



Central Bank of Kenya

Weekly Bulletin

February 12, 2021

KEY MONETARY AND FINANCIAL INDICATORS

Exchange Rates

The Kenya Shilling remained stable against major international and regional currencies during the week ending February 11. It exchanged at KSh 109.45 per US dollar on February 11, compared to KSh 109.86 per US dollar on February 4 (Table 1).

Foreign Exchange Reserves

The usable foreign exchange reserves remained adequate at USD 7,638 million (4.69 months of import cover) as at February 11. 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).

Money Markets

Liquidity in the money market was relatively tight during the week ending February 11, partly reflecting tax remittances which offset government payments. Commercial banks' excess reserves were KSh 11.0 billion in relation to the 4.25 percent cash reserves requirement (CRR). The average interbank rate was 4.08 percent on February 11 compared to 5.14 percent on February 4. The average number of interbank deals per day increased to 30 from 27 in the previous week, while the average value traded increased to KSh 13.4 billion from KSh 12.2 billion in the previous week (Table 3).

Government Securities Market

The Treasury bills auction of February 11 received bids totalling KSh 21.7 billion against an advertised amount of KSh 24.0 billion, representing a performance of 90.6 percent. Interest rates remained stable, with the 91-day, 182-day and 364-day Treasury bill rates increasing marginally (Table 4).

Equity Market

At the Nairobi Securities Exchange, the NASI, NSE 25 and NSE 20 share price indices increased by 2.6 percent, 3.1 percent and 0.6 percent, respectively during the week ending February 11. Market capitalisation also increased by 2.6 percent. However, equity turnover, total shares traded and the number of deals declined by

42.6 percent, 45.9 percent and 8.3 percent, respectively (Table 6).

Bonds Market

Turnover of bonds in the domestic secondary market declined by 22.9 percent during the week ending February 11 (Table 6). In the international market, yields on Kenya's Eurobonds declined by an average of 1.4 basis points. Yields on the 10-year Eurobonds for Ghana and Angola also declined (Chart 2).

Global Trends

Global financial markets sentiment was dampened during the week ending February 11 by the weaker than expected US inflation and labour market outcome, coupled with the US Fed's comments supporting a dovish stance.

International oil prices increased during the week supported by production cuts and continued recovery of global demand. Murban oil price increased to USD 60.85 per barrel on February 11 from USD 58.50 per barrel on February 4.

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

| | USD | Sterling Pound | Euro | 100 Japanese Yen | USHS* | TSHS* | RWF* | BIF* |
|---------------------|---------------|----------------|---------------|------------------|--------------|--------------|-------------|--------------|
| 29-Jan-21 | 110.14 | 150.55 | 133.16 | 105.60 | 33.50 | 21.05 | 9.01 | 17.64 |
| 1-Feb-21 | 110.15 | 150.88 | 133.39 | 105.17 | 33.45 | 21.05 | 9.01 | 17.63 |
| 2-Feb-21 | 110.15 | 150.88 | 133.10 | 104.95 | 33.45 | 21.05 | 9.01 | 17.64 |
| 3-Feb-21 | 110.01 | 150.25 | 132.29 | 104.61 | 33.33 | 21.08 | 9.02 | 17.66 |
| 4-Feb-21 | 109.86 | 149.88 | 131.98 | 104.59 | 33.37 | 21.11 | 9.03 | 17.68 |
| Jan 29-Feb 4 | 110.06 | 150.49 | 132.78 | 104.98 | 33.42 | 21.07 | 9.02 | 17.65 |
| 5-Feb-21 | 109.82 | 149.74 | 131.69 | 104.06 | 33.37 | 21.12 | 9.04 | 17.69 |
| 8-Feb-21 | 109.66 | 150.13 | 131.40 | 103.71 | 33.41 | 21.15 | 9.05 | 17.72 |
| 9-Feb-21 | 109.64 | 150.28 | 131.76 | 103.81 | 33.42 | 21.15 | 9.05 | 17.72 |
| 10-Feb-21 | 109.55 | 150.87 | 132.40 | 104.69 | 33.48 | 21.17 | 9.06 | 17.74 |
| 11-Feb-21 | 109.45 | 150.34 | 132.65 | 104.47 | 33.49 | 21.19 | 9.07 | 17.75 |
| Feb 5-11 | 109.62 | 150.27 | 131.98 | 104.15 | 33.43 | 21.15 | 9.06 | 17.72 |

* Units of currency per Kenya Shilling

Source: Central Bank of Kenya

Table 2: Official Foreign Exchange Reserves (USD Million)

| | 14-Jan-21 | 21-Jan-21 | 28-Jan-21 | 4-Feb-21 | 11-Feb-21 |
|---|-----------|-----------|-----------|----------|-----------|
| 1. CBK Usable Foreign Exchange Reserves (USD Million) | 7,807 | 7,658 | 7,663 | 7,617 | 7,638 |
| 2. CBK Usable Foreign Exchange Reserves (Months of Import Cover)* | 4.80 | 4.70 | 4.71 | 4.68 | 4.69 |

*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 (%) |
|---------------------|-----------------|------------------|----------------------------|
| 29-Jan-21 | 43 | 17,245.00 | 5.79 |
| 1-Feb-21 | 23 | 9,545.00 | 5.72 |
| 2-Feb-21 | 26 | 11,870.00 | 5.53 |
| 3-Feb-21 | 24 | 11,570.00 | 5.29 |
| 4-Feb-21 | 21 | 10,725.00 | 5.14 |
| Jan 29-Feb 4 | 27 | 12,191.00 | 5.49 |
| 5-Feb-21 | 31 | 10,535.00 | 5.33 |
| 8-Feb-21 | 35 | 15,075.00 | 5.38 |
| 9-Feb-21 | 24 | 11,790.00 | 4.87 |
| 10-Feb-21 | 27 | 15,410.00 | 4.57 |
| 11-Feb-21 | 31 | 14,135.00 | 4.08 |
| Feb 5-11 | 30 | 13,389.00 | 4.85 |

Source: Central Bank of Kenya

Table 4: Performance of Treasury Bills Auctions

| 91-Day Treasury Bills | | | | | | |
|----------------------------------|-----------------|------------------|------------------|------------------|-----------------|------------------|
| Date of Auction | 7-Jan-21 | 14-Jan-21 | 21-Jan-21 | 28-Jan-21 | 4-Feb-21 | 11-Feb-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) | 748.14 | 5,014.68 | 2,149.68 | 508.70 | 504.73 | 956.43 |
| Amount Accepted (KSh M) | 746.52 | 5,012.96 | 2,149.68 | 507.72 | 489.41 | 945.08 |
| Maturities (KSh M) | 7,491.25 | 8,235.20 | 4,120.95 | 2,536.00 | 2,309.20 | 8,697.95 |
| Average Interest Rate (%) | 6.895 | 6.884 | 6.983 | 6.897 | 6.873 | 6.905 |
| 182-Day Treasury Bills | | | | | | |
| Date of Auction | 7-Jan-21 | 14-Jan-21 | 21-Jan-21 | 28-Jan-21 | 4-Feb-21 | 11-Feb-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) | 4,999.74 | 8,102.11 | 916.09 | 1,969.87 | 2,085.09 | 4,697.75 |
| Amount Accepted (KSh M) | 3,072.63 | 8,101.63 | 910.22 | 1,969.87 | 2,020.55 | 4,216.39 |
| Maturities (KSh M) | 7,375.45 | 10,092.55 | 1,306.30 | 1,555.20 | 9,905.70 | 7,190.10 |
| Average Interest Rate (%) | 7.479 | 7.522 | 7.508 | 7.578 | 7.594 | 7.644 |
| 364-Day Treasury Bills | | | | | | |
| Date of Auction | 7-Jan-21 | 14-Jan-21 | 21-Jan-21 | 28-Jan-21 | 4-Feb-21 | 11-Feb-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) | 10,021.31 | 13,314.91 | 17,219.73 | 13,416.65 | 14,210.31 | 16,079.26 |
| Amount Accepted (KSh M) | 10,021.31 | 13,303.48 | 14,473.40 | 13,414.35 | 12,373.61 | 14,074.59 |
| Maturities (KSh M) | 40,439.15 | 12,433.70 | 20,267.90 | 22,392.40 | 8,680.60 | 24,209.35 |
| Average Interest Rate (%) | 8.363 | 8.445 | 8.508 | 8.623 | 8.716 | 8.824 |

Source: Central Bank of Kenya

Table 5: Performance of Treasury Bond Auctions

| Date of Auction | 9-Dec-20 | | 23-Dec-20 | | 6-Jan-21 | 20-Jan-21 | 3-Feb-21 | |
|---------------------------|--------------------------|--------------------------|--------------------------|--------------------------|--------------------------|---------------------------|--------------------------|--------------------------|
| | REOPEN | | TAP | | | | REOPEN | |
| Tenor | FXD1/ 2012/15 | FXD2/ 2019/15 | FXD1/ 2012/15 | FXD2/ 2019/15 | FXD1/ 2021/02 | IFB1/ 2021/016 | FXD1/ 2013/15 | FXD1/ 2012/20 |
| Amount offered (KSh M) | 40,000.00 | | 22,000.00 | | 25,000.00 | 50,000.00 | 50,000.00 | |
| Bids received (KSh M) | 9,259.23 | 15,079.12 | 2,578.40 | 7,433.65 | 61,150.39 | 125,472.82 | 13,553.50 | 28,308.65 |
| Amount Accepted (KSh M) | 8,549.51 | 9,706.88 | 2,522.81 | 7,396.48 | 55,860.26 | 81,052.52 | 9,408.58 | 22,713.42 |
| Maturities (KSh M) | 0.00 | | 0.00 | | 0.00 | 31,120.85 | 7,868.37 | |
| Average interest Rate (%) | 11.46 | 12.81 | 11.00 | 12.73 | 9.49 | 12.26 | 11.78 | 12.59 |

Source: Central Bank of Kenya

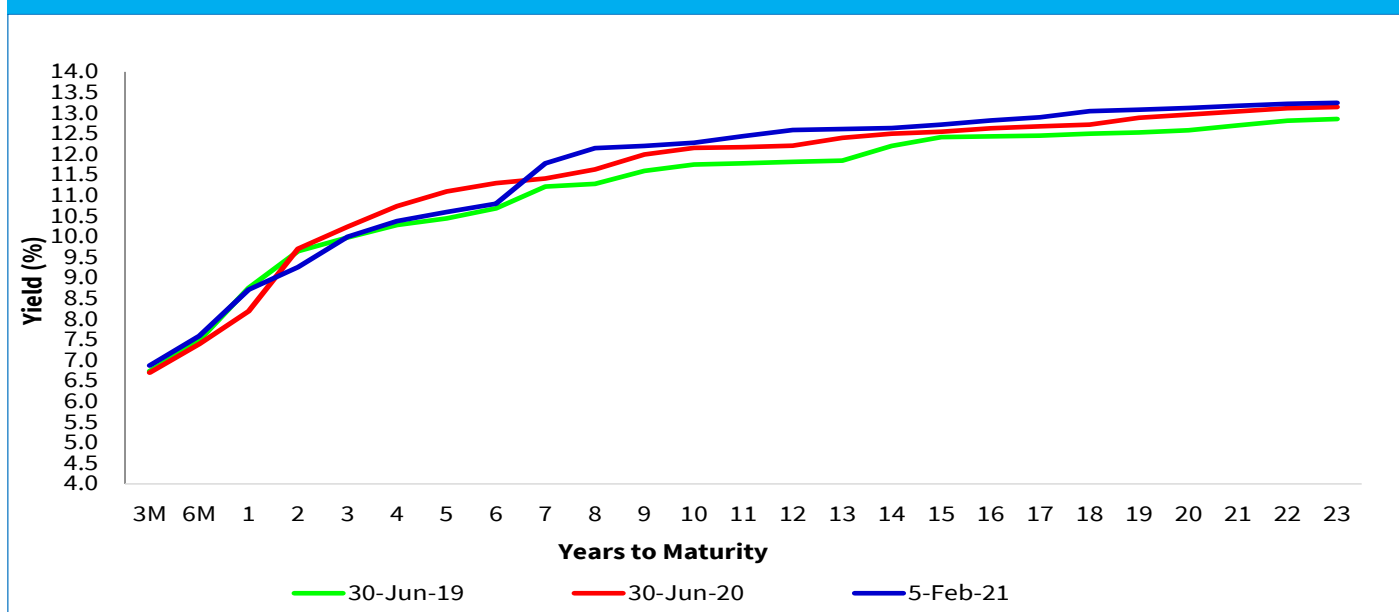
Table 6: Key Weekly Market Indicators

| INDICATOR | NASI 100=2008 | NSE 25 Share Index | NSE 20 Share Index 100=1996 | Total Deals (Equity) | Total Shares Traded (Million) | 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 |
| 29-Jan-21 | 155.59 | 3434.52 | 1881.91 | 1019.00 | 22.83 | 614.76 | 2,390.29 | 6,497.20 | 4.783 | 3.599 | 5.259 | 6.036 | 7.156 |
| 1-Feb-21 | 153.78 | 3412.05 | 1874.96 | 957.00 | 18.04 | 532.88 | 2,362.46 | 5,911.15 | 4.732 | 3.559 | 5.219 | 5.960 | 7.109 |
| 2-Feb-21 | 154.84 | 3429.89 | 1874.37 | 1058.00 | 23.85 | 769.80 | 2,378.86 | 4,341.15 | 4.633 | 3.483 | 5.059 | 5.900 | 7.080 |
| 3-Feb-21 | 157.22 | 3459.86 | 1872.56 | 1036.00 | 13.21 | 397.05 | 2,415.45 | 4,356.05 | 4.440 | 3.480 | 5.000 | 5.826 | 7.043 |
| 4-Feb-21 | 158.33 | 3481.90 | 1870.81 | 968.00 | 45.53 | 1,131.30 | 2,432.58 | 4,792.20 | 4.465 | 3.473 | 4.958 | 5.810 | 7.024 |
| Jan 29-Feb 4 | 158.33 | 3481.90 | 1870.81 | 5,038.00 | 123.46 | 3,445.79 | 2,432.58 | 25,897.75 | 4.465 | 3.473 | 4.958 | 5.810 | 7.024 |
| 5-Feb-21 | 157.11 | 3477.49 | 1865.93 | 855.00 | 8.61 | 298.93 | 2,413.71 | 1,805.35 | 4.364 | 3.322 | 4.879 | 5.736 | 6.969 |
| 8-Feb-21 | 157.06 | 3494.82 | 1879.71 | 913.00 | 6.59 | 211.99 | 2,413.00 | 3,062.90 | 4.398 | 3.356 | 4.859 | 5.720 | 6.969 |
| 9-Feb-21 | 158.68 | 3512.68 | 1876.19 | 1043.00 | 22.76 | 535.12 | 2,437.97 | 6,405.90 | 4.476 | 3.428 | 4.937 | 5.779 | 6.996 |
| 10-Feb-21 | 158.60 | 3527.97 | 1885.83 | 861.00 | 18.40 | 436.58 | 2,436.65 | 6,009.25 | 4.452 | 3.426 | 4.936 | 5.793 | 6.996 |
| 11-Feb-21 | 162.50 | 3588.76 | 1882.68 | 946.00 | 10.39 | 496.53 | 2,496.78 | 2,694.55 | 4.477 | 3.453 | 4.933 | 5.792 | 7.005 |
| Feb 5-11 | 162.50 | 3588.76 | 1882.68 | 4,618.00 | 66.75 | 1,979.15 | 2,496.78 | 19,977.95 | 4.477 | 3.453 | 4.933 | 5.792 | 7.005 |
| Weekly Changes (%) | 2.63 | 3.07 | 0.63 | -8.34 | -45.93 | -42.56 | 2.64 | -22.86 | 0.27 | -0.58 | -0.50 | -0.31 | -0.27 |

* Percentage points

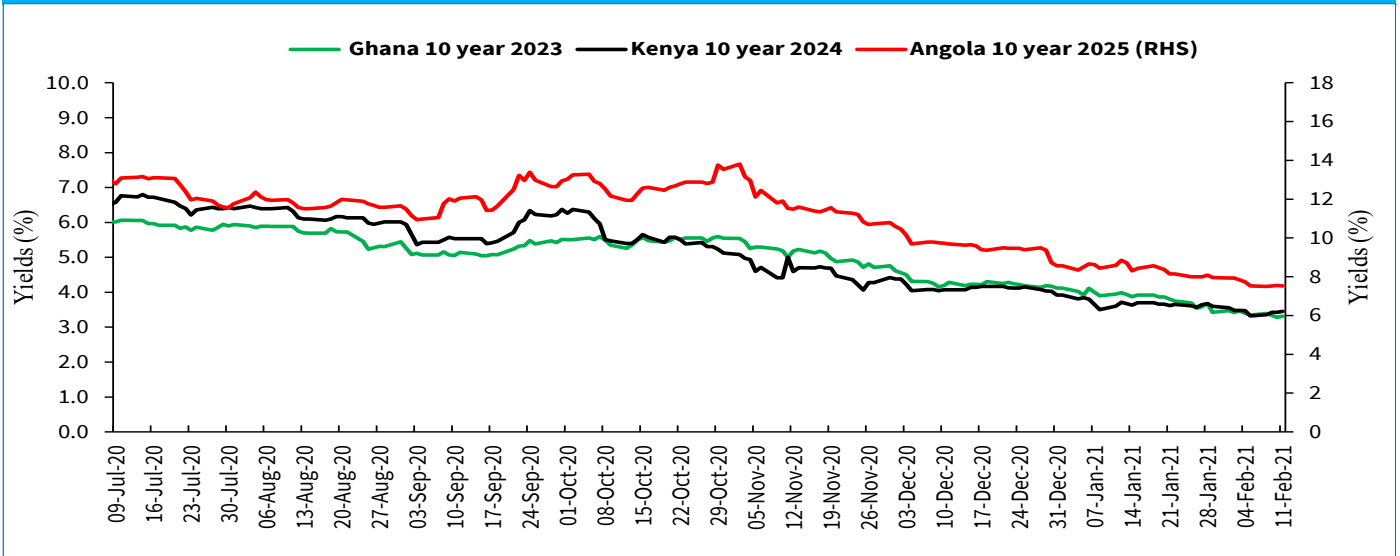
Source: Nairobi Securities Exchange (NSE) and Thompson Reuters

Chart 1: Government Securities Yield Curve



Source: Nairobi Securities Exchange (NSE)

Chart 2: Yields on 10 year Eurobonds for Selected African Countries



Source: Thomson Reuters

Table 7: Government Domestic Debt (KSh Billion)

| | 28-Jun-19 | 31-Dec-19 | 30-Jun-20 | 30-Sep-20 | 31-Dec-20 | 29-Jan-21 | 5-Feb-21 |
|---------------------------------------|-----------------|-----------------|-----------------|-----------------|-----------------|-----------------|-----------------|
| 1. Treasury Bills (Excluding Repos) | 954.25 | 878.94 | 887.14 | 894.73 | 855.71 | 785.46 | 776.08 |
| <i>(As % of total securities)</i> | 35.29 | 30.80 | 28.55 | 26.50 | 25.04 | 22.75 | 22.54 |
| 2. Treasury Bonds | 1,749.71 | 1,974.69 | 2,220.34 | 2,482.24 | 2,561.33 | 2,667.02 | 2,667.02 |
| <i>(As % of total securities)</i> | 64.71 | 69.20 | 71.45 | 73.50 | 74.96 | 77.25 | 77.46 |
| 3. Total Securities (1+2) | 2,703.96 | 2,853.63 | 3,107.48 | 3,376.98 | 3,417.05 | 3,452.48 | 3,443.10 |
| 4. Overdraft at Central Bank | 57.33 | 63.72 | 47.15 | 56.21 | 47.60 | 55.27 | 61.05 |
| 5. Other Domestic debt* | 25.76 | 24.75 | 23.24 | 23.92 | 24.16 | 23.90 | 23.90 |
| 6. Gross Domestic Debt (3+4+5) | 2,787.04 | 2,942.10 | 3,177.87 | 3,457.11 | 3,488.81 | 3,531.65 | 3,528.05 |

* 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 | 31-Dec-19 | 30-Jun-20 | 30-Sep-20 | 31-Dec-20 | 29-Jan-21 | 5-Feb-21 |
|----------------------------------|---------------|---------------|---------------|---------------|---------------|---------------|---------------|
| Treasury bills (Excluding Repos) | 34.24 | 29.87 | 27.92 | 25.88 | 24.53 | 22.24 | 22.00 |
| Treasury bonds | 62.78 | 67.12 | 69.87 | 71.80 | 73.42 | 75.52 | 75.59 |
| Overdraft at Central Bank | 2.06 | 2.17 | 1.48 | 1.63 | 1.36 | 1.57 | 1.73 |
| Other domestic debt | 0.92 | 0.84 | 0.73 | 0.69 | 0.69 | 0.68 | 0.68 |
| 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-19 | 31-Dec-19 | 30-Jun-20 | 30-Sep-20 | 31-Dec-20 | 29-Jan-21 | 5-Feb-21 |
|----------------------|---------------|---------------|---------------|---------------|---------------|---------------|---------------|
| Banking Institutions | 54.38 | 54.33 | 54.86 | 55.15 | 53.29 | 53.30 | 53.36 |
| Insurance Companies | 6.13 | 6.42 | 6.05 | 6.16 | 6.44 | 6.40 | 6.41 |
| Parastatals | 6.97 | 6.49 | 5.73 | 5.47 | 5.68 | 5.64 | 5.57 |
| Pension Funds | 28.24 | 28.60 | 29.05 | 28.52 | 30.32 | 30.34 | 30.36 |
| Other Investors | 4.28 | 4.17 | 4.32 | 4.71 | 4.27 | 4.32 | 4.30 |
| 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 | Dec-19 | Jun-20 | Sep-20 | Oct-20 | Nov-20 | Dec-20 |
|---|-----------------|-----------------|-----------------|-----------------|-----------------|-----------------|-----------------|
| Domestic debt (KSh Bn) | 2,787.04 | 2,942.10 | 3,177.87 | 3,457.11 | 3,457.64 | 3,482.65 | 3,488.54 |
| Public & Publicly Guaranteed External debt (USD Bn) | 29.55 | 30.66 | 33.01 | 33.77 | 34.05 | 34.27 | 34.75 |
| Public & Publicly Guaranteed External debt (KSh Bn) | 3,023.14 | 3,106.82 | 3,515.81 | 3,663.49 | 3,705.64 | 3,771.81 | 3,793.29 |
| Public debt (KSh Bn) | 5,810.18 | 6,048.93 | 6,693.68 | 7,120.60 | 7,163.29 | 7,254.46 | 7,281.83 |

Source: National Treasury and Central Bank of Kenya