



Central Bank of Kenya

Weekly Bulletin

June 4, 2021

KEY MONETARY AND FINANCIAL INDICATORS

Inflation

Overall inflation remained stable within the medium-term target band, increasing marginally to 5.9 percent in May from 5.8 percent in April, mainly driven by food and fuel pump prices (Chart 1).

Exchange Rates

The Kenya Shilling remained stable against major international and regional currencies during the week ending June 3. It exchanged at KSh 107.73 per US dollar on June 3, compared to KSh 107.57 per US dollar on May 27 (Table 1).

Foreign Exchange Reserves

The usable foreign exchange reserves remained adequate at USD 7,510 million (4.59 months of import cover) as at June 3. 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 liquid during the week ending June 3, supported by government payments, which offset tax remittances. Commercial banks' excess reserves stood at KSh 15.4 billion in relation to the 4.25 percent cash reserves requirement (CRR). Open market operations remained active. The average interbank rate was 4.77 percent on June 3 compared to 5.01 percent on May 27. During the week, the average number of interbank deals per day increased to 28 from 24 in the previous week, while the average value traded increased to KSh 13.6 billion compared to KSh 8.5 billion in the previous week (Table 3).

Government Securities Market

The Treasury bills auction of June 3 received bids totalling KSh 39.0 billion against an advertised amount of KSh 24.0 billion, representing a performance of 162.5 percent. Interest rates on the Treasury bills remained stable, only declining marginally (Table 4).

Equity Market

At the Nairobi Securities Exchange, the NASI, NSE 25 and NSE 20 share price indices increased by 1.2 percent, 0.7 percent and 2.6 percent, respectively, during the week ending June 3. Market capitalization increased by 1.2 percent, while equity turnover and total shares traded declined by 39.3 percent and 14.4 percent, respectively (Table 6).

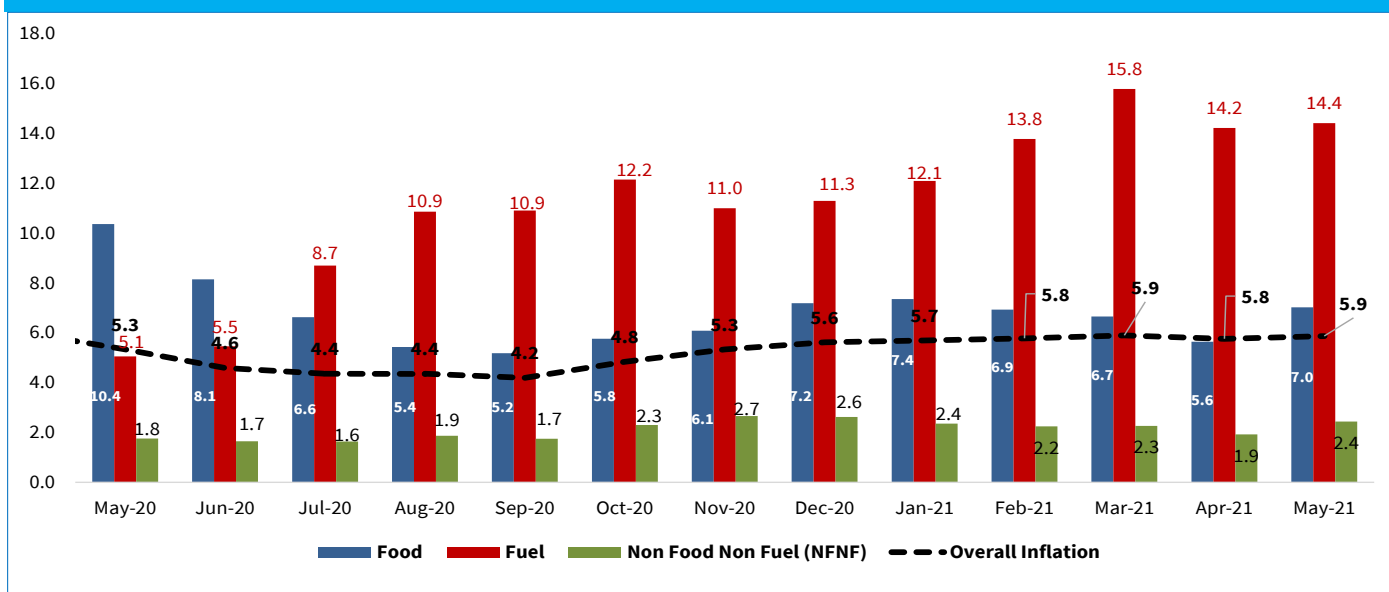
Bonds Market

Turnover of bonds in the domestic secondary market declined by 46.1 percent during the week ending June 3 (Table 6). In the international market, yields on Kenya's Eurobonds declined by an average of 5.8 basis points. The yields on the 10-year Eurobonds for Ghana and Angola also declined (Chart 3).

Global Trends

Global financial markets remained quiet as positive economic data and central bank speeches on inflation continued to dominate. In addition, the latest official U.S. employment report is expected to show that jobs in May grew at a faster pace following a weaker than expected performance in April.

International oil prices increased during the week after OPEC+ oil producers agreed to increase supply at a gradual pace against a backdrop of continued economic recovery. Murban oil price increased to USD 70.71 per barrel on June 3 from USD 67.33 per barrel on May 27.

Chart 1: Inflation


Source: Kenya National Bureau of Statistics and Central Bank of Kenya

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

	USD	Sterling Pound	Euro	100 Japanese Yen	Uganda Shilling*	Tanzania Shilling*	Rwandese Franc*	Burundi Franc*
21-May-21	108.23	152.91	132.01	99.32	33.12	21.43	9.25	18.26
24-May-21	108.24	153.62	132.20	99.58	32.94	21.43	9.25	18.26
25-May-21	108.02	152.63	131.92	99.17	32.93	21.47	9.27	18.30
26-May-21	107.74	152.59	132.06	99.03	32.98	21.53	9.30	18.35
27-May-21	107.57	152.14	131.45	98.59	33.00	21.56	9.31	18.37
May 21 - 27, 2021	107.96	152.78	131.93	99.14	32.99	21.48	9.28	18.31
28-May-21	107.54	152.30	131.20	98.46	33.01	21.56	9.32	18.38
31-May-21	107.59	152.32	130.88	97.75	32.95	21.55	9.31	18.37
1-Jun-21	Public Holiday							
2-Jun-21	107.69	152.72	131.30	98.21	32.92	21.53	9.26	18.30
3-Jun-21	107.73	152.40	131.33	98.11	32.91	21.53	9.30	18.35
May 28 - June 3, 2021	107.64	152.44	131.18	98.13	32.95	21.54	9.30	18.35

*Units of currency per Kenya Shilling

Source: Central Bank of Kenya

Table 2: Official Foreign Exchange Reserves (USD Million)

	6-May-21	13-May-21	20-May-21	27-May-21	3-Jun-21
1. CBK Usable Foreign Exchange Reserves (USD Million)	7,575	7,594	7,546	7,480	7,510
2. CBK Usable Foreign Exchange Reserves (Months of Import Cover)*	4.63	4.64	4.61	4.57	4.59

*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 (%)
21-May-21	19	5,920.00	4.92
24-May-21	28	8,065.00	5.06
25-May-21	27	8,505.00	5.10
26-May-21	23	7,620.00	5.07
27-May-21	24	12,540.00	5.01
May 21-27, 2021	24	8,530.00	5.03
28-May-21	33	15,710.00	4.96
31-May-21	31	13,890.00	4.76
1-Jun-21	Public Holiday		
2-Jun-21	25	11,930.00	4.73
3-Jun-21	22	12,840.00	4.77
May 28-June 3, 2021	28	13,592.50	4.81

Source: Central Bank of Kenya

Table 4: Performance of Treasury Bills Auctions

91-Day Treasury Bills						
Date of Auction	29-Apr-21	6-May-21	13-May-21	20-May-21	27-May-21	3-Jun-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)	1,708.78	1,857.92	1,428.41	4,642.35	2,448.51	1,373.41
Amount Accepted (KSh M)	1,708.78	1,856.84	1,398.16	4,641.86	2,407.70	1,342.36
Maturities (KSh M)	509.05	494.10	960.75	4,731.60	4,895.40	6,160.55
Average Interest Rate (%)	7.139	7.152	7.156	7.155	7.139	7.137
182-Day Treasury Bills						
Date of Auction	29-Apr-21	6-May-21	13-May-21	20-May-21	27-May-21	3-Jun-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)	3,751.77	4,263.95	2,885.98	10,107.40	10,309.46	9,993.82
Amount Accepted (KSh M)	2,790.59	3,772.41	2,856.63	6,927.82	4,418.60	9,873.01
Maturities (KSh M)	3,418.20	4,700.85	8,297.90	6,722.40	6,080.55	2,776.55
Average Interest Rate (%)	7.989	7.990	7.995	7.953	7.865	7.818
364-Day Treasury Bills						
Date of Auction	29-Apr-21	6-May-21	13-May-21	20-May-21	27-May-21	3-Jun-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)	24,534.73	25,319.39	22,262.05	24,129.65	23,820.65	27,625.89
Amount Accepted (KSh M)	15,835.89	15,190.96	16,197.55	10,801.74	13,757.11	11,657.75
Maturities (KSh M)	11,558.05	9,320.75	12,970.40	14,384.15	12,497.80	5,091.05
Average Interest Rate (%)	9.474	9.424	9.365	9.284	9.156	8.973

Source: Central Bank of Kenya

Table 5: Performance of Treasury Bond Auctions

Date of Auction	10-Mar-21		7-Apr-21	5-May-21		12-May-21	
	REOPEN			REOPEN		TAP	
Tenor	FXD1/ 2019/15	FXD2/ 2018/20	IFB1/ 2021/18	FXD2/ 2019/15	FXD1/ 2021/25	FXD2/ 2019/15	FXD1/ 2021/25
Amount offered (KSh M)	50,000.00		60,000.00	30,000.00		20,000.00	
Bids received (KSh M)	15,897.21	32,809.37	88,577.56	11,581.96	31,003.70	15,897.15	5,036.55
Amount Accepted (KSh M)	15,511.29	32,795.91	81,941.63	6,042.69	14,246.10	15,657.58	5,035.74
Maturities (KSh M)	0.00		0.00	0.00		8,249.90	
Average interest Rate (%)	12.41	13.44	12.67	12.98	13.92	12.98	13.92

Source: Central Bank of Kenya

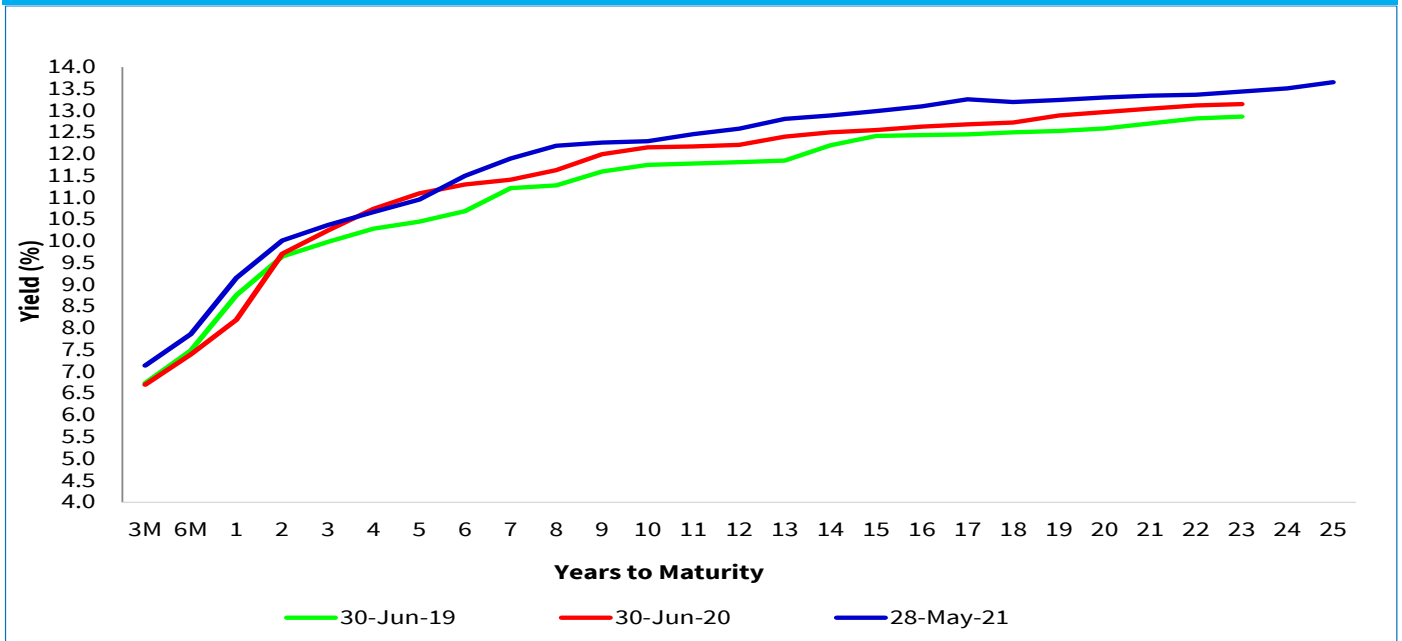
Table 6: Key Weekly Market Indicators

INDICATOR	NASI 100=2008	NSE 25 Share Index	NSE 20 Share Index 100=1996	Total Deals (Equity)	Total Shares Traded (Mil- lion)	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
21-May-21	165.76	3686.44	1858.87	933.00	12.34	475.98	2,581.04	4,238.25	4.740	3.142	5.374	6.293	7.406
24-May-21	172.20	3691.12	1860.40	1,136.00	15.57	757.88	2,681.46	4,045.60	4.713	3.139	5.374	6.230	7.356
25-May-21	174.73	3724.48	1863.86	1,294.00	24.56	1,025.10	2,720.90	5,158.55	4.656	3.096	5.374	6.230	7.356
26-May-21	172.68	3711.80	1865.30	1,239.00	17.03	616.62	2,688.98	7,644.05	4.707	3.013	5.310	6.213	7.307
27-May-21	168.94	3667.90	1863.68	1,364.00	36.47	1,765.73	2,630.53	12,009.20	4.678	3.084	5.308	6.243	7.326
May 21-27, 2021	168.94	3667.90	1863.68	5,966.00	105.97	4,641.31	2,630.53	33,095.65	4.678	3.084	5.308	6.243	7.326
28-May-21	172.69	3712.70	1862.15	1,093.00	29.60	825.92	2,689.04	6,117.35	4.687	3.081	5.307	6.243	7.346
31-May-21	169.97	3669.57	1871.55	1,032.00	14.35	270.04	2,646.71	6,268.10	4.634	3.081	5.307	6.243	7.326
1-Jun-21	Public Holiday								4.583	3.078	5.307	6.243	7.326
2-Jun-21	171.19	3701.41	1899.68	1,260.00	16.44	866.06	2,665.68	2,664.10	4.591	3.075	5.285	6.242	7.306
3-Jun-21	170.94	3694.54	1911.64	1,344.00	30.29	856.69	2,661.75	2,785.95	4.591	2.984	5.241	6.225	7.306
May 28- June 3, 2021	170.94	3694.54	1911.64	4,729.00	90.68	2,818.71	2,661.75	17,835.50	4.591	2.984	5.241	6.225	7.306
Weekly Changes (%)	1.18	0.73	2.57	-20.73	-14.43	-39.27	1.19	-46.11	-0.087*	-0.100*	-0.067*	-0.018*	-0.020*

* Percentage points

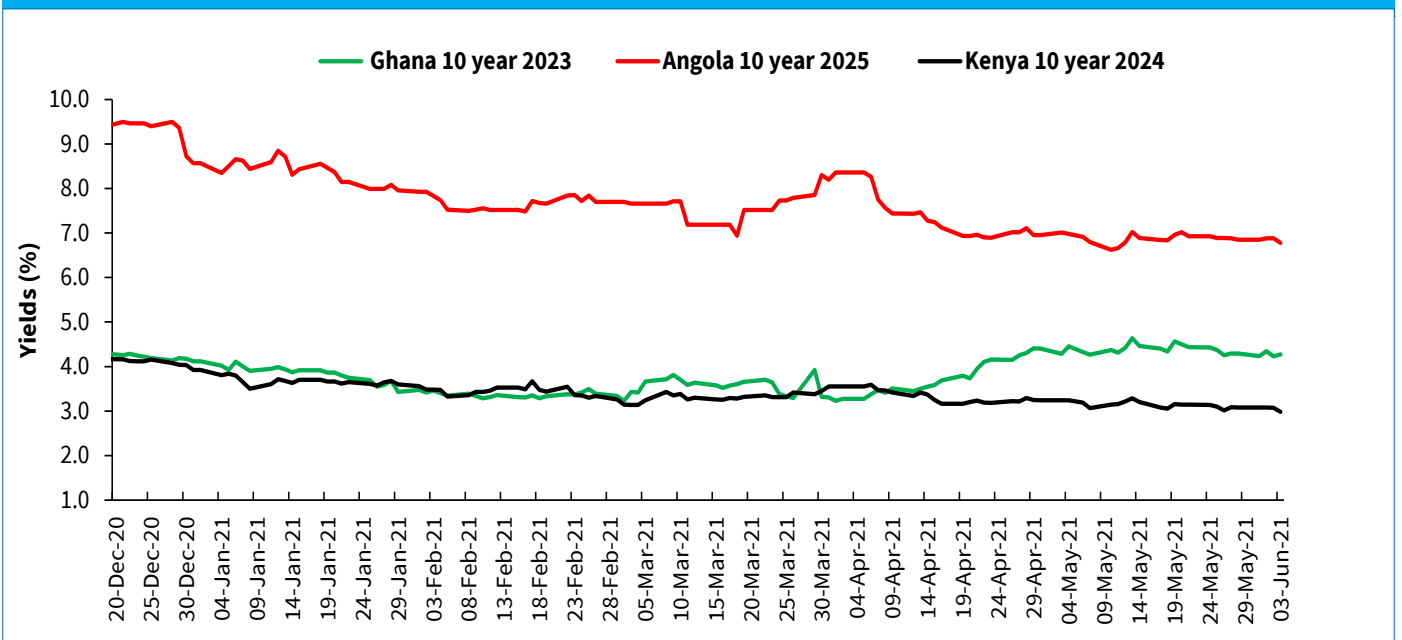
Source: Nairobi Securities Exchange (NSE) and Thompson Reuters

Chart 2: Government Securities Yield Curve



Source: Nairobi Securities Exchange (NSE)

Chart 3: Yields on 10 year Eurobonds for Selected Countries



Source: Thomson Reuters

Table 7: Government Domestic Debt (KSh Billion)

	30-Jun-20	30-Sep-20	31-Dec-20	31-Mar-21	30-Apr-21	21-May-21	28-May-21
1. Treasury Bills (Excluding Repos)	887.14	894.73	855.71	761.90	747.16	761.28	759.10
<i>(As % of total securities)</i>	28.56	26.50	25.04	21.79	21.08	21.32	21.15
2. Treasury Bonds	2,219.44	2,482.24	2,561.33	2,734.47	2,796.71	2,808.82	2,829.73
<i>(As % of total securities)</i>	71.44	73.50	74.96	78.21	78.92	78.68	78.85
3. Total Securities (1+2)	3,106.59	3,376.98	3,417.05	3,496.37	3,543.87	3,570.09	3,588.83
4. Overdraft at Central Bank	47.15	56.21	47.60	49.28	65.84	56.64	60.17
5. Other Domestic debt*	23.24	23.92	23.90	24.19	23.20	23.22	23.20
6. Gross Domestic Debt (3+4+5)	3,176.97	3,457.11	3,488.54	3,569.84	3,632.91	3,649.95	3,672.20

* 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-20	30-Sep-20	31-Dec-20	31-Mar-21	30-Apr-21	21-May-21	28-May-21
Treasury bills (Excluding Repos)	27.92	25.88	24.53	21.34	20.57	20.86	20.67
Treasury bonds	69.86	71.80	73.42	76.60	76.98	76.95	77.06
Overdraft at Central Bank	1.48	1.63	1.36	1.38	1.81	1.55	1.64
Other domestic debt	0.73	0.69	0.69	0.68	0.64	0.64	0.63
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-20	30-Sep-20	31-Dec-20	31-Mar-21	30-Apr-21	21-May-21	28-May-21
Banking Institutions	54.84	54.55	52.83	51.75	51.23	51.24	51.45
Insurance Companies	6.05	6.16	6.44	6.57	6.54	6.59	6.64
Parastatals	5.73	5.47	5.69	5.62	5.59	5.41	5.43
Pension Funds	29.04	28.53	30.32	30.46	30.59	30.64	30.59
Other Investors	4.34	5.30	4.73	5.59	6.06	6.12	5.90
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	Jun-20	Sep-20	Dec-20	Jan-21	Feb-21	Mar-21
Domestic debt (KSh Bn)	2,785.94	3,176.97	3,457.11	3,488.54	3,532.56	3,531.18	3,569.84
Public & Publicly Guaranteed External debt (USD Bn)	29.55	33.01	33.77	34.75	34.68	34.74	34.42
Public & Publicly Guaranteed External debt (KSh Bn)	3,023.14	3,515.81	3,663.49	3,793.29	3,819.70	3,814.29	3,769.87
Public debt (KSh Bn)	5,809.08	6,692.78	7,120.60	7,281.83	7,352.26	7,345.47	7,339.71

Source: National Treasury and Central Bank of Kenya