



Central Bank of Kenya

Weekly Bulletin

October 15, 2021



RECENT MONETARY AND FINANCIAL DEVELOPMENTS

Exchange Rates

The Kenya Shilling remained stable against major international and regional currencies during the week ending October 14. It exchanged at KSh 110.81 per US dollar on October 14, compared to KSh 110.69 per US dollar on October 7 (**Table 1**).

Foreign Exchange Reserves

The usable foreign exchange reserves remained adequate at USD 9,261 million (5.66 months of import cover) as at October 14. 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 Market

The money market was liquid during the week ending October 14, supported by government payments. Commercial banks' excess reserves stood at KSh 10.0 billion in relation to the 4.25 percent cash reserves requirement (CRR). Open market operations remained active. The average interbank rate was 3.64 percent on October 14 compared to 6.11 percent on October 7. During the week, the average number of interbank deals per day remained relatively stable at 27 compared to 29 in the previous week, while the average value traded increased to KSh 13.3 billion from KSh 11.7 billion in the previous week (**Table 3**).

Government Securities Market

The Treasury bill auction of October 14 received bids totaling KSh 17.8 billion against an advertised amount of KSh 24.0 billion, representing a performance of 74.3 percent. Interest rates on the 91-day and 182-day and 364-day Treasury bills remained stable, with marginal increases (**Table 4**).

Equity Market

At the Nairobi Securities Exchange, the equity turnover and the total shares traded increased by 6.4 percent and 1.4 percent, respectively. However, the NASI, NSE 25, NSE 20 share price indices and market capitalisation, declined by 0.3 percent, 0.7 percent, 1.5 percent and 0.4 percent, respectively during the week ending October 14 (**Table 6**).

Bonds Market

Bonds turnover in the domestic secondary market declined by 26.4 percent during the week ending October 14 (**Table 6**). In the international market, yields on Kenya's Eurobonds marginally increased by an average of 7.0 basis points. The yield on the 10-year Eurobond for Ghana increased, while that of Angola declined (**Chart 2**).

Global Trends

Global financial markets sentiment improved during the week ending October 14, due to better than expected economic data that offset worries about inflationary pressures. Sentiment was also driven by the latest release of the World Economic Outlook (WEO) that projected the global growth at 5.9 percent in 2021.

International oil price increased during the week ending October 14 as leading oil producer Saudi Arabia opposed calls for additional OPEC+ production amid surging oil demand. Murban oil price rose to USD 83.39 per barrel on October 14 from USD 78.30 per barrel on October 7.

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

	USD	Sterling Pound	Euro	100 Japanese Yen	Uganda Shilling*	Tanzania Shilling*	Rwandese Franc*	Burundi Franc*
1-Oct-21	110.49	148.93	128.38	98.63	32.17	20.86	9.20	17.99
4-Oct-21	110.51	149.45	128.34	99.53	32.21	20.86	9.20	17.99
5-Oct-21	110.55	150.01	128.64	99.43	32.20	20.85	9.19	17.98
6-Oct-21	110.62	150.55	128.39	98.99	32.18	20.84	9.19	17.97
7-Oct-21	110.69	150.20	127.78	99.35	32.16	20.78	9.19	17.96
October 1-7	110.57	149.83	128.31	99.19	32.19	20.84	9.19	17.98
8-Oct-21	110.72	150.46	127.90	98.95	32.24	20.77	9.18	17.96
11-Oct-21	Public Holiday							
12-Oct-21	110.74	150.64	127.93	97.74	32.42	20.82	9.19	17.95
13-Oct-21	110.77	150.69	127.91	97.58	32.36	20.76	9.18	17.95
14-Oct-21	110.81	150.83	127.99	97.54	32.44	20.80	9.18	17.94
October 8-14	110.76	150.66	127.93	97.95	32.37	20.79	9.18	17.95

*Units of currency per Kenya Shilling

Source: Central Bank of Kenya

Table 2: Official Foreign Exchange Reserves (USD Million)

	16-Sep-21	23-Sep-21	30-Sep-21	7-Oct-21	14-Oct-21
1. CBK Usable Foreign Exchange Reserves (USD Million)*	9,619	9,521	9,437	9,365	9,261
2. CBK Usable Foreign Exchange Reserves (Months of Import Cover)**	5.88	5.82	5.77	5.73	5.66

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

Source: Central Bank of Kenya

Table 3: Money Markets

Date	Number of Deals	Value (KSh M)	Average Interbank Rate (%)
1-Oct-21	42	16,160.00	6.63
4-Oct-21	28	14,080.00	6.69
5-Oct-21	33	15,120.00	6.53
6-Oct-21	25	7,550.00	6.38
7-Oct-21	19	5,830.00	6.11
October 1-7	29	11,748.00	6.47
8-Oct-21	23	12,300.00	6.02
11-Oct-21	Public Holiday		
12-Oct-21	28	10,760.00	5.44
13-Oct-21	34	16,930.00	5.14
14-Oct-21	21	13,285.00	3.64
October 8-14	27	13,318.75	5.06

Source: Central Bank of Kenya

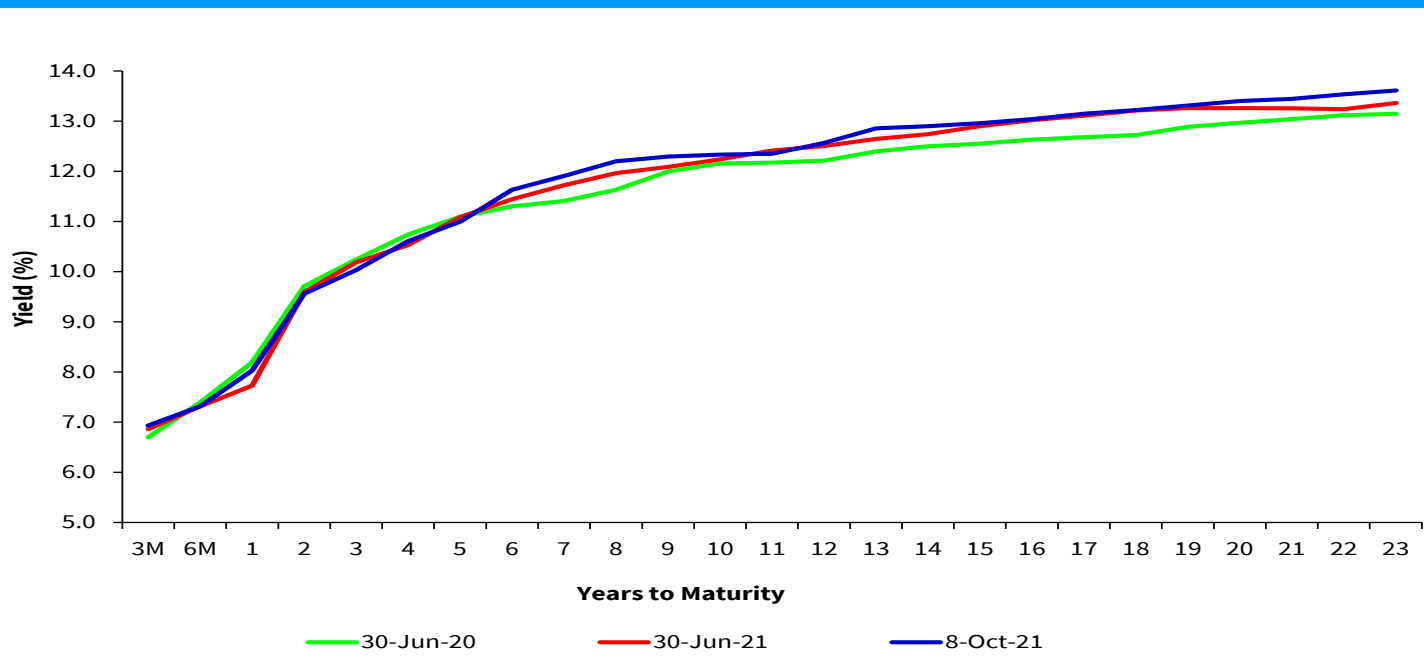
Table 4: Performance of Treasury Bills Auctions						
91-Day Treasury Bills						
Date of Auction	9-Sep-21	16-Sep-21	23-Sep-21	30-Sep-21	7-Oct-21	14-Oct-21
Amount Offered (KSh M)	4,000.00	4,000.00	4,000.00	4,000.00	4,000.00	4,000.00
Bids Received (KSh M)	6,901.38	3,351.69	4,793.79	2,640.16	3,422.23	3,015.78
Amount Accepted (KSh M)	6,901.38	3,351.59	4,787.65	2,633.47	3,422.23	3,015.68
Maturities (KSh M)	6,937.15	4,563.45	2,030.15	6,149.15	11,420.35	2,696.50
Average Interest Rate (%)	6.781	6.870	6.896	6.895	6.935	6.952
182-Day Treasury Bills						
Date of Auction	9-Sep-21	16-Sep-21	23-Sep-21	30-Sep-21	7-Oct-21	14-Oct-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)	7,702.52	6,795.95	4,670.80	5,337.45	3,961.63	9,007.05
Amount Accepted (KSh M)	7,701.07	6,792.11	4,670.80	5,337.45	3,961.63	8,044.21
Maturities (KSh M)	6,299.50	6,362.50	3,171.05	783.95	2,519.90	3,743.30
Average Interest Rate (%)	7.253	7.250	7.282	7.282	7.316	7.428
364-Day Treasury Bills						
Date of Auction	9-Sep-21	16-Sep-21	23-Sep-21	30-Sep-21	7-Oct-21	14-Oct-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)	2,831.23	2,950.02	695.06	2,155.42	2,438.75	5,815.22
Amount Accepted (KSh M)	2,831.14	2,950.02	694.87	1,647.36	2,392.50	5,815.13
Maturities (KSh M)	4,251.85	9,481.25	4,763.40	2,518.70	15,167.45	16,966.50
Average Interest Rate (%)	7.777	7.845	7.890	7.949	8.028	8.225

Source: Central Bank of Kenya

Table 5: Performance of Treasury Bond Auctions							
Date of Auction	11-Aug-21			8-Sep-21	6-Oct-21		
	REOPEN				REOPEN		
Tenor	FXD3/ 2019/10	FXD1/ 2018/20	FXD1/ 2021/20	IFB1/ 2021/21	FXD1/ 2013/15	FXD3/ 2019/15	FXD1/ 2021/25
Amount offered (KSh M)	60,000.00			75,000.00	60,000.00		
Bids received (KSh M)	38,313.49	22,818.80	43,504.73	151,256.13	23,414.98	3,390.35	28,669.87
Amount Accepted (KSh M)	22,968.26	17,783.62	39,539.41	106,752.53	22,876.63	3,267.29	25,904.96
Maturities (KSh M)	0.00			0.00	0.00		
Average interest Rate (%)	12.17	13.19	13.44	12.74	11.88	12.85	13.82

Source: Central Bank of Kenya

Chart 1: Government Securities Yield Curve



Source: Nairobi Securities Exchange (NSE)

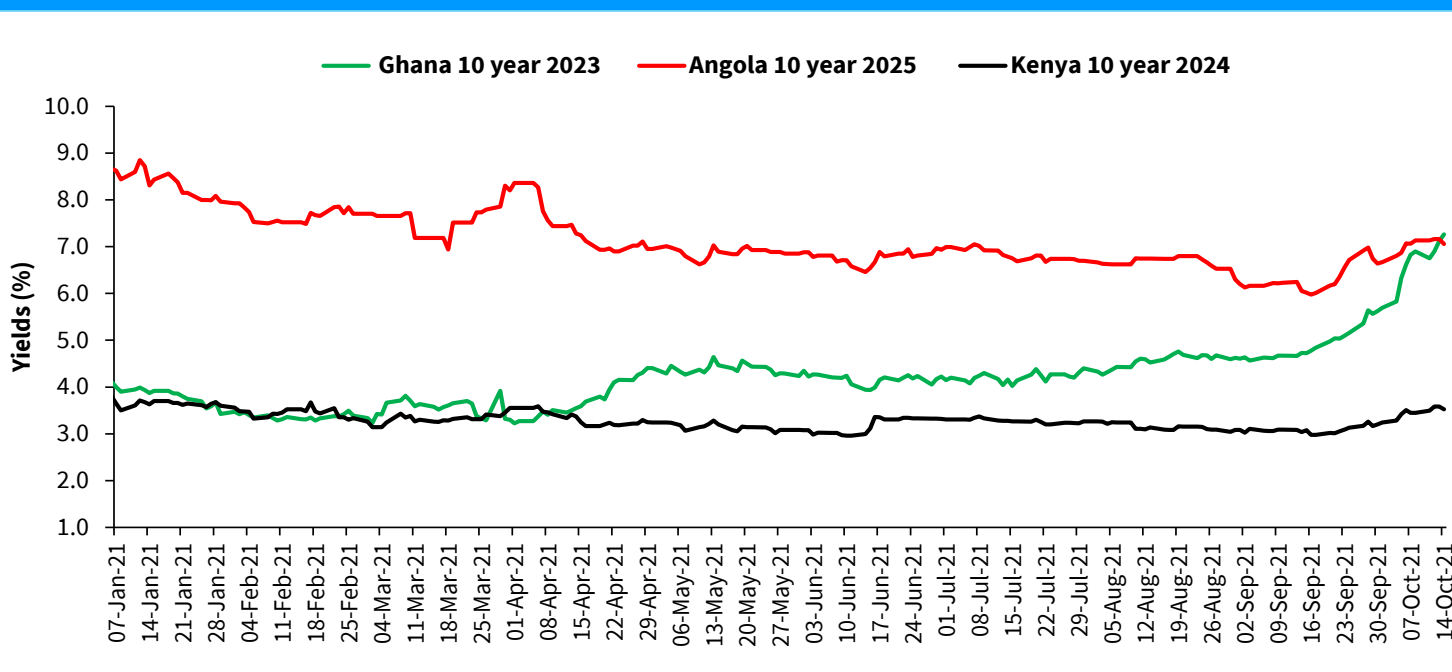
Table 6: Key Weekly Market Indicators

INDICATOR	NASI 100=2008	NSE 25 Share Index	NSE 20 Share Index 100=1996	Total Deals (Equity)	Total Shares Traded (Million)	Equity 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	13-Year 2034	30-Year 2048
1-Oct-21	181.23	3,952.17	2,038.08	868.00	5.37	138.68	2,824.14	2,472.35	5.115	3.243	5.424	6.578	6.497	7.546
4-Oct-21	181.82	3,944.31	2,027.64	1,214.00	9.86	332.83	2,834.91	2,330.65	5.177	3.285	5.512	6.577	6.543	7.618
5-Oct-21	179.69	3,901.11	2,015.81	1,083.00	10.16	381.24	2,800.18	4,215.35	5.291	3.420	5.668	6.678	6.669	7.671
6-Oct-21	179.49	3,895.54	2,018.13	1,047.00	25.77	896.85	2,796.99	3,080.55	5.375	3.509	5.735	6.830	6.732	7.810
7-Oct-21	177.70	3,868.38	2,002.23	947.00	6.79	258.21	2,769.02	1,333.45	5.353	3.450	5.665	6.830	6.685	7.810
October 1-7	177.70	3868.38	2002.23	5,159.00	57.94	2,007.81	2,769.02	13,432.35	5.35	3.45	5.67	6.83	6.69	7.81
8-Oct-21	175.82	3,834.90	1,992.92	1,396.00	27.10	1,009.93	2,739.27	1,605.30	5.403	3.447	5.732	6.829	6.701	7.842
11-Oct-21	PUBLIC HOLIDAY								5.432	3.494	5.755	6.846	6.717	7.853
12-Oct-21	176.09	3,832.73	1,981.44	961.00	17.82	856.52	2,743.61	3,202.95	5.464	3.584	5.800	6.881	6.748	7.897
13-Oct-21	176.17	3,828.16	1,974.15	1,145.00	6.43	56.37	2,744.85	2,953.85	5.516	3.581	5.845	6.932	6.797	7.963
14-Oct-21	177.10	3,840.40	1,972.91	1,121.00	7.40	212.71	2,759.26	2,119.05	5.434	3.525	5.820	6.828	6.654	7.952
October 8-14	177.10	3840.40	1972.91	4,623.00	58.75	2,135.53	2,759.26	9,881.15	5.43	3.53	5.82	6.83	6.65	7.95
Weekly Changes (%)	-0.34	-0.72	-1.46	-10.39	1.40	6.36	-0.35	-26.44	0.081*	0.075*	0.155*	-0.002*	-0.031*	0.142*

* Percentage points

Source: Nairobi Securities Exchange (NSE) and Thomson Reuters

Chart 2: Yields on 10 year Eurobonds for Selected Countries



Source: Thomson Reuters

Table 7: Government Domestic Debt (KSh Billion)

	30-Sep-20	31-Dec-20	31-Mar-21	30-Jun-21	24-Sep-21	01-Oct-21	08-Oct-21
1. Treasury Bills (Excluding Repos)	894.73	855.71	761.90	765.37	763.00	763.45	763.97
<i>(As % of total securities)</i>	26.50	25.04	21.79	21.17	19.77	19.78	19.79
2. Treasury Bonds	2,482.24	2,561.33	2,734.47	2,849.94	3,096.84	3,096.84	3,096.84
<i>(As % of total securities)</i>	73.50	74.96	78.21	78.83	80.23	80.22	80.21
3. Total Securities (1+2)	3,376.98	3,417.05	3,496.37	3,615.31	3,859.84	3,860.29	3,860.81
4. Overdraft at Central Bank	56.21	47.60	49.28	59.28	55.26	55.11	50.70
5. Other Domestic debt*	23.92	23.90	24.19	22.50	23.91	23.91	23.92
6. Gross Domestic Debt (3+4+5)	3,457.11	3,488.54	3,569.84	3,697.09	3,939.01	3,939.31	3,935.44

* Other domestic debt includes clearing items in transit, advances from commercial banks and Pre-1997 Government Overdraft.

Source: Central Bank of Kenya

Table 8: Composition of Government Domestic Debt by Instrument (Percent)

	30-Sep-20	31-Dec-20	31-Mar-21	30-Jun-21	24-Sep-21	1-Oct-21	8-Oct-21
Treasury bills (Excluding Repos)	25.88	24.53	21.34	20.70	19.37	19.38	19.41
Treasury bonds	71.80	73.42	76.60	77.09	78.62	78.61	78.69
Overdraft at Central Bank	1.63	1.36	1.38	1.60	1.40	1.40	1.29
Other domestic debt	0.69	0.69	0.68	0.61	0.61	0.61	0.61
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-Sep-20	31-Dec-20	31-Mar-21	30-Jun-21	24-Sep-21	1-Oct-21	8-Oct-21
Banking Institutions	54.55	52.83	51.75	51.24	50.83	50.84	50.83
Insurance Companies	6.16	6.44	6.57	6.66	6.60	6.60	6.60
Parastatals	5.47	5.69	5.62	5.54	5.38	5.39	5.38
Pension Funds	28.53	30.32	30.46	30.60	31.24	31.23	31.24
Other Investors	5.30	4.73	5.59	5.96	5.95	5.95	5.96
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-20	Sep-20	Dec-20	Mar-21	Apr-21	May-21	Jun-21
Domestic debt (KSh Bn)	3,176.97	3,457.11	3,488.54	3,569.84	3,632.91	3,686.89	3,697.09
Public & Publicly Guaranteed External debt (USD Bn)	33.01	33.77	34.75	34.42	35.13	35.31	37.23
Public & Publicly Guaranteed External debt (KSh Bn)	3,515.81	3,663.49	3,793.29	3,769.87	3,778.13	3,799.02	4,015.30
Public debt (KSh Bn)	6,692.78	7,120.60	7,281.83	7,339.71	7,411.05	7,485.91	7,712.39

Source: National Treasury and Central Bank of Kenya