



Central Bank of Kenya

# Weekly Bulletin

May 28, 2021

## KEY MONETARY AND FINANCIAL INDICATORS

### Monetary Policy Committee Meeting

The Monetary Policy Committee (MPC) met on May 26 and noted that inflation expectations remained well anchored within the target range, and the economy continued to operate below its potential level following the impact of COVID-19 pandemic. The MPC concluded that the current accommodative monetary policy stance remains appropriate, and therefore decided to retain the Central Bank Rate (CBR) at 7.00 percent.

### Exchange Rates

The Kenya Shilling remained stable against major international and regional currencies during the week ending May 27. It exchanged at KSh 107.57 per US dollar on May 27, compared to KSh 107.92 per US dollar on May 20 (Table 1).

### Foreign Exchange Reserves

The usable foreign exchange reserves remained adequate at USD 7,480 million (4.57 months of import cover) as at May 27. 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 May 27, supported by government payments, which partly offset tax remittances. Commercial banks' excess reserves stood at KSh 15.5 billion in relation to the 4.25 percent cash reserves requirement (CRR). Open market operations remained active. The average interbank rate was 5.01 percent on May 27 compared to 4.92 percent on May 20. During the week, the average number of interbank deals per day increased to 24 from 17 in the previous week, while the average value traded increased to KSh 8.5 billion compared with KSh 7.6 billion in the previous week (Table 3).

### Government Securities Market

The Treasury bills auction of May 27 received bids totalling KSh 36.6 billion against an advertised amount of KSh 24.0 billion, representing a performance of 152.4

percent. Interest rates on the Treasury bills remained stable, only declining marginally (Table 4).

### Equity Market

At the Nairobi Securities Exchange, the NASI, NSE 25 and NSE 20 share price indices increased by 3.1 percent, 3.2 percent and 0.6 percent, respectively, during the week ending May 27. Similarly, market capitalization, equity turnover and total shares traded increased by 3.1 percent, 71.8 percent and 31.2 percent, respectively (Table 6).

### Bonds Market

Turnover of bonds in the domestic secondary market increased by 90.3 percent during the week ending May 27 (Table 6). In the international market, yields on Kenya's Eurobonds declined by an average of 14.5 basis points. The yields on the 10-year Eurobonds for Ghana and Angola also declined (Chart 2).

### Global Trends

Global financial markets sentiment improved during the week following assurance to the investors by central banks in major economies that the recent rise in inflation was transitory and that inflation expectations were well anchored. However, most investors continue to wait for decisions of the Fed and the ECB during their June meetings.

International oil prices increased during the week, due to increase in demand. Murban oil price increased to USD 67.33 per barrel on May 27 from USD 65.68 per barrel on May 20.

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

	USD	Sterling Pound	Euro	100 Japanese Yen	Uganda Shilling*	Tanzania Shilling*	Rwandese Franc*	Burundi Franc*
14-May-21	Public Holiday							
17-May-21	107.17	150.44	129.45	97.73	33.04	21.63	9.34	18.43
18-May-21	107.28	151.28	130.47	97.83	32.95	21.62	9.33	18.41
19-May-21	107.52	152.63	131.27	98.62	32.93	21.57	9.31	18.38
20-May-21	107.92	152.70	131.69	98.75	32.97	21.49	9.28	18.31
<b>May 17-20, 2021</b>	<b>107.48</b>	<b>151.76</b>	<b>130.72</b>	<b>98.23</b>	<b>32.97</b>	<b>21.58</b>	<b>9.32</b>	<b>18.38</b>
21-May-21	108.23	152.91	132.01	99.32	33.12	21.43	9.25	18.26
24-May-21	108.24	153.62	132.20	99.58	32.94	21.43	9.25	18.26
25-May-21	108.02	152.63	131.92	99.17	32.93	21.47	9.27	18.30
26-May-21	107.74	152.59	132.06	99.03	32.98	21.53	9.30	18.35
27-May-21	107.57	152.14	131.45	98.59	33.00	21.56	9.31	18.37
<b>May 21-27, 2021</b>	<b>107.96</b>	<b>152.78</b>	<b>131.93</b>	<b>99.14</b>	<b>32.99</b>	<b>21.48</b>	<b>9.28</b>	<b>18.31</b>

\*Units of currency per Kenya Shilling

Source: Central Bank of Kenya

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

	22-Apr-21	29-Apr-21	6-May-21	20-May-21	27-May-21
1. CBK Usable Foreign Exchange Reserves (USD Million)	7,727	7,664	7,575	7,546	7,480
2. CBK Usable Foreign Exchange Reserves (Months of Import Cover)*	4.75	4.71	4.63	4.61	4.57

\*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 (%)
14-May-21	Public Holiday		
17-May-21	15	10,020.00	5.77
18-May-21	18	7,540.00	4.82
19-May-21	15	6,895.00	4.86
20-May-21	19	5,920.00	4.92
<b>May 17-20, 2021</b>	<b>17</b>	<b>7,593.75</b>	<b>5.09</b>
21-May-21	19	5,920.00	4.92
24-May-21	28	8,065.00	5.06
25-May-21	27	8,505.00	5.10
26-May-21	23	7,620.00	5.07
27-May-21	24	12,540.00	5.01
<b>May 21-27, 2021</b>	<b>24</b>	<b>8,530.00</b>	<b>5.03</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>31-Mar-21</b>	<b>8-Apr-21</b>	<b>15-Apr-21</b>	<b>22-Apr-21</b>	<b>20-May-21</b>	<b>27-May-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)	2,018.11	3,161.07	4,095.93	3,659.54	4,642.35	2,448.51
Amount Accepted (KSh M)	2,018.11	3,160.98	4,095.44	3,659.34	4,641.86	2,407.70
Maturities (KSh M)	672.75	752.55	5,094.80	2,186.60	4,731.60	4,895.40
<b>Average Interest Rate (%)</b>	<b>7.085</b>	<b>7.096</b>	<b>7.108</b>	<b>7.115</b>	<b>7.155</b>	<b>7.139</b>
<b>182-Day Treasury Bills</b>						
<b>Date of Auction</b>	<b>31-Mar-21</b>	<b>8-Apr-21</b>	<b>15-Apr-21</b>	<b>22-Apr-21</b>	<b>20-May-21</b>	<b>27-May-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)	764.64	2,559.42	3,665.14	2,005.11	10,107.40	10,309.46
Amount Accepted (KSh M)	764.64	2,428.47	3,665.14	2,001.89	6,927.82	4,418.60
Maturities (KSh M)	3,578.50	3,443.30	6,339.50	6,977.70	6,722.40	6,080.55
<b>Average Interest Rate (%)</b>	<b>7.910</b>	<b>7.914</b>	<b>7.938</b>	<b>7.925</b>	<b>7.953</b>	<b>7.865</b>
<b>364-Day Treasury Bills</b>						
<b>Date of Auction</b>	<b>31-Mar-21</b>	<b>8-Apr-21</b>	<b>15-Apr-21</b>	<b>22-Apr-21</b>	<b>20-May-21</b>	<b>27-May-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)	4,405.24	14,626.64	13,097.63	8,686.00	24,129.65	23,820.65
Amount Accepted (KSh M)	4,375.51	14,534.43	10,424.96	7,768.52	10,801.74	13,757.11
Maturities (KSh M)	23,194.95	6,545.75	11,841.40	6,852.10	14,384.15	12,497.80
<b>Average Interest Rate (%)</b>	<b>9.308</b>	<b>9.366</b>	<b>9.403</b>	<b>9.460</b>	<b>9.284</b>	<b>9.156</b>

Source: Central Bank of Kenya

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

<b>Date of Auction</b>	<b>10-Mar-21</b>		<b>7-Apr-21</b>	<b>5-May-21</b>		<b>12-May-21</b>	
	<b>REOPEN</b>			<b>REOPEN</b>		<b>TAP</b>	
<b>Tenor</b>	<b>FXD1/ 2019/15</b>	<b>FXD2/ 2018/20</b>	<b>IFB1/ 2021/18</b>	<b>FXD2/ 2019/15</b>	<b>FXD1/ 2021/25</b>	<b>FXD2/ 2019/15</b>	<b>FXD1/ 2021/25</b>
Amount offered (KSh M)	50,000.00		60,000.00	30,000.00		20,000.00	
Bids received (KSh M)	15,897.21	32,809.37	88,577.56	11,581.96	31,003.70	15,897.15	5,036.55
Amount Accepted (KSh M)	15,511.29	32,795.91	81,941.63	6,042.69	14,246.10	15,657.58	5,035.74
Maturities (KSh M)	0.00		0.00	0.00		8,249.90	
Average interest Rate (%)	12.41	13.44	12.67	12.98	13.92	12.98	13.92

Source: Central Bank of Kenya

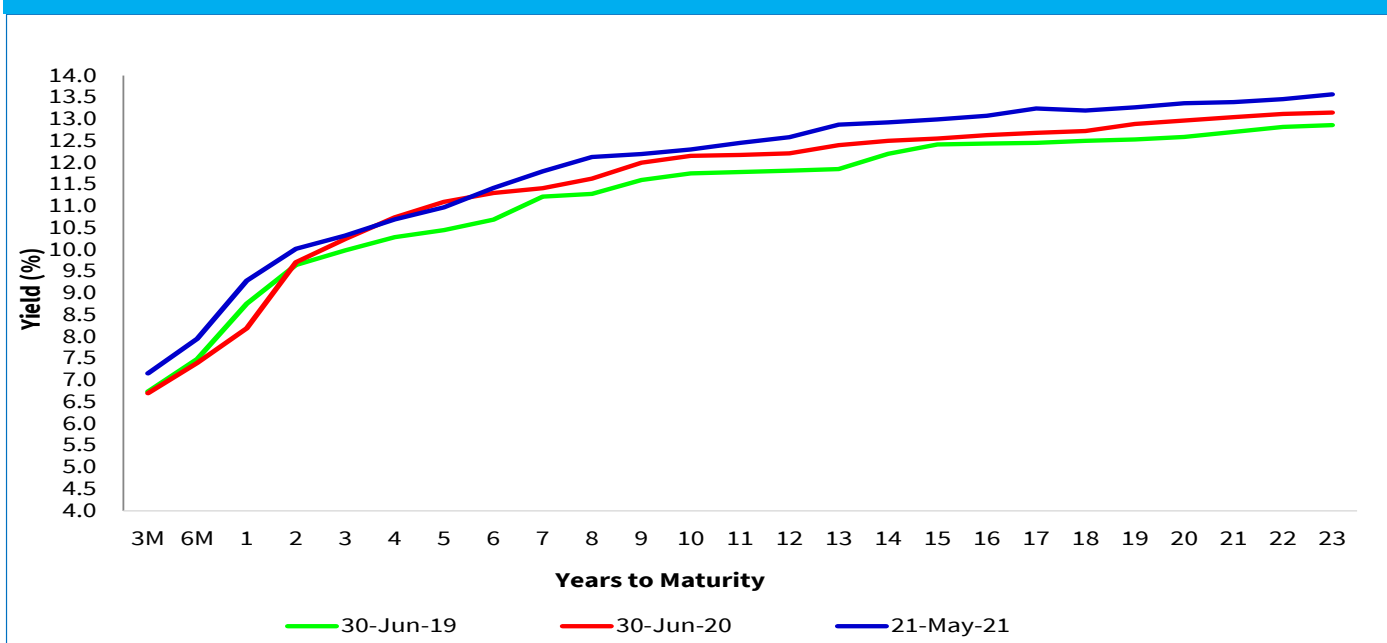
**Table 6: Key Weekly Market Indicators**

INDICATOR	NASI 100=2008	NSE 25 Share Index	NSE 20 Share Index 100=1996	Total Deals (Equity)	Total Shares Traded (Mil- lion)	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
14-May-21	PUBLIC HOLIDAY								5.050	3.203	5.760	6.567	7.528
17-May-21	164.44	3562.38	1859.08	1,111.00	30.61	1,102.70	2,560.45	6,547.20	5.041	3.080	5.738	6.486	7.528
18-May-21	162.62	3534.82	1842.47	1,122.00	13.17	471.62	2,532.01	4,492.00	4.881	3.053	5.525	6.342	7.477
19-May-21	161.58	3517.87	1838.25	1,027.00	26.11	886.13	2,515.69	4,147.35	5.001	3.154	5.567	6.358	7.467
20-May-21	163.93	3552.80	1852.28	882.00	10.85	240.71	2,552.46	2,204.50	4.798	3.186	5.565	6.357	7.456
<b>May 17-20, 2021</b>	<b>163.93</b>	<b>3552.80</b>	<b>1852.28</b>	<b>4,142.00</b>	<b>80.75</b>	<b>2,701.16</b>	<b>2,552.46</b>	<b>17,391.05</b>	<b>4.798</b>	<b>3.186</b>	<b>5.565</b>	<b>6.357</b>	<b>7.456</b>
21-May-21	165.76	3686.44	1858.87	933.00	12.34	475.98	2,581.04	4,238.25	4.740	3.142	5.374	6.293	7.406
24-May-21	172.20	3691.12	1860.40	1,136.00	15.57	757.88	2,681.46	4,045.60	4.713	3.139	5.374	6.230	7.356
25-May-21	174.73	3724.48	1863.86	1,294.00	24.56	1,025.10	2,720.90	5,158.55	4.656	3.096	5.374	6.230	7.356
26-May-21	172.68	3711.80	1865.30	1,239.00	17.03	616.62	2,688.98	7,644.05	4.707	3.013	5.310	6.213	7.307
27-May-21	168.94	3667.90	1863.68	1,364.00	36.47	1,765.73	2,630.53	12,009.20	4.678	3.084	5.308	6.243	7.326
<b>May 21-27, 2021</b>	<b>168.94</b>	<b>3667.90</b>	<b>1863.68</b>	<b>5,966.00</b>	<b>105.97</b>	<b>4,641.31</b>	<b>2,630.53</b>	<b>33,095.65</b>	<b>4.678</b>	<b>3.084</b>	<b>5.308</b>	<b>6.243</b>	<b>7.326</b>
<b>Weekly Changes (%)</b>	<b>3.06</b>	<b>3.24</b>	<b>0.62</b>	<b>44.04</b>	<b>31.24</b>	<b>71.83</b>	<b>3.06</b>	<b>90.30</b>	<b>-0.120*</b>	<b>-0.102*</b>	<b>-0.257*</b>	<b>-0.114*</b>	<b>-0.130*</b>

\* Percentage points

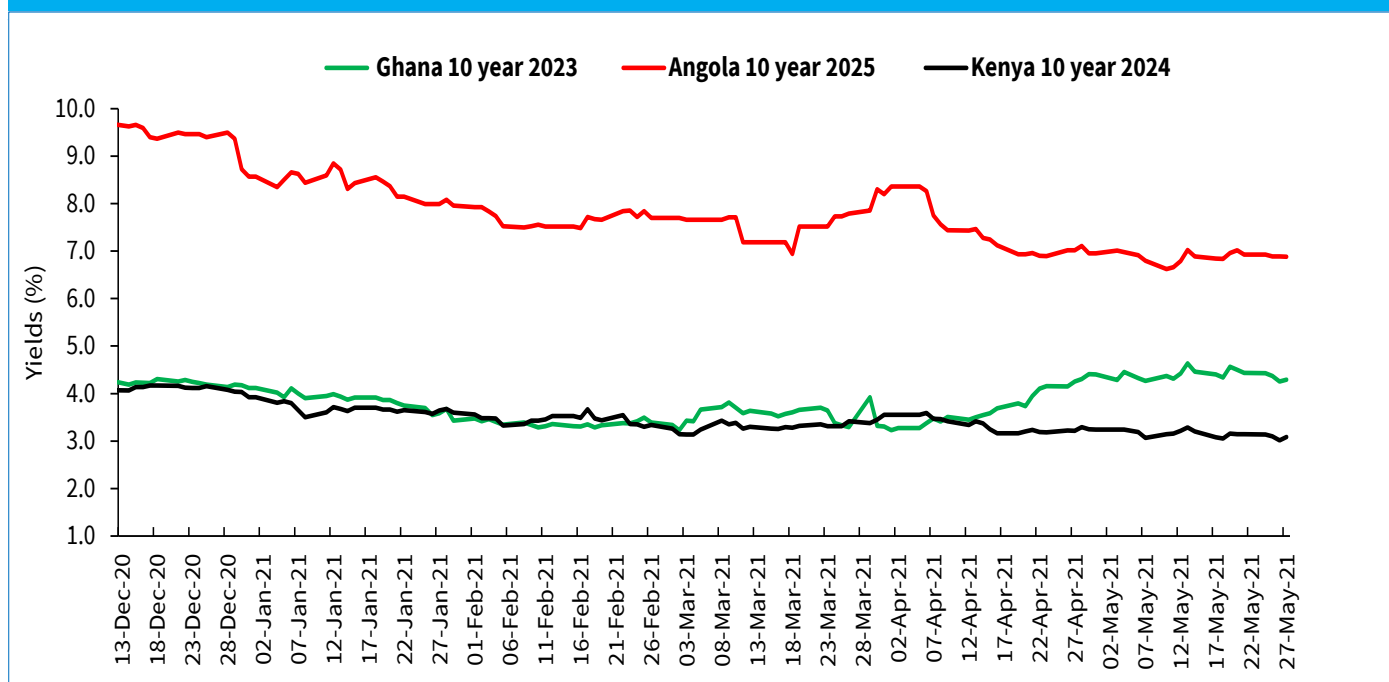
Source: Nairobi Securities Exchange (NSE) and Thompson Reuters

**Chart 1: Government Securities Yield Curve**



Source: Nairobi Securities Exchange (NSE)

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



Source: Thomson Reuters

**Table 7: Government Domestic Debt (KSh Billion)**

	30-Jun-20	31-Dec-20	29-Jan-21	26-Feb-21	31-Mar-21	30-Apr-21	21-May-21
1. Treasury Bills (Excluding Repos)	887.14	855.71	785.46	748.00	761.90	747.16	761.28
(As % of total securities)	28.56	25.04	22.75	21.67	21.79	21.08	21.32
2. Treasury Bonds	2,219.44	2,561.33	2,667.02	2,703.56	2,734.47	2,796.71	2,808.82
(As % of total securities)	71.44	74.96	77.25	78.33	78.21	78.92	78.68
3. Total Securities (1+2)	3,106.59	3,417.05	3,452.48	3,451.56	3,496.37	3,543.87	3,570.09
4. Overdraft at Central Bank	47.15	47.60	55.27	55.40	49.28	65.84	56.64
5. Other Domestic debt*	23.24	23.90	24.81	24.22	24.19	24.19	23.22
<b>6. Gross Domestic Debt (3+4+5)</b>	<b>3,176.97</b>	<b>3,488.54</b>	<b>3,532.56</b>	<b>3,531.18</b>	<b>3,569.84</b>	<b>3,633.91</b>	<b>3,649.95</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)**

	30-Jun-20	31-Dec-20	29-Jan-21	26-Feb-21	31-Mar-21	30-Apr-21	21-May-21
Treasury bills (Excluding Repos)	27.92	24.53	22.23	21.18	21.34	20.57	20.86
Treasury bonds	69.86	73.42	75.50	76.56	76.60	76.98	76.95
Overdraft at Central Bank	1.48	1.36	1.56	1.57	1.38	1.81	1.55
Other domestic debt	0.73	0.69	0.70	0.69	0.68	0.64	0.64
<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-20	31-Dec-20	29-Jan-21	26-Feb-21	31-Mar-21	30-Apr-21	21-May-21
Banking Institutions	54.84	52.83	52.81	52.89	51.75	51.23	51.24
Insurance Companies	6.05	6.44	6.40	6.48	6.57	6.54	6.59
Parastatals	5.73	5.69	5.64	5.66	5.62	5.59	5.41
Pension Funds	29.04	30.32	30.34	29.88	30.46	30.59	30.64
Other Investors	4.34	4.73	4.81	5.08	5.59	6.06	6.12
<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**

	Jun-19	Jun-20	Sep-20	Dec-20	Jan-21	Feb-21	Mar-21
Domestic debt (KSh Bn)	2,785.94	3,176.97	3,457.11	3,488.54	3,532.56	3,531.18	3,569.84
Public & Publicly Guaranteed External debt (USD Bn)	29.55	33.01	33.77	34.75	34.68	34.74	34.42
Public & Publicly Guaranteed External debt (KSh Bn)	3,023.14	3,515.81	3,663.49	3,793.29	3,819.70	3,814.29	3,769.87
<b>Public debt (KSh Bn)</b>	<b>5,809.08</b>	<b>6,692.78</b>	<b>7,120.60</b>	<b>7,281.83</b>	<b>7,352.26</b>	<b>7,345.47</b>	<b>7,339.71</b>

Source: National Treasury and Central Bank of Kenya