



Central Bank of Kenya

# Weekly Bulletin

November 13, 2020

## KEY MONETARY AND FINANCIAL INDICATORS

### Exchange Rates

The Kenya Shilling remained relatively stable against major international and regional currencies during the week ending November 12. It exchanged at KSh 109.03 per US dollar on November 12 compared to KSh 108.87 per US dollar on November 5 (Table 1).

### Foreign Exchange Reserves

The CBK usable foreign exchange reserves remained adequate at USD 8,142 million (4.94 months of import cover) as at November 12. 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 was relatively liquid during the week ending November 12, supported by government payments, which offset tax receipts. Commercial banks' excess reserves stood at KSh 9.8 billion in relation to the 4.25 percent cash reserves requirement (CRR). Open market operations remained active. The average interbank rate was 2.85 percent on November 12 compared to 3.30 percent on November 5. The average number of interbank deals per day remained stable at 19 while the average value traded increased to KSh 8.2 billion from KSh 7.6 billion in the previous week (Table 3).

### Government Securities Market

The Treasury bills auction of November 12 received bids totaling KSh 30.4 billion against an advertised amount of KSh 24.0 billion, representing a performance of 126.6 percent. Interest rates on all the Treasury bills tenors remained stable, only rising marginally (Table 4).

The tap sale for the 25-year Treasury bond of November 11 received bids totaling KSh 8.0 billion against an advertised amount of KSh 20.0 billion, representing a performance of 39.8 percent (Table 5).

### Equity Market

At the Nairobi Securities Exchange, the NASI, NSE 25 and NSE 20 share price indices, and market capitalization increased by 1.7 percent, 2.7 percent, 0.6 percent and 1.7 percent, respectively, during the week ending November 12. However, total shares traded and equity turnover declined by 19.7 percent and 36.3 percent, respectively (Table 6).

### Bond Market

Turnover of bonds traded in the domestic secondary market decreased by 1.0 percent during the week ending November 12 (Table 6). In the international market, yields on Kenya's Eurobonds declined by an average of 2.3 basis points. The yields on the 10-year Eurobonds for Angola and Ghana also declined (Chart 2).

### Global Trends

Global financial markets rallied earlier in the week, following the U.S. election results projecting Joseph Biden as the president-elect. The markets were propelled even higher by news of a promising coronavirus vaccine.

International oil prices increased during the week on growing hopes that the world's major producers will hold off on a planned supply increase, coupled with news of disruptions in U.S. oil production in the Gulf of Mexico due to hurricanes. Murban oil price increased to USD 44.51 per barrel on November 12 from USD 41.25 per barrel on November 5.

<b>Table 1: Kenya Shilling Exchange Rates (Indicative Mean Rates)</b>								
	USD	Sterling Pound	Euro	100 Japanese Yen	USHS*	TSHS*	RWF*	BIF*
30-Oct-20	108.82	141.16	127.27	104.30	34.37	21.31	8.99	17.78
2-Nov-20	108.83	141.01	127.17	103.91	34.36	21.30	8.99	17.78
3-Nov-20	108.84	140.77	126.89	103.93	34.36	21.31	8.99	17.78
4-Nov-20	108.86	141.39	127.41	103.78	34.31	21.30	8.99	17.78
5-Nov-20	108.87	141.56	127.38	104.28	34.40	21.30	8.99	17.78
<b>Oct 30-Nov 5</b>	<b>108.84</b>	<b>141.18</b>	<b>127.22</b>	<b>104.04</b>	<b>34.36</b>	<b>21.30</b>	<b>8.99</b>	<b>17.78</b>
6-Nov-20	108.91	142.41	128.85	105.03	34.34	21.30	8.99	17.77
9-Nov-20	108.92	142.86	129.29	105.38	34.11	21.29	9.01	17.78
10-Nov-20	108.93	143.37	129.21	103.79	33.97	21.29	8.99	17.77
11-Nov-20	108.97	144.46	128.63	103.53	33.96	21.26	8.99	17.77
12-Nov-20	109.03	144.64	128.32	103.59	33.96	21.27	8.99	17.76
<b>Nov 6-12</b>	<b>108.95</b>	<b>143.55</b>	<b>128.86</b>	<b>104.26</b>	<b>34.07</b>	<b>21.28</b>	<b>8.99</b>	<b>17.77</b>

\* Units of currency per Kenya Shilling

Source :Central Bank of Kenya

<b>Table 2: Official Usable Foreign Exchange Reserves</b>					
	15-Oct-20	22-Oct-20	29-Oct-20	5-Nov-20	12-Nov-20
1. CBK Usable Foreign Exchange Reserves (USD Million)	8,311	8,223	8,121	8,128	8,142
2. CBK Usable Foreign Exchange Reserves (Months of Import Cover)*	5.04	4.99	4.93	4.93	4.94

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

Source: Central Bank of Kenya

<b>Table 3: Money Market</b>			
Date	Number of Deals	Value (KSh M)	Average Interbank Rate (%)
30-Oct-20	27	10,160.00	3.42
2-Nov-20	20	9,660.00	3.42
3-Nov-20	14	8,200.00	3.30
4-Nov-20	19	4,915.00	3.37
5-Nov-20	14	5,005.00	3.30
<b>Oct 30-Nov 5</b>	<b>19</b>	<b>7,588.00</b>	<b>3.36</b>
6-Nov-20	17	7,080.00	3.34
9-Nov-20	24	7,620.00	3.32
10-Nov-20	17	6,080.00	3.24
11-Nov-20	18	10,200.00	3.00
12-Nov-20	18	10,250.00	2.85
<b>Nov 6-12</b>	<b>19</b>	<b>8,246.00</b>	<b>3.15</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>8-Oct-20</b>	<b>15-Oct-20</b>	<b>22-Oct-20</b>	<b>29-Oct-20</b>	<b>5-Nov-20</b>	<b>12-Nov-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)	7,458.93	8,606.77	4,122.47	2,996.75	2,277.60	8,812.03
Amount Accepted (KSh M)	7,375.21	8,114.99	4,121.49	2,505.10	2,277.01	8,566.26
Maturities (KSh M)	18,704.45	30,310.30	10,965.75	12,075.95	7,630.90	6,446.35
<b>Average Interest Rate (%)</b>	<b>6.468</b>	<b>6.520</b>	<b>6.589</b>	<b>6.653</b>	<b>6.666</b>	<b>6.674</b>
<b>182-Day Treasury Bills</b>						
<b>Date of Auction</b>	<b>8-Oct-20</b>	<b>15-Oct-20</b>	<b>22-Oct-20</b>	<b>29-Oct-20</b>	<b>5-Nov-20</b>	<b>12-Nov-20</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)	3,930.46	7,096.82	7,227.81	3,306.60	4,550.59	8,025.50
Amount Accepted (KSh M)	3,329.63	6,130.87	6,744.88	3,305.83	4,550.59	8,025.31
Maturities (KSh M)	1,626.05	772.55	4,619.10	2,621.45	3,938.85	4,604.35
<b>Average Interest Rate (%)</b>	<b>6.853</b>	<b>6.909</b>	<b>6.967</b>	<b>7.038</b>	<b>7.072</b>	<b>7.114</b>
<b>364-Day Treasury Bills</b>						
<b>Date of Auction</b>	<b>8-Oct-20</b>	<b>15-Oct-20</b>	<b>22-Oct-20</b>	<b>29-Oct-20</b>	<b>5-Nov-20</b>	<b>12-Nov-20</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)	15,010.33	15,888.06	8,173.50	11,010.11	20,995.11	13,534.57
Amount Accepted (KSh M)	14,084.56	15,744.90	8,140.63	10,721.36	20,726.82	13,071.40
Maturities (KSh M)	12,089.80	8,371.60	14,261.45	14,027.10	24,619.30	12,275.85
<b>Average Interest Rate (%)</b>	<b>7.762</b>	<b>7.800</b>	<b>7.840</b>	<b>7.933</b>	<b>7.994</b>	<b>8.042</b>

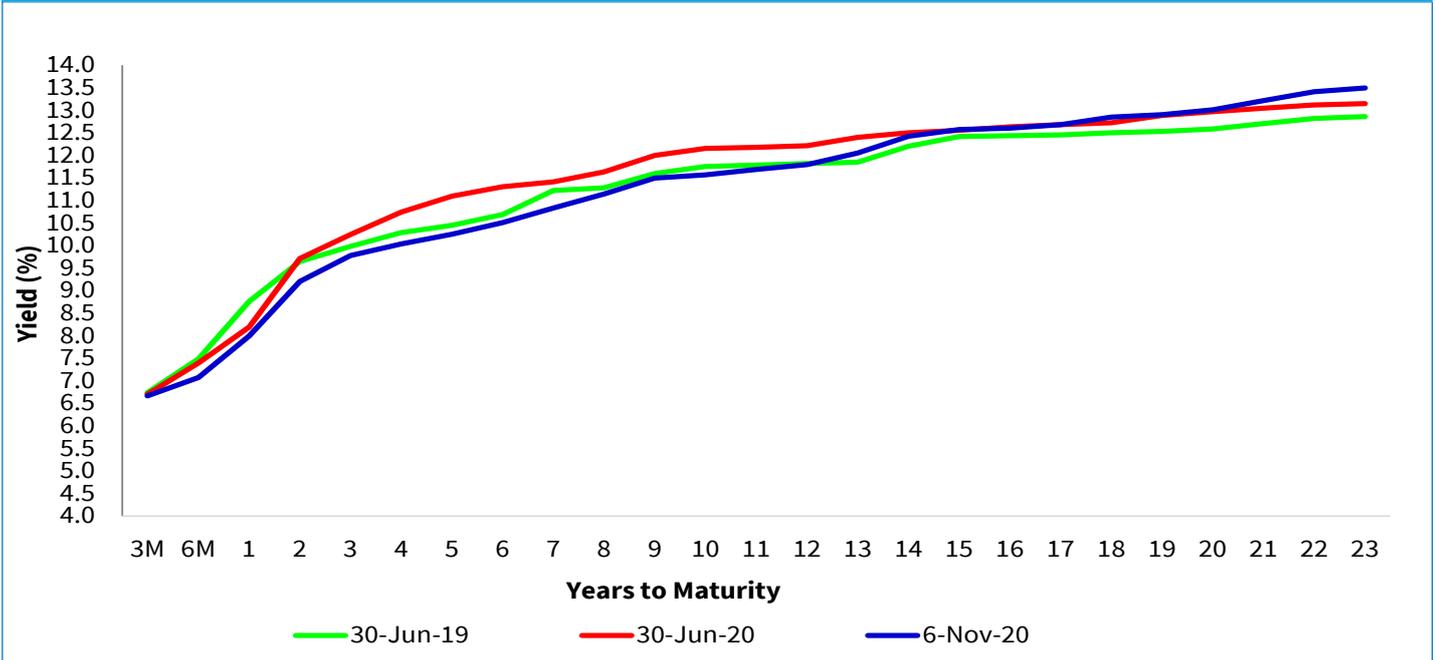
Source: Central Bank of Kenya

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

<b>Date of Auction</b>	<b>5-Aug-20</b>	<b>19-Aug-20</b>	<b>16-Sept-20</b>			<b>14-Oct-20</b>		<b>11-Nov-20</b>
	<b>TAP</b>		<b>REOPEN</b>			<b>REOPEN</b>		<b>TAP</b>
<b>Tenor</b>	<b>FXD2/ 2018/20</b>	<b>IFB1/ 2020/11</b>	<b>FXD1/ 2011/20</b>	<b>FXD1/ 2020/15</b>	<b>FXD2/ 2010/15</b>	<b>FXD1/ 2011/20</b>	<b>FXD1/ 2018/25</b>	<b>FXD1/ 2018/25</b>
Amount offered (KSh M)	40,000.00	70,000.00	50,000.00			50,000.00		20,000.00
Bids received (KSh M)	41,006.20	101,471.04	14,044.33	49,791.29	17,841.15	23,155.69	45,981.50	7,959.90
Amount Accepted (KSh M)	41,006.20	78,639.89	7,465.13	45,691.75	11,019.41	16,992.04	43,034.10	7,904.66
Maturities (KSh M)	0.00	0.00	0.00			33,387.90		0.00
Average interest Rate (%)	12.93	11.30	11.87	12.51	10.46	11.99	13.49	13.49

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	30-Year 2048
30-Oct-20	140.0	3,170.9	1,783.7	908	13.0	497.2	2,150.1	1,877.9	6.191	5.121	6.615	7.343	8.156
2-Nov-20	140.8	3,171.4	1,763.7	775	13.2	435.3	2,161.1	1,665.2	6.069	5.084	6.509	7.310	8.077
3-Nov-20	140.6	3,165.5	1,755.8	861	20.8	632.7	2,158.4	2,204.2	6.038	4.972	6.466	7.227	8.066
4-Nov-20	140.2	3,161.8	1,756.9	732	18.6	597.9	2,152.4	1,194.9	5.738	4.934	6.277	7.111	7.922
5-Nov-20	140.9	3,182.9	1,770.2	781	35.6	1,098.1	2,163.3	1,264.7	5.537	4.603	6.027	6.804	7.624
<b>Oct 30-Nov 5</b>	<b>140.9</b>	<b>3,182.9</b>	<b>1,770.2</b>	<b>4057</b>	<b>101.2</b>	<b>2,764.0</b>	<b>2,163.3</b>	<b>8,206.8</b>	<b>5.537</b>	<b>4.603</b>	<b>6.027</b>	<b>6.804</b>	<b>7.624</b>
6-Nov-20	141.3	3,200.4	1,769.5	705.0	15.3	373.9	2,169.8	1,180.9	5.602	4.710	6.089	6.884	7.687
9-Nov-20	139.8	3,179.5	1,763.9	717.0	5.4	94.4	2,145.5	1,530.8	5.272	4.418	5.802	6.661	7.501
10-Nov-20	140.9	3,211.1	1,769.0	946.0	20.2	413.2	2,163.4	2,553.2	5.409	4.416	5.944	6.708	7.635
11-Nov-20	144.1	3,282.1	1,791.4	871.0	16.4	587.9	2,212.6	1,471.5	5.403	5.000	5.862	6.740	7.593
12-Nov-20	143.3	3,268.6	1,780.6	761.0	24.0	608.7	2,200.3	1,392.3	5.548	4.592	5.984	6.723	7.634
<b>Nov 6-12</b>	<b>143.30</b>	<b>3,268.6</b>	<b>1,780.6</b>	<b>4,000.0</b>	<b>81.3</b>	<b>2,078.1</b>	<b>2,200.3</b>	<b>8,128.5</b>	<b>5.548</b>	<b>4.592</b>	<b>5.984</b>	<b>6.723</b>	<b>7.634</b>
<b>Weekly Changes (%)</b>	<b>1.7</b>	<b>2.7</b>	<b>0.6</b>	<b>-1.4</b>	<b>-19.7</b>	<b>-36.3</b>	<b>1.7</b>	<b>-1.0</b>	<b>0.011*</b>	<b>-0.011*</b>	<b>-0.043*</b>	<b>-0.081*</b>	<b>0.010*</b>

\* Percentage points

Source: Nairobi Securities Exchange (NSE) and Thompson Reuters

<b>Table 7: Government Domestic Debt (KSh Billion)</b>							
	28-Jun-19	31-Dec-19	31-Mar-20	30-Jun-20	30-Sep-20	30-Oct-20	6-Nov-20
1. Treasury Bills (Excluding Repos)	954.25	878.94	900.62	887.14	894.73	858.68	847.41
<i>(As % of total securities)</i>	<b>35.29</b>	<b>30.80</b>	<b>30.09</b>	<b>28.55</b>	<b>26.50</b>	<b>25.48</b>	<b>25.23</b>
2. Treasury Bonds	1,749.71	1,974.69	2,092.64	2,220.34	2,482.24	2,511.27	2,511.27
<i>(As % of total securities)</i>	<b>64.71</b>	<b>69.20</b>	<b>69.91</b>	<b>71.45</b>	<b>73.50</b>	<b>74.52</b>	<b>74.77</b>
3. Total Securities (1+2)	2,703.96	2,853.63	2,993.26	3,107.48	3,376.98	3,369.95	3,358.68
4. Overdraft at Central Bank	57.33	63.72	54.18	47.15	56.21	63.53	53.63
5. Other Domestic debt*	25.76	24.75	25.10	23.24	23.92	23.94	23.92
<b>6. Gross Domestic Debt (3+4+5)</b>	<b>2,787.04</b>	<b>2,942.10</b>	<b>3,072.54</b>	<b>3,177.87</b>	<b>3,457.11</b>	<b>3,457.42</b>	<b>3,436.24</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

<b>Table 8: Government Domestic Debt by Instrument (percent)</b>							
	28-Jun-19	31-Dec-19	31-Mar-20	30-Jun-20	30-Sep-20	30-Oct-20	6-Nov-20
Treasury bills (Excluding Repos)	34.24	29.87	29.31	27.92	25.88	24.84	24.66
Treasury bonds	62.78	67.12	68.11	69.87	71.80	72.63	73.08
Overdraft at Central Bank	2.06	2.17	1.76	1.48	1.63	1.84	1.56
Other domestic debt	0.92	0.84	0.82	0.73	0.69	0.69	0.70
<b>TOTAL</b>	<b>100.00</b>						

Source: Central Bank of Kenya

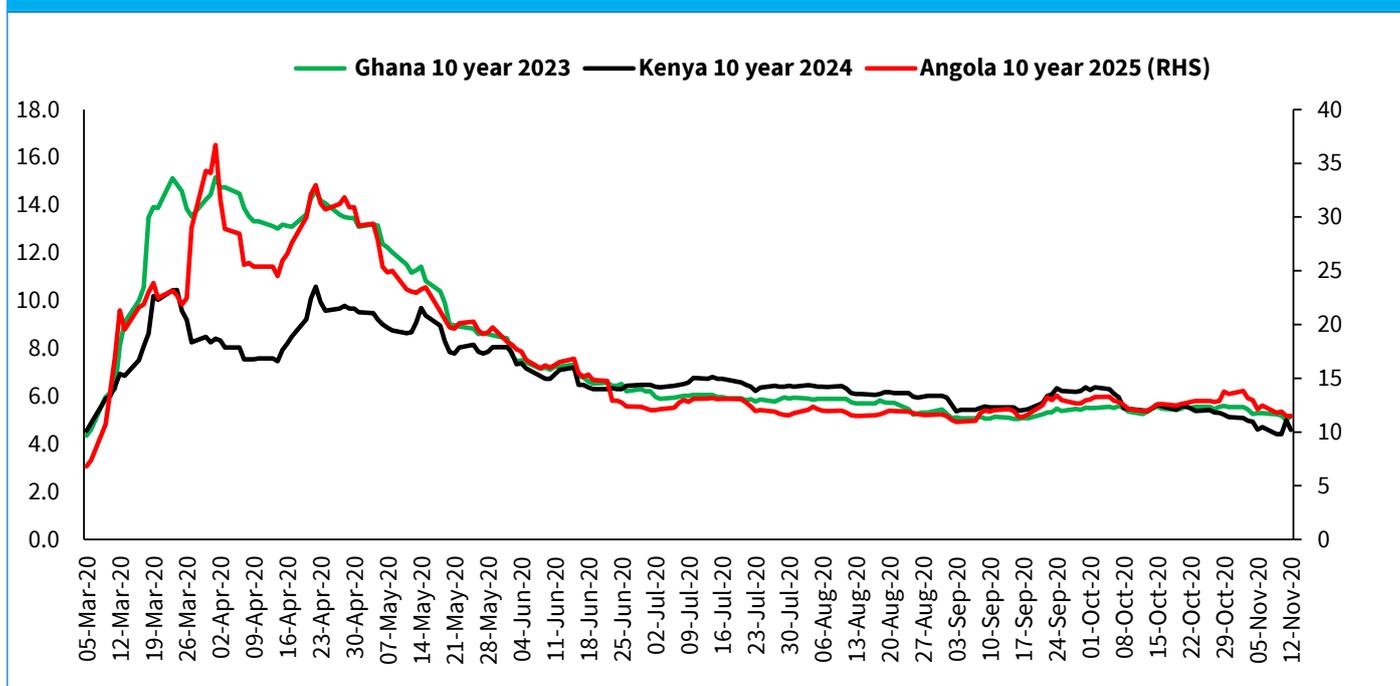
<b>Table 9: Government Domestic Debt by Holder (Percent)</b>							
	28-Jun-19	31-Dec-19	31-Mar-20	30-Jun-20	30-Sep-20	30-Oct-20	6-Nov-20
Banking Institutions	54.38	54.33	54.33	54.86	55.15	54.66	54.53
Insurance Companies	6.13	6.42	6.30	6.05	6.16	6.30	6.34
Parastatals	6.97	6.49	6.13	5.73	5.47	5.56	5.58
Pension Funds	28.24	28.60	29.04	29.05	28.52	28.75	28.80
Other Investors	4.28	4.17	4.20	4.32	4.71	4.73	4.75
<b>Total</b>	<b>100.00</b>						

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)	<b>5,810.18</b>	<b>5,963.44</b>	<b>6,048.93</b>	<b>6,285.18</b>	<b>6,693.68</b>	<b>7,067.93</b>	<b>7,120.60</b>

Source: National Treasury and Central Bank of Kenya

**Chart 2: Yields on 10 year Eurobonds for Selected African Countries**

Source: Thomson Reuters