



Central Bank of Kenya

Weekly Bulletin

December 24, 2020

KEY MONETARY AND FINANCIAL INDICATORS

Exchange Rates

The Kenya Shilling strengthened against major international and regional currencies during the week ending December 24 reflecting inflows to various sectors. It exchanged at KSh 108.79 per US dollar on December 24, compared to KSh 111.59 per US dollar on December 17 (Table 1).

Foreign Exchange Reserves

The usable foreign exchange reserves remained adequate at USD 7,788 million (4.78 months of import cover) as at December 24. 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 remained strong in November amounting to USD 257.7 million compared to USD 218.8 million in November 2019, an increase of 17.7 percent (Chart 1). The cumulative inflows in the 12 months to November totalled USD 3,045 million compared to USD 2,790 million in the 12 months to November 2019.

Money Markets

Liquidity in the money market was relatively tight during the week ending December 24, partly reflecting tax remittances which more than offset government payments. Commercial banks' excess reserves stood at KSh 20.1 billion in relation to the 4.25 percent cash reserves requirement (CRR). Open market operations remained active. The average interbank rate was 5.92 percent on December 24 compared to 5.75 percent on December 17. The average number of interbank deals per day declined to 27 from 41 in the previous week, while the average value traded declined to KSh 10.53 billion from KSh 14.8 billion in the previous week (Table 3).

Government Securities Market

The Treasury bills auction of December 24 received bids totaling KSh 12.7 billion against an advertised amount of KSh 24.0 billion, representing a performance of 52.8 percent. Interest rates on all the Treasury bills tenors remained stable, only rising marginally (Table 4).

The tap sale for the 15-year Treasury bonds of December 23 received bids totaling KSh 10.0 billion against an advertised amount of KSh 22.0 billion, representing a performance of 45.5 percent (Table 5).

Equity Market

At the Nairobi Securities Exchange, the NASI, NSE 25, NSE 20 share price indices and market capitalization increased by 2.6 percent, 2.2 percent, 2.4 percent, and 2.7 percent, respectively, during the week ending December 24. However, the total shares traded and the equity turnover declined by 39.3 percent and 3.5 percent, respectively (Table 6).

Bond Market

Turnover of bonds traded in the domestic secondary market increased by 61.0 percent during the week ending December 24 (Table 6). In the international market, yields on Kenya's Eurobonds remained stable, increasing by an average of 1.4 basis points. The yields on the 10-year Eurobonds for Ghana and Angola also remained relatively stable (Chart 3).

Global Trends

Global financial markets sentiment was mixed during the week ending December 24 following the news of a post-Brexit trade deal, whose effect was dampened by the bad news of the increased COVID-19 infections across multiple parts of the globe, with several Asian countries that tackled the virus successfully in the past now reporting new outbreaks. The flux status of the US stimulus deal also dampened the sentiment.

After initial declines, international oil prices increased towards the end of the week following news that Britain and the European Union had signed a post-Brexit trade deal. A drawdown in crude oil inventories in the U.S. also sparked optimism. Murban oil price fell from USD 51.64 per barrel on December 17 to USD 49.65 per barrel on December 23, before increasing to USD 51.43 per barrel on December 24.

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

	USD	Sterling Pound	Euro	100 Japanese Yen	USHS*	TSHS*	RWF*	BIF*
11-Dec-20	111.48	148.24	134.92	106.80	32.98	20.80	8.88	17.39
14-Dec-20	111.53	147.22	134.88	107.25	32.96	20.79	8.87	17.38
15-Dec-20	111.56	149.79	135.55	107.15	32.87	20.79	8.87	17.38
16-Dec-20	111.59	149.14	135.51	107.84	32.83	20.78	8.87	17.38
17-Dec-20	111.59	150.75	135.95	108.02	32.74	20.78	8.87	17.38
Dec 11-17	111.55	149.03	135.36	107.41	32.87	20.79	8.87	17.38
18-Dec-20	111.57	151.71	136.30	107.84	32.60	20.78	8.88	17.38
21-Dec-20	111.45	150.72	136.47	107.71	32.84	20.81	8.89	17.40
22-Dec-20	111.04	147.49	135.03	107.28	32.85	20.88	8.92	17.47
23-Dec-20	109.44	146.91	133.73	105.90	33.40	21.19	9.05	17.72
24-Dec-20	108.79	146.11	132.65	105.18	33.57	21.32	9.11	17.83
Dec 18-24	110.46	148.59	134.83	106.78	33.05	21.00	8.97	17.56

* Units of currency per Kenya Shilling

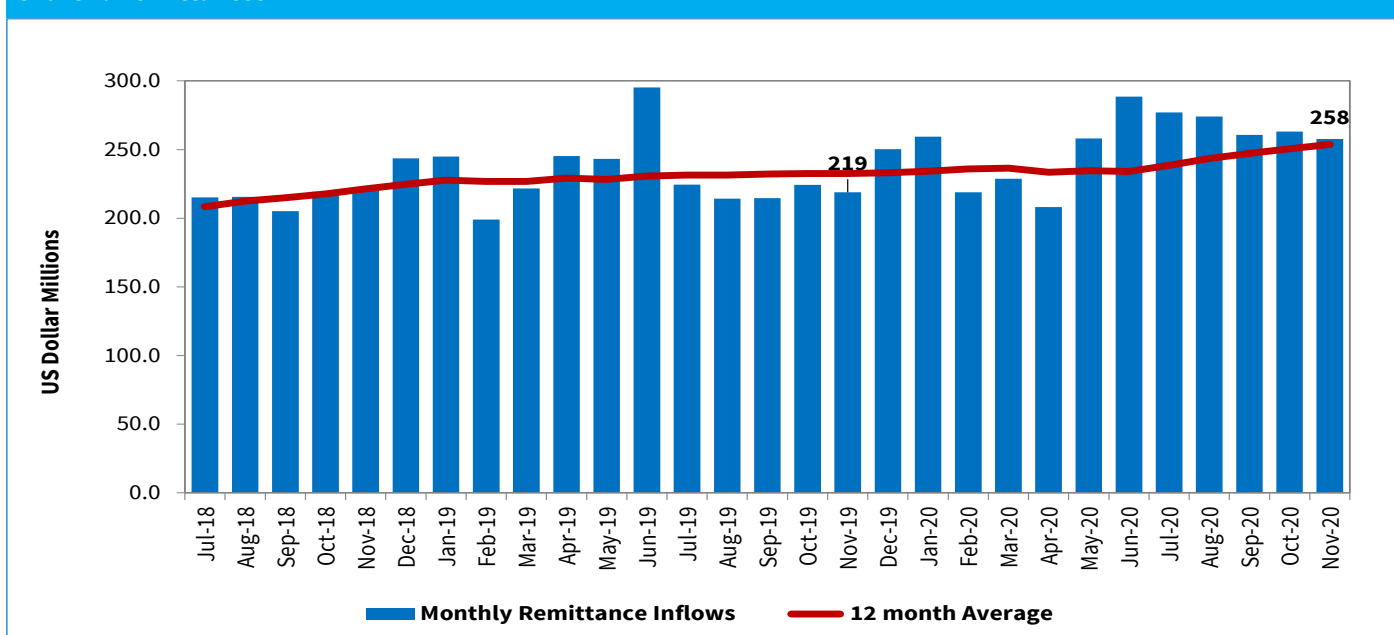
Source: Central Bank of Kenya

Table 2: Official Foreign Exchange Reserves (US\$ Million)

	26-Nov-20	3-Dec-20	10-Dec-20	17-Dec-20	24-Dec-20
1. CBK Usable Foreign Exchange Reserves (USD Million)	7,951	7,954	7,849	7,837	7,788
2. CBK Usable Foreign Exchange Reserves (Months of Import Cover)*	4.88	4.89	4.82	4.81	4.78

*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

Table 3: Money Market

Date	Number of Deals	Value (KSh M)	Average Interbank Rate (%)
11-Dec-20	54	12,665.00	4.52
14-Dec-20	56	25,420.00	5.13
15-Dec-20	28	10,175.00	5.33
16-Dec-20	30	14,110.00	5.61
17-Dec-20	36	11,770.00	5.75
Dec 11-17, 2020	41	14,828.00	5.27
18-Dec-20	31	7,975.00	5.88
21-Dec-20	30	19,335.00	5.88
22-Dec-20	31	10,255.00	5.84
23-Dec-20	19	6,460.00	5.83
24-Dec-20	22	8,640.00	5.92
Dec 18-24, 2020	27	10,533.00	5.87

Source :Central Bank of Kenya

Table 4: Performance of Treasury Bills Auctions

91-Day Treasury Bills						
Date of Auction	19-Nov-20	26-Nov-20	3-Dec-20	10-Dec-20	17-Dec-20	24-Dec-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)	5,581.88	4,578.36	2,971.03	1,550.67	8,629.93	5,752.66
Amount Accepted (KSh M)	5,560.64	3,595.33	2,479.53	1,550.67	8,513.96	5,601.50
Maturities (KSh M)	2,647.55	4,042.30	2,271.80	7,324.95	6,126.25	1,115.70
Average Interest Rate (%)	6.706	6.730	6.861	6.901	6.916	6.929
182-Day Treasury Bills						
Date of Auction	19-Nov-20	26-Nov-20	3-Dec-20	10-Dec-20	17-Dec-20	24-Dec-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)	6,502.84	6,371.30	2,687.18	3,019.91	7,856.58	2,520.92
Amount Accepted (KSh M)	6,498.06	5,888.93	2,686.51	2,979.90	7,856.58	2,443.21
Maturities (KSh M)	5,732.95	1,457.90	9,218.30	6,966.00	4,375.55	1,583.90
Average Interest Rate (%)	7.152	7.193	7.333	7.363	7.399	7.403
364-Day Treasury Bills						
Date of Auction	19-Nov-20	26-Nov-20	3-Dec-20	10-Dec-20	17-Dec-20	24-Dec-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)	12,931.81	4,476.58	5,258.63	5,280.71	5,207.09	4,400.22
Amount Accepted (KSh M)	12,098.00	3,965.10	4,727.59	5,188.48	4,972.92	2,093.79
Maturities (KSh M)	5,308.05	4,374.00	5,178.95	6,074.95	7,679.10	3,790.80
Average Interest Rate (%)	8.094	8.151	8.204	8.246	8.283	8.338

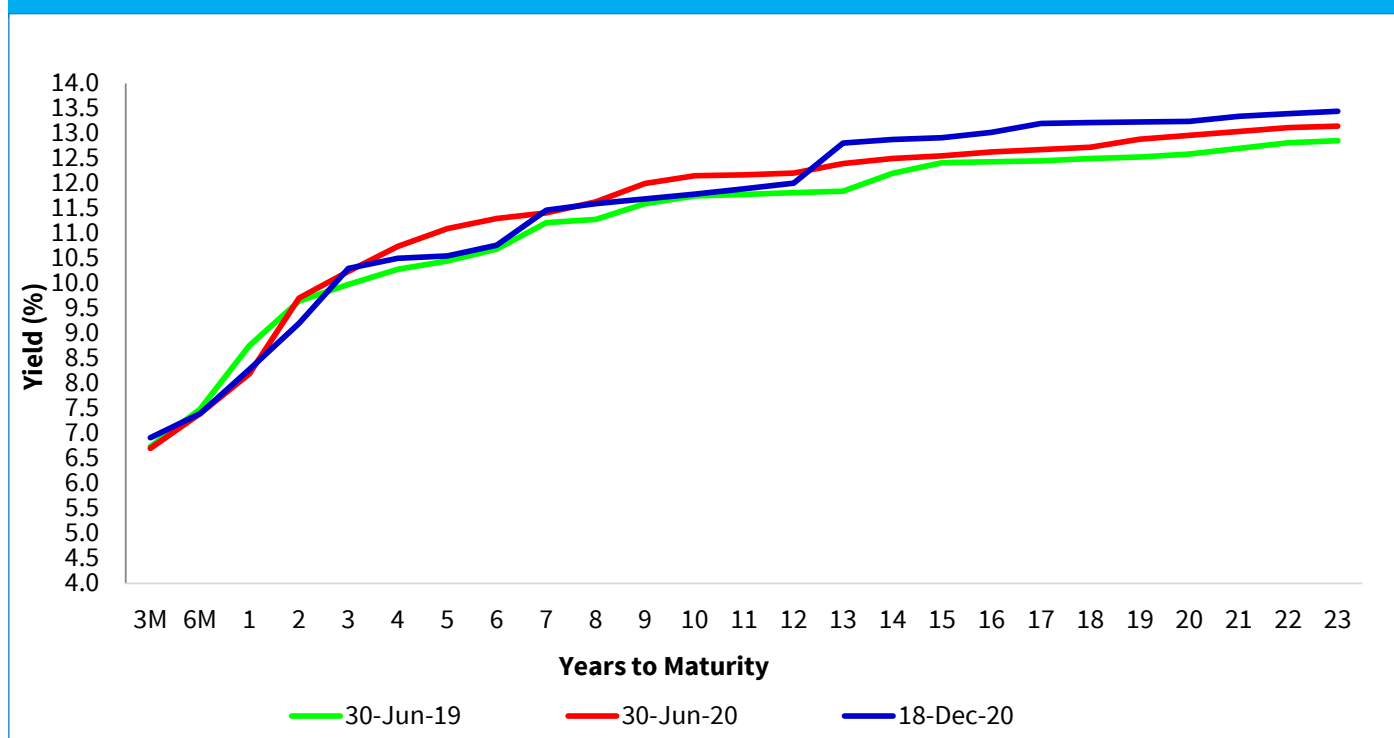
Source: Central Bank of Kenya

Table 5: Performance of Treasury Bond Auctions

Date of Auction	11-Nov-20	18-Nov-20		9-Dec-20		23-Dec-20	
	TAP	REOPEN		REOPEN		TAP	
Tenor	FXD1/ 2018/25	FXD2/ 2013/15	FXD1/ 2018/20	FXD1/ 2012/15	FXD2/ 2019/15	FXD1/ 2012/15	FXD2/ 2019/15
Amount offered (KSh M)	20,000.00	40,000.00		40,000.00		22,000.00	
Bids received (KSh M)	7,959.90	27,102.68	28,877.58	9,259.23	15,079.12	2,578.40	7,433.65
Amount Accepted (KSh M)	7,904.66	26,226.46	27,490.59	8,549.51	9,706.88	2,522.81	7,396.48
Maturities (KSh M)	0.00	30,673.85		0.00		0.00	
Average interest Rate (%)	13.49	11.45	13.25	11.46	12.81	11.00	12.73

Source: Central Bank of Kenya

Chart 2: 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 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
11-Dec-20	147.12	3296.62	1794.06	825.00	23.21	423.66	2,259.35	2,669.80	4.908	4.070	5.247	5.890	7.044
14-Dec-20	147.48	3303.40	1799.49	829.00	10.78	179.04	2,264.82	2,069.80	4.975	4.068	5.227	5.875	7.025
15-Dec-20	146.96	3292.49	1785.73	889.00	31.47	714.33	2,257.21	2,105.45	4.986	4.139	5.246	5.919	7.053
16-Dec-20	146.23	3270.40	1801.97	942.00	14.24	479.04	2,245.88	3,567.15	5.005	4.137	5.285	5.963	7.081
17-Dec-20	146.32	3271.76	1796.41	983.00	14.86	374.84	2,247.28	2,302.29	4.964	4.168	5.283	5.961	7.091
Dec 10-17	146.32	3271.76	1796.41	4,468.00	94.6	1,747.3	2,247.28	12,714.49	4.964	4.168	5.283	5.961	7.091
18-Dec-20	148.04	3,298.82	1,796.88	753.00	12.85	311.21	2,273.77	5,003.80	4.929	4.166	5.282	5.961	7.081
21-Dec-20	147.52	3,292.13	1,810.82	941.00	7.03	149.13	2,266.05	3,719.85	5.003	4.164	5.321	5.990	7.100
22-Dec-20	149.06	3,315.26	1,812.00	930.00	15.24	475.88	2,289.74	6,940.05	4.988	4.126	5.341	5.990	7.109
23-Dec-20	149.82	3,331.96	1,823.07	628.00	9.13	238.39	2,301.53	3,035.25	4.981	4.118	5.319	5.988	7.109
24-Dec-20	150.18	3,344.26	1,839.51	655.00	13.11	511.05	2,306.99	1,771.75	4.981	4.153	5.298	6.003	7.100
Dec 18-24	150.18	3,344.26	1,839.51	3,907.00	57.36	1,685.66	2,306.99	20,470.70	4.981	4.153	5.298	6.003	7.100
Weekly Changes (%)	2.64	2.22	2.40	-12.56	-39.34	-3.53	2.66	61.00	0.017*	-0.015*	0.015*	0.042*	0.009*

* Percentage points

Source: Nairobi Securities Exchange (NSE) and Thompson Reuters

Table 7: Government Domestic Debt (KSh Billion)

	28-Jun-19	31-Dec-19	31-Mar-20	30-Jun-20	30-Sep-20	11-Dec-20	18-Dec-20
1. Treasury Bills (Excluding Repos)	954.25	878.94	900.62	887.14	894.73	857.96	847.83
(As % of total securities)	35.29	30.80	30.09	28.55	26.50	25.30	24.94
2. Treasury Bonds	1,749.71	1,974.69	2,092.64	2,220.34	2,482.24	2,532.88	2,551.34
(As % of total securities)	64.71	69.20	69.91	71.45	73.50	74.70	75.06
3. Total Securities (1+2)	2,703.96	2,853.63	2,993.26	3,107.48	3,376.98	3,390.84	3,399.17
4. Overdraft at Central Bank	57.33	63.72	54.18	47.15	56.21	39.30	56.81
5. Other Domestic debt*	25.76	24.75	25.10	23.24	23.92	24.14	24.16
6. Gross Domestic Debt (3+4+5)	2,787.04	2,942.10	3,072.54	3,177.87	3,457.11	3,454.28	3,480.15

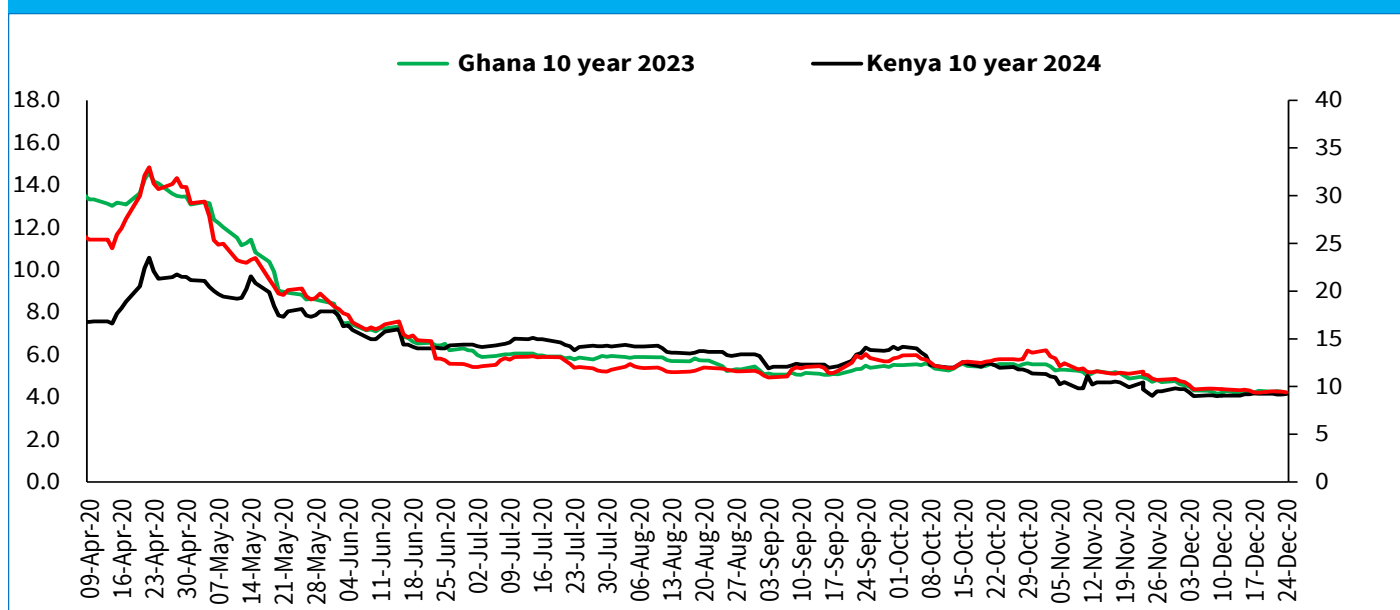
* Other domestic debt includes clearing items in transit, advances from commercial banks, Pre-1997 Government Overdraft and Tax Reserve Certificates

Source: Central Bank of Kenya

Table 8: Composition of Government Domestic Debt by Instrument (Percent)

	28-Jun-19	31-Dec-19	31-Mar-20	30-Jun-20	30-Sep-20	11-Dec-20	18-Dec-20
Treasury bills (Excluding Repos)	34.24	29.87	29.31	27.92	25.88	24.84	24.36
Treasury bonds	62.78	67.12	68.11	69.87	71.80	73.33	73.31
Overdraft at Central Bank	2.06	2.17	1.76	1.48	1.63	1.14	1.63
Other domestic debt	0.92	0.84	0.82	0.73	0.69	0.70	0.69
TOTAL	100.00	100.00	100.00	100.00	100.00	100.00	100.00

Source: Central Bank of Kenya

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

Source: Thomson Reuters

Table 9: Composition of Government Domestic Debt by Holder (In Percent)

	30-Jun-19	31-Dec-19	31-Mar-20	30-Jun-20	30-Sep-20	11-Dec-20	18-Dec-20
Banking Institutions	54.38	54.33	54.33	54.86	55.15	53.87	53.95
Insurance Companies	6.13	6.42	6.30	6.05	6.16	6.35	6.36
Parastatals	6.97	6.49	6.13	5.73	5.47	5.67	5.67
Pension Funds	28.24	28.60	29.04	29.05	28.52	29.83	29.74
Other Investors	4.28	4.17	4.20	4.32	4.71	4.29	4.27
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	Jun-20	Aug-20	Sep-20
Domestic debt (KSh Bn)	2,787.04	2,851.64	2,942.10	3,072.54	3,177.87	3,401.61	3,457.11
Public & Publicly Guaranteed External debt (US \$ Bn)	29.55	29.95	30.66	30.69	33.01	33.88	33.77
Public & Publicly Guaranteed External debt (KSh Bn)	3,023.14	3,111.80	3,106.82	3,212.63	3,515.81	3,666.32	3,663.49
Public debt (KSh Bn)	5,810.18	5,963.44	6,048.93	6,285.18	6,693.68	7,067.93	7,120.60

Source: National Treasury and Central Bank of Kenya