



Central Bank of Kenya

Weekly Bulletin

February 26, 2021

KEY MONETARY AND FINANCIAL INDICATORS

Inflation

Overall inflation remained stable at 5.8 percent in February 2021 compared to 5.7 percent in January. The marginal increase was driven by increased fuel prices (Chart 1).

Exchange Rates

The Kenya Shilling remained stable against major international and regional currencies during the week ending February 25. It exchanged at KSh 109.77 per US dollar on February 25, compared to KSh 109.46 per US dollar on February 18 (Table 1).

Foreign Exchange Reserves

The usable foreign exchange reserves remained adequate at USD 7,605 million (4.67 months of import cover) as at February 25. 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 Markets

The money market was relatively liquid during the week ending February 25, supported by government payments which partly offset tax remittances. Commercial banks' excess reserves stood at KSh 12.5 billion in relation to the 4.25 percent cash reserves requirement (CRR). Open market operations remained active. The average interbank rate was 4.22 percent on February 25 compared to 4.03 percent on February 18. During the week, the average number of interbank deals per day increased to 30 from 24 in the previous week, while the average value traded increased to KSh 16.1 billion from KSh 11.6 billion in the previous week (Table 3).

Government Securities Market

The Treasury bills auction of February 25 received bids totalling KSh 31.7 billion against an advertised amount of KSh 24.0 billion, representing a performance of 132.0 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 20 share price index and market capitalisation increased by 0.8 percent, 1.1 percent and 0.8 percent, respectively during the week ending February 25. Equity turnover and total shares traded also increased by 45.1 percent and 38.3 percent, respectively (Table 6).

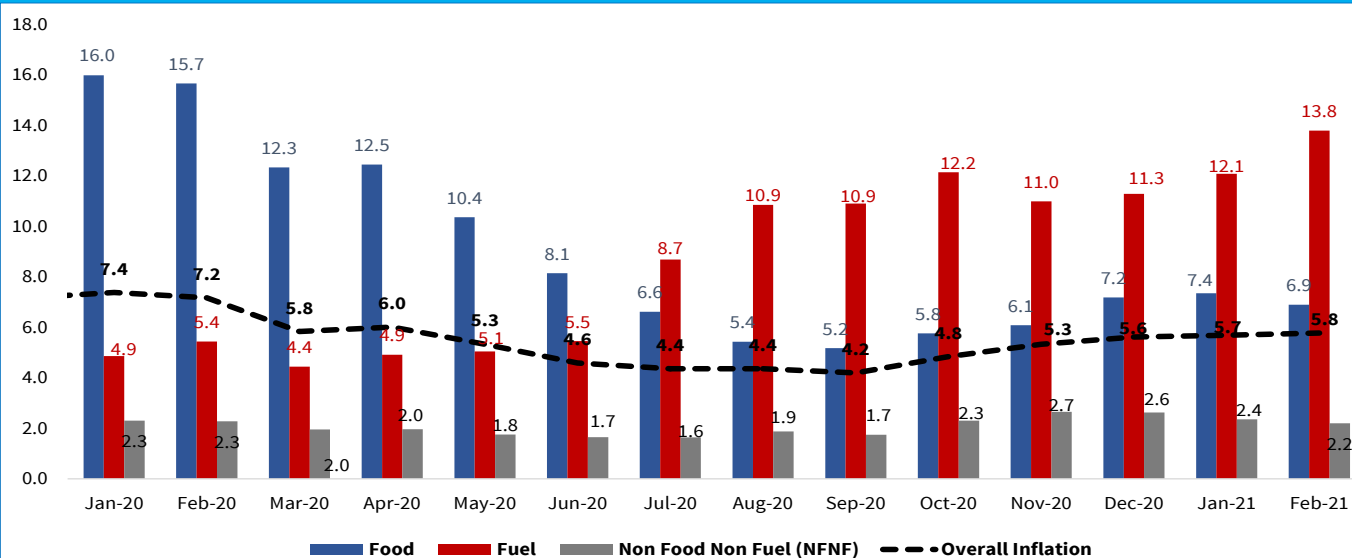
Bonds Market

Turnover of bonds in the domestic secondary market increased by 21.1 percent during the week ending February 25 (Table 6). In the international market, yields on Kenya's Eurobonds remained stable, increasing marginally by an average of 0.6 basis points. Yields on the 10-year Eurobonds for Ghana and Angola also increased marginally (Chart 3).

Global Trends

Global financial markets sentiment remained cautiously upbeat during the week ending February 25, supported by US Federal Reserve assurance of low interest rates that boosted investors' risk appetite but tempered by a rise in new highly transmissible Covid-19 variants that could undermine the global growth prospects.

International oil prices increased further during the week, largely reflecting the ongoing global supply cuts. Murban oil price increased to USD 65.58 per barrel on February 25 from USD 63.53 per barrel on February 18.

Chart 1: Inflation


Source: KNBS and Central Bank of Kenya

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

	USD	Sterling Pound	Euro	100 Japanese Yen	USHS*	TSHS*	RWF*	BIF*
12-Feb-21	109.45	150.34	132.65	104.47	33.49	21.19	9.07	17.75
15-Feb-21	109.44	151.44	132.79	104.56	33.48	21.19	9.07	17.76
16-Feb-21	109.45	151.16	132.66	104.23	33.44	21.19	9.07	17.76
17-Feb-21	109.45	151.94	132.76	103.86	33.44	21.19	9.07	17.76
18-Feb-21	109.46	152.14	132.81	103.41	33.42	21.19	9.07	17.76
Feb 12-18	109.45	151.41	132.74	104.11	33.45	21.19	9.07	17.76
19-Feb-21	109.55	152.66	132.29	103.62	33.44	21.17	9.06	17.74
22-Feb-21	109.60	153.45	133.00	104.06	33.47	21.16	9.06	17.74
23-Feb-21	109.60	153.65	132.92	103.86	33.50	21.16	9.06	17.74
24-Feb-21	109.70	154.40	133.25	104.18	33.45	21.14	9.05	17.72
25-Feb-21	109.77	155.22	133.46	103.73	33.43	21.13	9.05	17.71
Feb 19-25	109.64	153.88	132.98	103.89	33.46	21.15	9.06	17.73

* Units of currency per Kenya Shilling

Source: Central Bank of Kenya

Table 2: Official Foreign Exchange Reserves (USD Million)

	28-Jan-21	4-Feb-21	11-Feb-21	18-Feb-21	25-Feb-21
1. CBK Usable Foreign Exchange Reserves (USD Million)	7,663	7,617	7,638	7,605	7,605
2. CBK Usable Foreign Exchange Reserves (Months of Import Cover)*	4.71	4.68	4.69	4.67	4.67

*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-Feb-21	25	11,580.00	3.55
15-Feb-21	26	12,370.00	3.88
16-Feb-21	26	12,390.00	4.04
17-Feb-21	21	9,390.00	4.06
18-Feb-21	21	12,330.00	4.03
Feb 12-18	24	11,612.00	3.91
19-Feb-21	34	16,105.00	4.03
22-Feb-21	37	19,240.00	4.18
23-Feb-21	26	17,910.00	4.11
24-Feb-21	30	15,110.00	4.27
25-Feb-21	23	11,950.00	4.22
Feb 19-25	30	16,063.00	4.16

Source: Central Bank of Kenya

Table 4: Performance of Treasury Bills Auctions

91-Day Treasury Bills						
Date of Auction	21-Jan-21	28-Jan-21	4-Feb-21	11-Feb-21	18-Feb-21	25-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)	2,149.68	508.70	504.73	956.43	4,674.45	6,281.66
Amount Accepted (KSh M)	2,149.68	507.72	489.41	945.08	4,655.48	4,806.25
Maturities (KSh M)	4,120.95	2,536.00	2,309.20	8,697.95	5,641.75	3,633.50
Average Interest Rate (%)	6.983	6.897	6.873	6.905	6.911	6.931
182-Day Treasury Bills						
Date of Auction	21-Jan-21	28-Jan-21	4-Feb-21	11-Feb-21	18-Feb-21	25-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)	916.09	1,969.87	2,085.09	4,697.75	11,403.48	10,227.69
Amount Accepted (KSh M)	910.22	1,969.87	2,020.55	4,216.39	10,681.88	7,340.21
Maturities (KSh M)	1,306.30	1,555.20	9,905.70	7,190.10	899.50	5,056.35
Average Interest Rate (%)	7.508	7.578	7.594	7.644	7.684	7.722
364-Day Treasury Bills						
Date of Auction	21-Jan-21	28-Jan-21	4-Feb-21	11-Feb-21	18-Feb-21	25-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)	17,219.73	13,416.65	14,210.31	16,079.26	13,901.18	15,164.20
Amount Accepted (KSh M)	14,473.40	13,414.35	12,373.61	14,074.59	13,471.78	14,522.84
Maturities (KSh M)	20,267.90	22,392.40	8,680.60	24,209.35	27,650.90	10,954.45
Average Interest Rate (%)	8.508	8.623	8.716	8.824	8.931	9.014

Source: Central Bank of Kenya

Table 5: Performance of Treasury Bond Auctions

Date of Auction	23-Dec-20		6-Jan-21	20-Jan-21	3-Feb-21		17-Feb-21	
	TAP				REOPEN		TAP	
Tenor	FXD1/ 2012/15	FXD2/ 2019/15	FXD1/ 2021/02	IFB1/ 2021/016	FXD1/ 2013/15	FXD1/ 2012/20	FXD1/ 2013/15	FXD1/ 2012/20
Amount offered (KSh M)	22,000.00		25,000.00	50,000.00	50,000.00		18,000.00	
Bids received (KSh M)	2,578.40	7,433.65	61,150.39	125,472.82	13,553.50	28,308.65	7,164.85	4,071.20
Amount Accepted (KSh M)	2,522.81	7,396.48	55,860.26	81,052.52	9,408.58	22,713.42	6,985.73	3,924.84
Maturities (KSh M)	0.00		0.00	31,120.85	7,868.37		0.00	
Average interest Rate (%)	11.00	12.73	9.49	12.26	11.78	12.59	11.78	12.59

Source: Central Bank of Kenya

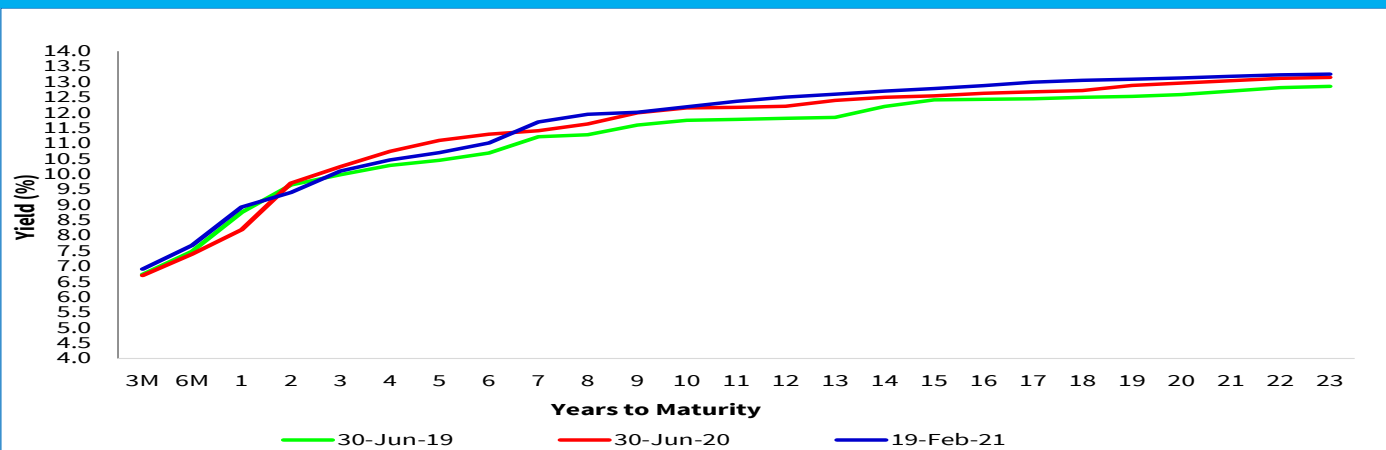
Table 6: Key Weekly Market Indicators

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
12-Feb-21	164.02	3612.06	1889.77	831.00	9.71	353.25	2,520.09	3,136.65	4.514	3.525	4.952	5.821	6.996
15-Feb-21	165.79	3633.08	1885.15	976.00	10.63	328.74	2,547.35	2,764.40	4.547	3.525	5.051	5.955	6.996
16-Feb-21	164.48	3618.75	1879.19	1086.00	15.38	517.54	2,527.25	2,423.05	4.590	3.485	5.011	5.940	7.005
17-Feb-21	165.04	3624.62	1874.67	1009.00	15.92	673.74	2,535.87	3,446.15	4.732	3.671	5.270	6.167	7.156
18-Feb-21	164.31	3617.11	1875.71	923.00	12.37	411.70	2,524.67	2,381.70	4.651	3.475	5.228	6.166	7.165
Feb 12-18	164.31	3617.11	1875.71	4825.00	64.01	2,284.97	2,524.67	14,151.95	4.651	3.475	5.228	6.166	7.165
19-Feb-21	165.55	3638.47	1888.47	1088.00	18.25	488.52	2,543.63	5,506.55	4.668	3.435	5.207	6.165	7.165
22-Feb-21	165.86	3637.31	1877.46	1017.00	16.75	650.81	2,548.47	3,462.60	4.764	3.545	5.368	6.288	7.204
23-Feb-21	165.89	3627.37	1883.64	970.00	28.25	1,074.73	2,548.92	4,965.60	4.683	3.355	5.327	6.273	7.262
24-Feb-21	165.85	3628.83	1877.67	869.00	14.63	601.11	2,548.34	1,321.35	4.630	3.352	5.266	6.241	7.213
25-Feb-21	165.64	3618.30	1896.68	839.00	10.65	499.46	2,545.09	1,888.00	4.650	3.301	5.303	6.240	7.223
Feb 19-25	165.64	3618.30	1896.68	4783.00	88.54	3,314.63	2,545.09	17,144.10	4.650	3.301	5.303	6.240	7.223
Weekly Changes (%)	0.81	0.03	1.12	-0.87	38.33	45.06	0.81	21.14	-0.001*	-0.174*	0.075*	0.074*	0.058*

* Percentage points

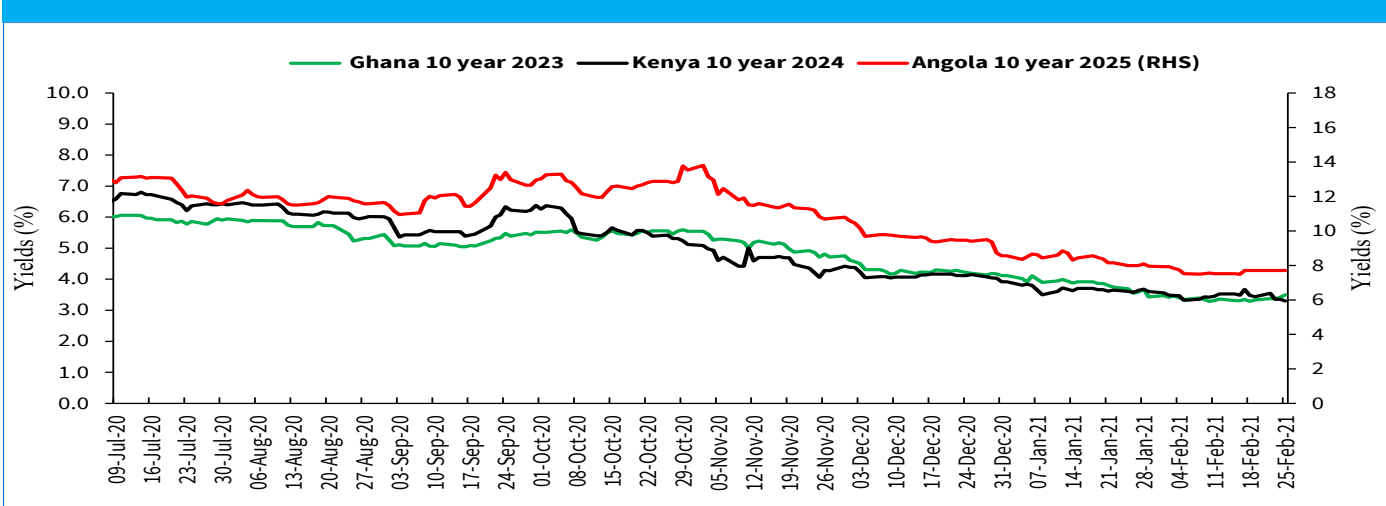
Source: Nairobi Securities Exchange (NSE) and Thompson Reuters

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)

	28-Jun-19	31-Dec-19	30-Jun-20	30-Sep-20	31-Dec-20	12-Feb-21	19-Feb-21
1. Treasury Bills (Excluding Repos)	954.25	878.94	887.14	894.73	855.71	771.18	751.72
<i>(As % of total securities)</i>	35.29	30.80	28.55	26.50	25.04	22.27	21.83
2. Treasury Bonds	1,749.71	1,974.69	2,220.34	2,482.24	2,561.33	2,692.36	2,692.36
<i>(As % of total securities)</i>	64.71	69.20	71.45	73.50	74.96	77.73	78.17
3. Total Securities (1+2)	2,703.96	2,853.63	3,107.48	3,376.98	3,417.05	3,463.53	3,444.07
4. Overdraft at Central Bank	57.33	63.72	47.15	56.21	47.60	45.57	49.99
5. Other Domestic debt*	25.76	24.75	23.24	23.92	24.16	23.34	25.90
6. Gross Domestic Debt (3+4+5)	2,787.04	2,942.10	3,177.87	3,457.11	3,488.81	3,532.45	3,519.97

* 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	12-Feb-21	19-Feb-21
Treasury bills (Excluding Repos)	34.24	29.87	27.92	25.88	24.53	21.83	21.36
Treasury bonds	62.78	67.12	69.87	71.80	73.42	76.22	76.49
Overdraft at Central Bank	2.06	2.17	1.48	1.63	1.36	1.29	1.42
Other domestic debt	0.92	0.84	0.73	0.69	0.69	0.66	0.74
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	12-Feb-21	19-Feb-21
Banking Institutions	54.38	54.33	54.86	55.15	53.29	53.23	53.49
Insurance Companies	6.13	6.42	6.05	6.16	6.44	6.46	6.49
Parastatals	6.97	6.49	5.73	5.47	5.68	5.63	5.58
Pension Funds	28.24	28.60	29.05	28.52	30.32	30.19	29.94
Other Investors	4.28	4.17	4.32	4.71	4.27	4.50	4.50
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