



Central Bank of Kenya

# Weekly Bulletin

December 27, 2019

## KEY MONETARY AND FINANCIAL INDICATORS

### Exchange Rate

The Kenya Shilling strengthened against major international and regional currencies during the week ending December 24. The Shilling traded at KSh 100.63 per US Dollar on December 24 compared to KSh 100.90 per US Dollar on December 19 (Table 1).

### Foreign Exchange Reserves

The CBK usable foreign exchange reserves remained adequate at USD 8,848 million (5.44 months of import cover) as at December 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).

### Money Markets

The money market was liquid during the week ending December 24, partly reflecting government payments. Commercial banks' excess reserves stood at KSh 17.2 billion in relation to the 5.25 percent cash reserves requirement (CRR). The average interbank rate decreased marginally to 5.62 percent on December 24 from 5.86 percent on December 19. The average number of interbank deals per day increased to 28 from 26 in the previous week while the value traded increased slightly to KSh 21.6 billion from KSh 19.1 in the previous week (Table 3).

### Government Securities Market

The Treasury bills auctions of December 24 received bids totalling KSh 4.1 billion against an advertised amount of KSh 24.0 billion, representing a performance of 17.0 percent. Interest rates on all the Treasury bill tenors increased slightly compared to the previous week (Table 4). The low performance was mainly on account of quarter four tax payments by banks and increased cash demand for the Christmas festivities.

### Equity Market

The NASI, NSE 25 and NSE 20 share price indices increased by 1.9 percent, 1.6 percent and 1.8 percent, respectively, in the week ending December 24. Market capitalization rose by 1.9 percent, while the total shares traded, equity turnover and the number of deals declined by 47.2 percent, 41.2 percent and 55.3 percent, respectively (Table 6).

### Bond Market

Turnover of bonds traded in the domestic secondary market increased by 29.7 percent during the week ending December 24 (Table 6). In the international market, yields on Kenya's 7-year (2027), 12-year (2032) and 30-year (2048) Eurobonds increased by 12.6, 1.5 and 0.2 basis points, respectively, while yields on Kenya's 10-year (2024) and 10-year (2028) Eurobonds declined by 3.0 basis points and 0.1 basis points, respectively. The yields on the 10-year Eurobonds for Ghana and Angola also declined (Chart 2).

### Global Trends

Global market sentiments remained buoyant on account of the expected conclusion of the first-phase US-China trade deal and announcement by China of plans to cut tariffs on more than 850 US goods from January 1. With the imminent Brexit on January 31, the future of Britain and the Euro continue dominating global policy debate with proponents of Brexit predicting a strong post-Brexit UK and a weak EU due to existing structural rigidities within the Union.

International oil prices remained elevated during the week on account of reduced production by a majority of oil exporters. The Murban oil price increased to USD 69.30 per barrel on December 26 from USD 68.52 per barrel on December 19.

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

	USD	Sterling Pound	Euro	100 Japanese Yen	USHS*	TSHS*	RWF*	BIF*
13-Dec-19	101.67	133.84	112.67	93.54	36.15	22.60	9.19	18.46
16-Dec-19	101.68	135.83	113.57	92.78	36.09	22.60	9.19	18.46
17-Dec-19	101.62	135.62	113.25	92.89	36.13	22.61	9.21	18.50
18-Dec-19	101.54	133.69	113.37	92.68	36.09	22.63	9.21	18.50
19-Dec-19	100.90	131.85	112.15	92.06	36.32	22.77	9.39	18.61
<b>Dec 13-19</b>	<b>101.48</b>	<b>134.17</b>	<b>113.00</b>	<b>92.79</b>	<b>36.16</b>	<b>22.64</b>	<b>9.24</b>	<b>18.51</b>
20-Dec-19	100.71	131.31	112.00	92.07	36.37	22.82	9.41	18.65
23-Dec-19	100.70	131.24	111.70	92.10	36.40	22.84	9.41	18.65
24-Dec-19	100.63	129.98	111.50	91.99	36.37	22.84	9.42	18.67
25-Dec-19	<b>Public Holiday</b>							
26-Dec-19	<b>Public Holiday</b>							
<b>Dec 20-24</b>	<b>100.68</b>	<b>130.84</b>	<b>111.73</b>	<b>92.05</b>	<b>36.38</b>	<b>22.83</b>	<b>9.41</b>	<b>18.66</b>

\* Units of currency per Kenya Shilling

Source: Central Bank of Kenya

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

	14-Nov-19	28-Nov-19	05-Dec-19	11-Dec-19	19-Dec-19	24-Dec-19
1. CBK Usable Foreign Exchange Reserves (USD Million)	8,943	8,748	8,752	8,815	8,898	8,848
2. CBK Usable Foreign Exchange Reserves (Months of Import Cover)*	5.59	5.43	5.43	5.42	5.47	5.44

\*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 (%)
13-Dec-19	29	21,165.00	5.04
16-Dec-19	30	26,240.00	5.07
17-Dec-19	24	16,090.00	5.20
18-Dec-19	23	18,970.00	5.72
19-Dec-19	22	12,850.00	5.86
<b>December 13 -19</b>	<b>26</b>	<b>19,063.00</b>	<b>5.38</b>
20-Dec-19	33	20,000.00	5.66
23-Dec-19	24	20,670.00	5.51
24-Dec-19	28	24,250.00	5.62
25-Dec-19	Public Holiday		
26-Dec-19	Public Holiday		
<b>December 20 -24</b>	<b>28</b>	<b>21,640.00</b>	<b>5.60</b>

Source :Central Bank of Kenya

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

Date of Auction	28-Nov-19	05-Dec-19	11-Dec-19	19-Dec-19	24-Dec-19
Amount offered (Ksh M)	4,000.00	4,000.00	4,000.00	4,000.00	4,000.00
Bids received (Ksh M)	936.76	3,552.82	3,798.82	4,453.63	346.43
Amount Accepted (Ksh M)	445.55	572.37	3,739.88	4,453.61	346.43
Maturities (Ksh M)	5,395.25	5,080.80	6,368.65	689.80	3,345.20
Average interest Rate (%)	<b>7.162</b>	<b>7.162</b>	<b>7.151</b>	<b>7.177</b>	<b>7.200</b>

**182-Day Treasury Bills**

Amount offered (Ksh M)	10,000.00	10,000.00	10,000.00	10,000.00	10,000.00
Bids received (Ksh M)	1,055.83	3,583.01	3,483.08	3,891.66	282.08
Amount Accepted (Ksh M)	553.85	625.38	3,463.58	3,815.28	282.08
Maturities (Ksh M)	2,540.45	869.20	2,956.50	1,214.75	3,647.65
Average interest Rate (%)	<b>8.204</b>	<b>8.201</b>	<b>8.107</b>	<b>8.125</b>	<b>8.150</b>

**364-Day Treasury Bills**

Amount offered (Ksh M)	10,000.00	10,000.00	10,000.00	10,000.00	10,000.00
Bids received (Ksh M)	6,361.04	6,123.36	5,561.96	7,031.83	3,453.15
Amount Accepted (Ksh M)	3,990.96	4,732.31	5,534.64	7,022.28	3,453.15
Maturities (Ksh M)	2,853.15	2,992.05	3,157.45	13,900.75	8,060.45
Average interest Rate (%)	<b>9.800</b>	<b>9.803</b>	<b>9.798</b>	<b>9.789</b>	<b>9.815</b>

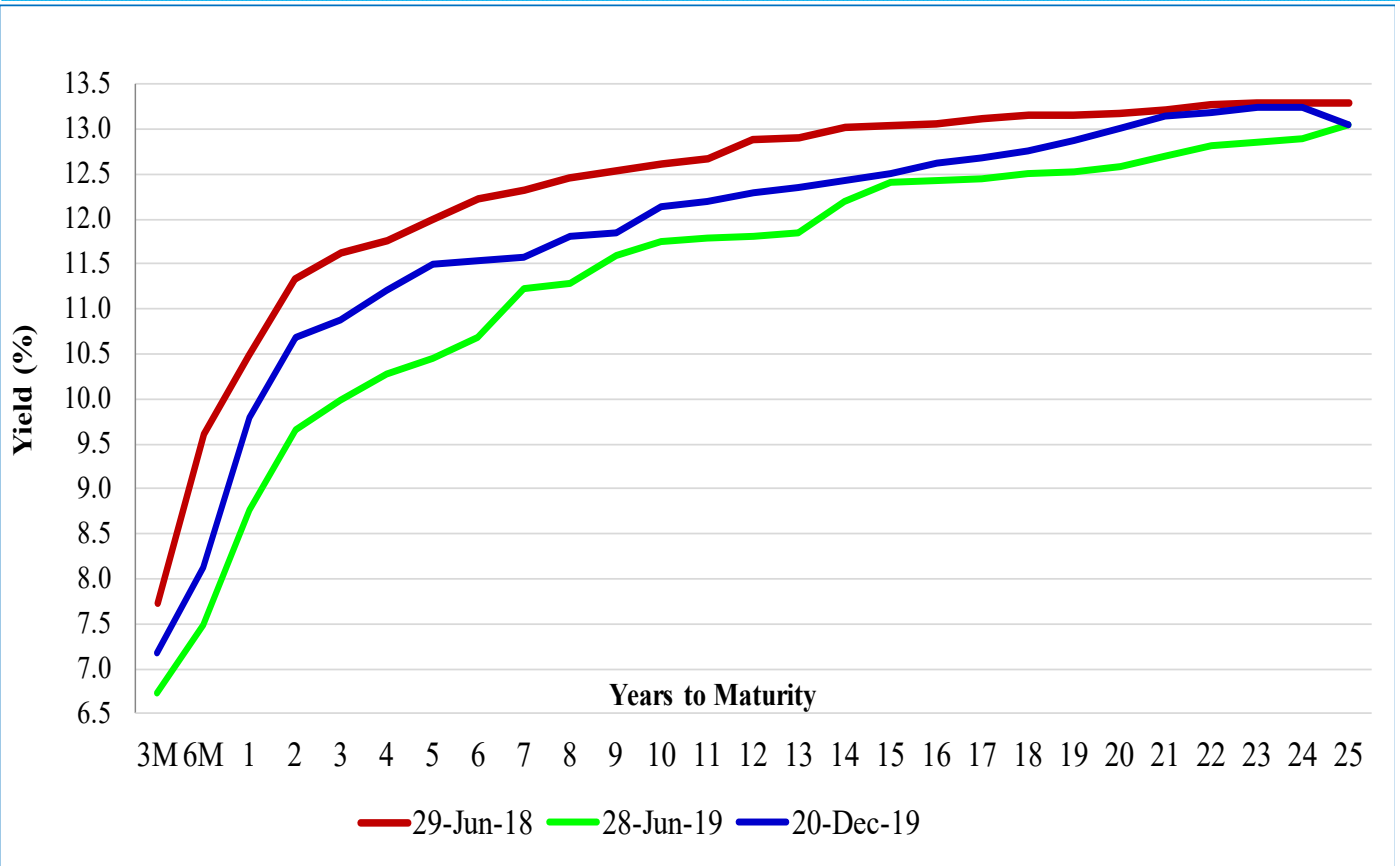
Source: Central Bank of Kenya

**Table 5: Treasury Bonds Auction**

Date of Auction	23-Oct-19	27-Nov-19	11-Dec-19	19-Dec-19
		TAP		TAP
Tenor	IFB1/2019/16	FXD4/2019/10	FXD 3/2019/5	FXD3/2019/5
Amount offered (Ksh M)	60,000.00	21,650.00	25,000.00	9,720.00
Bids received (Ksh M)	86,946.69	8,115.45	28,468.51	9,750.51
Amount Accepted (Ksh M)	68,466.07	8,112.45	18,740.55	9,750.51
Maturities (Ksh M)	0.00	0.00	0.00	0.00
Average interest Rate (%)	12.39	12.28	11.49	11.49

Source: Central Bank of Kenya

**Chart 1: Government Securities Yield Curve**



Source: Nairobi Securities Exchange (NSE)

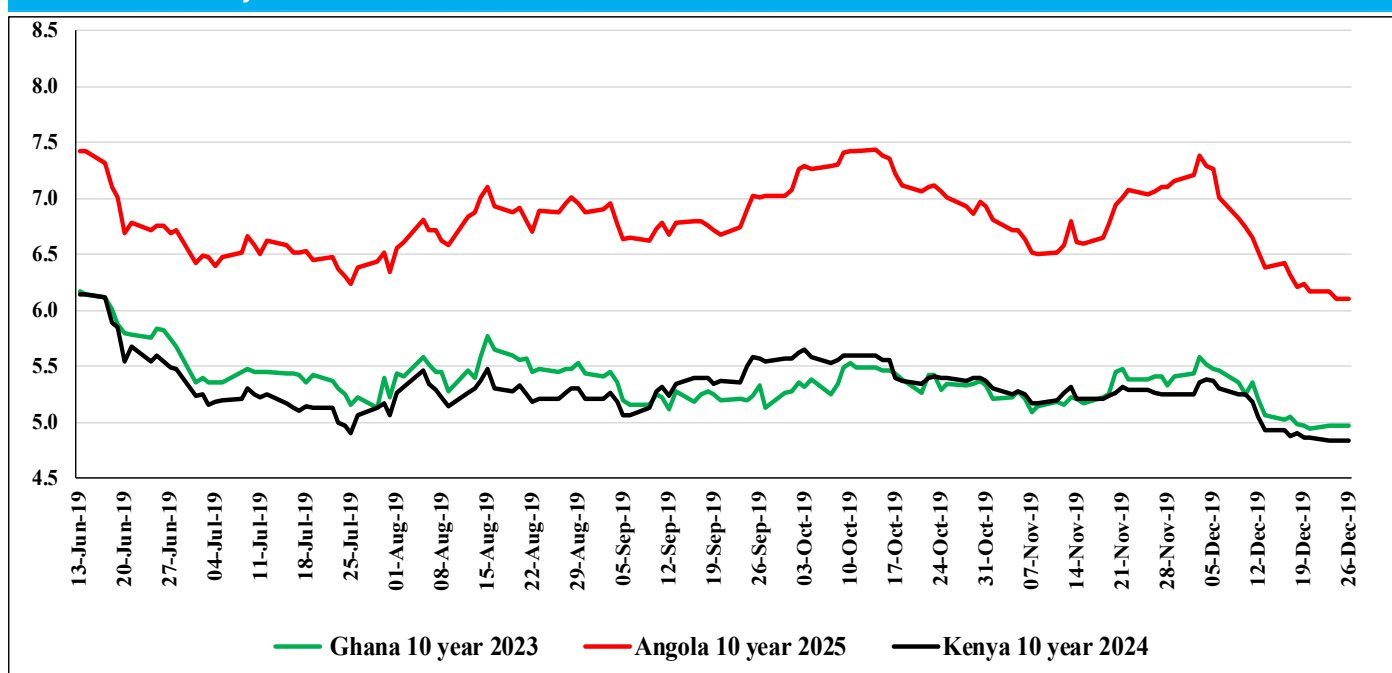
**Table 6: Key Weekly Market Indicators**

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 (%)	10-Year Euro-bond Yield (%) 2024	10-Year Euro-bond Yield (%) 2028	12-Year Euro-bond Yield (%)	30-Year Euro-bond Yield (%)
13-Dec-19	160.52	3941.68	2587.84	932	49.13	1,350.61	2,449.90	156.92	5.748	4.926	6.073	6.971	7.765
16-Dec-19	159.57	3923.89	2584.04	1,015	10.51	384.27	2,435.41	767.15	5.862	4.927	6.035	6.971	7.738
17-Dec-19	159.91	3941.58	2589.83	1,238	34.11	1,291.85	2,440.58	592.13	5.845	4.879	5.979	6.925	7.692
18-Dec-19	160.53	3958.07	2573.01	951	13.84	407.08	2,450.06	1,296.41	5.799	4.902	5.942	6.879	7.661
19-Dec-19	162.62	3993.77	2565.92	927	15.12	484.67	2,482.11	1,131.75	5.668	4.867	5.922	6.878	7.650
<b>Dec 13-19</b>	<b>162.62</b>	<b>3993.77</b>	<b>2565.92</b>	<b>5,063</b>	<b>122.71</b>	<b>3918.47</b>	<b>2,482.11</b>	<b>3,944.35</b>	<b>5.668</b>	<b>4.867</b>	<b>5.922</b>	<b>6.878</b>	<b>7.650</b>
20-Dec-19	163.90	4018.59	2583.76	949	47.25	1,665.83	2,501.63	1,897.21	5.643	4.866	5.922	6.848	7.659
23-Dec-19	165.12	4035.26	2596.12	719	12.38	463.05	2,520.28	1,598.57	5.794	4.834	5.921	6.893	7.652
24-Dec-19	165.66	4056.81	2612.13	594	5.21	173.59	2,528.60	1,620.82	5.794	4.837	5.921	6.893	7.652
25-Dec-19	PUBLIC HOLIDAY												
26-Dec-19	PUBLIC HOLIDAY												
<b>Dec 20-24</b>	<b>165.66</b>	<b>4056.81</b>	<b>2612.13</b>	<b>2,262</b>	<b>64.85</b>	<b>2302.47</b>	<b>2,528.60</b>	<b>5,116.60</b>	<b>5.794</b>	<b>4.837</b>	<b>5.921</b>	<b>6.893</b>	<b>7.652</b>
<b>Weekly Changes (%)</b>	<b>1.87</b>	<b>1.58</b>	<b>1.80</b>	<b>-55.32</b>	<b>-47.15</b>	<b>-41.24</b>	<b>1.87</b>	<b>29.72</b>	<b>0.126*</b>	<b>-0.030*</b>	<b>-0.001*</b>	<b>0.015*</b>	<b>0.002*</b>

\* 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)**

	26-Jul-19	30-Aug-19	27-Sep-19	25-Oct-19	13-Dec-19	20-Dec-19
1. Treasury Bills (Excluding Repos)	952.98	947.89	933.10	910.38	888.20	889.18
(As % of total securities)	35.28	33.97	33.78	33.12	31.34	31.15
2. Treasury Bonds	1,748.15	1,842.38	1,828.78	1,838.11	1,946.21	1,964.95
(As % of total securities)	64.72	66.03	66.22	66.88	68.66	68.85
3. Total Securities (1+2)	2,701.13	2,790.26	2,761.88	2,748.50	2,834.41	2,854.13
4. Overdraft at Central Bank	64.52	59.55	52.58	50.55	58.64	58.41
5. Other Domestic debt*	25.76	25.69	25.68	25.73	25.87	25.87
<b>6. Gross Domestic Debt (3+4+5)</b>	<b>2,791.42</b>	<b>2,875.50</b>	<b>2,840.13</b>	<b>2,824.78</b>	<b>2,918.93</b>	<b>2,938.41</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)**

	26-Jul-19	30-Aug-19	27-Sep-19	25-Oct-19	13-Dec-19	20-Dec-19
Treasury bills (Excluding Repos)	34.13	32.96	32.80	32.17	30.39	30.42
Treasury bonds	62.63	64.08	64.45	65.13	66.74	66.73
CBK Overdraft to Government	2.31	2.07	1.85	1.79	2.01	2.00
Other domestic debt	0.92	0.89	0.90	0.91	0.86	0.86
<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)**

	26-Jul-19	30-Aug-19	27-Sep-19	25-Oct-19	13-Dec-19	20-Dec-19
Banking Institutions	54.60	54.38	53.31	53.15	54.27	54.23
Insurance Companies	6.12	6.20	6.42	6.54	6.52	6.51
Parastatals	7.00	6.98	7.33	7.06	6.80	6.67
Pension funds	28.11	28.25	28.76	29.00	28.07	28.24
Other investors	4.16	4.19	4.19	4.25	4.34	4.35
<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	Jul-19	Aug-19	Sep-19
Domestic debt (KSh Billion)	2,478.84	2,548.77	2,785.94	2,844.12	2,876.00	2,856.60
Public & Publicly Guaranteed External debt (US \$ Billion)	25.34	26.74	29.55	30.32	30.26	29.95
Public & Publicly Guaranteed External debt (KSh Billion)	2,560.20	2,723.73	3,023.14	3,160.06	3,133.54	3,111.80
<b>Total public debt (KSh Billion)</b>	<b>5,039.03</b>	<b>5,272.50</b>	<b>5,809.08</b>	<b>6,004.18</b>	<b>6,009.54</b>	<b>5,968.40</b>

Source: National Treasury and Central Bank of Kenya