



Central Bank of Kenya

Weekly Bulletin

April 24, 2020

KEY MONETARY AND FINANCIAL INDICATORS

Exchange Rates

The Kenya Shilling eased against major international and regional currencies during the week ending April 23 due to build up in dollar demand. It exchanged at 107.41 per US dollar on April 23 compared to 105.91 on April 16 (Table 1).

Foreign Exchange Reserves

The CBK usable foreign exchange reserves remained adequate at USD 7,858 million (4.75 months of import cover) as at April 23. 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).

Remittances

Remittance inflows increased to USD 228.9 million in March 2020 compared to USD 218.8 million in February (Chart 1). The cumulative inflows in the 12 months to March totalled USD 2,838 million compared to USD 2,722 million in the 12 months to March 2019, reflecting a growth of 4.3 percent. There was no decline, so far, in remittances from the largest sources such as the US and UK. However, the inflows from South Africa, United Arab Emirates, Mauritius and Oman declined, reflecting the impact of COVID-19.

Money Market

The money market was liquid during the week ending April 23, supported by government payments, which partly offset tax receipts. Commercial banks' excess reserves stood at Ksh 53.9 billion in relation to the 4.25 percent cash reserves requirement (CRR). Open market operations remained active. The average interbank rate was 4.95 percent on April 23 compared to 5.93 percent on April 16. The average number of interbank deals per day decreased to 12 from 18 in the previous week, while the value traded increased to Ksh 6.4 billion from Ksh 5.6 billion in the previous week (Table 3).

Government Securities Market

The Treasury bills auction of April 23 received bids totaling Ksh 19.6 billion against an advertised amount of KSh 24.0

billion, representing a performance of 81.7 percent. Interest rates on all the Treasury bill tenors remained stable (Table 4).

The 9-year Infrastructure bond tap sale on April 22 received bids totaling KSh 35.4 billion against an advertised amount of KSh 21.0 billion, representing a performance of 168.5 percent (Table 5).

Equity Market

At the Nairobi Securities Exchange, the NASI and NSE 20 share index increased by 2.2 percent and 0.1 percent, respectively, during the week ending April 23. The equity turnover and the number of shares traded also increased by 173.0 percent and 148.3 percent, respectively, following a longer trading week.

Bonds Market

The bonds turnover in the domestic secondary market increased by 191.5 percent during the week ending April 23. In the international market, yields on Kenya's Eurobonds increased by an average of 103.0 basis points. The yields for the 10-year Eurobonds for Angola and Ghana also increased, by a higher magnitude, during the week (Chart 3).

Global Trends

The volatility in the international oil prices increased during the week, reflecting the collapse of global demand as a result of the coronavirus pandemic. For the first time ever, the US benchmark WTI futures contract price plunged into the negative territory, on April 20 for May 2020 deliveries ahead of their expiry on April 21 and on account of shortage of storage capacity.

Murban oil price also declined from USD 20.70 per barrel on April 16 to USD 14.32 per barrel on April 22 before recovering to USD 19.04 per barrel on April 23.

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

	USD	Sterling Pound	Euro	100 Japanese Yen	USHS*	TSHS*	RWF*	BIF*
10-Apr-20	Good Friday							
13-Apr-20	Easter Monday							
14-Apr-20	105.91	131.54	115.36	98.32	35.74	21.84	8.99	17.85
15-Apr-20	105.90	133.09	116.06	98.93	35.55	21.85	8.99	17.85
16-Apr-20	105.91	132.06	115.14	98.17	35.41	21.85	8.99	17.85
Apr 10-16	105.91	132.23	115.52	98.48	35.57	21.85	8.99	17.85
17-Mar-20	106.20	132.49	115.42	98.74	35.50	21.79	8.97	17.80
20-Mar-20	106.79	132.96	115.70	98.98	35.35	21.67	8.92	17.70
21-Mar-20	106.88	133.01	116.09	99.22	35.27	21.65	8.91	17.69
22-Mar-20	106.99	131.60	115.90	99.43	35.36	21.63	8.90	17.67
23-Mar-20	107.14	132.42	116.39	99.53	35.36	21.60	8.89	17.64
Apr 17-23	106.80	132.50	115.90	99.18	35.37	21.67	8.92	17.70

*Unit of currency per Kenya Shilling

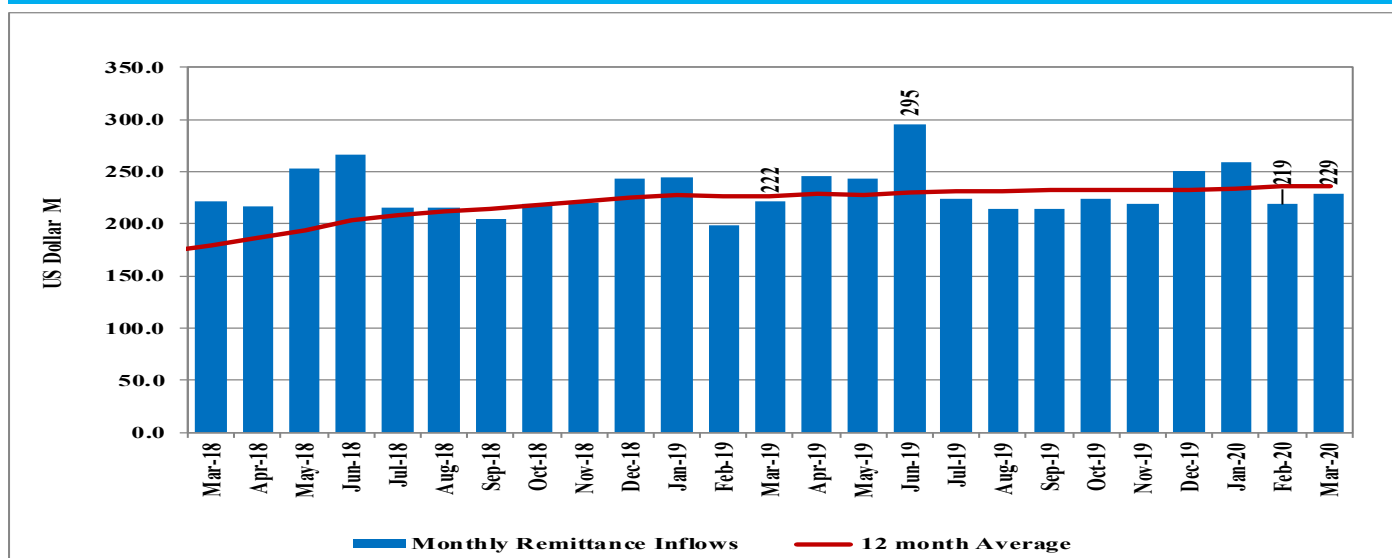
Source: Central Bank of Kenya

Table 2: Official Usable Foreign Exchange Reserves

	19-Mar-20	26-Mar-20	2-Apr-20	9-Apr-20	16-Apr-20	23-Apr-20
1. CBK Usable Foreign Exchange Reserves (USD Million)	8,298	7,965	7,874	7,974	7,913	7,858
2. CBK Usable Foreign Exchange Reserves (Months of Import Cover)*	5.04	4.84	4.76	4.84	4.78	4.75

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

Source: Central Bank of Kenya

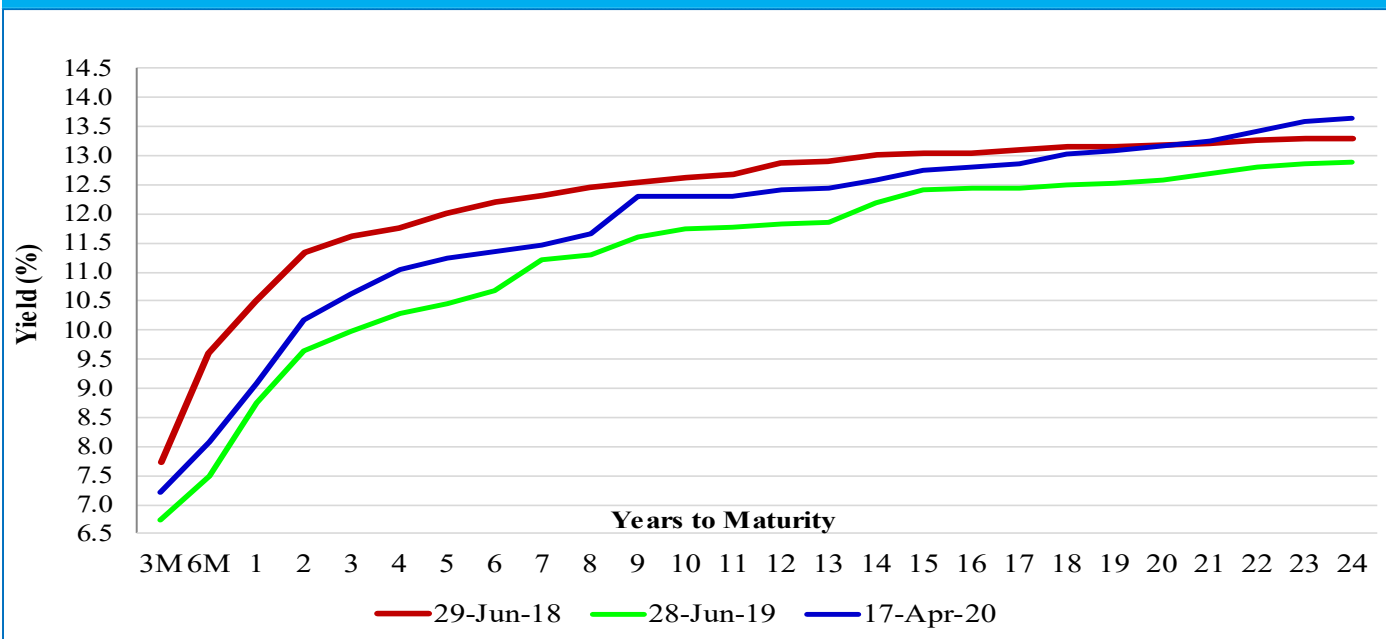
Chart 1: Monthly Remittance Inflows (USD Million)


Source: Central Bank of Kenya

Table 3: Money Market

Date	Number of Deals	Value (KSh M)	Average Interbank Rate (%)
10-Apr-20		Good Friday	
13-Apr-20		Easter Monday	
14-Apr-20	21	4,510.00	5.88
15-Apr-20	17	7,300.00	5.90
16-Apr-20	17	5,100.00	5.93
April 10 -16	18	5,636.67	5.91
17-Apr-20	8	2,550.00	6.00
20-Apr-20	12	2,480.00	6.29
21-Apr-20	12	4,070.00	6.06
22-Apr-20	15	10,100.00	5.74
23-Apr-20	15	12,850.00	4.95
April 17 -23	12	6,410.00	5.81

Source: Central Bank of Kenya

Chart 2: Government Securities Yield Curve

Source: Nairobi Securities Exchange (NSE)

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

Date of Auction	26-Mar-20	2-Apr-20	9-Apr-20	16-Apr-20	23-Apr-20
Amount offered (Ksh M)	4,000.00	4,000.00	4,000.00	4,000.00	4,000.00
Bids received (Ksh M)	3,585.60	907.51	571.03	2,620.31	8,785.97
Amount Accepted (Ksh M)	3,409.70	907.41	565.68	2,620.31	8,785.68
Maturities (Ksh M)	352.65	2,703.95	587.75	5,090.50	3,384.45
Average interest Rate (%)	7.240	7.220	7.209	7.201	7.212

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)	3,346.27	4,625.78	1,625.45	812.07	4,445.28
Amount Accepted (Ksh M)	3,346.27	4,625.68	1,567.35	773.65	4,444.28
Maturities (Ksh M)	444.35	1,321.75	510.55	1,063.15	3,033.65
Average interest Rate (%)	8.118	8.145	8.106	8.089	8.121

364-Day Treasury Bills

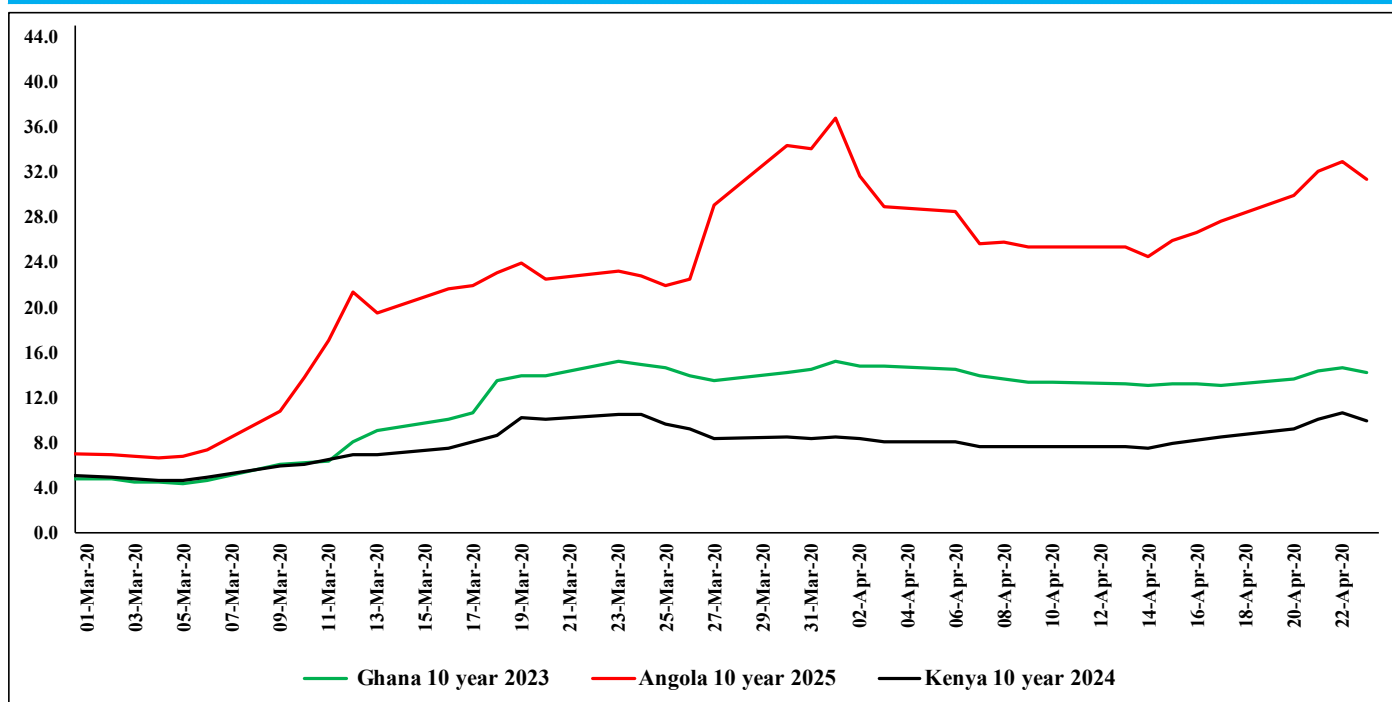
Amount offered (Ksh M)	10,000.00	10,000.00	10,000.00	10,000.00	10,000.00
Bids received (Ksh M)	6,735.47	21,511.97	6,335.57	10,857.34	6,376.10
Amount Accepted (Ksh M)	4,904.30	21,511.97	6,335.57	10,857.16	6,284.36
Maturities (Ksh M)	25,858.15	32,602.25	19,389.20	10,549.25	4,835.60
Average interest Rate (%)	9.045	9.049	9.040	9.091	9.110

Source: Central Bank of Kenya

Table 5: Treasury Bonds Auctions

Date of Auction	19-Feb-20		18-Mar-20		8-Apr-20	22-Apr-20
	REOPEN		REOPEN			TAP
Tenor	FXD1/2020/15	FXD1/2018/25	FXD1/2018/20	FXD1/2018/25	IFB1/2020/9	IFB1/2020/9
Amount offered (Ksh M)	50,000.00		50,000.00		60,000.00	21,000.00
Bids received (Ksh M)	42,494.66		35,155.99		68,413.78	35,387.16
Amount Accepted (Ksh M)	5,194.04	22,678.92	8,274.69	14,638.57	39,010.13	35,387.16
Maturities (Ksh M)	0.00		0.00		0.00	0.00
Average interest Rate (%)	12.76	13.60	13.29	13.82	12.05	12.05

Source: Central Bank of Kenya

Chart 3: Yields on 10 year Eurobonds for Selected African Countries


Source: Thomson Reuters

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)	7-Year Euro- bond Yield (%) 2027	10-Year Euro- bond Yield (%) 2024	10- Year Euro- bond Yield (%) 2028	12-Year Euro- bond Yield (%) 2032	30-Year Euro- bond Yield (%) 2048
10-Apr-20	Good Friday												
13-Apr-20	Easter Monday												
14-Apr-20	133.59	3122.51	1970.26	933	18.27	565.31	2,041.67	1,879.57	7.752	7.471	7.852	8.492	8.605
15-Apr-20	135.24	3151.01	1986.62	945	21.70	622.42	2,066.94	996.18	8.380	7.941	8.188	8.878	8.754
16-Apr-20	134.64	3135.39	1968.78	1,199	12.05	322.16	2,057.77	185.42	8.678	8.200	8.486	9.068	8.986
April 10-16	134.64	3135.39	1968.78	3,077	52.01	1,509.89	2,057.77	3,061.18	8.678	8.200	8.486	9.068	8.986
17-Apr-20	135.93	3145.15	1973.82	1,156	27.82	880	2,077.40	1,396	8.955	8.499	8.626	9.222	9.052
20-Apr-20	137.84	3179.80	1985.54	952	19.23	518	2,106.67	1,877	9.440	9.223	9.078	9.658	9.310
21-Apr-20	138.25	3208.59	1994.86	1,148	47.70	1,117	2,113.05	2,062	10.063	10.092	9.722	10.091	9.712
22-Apr-20	137.07	3194.41	1985.76	966	18.20	579	2,094.98	2,191	9.897	10.580	10.005	10.239	9.939
23-Apr-20	137.56	3195.95	1970.79	949	16.18	1,028	2,102.38	1,396	9.644	9.939	9.424	9.863	9.697
April 17-23	137.56	3195.95	1970.79	5,171	129.13	4,121.98	2,102.38	8,921.66	9.644	9.939	9.424	9.863	9.697
Weekly Changes (%)	2.17	1.93	0.10	68.05	148.26	173.00	2.17	191.45	0.966*	1.739*	0.938*	0.795*	0.711*

* Percentage points

Source: Nairobi Securities Exchange (NSE)

Table 7: Government Domestic Debt (KSh Billion)

	28-Jun-19	27-Sep-19	31-Dec-19	31-Mar-20	09-Apr-20	17-Apr-20
1. Treasury Bills (Excluding Repos)	954.25	933.10	878.94	902.29	894.54	882.74
<i>(As % of total securities)</i>	35.31	33.78	30.80	30.15	29.97	29.48
2. Treasury Bonds	1,748.15	1,828.78	1,974.69	2,090.29	2,090.14	2,111.94
<i>(As % of total securities)</i>	64.69	66.22	69.20	69.85	70.03	70.52
3. Total Securities (1+2)	2,702.40	2,761.88	2,853.63	2,992.58	2,984.68	2,994.68
4. Overdraft at Central Bank	57.33	52.58	58.96	54.18	64.05	64.44
5. Other Domestic debt*	25.76	25.68	29.52	25.73	25.73	25.65
6. Gross Domestic Debt (3+4+5)	2,785.48	2,840.13	2,942.10	3,072.49	3,074.46	3,084.77

* 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)

	28-Jun-19	27-Sep-19	31-Dec-19	31-Mar-20	9-Apr-20	17-Apr-20
Treasury bills (Excluding Repos)	34.26	32.85	29.87	29.37	29.10	28.62
Treasury bonds	62.76	64.39	67.12	68.03	67.98	68.46
CBK Overdraft to Government	2.06	1.85	2.00	1.76	2.08	2.09
Other domestic debt	0.92	0.90	1.00	0.84	0.84	0.83
TOTAL	100.00	100.00	100.00	100.00	100.00	100.00

Source: Central Bank of Kenya

Table 9: Government Domestic Debt by Holder (Percent)

	28-Jun-19	27-Sep-19	31-Dec-19	31-Mar-20	9-Apr-20	17-Apr-20
Banking Institutions	54.38	53.51	54.33	54.31	54.45	54.49
Insurance Companies	6.13	6.34	6.42	6.30	6.28	6.26
Parastatals	6.97	7.18	6.49	6.13	6.01	5.87
Pension funds	28.24	28.83	28.60	29.01	28.92	28.93
Other investors	4.28	4.14	4.17	4.25	4.34	4.44
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-18	Jun-19	Sep-19	Dec-19	Jan-20	Feb-20	Mar-20
Domestic debt (KSh Billion)	2,478.84	2,785.94	2,856.60	2,942.10	3,003.70	3,040.96	3,072.49
Public & Publicly Guaranteed External debt (US \$ Billion)	25.34	29.55	29.95	30.66	30.95	30.87	30.69
Public & Publicly Guaranteed External debt (KSh Billion)	2,560.20	3,023.14	3,111.80	3,106.82	311.90	3,117.04	3,212.63
Total public debt (KSh Billion)	5,039.03	5,809.08	5,968.40	6,048.93	6,116.60	6,158.00	6,285.12

Source: National Treasury and Central Bank of Kenya