



Central Bank of Kenya

# Weekly Bulletin

August 7, 2020

## KEY MONETARY AND FINANCIAL INDICATORS

### Exchange Rates

The Kenya Shilling remained stable against major international and regional currencies during the week ending August 6. It exchanged at KSh 107.95 per US dollar on August 6, compared to KSh 107.71 per US dollar on July 30 (**Table 1**).

### Foreign Exchange Reserves

The usable foreign exchange reserves remained adequate at USD 9,290 million (5.64 months of import cover) as at August 6. 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 remained liquid during the week ending August 6, supported by government payments. Commercial banks' excess reserves stood at KSh 23.2 billion in relation to the 4.25 percent cash reserves requirement (CRR). Open market operations remained active. The average interbank rate was stable at 2.34 percent on August 6, compared to 2.30 percent on July 30. The average number of interbank deals per day decreased to 18 from 29 in the previous week, and the value traded declined to KSh 10.3 billion from KSh 20.3 billion in the previous week (**Table 3**).

### Government Securities Market

The Treasury bills auction of August 6, received bids totalling KSh 32.4 billion against an advertised amount of KSh 24.0 billion, representing a performance of 135.0 percent. Interest rates on the Treasury bills remained stable, only rising marginally (**Table 4**).

The 20-year fixed rate Treasury bond tap sale of August 5 received bids totalling KSh 41.0 billion against an advertised amount of KSh 40.0 billion, representing a performance of 102.5 percent (**Table 5**).

### Equity Market

At the Nairobi Securities Exchange, the number of shares traded and equity turnover rose by 94.0 percent and 54.2 percent, respectively during the week ending August 6. However, the NASI, NSE 20 share price index and market capitalization declined by 2.7 percent, 2.5 percent and 2.3 percent, respectively (**Table 6**).

### Bond Market

Turnover of bonds traded in the domestic secondary market declined by 57.5 percent during the week ending August 6 (**Table 6**). In the international market, yields on Kenya's Eurobonds remained stable, rising marginally by an average of 5.72 basis points. The yields on the 10-year Eurobonds for Ghana and Angola also remained stable (**Chart 2**).

### Global Trends

Global financial markets sentiment was subdued during the week as the markets awaited the outcome of the US decision on additional stimulus package. The markets were also internalizing the Bank of England's decision to hold the rates while indicating that they were anticipating a slower economic recovery.

International oil prices increased during the week after the US Energy Information Administration reported a much bigger than expected drop in U.S. crude stockpiles. Murban oil price rose to 44.05 per barrel on August 6 from USD 43.35 per barrel on July 30.

Table 1: Kenya Shilling Exchange Rates (Indicative Mean Rates)								
	USD	Sterling Pound	Euro	100 Japanese Yen	USHS*	TSHS*	RWF*	BIF*
24-Jul-20	108.02	137.42	125.16	101.46	34.21	21.51	8.87	17.84
27-Jul-20	107.79	137.47	125.08	102.02	34.28	21.57	8.81	17.72
28-Jul-20	107.72	138.58	126.36	102.00	34.30	21.58	8.90	17.89
29-Jul-20	107.71	138.67	126.27	102.50	34.29	21.57	8.90	17.89
30-Jul-20	107.71	139.63	126.39	102.32	34.21	21.51	8.90	17.89
<b>Jul 24-30</b>	<b>107.79</b>	<b>138.35</b>	<b>125.85</b>	<b>102.06</b>	<b>34.26</b>	<b>21.55</b>	<b>8.88</b>	<b>17.84</b>
31-Jul-20	Public Holiday							
3-Aug-20	107.71	140.16	126.68	102.48	34.26	21.59	8.90	17.89
4-Aug-20	107.82	140.42	126.34	101.48	34.17	21.56	8.89	17.88
5-Aug-20	107.89	140.52	126.81	101.90	34.20	21.55	8.89	17.87
6-Aug-20	107.95	141.72	127.89	102.05	34.14	21.54	8.89	17.86
<b>Jul 31-Aug 6</b>	<b>107.84</b>	<b>140.71</b>	<b>126.93</b>	<b>101.98</b>	<b>34.19</b>	<b>21.56</b>	<b>8.89</b>	<b>17.87</b>

\* Units of currency per Kenya Shilling

Source :Central Bank of Kenya

Table 2: Official Usable Foreign Exchange Reserves						
	2-Jul-20	9-Jul-20	16-Jul-20	23-Jul-20	30-Jul-20	6-Aug-20
1. CBK Usable Foreign Exchange Reserves (USD Million)	9,717	9,704	9,669	9,421	9,336	9,290
2. CBK Usable Foreign Exchange Reserves (Months of Import Cover)*	5.84	5.83	5.87	5.72	5.66	5.64

\*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 (%)
24-Jul-20	13	8,800.00	2.16
27-Jul-20	33	24,725.00	2.21
28-Jul-20	34	26,850.00	2.22
29-Jul-20	37	22,815.00	2.35
30-Jul-20	28	18,350.00	2.30
<b>July 24-30,2020</b>	<b>29</b>	<b>20,308.00</b>	<b>2.25</b>
31-Jul-20	Public Holiday		
3-Aug-20	10	2,300.00	3.01
4-Aug-20	18	8,600.00	2.43
5-Aug-20	25	17,520.00	2.33
6-Aug-20	17	12,700.00	2.34
<b>Jul 31-Aug 6,2020</b>	<b>18</b>	<b>10,280.00</b>	<b>2.53</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>2-Jul-20</b>	<b>9-Jul-20</b>	<b>16-Jul-20</b>	<b>23-Jul-20</b>	<b>30-Jul-20</b>	<b>6-Aug-20</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)	20,453.02	37,923.99	29,877.61	10,817.60	15,860.12	8,520.47
Amount Accepted (Ksh M)	9,446.15	18,419.97	29,876.33	10,816.32	11,922.94	7,535.73
Maturities (Ksh M)	910.70	518.95	2,630.45	8,924.35	2,542.80	2,466.15
<b>Average interest Rate (%)</b>	<b>6.546</b>	<b>6.274</b>	<b>6.011</b>	<b>6.112</b>	<b>6.121</b>	<b>6.123</b>
<b>182-Day Treasury Bills</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)	26,752.97	27,373.63	10,781.05	1,388.27	2,474.12	9,600.71
Amount Accepted (Ksh M)	10,783.81	7,155.78	9,780.79	1,388.27	1,509.71	9,600.71
Maturities (Ksh M)	1,107.00	2,277.90	6,612.05	5,344.90	6,302.15	17,337.20
<b>Average interest Rate (%)</b>	<b>7.048</b>	<b>6.759</b>	<b>6.524</b>	<b>6.440</b>	<b>6.455</b>	<b>6.549</b>
<b>364-Day Treasury Bills</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)	28,976.63	20,665.88	24,511.06	23,689.66	10,147.35	14,271.22
Amount Accepted (Ksh M)	23,680.06	20,648.03	5,858.26	23,633.05	10,147.35	13,344.93
Maturities (Ksh M)	25,153.35	32,335.05	11,533.15	17,883.35	12,955.85	19,677.60
<b>Average interest Rate (%)</b>	<b>7.769</b>	<b>7.700</b>	<b>7.464</b>	<b>7.370</b>	<b>7.391</b>	<b>7.455</b>

Source: Central Bank of Kenya

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

<b>Date of Auction</b>	<b>27-May-20</b>	<b>17-Jun-20</b>		<b>22-Jul-20</b>			<b>5-Aug-20</b>
	<b>REOPEN</b>	<b>REOPEN</b>		<b>REOPEN</b>			<b>REOPEN</b>
<b>Tenor</b>	<b>IFB1/2020/6</b>	<b>FXD3/2019/5</b>	<b>FXD4/2019/10</b>	<b>FXD1/2020/5</b>	<b>FXD2/2018/10</b>	<b>FXD1/2019/15</b>	<b>FXD2/2018/20</b>
Amount offered (Ksh M)	25,600.00	40,000.00		60,000.00			40,000.00
Bids received (Ksh M)	21,164.29	105,135.63		65,336.90	55,488.14	60,947.80	41,006.20
Amount Accepted (Ksh M)	19,275.46	16,527.35	32,795.89	9,344.71	21,267.34	50,242.43	41,006.20
Maturities (Ksh M)	20,226.65	0.00		0.00			0.00
Average interest Rate (%)	11.60	11.19	12.42	10.26	11.45	12.34	12.93

Source: Central Bank of Kenya

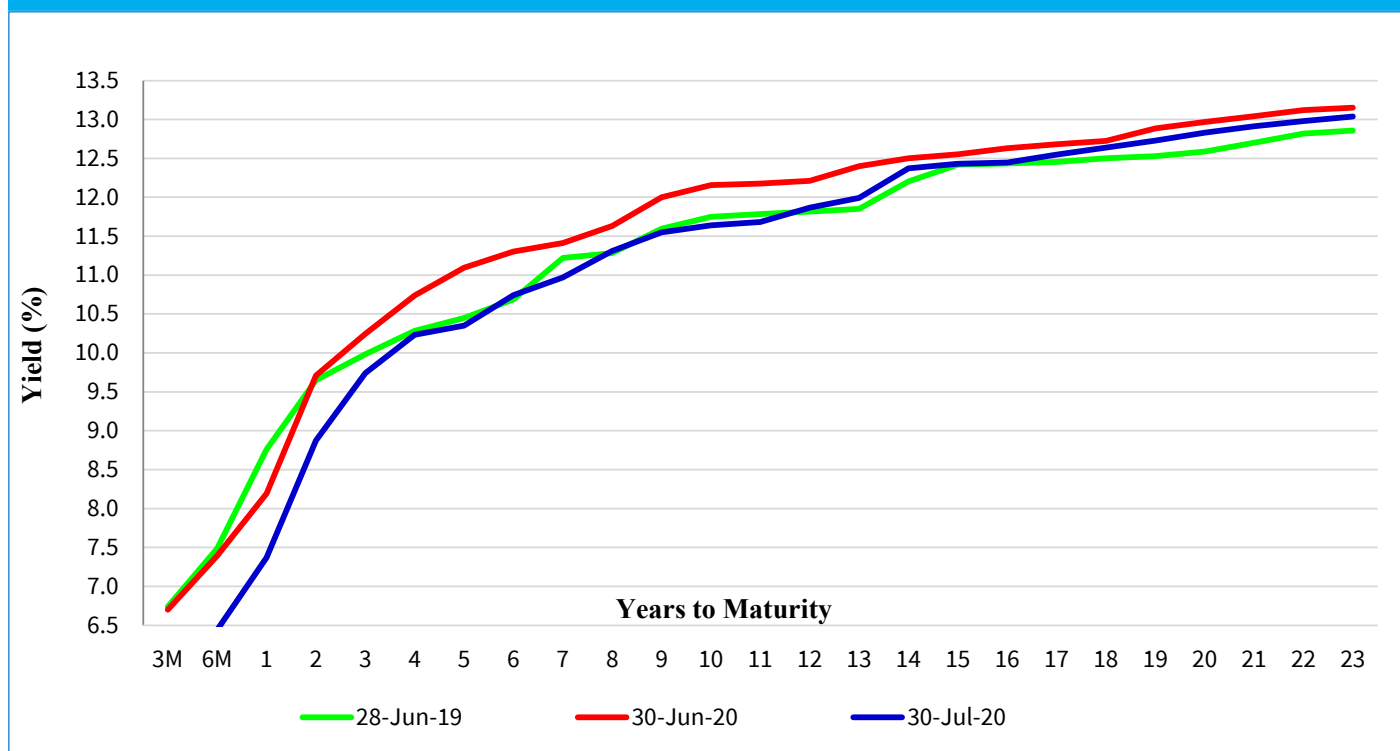
**Table 6: Key Weekly Market Indicators**

INDICATOR	NASI 100=2008	NSE 25 Share Index	NSE 20 Share Index 100=1996	Total Deals (Equity)	Total Shares Traded (Million)	Equity Turn- over (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
24-Jul-20	134.59	3121.55	1886.84	966	9.6	221.7	2,057.0	3,229.0	7.209	6.360	7.248	7.980	8.319
27-Jul-20	134.48	3101.28	1811.29	979	16.5	524.2	2,099.6	1,420.1	7.209	6.432	7.292	8.015	8.354
28-Jul-20	134.80	3111.87	1879.34	1,083	12.9	327.2	2,060.1	6,235.6	7.179	6.395	7.314	8.050	8.378
29-Jul-20	134.48	3101.28	1811.29	1,009	7.9	247.5	2,055.3	5,292.9	7.254	6.395	7.358	8.085	8.389
30-Jul-20	133.23	3059.56	1804.10	1,131	15.0	426.9	2,036.0	8,728.3	7.322	6.430	7.402	8.138	8.425
<b>July 4-25</b>	<b>133.23</b>	<b>3059.56</b>	<b>1804.10</b>	<b>5,168</b>	<b>61.9</b>	<b>1,747.4</b>	<b>2,036.0</b>	<b>24,906.0</b>	<b>7.322</b>	<b>6.430</b>	<b>7.402</b>	<b>8.138</b>	<b>8.425</b>
31-Jul-20	PUBLIC HOLIDAY								7.368	6.394	7.490	8.192	8.449
3-Aug-20	129.61	3002.59	1797.67	1,222	39.7	991.3	1,985.8	4,963.7	7.418	6.466	7.512	8.210	8.485
4-Aug-20	128.16	2973.63	1794.60	1,139	32.2	818.2	1,963.5	2,134.7	7.383	6.430	7.512	8.210	8.485
5-Aug-20	127.01	2955.77	1351.00	1,351	38.6	676.2	1,945.9	1,527.5	7.372	6.393	7.512	8.192	8.497
6-Aug-20	129.59	2968.11	1759.28	1,089	9.6	208.6	1,989.2	1,950.1	7.366	6.392	7.513	8.210	8.522
<b>July 31-6 August</b>	<b>129.59</b>	<b>2968.11</b>	<b>1759.28</b>	<b>4,801</b>	<b>120.0</b>	<b>2,694.3</b>	<b>1,989.2</b>	<b>10,576.0</b>	<b>7.366</b>	<b>6.392</b>	<b>7.513</b>	<b>8.210</b>	<b>8.522</b>
<b>Weekly Changes (%)</b>	<b>-2.73</b>	<b>-2.99</b>	<b>-2.48</b>	<b>-7.10</b>	<b>93.95</b>	<b>54.18</b>	<b>-2.30</b>	<b>-57.54</b>	<b>0.044*</b>	<b>-0.038*</b>	<b>0.111*</b>	<b>0.072*</b>	<b>0.097*</b>

\* Percentage points

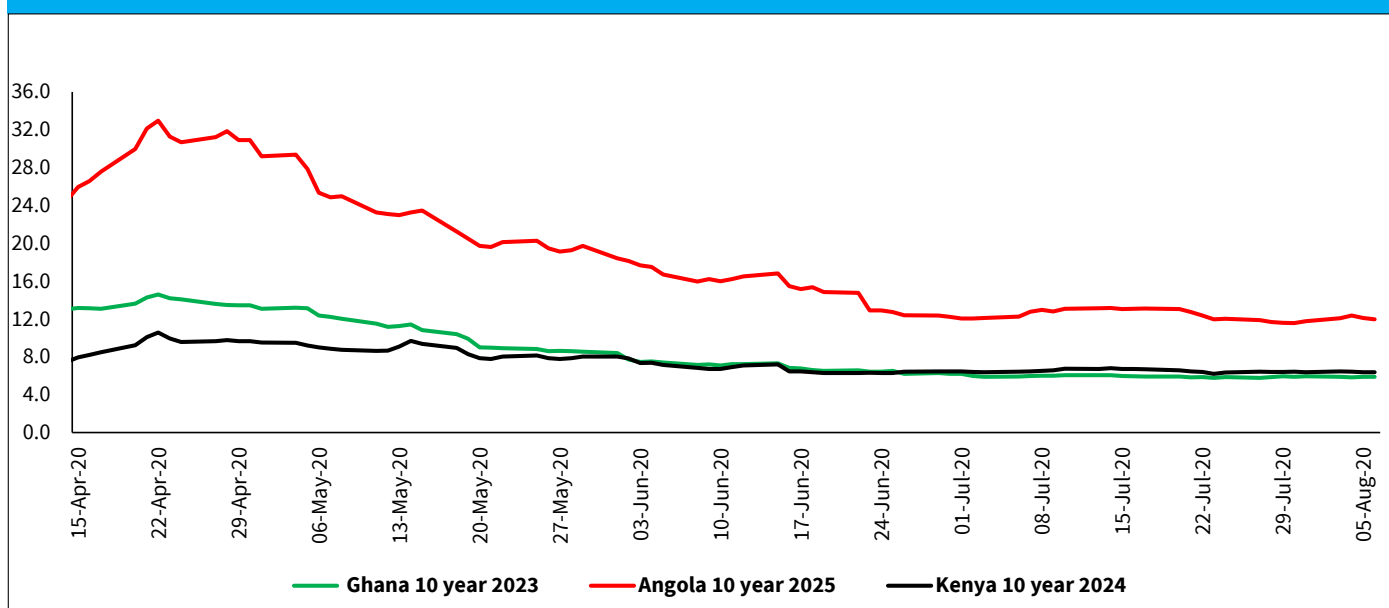
Source: Nairobi Securities Exchange (NSE)

**Chart 1: Government Securities Yield**



Source: Thomson Reuters

**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	30-Jun-20	24-Jul-20	30-Jul-20
1. Treasury Bills (Excluding Repos)	954.25	928.91	878.94	902.29	887.14	945.17	950.65
<i>(As % of total securities)</i>	<b>35.31</b>	<b>33.68</b>	<b>30.80</b>	<b>30.15</b>	<b>28.56</b>	<b>30.45</b>	<b>29.27</b>
2. Treasury Bonds	1,748.15	1,828.78	1,974.69	2,090.29	2,219.44	2,159.29	2,296.95
<i>(As % of total securities)</i>	<b>64.69</b>	<b>66.32</b>	<b>69.20</b>	<b>69.85</b>	<b>71.44</b>	<b>69.55</b>	<b>70.73</b>
3. Total Securities (1+2)	2,702.40	2,757.69	2,853.63	2,992.58	3,106.59	3,104.46	3,247.61
4. Overdraft at Central Bank	57.33	68.23	63.72	54.18	47.15	-	-
5. Other Domestic debt*	25.76	25.72	24.75	25.10	23.79	23.23	23.22
<b>6. Gross Domestic Debt (3+4+5)</b>	<b>2,785.48</b>	<b>2,851.64</b>	<b>2,942.10</b>	<b>3,071.85</b>	<b>3,177.53</b>	<b>3,127.69</b>	<b>3,270.82</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)**

	28-Jun-19	30-Sep-19	31-Dec-19	31-Mar-20	30-Jun-20	24-Jul-20	30-Jul-20
Treasury bills (Excluding Repos)	34.26	32.57	29.87	29.37	27.92	30.22	29.06
Treasury bonds	62.76	64.13	67.12	68.05	69.85	69.04	70.23
CBK Overdraft to Government	2.06	2.39	2.17	1.76	1.48	0.00	0.00
Other domestic debt	0.92	0.90	0.84	0.82	0.75	0.74	0.71
<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)**

	28-Jun-19	30-Sep-19	31-Dec-19	31-Mar-20	30-Jun-20	24-Jul-20	30-Jul-20
Banking Institutions	54.38	53.63	54.33	54.31	54.86	53.33	54.76
Insurance Companies	6.13	6.33	6.42	6.30	6.05	6.40	6.19
Parastatals	6.97	7.13	6.49	6.13	5.73	5.88	5.51
Pension funds	28.24	28.77	28.60	29.01	29.05	30.09	29.30
Other investors	4.28	4.13	4.17	4.25	4.32	4.30	4.23
<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 Total Government Debt**

	Jun-19	Sep-19	Dec-19	Mar-20	Apr-20	May-20	Jun-20
Domestic debt (KSh Billion)	2,785.48	2,851.64	2,942.10	3,071.85	3,119.42	3,153.14	3,177.53
Public & Publicly Guaranteed External debt (US \$ Billion)	29.55	29.95	30.66	30.69	30.89	32.67	33.01
Public & Publicly Guaranteed External debt (KSh Billion)	3,023.14	3,111.80	3,106.82	3,212.63	3,317.33	3,496.43	3,515.81
<b>Total public debt (KSh Billion)</b>	<b>5,808.62</b>	<b>5,963.44</b>	<b>6,048.93</b>	<b>6,284.49</b>	<b>6,436.75</b>	<b>6,649.57</b>	<b>6,693.34</b>

Source: National Treasury and Central Bank of Kenya