



Central Bank of Kenya

# Weekly Bulletin

December 11, 2020

## KEY MONETARY AND FINANCIAL INDICATORS

### Exchange Rates

The Kenya Shilling weakened marginally against major international and regional currencies during the week ending December 10. It exchanged at KSh 111.44 per US dollar on December 10, compared to KSh 110.67 per US dollar on December 3 (Table 1).

### Foreign Exchange Reserves

The usable foreign exchange reserves remained adequate at USD 7,849 million (4.82 months of import cover) as at December 10. 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 December 10, supported by government payments. Commercial banks' excess reserves stood at KSh 24.6 billion in relation to the 4.25 percent cash reserves requirement (CRR). Open market operations remained active. The average interbank rate was 4.25 percent on December 10 compared to 3.93 percent on December 3. The average number of interbank deals per day increased to 28 from 19 in the previous week, while the average value traded increased to KSh 10.6 billion from KSh 6.0 billion in the previous week (Table 3).

### Government Securities Market

The Treasury bills auction of December 10 received bids totalling KSh 9.9 billion against an advertised amount of KSh 24.0 billion, representing a performance of 41.1 percent. Interest rates on all the Treasury bill tenures remained stable, only rising marginally (Table 4).

The two re-opened 15-year fixed rate Treasury bonds of December 9 received bids totalling KSh 24.3 billion against an advertised amount of KSh 40.0 billion, representing a performance of 60.9 percent. The interest rates on both bonds increased marginally compared to previous issuance of similar tenure (Table 5).

### Equity Market

At the Nairobi Securities Exchange, the NSE 20 Share price Index increased by 0.2 percent in the week ending December 10. However, the NASI and the NSE 25 share price index declined by 0.5 percent and 0.6 percent, respectively. Similarly, market capitalisation, total shares traded and total equity turnover declined by 0.5 percent, 22.8 percent and 30.3 percent, respectively (Table 6).

### Bond Market

Turnover of bonds traded in the domestic secondary market increased by 20.8 percent during the week ending December 10 (Table 6). In the international market, yields on Kenya's Eurobonds declined by an average of 10.8 basis points. The yields on the 10-year Eurobonds for Ghana and Angola also declined (Chart 1).

### Global Trends

The global financial markets sentiment was dampened during the week ending December 10 following weaker than anticipated US employment data, lack of clear progress on another US fiscal stimulus, and China's announcement of new sanctions on US officials. These overshadowed the positive news of first Covid-19 vaccine rolled out.

International oil prices increased during the week on account of strengthening global demand. Murban oil price increased to USD 49.32 per barrel on December 10 from USD 48.50 per barrel on December 3.

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

	USD	Sterling Pound	Euro	100 Japanese Yen	USHS*	TSHS*	RWF*	BIF*
27-Nov-20	109.98	146.77	130.91	105.49	33.60	21.08	8.99	17.62
30-Nov-20	110.05	146.72	131.18	105.96	33.62	21.07	8.98	17.61
1-Dec-20	110.07	146.86	131.66	105.74	33.61	21.07	8.98	17.61
2-Dec-20	110.10	146.91	131.61	105.48	33.61	21.06	8.98	17.60
3-Dec-20	110.67	147.80	133.24	105.67	33.37	20.95	8.94	17.51
<b>Nov 27-Dec 3</b>	<b>110.17</b>	<b>147.01</b>	<b>131.72</b>	<b>105.67</b>	<b>33.56</b>	<b>21.05</b>	<b>8.98</b>	<b>17.59</b>
4-Dec-20	111.06	148.74	134.44	106.84	33.20	20.88	8.91	17.45
7-Dec-20	111.13	149.79	135.08	106.89	33.09	20.87	8.90	17.44
8-Dec-20	111.40	148.20	135.28	107.03	33.04	20.82	8.88	17.40
9-Dec-20	111.41	148.88	135.03	107.07	33.03	20.82	8.88	17.40
10-Dec-20	111.44	149.94	135.03	106.90	33.02	20.81	8.88	17.40
<b>Dec 4-10</b>	<b>111.29</b>	<b>149.11</b>	<b>134.97</b>	<b>106.94</b>	<b>33.08</b>	<b>20.84</b>	<b>8.89</b>	<b>17.42</b>

\* Units of currency per Kenya Shilling

Source :Central Bank of Kenya

**Table 2: Official Foreign Exchange Reserves (US\$ Million)**

	12-Nov-20	19-Nov-20	26-Nov-20	3-Dec-20	10-Dec-20
1. CBK Usable Foreign Exchange Reserves (USD Million)	8,142	7,928	7,951	7,954	7,849
2. CBK Usable Foreign Exchange Reserves (Months of Import Cover)*	4.94	4.87	4.88	4.89	4.82

\*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 (%)
27-Nov-20	18	8,630.00	3.70
30-Nov-20	29	7,715.00	3.84
1-Dec-20	20	4,785.00	3.89
2-Dec-20	17	4,905.00	3.93
3-Dec-20	12	4,110.00	3.93
<b>Nov 27-Dec 3, 2020</b>	<b>19</b>	<b>6,029.00</b>	<b>3.86</b>
4-Dec-20	22	5,775.00	3.96
7-Dec-20	30	9,100.00	4.09
8-Dec-20	20	10,020.00	4.14
9-Dec-20	24	13,170.00	4.16
10-Dec-20	43	15,007.00	4.25
<b>Dec 4-10, 2020</b>	<b>28</b>	<b>10,614.40</b>	<b>4.12</b>

Source :Central Bank of Kenya

**Table 4: Performance of Treasury Bills Auctions**

91-Day Treasury Bills						
Date of Auction	22-Oct-20	29-Oct-20	19-Nov-20	26-Nov-20	3-Dec-20	10-Dec-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)	4,122.47	2,996.75	5,581.88	4,578.36	2,971.03	1,550.67
Amount Accepted (KSh M)	4,121.49	2,505.10	5,560.64	3,595.33	2,479.53	1,550.67
Maturities (KSh M)	10,965.75	12,075.95	2,647.55	4,042.30	2,271.80	7,324.95
<b>Average Interest Rate (%)</b>	<b>6.589</b>	<b>6.653</b>	<b>6.706</b>	<b>6.730</b>	<b>6.861</b>	<b>6.901</b>
182-Day Treasury Bills						
Date of Auction	22-Oct-20	29-Oct-20	19-Nov-20	26-Nov-20	3-Dec-20	10-Dec-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)	7,227.81	3,306.60	6,502.84	6,371.30	2,687.18	3,019.91
Amount Accepted (KSh M)	6,744.88	3,305.83	6,498.06	5,888.93	2,686.51	2,979.90
Maturities (KSh M)	4,619.10	2,621.45	5,732.95	1,457.90	9,218.30	6,966.00
<b>Average Interest Rate (%)</b>	<b>6.967</b>	<b>7.038</b>	<b>7.152</b>	<b>7.193</b>	<b>7.333</b>	<b>7.363</b>
364-Day Treasury Bills						
Date of Auction	22-Oct-20	29-Oct-20	19-Nov-20	26-Nov-20	3-Dec-20	10-Dec-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)	8,173.50	11,010.11	12,931.81	4,476.58	5,258.63	5,280.71
Amount Accepted (KSh M)	8,140.63	10,721.36	12,098.00	3,965.10	4,727.59	5,188.48
Maturities (KSh M)	14,261.45	14,027.10	5,308.05	4,374.00	5,178.95	6,074.95
<b>Average Interest Rate (%)</b>	<b>7.840</b>	<b>7.933</b>	<b>8.094</b>	<b>8.151</b>	<b>8.204</b>	<b>8.246</b>

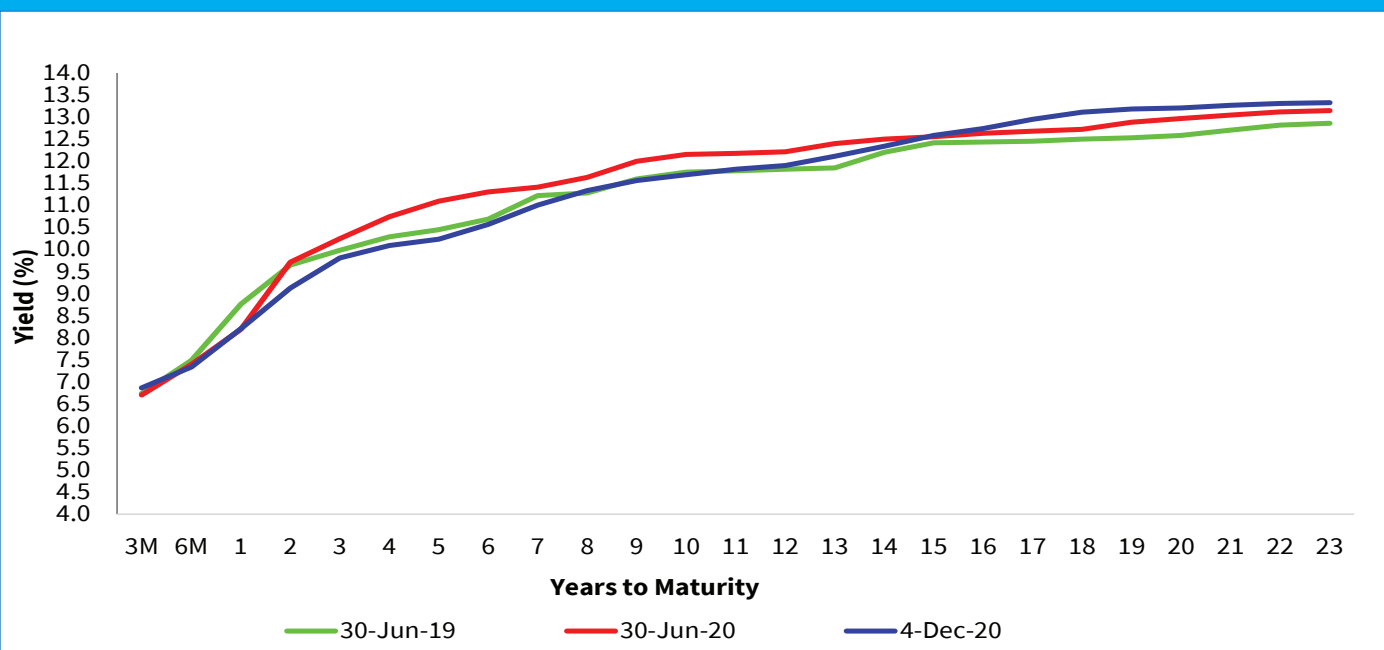
Source: Central Bank of Kenya

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

Date of Auction	14-Oct-20		11-Nov-20	18-Nov-20		9-Dec-20	
	REOPEN		TAP	REOPEN		REOPEN	
Tenor	FXD1/ 2011/20	FXD1/ 2018/25	FXD1/ 2018/25	FXD2/ 2013/15	FXD1/ 2018/20	FXD1/ 2012/15	FXD2/ 2019/15
Amount offered (KSh M)	50,000.00		20,000.00	40,000.00		40,000.00	
Bids received (KSh M)	23,155.69	45,981.50	7,959.90	27,102.68	28,877.58	9,259.23	15,079.12
Amount Accepted (KSh M)	16,992.04	43,034.10	7,904.66	26,226.46	27,490.59	8,549.51	9,706.88
Maturities (KSh M)	33,387.90		0.00	30,673.85		0.00	
Average interest Rate (%)	11.99	13.49	13.49	11.45	13.25	11.46	12.81

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
27-Nov-20	143.30	3242.80	1758.05	929.00	16.08	561.86	2,200.14	3,107.90	5.122	4.277	5.532	6.103	7.215
30-Nov-20	145.20	3264.15	1759.93	1,037.00	49.67	1,661.83	2,229.49	1,292.00	5.213	4.421	5.612	6.163	7.244
1-Dec-20	144.39	3254.52	1752.17	857.00	22.53	710.78	2,217.25	1,829.75	5.151	4.383	5.511	6.117	7.195
2-Dec-20	146.22	3282.34	1760.98	943.00	24.64	780.80	2,245.44	1,631.45	5.136	4.381	5.471	6.087	7.157
3-Dec-20	146.76	3298.69	1778.46	833.00	33.57	1,079.14	2,253.78	1,346.25	4.997	4.230	5.370	5.967	7.091
<b>Nov 27 - Dec 3</b>	<b>146.76</b>	<b>3298.69</b>	<b>1778.46</b>	<b>4,599.00</b>	<b>146.50</b>	<b>4,794.42</b>	<b>2,253.78</b>	<b>9,207.35</b>	<b>4.997</b>	<b>4.230</b>	<b>5.370</b>	<b>5.967</b>	<b>7.091</b>
4-Dec-20	148.12	3312.97	1786.42	869.00	34.35	1,086.58	2,274.77	779.70	4.884	4.047	5.192	5.878	7.026
7-Dec-20	146.75	3293.65	1782.78	665.00	3.23	86.71	2,253.71	1,729.25	4.907	4.081	5.231	5.907	7.053
8-Dec-20	146.57	3286.09	1780.30	961.00	21.21	659.74	2,250.86	2,964.70	4.943	4.079	5.211	5.877	7.044
9-Dec-20	146.59	3289.99	1774.88	725.00	17.84	516.51	2,251.17	4,106.60	4.885	4.041	5.210	5.862	7.016
10-Dec-20	145.97	3280.47	1782.06	882.00	36.40	994.79	2,241.60	1,543.65	4.932	4.071	5.228	5.861	7.025
<b>Dec 4 - 10</b>	<b>145.97</b>	<b>3280.47</b>	<b>1782.06</b>	<b>4,102.00</b>	<b>113.0</b>	<b>3,344.3</b>	<b>2,241.60</b>	<b>11,123.9</b>	<b>4.932</b>	<b>4.071</b>	<b>5.228</b>	<b>5.861</b>	<b>7.025</b>
<b>Weekly Changes (%)</b>	<b>-0.54</b>	<b>-0.55</b>	<b>0.20</b>	<b>-10.81</b>	<b>-22.84</b>	<b>-30.25</b>	<b>-0.54</b>	<b>20.82</b>	<b>-0.065*</b>	<b>-0.159*</b>	<b>-0.142*</b>	<b>-0.106*</b>	<b>-0.066*</b>

\* Percentage points

Source: Nairobi Securities Exchange (NSE) and Thompson Reuters

**Table 7: Government Domestic Debt (KSh Billion)**

	28-Jun-19	31-Dec-19	31-Mar-20	30-Jun-20	30-Sep-20	27-Nov-20	04-Dec-20
1. Treasury Bills (Excluding Repos)	954.25	878.94	900.62	887.14	894.73	860.13	864.26
<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>25.29</b>	<b>25.38</b>
2. Treasury Bonds	1,749.71	1,974.69	2,092.64	2,220.34	2,482.24	2,541.52	2,541.52
<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>74.71</b>	<b>74.62</b>
3. Total Securities (1+2)	2,703.96	2,853.63	2,993.26	3,107.48	3,376.98	3,401.65	3,405.77
4. Overdraft at Central Bank	57.33	63.72	54.18	47.15	56.21	42.83	39.30
5. Other Domestic debt*	25.76	24.75	25.10	23.24	23.92	24.14	24.14
<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>3,468.62</b>	<b>3,469.21</b>

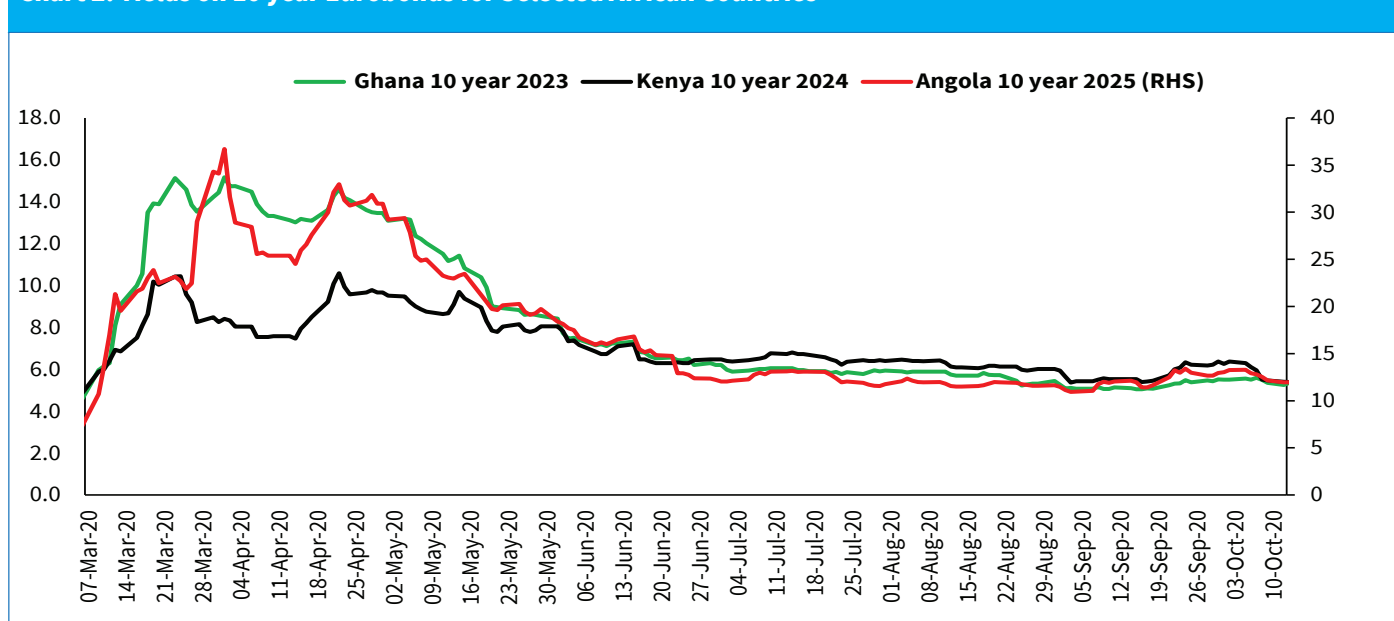
\* Other domestic debt includes clearing items in transit, advances from commercial banks, Pre-1997 Government Overdraft and Tax Reserve Certificates

Source: Central Bank of Kenya

**Table 8: Composition of Government Domestic Debt by Instrument (Percent)**

	28-Jun-19	31-Dec-19	31-Mar-20	30-Jun-20	30-Sep-20	27-Nov-20	4-Dec-20
Treasury bills (Excluding Repos)	34.24	29.87	29.31	27.92	25.88	24.80	24.91
Treasury bonds	62.78	67.12	68.11	69.87	71.80	73.27	73.26
Overdraft at Central Bank	2.06	2.17	1.76	1.48	1.63	1.23	1.13
Other domestic debt	0.92	0.84	0.82	0.73	0.69	0.70	0.70
<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

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

Source: Thomson Reuters

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

	30-Jun-19	31-Dec-19	31-Mar-20	30-Jun-20	30-Sep-20	27-Nov-20	4-Dec-20
Banking Institutions	54.38	54.33	54.33	54.86	55.15	54.04	53.97
Insurance Companies	6.13	6.42	6.30	6.05	6.16	6.32	6.32
Parastatals	6.97	6.49	6.13	5.73	5.47	5.71	5.71
Pension Funds	28.24	28.60	29.04	29.05	28.52	29.67	29.74
Other Investors	4.28	4.17	4.20	4.32	4.71	4.26	4.26
<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 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