



Central Bank of Kenya

Weekly Bulletin

August 6, 2021



RECENT MONETARY AND FINANCIAL DEVELOPMENTS

Exchange Rates

The Kenya Shilling remained stable against major international and regional currencies during the week ending August 5. It exchanged at KSh 108.67 per US dollar on August 5, compared to KSh 108.59 per US dollar on July 29 (**Table 1**).

Foreign Exchange Reserves

The usable foreign exchange reserves remained adequate at USD 9,352 million (5.72 months of import cover) as at August 5. 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 Market

The money market was liquid during the week ending August 5, supported by government payments, which offset tax remittances. Commercial banks' excess reserves stood at KSh 10.6 billion in relation to the 4.25 percent cash reserves requirement (CRR). Open market operations remained active. The average interbank rate was 3.29 percent on August 5 compared to 3.32 percent on July 29. During the week, the average number of interbank deals per day increased to 23 from 12 in the previous week, while the average value traded increased to KSh 9.9 billion from KSh 4.1 billion (**Table 3**).

Government Securities Market

The Treasury bills auctions of August 5, received bids totalling KSh 23.9 billion against an advertised amount of KSh 24.0 billion, representing a performance of 99.8 percent.

Interest rates on the Treasury bills remained stable, with the 91-day and 182-day rates increasing marginally while the 364-day declined (**Table 4**).

Equity Market

At the Nairobi Securities Exchange, total shares traded and equity turnover rose by 5.0 percent and 18.3 percent, respectively, during the week ending August 5. However, the NASI, NSE 25, and NSE 20 share price indices declined marginally. Similarly, market capitalization declined marginally (**Table 6**).

Bonds Market

Turnover of bonds in the domestic secondary market rose by 4.6 percent during the week ending August 5 (**Table 6**). In the international market, yields on Kenya's Eurobonds remained stable, declining by an average of 1.6 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 ending August 5, on concerns over the impact of rising COVID-19 Delta variant infections on global economic activity. A smaller decline in US Jobless claims further weighed on market sentiment.

International oil prices declined during the week, reflecting a larger than expected build up in oil stocks in the US and concerns regarding the spread of the COVID-19 Delta variant. Murban oil price declined to USD 69.51 per barrel on August 5, from USD 74.65 per barrel on July 29.

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

	USD	Sterling Pound	Euro	100 Japanese Yen	Uganda Shilling*	Tanzania Shilling*	Rwandese Franc*	Burundi Franc*
23-Jul-21	108.20	148.77	127.65	98.30	32.79	21.43	9.31	18.31
26-Jul-21	108.29	148.92	127.48	97.96	32.70	21.41	9.30	18.30
27-Jul-21	108.49	149.52	127.91	98.39	32.67	21.37	9.28	18.27
28-Jul-21	108.52	149.75	128.03	98.57	32.76	21.37	9.28	18.26
29-Jul-21	108.59	150.63	128.24	98.99	32.74	21.36	9.28	18.25
July 23-29	108.42	149.52	127.86	98.44	32.73	21.39	9.29	18.28
30-Jul-21	108.61	151.20	128.69	98.89	32.69	21.35	9.27	18.25
2-Aug-21	108.63	151.61	129.03	99.06	32.70	21.35	9.27	18.25
3-Aug-21	108.63	151.15	129.04	99.15	32.68	21.35	9.27	18.25
4-Aug-21	108.65	151.09	128.98	99.50	32.67	21.34	9.27	18.25
5-Aug-21	108.67	151.28	129.05	99.91	32.63	21.34	9.27	18.24
July 30-Aug 5	108.64	151.27	128.96	99.30	32.67	21.35	9.27	18.25

*Units of currency per Kenya Shilling

Source: Central Bank of Kenya

Table 2: Official Foreign Exchange Reserves (USD Million)

	8-Jul-21	15-Jul-21	22-Jul-21	29-Jul-21	5-Aug-21
1. CBK Usable Foreign Exchange Reserves (USD Million)*	9,590	9,621	9,371	9,341	9,352
2. CBK Usable Foreign Exchange Reserves (Months of Import Cover)**	5.86	5.87	5.73	5.71	5.72

*Excludes Encumbered Reserves

**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 (%)
23-Jul-21	14	4,805.00	3.19
26-Jul-21	8	3,650.00	3.14
27-Jul-21	13	6,520.00	3.15
28-Jul-21	12	3,860.00	3.18
29-Jul-21	11	1,660.00	3.32
July 23-29, 2021	12	4,099.00	3.20
30-Jul-21	18	6,070.00	3.17
2-Aug-21	33	21,820.00	3.16
3-Aug-21	18	6,010.00	3.36
4-Aug-21	24	7,850.00	3.25
5-Aug-21	20	7,960.00	3.29
July 30-Aug 5, 2021	23	9,942.00	3.25

Source: Central Bank of Kenya

Table 4: Performance of Treasury Bills Auctions

91-Day Treasury Bills						
Date of Auction	1-Jul-21	8-Jul-21	15-Jul-21	22-Jul-21	29-Jul-21	5-Aug-21
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)	10,080.95	11,308.01	2,673.05	10,082.46	8,495.36	6,093.72
Amount Accepted (KSh M)	6,049.87	11,307.42	2,667.88	10,082.46	8,490.35	6,083.47
Maturities (KSh M)	2,046.00	3,214.00	4,161.45	3,720.50	1,738.20	1,867.30
Average Interest Rate (%)	6.728	6.614	6.520	6.477	6.486	6.513
182-Day Treasury Bills						
Date of Auction	1-Jul-21	8-Jul-21	15-Jul-21	22-Jul-21	29-Jul-21	5-Aug-21
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)	13,949.68	19,411.26	11,325.32	3,211.47	6,498.46	15,019.57
Amount Accepted (KSh M)	13,924.67	11,667.74	11,295.82	3,207.51	6,443.79	14,044.36
Maturities (KSh M)	591.75	3,173.50	8,400.30	937.00	2,042.10	2,082.40
Average Interest Rate (%)	7.228	7.101	6.984	6.955	6.966	7.046
364-Day Treasury Bills						
Date of Auction	1-Jul-21	8-Jul-21	15-Jul-21	22-Jul-21	29-Jul-21	5-Aug-21
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)	7,322.10	4,324.18	5,269.95	3,404.08	2,809.45	2,829.82
Amount Accepted (KSh M)	5,472.94	4,275.77	5,219.89	3,403.99	2,809.35	2,820.97
Maturities (KSh M)	25,503.90	22,209.20	6,160.90	25,369.30	10,883.20	14,323.90
Average Interest Rate (%)	7.661	7.576	7.506	7.432	7.426	7.418

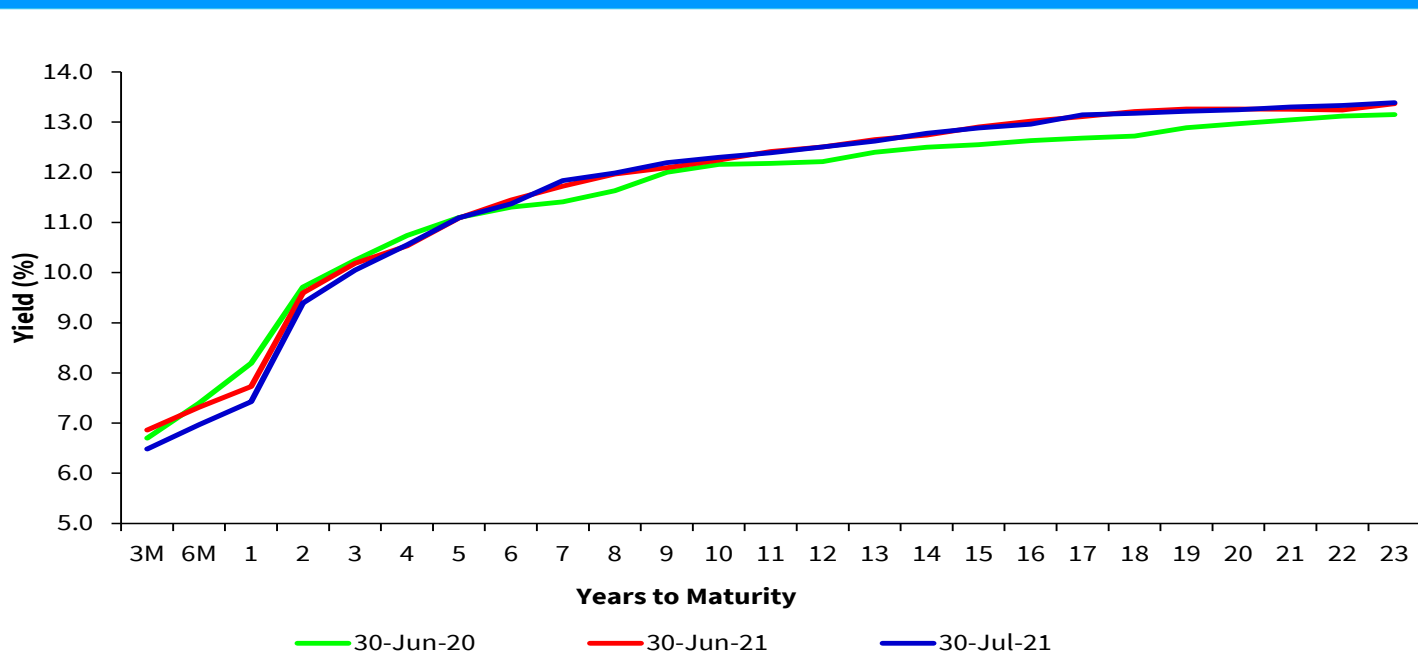
Source: Central Bank of Kenya

Table 5: Performance of Treasury Bond Auctions

Date of Auction	16-Jun-21		30-Jun-21		14-Jul-21		
	REOPEN		TAP		REOPEN		
	FXD2/ 2019/20	FXD1/ 2012/20	FXD1/ 2019/20	FXD1/ 2012/20	FXD1/ 2012/15	FXD1/ 2018/15	FXD1/ 2021/25
Amount offered (KSh M)	30,000.00		50,000.00		60,000.00		
Bids received (KSh M)	41,045.42	23,879.71	29,845.00	8,638.85	48,805.43	28,212.38	39,906.96
Amount Accepted (KSh M)	13,400.65	6,294.65	29,045.75	8,378.30	30,091.53	27,203.05	22,640.58
Maturities (KSh M)	0.00		0.00		24,395.30		
Average interest Rate (%)	13.26	12.50	13.26	12.50	11.47	12.61	13.68

Source: Central Bank of Kenya

Chart 1: Government Securities Yield Curve



Source: Nairobi Securities Exchange (NSE)

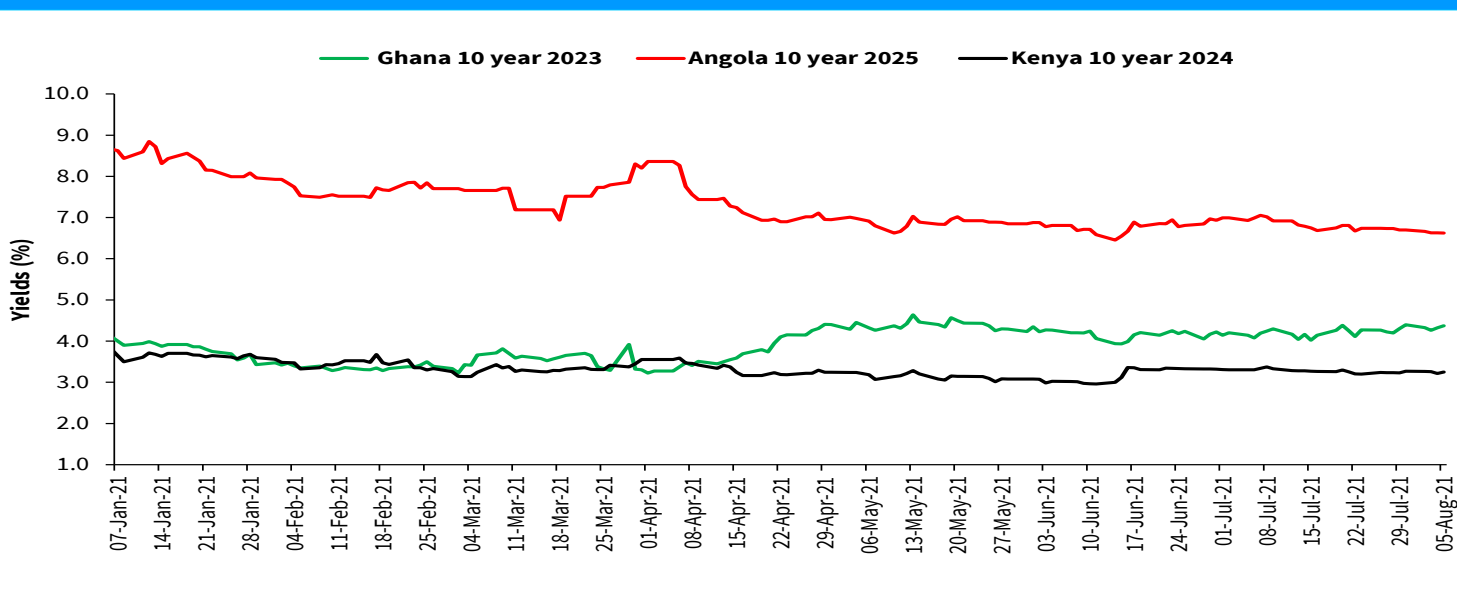
Table 6: Key Weekly Market Indicators

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	13-Year 2034	30-Year 2048
23-Jul-21	179	3,896	1,982	1,044	9.53	340.84	2,789.04	4,235.85	4.82	3.20	5.34	6.21	6.21	7.35
26-Jul-21	179	3,912	1,982	1,161	3.93	79.82	2,796.40	5,402.35	4.81	3.24	5.34	6.21	6.18	7.32
27-Jul-21	177	3,885	1,984	1,279	12.19	427.29	2,760.28	2,726.30	4.83	3.24	5.36	6.23	6.18	7.33
28-Jul-21	177	3,881	1,978	1,077	9.16	214.85	2,756.82	3,479.20	4.81	3.23	5.38	6.21	6.21	7.34
29-Jul-21	178	3,907	1,988	1,106	14.51	390.93	2,770.78	4,840.45	4.82	3.23	5.36	6.21	6.18	7.34
July 23-29	177.81	3,906.56	1,987.50	5,667.00	49.31	1,453.73	2,770.78	20,684.15	4.815	3.227	5.355	6.206	6.179	7.335
30-Jul-21	178	3,891	1,974	1,164	15.43	578.09	2,766.28	5,887.70	4.805	3.267	5.355	6.221	6.179	7.335
2-Aug-21	176	3,875	1,973	1,067	6.68	225.28	2,744.98	3,107.20	4.809	3.264	5.333	6.189	6.164	7.325
3-Aug-21	175	3,862	1,972	1,243	9.14	364.55	2,729.34	1,144.40	4.800	3.260	5.354	6.205	6.149	7.335
4-Aug-21	175	3,865	1,974	946	5.84	147.33	2,732.72	4,721.70	4.785	3.214	5.310	6.141	6.119	7.305
5-Aug-21	175.89	3,872	1,975	962	14.69	405.01	2,740.76	6,779.90	4.818	3.248	5.330	6.171	6.149	7.305
July 30- August 5	175.89	3,871.97	1,974.95	5,382.00	51.79	1,720.26	2,740.76	21,640.90	4.818	3.248	5.330	6.171	6.149	7.305
Weekly Changes (%)	-1.08	-0.89	-0.63	-5.03	5.02	18.33	-1.08	4.63	-0.029*	0.024*	-0.004*	-0.034*	-0.029*	-0.010*

* Percentage points

Source: Nairobi Securities Exchange (NSE) and Thomson Reuters

Chart 2: Yields on 10 year Eurobonds for Selected Countries



Source: Thomson Reuters

Table 7: Government Domestic Debt (KSh Billion)

	25-Jun-21	30-Jun-21	02-Jul-21	09-Jul-21	16-Jul-21	23-Jul-21	30-Jul-21
1. Treasury Bills (Excluding Repos)	766.20	765.37	765.37	763.67	763.11	764.37	751.55
<i>(As % of total securities)</i>	21.19	21.17	21.17	20.91	20.90	20.61	20.34
2. Treasury Bonds	2,849.94	2,849.94	2,849.94	2,888.37	2,888.37	2,943.98	2,943.98
<i>(As % of total securities)</i>	78.81	78.83	78.83	79.09	79.10	79.39	79.66
3. Total Securities (1+2)	3,616.13	3,615.31	3,615.31	3,652.05	3,651.49	3,708.35	3,695.53
4. Overdraft at Central Bank	57.52	59.28	59.28	62.38	64.27	64.27	72.91
5. Other Domestic debt*	24.05	24.00	23.03	23.04	23.06	23.06	23.07
6. Gross Domestic Debt (3+4+5)	3,697.70	3,698.59	3,697.62	3,737.47	3,738.81	3,795.68	3,791.51

* 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-21	2-Jul-21	9-Jul-21	16-Jul-21	23-Jul-21	30-Jul-21	23-Jul-21
Treasury bills (Excluding Repos)	20.69	20.70	20.43	20.41	20.14	19.82	20.14
Treasury bonds	77.05	77.07	77.28	77.25	77.56	77.65	77.56
Overdraft at Central Bank	1.60	1.60	1.67	1.72	1.69	1.92	1.69
Other domestic debt	0.65	0.62	0.62	0.62	0.61	0.61	0.61
TOTAL	100.00	100.00	100.00	100.00	100.00	100.00	100.00

Source: Central Bank of Kenya

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

	30-Jun-21	2-Jul-21	9-Jul-21	16-Jul-21	23-Jul-21	30-Jul-21	23-Jul-21
Banking Institutions	51.26	51.25	50.74	50.82	51.15	51.14	51.15
Insurance Companies	6.66	6.66	6.75	6.73	6.65	6.65	6.65
Parastatals	5.54	5.54	5.45	5.46	5.37	5.39	5.37
Pension Funds	30.59	30.59	31.12	31.09	30.91	30.90	30.91
Other Investors	5.96	5.96	5.94	5.91	5.92	5.92	5.92
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-20	Sep-20	Dec-20	Mar-21	Apr-21	May-21	Jun-21
Domestic debt (KSh Bn)	3,176.97	3,457.11	3,488.54	3,569.84	3,632.91	3,686.89	3,697.72
Public & Publicly Guaranteed External debt (USD Bn)	33.01	33.77	34.75	34.42	35.13	35.31	37.23
Public & Publicly Guaranteed External debt (KSh Bn)	3,515.81	3,663.49	3,793.29	3,769.87	3,788.94	3,799.02	4,015.30
Public debt (KSh Bn)	6,692.78	7,120.60	7,281.83	7,339.71	7,421.85	7,485.91	7,713.02

Source: National Treasury and Central Bank of Kenya