



Central Bank of Kenya

Weekly Bulletin

March 6, 2020

KEY MONETARY AND FINANCIAL INDICATORS

Exchange Rate

The Kenya Shilling eased against major international and regional currencies during the week ending March 5. It exchanged at KSh 102.89 per US Dollar on March 5 compared to KSh 100.93 on February 27 (Table 1). On March 2, CBK informed banks that it will commence buying US Dollars, up to USD 100 million a month, to progressively increase its reserves above normal levels.

Foreign Exchange Reserves

The CBK usable foreign exchange reserves remained adequate at USD 8,411 million (5.11 months of import cover) as at March 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).

Current Account Balance

Preliminary data shows that the current account deficit was 4.9 percent of GDP in the 12 months to January 2020 compared to 4.6 percent of GDP in 2019. The widening of the current account deficit mainly reflected lower receipts from transport services (Chart 1).

Money Market

The money market was liquid during the week ending March 5, supported by government payments. Open market operations remained active. Commercial banks' excess reserves stood at KSh 20.9 billion in relation to the 5.25 percent cash reserves requirement (CRR). The average interbank rate increased to 4.47 percent on March 5 from 4.00 percent on February 27. The average number of interbank deals per day decreased to 19 from 25 in the previous week, while the value traded decreased to KSh 6.8 billion from KSh 16.0 billion in the previous week (Table 3).

Government Securities Market

The Treasury bills auction of March 5 received bids totaling KSh 46.8 billion against an advertised amount of KSh 24.0 billion, representing a performance of 195.1 percent. Interest rates on the three Treasury bill tenors declined (Table 4).

Equity Market

The number of shares traded and equity turnover at the Nairobi Securities Exchange rose by 63.3 percent and 73.6 percent, respectively during the week ending March 5. All the share price indices increased, with the NSE 25 share price index increasing by 3.2 percent. Similarly, market capitalization rose by 3.6 percent (Table 6).

Bond Market

Turnover of bonds traded in the domestic secondary market increased by 19.2 percent during the week ending March 5 (Table 6). In the international market, yields on Kenya's Eurobonds declined by about 20 basis points. The yields on the 10-year Eurobonds for Angola and Ghana also declined (Chart 3).

Global Trends

Global market sentiment remained fragile driven by news reports about the coronavirus. Against this backdrop, the US Fed made an emergency rate cut of 50 basis points. In addition, the IMF and the World Bank have committed USD 50 billion and USD 12 billion, respectively, to address the impact of coronavirus in emerging and developing countries.

International oil prices stabilized during the week reflecting a build-up of inventories and proposed cuts in oil production by OPEC. Murban oil traded at USD 52.76 per barrel on March 5 compared to USD 52.59 per barrel on February 27.

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

| | USD | Sterling Pound | Euro | 100 Japanese Yen | USHS* | TSHS* | RWF* | BIF* |
|---------------------|---------------|----------------|---------------|------------------|--------------|--------------|-------------|--------------|
| 21-Feb-20 | 101.29 | 130.39 | 109.37 | 90.47 | 36.19 | 22.80 | 9.39 | 18.62 |
| 24-Feb-20 | 101.23 | 130.83 | 109.34 | 90.43 | 36.27 | 22.82 | 9.40 | 18.63 |
| 25-Feb-20 | 101.15 | 130.59 | 109.43 | 91.06 | 36.28 | 22.82 | 9.40 | 18.64 |
| 26-Feb-20 | 101.13 | 131.19 | 109.66 | 91.47 | 36.36 | 22.79 | 9.41 | 18.65 |
| 27-Feb-20 | 100.93 | 130.53 | 109.62 | 91.37 | 36.51 | 22.88 | 9.43 | 18.69 |
| Feb 21-27 | 101.14 | 130.70 | 109.48 | 90.96 | 36.32 | 22.82 | 9.40 | 18.65 |
| 28-Feb-20 | 100.98 | 130.11 | 110.78 | 91.88 | 36.74 | 22.82 | 9.42 | 18.73 |
| 2-Mar-20 | 101.16 | 130.16 | 111.08 | 93.18 | 36.67 | 22.77 | 9.27 | 18.69 |
| 3-Mar-20 | 101.37 | 129.57 | 112.98 | 94.09 | 36.55 | 22.74 | 9.39 | 18.61 |
| 4-Mar-20 | 102.38 | 130.79 | 113.69 | 95.32 | 36.09 | 22.52 | 9.30 | 18.43 |
| 5-Mar-20 | 102.89 | 131.88 | 114.54 | 95.68 | 35.96 | 22.41 | 9.25 | 18.34 |
| Feb 27-Mar 5 | 101.76 | 130.50 | 112.62 | 94.03 | 36.40 | 22.65 | 9.32 | 18.56 |

* Units of currency per Kenya Shilling

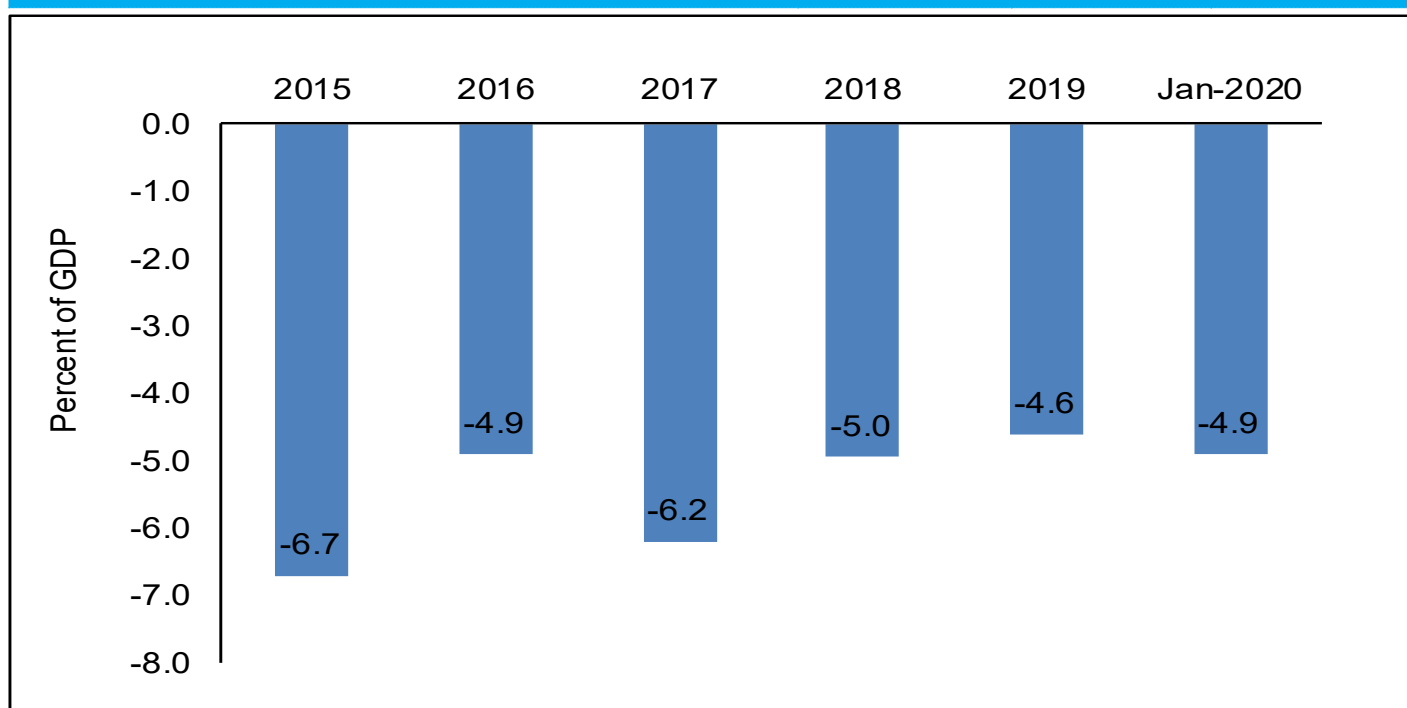
Source: Central Bank of Kenya

Table 2: Official Usable Foreign Exchange Reserves

| | 30-Jan-20 | 6-Feb-20 | 13-Feb-20 | 20-Feb-20 | 27-Feb-20 | 5-Mar-20 |
|---|-----------|----------|-----------|-----------|-----------|----------|
| 1. CBK Usable Foreign Exchange Reserves (USD Million) | 8,500 | 8,510 | 8,496 | 8,508 | 8,409 | 8,411 |
| 2. CBK Usable Foreign Exchange Reserves (Months of Import Cover)* | 5.16 | 5.17 | 5.16 | 5.17 | 5.11 | 5.11 |

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

Source: Central Bank of Kenya

Chart 1: Current Account Balance (% of GDP)

Source: Central Bank of Kenya

Table 3: Money Market

| Date | Number of Deals | Value (KSh M) | Average Interbank Rate (%) |
|-----------------------------|-----------------|------------------|----------------------------|
| 21-Feb-20 | 30 | 11,840.00 | 4.33 |
| 24-Feb-20 | 20 | 13,890.00 | 4.30 |
| 25-Feb-20 | 31 | 20,200.00 | 4.21 |
| 26-Feb-20 | 18 | 16,050.00 | 3.98 |
| 27-Feb-20 | 25 | 17,900.00 | 4.00 |
| February 21-27 | 25 | 15,976.00 | 4.17 |
| 28-Feb-20 | 20 | 10,690.00 | 3.93 |
| 2-Mar-20 | 17 | 6,640.00 | 4.05 |
| 3-Mar-20 | 31 | 8,990.00 | 3.79 |
| 4-Mar-20 | 14 | 4,090.00 | 4.16 |
| 5-Mar-20 | 14 | 3,640.00 | 4.47 |
| February 28-March 05 | 19 | 6,810.00 | 4.08 |

Source :Central Bank of Kenya

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

| Date of Auction | 24-Dec-19 | 30-Jan-20 | 20-Feb-20 | 27-Feb-20 | 5-Mar-20 |
|---------------------------|--------------|--------------|--------------|--------------|--------------|
| Amount offered (Ksh M) | 4,000.00 | 4,000.00 | 4,000.00 | 4,000.00 | 4,000.00 |
| Bids received (Ksh M) | 346.43 | 4,577.73 | 2,868.43 | 2,337.22 | 856.37 |
| Amount Accepted (Ksh M) | 346.43 | 4,559.95 | 1,886.38 | 2,335.26 | 758.18 |
| Maturities (Ksh M) | 3,345.20 | 6,914.70 | 3,778.25 | 453.50 | 573.25 |
| Average interest Rate (%) | 7.200 | 7.296 | 7.319 | 7.315 | 7.310 |

182-Day Treasury Bills

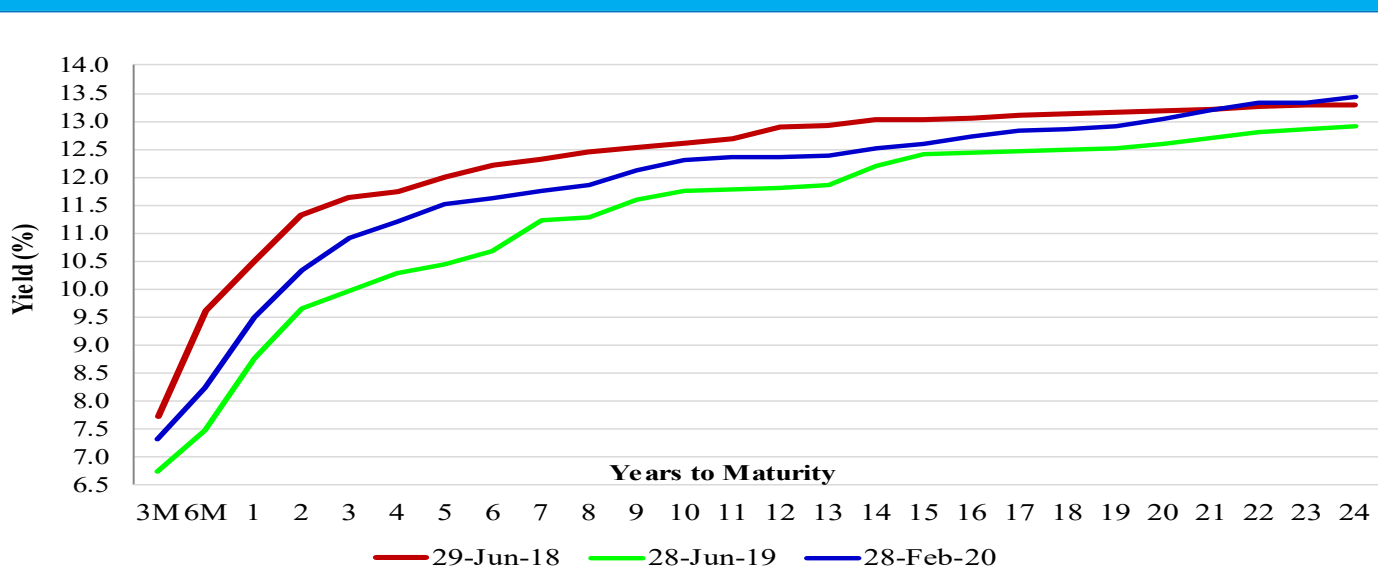
| | | | | | |
|---------------------------|--------------|--------------|--------------|--------------|--------------|
| Amount offered (Ksh M) | 10,000.00 | 10,000.00 | 10,000.00 | 10,000.00 | 10,000.00 |
| Bids received (Ksh M) | 282.08 | 6,222.88 | 7,608.27 | 3,630.50 | 9,891.70 |
| Amount Accepted (Ksh M) | 282.08 | 6,054.82 | 7,608.27 | 2,660.49 | 1,971.24 |
| Maturities (Ksh M) | 3,647.65 | 3,976.15 | 1,232.25 | 4,988.75 | 2,892.00 |
| Average interest Rate (%) | 8.150 | 8.229 | 8.258 | 8.235 | 8.186 |

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) | 3,453.15 | 21,823.45 | 39,281.13 | 48,429.00 | 36,077.29 |
| Amount Accepted (Ksh M) | 3,453.15 | 20,387.38 | 25,233.22 | 10,003.89 | 18,816.52 |
| Maturities (Ksh M) | 8,060.45 | 24,053.65 | 8,590.50 | 6,543.85 | 16,402.45 |
| Average interest Rate (%) | 9.815 | 9.879 | 9.799 | 9.500 | 9.312 |

Source: Central Bank of Kenya

Chart 2: Government Securities Yield Curve



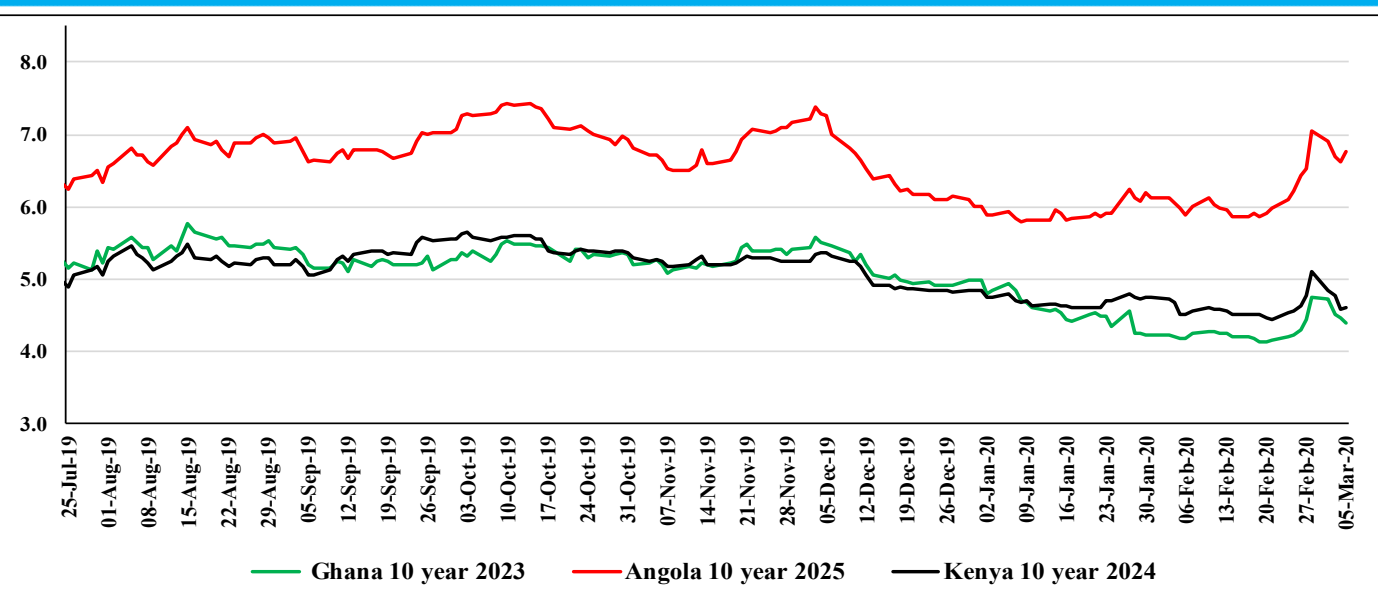
Source: Nairobi Securities Exchange (NSE)

Table 5: Treasury Bonds Auctions

| Date of Auction | 11-Dec-19 | 19-Dec-19 | 22-Jan-19 | | 19-Feb-19 | |
|---------------------------|-------------|-------------|-------------|--------------|--------------|--------------|
| | | TAP | REOPEN | | REOPEN | |
| Tenor | FXD3/2019/5 | FXD3/2019/5 | FXD1/2019/5 | FXD1/2019/10 | FXD1/2020/15 | FXD1/2018/25 |
| Amount offered (Ksh M) | 25,000.00 | 9,720.00 | 50,000.00 | | 50,000.00 | |
| Bids received (Ksh M) | 28,468.51 | 9,750.51 | 69,941.73 | | 42,494.66 | |
| Amount Accepted (Ksh M) | 18,740.55 | 9,750.51 | 44,488.60 | 19,259.58 | 5,194.04 | 22,678.92 |
| Maturities (Ksh M) | 0.00 | 0.00 | 0.00 | | 0.00 | |
| Average interest Rate (%) | 11.49 | 11.49 | 11.50 | 12.43 | 12.76 | 13.60 |

Source: Central Bank of Kenya

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



Source: Thomson Reuters

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) | 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 |
|---------------------------|------------------|--------------------------|--------------------------------------|----------------------------|---|--|---|---------------------------------------|---|--|--|--|--|
| 21-Feb-20 | 158.38 | 3917.46 | 2498.94 | 838 | 15.42 | 444.64 | 2,417.13 | 2,535.98 | 5.288 | 4.452 | 5.537 | 6.273 | 7.131 |
| 24-Feb-20 | 158.39 | 3918.54 | 2503.55 | 840 | 9.29 | 290.69 | 2,417.39 | 1,056.15 | 5.398 | 4.538 | 5.660 | 6.447 | 7.270 |
| 25-Feb-20 | 157.01 | 3878.19 | 2452.05 | 884 | 16.88 | 502.59 | 2,396.24 | 4,851.89 | 5.416 | 4.552 | 5.715 | 6.535 | 7.317 |
| 26-Feb-20 | 152.42 | 3798.20 | 2429.19 | 870 | 9.12 | 268.74 | 2,326.02 | 2,600.33 | 5.516 | 4.621 | 5.816 | 6.639 | 7.394 |
| 27-Feb-20 | 151.49 | 3771.83 | 2409.53 | 998 | 28.09 | 893.91 | 2,311.80 | 4,584.92 | 5.632 | 4.779 | 5.936 | 6.820 | 7.508 |
| Feb 21-27 | 151.49 | 3771.83 | 2409.53 | 4430 | 78.80 | 2,400.57 | 2,311.80 | 15,629.26 | 5.632 | 4.779 | 5.936 | 6.820 | 7.508 |
| 28-Feb-20 | 148.60 | 3662.74 | 2337.03 | 1258 | 27.02 | 975.21 | 2,267.61 | 2,909.62 | 6.014 | 5.100 | 6.225 | 6.942 | 7.653 |
| 2-Mar-20 | 150.19 | 3707.32 | 2368.13 | 946 | 28.78 | 871.95 | 2,291.91 | 3,679.71 | 5.735 | 4.856 | 6.225 | 6.942 | 7.542 |
| 3-Mar-20 | 153.10 | 3782.64 | 2383.12 | 1035 | 33.48 | 1,137.23 | 2,336.36 | 3,232.33 | 5.554 | 4.762 | 5.861 | 6.623 | 7.359 |
| 4-Mar-20 | 154.66 | 3836.93 | 2402.71 | 949 | 26.57 | 762.30 | 2,364.51 | 4,473.95 | 5.431 | 4.591 | 5.861 | 6.623 | 7.276 |
| 5-Mar-20 | 156.60 | 3890.47 | 2419.29 | 1004 | 12.83 | 420.72 | 2,394.22 | 4,339.22 | 5.422 | 4.602 | 5.766 | 6.592 | 7.291 |
| Feb 28- March 5 | 156.60 | 3890.47 | 2419.29 | 5192 | 128.68 | 4,167.40 | 2,394.22 | 18,634.83 | 5.422 | 4.602 | 5.766 | 6.592 | 7.291 |
| Weekly Changes (%) | 3.37 | 3.15 | 0.41 | 17.20 | 63.29 | 73.60 | 3.57 | 19.23 | -0.210* | -0.177* | -0.170* | -0.228* | -0.217* |

* Percentage points

Source: Nairobi Securities Exchange (NSE)

Table 7: Government Domestic Debt (KSh Billion)

| | 28-Jun-19 | 27-Sep-19 | 27-Dec-19 | 31-Jan-20 | 21-Feb-20 | 28-Feb-20 |
|---------------------------------------|-----------------|-----------------|-----------------|-----------------|-----------------|-----------------|
| 1. Treasury Bills (Excluding Repos) | 954.25 | 933.10 | 889.55 | 880.01 | 894.00 | 917.87 |
| (As % of total securities) | 35.31 | 33.78 | 31.06 | 30.15 | 30.48 | 30.75 |
| 2. Treasury Bonds | 1,748.15 | 1,828.78 | 1,974.69 | 2,038.71 | 2,038.71 | 2,066.89 |
| (As % of total securities) | 64.69 | 66.22 | 68.94 | 69.85 | 69.52 | 69.25 |
| 3. Total Securities (1+2) | 2,702.40 | 2,761.88 | 2,864.25 | 2,918.72 | 2,932.71 | 2,984.76 |
| 4. Overdraft at Central Bank | 57.33 | 52.58 | 58.96 | 59.19 | 51.52 | 30.47 |
| 5. Other Domestic debt* | 25.76 | 25.68 | 25.86 | 25.79 | 25.81 | 25.74 |
| 6. Gross Domestic Debt (3+4+5) | 2,785.48 | 2,840.13 | 2,949.07 | 3,003.70 | 3,010.04 | 3,040.96 |

* 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 | 27-Dec-19 | 31-Jan-20 | 21-Feb-20 | 28-Feb-20 |
|----------------------------------|---------------|---------------|---------------|---------------|---------------|---------------|
| Treasury bills (Excluding Repos) | 34.26 | 32.85 | 30.16 | 29.30 | 29.70 | 30.18 |
| Treasury bonds | 62.76 | 64.39 | 66.96 | 67.87 | 67.73 | 67.97 |
| CBK Overdraft to Government | 2.06 | 1.85 | 2.00 | 1.97 | 1.71 | 1.00 |
| Other domestic debt | 0.92 | 0.90 | 0.88 | 0.86 | 0.86 | 0.85 |
| 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 | 27-Dec-19 | 31-Jan-20 | 21-Feb-20 | 28-Feb-20 |
|----------------------|---------------|---------------|---------------|---------------|---------------|---------------|
| Banking Institutions | 54.38 | 53.51 | 54.22 | 54.65 | 54.99 | 54.35 |
| Insurance Companies | 6.13 | 6.34 | 6.41 | 6.40 | 6.18 | 6.28 |
| Parastatals | 6.97 | 7.18 | 6.50 | 6.25 | 6.16 | 6.23 |
| Pension funds | 28.24 | 28.83 | 28.70 | 28.54 | 28.51 | 28.80 |
| Other investors | 4.28 | 4.14 | 4.17 | 4.17 | 4.16 | 4.35 |
| 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