



Central Bank of Kenya

Weekly Bulletin

September 25, 2020

KEY MONETARY AND FINANCIAL INDICATORS

Exchange Rates

The Kenya Shilling remained relatively stable against major international and regional currencies during the week ending September 24. It exchanged at KSh 108.41 per US dollar on September 24 compared to KSh 108.38 per US dollar on September 17 (Table 1).

Foreign Exchange Reserves

The CBK usable foreign exchange reserves remained adequate at USD 8,627 million (5.23 months of import cover) as at September 24. 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).

Remittances

Remittance inflows remained strong in August 2020 amounting to USD 274.1 million compared to USD 214.3 million in August 2019, and USD 277.0 million in July 2020 (Chart 1) in line with seasonal factors. The cumulative inflows in the 12 months to August 2020 totalled USD 2,921 million compared to USD 2,776 million in the 12 months to August 2019, an increase of 5.2 percent. Inflows from the US, United Kingdom, Saudi Arabia and Qatar increased, while those from South Africa and Germany declined marginally compared to July 2020.

Current Account

Preliminary data on balance of payments shows that the current account deficit remained stable at 4.7 percent of GDP in the 12 months to August 2020, similar to the level in July. This reflected lower oil imports and improvement in exports of tea, horticulture as well as remittances (Chart 2).

Money Markets

Liquidity in the money market was relatively tight during the week ending September 24, mainly as a result of tax remittances which more than offset government payments. Commercial banks' excess reserves stood at KSh 14.1 billion in relation to the 4.25 percent cash reserves requirement (CRR). Open market operations remained active. The average interbank rate was 3.34

percent on September 24 compared to 2.87 percent on September 17. The average number of interbank deals per day remained stable at 24 while the value traded increased to KSh 13.3 billion from KSh 11.3 billion in the previous week (Table 3).

Government Securities Market

The Treasury bills auction of September 24 received bids totalling KSh 7.1 billion against an advertised amount of KSh 24.0 billion, representing a performance of 29.7 percent. Interest rates on the Treasury bills increased marginally (Table 4).

Equity Market

At the Nairobi Securities Exchange, all the share price indices remained relatively stable during the week ending September 24. The NSE 25 share price index rose by 0.1 percent, while both NASI and NSE 20 share price index declined marginally by 0.1 percent and 0.7 percent, respectively. Market capitalisation declined marginally (Table 6).

Bond Market

Turnover of bonds traded in the domestic secondary market decreased by 34.4 percent during the week ending September 24 (Table 6). In the international market, yields on Kenya's Eurobonds increased by an average of 74.9 basis points. The yields on the 10-year Eurobonds for Angola and Ghana also increased (Chart 4).

Global Trends

Global financial markets were cagey during the week ending September 24, largely due to uncertainties surrounding the global economic outlook following renewed COVID-19 infections in Europe and re-imposition of restrictions in selected countries.

International oil prices declined marginally during the week due to weak global demand. Murban oil price declined to USD 41.49 per barrel on September 24 from USD 42.01 per barrel on September 17.

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

	USD	Sterling Pound	Euro	100 Japanese Yen	USHS*	TSHS*	RWF*	BIF*
11-Sept-20	108.45	140.70	128.40	102.19	34.16	21.39	8.93	17.81
14-Sept-20	108.50	139.06	128.56	102.32	34.10	21.38	8.93	17.80
15-Sept-20	108.56	139.48	128.81	102.77	34.08	21.37	8.92	17.79
16-Sept-20	108.64	140.32	129.22	102.94	34.06	21.36	8.92	17.78
17-Sept-20	108.38	140.55	128.68	103.14	34.12	21.41	8.94	17.82
Sept 11-17	108.38	140.02	128.73	102.67	34.11	21.38	8.93	17.80
18-Sept-20	108.39	139.76	128.15	103.63	34.06	21.40	8.94	17.82
21-Sept-20	108.40	140.44	128.40	103.92	34.04	21.40	8.94	17.82
22-Sept-20	108.36	139.37	127.79	103.76	34.05	21.41	8.94	17.83
23-Sept-20	108.42	139.15	127.56	103.73	34.04	21.40	8.94	17.82
24-Sept-20	108.41	137.95	126.82	103.18	34.08	21.40	8.94	17.78
Sept 18-24	108.40	139.34	127.74	103.64	34.05	21.40	8.94	17.81

* Units of currency per Kenya Shilling

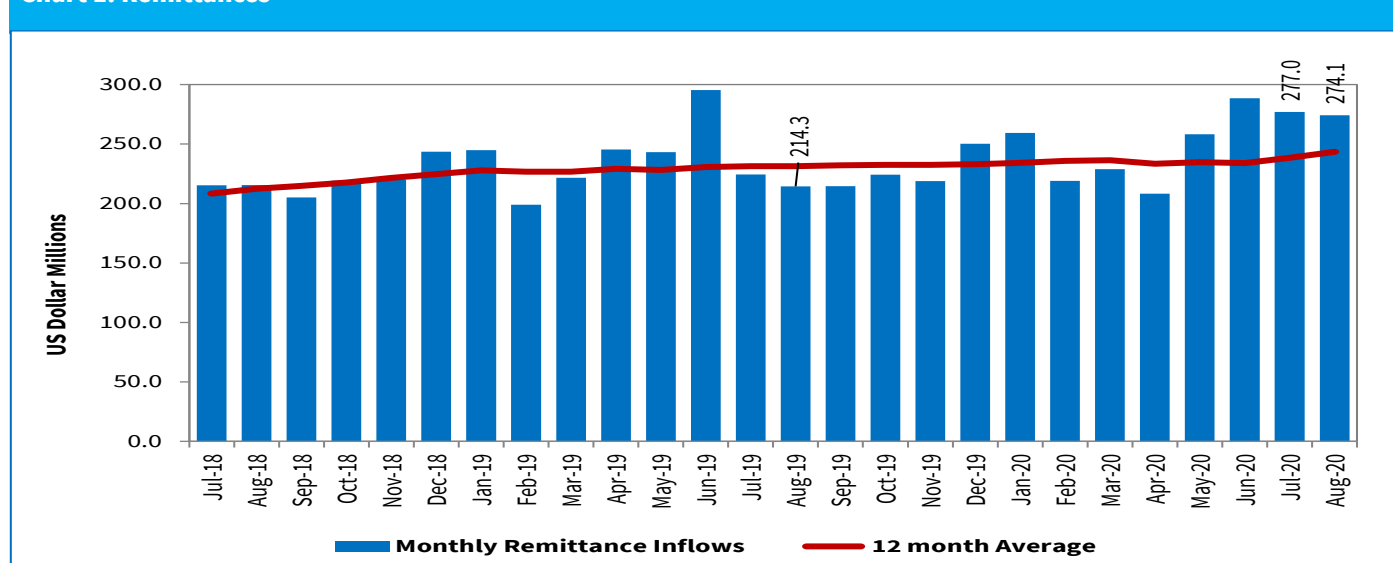
Source :Central Bank of Kenya

Table 2: Official Usable Foreign Exchange Reserves

	27-Aug-20	31-Aug-20	3-Sept-20	10-Sept-20	17-Sept-20	24-Sept-20
1. CBK Usable Foreign Exchange Reserves (USD Million)	8,963	8,849	8,865	8,877	8,838	8,627
2. CBK Usable Foreign Exchange Reserves (Months of Import Cover)*	5.44	5.37	5.38	5.39	5.36	5.23

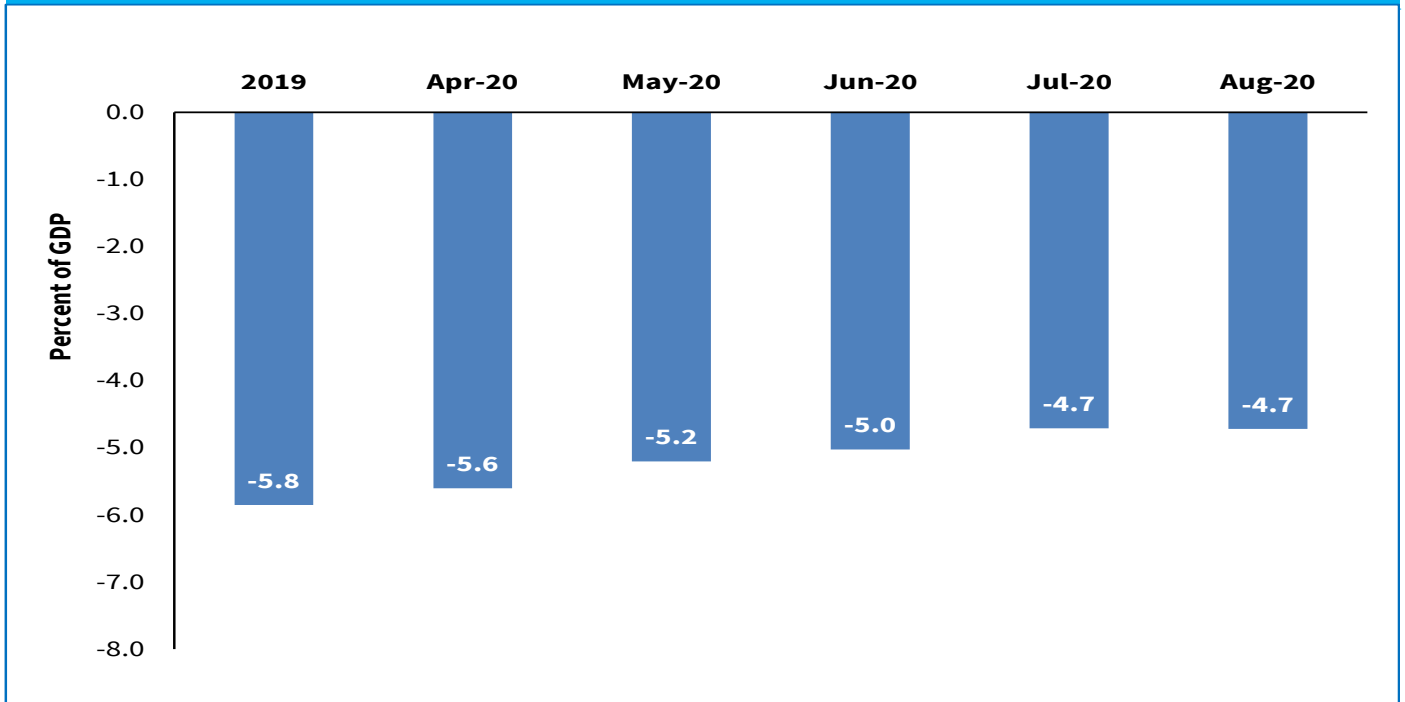
*Based on 36 months average of imports of goods and non-factor services.

Source: Central Bank of Kenya

Chart 1: Remittances

Source: Central Bank of Kenya

Chart 2: Current Account Balance



Source: Central Bank of Kenya

Table 3: Money Market

Date	Number of Deals	Value (KSh M)	Average Interbank Rate (%)
11-Sept-20	27	11,865.00	2.58
14-Sept-20	17	10,075.00	2.33
15-Sept-20	34	14,660.00	2.72
16-Sept-20	25	11,425.00	2.78
17-Sept-20	22	8,365.00	2.87
Sept 11-17	25	11,278.00	2.66
18-Sept-20	27	19,410.00	2.81
21-Sept-20	28	19,720.00	2.98
22-Sept-20	25	11,535.00	3.25
23-Sept-20	20	7,905.00	3.35
24-Sept-20	20	8,120.00	3.34
Sept 18-24	24	13,338.00	3.15

Source: Central Bank of Kenya

Table 4: Performance of Treasury Bills Auctions

91-Day Treasury Bills						
Date of Auction	20-Aug-20	27-Aug-20	3-Sept-20	10-Sept-20	17-Sept-20	24-Sept-20
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)	2,617.91	4,531.82	2,738.60	7,227.67	6,049.89	1,121.74
Amount Accepted (Ksh M)	2,617.51	3,988.09	2,248.26	7,214.49	6,048.02	1,101.03
Maturities (Ksh M)	7,992.80	2,285.85	4,309.50	3,924.05	6,465.20	695.40
Average Interest Rate (%)	6.257	6.273	6.295	6.267	6.273	6.309
182-Day Treasury Bills						
Date of Auction	20-Aug-20	27-Aug-20	3-Sept-20	10-Sept-20	17-Sept-20	24-Sept-20
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)	882.55	6,095.76	3,162.21	7,602.49	1,919.00	1,272.08
Amount Accepted (Ksh M)	882.55	4,901.01	2,682.80	7,510.40	1,918.09	1,131.97
Maturities (Ksh M)	7,909.25	2,771.45	2,050.40	2,609.25	3,747.10	3,480.25
Average Interest Rate (%)	6.600	6.625	6.627	6.689	6.720	6.773
364-Day Treasury Bills						
Date of Auction	20-Aug-20	27-Aug-20	3-Sept-20	10-Sept-20	17-Sept-20	24-Sept-20
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)	6,184.46	1,932.63	5,995.46	5,351.49	8,915.21	4,731.14
Amount Accepted (Ksh M)	6,184.46	1,836.51	5,995.46	3,960.39	8,852.01	4,424.96
Maturities (Ksh M)	9,717.75	8,496.70	7,879.45	7,907.80	21,244.20	12,677.60
Average Interest Rate (%)	7.508	7.507	7.554	7.564	7.571	7.690

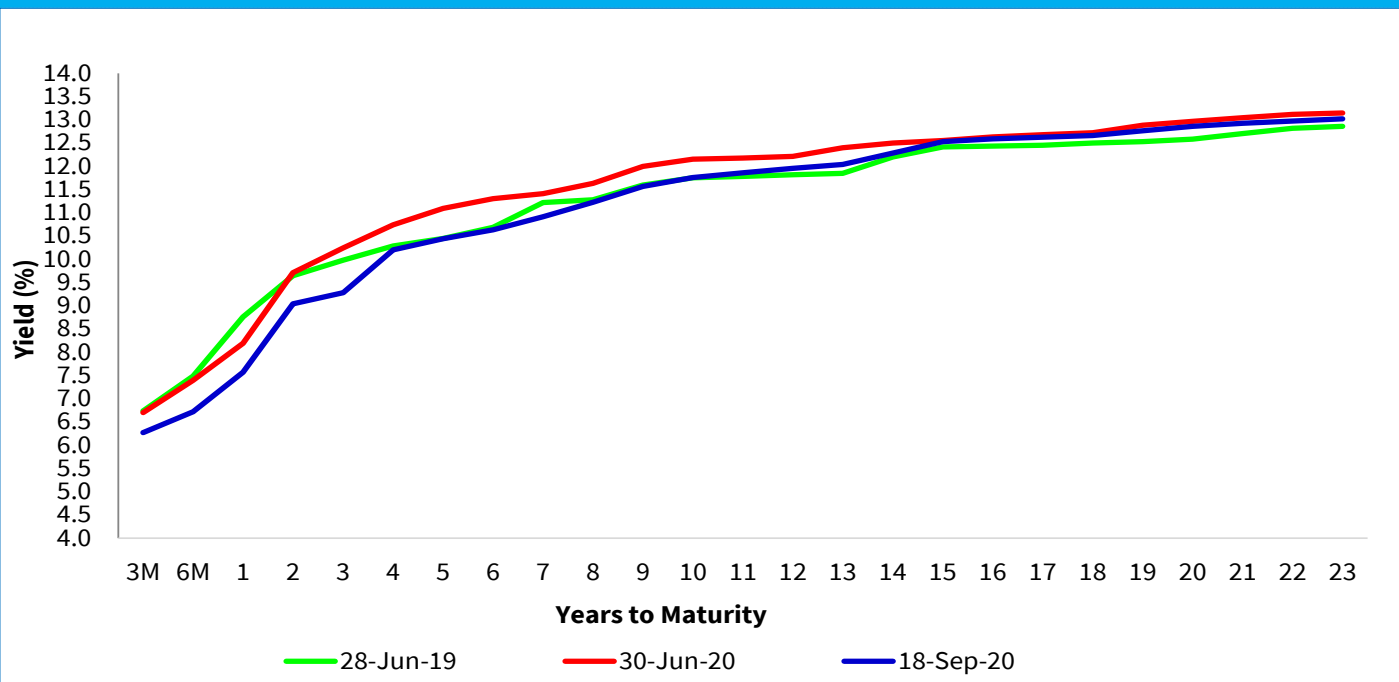
Source: Central Bank of Kenya

Table 5: Performance of Treasury Bonds Auctions

Date of Auction	22-Jul-20			5-Aug-20	19-Aug-20	16-Sept-20		
	REOPEN			TAP		REOPEN		
Tenor	FXD1/ 2020/5	FXD2/ 2018/10	FXD1/ 2019/15	FXD2/ 2018/20	IFB1/ 2020/11	FXD2/ 2010/15	FXD1/ 2020/15	FXD1/ 2011/20
Amount offered (Ksh M)	60,000.00			40,000.00	70,000.00	50,000.00		
Bids received (Ksh M)	65,336.90	55,488.14	60,947.80	41,006.20	101,471.04	17,841.15	49,791.29	
Amount Accepted (Ksh M)	9,344.71	21,267.34	50,242.43	41,006.20	78,639.89	11,019.41	45,691.75	7,465.13
Maturities (Ksh M)	0.00			0.00	0.00	0.00		
Average interest Rate (%)	10.26	11.45	12.34	12.93	11.30	10.46	12.51	11.87

Source: Central Bank of Kenya

Chart 3: Government Securities Yield



Source: Central Bank of Kenya

Table 6: Key Weekly Market Indicators

INDICATOR	NASI	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)	Eurobond Yields (%)				
									7-Year 2027	10-Year 2024	10-Year 2028	12-Year 2032	30-Year 2048
11-Sept-20	140.87	3260.66	1875.69	1018	15.1	398.3	2,162.8	3,323.8	6.554	5.534	6.794	7.481	8.067
14-Sept-20	140.62	3259.34	1879.44	918	5.1	79.8	2,159.0	6,432.8	6.556	5.533	6.794	7.498	8.101
15-Sept-20	141.04	3260.83	1877.80	1061	10.0	295.9	2,165.4	3,310.1	6.501	5.533	6.751	7.464	8.037
16-Sept-20	140.65	3248.16	1866.24	1073	17.5	550.0	2,159.4	2,655.2	6.368	5.387	6.645	7.397	8.011
17-Sept-20	139.80	3219.95	1844.60	1158	123.5	3,763.0	2,146.4	1,540.9	6.451	5.420	6.751	7.481	8.078
Sept 11-17	139.80	3219.95	1844.60	5,228.00	171.25	5086.94	2,146.42	17,262.60	6.451	5.420	6.751	7.481	8.078
18-Sept-20	140.24	3238.77	1847.41	808	19.9	452.6	2,153.1	1,589.7	6.485	5.456	6.751	7.497	8.101
21-Sept-20	139.54	3219.29	1848.74	789	8.4	203.4	2,142.3	2,114.3	6.859	5.710	6.814	7.667	8.272
22-Sept-20	139.77	3219.35	1839.96	1,081	23.7	607.1	2,145.8	3,045.1	6.997	6.004	7.161	7.892	8.378
23-Sept-20	139.63	3217.59	1840.68	1,023	25.8	685.6	2,143.7	2,896.0	7.179	6.077	7.205	7.927	8.437
24-Sept-20	139.71	3221.79	1832.00	952	44.5	1,440.6	2,144.9	1,687.8	7.369	6.338	7.493	8.158	8.570
Sept 18-24	139.71	3221.79	1832.00	4653.00	122.25	3389.32	2,144.89	11,332.75	7.369	6.338	7.493	8.158	8.570
Weekly Changes (Percent)	-0.06	0.06	-0.68	-11.00	-28.61	-33.37	-0.07	-34.35	0.918*	0.918*	0.742*	0.677*	0.492*

* Percentage points

Source: Nairobi Securities Exchange (NSE)

Table 7: Government Domestic Debt (KSh Billion)							
	28-Jun-19	30-Jun-20	30-Jul-20	21-Aug-20	28-Aug-20	11-Sept-20	18-Sept-20
1. Treasury Bills (Excluding Repos)	954.25	887.14	950.65	934.19	918.77	913.51	918.41
<i>(As % of total securities)</i>	35.29	28.55	29.26	28.55	27.53	27.42	27.53
2. Treasury Bonds	1,749.71	2,220.34	2,297.85	2,338.07	2,418.32	2,417.43	2,417.43
<i>(As % of total securities)</i>	64.71	71.45	70.74	71.45	72.47	72.58	72.47
3. Total Securities (1+2)	2,703.96	3,107.48	3,248.50	3,272.26	3,337.09	3,330.94	3,335.84
4. Overdraft at Central Bank	57.33	47.15	0.00	13.40	29.85	35.54	31.31
5. Other Domestic debt*	25.76	23.79	25.05	25.06	25.04	24.50	24.52
6. Gross Domestic Debt (3+4+5)	2,787.04	3,178.42	3,273.55	3,310.72	3,391.97	3,390.99	3,391.67

* 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-Sept-19	31-Dec-19	31-Mar-20	30-Jun-20	11-Sept-20	18-Sept-20
Treasury bills (Excluding Repos)	34.24	32.57	29.87	29.31	27.91	26.94	27.08
Treasury bonds	62.78	64.13	67.12	68.11	69.86	71.29	71.28
Overdraft at Central Bank	2.06	2.39	2.17	1.76	1.48	1.05	0.92
Other domestic debt	0.92	0.90	0.84	0.82	0.75	0.72	0.72
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)							
	28-Jun-19	31-Dec-19	31-Mar-20	30-Jun-20	21-Aug-20	11-Sept-20	18-Sept-20
Banking Institutions	54.38	54.33	54.33	54.86	54.32	54.95	55.02
Insurance Companies	6.13	6.42	6.30	6.05	6.22	6.12	6.10
Parastatals	6.97	6.49	6.13	5.73	5.53	5.49	5.53
Pension Funds	28.24	28.60	29.04	29.05	29.75	29.24	29.16
Other Investors	4.28	4.17	4.20	4.32	4.18	4.21	4.20
Total	100.00	100.00	100.00	100.00	100.00	100.00	100.00

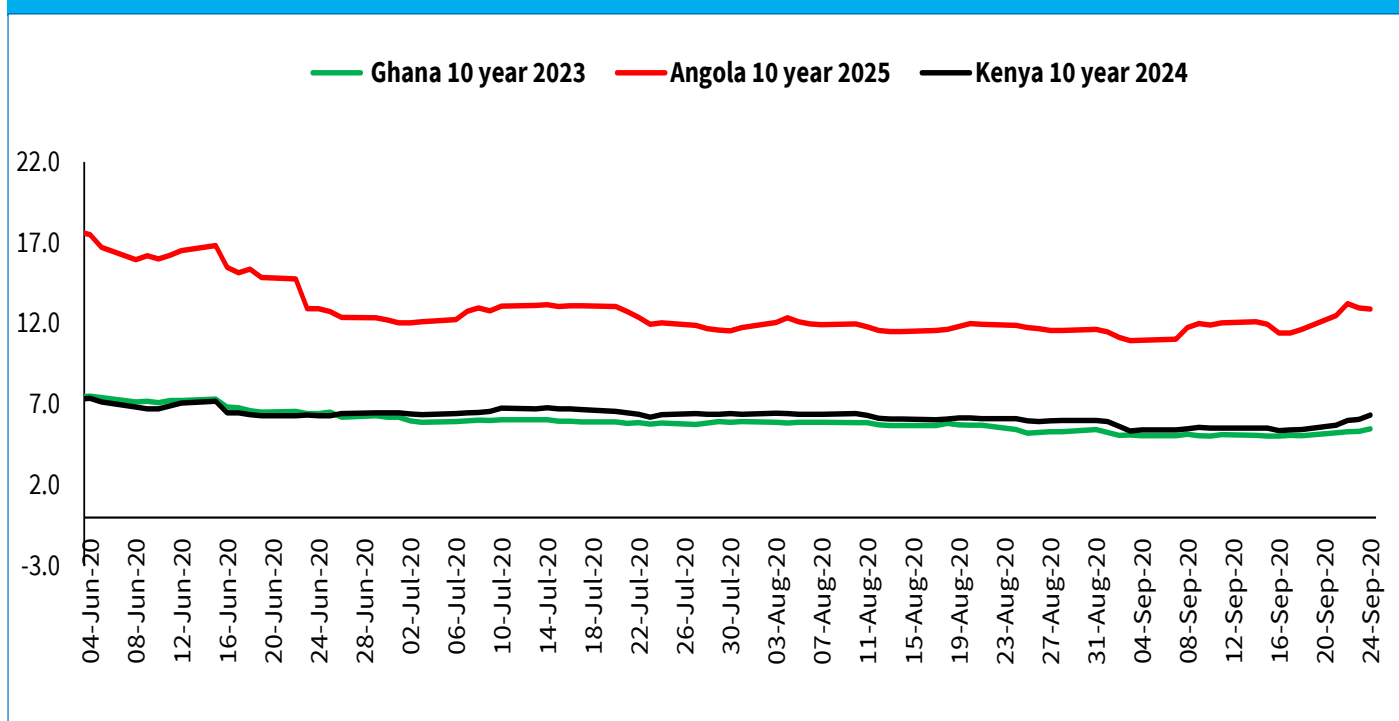
Source: Central Bank of Kenya

Table 10: Indicators of Government Debt

	Jun-19	Sep-19	Dec-19	Mar-20	Apr-20	May-20	Jun-20
Domestic Debt (Kshs Bn)	2,787.04	2,851.64	2,942.10	3,072.54	3,119.42	3,153.14	3,178.42
Public & Publicly Guaranteed External Debt (US \$ Bn)	29.55	29.95	30.66	30.69	30.89	32.67	33.01
Public & Publicly Guaranteed External Debt (Ksh Bn)	3,023.14	3,111.80	3,106.82	3,212.63	3,317.33	3,496.43	3,515.81
Public Debt (Ksh Bn)	5,810.18	5,963.44	6,048.93	6,285.18	6,436.75	6,649.57	6,694.23

Source: National Treasury and Central Bank of Kenya

Chart 4: Yields on 10 year Eurobonds for Selected African Countries



Source: Thomson Reuters