



Central Bank of Kenya

Weekly Bulletin

May 15, 2020

KEY MONETARY AND FINANCIAL INDICATORS

Exchange Rate

The Kenya Shilling remained relatively stable against major international and regional currencies during the week ending May 14. It exchanged at KSh 106.59 per US dollar on May 14 compared to KSh 106.08 on May 7 (Table 1).

Foreign Exchange Reserves

The CBK usable foreign exchange reserves remained adequate at USD 8,532 million (5.14 months of import cover) as at May 14. 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).

Current Account

Preliminary data on balance of payments shows that the current account deficit was estimated at 6.2 percent of GDP in the 12 months to March 2020 compared to 5.8 percent in the 12 months to December 2019. This reflects lower receipts from horticulture and service exports (Chart 1).

Money Market

The money market was relatively liquid during the week ending May 14, supported by government payments which more than offset tax remittances. Commercial banks' excess reserves stood at KSh 36.5 billion in relation to the 4.25 percent cash reserves requirement (CRR). Open market operations remained active. The average interbank rate was 4.22 percent on May 14 compared to 4.05 percent on May 7. The average number of interbank deals per day increased to 24 from 20 in the previous week, while the value traded increased to KSh 11.8 billion from KSh 7.9 billion in the previous week (Table 3).

Government Securities Market

The Treasury bills auction of May 14 received bids totaling KSh 24.1 billion against an advertised amount of KSh 24.0 billion, representing a performance of 100.4 percent. Interest rates on all the three Treasury bill tenors increased marginally (Table 4).

Equity Market

At the Nairobi Securities Exchange, the number of shares traded rose by 20.4 percent during the week ending May 14. However, the NASI, NSE 25 and NSE 20 share price indices declined by 6.0 percent, 6.8 percent and 3.5 percent, respectively. Similarly, market capitalization and

equity turnover declined by 6.0 percent and 7.5 percent, respectively (Table 6).

Bond Market

Turnover of bonds traded in the domestic secondary market increased by 15.6 percent during the week (Table 6). In the international market, yields on Kenya's Eurobonds increased by an average of 82.5 basis points. The yields on the 10-year Eurobonds for Angola and Ghana also increased towards the end of the week (Chart 3).

Global Trends

Global financial markets sentiment remained edgy as the negative impact of covid-19 continues to be felt. Despite the optimism arising from the gradual easing of lockdown in some countries, signs of weak economic performance in the Eurozone were shown in the contraction of the German economy by 2.2 percent in the first quarter of 2020, the sharpest contraction since the financial crisis.

International oil prices increased during the week following optimism arising from the gradual easing of the lockdowns in some countries. Murban oil price increased to USD 30.34 per barrel on May 14 from USD 27.67 per barrel on May 6.

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

	USD	Sterling Pound	Euro	100 Japanese Yen	USHS*	TSHS*	RWF*	BIF*
1-May-20								
4-May-20	107.27	133.97	116.59	100.51	35.43	21.57	8.88	17.64
5-May-20	106.61	132.72	116.62	99.98	35.60	21.71	8.94	17.74
6-May-20	106.31	132.43	115.19	99.62	35.70	21.77	8.97	17.92
7-May-20	106.08	131.30	114.63	99.93	35.87	21.81	8.81	17.91
May 01-07	106.57	132.61	115.76	100.01	35.65	21.72	8.90	17.80
8-May-20	106.01	130.58	114.39	99.57	35.85	21.84	8.79	17.95
11-May-20	106.03	131.26	114.96	99.13	35.79	21.82	8.99	17.85
12-May-20	106.14	130.87	114.84	98.88	35.80	21.81	8.98	17.83
13-May-20	106.53	131.64	115.49	99.38	35.61	21.72	8.75	17.87
14-May-20	106.59	131.42	115.85	99.78	35.58	21.71	8.90	17.86
May 08-14	106.26	131.15	115.11	99.35	35.73	21.78	8.88	17.87

*Unit of currency per Kenya Shilling

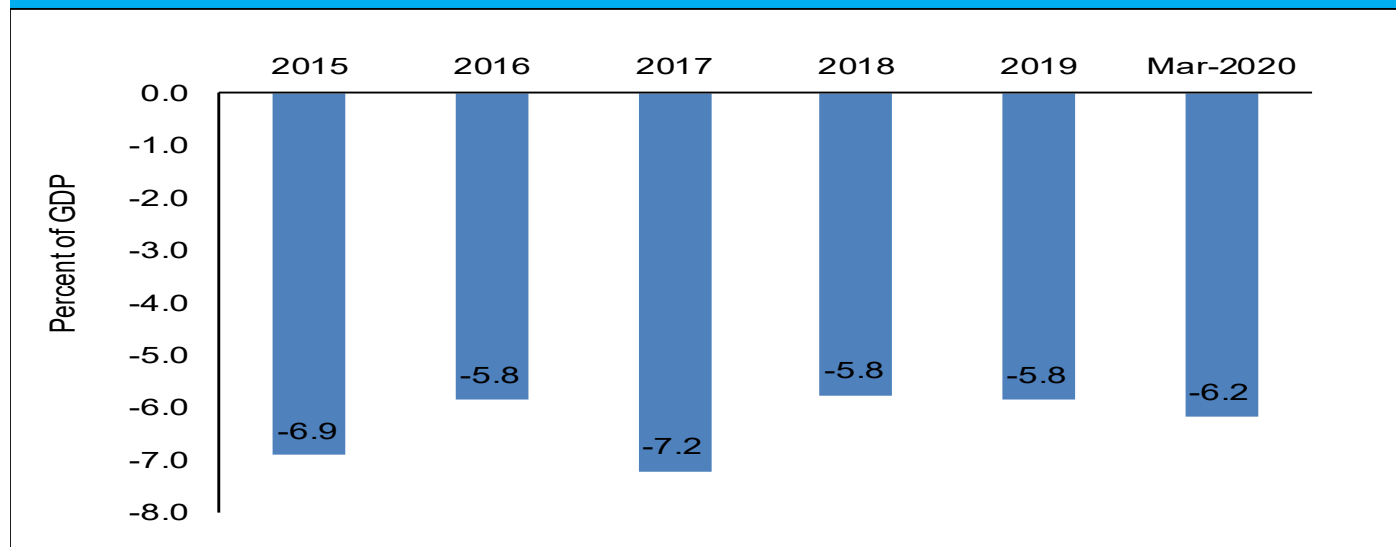
Source: Central Bank of Kenya

Table 2: Official Usable Foreign Exchange Reserves

	9-Apr-20	16-Apr-20	23-Apr-20	30-Apr-20	7-May-20	14-May-20
1. CBK Usable Foreign Exchange Reserves (USD Million)	7,974	7,913	7,858	7,744	7,809	8,532
2. CBK Usable Foreign Exchange Reserves (Months of Import Cover)*	4.84	4.78	4.75	4.66	4.70	5.14

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

Source: Central Bank of Kenya

Chart 1: Current Account

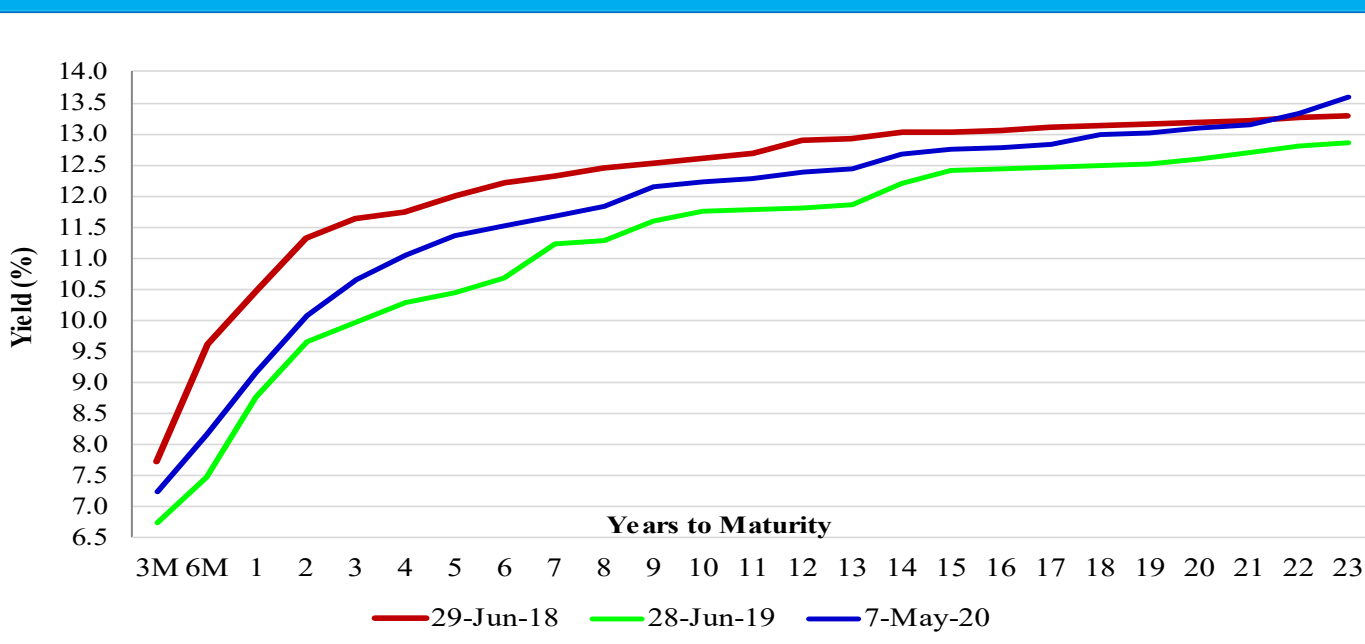
Source: Central Bank of Kenya

Table 3: Money Market

Date	Number of Deals	Value (KSh M)	Average Interbank Rate (%)
1-May-20	Public Holiday		
4-May-20	19	7,270.00	4.23
5-May-20	21	7,725.00	4.00
6-May-20	18	6,690.00	4.18
7-May-20	23	9,775.00	4.05
May 1-7, 2020	20	7,865.00	4.12
8-May-20	23	7,350.00	4.18
11-May-20	27	12,675.00	4.03
12-May-20	32	22,200.00	4.11
13-May-20	21	11,250.00	4.14
14-May-20	17	5,350.00	4.22
May 8-14, 2020	24	11,765.00	4.14

Source: Central Bank of Kenya

Chart 2: Government Securities Yield Curve



Source: Nairobi Securities Exchange (NSE)

Table 4: Treasury Bills Auctions**91-Day Treasury Bills**

Date of Auction	16-Apr-20	23-Apr-20	30-Apr-20	07-May-20	14-May-20
Amount offered (Ksh M)	4,000.00	4,000.00	4,000.00	4,000.00	4,000.00
Bids received (Ksh M)	2,620.31	8,785.97	4,472.71	2,442.83	7,670.62
Amount Accepted (Ksh M)	2,620.31	8,785.68	2,505.61	2,441.95	7,651.31
Maturities (Ksh M)	5,090.50	3,384.45	4,640.00	3,422.55	1,701.20
Average interest Rate (%)	7.201	7.212	7.242	7.253	7.266

182-Day Treasury Bills

Amount offered (Ksh M)	10,000.00	10,000.00	10,000.00	10,000.00	10,000.00
Bids received (Ksh M)	812.07	4,445.28	2,674.78	3,795.10	4,485.22
Amount Accepted (Ksh M)	773.65	4,444.28	2,536.41	3,795.10	4,433.36
Maturities (Ksh M)	1,063.15	3,033.65	4,239.50	3,342.15	1,578.75
Average interest Rate (%)	8.089	8.121	8.134	8.151	8.192

364-Day Treasury Bills

Amount offered (Ksh M)	10,000.00	10,000.00	10,000.00	10,000.00	10,000.00
Bids received (Ksh M)	10,857.34	6,376.10	10,750.99	8,779.00	11,932.41
Amount Accepted (Ksh M)	10,857.16	6,284.36	10,613.69	8,552.61	11,892.94
Maturities (Ksh M)	10,549.25	4,835.60	10,320.05	6,485.45	15,039.65
Average interest Rate (%)	9.091	9.110	9.115	9.161	9.173

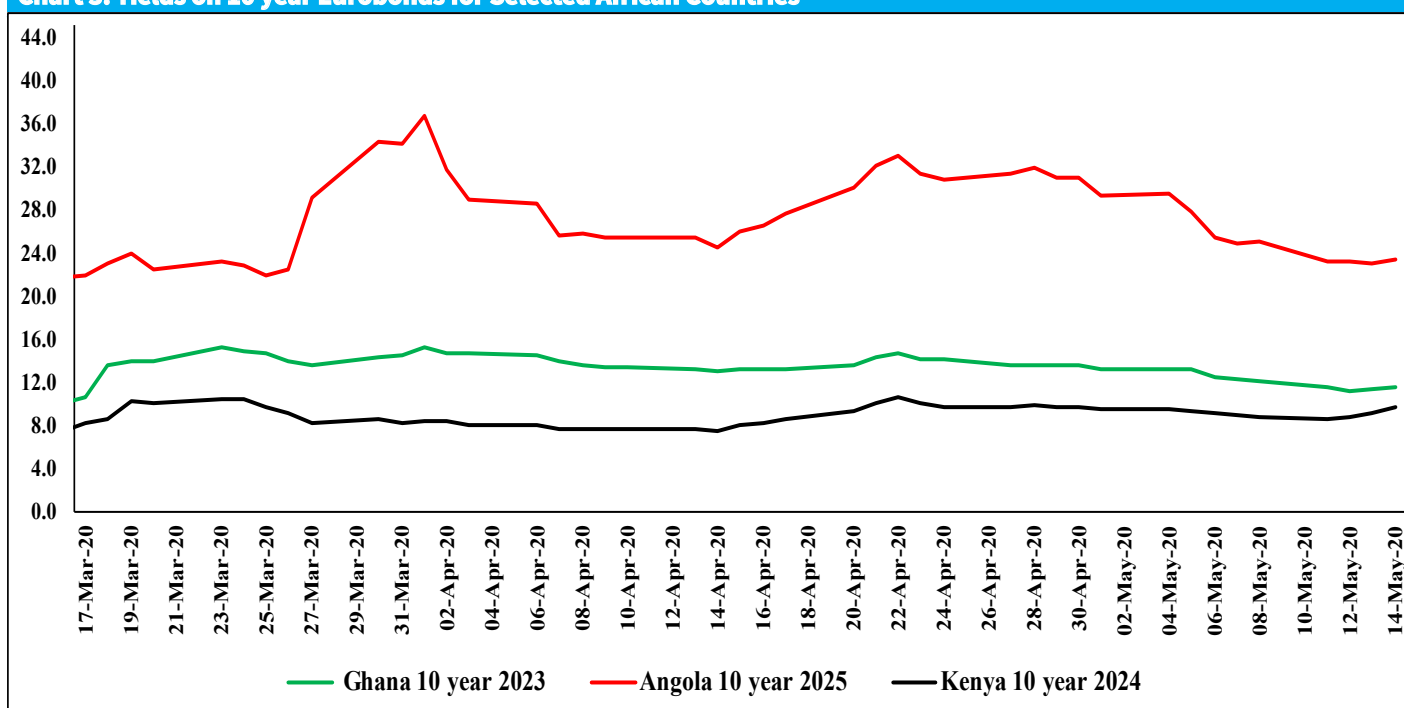
Source: Central Bank of Kenya

Table 5: Treasury Bonds Auctions

Date of Auction	18-Mar-20	8-Apr-20	22-Apr-20	06-May-20
	REOPEN		TAP	
Tenor	FXD1/2018/25	IFB1/2020/9	IFB1/2020/9	FXD1/2020/5
Amount offered (Ksh M)	50,000.00	60,000.00	21,000.00	50,000.00
Bids received (Ksh M)	35,155.99	68,413.78	35,387.16	34,531.50
Amount Accepted (Ksh M)	8,274.69	14,638.57	39,010.13	20,777.17
Maturities (Ksh M)	0.00	0.00	0.00	0.00
Average interest Rate (%)	13.29	13.82	12.05	11.67

Source: Central Bank of Kenya

Chart 3: Yields on 10 year Eurobonds for Selected African Countries



Source: Thomson Reuters

Table 6: Key Weekly Market Indicators

INDICATOR	NASI	NSE 25 Share Index	NSE 20 Share Index 100=1996	Total Deals (Equity)	Total Shares Traded (Million)	Equity Turnover (KSh Million)	Market Capitalization (KSh Billion)	Bonds Turnover (KSh Million)	7-Year Euro-bond Yield (%) 2027	10-Year Euro-bond Yield (%) 2024	10-Year Euro-bond Yield (%) 2028	12-Year Euro-bond Yield (%) 2032	30-Year Euro-bond Yield (%) 2048
1-May-20				LABOUR DAY					9,392	9,516	9,084	9,422	9,338
4-May-20	143.42	3373.69	1990.64	1,212	28.01	908.95	2,192.24	1,995.24	9.361	9.478	9.133	9.561	9.394
5-May-20	145.69	3446.45	2021.55	1,169	17.23	582.97	2,225.96	3,250.41	9.091	9.206	8.988	9.285	9.255
6-May-20	148.22	3611.91	2060.11	1,410	37.70	1,641.53	2,265.74	1,565.92	8.727	9.013	8.726	9.130	9.065
7-May-20	142.80	3399.29	2041.22	1,471	19.56	1,074.88	2,182.68	2,266.58	8.633	8.862	8.656	9.150	9.025
May 4-7, 2020	142.80	3399.29	2041.22	5,262	102.51	4,208.33	2,182.68	9,078.14	8.633	8.862	8.656	9.150	9.025
8-May-20	140.87	3352.96	2034.71	1,231	15.57	645.48	2,153.15	2,732.36	8.631	8.749	8.586	9.150	9.052
11-May-20	140.65	3349.38	2053.95	1,102	16.12	531.82	2,149.80	2,658.87	8.457	8.635	8.517	9.016	8.973
12-May-20	139.42	3320.10	2038.99	1,367	44.27	1,644.81	2,130.97	1,439.96	8.772	8.674	8.540	9.170	9.052
13-May-20	137.37	3250.40	1996.28	1,587	24.97	630.81	2,099.54	1,803.83	9.239	9.100	9.065	9.544	9.241
14-May-20	134.19	3168.62	1970.02	1,268	22.44	439.43	2,050.73	1,860.46	9.948	9.696	9.435	9.850	9.522
May 8-14, 2020	134.19	3168.62	1970.02	6,555	123.38	3,892.35	2,050.73	10,495.48	9.948	9.696	9.435	9.850	9.522
Weekly Changes (%)	-6.03	-6.79	-3.49	24.57	20.37	-7.51	-6.05	15.61	1.315*	0.834*	0.779*	0.700*	0.497*

* Percentage points

Source: Nairobi Securities Exchange (NSE)

Table 7: Government Domestic Debt (KSh Billion)

	28-Jun-19	30-Sep-19	31-Dec-19	31-Mar-20	30-Apr-20	08-May-20
1. Treasury Bills (Excluding Repos)	954.25	928.91	878.94	900.62	888.76	886.28
(As % of total securities)	35.31	33.68	30.80	30.11	29.25	29.19
2. Treasury Bonds	1,748.15	1,828.78	1,974.69	2,090.29	2,149.72	2,149.72
(As % of total securities)	64.69	66.32	69.20	69.89	70.75	70.81
3. Total Securities (1+2)	2,702.40	2,757.69	2,853.63	2,990.91	3,038.48	3,036.00
4. Overdraft at Central Bank	57.33	68.23	63.72	54.18	54.59	58.18
5. Other Domestic debt*	25.76	25.72	24.75	25.10	26.35	26.36
6. Gross Domestic Debt (3+4+5)	2,785.48	2,851.64	2,942.10	3,070.19	3,119.42	3,120.54

* 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: Government Domestic Debt by Instrument (Percent)

	28-Jun-19	30-Sep-19	31-Dec-19	31-Mar-20	30-Apr-20	8-May-20
Treasury bills (Excluding Repos)	34.26	32.57	29.87	29.37	28.54	28.45
Treasury bonds	62.76	64.13	67.12	68.03	68.90	68.88
CBK Overdraft to Government	2.06	2.39	2.17	1.76	1.75	1.86
Other domestic debt	0.92	0.90	0.84	0.84	0.80	0.80
Total	100.00	100.00	100.00	100.00	100.00	100.00

Source: Central Bank of Kenya

Table 9: Government Domestic Debt by Holder (Percent)

	28-Jun-19	30-Sep-19	31-Dec-19	31-Mar-20	30-Apr-20	8-May-20
Banking Institutions	54.38	53.63	54.33	54.31	54.58	54.76
Insurance Companies	6.13	6.33	6.42	6.30	6.20	6.20
Parastatals	6.97	7.13	6.49	6.13	5.72	5.63
Pension funds	28.24	28.77	28.60	29.01	28.98	28.92
Other investors	4.28	4.13	4.17	4.25	4.51	4.50
Total	100.00	100.00	100.00	100.00	100.00	100.00

Source: Central Bank of Kenya

Table 10: Indicators of Total Government Debt

	Jun-18	Jun-19	Sep-19	Dec-19	Jan-20	Feb-20	Mar-20
Domestic debt (KSh Billion)	2,478.84	2,785.48	2,851.64	2,942.10	3,003.70	3,040.96	3,071.85
Public & Publicly Guaranteed External debt (US \$ Billion)	25.34	29.55	29.95	30.66	30.95	30.87	30.69
Public & Publicly Guaranteed External debt (KSh Billion)	2,560.20	3,023.14	3,111.80	3,106.82	3,112.90	3,117.04	3,212.63
Total public debt (KSh Billion)	5,039.03	5,808.62	5,963.44	6,048.93	6,116.60	6,158.00	6,284.49

Source: National Treasury and Central Bank of Kenya