 2034.

Equity Market

At the Nairobi Securities Exchange, the NASI and NSE 25 share price index remained stable, increasing by 0.6 percent and 0.43 percent, respectively, during the week ending June 17. Similarly, market capitalization increased by 0.6 percent. However, total shares traded and equity turnover declined by 32.0 percent and 28.6 percent, respectively (Table 6).

Bonds Market

Turnover of bonds in the domestic secondary market declined by 18.7 percent during the week ending June 17 (Table 6). In the international market, yields on Kenya's Eurobonds increased by an average of 22.6 basis points. The yields on the 10-year Eurobonds for Ghana and Angola also increased (Chart 2).

Global Trends

Global financial market conditions tightened during the week ending June 17 on account of US interest rate hikes and strengthening of the US dollar against major international currencies.

International oil prices increased during the week reflecting continued global economic recovery. Murban oil price increased to USD 73.19 per barrel on June 17 compared to USD 71.49 per barrel on June 10.

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

	USD	Sterling Pound	Euro	100 Japanese Yen	Uganda Shilling*	Tanzania Shilling*	Rwandese Franc*	Burundi Franc*
4-Jun-21	107.80	152.93	131.44	98.20	32.89	21.51	9.30	18.34
7-Jun-21	107.84	152.67	130.99	98.52	32.87	21.50	9.12	18.25
8-Jun-21	107.90	152.84	131.32	98.80	32.72	21.49	9.29	18.33
9-Jun-21	107.95	152.69	131.44	98.60	32.67	21.48	9.29	18.32
10-Jun-21	107.90	152.73	131.66	98.67	32.64	21.49	9.12	18.25
Jun 4-10	107.88	152.77	131.37	98.56	32.76	21.50	9.22	18.30
11-Jun-21	107.90	152.25	131.35	98.51	32.58	21.49	9.31	18.33
14-Jun-21	107.80	152.54	130.88	98.40	32.70	21.51	9.32	18.35
15-Jun-21	107.79	152.13	130.65	98.17	32.70	21.51	9.32	18.35
16-Jun-21	107.77	151.73	130.60	97.90	32.79	21.52	9.33	18.36
17-Jun-21	107.80	152.14	130.65	98.04	32.77	21.51	9.33	18.35
Jun 11-17	107.81	152.16	130.82	98.20	32.71	21.51	9.32	18.35

*Units of currency per Kenya Shilling

Source: Central Bank of Kenya

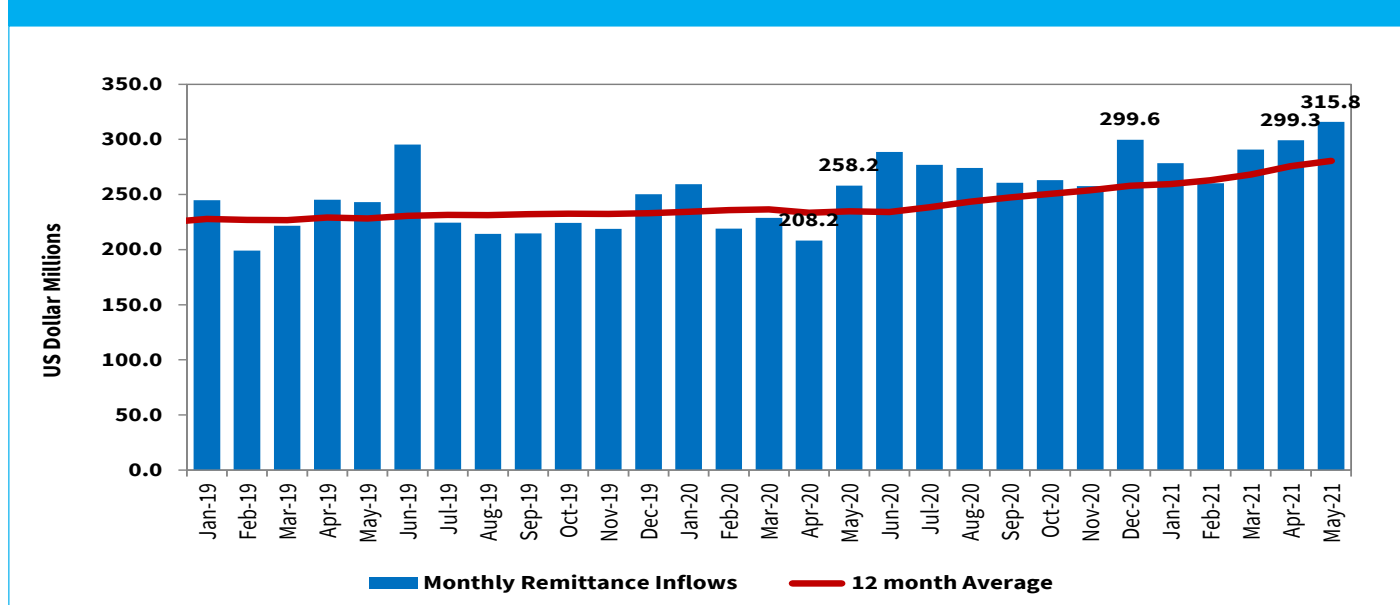
Table 2: Official Foreign Exchange Reserves (USD Million)

	20-May-21	27-May-21	3-Jun-21	10-Jun-21	17-Jun-21
1. CBK Usable Foreign Exchange Reserves (USD Million)*	7,546	7,480	7,510	7,506	7,474
2. CBK Usable Foreign Exchange Reserves (Months of Import Cover)**	4.61	4.57	4.59	4.59	4.57

*Excludes Encumbered Reserves

**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 (%)
4-Jun-21	24	8,940.00	4.87
7-Jun-21	15	10,700.00	4.51
8-Jun-21	21	15,050.00	4.53
9-Jun-21	17	9,660.00	4.31
10-Jun-21	14	6,810.00	4.04
June 4-10, 2021	18	10,232.00	4.45
11-Jun-21	30	16,960.00	4.15
14-Jun-21	19	4,570.00	4.19
15-Jun-21	20	8,970.00	4.38
16-Jun-21	15	3,250.00	4.45
17-Jun-21	17	3,525.00	4.48
June 11-17, 2021	20	7,455.00	4.33

Source: Central Bank of Kenya

Table 4: Performance of Treasury Bills Auctions

91-Day Treasury Bills						
Date of Auction	13-May-21	20-May-21	27-May-21	3-Jun-21	10-Jun-21	17-Jun-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)	1,428.41	4,642.35	2,448.51	1,373.41	8,387.84	8,201.76
Amount Accepted (KSh M)	1,398.16	4,641.86	2,407.70	1,342.36	6,821.87	4,515.84
Maturities (KSh M)	960.75	4,731.60	4,895.40	6,160.55	4,398.95	5,505.60
Average Interest Rate (%)	7.156	7.155	7.139	7.137	7.104	7.000
182-Day Treasury Bills						
Date of Auction	13-May-21	20-May-21	27-May-21	3-Jun-21	10-Jun-21	17-Jun-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)	2,885.98	10,107.40	10,309.46	9,993.82	10,932.94	11,251.75
Amount Accepted (KSh M)	2,856.63	6,927.82	4,418.60	9,873.01	7,882.40	7,221.59
Maturities (KSh M)	8,297.90	6,722.40	6,080.55	2,776.55	3,078.80	8,143.80
Average Interest Rate (%)	7.995	7.953	7.865	7.818	7.731	7.536
364-Day Treasury Bills						
Date of Auction	13-May-21	20-May-21	27-May-21	3-Jun-21	10-Jun-21	17-Jun-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)	22,262.05	24,129.65	23,820.65	27,625.89	24,301.07	17,234.25
Amount Accepted (KSh M)	16,197.55	10,801.74	13,757.11	11,657.75	3,799.06	5,527.63
Maturities (KSh M)	12,970.40	14,384.15	12,497.80	5,091.05	13,391.50	4,452.45
Average Interest Rate (%)	9.365	9.284	9.156	8.973	8.648	8.105

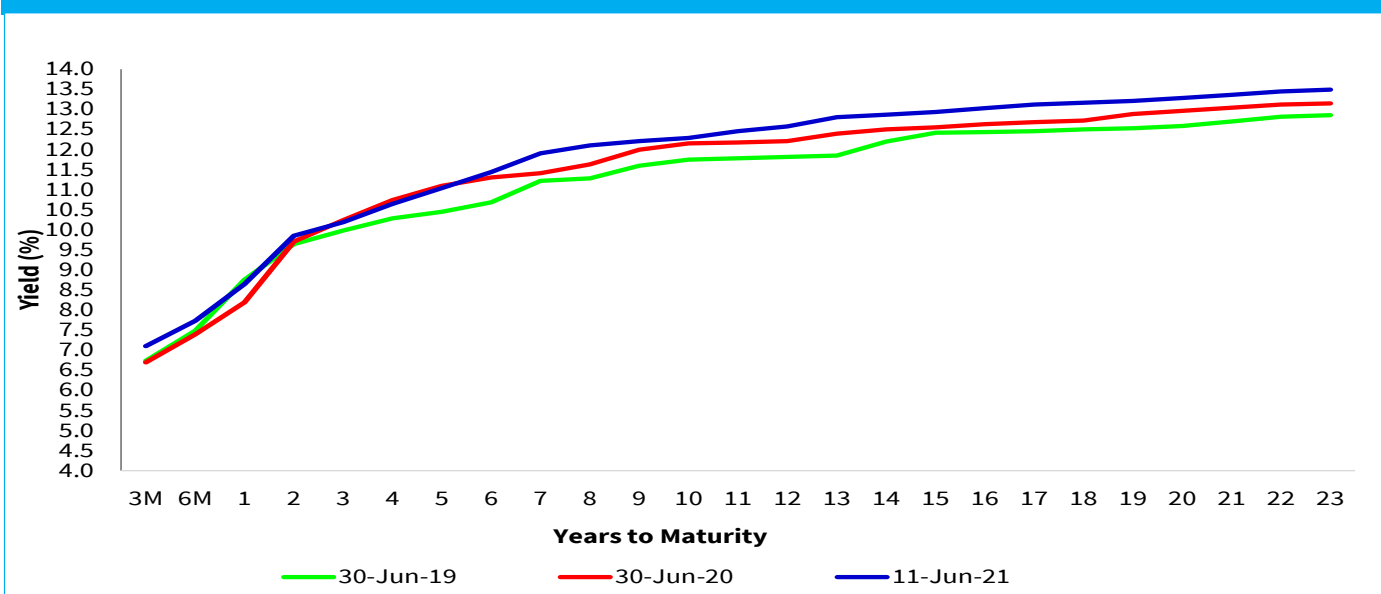
Source: Central Bank of Kenya

Table 5: Performance of Treasury Bond Auctions

Date of Auction	7-Apr-21	5-May-21		12-May-21		16-Jun-21	
		REOPEN		TAP		REOPEN	
Tenor	IFB1/ 2021/18	FXD2/ 2019/15	FXD1/ 2021/25	FXD2/ 2019/15	FXD1/ 2021/25	FXD1/ 2019/20	FXD1/ 2012/20
Amount offered (KSh M)	60,000.00	30,000.00		20,000.00		30,000.00	
Bids received (KSh M)	88,577.56	11,581.96	31,003.70	15,897.15	5,036.55	41,045.42	23,879.71
Amount Accepted (KSh M)	81,941.63	6,042.69	14,246.10	15,657.58	5,035.74	13,400.65	6,294.65
Maturities (KSh M)	0.00	0.00		8,249.90		0.00	
Average interest Rate (%)	12.67	12.98	13.92	12.98	13.92	13.26	12.50

Source: Central Bank of Kenya

Chart 2: Government Securities Yield Curve



Source: Kenya National Bureau of Statistics and Central Bank of Kenya

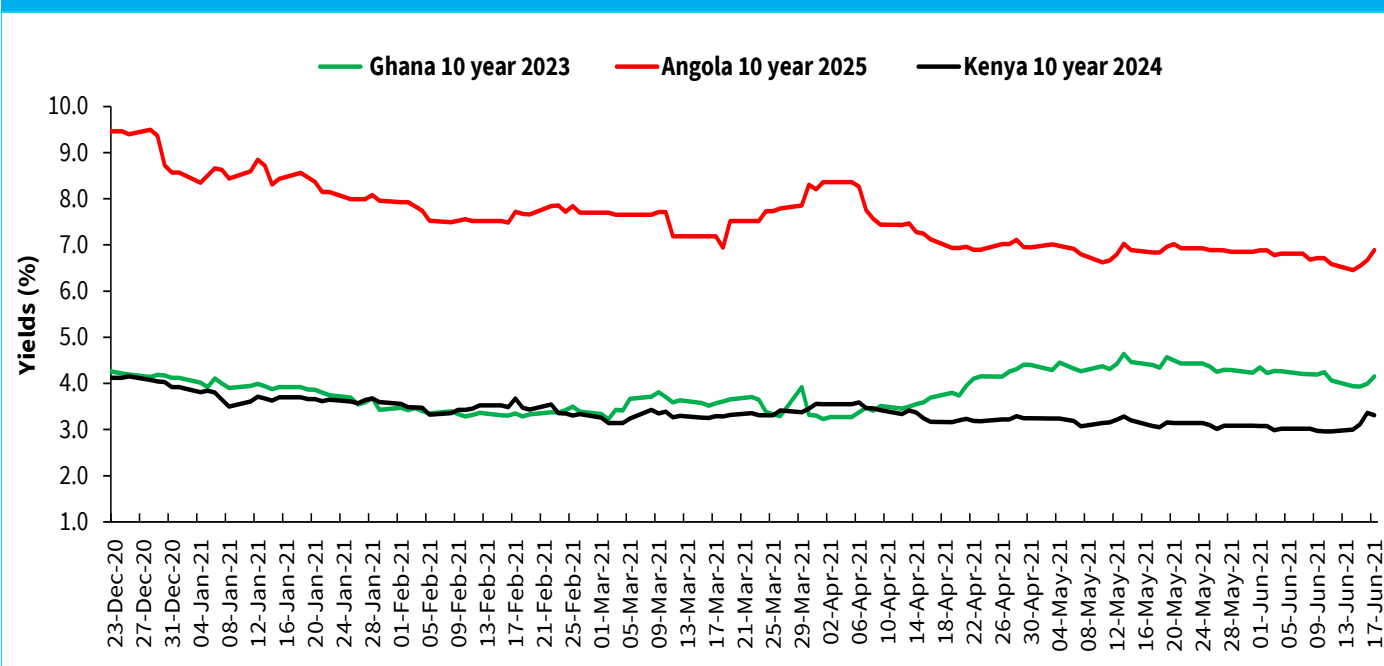
Table 6: Key Weekly Market Indicators

INDICATOR	NASI 100=2008	NSE 25 Share Index	NSE 20 Share Index 100=1996	Total Deals (Equity)	Total Shares Traded (Mil- lion)	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
4-Jun-21	169.87	3692.00	1908.82	1,067.00	9.85	322.48	2,645.16	1,601.70	4.573	3.022	5.262	6.187	7.291
7-Jun-21	170.18	3700.23	1904.14	1,155.00	11.23	513.79	2,650.01	4,412.40	4.570	3.019	5.240	6.193	7.296
8-Jun-21	171.54	3730.55	1907.05	1,160.00	9.19	319.52	2,671.19	2,773.45	4.560	3.016	5.177	6.146	7.247
9-Jun-21	171.77	3739.16	1913.13	1,081.00	18.57	754.91	2,674.70	3,589.50	4.499	2.972	5.114	6.114	7.218
10-Jun-21	172.48	3750.06	1915.98	1,094.00	67.61	2,066.59	2,685.76	3,093.45	4.463	2.962	5.153	6.097	7.218
June 4-10	172.48	3750.06	1915.98	5,557.00	116.45	3,977.29	2,685.76	15,470.50	4.463	2.962	5.153	6.097	7.218
11-Jun-21	172.33	3745.10	1911.92	1,126.00	30.53	1,168.11	2,683.56	2,014.40	4.478	2.959	5.111	6.097	7.209
14-Jun-21	172.90	3748.20	1919.56	1,120.00	11.13	303.00	2,692.36	2,184.00	4.514	2.997	5.110	6.112	7.228
15-Jun-21	173.34	3757.55	1909.18	1,011.00	12.15	351.34	2,699.32	2,833.80	4.690	3.117	5.256	6.222	7.267
16-Jun-21	174.17	3768.21	1911.45	978.00	14.60	498.09	2,712.24	3,378.25	4.760	3.361	5.234	6.269	7.336
17-Jun-21	173.48	3766.20	1908.57	941.00	10.78	517.61	2,701.37	2,170.15	4.717	3.311	5.316	6.316	7.365
June 11-17	173.48	3766.20	1908.57	5,176.00	79.18	2,838.15	2,701.37	12,580.60	4.717	3.311	5.316	6.316	7.365
Weekly Changes (%)	0.58	0.43	-0.39	-6.86	-32.00	-28.64	0.58	-18.68	0.254*	0.349*	0.163*	0.219*	0.147*

* Percentage points

Source: Nairobi Securities Exchange (NSE) and Thompson Reuters

Chart 3: Yields on 10 year Eurobonds for Selected Countries



Source: Thomson Reuters

Table 7: Government Domestic Debt (KSh Billion)

	30-Jun-20	30-Sep-20	31-Dec-20	31-Mar-21	28-May-21	04-Jun-21	11-Jun-21
1. Treasury Bills (Excluding Repos)	887.14	894.73	855.71	761.90	759.10	757.67	767.94
<i>(As % of total securities)</i>	28.56	26.50	25.04	21.79	21.15	21.12	21.35
2. Treasury Bonds	2,219.44	2,482.24	2,561.33	2,734.47	2,829.73	2,829.73	2,829.73
<i>(As % of total securities)</i>	71.44	73.50	74.96	78.21	78.85	78.88	78.65
3. Total Securities (1+2)	3,106.59	3,376.98	3,417.05	3,496.37	3,588.83	3,587.40	3,597.67
4. Overdraft at Central Bank	47.15	56.21	47.60	49.28	60.17	63.08	54.23
5. Other Domestic debt*	23.24	23.92	23.90	24.19	23.20	23.20	24.04
6. Gross Domestic Debt (3+4+5)	3,176.97	3,457.11	3,488.54	3,569.84	3,672.20	3,673.68	3,675.95

* 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	30-Sep-20	31-Dec-20	31-Mar-21	28-May-21	4-Jun-21	11-Jun-21
Treasury bills (Excluding Repos)	27.92	25.88	24.53	21.34	20.67	20.62	20.89
Treasury bonds	69.86	71.80	73.42	76.60	77.06	77.03	76.98
Overdraft at Central Bank	1.48	1.63	1.36	1.38	1.64	1.72	1.48
Other domestic debt	0.73	0.69	0.69	0.68	0.63	0.63	0.65
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	30-Sep-20	31-Dec-20	31-Mar-21	28-May-21	4-Jun-21	11-Jun-21
Banking Institutions	54.84	54.55	52.83	51.75	51.45	51.47	51.56
Insurance Companies	6.05	6.16	6.44	6.57	6.64	6.63	6.63
Parastatals	5.73	5.47	5.69	5.62	5.43	5.59	5.51
Pension Funds	29.04	28.53	30.32	30.46	30.59	30.41	30.41
Other Investors	4.34	5.30	4.73	5.59	5.90	5.89	5.90
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