



Central Bank of Kenya

Weekly Bulletin

February 7, 2020

KEY MONETARY AND FINANCIAL INDICATORS

Exchange Rate

The Kenya Shilling strengthened against major international and regional currencies during the week ending February 6, reflecting inflows to the corporate sector. It exchanged at KSh 100.39 per US Dollar on February 6 compared to KSh 100.75 on January 30 (Table 1).

Foreign Exchange Reserves

The CBK usable foreign exchange reserves remained adequate at USD 8,510 million (5.17 months of import cover) as at February 6. 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 February 6, largely supported by government payments. Open market operations remained active. Commercial banks' excess reserves stood at KSh 21.6 billion in relation to the 5.25 percent cash reserves requirement (CRR). The average interbank rate increased to 5.19 percent on February 6 compared to 4.44 percent on January 30, mainly reflected in trading by some banks. The average number of interbank deals per day decreased to 28 from 34 in the previous week and the value traded also declined to KSh 10.1 billion from KSh 17.9 billion in the previous week (Table 3).

Government Securities Market

The Treasury bills auctions of February 6 received bids totalling KSh 52.2 billion against an advertised amount of KSh 24.0 billion, representing a performance of 217.4 percent. Interest rates remained stable with 91-day and 182-day rates edging up marginally while the 364-day rate declined slightly (Table 4).

Equity Market

Key Indicators at the Nairobi Securities Exchange improved during the week ending February 6. The NASI, NSE 25 and NSE 20 share price indices increased by 4.3 percent, 3.5 percent and 0.2 percent, respectively. Similarly, market capitalization increased by 4.3 percent (Table 6).

Bond Market

Turnover of bonds traded in the domestic secondary market increased by 34.5 percent during the week ending February 6 (Table 6). In the international market, yields on Kenya's 7-year (2027), 10-year (2024), 10-year (2028), 12-year (2032) and 30-year (2048) Eurobonds decreased by 55.3, 23.2, 38.1, 45.0 and 37.2 basis points, respectively. The yields on the 10-year Eurobonds for Angola and Ghana also declined (Chart 3).

Global Trends

The coronavirus outbreak has begun to affect travel and supply chains linked to China. However, global financial markets edged up during the week after China pledged to cut tariffs on US goods as it implements the trade deal with the US and cushions the economy from the impact of the coronavirus outbreak. Positive services and employment data from the US also provided a boost to the markets.

International oil prices continued their downward trend during the week on expectations that the coronavirus would depress global oil demand. Murban oil price declined to USD 57.16 per barrel on February 6 from USD 59.77 per barrel on January 30.

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

	USD	Sterling Pound	Euro	100 Japanese Yen	USHS*	TSHS*	RWF*	BIF*
24-Jan-20	100.86	132.39	111.87	92.08	36.46	22.87	9.41	18.66
27-Jan-20	100.88	132.06	111.35	92.48	36.45	22.85	9.41	18.65
28-Jan-20	100.87	131.86	111.30	92.54	36.47	22.85	9.41	18.66
29-Jan-20	100.87	131.26	111.05	92.42	36.48	22.90	9.42	18.65
30-Jan-20	100.75	130.95	110.80	92.31	36.53	22.90	9.43	18.68
Jan 24-30	100.84	131.70	111.27	92.37	36.48	22.87	9.42	18.66
31-Jan-20	100.59	131.69	110.90	92.21	36.59	22.96	9.44	18.72
3-Feb-20	100.44	131.87	110.95	92.55	36.61	22.97	9.46	18.75
4-Feb-20	100.46	131.17	111.13	92.54	36.55	22.99	9.46	18.75
5-Feb-20	100.35	130.82	110.91	91.98	36.59	23.01	9.47	18.77
6-Feb-20	100.39	130.99	110.57	91.46	36.69	23.01	9.46	18.76
Jan 31- Feb 6	100.44	131.31	110.89	92.15	36.61	22.99	9.46	18.75

* Units of currency per Kenya Shilling

Source: Central Bank of Kenya

Table 2: Official Usable Foreign Exchange Reserves

	02-Jan-20	09-Jan-20	16-Jan-20	23-Jan-20	30-Jan-20	06-Feb-20
1. CBK Usable Foreign Exchange Reserves (USD Million)	8,758	8,543	8,496	8,500	8,500	8,510
2. CBK Usable Foreign Exchange Reserves (Months of Import Cover)*	5.32	5.19	5.16	5.16	5.16	5.17

*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 (%)
24-Jan-20	32	18,110.00	4.01
27-Jan-20	32	15,385.00	4.26
28-Jan-20	34	16,080.00	4.37
29-Jan-20	38	19,850.00	4.43
30-Jan-20	36	20,130.00	4.44
Jan 24-30	34	17,911.00	4.30
31-Jan-20	33	18,050.00	4.30
3-Feb-20	32	12,380.00	4.40
4-Feb-20	27	8,200.00	4.77
5-Feb-20	26	6,175.00	5.41
6-Feb-20	21	5,830.00	5.19
Jan 31-Feb 6	28	10,127.00	4.81

Source: Central Bank of Kenya

Table 4: Treasury Bills Auctions**91-Day Treasury Bills**

Date of Auction	31-Oct-19	28-Nov-19	24-Dec-19	30-Jan-20	06-Feb-20
Amount offered (Ksh M)	4,000.00	4,000.00	4,000.00	4,000.00	4,000.00
Bids received (Ksh M)	6,813.64	936.76	346.43	4,577.73	3,395.90
Amount Accepted (Ksh M)	6,813.64	445.55	346.43	4,559.95	3,394.92
Maturities (Ksh M)	8,338.70	5,395.25	3,345.20	6,914.70	864.60
Average interest Rate (%)	6.390	7.162	7.200	7.296	7.300

182-Day Treasury Bills

Amount offered (Ksh M)	10,000.00	10,000.00	10,000.00	10,000.00	10,000.00
Bids received (Ksh M)	4,612.98	1,055.83	282.08	6,222.88	17,620.55
Amount Accepted (Ksh M)	4,133.29	553.85	282.08	6,054.82	16,659.52
Maturities (Ksh M)	1,236.45	2,540.45	3,647.65	3,976.15	5,617.95
Average interest Rate (%)	7.189	8.204	8.150	8.229	8.248

364-Day Treasury Bills

Amount offered (Ksh M)	10,000.00	10,000.00	10,000.00	10,000.00	10,000.00
Bids received (Ksh M)	16,004.60	6,361.04	3,453.15	21,823.45	31,161.50
Amount Accepted (Ksh M)	12,781.75	3,990.96	3,453.15	20,387.38	7,931.34
Maturities (Ksh M)	15,795.65	2,853.15	8,060.45	24,053.65	18,240.35
Average interest Rate (%)	9.780	9.800	9.815	9.879	9.873

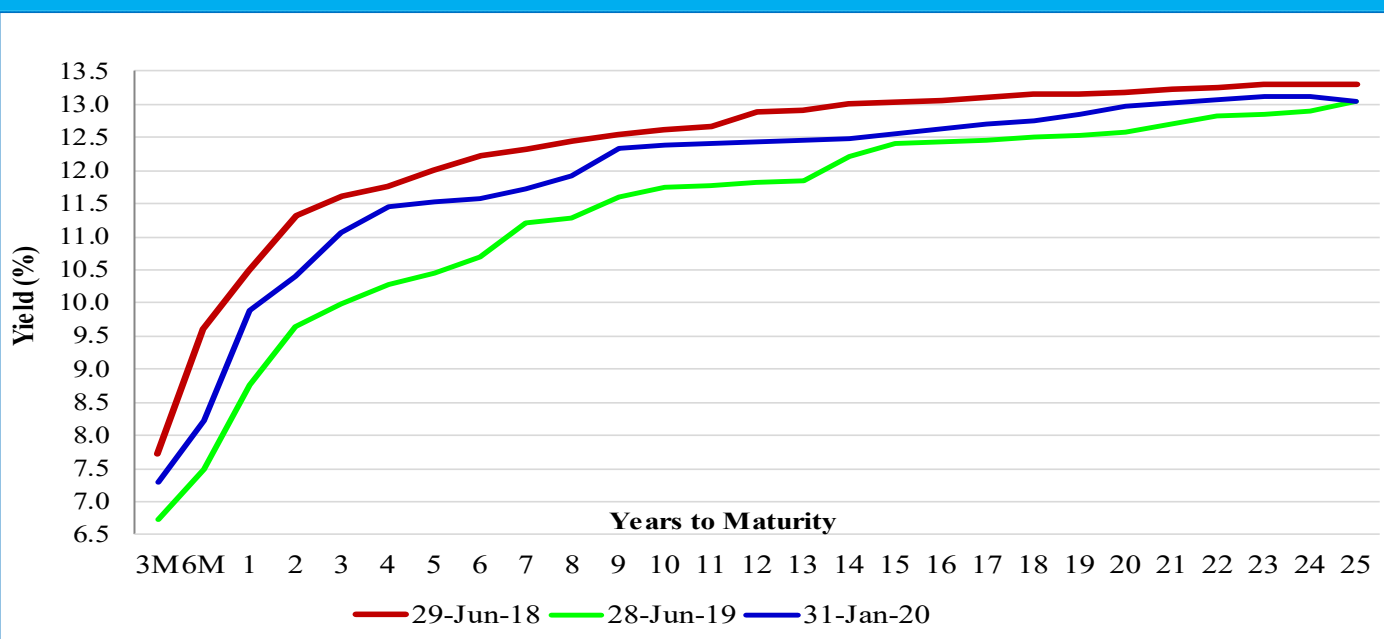
Source: Central Bank of Kenya

Table 5: Treasury Bonds Auctions

Date of Auction	23-Oct-19	20-Nov-19	27-Nov-19	11-Dec-19	19-Dec-19	22-Jan-19	
			TAP		TAP	REOPEN	
Tenor	IFB1/2019/16	FXD 4/2019/10	FXD4/2019/10	FXD 3/2019/5	FXD3/2019/5	FXD1/2019/5	FXD1/2019/10
Amount offered (Ksh M)	60,000.00	50,000.00	21,650.00	25,000.00	9,720.00	50,000.00	
Bids received (Ksh M)	86,946.69	38,372.61	8,115.45	28,468.51	9,750.51	69,941.73	
Amount Accepted (Ksh M)	68,466.07	28,351.81	8,112.45	18,740.55	9,750.51	44,488.60	19,259.58
Maturities (Ksh M)	0.00	0.00	0.00	0.00	0.00	0.00	
Average interest Rate (%)	12.39	12.28	12.28	11.49	11.49	11.50	12.43

Source: Central Bank of Kenya

Chart 2: Government Securities Yield Curve



Source: Nairobi Securities Exchange (NSE)

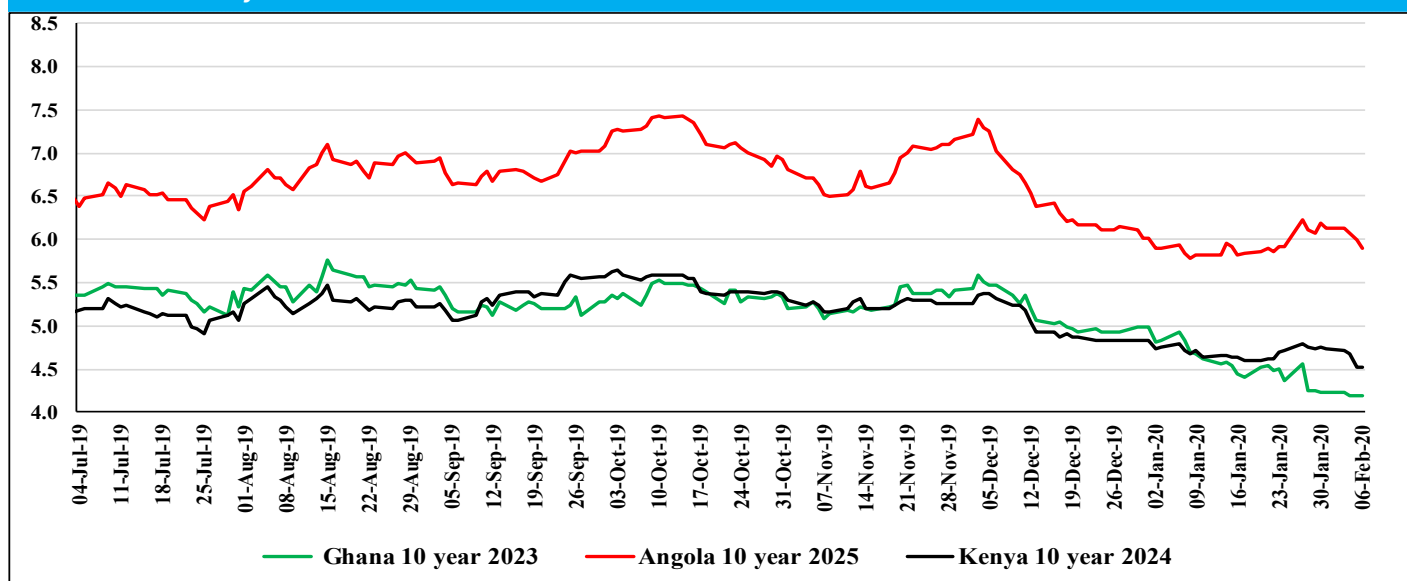
Table 6: Key Weekly Market Indicators

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)	7-Year Euro-bond Yield (%) 2027	10-Year Euro-bond Yield (%) 2024	10-Year Euro-bond Yield (%) 2028	12-Year Euro-bond Yield (%) 2032	30-Year Euro-bond Yield (%) 2048
24-Jan-20	164.98	4075.32	2642.50	668	11.50	411.58	2,518.11	1,448.17	5.709	4.714	5.930	6.856	7.558
27-Jan-20	163.26	4046.98	2632.48	988	10.63	392.74	2,491.80	1,399.94	5.845	4.795	6.076	6.856	7.672
28-Jan-20	161.32	4021.20	2640.47	991	10.26	319.87	2,462.21	1,361.50	5.787	4.748	5.967	6.902	7.589
29-Jan-20	161.21	4008.66	2603.36	777	21.17	638.69	2,460.48	1,957.08	5.621	4.726	5.967	7.009	7.568
30-Jan-20	162.33	4021.36	2602.01	916	17.98	699.00	2,477.62	1,548.84	5.832	4.752	6.010	6.886	7.596
Jan 24-30	162.33	4021.36	2602.01	4,340	71.54	2461.88	2,477.62	7,715.53	5.832	4.752	6.010	6.886	7.596
31-Jan-20	162.09	4023.35	2600.41	755	10.00	453.15	2,473.87	1,005.85	5.645	4.741	6.011	6.886	7.594
3-Feb-20	163.08	4035.88	2605.06	757	5.26	79.39	2,489.09	1,152.95	5.794	4.723	5.985	6.870	7.584
4-Feb-20	163.45	4047.43	2601.98	924	23.73	841.18	2,494.74	3,831.81	5.723	4.674	5.890	6.734	7.498
5-Feb-20	165.67	4102.27	2609.21	863	13.56	515.89	2,528.77	1,892.88	5.530	4.522	5.778	6.584	7.289
6-Feb-20	169.35	4163.56	2607.89	1,053	20.83	816.28	2,585.04	2,490.06	5.279	4.520	5.629	6.436	7.224
Jan 31- Feb 6	169.35	4163.56	2607.89	4,352	73.38	2,706	2,585.04	10,374	5.279	4.520	5.629	6.436	7.224
Weekly Changes (%)	4.32	3.54	0.23	0.28	2.58	9.91	4.34	34.45	-0.553*	-0.232*	-0.381*	-0.450*	-0.372*

* Percentage points

Source: Nairobi Securities Exchange (NSE)

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



Source: Thomson Reuters

Table 7: Government Domestic Debt (KSh Billion)

	28-Jun-19	27-Sep-19	25-Oct-19	29-Nov-19	27-Dec-19	31-Jan-20
1. Treasury Bills (Excluding Repos)	954.25	933.10	910.38	896.13	889.55	880.01
(As % of total securities)	35.31	33.78	33.12	31.62	31.06	30.15
2. Treasury Bonds	1,748.15	1,828.78	1,838.11	1,938.13	1,974.69	2,038.71
(As % of total securities)	64.69	66.22	66.88	68.38	68.94	69.85
3. Total Securities (1+2)	2,702.40	2,761.88	2,748.50	2,834.25	2,864.25	2,918.72
4. Overdraft at Central Bank	57.33	52.58	50.55	57.23	58.96	59.19
5. Other Domestic debt*	25.76	25.68	25.73	25.88	25.86	25.79
6. Gross Domestic Debt (3+4+5)	2,785.48	2,840.13	2,824.78	2,917.36	2,949.07	3,003.70

* 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: Government Domestic Debt by Instrument (Percent)

	28-Jun-19	27-Sep-19	25-Oct-19	29-Nov-19	27-Dec-19	31-Jan-20
Treasury bills (Excluding Repos)	34.25	32.80	32.17	30.67	30.31	29.31
Treasury bonds	62.77	64.45	65.13	66.48	66.80	67.90
CBK Overdraft to Government	2.06	1.85	1.79	1.96	2.01	1.97
Other domestic debt	0.92	0.90	0.91	0.89	0.88	0.82
TOTAL	100.00	100.00	100.00	100.00	100.00	100.00

Source: Central Bank of Kenya

Table 9: Government Domestic Debt by Holder (Percent)

	28-Jun-19	27-Sep-19	25-Oct-19	29-Nov-19	27-Dec-19	31-Jan-20
Banking Institutions	54.38	53.31	53.15	54.18	54.21	54.61
Insurance Companies	6.13	6.42	6.54	6.50	6.47	6.39
Parastatals	6.98	7.33	7.06	6.92	6.64	6.25
Pension funds	28.23	28.76	29.00	28.16	28.46	28.49
Other investors	4.28	4.19	4.25	4.24	4.22	4.27
Total	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	Dec-18	Jun-19	Sep-19	Oct-19	Nov-19	Dec-19
Domestic debt (KSh Billion)	2,478.84	2,548.77	2,785.94	2,856.60	2,901.50	2,917.36	2,942.10
Public & Publicly Guaranteed External debt (US \$ Billion)	25.34	26.74	29.55	29.95	30.30	30.30	30.66
Public & Publicly Guaranteed External debt (KSh Billion)	2,560.20	2,723.73	3,023.14	3,111.80	3,127.60	3,114.96	3,106.82
Total public debt (KSh Billion)	5,039.03	5,272.50	5,809.08	5,968.40	6,029.10	6,032.32	6,048.93

Source: National Treasury and Central Bank of Kenya