



Central Bank of Kenya

# Weekly Bulletin

March 26, 2021

## KEY MONETARY AND FINANCIAL INDICATORS

### Exchange Rates

The Kenya Shilling remained stable against major international and regional currencies during the week ending March 25. It exchanged at KSh 109.81 per US dollar on March 25, compared to KSh 109.80 on March 18 (Table 1).

### Foreign Exchange Reserves

The usable foreign exchange reserves remained adequate at USD 7,344 million (4.51 months of import cover) as at March 25. 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).

### Current Account

Provisional data on balance of payments shows that the current account deficit narrowed to 4.6 percent of GDP in the 12 months to February 2021 compared to 5.8 percent of GDP in the 12 months to February 2020 (Chart 1). This reflected lower imports of oil, machinery and transport equipment as well as improvement in tea and horticultural exports, and remittance receipts.

### Money Markets

The money market was relatively liquid during the week ending March 25, supported by government payments which partly offset tax receipts. Commercial banks' excess reserves stood at KSh 15.3 billion in relation to the 4.25 percent cash reserves requirement (CRR). Open market operations remained active. The average interbank rate was 5.53 percent on March 25 compared to 5.48 percent on March 18. During the week, the average number of interbank deals per day decreased to 24 from 29 in the previous week, while the average value traded decreased to KSh 10.8 billion from KSh 13.5 billion in the previous week (Table 3).

### Government Securities Market

The Treasury bills auction of March 25 received bids totalling KSh 22.97 billion against an advertised amount of KSh 24.0 billion, representing a performance of 95.7 percent. Interest rates on all the Treasury bills tenures remained stable, only rising marginally (Table 4).

### Equity Market

At the Nairobi Securities Exchange, the NASI and NSE 25 share price index increased by 2.1 percent and 0.7 percent respectively, during the week ending March 25. Market capitalization, equity turnover, total shares traded and the number of deals also increased by 2.1 percent, 33.2 percent, 39.8 percent and 4.8 percent, respectively. However, the NSE 20 share price index declined by 1.5 percent (Table 6).

### Bonds Market

Turnover of bonds in the domestic secondary market declined by 7.6 percent during the week ending March 25 (Table 6). In the international market, yields on Kenya's Eurobonds remained stable, rising marginally by an average of 21.0 basis points. The yield on the 10-year Eurobond for Angola also increased marginally while that of Ghana declined (Chart 3).

### Global Trends

Global financial markets remained cautious during the week ending March 25 as investors balanced between threat from persistent new COVID-19 infections and travel restrictions in most of Europe, and positive economic data coming from most advanced economies.

International oil prices continued to decline during the week on account of threat of new lockdowns amid new COVID-19 infections. Murban oil price declined to USD 61.61 per barrel on March 25 from USD 66.03 per barrel on March 18.

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

	USD	Sterling Pound	Euro	100 Japanese Yen	USHS*	TSHS*	RWF*	BIF*
12-Mar-21	109.65	152.63	130.92	101.02	33.42	21.15	9.06	17.75
15-Mar-21	109.65	152.67	130.90	100.55	33.47	21.15	9.06	17.75
16-Mar-21	109.65	152.71	130.84	100.47	33.42	21.15	9.06	17.75
17-Mar-21	109.69	151.94	130.97	100.66	33.41	21.14	9.06	17.74
18-Mar-21	109.80	152.66	130.71	100.57	33.43	21.12	9.05	17.73
<b>Mar 12-18</b>	<b>109.69</b>	<b>152.52</b>	<b>130.87</b>	<b>100.65</b>	<b>33.43</b>	<b>21.14</b>	<b>9.06</b>	<b>17.74</b>
19-Mar-21	109.86	153.17	131.09	100.91	33.36	21.11	9.05	17.72
22-Mar-21	109.86	152.64	130.85	100.99	33.36	21.11	9.05	17.72
23-Mar-21	109.86	152.44	130.92	101.08	33.36	21.11	9.05	17.72
24-Mar-21	109.85	151.86	130.68	101.17	33.27	21.11	9.05	17.72
25-Mar-21	109.81	150.95	130.10	101.03	33.37	21.12	9.06	17.80
<b>Mar 19-25</b>	<b>109.85</b>	<b>152.21</b>	<b>130.73</b>	<b>101.04</b>	<b>33.35</b>	<b>21.11</b>	<b>9.05</b>	<b>17.74</b>

\* Units of currency per Kenya Shilling

Source :Central Bank of Kenya

**Table 2: Official Foreign Exchange Reserves (USD Million)**

	25-Feb-21	4-Mar-21	11-Mar-21	18-Mar-21	25-Mar-21
1. CBK Usable Foreign Exchange Reserves (USD Million)	7,605	7,359	7,351	7,412	7,344
2. CBK Usable Foreign Exchange Reserves (Months of Import Cover)*	4.67	4.52	4.52	4.55	4.51

\*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 (%)
12-Mar-21	32	11,110.00	4.93
15-Mar-21	43	27,310.00	5.18
16-Mar-21	29	11,590.00	5.30
17-Mar-21	23	8,290.00	5.37
18-Mar-21	19	9,250.00	5.48
<b>Mar 12-18</b>	<b>29</b>	<b>13,510.00</b>	<b>5.25</b>
19-Mar-21	22	9,640.00	5.66
22-Mar-21	27	10,250.00	5.71
23-Mar-21	20	11,660.00	5.59
24-Mar-21	24	10,200.00	5.62
25-Mar-21	25	12,000.00	5.53
<b>Mar 19-25</b>	<b>24</b>	<b>10,750.00</b>	<b>5.62</b>

Source: Central Bank of Kenya

**Table 4: Performance of Treasury Bills Auctions**

<b>91-Day Treasury Bills</b>						
<b>Date of Auction</b>	<b>18-Feb-21</b>	<b>25-Feb-21</b>	<b>4-Mar-21</b>	<b>11-Mar-21</b>	<b>18-Mar-21</b>	<b>25-Mar-21</b>
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)	4,674.45	6,281.66	7,045.17	4,350.17	5,422.32	3,302.64
Amount Accepted (KSh M)	4,655.48	4,806.25	6,062.14	4,349.58	5,422.13	3,302.64
Maturities (KSh M)	5,641.75	3,633.50	2,514.40	1,564.25	8,658.45	5,693.95
<b>Average Interest Rate (%)</b>	<b>6.911</b>	<b>6.931</b>	<b>7.024</b>	<b>7.024</b>	<b>7.071</b>	<b>7.087</b>
<b>182-Day Treasury Bills</b>						
<b>Date of Auction</b>	<b>18-Feb-21</b>	<b>25-Feb-21</b>	<b>4-Mar-21</b>	<b>11-Mar-21</b>	<b>18-Mar-21</b>	<b>25-Mar-21</b>
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)	11,403.48	10,227.69	7,773.77	6,081.94	7,099.33	3,070.50
Amount Accepted (KSh M)	10,681.88	7,340.21	6,809.86	6,080.73	6,135.84	3,070.02
Maturities (KSh M)	899.50	5,056.35	2,761.95	7,756.90	1,982.05	1,167.30
<b>Average Interest Rate (%)</b>	<b>7.684</b>	<b>7.722</b>	<b>7.765</b>	<b>7.832</b>	<b>7.884</b>	<b>7.890</b>
<b>364-Day Treasury Bills</b>						
<b>Date of Auction</b>	<b>18-Feb-21</b>	<b>25-Feb-21</b>	<b>4-Mar-21</b>	<b>11-Mar-21</b>	<b>18-Mar-21</b>	<b>25-Mar-21</b>
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)	13,901.18	15,164.20	19,016.49	12,192.30	15,077.07	16,595.11
Amount Accepted (KSh M)	13,471.78	14,522.84	17,293.12	12,191.56	11,738.86	12,665.17
Maturities (KSh M)	27,650.90	10,954.45	20,558.30	19,432.30	18,398.20	5,324.75
<b>Average Interest Rate (%)</b>	<b>8.931</b>	<b>9.014</b>	<b>9.071</b>	<b>9.144</b>	<b>9.213</b>	<b>9.259</b>

Source: Central Bank of Kenya

**Table 5: Performance of Treasury Bond Auctions**

<b>Date of Auction</b>	<b>3-Feb-21</b>		<b>17-Feb-21</b>		<b>10-Mar-21</b>	
	<b>REOPEN</b>		<b>TAP</b>		<b>REOPEN</b>	
<b>Tenor</b>	<b>FXD1/2013/15</b>	<b>FXD1/2012/20</b>	<b>FXD1/2013/15</b>	<b>FXD1/2012/20</b>	<b>FXD1/2019/15</b>	<b>FXD2/2018/20</b>
Amount offered (KSh M)	50,000.00		18,000.00		50,000.00	
Bids received (KSh M)	13,553.50	28,308.65	7,164.85	4,071.20	15,897.21	32,809.37
Amount Accepted (KSh M)	9,408.58	22,713.42	6,985.73	3,924.84	15,511.29	32,795.91
Maturities (KSh M)	7,868.37		0.00		0.00	
Average interest Rate (%)	11.78	12.59	11.78	12.59	12.41	13.44

Source: Central Bank of Kenya

**Table 6: Key Weekly Market Indicators**

INDICATOR	NASI	NSE 25 Share Index	NSE 20 Share Index	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	30-Year 2048
12-Mar-21	162.08	3,617.79	1,923.04	948.00	13.40	334.64	2,490.29	2,360.55	4.949	3.299	5.623	6.566	7.540
15-Mar-21	162.52	3,618.98	1,926.37	977.00	12.32	458.91	2,497.09	1,973.60	4.937	3.258	5.643	6.565	7.550
16-Mar-21	162.82	3,627.26	1,922.70	1,002.00	18.27	675.05	2,501.64	3,346.70	4.825	3.255	5.580	6.501	7.510
17-Mar-21	163.33	3,637.24	1,930.06	867.00	8.68	103.74	2,509.56	2,410.15	4.955	3.291	5.684	6.565	7.540
18-Mar-21	165.42	3,685.25	1,936.22	888.00	7.09	198.17	2,541.62	1,577.60	4.900	3.282	5.661	6.532	7.550
Mar 12-18	<b>165.42</b>	<b>3,685.25</b>	<b>1,936.22</b>	<b>4,682.00</b>	<b>59.76</b>	<b>1,770.51</b>	<b>2,541.62</b>	<b>11,668.60</b>	<b>4.900</b>	<b>3.282</b>	<b>5.661</b>	<b>6.532</b>	<b>7.550</b>
19-Mar-21	166.94	3,711.22	1,933.60	900.00	11.24	260.27	2,565.07	1,572.90	4.979	3.318	5.766	6.468	7.479
22-Mar-21	167.50	3,709.84	1,931.35	909.00	15.36	494.73	2,573.65	1,797.30	5.084	3.354	5.871	6.725	7.654
23-Mar-21	169.11	3,736.79	1,931.34	1,004.00	26.04	565.42	2,598.52	2,596.35	5.111	3.313	5.828	6.708	7.654
24-Mar-21	168.96	3,723.71	1,910.17	1,122.00	17.57	625.08	2,596.15	2,198.35	5.111	3.310	5.849	6.724	7.664
25-Mar-21	168.85	3,710.63	1,907.32	972.00	13.29	412.59	2,594.49	2,616.10	5.205	3.379	5.933	6.773	7.685
Mar 19-25	<b>168.85</b>	<b>3,710.63</b>	<b>1,907.32</b>	<b>4,907.00</b>	<b>83.51</b>	<b>2,358.09</b>	<b>2,594.49</b>	<b>10,781.00</b>	<b>5.205</b>	<b>3.379</b>	<b>5.933</b>	<b>6.773</b>	<b>7.685</b>
Weekly Changes (%)	2.07	0.69	-1.49	4.81	39.73	33.19	2.08	-7.61	0.305*	0.097*	0.272*	0.241*	0.135*

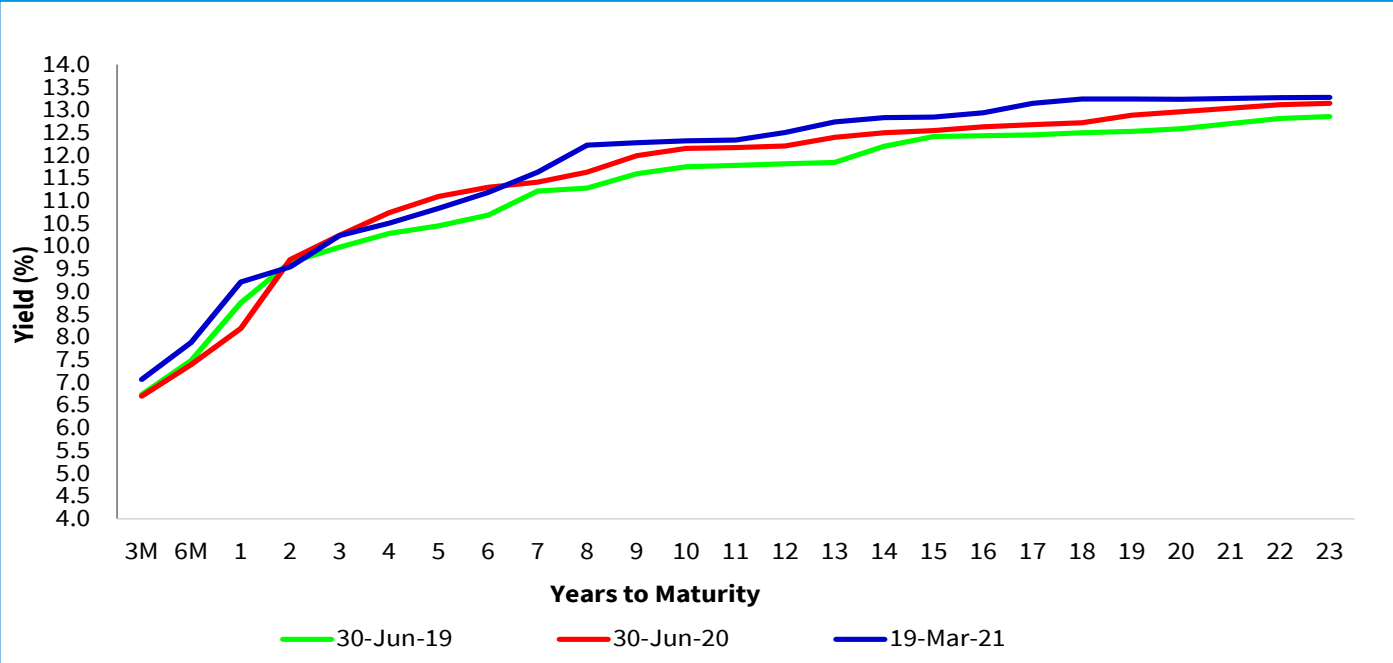
\* Percentage points

Source: Nairobi Securities Exchange (NSE) and Thompson Reuters

**Chart 1: Current Account Balance**

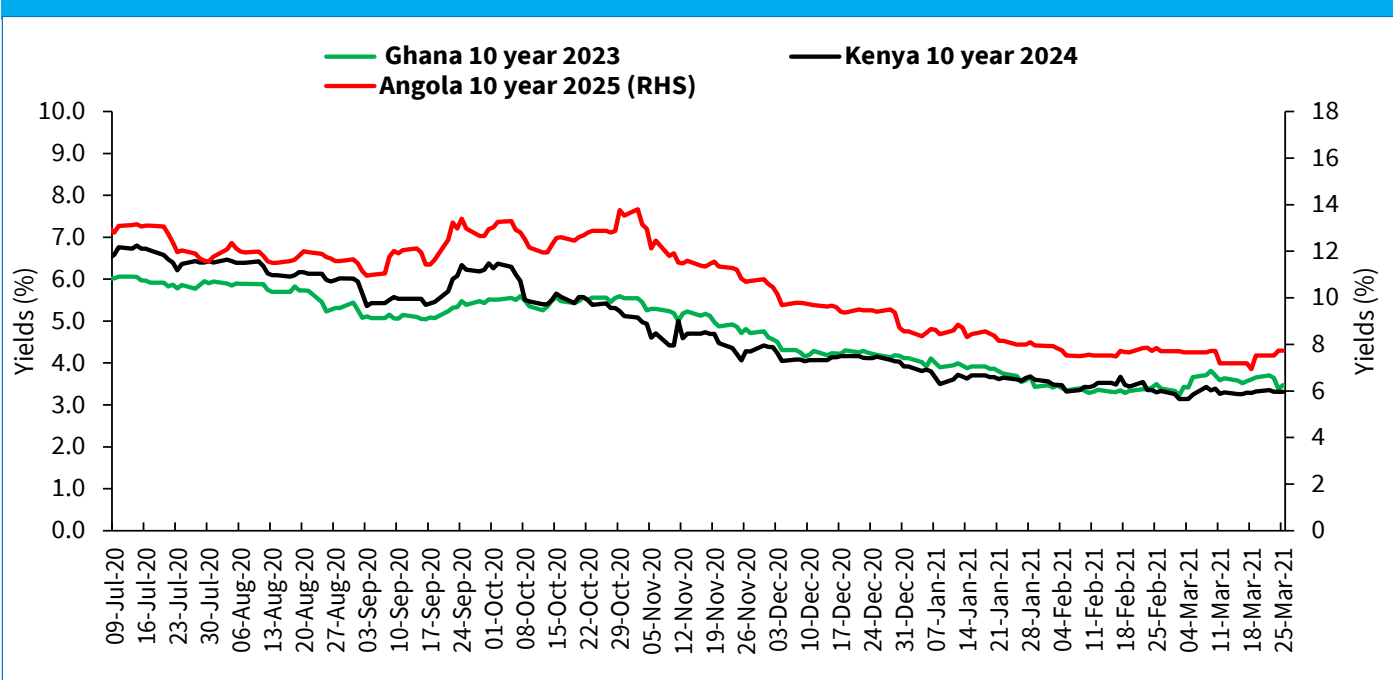
Source: Central Bank of Kenya

**Chart 2: Government Securities Yield Curve**



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)**

	30-Jun-20	30-Sep-20	31-Dec-20	29-Jan-21	26-Feb-21	12-Mar-21	19-Mar-21
1. Treasury Bills (Excluding Repos)	887.14	894.73	855.71	785.46	748.00	762.88	758.11
<i>(As % of total securities)</i>	<b>28.56</b>	<b>26.50</b>	<b>25.04</b>	<b>22.75</b>	<b>21.67</b>	<b>22.01</b>	<b>21.60</b>
2. Treasury Bonds	2,219.44	2,482.24	2,561.33	2,667.02	2,703.56	2,703.56	2,752.17
<i>(As % of total securities)</i>	<b>71.44</b>	<b>73.50</b>	<b>74.96</b>	<b>77.25</b>	<b>78.33</b>	<b>77.99</b>	<b>78.40</b>
3. Total Securities (1+2)	3,106.59	3,376.98	3,417.05	3,452.48	3,451.56	3,466.44	3,510.28
4. Overdraft at Central Bank	47.15	56.21	47.60	55.27	55.40	52.55	50.31
5. Other Domestic debt*	23.24	23.92	23.90	24.81	24.25	24.26	24.22
<b>6. Gross Domestic Debt (3+4+5)</b>	<b>3,176.97</b>	<b>3,457.11</b>	<b>3,488.54</b>	<b>3,532.56</b>	<b>3,531.22</b>	<b>3,543.25</b>	<b>3,584.82</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: Composition of Government Domestic Debt by Instrument (Percent)**

	28-Jun-19	30-Jun-20	30-Sep-20	31-Dec-20	29-Jan-21	12-Mar-21	19-Mar-21
Treasury bills (Excluding Repos)	34.24	27.92	25.88	24.53	22.24	21.53	21.15
Treasury bonds	62.78	69.86	71.80	73.42	75.52	76.30	76.77
Overdraft at Central Bank	2.06	1.48	1.63	1.36	1.57	1.48	1.40
Other domestic debt	0.92	0.73	0.69	0.69	0.68	0.68	0.68
<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>	<b>100.00</b>

Source: Central Bank of Kenya

**Table 9: Composition of Government Domestic Debt by Holder (Percent)**

	30-Jun-19	30-Jun-20	30-Sep-20	31-Dec-20	29-Jan-21	12-Mar-21	19-Mar-21
Banking Institutions	54.38	54.86	55.14	53.29	53.32	53.39	52.98
Insurance Companies	6.13	6.05	6.16	6.44	6.40	6.49	6.51
Parastatals	6.97	5.73	5.47	5.69	5.64	5.69	5.62
Pension Funds	28.24	29.05	28.53	30.32	30.34	29.95	30.34
Other Investors	4.28	4.32	4.71	4.27	4.30	4.48	4.55
<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>	<b>100.00</b>

Source: Central Bank of Kenya

**Table 10: Indicators of Government Debt**

	<b>Jun-19</b>	<b>Jun-20</b>	<b>Sep-20</b>	<b>Oct-20</b>	<b>Nov-20</b>	<b>Dec-20</b>	<b>Jan-21</b>
Domestic debt (KSh Bn)	2,787.04	3,176.97	3,457.11	3,457.64	3,482.65	3,488.54	3,532.56
Public & Publicly Guaranteed External debt (USD Bn)	29.55	33.01	33.77	34.05	34.27	34.75	34.68
Public & Publicly Guaranteed External debt (KSh Bn)	3,023.14	3,515.81	3,663.49	3,705.64	3,771.81	3,793.29	3,819.70
Public debt (KSh Bn)	<b>5,810.18</b>	<b>6,692.78</b>	<b>7,120.60</b>	<b>7,163.29</b>	<b>7,254.46</b>	<b>7,281.83</b>	<b>7,352.26</b>

Source: National Treasury and Central Bank of Kenya