



Central Bank of Kenya

Weekly Bulletin

January 17, 2020

KEY MONETARY AND FINANCIAL INDICATORS

Exchange Rate

The Kenya Shilling remained stable against major international and regional currencies during the week ending January 16. It exchanged at KSh 101.38 per US Dollar on January 16, compared to KSh 101.47 on January 9 (Table 1).

Foreign Exchange Reserves

The CBK usable foreign exchange reserves remained adequate at USD 8,496 million (5.20 months of import cover) as at January 16. This meets the CBK's statutory requirement to endeavor 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).

Remittances

Remittance inflows increased to USD 250.3 million in December 2019 from USD 218.8 million in November (Chart 1). The cumulative inflows in 2019 increased to USD 2,796 million compared to USD 2,697 million in 2018, reflecting a growth of 3.7 percent. North America, Europe and the Rest of the World accounted for 50 percent, 20 percent and 30 percent, respectively, of the total remittances in December.

Money Market

The money market was liquid during the week ending January 16, mainly reflecting government payments which more than offset tax remittances. Commercial banks' excess reserves stood at KSh 22.5 billion in relation to the 5.25 percent cash reserves requirement (CRR). The average interbank rate declined to 3.80 percent on January 16 from 4.61 percent on January 9. The average number of interbank deals per day decreased to 25 from 28 in the previous week while the value traded decreased to KSh 13.7 billion from KSh 16.9 in the previous week (Table 3).

Government Securities Market

The Treasury bills auctions of January 16 received bids totalling KSh 28.4 billion against an advertised amount of KSh 24.0 billion, representing a performance of 118.1

percent. Interest rates on the 91-day, 182-day, and 364-day Treasury bills increased marginally compared to the previous week (Table 4).

Equity Market

Total shares traded and equity turnover increased by 88.78 percent and 110.45 percent, respectively, during the week ending January 16. However, NASI, NSE 25 share price index, NSE 20 share price index and market capitalization declined by 2.19 percent, 1.97 percent, 0.85 percent and 2.19 percent, respectively (Table 6).

Bond Market

Turnover of bonds traded in the domestic secondary market rose by 123.64 percent during the week ending January 16 (Table 6). In the international market, yields on Kenya's 7-year (2027), 10-year (2024), 10-year (2028), 12-year (2032) and 30-year (2048) Eurobonds declined by 23.9, 7.3, 5.7, 10.7 and 7.0 basis points, respectively. The yield on the 10-year Eurobond for Ghana also declined by 22.1 basis points, while that of Angola increased by 0.7 basis points (Chart 3).

Global Trends

Global financial market sentiments improved during the week following the signing of the first phase of the US-China trade pact that defused the 18-month trade tensions between the two countries. The week also saw the process of impeachment of the US President move to the Senate.

International oil prices continued the downward trend during the week, reflecting inventory accumulation and optimism arising from the US-China trade deal which overshadowed geopolitical tensions. Murban oil price declined to USD 66.17 per barrel on January 16 from USD 68.33 per barrel on January 9.

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

	USD	Sterling Pound	Euro	100 Japanese Yen	USHS*	TSHS*	RWF*	BIF*
3-Jan-20	100.96	133.12	113.08	92.87	36.30	22.76	9.39	18.62
6-Jan-20	100.98	132.20	112.54	93.41	36.54	22.76	9.38	18.59
7-Jan-20	101.06	132.80	113.14	93.16	36.71	22.74	9.38	18.60
8-Jan-20	101.26	132.85	113.11	93.37	36.64	22.70	9.37	18.57
9-Jan-20	101.47	132.98	112.85	93.30	36.46	22.69	9.09	18.53
Jan 3-9	101.15	132.79	112.94	93.22	36.53	22.73	9.32	18.58
10-Jan-20	101.59	132.52	112.90	92.72	36.20	22.66	9.34	18.51
13-Jan-20	101.34	132.62	112.57	92.49	36.26	22.72	9.36	18.55
14-Jan-20	101.49	131.81	112.91	92.38	36.16	22.69	9.35	18.54
15-Jan-20	101.39	131.61	112.68	92.11	36.20	22.73	9.36	18.56
16-Jan-20	101.38	131.84	112.97	92.26	36.45	22.76	9.36	18.56
Jan 10-16	101.44	132.08	112.81	92.39	36.25	22.71	9.35	18.54

* Units of currency per Kenya Shilling

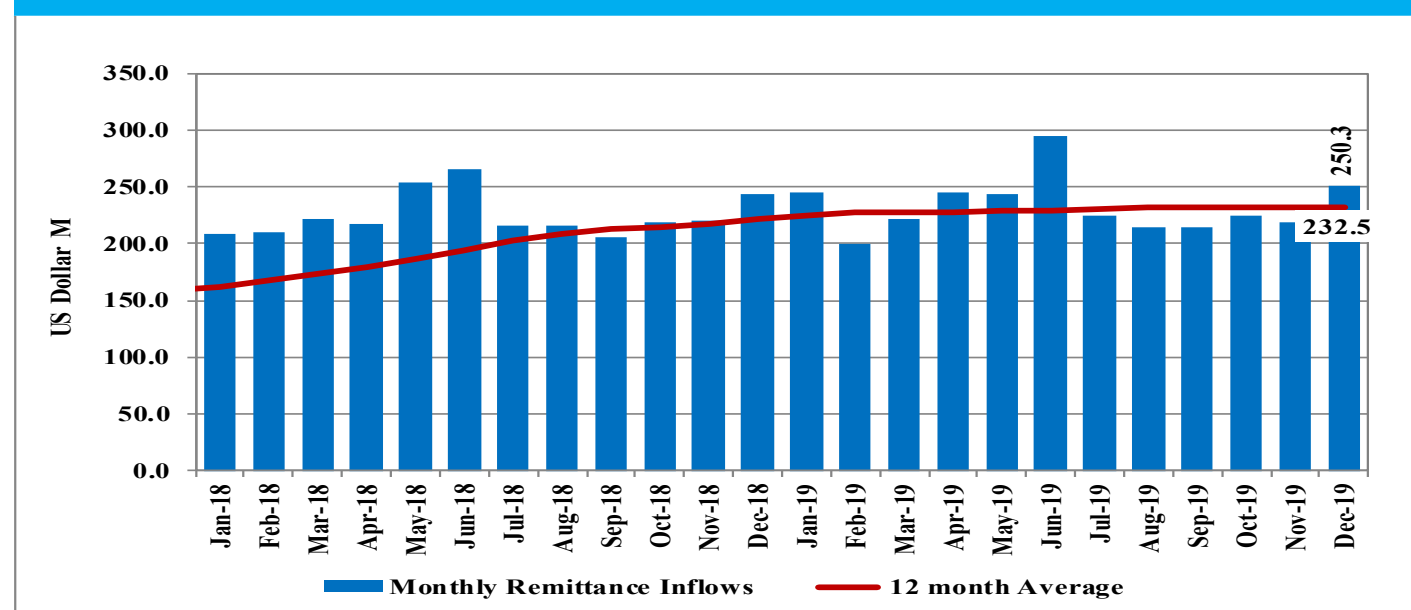
Source: Central Bank of Kenya

Table 2: Official Usable Foreign Exchange Reserves

	11-Dec-19	19-Dec-19	24-Dec-19	02-Jan-20	09-Jan-20	16-Jan-20
1. CBK Usable Foreign Exchange Reserves (USD Million)	8,815	8,898	8,848	8,758	8,543	8,496
2. CBK Usable Foreign Exchange Reserves (Months of Import Cover)*	5.42	5.47	5.44	5.39	5.26	5.20

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

Source: Central Bank of Kenya

Chart 1: Monthly Remittance Inflows (USD Million)

Source: Central Bank of Kenya

Table 3: Money Market

Date	Number of Deals	Value (KSh M)	Average Interbank Rate (%)
3-Jan-20	28	17,300.00	5.22
6-Jan-20	30	18,800.00	5.04
7-Jan-20	30	17,900.00	5.02
8-Jan-20	25	14,510.00	4.79
9-Jan-20	27	15,775.00	4.61
January 03-9, 2020	28	16,857.00	4.94
10-Jan-20	37	23,425.00	4.36
13-Jan-20	37	18,350.00	4.18
14-Jan-20	18	8,100.00	3.54
15-Jan-20	15	8,400.00	3.69
16-Jan-20	17	10,300.00	3.80
January 10-16, 2020	25	13,715.00	3.91

Source :Central Bank of Kenya

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

Date of Auction	19-Dec-19	24-Dec-19	02-Jan-20	09-Jan-20	16-Jan-20
Amount offered (Ksh M)	4,000.00	4,000.00	4,000.00	4,000.00	4,000.00
Bids received (Ksh M)	4,453.63	346.43	2,711.04	629.50	5,010.12
Amount Accepted (Ksh M)	4,453.61	346.43	2,676.60	626.41	5,008.55
Maturities (Ksh M)	689.80	3,345.20	2,416.15	5,458.60	4,452.80
Average interest Rate (%)	7.177	7.200	7.200	7.200	7.232

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)	3,891.66	282.08	1,064.60	2,399.92	6,355.93
Amount Accepted (Ksh M)	3,815.28	282.08	1,064.60	2,219.78	6,355.93
Maturities (Ksh M)	1,214.75	3,647.65	4,980.05	11,517.10	7,193.20
Average interest Rate (%)	8.125	8.150	8.147	8.142	8.167

364-Day Treasury Bills

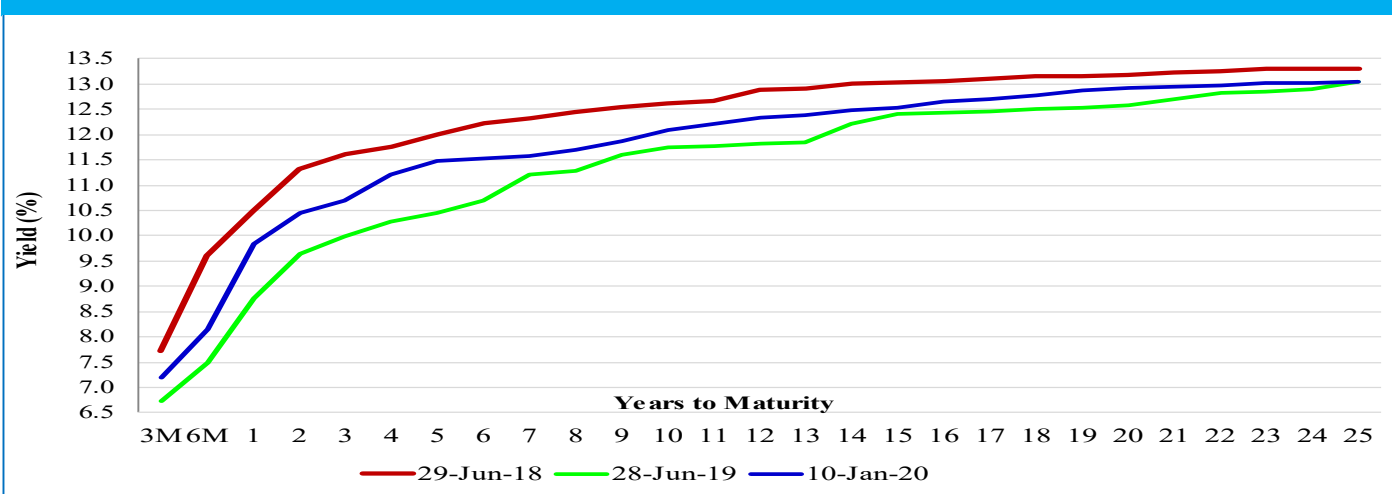
Amount offered (Ksh M)	10,000.00	10,000.00	10,000.00	10,000.00	10,000.00
Bids received (Ksh M)	7,031.83	3,453.15	14,963.90	39,770.71	16,985.45
Amount Accepted (Ksh M)	7,022.28	3,453.15	8,550.87	36,830.41	11,337.09
Maturities (Ksh M)	13,900.75	8,060.45	13,010.90	26,085.30	10,392.15
Average interest Rate (%)	9.789	9.815	9.828	9.833	9.842

Source: Central Bank of Kenya

Table 5: Treasury Bonds Auctions

Date of Auction	23-Oct-19	20-Nov-19	27-Nov-19	11-Dec-19	19-Dec-19
			TAP		TAP
Tenor	IFB1/2019/16	FXD 4/2019/10	FXD4/2019/10	FXD 3/2019/5	FXD3/2019/5
Amount offered (Ksh M)	60,000.00	50,000.00	21,650.00	25,000.00	9,720.00
Bids received (Ksh M)	86,946.69	38,372.61	8,115.45	28,468.51	9,750.51
Amount Accepted (Ksh M)	68,466.07	28,351.81	8,112.45	18,740.55	9,750.51
Maturities (Ksh M)	0.00	0.00	0.00	0.00	0.00
Average interest Rate (%)	12.39	12.28	12.28	11.49	11.49

Source: Central Bank of Kenya

Chart 2: Government Securities Yield Curve

Source: Nairobi Securities Exchange (NSE)

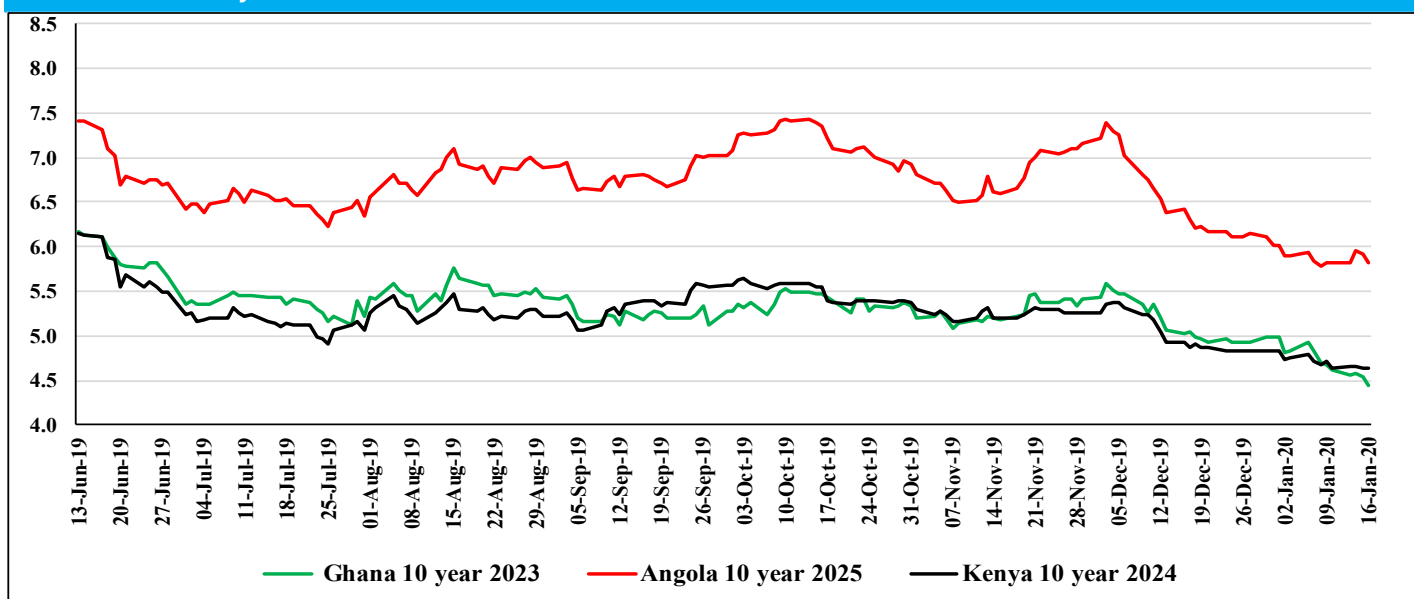
Table 6: Key Weekly Market Indicators

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 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
3-Jan-20	167.37	4136.91	2707.90	800	4.28	171.11	2,554.67	389.79	5.744	4.758	5.845	6.800	7.579
6-Jan-20	167.00	4126.93	2706.38	815	5.81	188.54	2,548.99	924.25	5.786	4.798	5.899	6.845	7.620
7-Jan-20	166.65	4106.34	2671.62	1,095	18.61	640.60	2,543.64	803.77	5.714	4.707	5.843	6.784	7.569
8-Jan-20	167.33	4114.98	2670.06	576	9.11	336.37	2,554.05	1,043.02	5.662	4.683	5.802	6.769	7.537
9-Jan-20	170.95	4189.66	2692.40	1,196	16.24	664.72	2,609.51	2,466.91	5.676	4.711	5.859	6.829	7.568
Jan 3-9, 2020	170.95	4189.66	2692.40	4482.00	54.05	2001.34	2,609.51	5,627.75	5.676	4.711	5.859	6.829	7.568
10-Jan-20	171.36	4207.90	2701.04	1,128	20.31	836.96	2,615.76	2,283.72	5.657	4.640	5.826	6.844	7.531
13-Jan-20	171.08	4206.14	2692.38	1,357	20.93	864.43	2,611.46	2,646.06	5.646	4.648	5.819	6.798	7.521
14-Jan-20	170.31	4166.39	2668.51	1,056	19.09	771.42	2,599.69	3,457.86	5.700	4.659	5.886	6.874	7.578
15-Jan-20	167.38	4104.78	2671.80	1,017	19.45	783.18	2,554.81	2,937.52	5.665	4.629	5.855	6.828	7.558
16-Jan-20	167.21	4107.13	2669.63	961.00	22.25	955.77	2,552.27	1,260.98	5.437	4.638	5.802	6.722	7.498
Jan 10-16, 2020	167.21	4107.13	2669.63	5519.00	102.04	4211.77	2552.27	12,586.13	5.437	4.638	5.802	6.722	7.498
Weekly Changes (%)	-2.19	-1.97	-0.85	23.14	88.78	110.45	-2.19	123.64	-0.239*	-0.073*	-0.057*	-0.107*	-0.070*

* Percentage points

Source: Nairobi Securities Exchange (NSE)

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



Source: Thomson Reuters

Table 7: Government Domestic Debt (KSh Billion)

	28-Jun-19	27-Sep-19	25-Oct-19	29-Nov-19	27-Dec-19	10-Jan-20
1. Treasury Bills (Excluding Repos)	954.25	933.10	910.38	896.13	889.55	871.72
(As % of total securities)	35.31	33.78	33.12	31.62	31.06	30.63
2. Treasury Bonds	1,748.15	1,828.78	1,838.11	1,938.13	1,974.69	1,974.69
(As % of total securities)	64.69	66.22	66.88	68.38	68.94	69.37
3. Total Securities (1+2)	2,702.40	2,761.88	2,748.50	2,834.25	2,864.25	2,846.42
4. Overdraft at Central Bank	57.33	52.58	50.55	57.23	58.96	59.67
5. Other Domestic debt*	25.76	25.68	25.73	25.88	25.86	24.76
6. Gross Domestic Debt (3+4+5)	2,785.48	2,840.13	2,824.78	2,917.36	2,949.07	2,930.85

* 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	27-Sep-19	25-Oct-19	29-Nov-19	27-Dec-19	10-Jan-20
Treasury bills (Excluding Repos)	34.25	32.80	32.17	30.67	30.31	29.88
Treasury bonds	62.77	64.45	65.13	66.48	66.80	67.19
CBK Overdraft to Government	2.06	1.85	1.79	1.96	2.01	2.05
Other domestic debt	0.92	0.90	0.91	0.89	0.88	0.89
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	27-Sep-19	25-Oct-19	29-Nov-19	27-Dec-19	10-Jan-20
Banking Institutions	54.38	53.31	53.15	54.18	54.21	53.95
Insurance Companies	6.13	6.42	6.54	6.50	6.47	6.52
Parastatals	6.98	7.33	7.06	6.92	6.64	6.69
Pension funds	28.23	28.76	29.00	28.16	28.46	28.48
Other investors	4.28	4.19	4.25	4.24	4.22	4.37
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	Mar-19	Jun-19	Aug-19	Sep-19	Oct-19
Domestic debt (KSh Billion)	2,478.84	2,699.09	2,785.94	2,876.00	2,856.60	2,901.50
Public & Publicly Guaranteed External debt (US \$ Billion)	25.34	27.01	29.55	30.26	29.95	30.30
Public & Publicly Guaranteed External debt (KSh Billion)	2,560.20	2,721.60	3,023.14	3,133.54	3,111.80	3,127.60
Total public debt (KSh Billion)	5,039.03	5,420.68	5,809.08	6,009.54	5,968.40	6,029.10

Source: National Treasury and Central Bank of Kenya