



Central Bank of Kenya

# Weekly Bulletin

March 13, 2020

## KEY MONETARY AND FINANCIAL INDICATORS

### Exchange Rate

The Kenya Shilling strengthened against major international and regional currencies during the week ending March 12, supported by inflows from offshore investors. It exchanged at KSh 102.47 per US Dollar on March 12, compared to KSh 102.89 on March 5 (Table 1).

### Foreign Exchange Reserves

The CBK usable foreign exchange reserves remained adequate at USD 8,417 million (5.11 months of import cover) as at March 12. 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 relatively liquid during the week ending March 12, supported by government payments, which partly offset tax receipts. Open market operations remained active. Commercial banks' excess reserves stood at KSh 15.9 billion in relation to the 5.25 percent cash reserves requirement (CRR). The average interbank rate increased to 4.89 percent on March 12 compared to 4.47 percent on March 5. The average number of interbank deals per day decreased to 17 from 19 in the previous week and the value traded decreased to KSh 4.4 billion from KSh 6.8 in the previous week (Table 3).

### Government Securities Market

The Treasury bills auction of March 12 received bids totaling KSh 63.4 billion against an advertised amount of KSh 24.0 billion, representing a performance of 264.0 percent. Interest rates on the 182-day and 364-day Treasury bills declined, while the 91-day Treasury bill rate

remained virtually the same as in the previous week's auction (Table 4).

### Equity Market

Activity at the Nairobi Securities Exchange (NSE) increased during the week, with the number of shares traded and total equity turnover increasing by 28.7 percent and 18.2 percent, respectively. However, the NASI, NSE 25 and NSE 20 share price indices, declined by 9.7 percent, 8.8 percent and 7.5 percent, respectively. Market capitalization declined by 9.7 percent (Table 6).

### Bond Market

Turnover of bonds traded in the domestic secondary market decreased by 8.4 percent during the week ending March 12 (Table 6). In a week characterised by extreme volatility in the international markets, yields on Kenya's Eurobonds rose by an average of 178.7 basis points compared to a decline of 20 basis points in the previous week. The yields on the 10-year Eurobonds for Angola and Ghana also rose (Chart 2). The JP Morgan emerging markets bond index global (EMBIG) increased by 31.4 percent, from 379.2 on March 6 to 498.1 on March 12.

### Global Trends

More information confirmed the severity of the economic impact of the coronavirus pandemic. Consequently, prospects of global growth have worsened significantly.

International oil prices plunged during the week, as a result of the failure by OPEC+ to agree on production cuts and Saudi Arabia's retaliation with price discounts. Murban oil price declined to USD 33.98 per barrel on March 12 from USD 52.82 per barrel on March 5.

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

	USD	Sterling Pound	Euro	100 Japanese Yen	USHS*	TSHS*	RWF*	BIF*
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
<b>Feb 27-Mar 5</b>	<b>101.76</b>	<b>130.50</b>	<b>112.62</b>	<b>94.03</b>	<b>36.40</b>	<b>22.65</b>	<b>9.32</b>	<b>18.56</b>
6-Mar-20	102.55	132.45	114.74	95.97	36.13	22.47	9.28	18.40
9-Mar-20	102.67	133.48	116.32	97.51	36.11	22.45	9.27	18.38
10-Mar-20	102.90	134.49	116.92	98.28	36.10	22.38	9.25	18.34
11-Mar-20	102.70	133.75	116.75	98.19	36.17	22.42	9.27	18.38
12-Mar-20	102.47	132.72	116.31	98.00	36.22	22.47	9.29	18.42
<b>Mar 6-12</b>	<b>102.66</b>	<b>133.38</b>	<b>116.21</b>	<b>97.59</b>	<b>36.15</b>	<b>22.44</b>	<b>9.27</b>	<b>18.38</b>

\* Units of currency per Kenya Shilling

Source: Central Bank of Kenya

**Table 2: Official Usable Foreign Exchange Reserves**

	6-Feb-20	13-Feb-20	20-Feb-20	27-Feb-20	5-Mar-20	12-Mar-20
1. CBK Usable Foreign Exchange Reserves (USD Million)	8,510	8,496	8,508	8,409	8,411	8,417
2. CBK Usable Foreign Exchange Reserves (Months of Import Cover)*	5.17	5.16	5.17	5.11	5.11	5.11

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

Source: Central Bank of Kenya

**Table 3: Money Market**

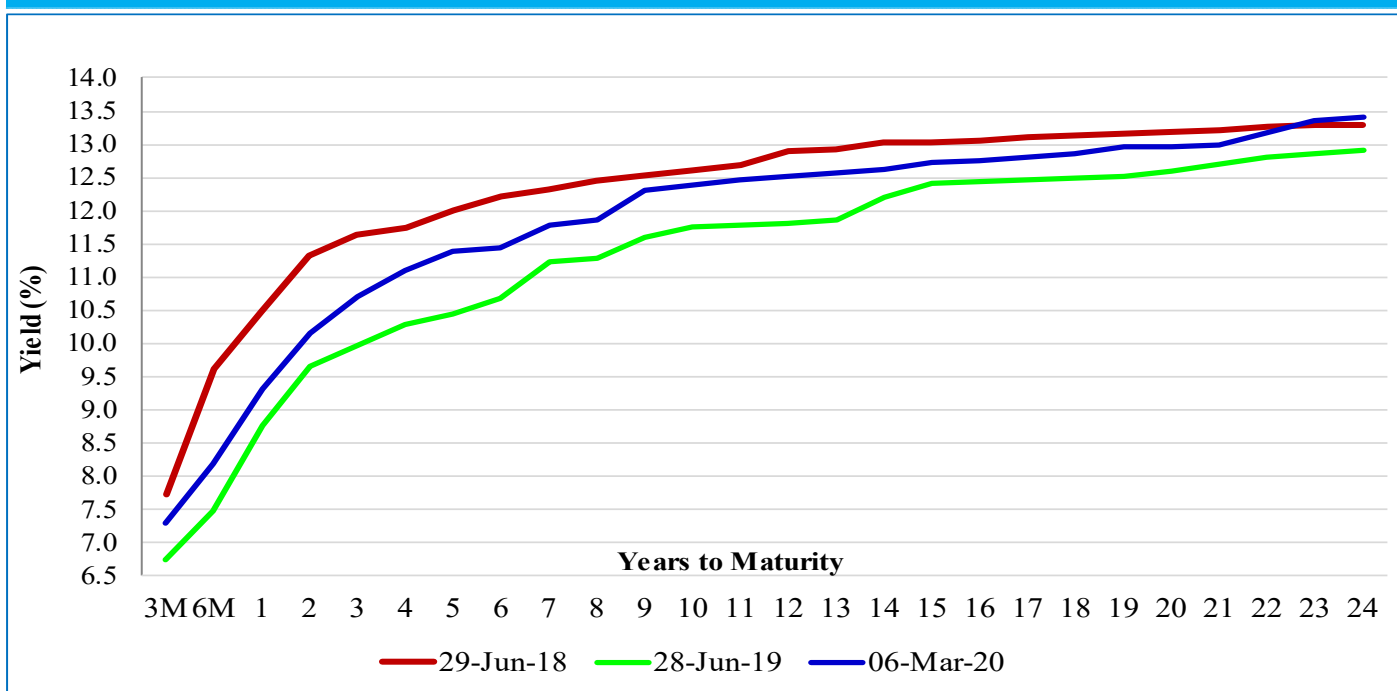
Date	Number of Deals	Value (KSh M)	Average Interbank Rate (%)
28-Feb-20	20	10,690.00	3.93
2-Mar-20	17	6,640.00	4.05
3-Mar-20	31	8,990.00	3.79
4-Mar-20	14	4,090.00	4.16
5-Mar-20	14	3,640.00	4.47
<b>February 28-March 05, 2020</b>	<b>19</b>	<b>6,810.00</b>	<b>4.08</b>
6-Mar-20	18	5,200.00	3.53
9-Mar-20	17	6,125.00	3.80
10-Mar-20	13	4,500.00	3.44
11-Mar-20	18	2,700.00	4.69
12-Mar-20	17	3,300.00	4.89
<b>March 06 - 12, 2020</b>	<b>17</b>	<b>4,365.00</b>	<b>4.07</b>

Source: Central Bank of Kenya

**Table 4: Treasury Bills Auctions**

<b>91-Day Treasury Bills</b>					
<b>Date of Auction</b>	<b>30-Jan-20</b>	<b>20-Feb-20</b>	<b>27-Feb-20</b>	<b>5-Mar-20</b>	<b>12-Mar-20</b>
Amount offered (Ksh M)	4,000.00	4,000.00	4,000.00	4,000.00	4,000.00
Bids received (Ksh M)	4,577.73	2,868.43	2,337.22	856.37	8,071.07
Amount Accepted (Ksh M)	4,559.95	1,886.38	2,335.26	758.18	2,196.46
Maturities (Ksh M)	6,914.70	3,778.25	453.50	573.25	3,784.15
<b>Average interest Rate (%)</b>	<b>7.296</b>	<b>7.319</b>	<b>7.315</b>	<b>7.310</b>	<b>7.313</b>
<b>182-Day Treasury Bills</b>					
Amount offered (Ksh M)	10,000.00	10,000.00	10,000.00	10,000.00	10,000.00
Bids received (Ksh M)	6,222.88	7,608.27	3,630.50	9,891.70	9,246.20
Amount Accepted (Ksh M)	6,054.82	7,608.27	2,660.49	1,971.24	2,519.44
Maturities (Ksh M)	3,976.15	1,232.25	4,988.75	2,892.00	1,077.75
<b>Average interest Rate (%)</b>	<b>8.229</b>	<b>8.258</b>	<b>8.235</b>	<b>8.186</b>	<b>8.104</b>
<b>364-Day Treasury Bills</b>					
Amount offered (Ksh M)	10,000.00	10,000.00	10,000.00	10,000.00	10,000.00
Bids received (Ksh M)	21,823.45	39,281.13	48,429.00	36,077.29	46,038.14
Amount Accepted (Ksh M)	20,387.38	25,233.22	10,003.89	18,816.52	17,823.06
Maturities (Ksh M)	24,053.65	8,590.50	6,543.85	16,402.45	17,647.60
<b>Average interest Rate (%)</b>	<b>9.879</b>	<b>9.799</b>	<b>9.500</b>	<b>9.312</b>	<b>9.100</b>

Source: Central Bank of Kenya

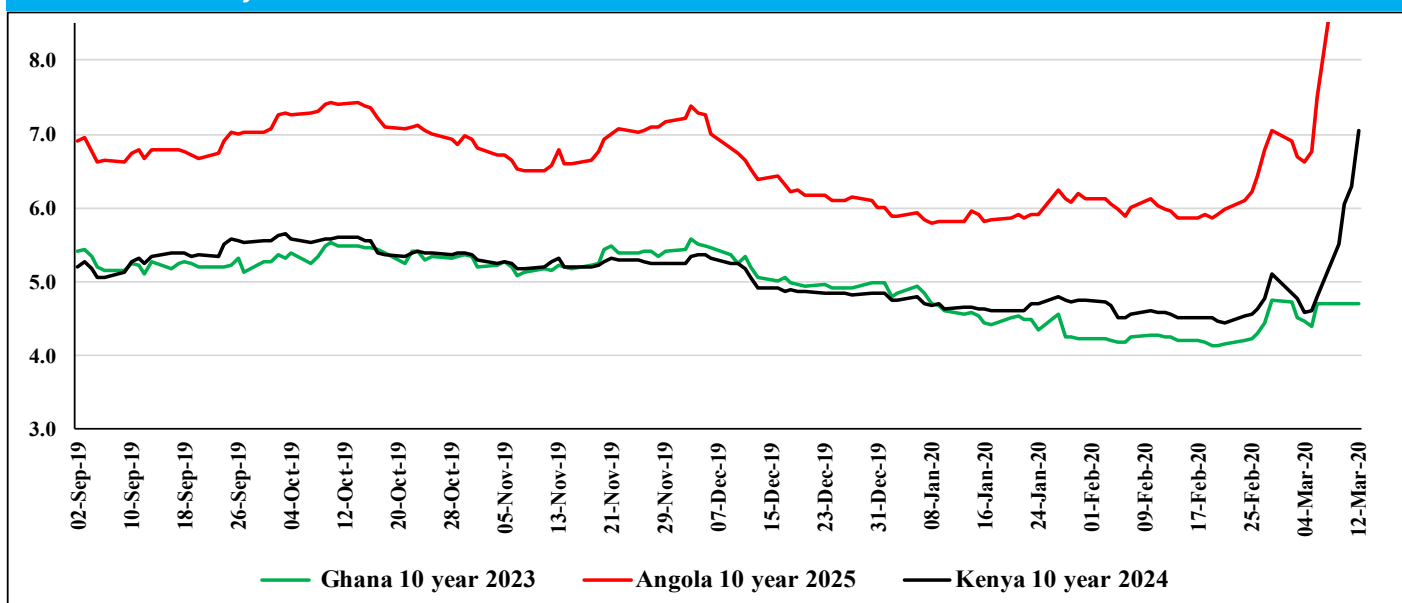
**Chart 1: Government Securities Yield Curve**

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 2: 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 (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
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
<b>Feb 28- March 5</b>	<b>156.60</b>	<b>3890.47</b>	<b>2419.29</b>	<b>5192</b>	<b>128.68</b>	<b>4,167.40</b>	<b>2,394.22</b>	<b>18,634.83</b>	<b>5.422</b>	<b>4.602</b>	<b>5.766</b>	<b>6.592</b>	<b>7.291</b>
6-Mar-20	156.17	3875.22	2400.56	826	19.47	657.03	2,387.53	3,226.43	5.491	4.792	5.766	6.956	7.441
9-Mar-20	147.98	3689.84	2335.95	1252	37.76	1,200.38	2,262.11	4,588.04	5.491	5.511	5.766	7.861	7.441
10-Mar-20	148.67	3695.36	2311.47	1007	28.80	772.91	2,272.73	3,831.71	6.602	6.060	5.766	7.980	8.284
11-Mar-20	149.17	3711.52	2316.58	948	16.56	445.30	2,280.39	3,080.26	6.602	6.294	7.270	8.101	8.354
12-Mar-20	141.46	3548.51	2236.81	1622	63.05	1,848.46	2,162.20	2,334.69	6.602	7.052	7.270	9.331	8.354
<b>March 5-12</b>	<b>141.46</b>	<b>3548.51</b>	<b>2236.81</b>	<b>5655</b>	<b>165.64</b>	<b>4,924.08</b>	<b>2,162.20</b>	<b>17,061.12</b>	<b>6.602</b>	<b>7.052</b>	<b>7.270</b>	<b>9.331</b>	<b>8.354</b>
<b>Weekly Changes (%)</b>	<b>-9.67</b>	<b>-8.79</b>	<b>-7.54</b>	<b>8.92</b>	<b>28.73</b>	<b>18.16</b>	<b>-9.69</b>	<b>-8.44</b>	<b>1.180*</b>	<b>2.450*</b>	<b>1.504*</b>	<b>2.739*</b>	<b>1.063*</b>

\* 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	28-Feb-20	06-Mar-20
1. Treasury Bills (Excluding Repos)	954.25	933.10	889.55	880.01	917.87	921.99
<b>(As % of total securities)</b>	<b>35.31</b>	<b>33.78</b>	<b>31.06</b>	<b>30.15</b>	<b>30.75</b>	<b>30.85</b>
2. Treasury Bonds	1,748.15	1,828.78	1,974.69	2,038.71	2,066.89	2,066.89
<b>(As % of total securities)</b>	<b>64.69</b>	<b>66.22</b>	<b>68.94</b>	<b>69.85</b>	<b>69.25</b>	<b>69.15</b>
3. Total Securities (1+2)	2,702.40	2,761.88	2,864.25	2,918.72	2,984.76	2,988.88
4. Overdraft at Central Bank	57.33	52.58	58.96	59.19	30.47	27.46
5. Other Domestic debt*	25.76	25.68	25.86	25.79	25.80	25.79
<b>6. Gross Domestic Debt (3+4+5)</b>	<b>2,785.48</b>	<b>2,840.13</b>	<b>2,949.07</b>	<b>3,003.70</b>	<b>3,041.02</b>	<b>3,042.13</b>

\* 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	28-Feb-20	6-Mar-20
Treasury bills (Excluding Repos)	34.26	32.85	30.16	29.30	30.18	30.31
Treasury bonds	62.76	64.39	66.96	67.87	67.97	67.94
CBK Overdraft to Government	2.06	1.85	2.00	1.97	1.00	0.90
Other domestic debt	0.92	0.90	0.88	0.86	0.85	0.85
<b>TOTAL</b>	<b>100.00</b>	<b>100.00</b>	<b>100.00</b>	<b>100.00</b>	<b>100.00</b>	<b>100.00</b>

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	28-Feb-20	6-Mar-20
Banking Institutions	54.38	53.51	54.22	54.65	54.38	54.32
Insurance Companies	6.13	6.34	6.41	6.40	6.29	6.26
Parastatals	6.97	7.18	6.50	6.25	6.23	6.21
Pension funds	28.24	28.83	28.70	28.54	28.86	28.87
Other investors	4.28	4.14	4.17	4.17	4.25	4.33
<b>Total</b>	<b>100.00</b>	<b>100.00</b>	<b>100.00</b>	<b>100.00</b>	<b>100.00</b>	<b>100.00</b>

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
<b>Total public debt (KSh Billion)</b>	<b>5,039.03</b>	<b>5,272.50</b>	<b>5,809.08</b>	<b>5,968.40</b>	<b>6,029.10</b>	<b>6,032.32</b>	<b>6,048.93</b>

Source: National Treasury and Central Bank of Kenya