



Central Bank of Kenya

Weekly Bulletin

June 12, 2020

KEY MONETARY AND FINANCIAL INDICATORS

Exchange Rate

The Kenya Shilling remained stable against major international and regional currencies during the week ending June 11. It exchanged at KSh 106.60 per US dollar on June 11 compared to KSh 106.12 per US dollar on June 4 (Table 1).

Foreign Exchange Reserves

The CBK usable foreign exchange reserves remained adequate at USD 9,302 million (5.59 months of import cover) as at June 11. 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).

Money Markets

The money market was liquid during the week ending June 11, supported by government payments. Commercial banks' excess reserves stood at KSh 32.8 billion in relation to the 4.25 percent cash reserves requirement (CRR). Open market operations remained active. The average interbank rate declined to 2.59 percent on June 11 from 3.12 percent on June 4. The average number of interbank deals per day decreased to 10 from 21 in the previous week, while the value traded decreased to KSh 4.0 billion from KSh 12.3 billion in the previous week (Table 3).

Government Securities

The Treasury bills auction of June 11 received bids totalling KSh 69.7 billion against an advertised amount of KSh 24.0 billion, representing a performance of 290.5 percent. Interest rates on all the Treasury bills tenors decreased (Table 4).

Equity Market

At the Nairobi Securities Exchange, the NASI, NSE 20 and the NSE 25 share price indices increased by 2.3 percent, 3.3 percent and 2.1 percent, respectively, during the week ending June 11. Market capitalization, equity turnover and the number of shares traded also increased by 2.3 percent, 16.0 percent and 36.2 percent, respectively (Table 6).

Bonds Market

Turnover of bonds traded in the domestic secondary market declined by 7.9 percent during the week (Table 6). In the international market, yields on Kenya's Eurobonds declined by an average of 9.94 basis points. The yields on the 10-year Eurobonds for Angola and Ghana also declined (Chart 2).

Global Trends

Global financial markets activity remained subdued during the week as the recent investor optimism arising from reopening of economies was dampened by OECD's forecast of a 6 percent contraction of global economy in 2020.

International oil prices increased during the week supported by OPEC's decision to maintain production cuts and the continued optimism about recovery in global demand. Murban oil price increased to USD 41.25 per barrel on June 11 from USD 39.14 per barrel on June 4.

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

| | USD | Sterling Pound | Euro | 100 Japanese Yen | USHS* | TSHS* | RWF* | BIF* |
|---------------------|---------------|----------------|---------------|------------------|--------------|--------------|-------------|--------------|
| 29-May-20 | 106.94 | 131.14 | 117.81 | 99.27 | 35.40 | 21.65 | 8.92 | 17.71 |
| 1-Jun-20 | Holiday | | | | | | | |
| 2-Jun-20 | 106.80 | 132.00 | 118.95 | 99.69 | 35.43 | 21.67 | 8.93 | 17.74 |
| 3-Jun-20 | 106.45 | 133.51 | 118.88 | 98.24 | 35.41 | 21.75 | 8.96 | 17.80 |
| 4-Jun-20 | 106.12 | 133.49 | 118.88 | 97.29 | 35.48 | 21.81 | 8.99 | 17.86 |
| May 29-Jun 4 | 106.58 | 132.53 | 118.63 | 98.63 | 35.43 | 21.72 | 8.95 | 17.78 |
| 5-Jun-20 | 106.09 | 132.96 | 119.06 | 97.18 | 35.51 | 21.82 | 8.99 | 17.86 |
| 8-Jun-20 | 106.14 | 134.55 | 120.10 | 96.84 | 35.10 | 21.80 | 8.99 | 17.86 |
| 9-Jun-20 | 106.30 | 134.70 | 120.10 | 97.40 | 35.09 | 21.77 | 8.98 | 17.83 |
| 10-Jun-20 | 106.43 | 134.68 | 120.15 | 98.68 | 35.05 | 21.74 | 8.97 | 17.82 |
| 11-Jun-20 | 106.60 | 136.32 | 121.26 | 99.31 | 35.04 | 21.72 | 8.95 | 17.80 |
| Jun 5-11 | 106.31 | 134.64 | 120.13 | 97.88 | 35.16 | 21.77 | 8.98 | 17.83 |

* Units of currency per Kenya Shilling

Source :Central Bank of Kenya

Table 2: Official Usable Foreign Exchange Reserves

| | 30-Apr-20 | 7-May-20 | 14-May-20 | 21-May-20 | 28-May-20 | 4-Jun-20 | 11-Jun-20 |
|---|-----------|----------|-----------|-----------|-----------|----------|-----------|
| 1. CBK Usable Foreign Exchange Reserves (USD Million) | 7,744 | 7,809 | 8,532 | 8,489 | 8,331 | 9,261 | 9,302 |
| 2. CBK Usable Foreign Exchange Reserves (Months of Import Cover)* | 4.66 | 4.70 | 5.14 | 5.11 | 4.99 | 5.56 | 5.59 |

*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 (%) |
|------------------------|-----------------|------------------|----------------------------|
| 29-May-20 | 28 | 18,250.00 | 3.28 |
| 1-Jun-20 | Public Holiday | | |
| 2-Jun-20 | 20 | 11,950.00 | 3.25 |
| 3-Jun-20 | 16 | 9,350.00 | 3.14 |
| 4-Jun-20 | 18 | 9,840.00 | 3.12 |
| May 29- June 4 | 21 | 12,347.50 | 3.20 |
| 5-Jun-20 | 12 | 6,450.00 | 2.99 |
| 8-Jun-20 | 9 | 6,050.00 | 2.70 |
| 9-Jun-20 | 14 | 4,800.00 | 2.59 |
| 10-Jun-20 | 5 | 850.00 | 2.68 |
| 11-Jun-20 | 9 | 2,000.00 | 2.59 |
| June 5- June 11 | 10 | 4,030.00 | 2.71 |

Source :Central Bank of Kenya

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

| Date of Auction | 7-May-20 | 14-May-20 | 21-May-20 | 28-May-20 | 4-Jun-20 | 11-Jun-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) | 2,442.83 | 7,670.62 | 10,837.82 | 3,251.08 | 10,221.82 | 11,761.25 |
| Amount Accepted (Ksh M) | 2,441.95 | 7,651.31 | 7,859.34 | 2,269.17 | 4,253.87 | 3,858.82 |
| Maturities (Ksh M) | 3,422.55 | 1,701.20 | 1,907.10 | 2,380.05 | 769.70 | 2,235.10 |
| Average interest Rate (%) | 7.253 | 7.266 | 7.319 | 7.333 | 7.325 | 7.259 |

182-Day Treasury Bills

| | | | | | | |
|----------------------------------|--------------|--------------|--------------|--------------|--------------|--------------|
| 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) | 3,795.10 | 4,485.22 | 10,490.21 | 5,840.86 | 21,304.04 | 26,495.03 |
| Amount Accepted (Ksh M) | 3,795.10 | 4,433.36 | 5,518.38 | 1,404.01 | 8,860.38 | 6,723.69 |
| Maturities (Ksh M) | 3,342.15 | 1,578.75 | 3,504.05 | 576.50 | 650.75 | 3,603.60 |
| Average interest Rate (%) | 8.151 | 8.192 | 8.227 | 8.248 | 8.200 | 8.060 |

364-Day Treasury Bills

| | | | | | | |
|----------------------------------|--------------|--------------|--------------|--------------|--------------|--------------|
| 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) | 8,779.00 | 11,932.41 | 14,495.87 | 15,498.70 | 18,650.21 | 31,465.74 |
| Amount Accepted (Ksh M) | 8,552.61 | 11,892.94 | 13,181.28 | 11,456.58 | 4,668.38 | 12,290.15 |
| Maturities (Ksh M) | 6,485.45 | 15,039.65 | 20,211.35 | 5,332.05 | 16,272.80 | 7,689.40 |
| Average interest Rate (%) | 9.161 | 9.173 | 9.195 | 9.198 | 9.165 | 9.030 |

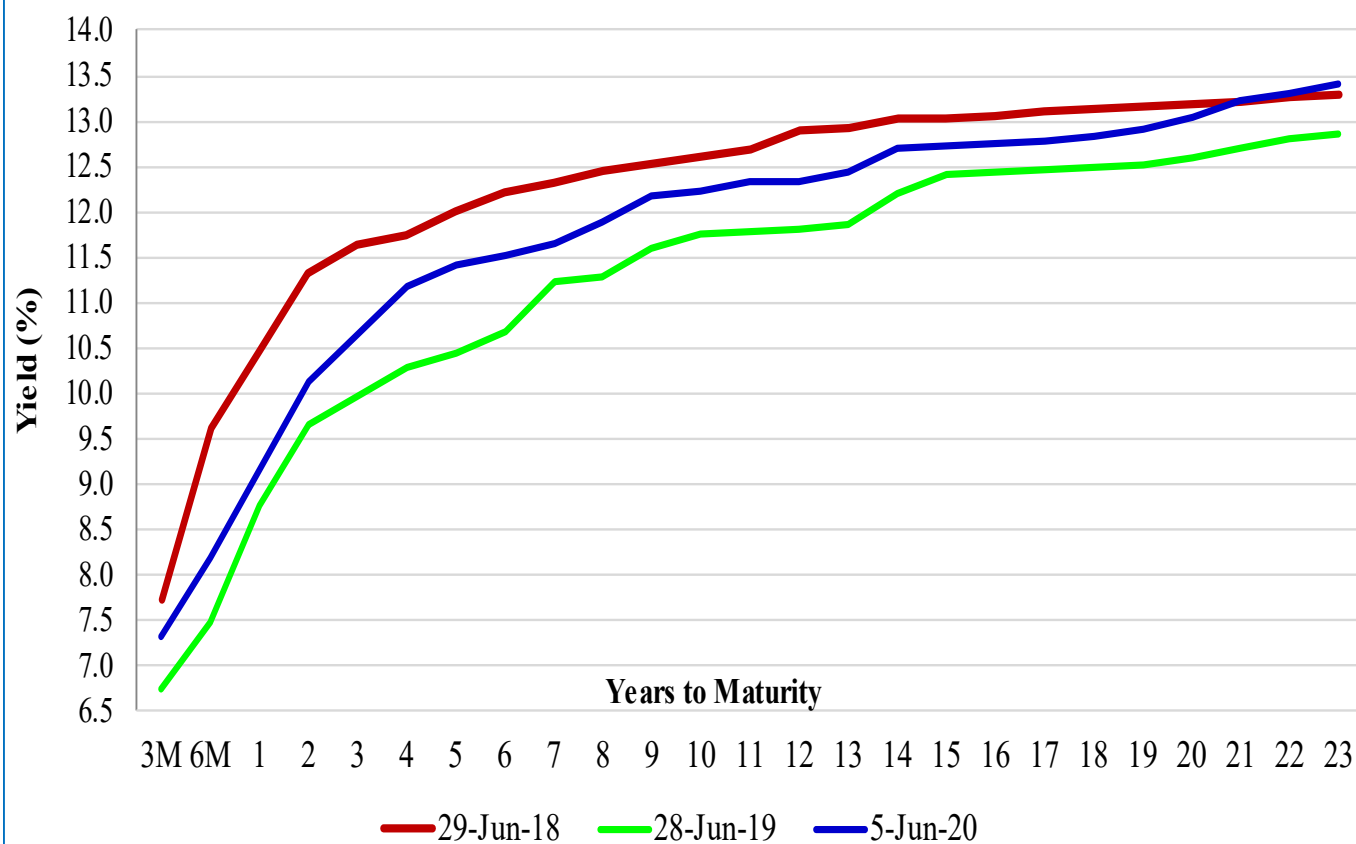
Source: Central Bank of Kenya

Table 5: Performance of Treasury Bonds Auctions

| Date of Auction | 18-Mar-20 | | 8-Apr-20 | 22-Apr-20 | 6-May-20 | 20-May-20 | 27-May-20 |
|---------------------------|--------------|--------------|-------------|-------------|-------------|-------------|-------------|
| | REOPEN | | | TAP | | REOPEN | |
| Tenor | FXD1/2018/20 | FXD1/2018/25 | IFB1/2020/9 | IFB1/2020/9 | FXD1/2020/5 | FXD1/2020/5 | IFB1/2020/6 |
| Amount offered (Ksh M) | 50,000.00 | | 60,000.00 | 21,000.00 | 50,000.00 | 30,000.00 | 25,600.00 |
| Bids received (Ksh M) | 35,155.99 | | 68,413.78 | 35,387.16 | 34,531.50 | 20,581.07 | 21,164.29 |
| Amount Accepted (Ksh M) | 8,274.69 | 14,638.57 | 39,010.13 | 35,387.16 | 20,777.17 | 8,948.12 | 19,275.46 |
| Maturities (Ksh M) | 0.00 | | 0.00 | 0.00 | 0.00 | 0.00 | 20,226.65 |
| Average interest Rate (%) | 13.29 | 13.82 | 12.05 | 12.05 | 11.67 | 11.75 | 11.60 |

Source: Central Bank of Kenya

Chart 1: Kenya Government Securities Yield Curve



Source: Nairobi Securities Exchange

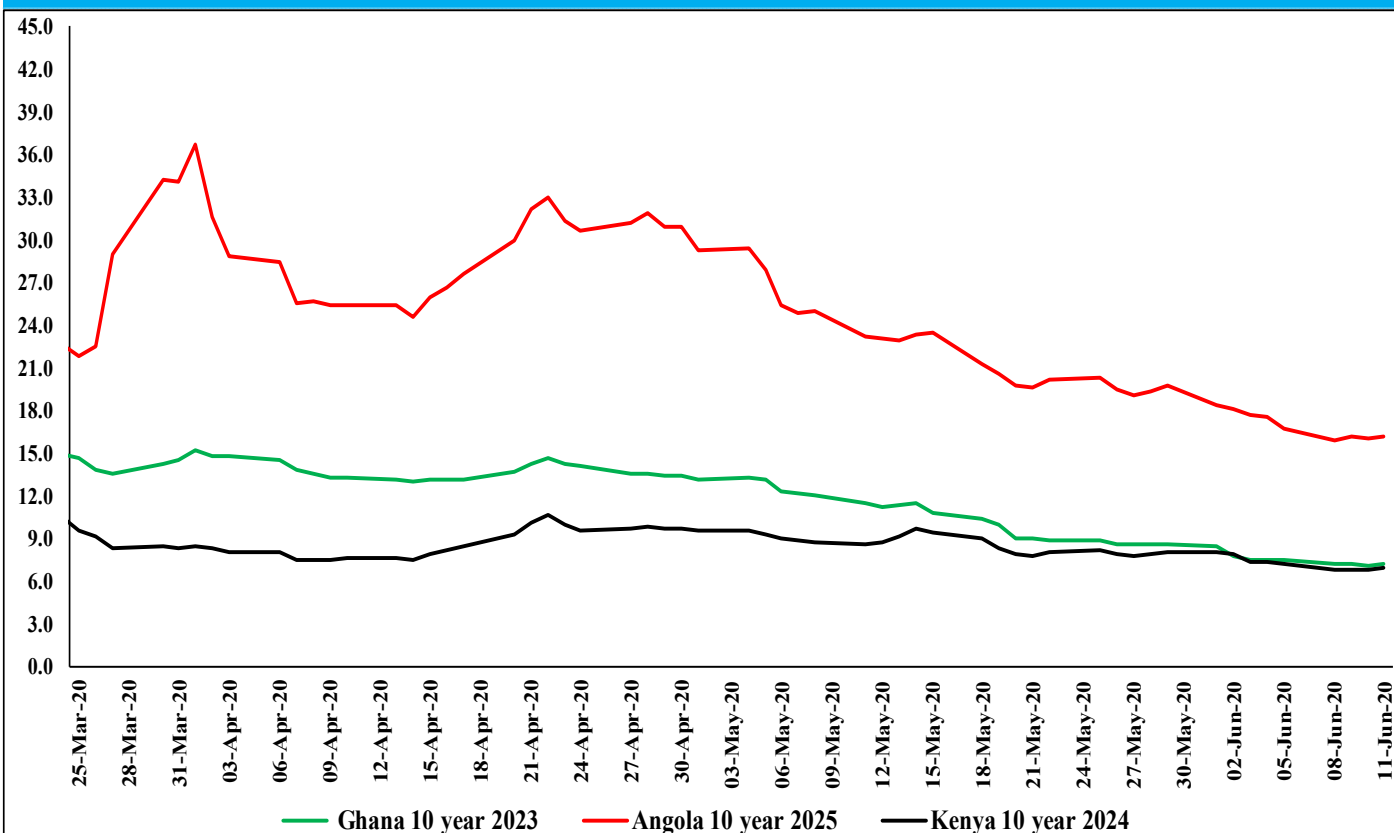
Table 6: Key Weekly Market Indicators

| INDICATOR | NASI 100=2008 | NSE 25 Share Index | NSE 20 Share Index 100=1996 | Total Deals (Equi- ty) | Total Shares Traded (Mil- lion) | Equity Turnover (KSh Million) | Market Capital- ization (KSh Billion) | Bonds Turnover (KSh Million) | Eurobond Yield (%) | | | | |
|---------------------------|------------------|--------------------------|--------------------------------------|---------------------------------|---|--|---|---------------------------------------|-----------------------|-----------------|-----------------|-----------------|-----------------|
| | | | | | | | | | 7-Year 2027 | 10-Year 2024 | 10-Year 2028 | 12-Year 2032 | 30-Year 2048 |
| 29-May-20 | 137.13 | 3203.94 | 1948.08 | 1,778 | 36.12 | 899.24 | 2,095.92 | 4,713.68 | 8.121 | 8.047 | 8.176 | 8.755 | 8.882 |
| 1-Jun-20 | PUBLIC HOLIDAY | | | | | | | | 7.718 | 7.783 | 7.996 | 8.580 | 8.785 |
| 2-Jun-20 | 137.60 | 3202.28 | 1931.29 | 1,206 | 25.18 | 603.35 | 2,103.02 | 756.22 | 7.802 | 7.824 | 8.062 | 8.625 | 8.818 |
| 3-Jun-20 | 138.26 | 3208.90 | 1936.17 | 1,143 | 15.42 | 396.59 | 2,113.16 | 2,106.39 | 7.533 | 7.344 | 7.771 | 8.299 | 8.568 |
| 4-Jun-20 | 139.59 | 3218.45 | 1931.18 | 1,244 | 22.49 | 595.70 | 2,133.55 | 4,450.56 | 7.753 | 7.382 | 7.883 | 8.424 | 8.630 |
| May 29-June 4 | 139.59 | 3218.45 | 1931.18 | 5,371 | 99.21 | 2,494.88 | 2,133.55 | 12,027 | 7.753 | 7.382 | 7.883 | 8.424 | 8.630 |
| 5-Jun-20 | 139.18 | 3200.00 | 1939.59 | 1,261 | 35.82 | 706.37 | 2,127.22 | 2,266.26 | 7.266 | 7.163 | 7.594 | 8.210 | 8.581 |
| 8-Jun-20 | 140.74 | 3242.50 | 1968.42 | 1,037 | 25.40 | 626.12 | 2,151.13 | 2,464.75 | 7.060 | 6.838 | 7.312 | 8.051 | 8.412 |
| 9-Jun-20 | 140.08 | 3236.05 | 1982.00 | 1,401 | 23.60 | 487.43 | 2,141.02 | 2,971.26 | 7.133 | 6.730 | 7.398 | 8.104 | 8.365 |
| 10-Jun-20 | 141.04 | 3252.09 | 1986.48 | 1,419 | 33.21 | 716.79 | 2,155.81 | 2,195.23 | 7.173 | 6.730 | 7.377 | 8.104 | 8.376 |
| 11-Jun-20 | 142.78 | 3287.02 | 1995.03 | 1,340 | 17.11 | 357.74 | 2,182.42 | 1,174.88 | 7.694 | 6.910 | 7.794 | 8.497 | 8.680 |
| June 4-11, 2020 | 142.78 | 3287.02 | 1995.03 | 6,458 | 135.13 | 2,894.45 | 2,182.42 | 11,072 | 7.694 | 6.910 | 7.794 | 8.497 | 8.680 |
| Weekly Changes (%) | 2.29 | 2.13 | 3.31 | 20.24 | 36.21 | 16.02 | 2.29 | -7.94 | -0.059* | -0.472* | -0.089* | 0.073* | 0.050* |

* Percentage points

Source: Nairobi Securities Exchange (NSE)

Chart 2: Yields on 10 year Eurobonds for Selected African Countries



Source: Thomson Reuters

Table 7: Government Domestic Debt (KSh Billion)

| | 28-Jun-19 | 30-Sep-19 | 31-Dec-19 | 31-Mar-20 | 29-May-20 | 05-Jun-20 |
|-------------------------------------|-----------|-----------|-----------|-----------|-----------|-----------|
| 1. Treasury Bills (Excluding Repos) | 954.25 | 928.91 | 878.94 | 902.29 | 899.94 | 885.45 |
| (As % of total securities) | 35.31 | 33.68 | 30.80 | 30.15 | 29.22 | 28.70 |
| 2. Treasury Bonds | 1,748.15 | 1,828.78 | 1,974.69 | 2,090.29 | 2,179.45 | 2,199.68 |
| (As % of total securities) | 64.69 | 66.32 | 69.20 | 69.85 | 70.78 | 71.30 |
| 3. Total Securities (1+2) | 2,702.40 | 2,757.69 | 2,853.63 | 2,992.58 | 3,079.39 | 3,085.13 |
| 4. Overdraft at Central Bank | 57.33 | 68.23 | 63.72 | 54.18 | 50.15 | 44.34 |
| 5. Other Domestic debt* | 25.76 | 25.72 | 24.75 | 25.10 | 26.35 | 25.84 |
| 6. Gross Domestic Debt (3+4+5) | 2,785.48 | 2,851.64 | 2,942.10 | 3,071.85 | 3,155.90 | 3,155.31 |

* 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-Sep-19 | 31-Dec-19 | 31-Mar-20 | 29-May-20 | 5-Jun-20 |
|----------------------------------|---------------|---------------|---------------|---------------|---------------|---------------|
| Treasury bills (Excluding Repos) | 34.26 | 32.57 | 29.87 | 29.37 | 28.52 | 28.06 |
| Treasury bonds | 62.76 | 64.13 | 67.12 | 68.05 | 69.06 | 69.71 |
| CBK Overdraft to Government | 2.06 | 2.39 | 2.17 | 1.76 | 1.59 | 1.41 |
| Other domestic debt | 0.92 | 0.90 | 0.84 | 0.82 | 0.84 | 0.82 |
| TOTAL | 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 | 30-Sep-19 | 31-Dec-19 | 31-Mar-20 | 29-May-20 | 5-Jun-20 |
|----------------------|---------------|---------------|---------------|---------------|---------------|---------------|
| Banking Institutions | 54.38 | 53.63 | 54.33 | 54.31 | 54.44 | 54.48 |
| Insurance Companies | 6.13 | 6.33 | 6.42 | 6.30 | 6.11 | 6.11 |
| Parastatals | 6.97 | 7.13 | 6.49 | 6.13 | 5.63 | 5.64 |
| Pension funds | 28.24 | 28.77 | 28.60 | 29.01 | 29.46 | 29.48 |
| Other investors | 4.28 | 4.13 | 4.17 | 4.25 | 4.36 | 4.29 |
| 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-19 | Sep-19 | Dec-19 | Jan-20 | Feb-20 | Mar-20 |
|--|-----------------|-----------------|-----------------|-----------------|-----------------|-----------------|
| Domestic debt (KSh Billion) | 2,785.48 | 2,851.64 | 2,942.10 | 3,003.70 | 3,040.96 | 3,071.85 |
| Public & Publicly Guaranteed External debt (US \$ Billion) | 29.55 | 29.95 | 30.66 | 30.95 | 30.87 | 30.69 |
| Public & Publicly Guaranteed External debt (KSh Billion) | 3,023.14 | 3,111.80 | 3,106.82 | 3,112.90 | 3,117.04 | 3,212.63 |
| Total public debt (KSh Billion) | 5,808.62 | 5,963.44 | 6,048.93 | 6,116.60 | 6,158.00 | 6,284.49 |

Source: National Treasury and Central Bank of Kenya