



Central Bank of Kenya

Weekly Bulletin

August 14, 2020

KEY MONETARY AND FINANCIAL INDICATORS (REVISED)

Exchange Rates

The Kenya Shilling weakened marginally against major international and regional currencies during the week ending August 13. It exchanged at KSh 108.39 per US dollar on August 13, compared to KSh 107.95 per US dollar on August 6 (Table 1).

Foreign Exchange Reserves

The usable foreign exchange reserves remained adequate at USD 9,249 million (5.6 months of import cover) as at August 13. 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).

Money Markets

The money market remained liquid during the week ending August 13, supported by government payments, which offset tax receipts. Commercial banks' excess reserves stood at KSh 19.7 billion in relation to the 4.25 percent cash reserves requirement (CRR). Open market operations remained active. The average interbank rate declined to 1.76 percent on August 13 from 2.34 percent on August 6. The average number of interbank deals per day increased to 20 from 18 in the previous week, and the value traded increased to KSh 14.5 billion from KSh 10.3 billion in the previous week (Table 3).

Government Securities Market

The Treasury bills auction of August 13 received bids totalling KSh 22.3 billion against an advertised amount of KSh 24.0 billion, representing a performance of 92.8 percent. Interest rates on the Treasury bills increased marginally (Table 4).

Equity Market

At the Nairobi Securities Exchange, both NASI and market capitalization rose by 0.1 percent during the week ending August 13. However, the number of shares traded, equity turnover and NSE 20 share price index declined by 47.6 percent, 43.9 percent and 1.2 percent, respectively (Table 6).

Bond Market

Turnover of bonds traded in the domestic secondary market rose by 39.6 percent during the week ending August 13 (Table 6). In the international market, yields on Kenya's Eurobonds declined by an average of 41.9 basis points. The yields on the 10-year Eurobonds for Ghana and Angola also declined (Chart 2).

Global Trends

Global financial markets sentiment was muted during the week as investors remained cautious following a stand off amongst the U.S lawmakers about the next stimulus package and the U.K's sharp contraction in output by a record 20.4 percent in Q2.

International oil prices increased marginally during the week on account of a historic peace deal between Israel and the UAE. Murban oil price rose to 44.41 per barrel on August 13 from USD 44.05 per barrel on August 6.

Table 1: Kenya Shilling Exchange Rates (Indicative Mean Rates)								
	USD	Sterling Pound	Euro	100 Japanese Yen	USHS*	TSHS*	RWF*	BIF*
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
Jul 31-Aug 6	107.84	140.71	126.93	101.98	34.19	21.56	8.89	17.87
7-Aug-20	108.00	142.10	128.09	102.32	34.13	21.53	8.88	17.85
10-Aug-20	108.03	141.33	127.64	102.26	34.08	21.52	8.88	17.85
11-Aug-20	108.12	141.25	127.24	102.14	33.99	21.50	8.88	17.83
12-Aug-20	108.33	141.98	127.70	101.48	33.88	21.46	8.86	17.80
13-Aug-20	108.39	141.24	127.57	101.36	33.90	21.45	8.90	17.79
Aug 7-13	108.17	141.58	127.65	101.91	34.00	21.49	8.88	17.83

* Units of currency per Kenya Shilling

Source :Central Bank of Kenya

Table 2: Official Usable Foreign Exchange Reserves						
	9-Jul-20	16-Jul-20	23-Jul-20	30-Jul-20	6-Aug-20	13-Aug-20
1. CBK Usable Foreign Exchange Reserves (USD Million)	9,704	9,669	9,421	9,336	9,290	9,249
2. CBK Usable Foreign Exchange Reserves (Months of Import Cover)*	5.83	5.87	5.72	5.66	5.64	5.61

*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 (%)
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
Jul 31-Aug 6,2020	18	10,280.00	2.53
7-Aug-20	24	21,060.00	2.34
10-Aug-20	24	14,325.00	2.17
11-Aug-20	20	15,750.00	2.02
12-Aug-20	25	16,215.00	1.96
13-Aug-20	6	5,250.00	1.76
Aug 7-13,2020	20	14,520.00	2.05

Source :Central Bank of Kenya

Table 4: Performance of Treasury Bills Auctions

91-Day Treasury Bills						
Date of Auction	9-Jul-20	16-Jul-20	23-Jul-20	30-Jul-20	6-Aug-20	13-Aug-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)	37,923.99	29,877.61	10,817.60	15,860.12	8,520.47	6,373.54
Amount Accepted (Ksh M)	18,419.97	29,876.33	10,816.32	11,922.94	7,535.73	6,373.54
Maturities (Ksh M)	518.95	2,630.45	8,924.35	2,542.80	2,466.15	7,775.85
Average interest Rate (%)	6.274	6.011	6.112	6.121	6.123	6.200
182-Day Treasury Bills						
Date of Auction	9-Jul-20	16-Jul-20	23-Jul-20	30-Jul-20	6-Aug-20	13-Aug-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)	27,373.63	10,781.05	1,388.27	2,474.12	9,600.71	9,378.10
Amount Accepted (Ksh M)	7,155.78	9,780.79	1,388.27	1,509.71	9,600.71	6,968.43
Maturities (Ksh M)	2,277.90	6,612.05	5,344.90	6,302.15	17,337.20	6,669.45
Average interest Rate (%)	6.759	6.524	6.440	6.455	6.549	6.561
364-Day Treasury Bills						
Date of Auction	9-Jul-20	16-Jul-20	23-Jul-20	30-Jul-20	6-Aug-20	13-Aug-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)	20,665.88	24,511.06	23,689.66	10,147.35	14,271.22	6,511.13
Amount Accepted (Ksh M)	20,648.03	5,858.26	23,633.05	10,147.35	13,344.93	5,306.17
Maturities (Ksh M)	32,335.05	11,533.15	17,883.35	12,955.85	19,677.60	16,448.55
Average interest Rate (%)	7.700	7.464	7.370	7.391	7.455	7.517

Source: Central Bank of Kenya

Table 5: Performance of Treasury Bonds Auctions

Date of Auction	27-May-20	17-Jun-20		22-Jul-20			5-Aug-20
	REOPEN	REOPEN		REOPEN			TAP
Tenor	IFB1/2020/6	FXD3/2019/5	FXD4/2019/10	FXD1/2020/5	FXD2/2018/10	FXD1/2019/15	FXD2/2018/20
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

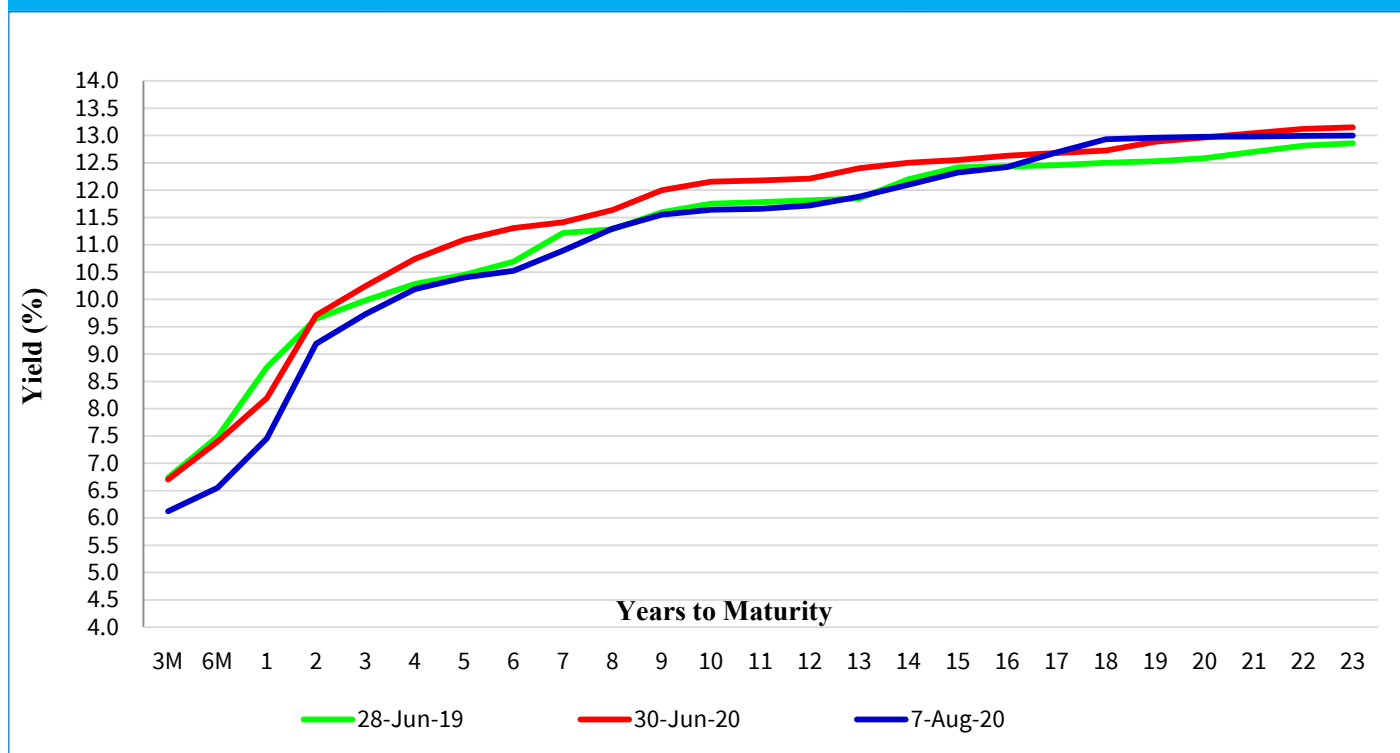
Table 6: Key Weekly Market Indicators

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
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	7.414	6.392	7.513	8.210	8.522
July 31-6 August	129.59	2968.11	1759.28	4,801	120.0	2,694.3	1,989.2	10,576.0	7.414	6.392	7.513	8.210	8.522
7-Aug-20	130.58	2990.66	1758.08	814	10.4	211.2	2,004.5	4,010.6	7.369	6.391	7.513	8.246	8.522
10-Aug-20	130.21	2983.73	1761.43	815	18.6	481.7	1,998.7	2,672.0	7.321	6.428	7.513	8.210	8.497
11-Aug-20	129.24	2946.26	1733.14	1,022	14.1	355.1	1,983.9	3,201.8	7.245	6.317	7.425	8.085	8.426
12-Aug-20	130.76	2972.90	1751.39	908	11.8	266.5	2,007.2	2,075.0	6.935	6.135	7.206	7.789	8.249
13-Aug-20	129.70	2935.01	1738.58	1,003	8.0	197.1	1,990.9	2,806.3	6.941	6.097	7.097	7.652	8.169
August 7-13	129.70	2935.01	1738.58	4,562	62.9	1,511.7	1,990.9	14,765.7	6.941	6.097	7.097	7.652	8.169
Weekly Changes (%)	0.08	-1.12	-1.18	-4.98	-47.58	-43.89	0.09	39.61	0.473*	-0.295*	-0.416*	-0.558*	-0.353*

* Percentage points

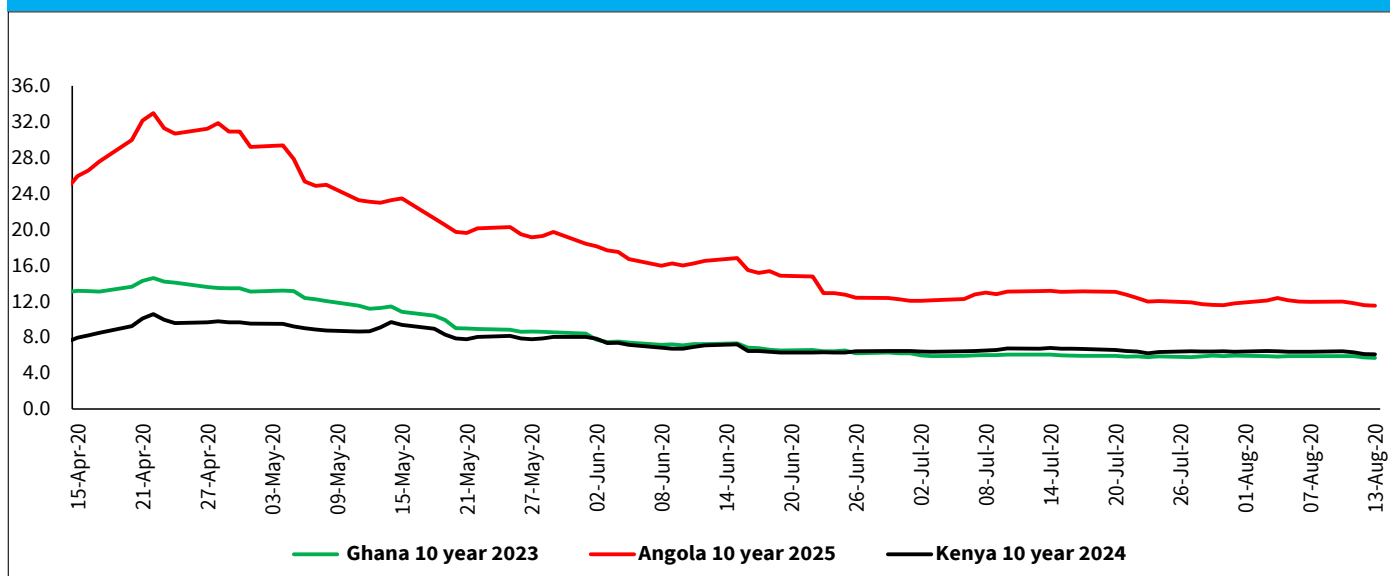
Source: Nairobi Securities Exchange (NSE)

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	30-Jul-20	07-Aug-20**
1. Treasury Bills (Excluding Repos)	954.25	928.91	878.94	900.62	887.14	950.65	953.37
<i>(As % of total securities)</i>	35.31	33.68	30.80	30.11	28.56	29.27	29.33
2. Treasury Bonds	1,748.15	1,828.78	1,974.69	2,090.29	2,219.44	2,296.95	2,296.95
<i>(As % of total securities)</i>	64.69	66.32	69.20	69.89	71.44	70.73	70.67
3. Total Securities (1+2)	2,702.40	2,757.69	2,853.63	2,990.91	3,106.59	3,247.61	3,250.32
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	25.05	25.05
6. Gross Domestic Debt (3+4+5)	2,785.48	2,851.64	2,942.10	3,070.19	3,177.53	3,272.66	3,275.37

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

** Revised

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	30-Jul-20	7-Aug-20*
Treasury bills (Excluding Repos)	34.26	32.57	29.87	29.33	27.92	29.05	29.11
Treasury bonds	62.76	64.13	67.12	68.08	69.85	70.19	70.13
CBK Overdraft to Govt	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	0.77	0.76
TOTAL	100.00	100.00	100.00	100.00	100.00	100.00	100.00

*Revised

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	30-Jul-20	7-Aug-20*
Banking Institutions	54.38	53.63	54.33	54.33	54.86	54.78	54.77
Insurance Companies	6.13	6.33	6.42	6.30	6.05	6.19	6.18
Parastatals	6.97	7.13	6.49	6.13	5.73	5.51	5.54
Pension funds	28.24	28.77	28.60	29.04	29.05	29.29	29.27
Other investors	4.28	4.13	4.17	4.20	4.32	4.23	4.23
Total	100.00	100.00	100.00	100.00	100.00	100.00	100.00

* Revised

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	3,070.19	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
Total public debt (KSh Billion)	5,808.62	5,963.44	6,048.93	6,282.82	6,436.75	6,649.57	6,693.34

Source: National Treasury and Central Bank of Kenya