



Central Bank of Kenya

Weekly Bulletin

January 10, 2020

KEY MONETARY AND FINANCIAL INDICATORS

Exchange Rate

The Kenya Shilling remained stable against major international and regional currencies during the week ending January 9. It exchanged at KSh 101.47 per US Dollar on January 9, compared to KSh 101.34 on January 2 (Table 1).

Foreign Exchange Reserves

The CBK usable foreign exchange reserves remained adequate at USD 8,543 million (5.26 months of import cover) as at January 9. 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 indicates that the current account deficit narrowed to 4.2 percent of GDP in the 12 months to November 2019 from 5.0 percent in December 2018. This reflects slower growth of imports, strong services receipts and resilient diaspora remittances (Chart 1).

Money Market

The money market remained liquid during the week ending January 9, supported by government payments and net redemptions of government securities. Commercial banks' excess reserves stood at KSh 16.8 billion in relation to the 5.25 percent cash reserves requirement (CRR). The open market operations remained active. The average interbank rate declined to 4.61 percent on January 9, from 5.37 percent on January 2. The average number of interbank deals per day increased to 28 from 25 in the previous week while the average value traded increased to KSh 16.9 billion from KSh 15.4 billion in the previous week (Table 3).

Government Securities Market

The Treasury bills auctions of January 9 received bids totaling KSh 42.8 billion against an advertised amount of KSh 24.0 billion, representing a performance of 178.3 percent. Interest rates on all the Treasury bill tenors remained stable (Table 4).

Equity Market

The NASI, NSE 25 and NSE 20 share price indices gained 3.0 percent, 2.1 percent and 0.7 percent, respectively in the week ending January 9. Similarly, market capitalization, total shares traded and equity turnover rose by 3.0 percent, 98.1 percent and 103.6 percent, respectively as the market picked up after the festive season (Table 6).

Bond Market

Turnover of bonds traded in the domestic secondary market rose by 324.8 percent during the week ending January 9, following the end of the festive season and a longer trading week (Table 6). In the international market, yields on Kenya's 10-year (2024) and 30-year (2048) Eurobonds declined by 2.9 and 3.1 basis points, respectively. On the other hand, the yields on 7-year (2027), 10-Year (2028) and 12-year (2032) Eurobonds rose by 9.2, 3.4 and 5.9 basis points, respectively. The yields on the 10-year Eurobonds for Ghana and Angola declined (Chart 2).

Global Trends

Uncertainty in the global financial markets increased during the week following escalation of tensions in the Middle East caused by the US-Iran standoff. The World Bank released the Global Economic Prospects Report, which indicated that global growth was expected to rise slightly to 2.5 percent in 2020 from an estimated 2.4 percent in 2019, as trade and investment gradually recover.

International oil prices were volatile during the week ending January 9 on account of production cuts by OPEC and the escalation of tensions between the US and Iran. Murban oil price increased to USD 71.92 per barrel on January 6 from USD 68.93 at the end of 2019, before falling to USD 68.33 on January 9, as the US-Iran tensions eased.

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

	USD	Sterling Pound	Euro	100 Japanese Yen	USHS*	TSHS*	RWF*	BIF*
27-Dec-19	100.77	130.41	111.63	92.11	36.37	22.81	9.41	18.64
30-Dec-19	101.16	132.40	112.88	92.37	36.23	22.72	9.37	18.58
31-Dec-19	101.34	132.94	113.37	92.80	36.17	22.68	9.36	18.54
1-Jan-20	Public Holiday							
2-Jan-20	101.34	133.31	113.56	93.32	36.16	22.68	9.36	18.54
Dec 27-Jan 2	101.15	132.26	112.86	92.65	36.23	22.72	9.37	18.58
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

* Units of currency per Kenya Shilling

Source: Central Bank of Kenya

Table 2: Official Usable Foreign Exchange Reserves

	05-Dec-19	11-Dec-19	19-Dec-19	24-Dec-19	02-Jan-20	09-Jan-20
1. CBK Usable Foreign Exchange Reserves (USD Million)	8,752	8,815	8,898	8,848	8,758	8,543
2. CBK Usable Foreign Exchange Reserves (Months of Import Cover)*	5.43	5.42	5.47	5.44	5.39	5.26

*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 (%)
27-Dec-19	29	18,900.00	5.78
30-Dec-19	21	12,710.00	5.66
31-Dec-19	18	10,850.00	5.46
1-Jan-20		Public Holiday	
2-Jan-20	33	19,030.00	5.37
December 27 - January 02, 2020	25	15,372.50	5.57
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

Source :Central Bank of Kenya

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

Date of Auction	05-Dec-19	19-Dec-19	24-Dec-19	02-Jan-20	09-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)	3,552.82	4,453.63	346.43	2,711.04	629.50
Amount Accepted (Ksh M)	572.37	4,453.61	346.43	2,676.60	626.41
Maturities (Ksh M)	5,080.80	689.80	3,345.20	2,416.15	5,458.60
Average interest Rate (%)	7.162	7.177	7.200	7.200	7.200

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)	3,583.01	3,891.66	282.08	1,064.60	2,399.92
Amount Accepted (Ksh M)	625.38	3,815.28	282.08	1,064.60	2,219.78
Maturities (Ksh M)	869.20	1,214.75	3,647.65	4,980.05	11,517.10
Average interest Rate (%)	8.201	8.125	8.150	8.147	8.142

364-Day Treasury Bills

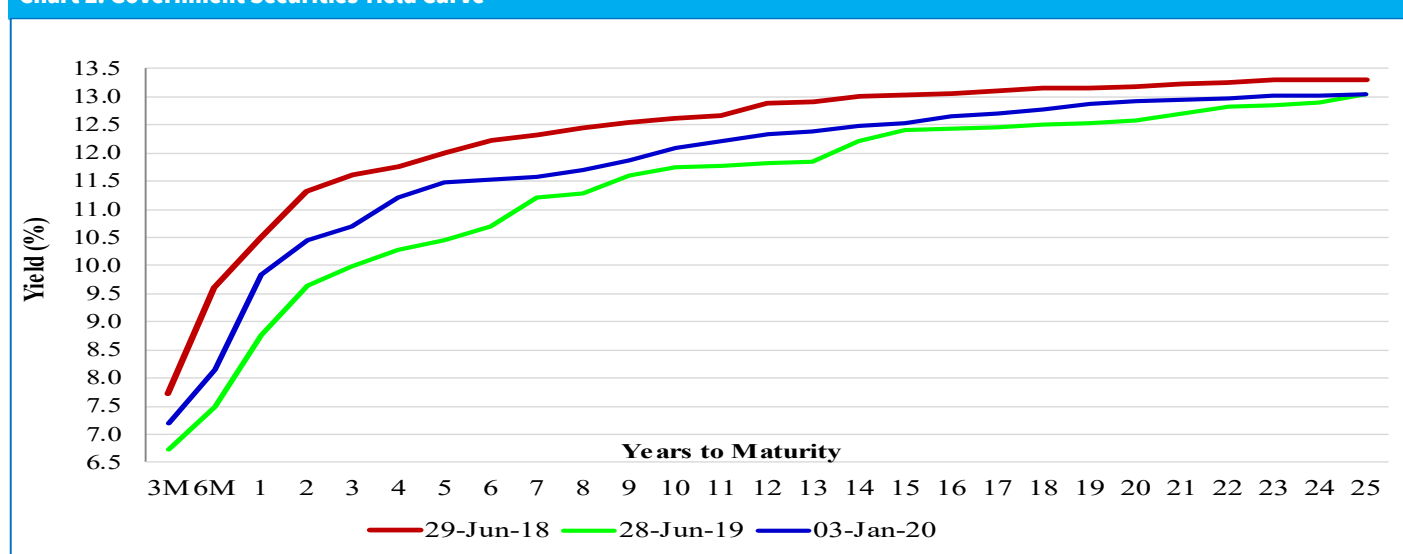
Amount offered (Ksh M)	10,000.00	10,000.00	10,000.00	10,000.00	10,000.00
Bids received (Ksh M)	6,123.36	7,031.83	3,453.15	14,963.90	39,770.71
Amount Accepted (Ksh M)	4,732.31	7,022.28	3,453.15	8,550.87	36,830.41
Maturities (Ksh M)	2,992.05	13,900.75	8,060.45	13,010.90	26,085.30
Average interest Rate (%)	9.803	9.789	9.815	9.828	9.833

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 (Mil- lion)	Equity Turnover (KSh Million)	Market Capital- ization (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
27-Dec-19	165.41	4063.15	2646.14	455	5.56	248.74	2,524.77	281.26	5.795	4.826	5.938	6.862	7.649
30-Dec-19	165.37	4069.05	2633.01	711	8.97	353.83	2,924.06	743.59	5.602	4.835	5.919	6.877	7.650
31-Dec-19	166.41	4100.57	2654.39	745	10.67	303.69	2,539.98	48.41	5.602	4.835	5.900	6.877	7.650
1-Jan-20													
	PUBLIC HOLIDAY												
2-Jan-20	165.98	4101.89	2673.94	576	2.08	76.89	2,533.52	251.49	5.584	4.740	5.825	6.770	7.599
Dec 27, 2019 - Jan 2, 2020	165.98	4101.89	2673.94	2487.00	27.29	983.15	2,533.52	1,324.75	5.584	4.740	5.825	6.770	7.599
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
Weekly Changes (%)	2.99	2.14	0.69	80.22	98.05	103.56	3.00	324.82	0.092*	-0.029*	0.034*	0.059*	-0.031*

* Percentage points

Source: Nairobi Securities Exchange (NSE)

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

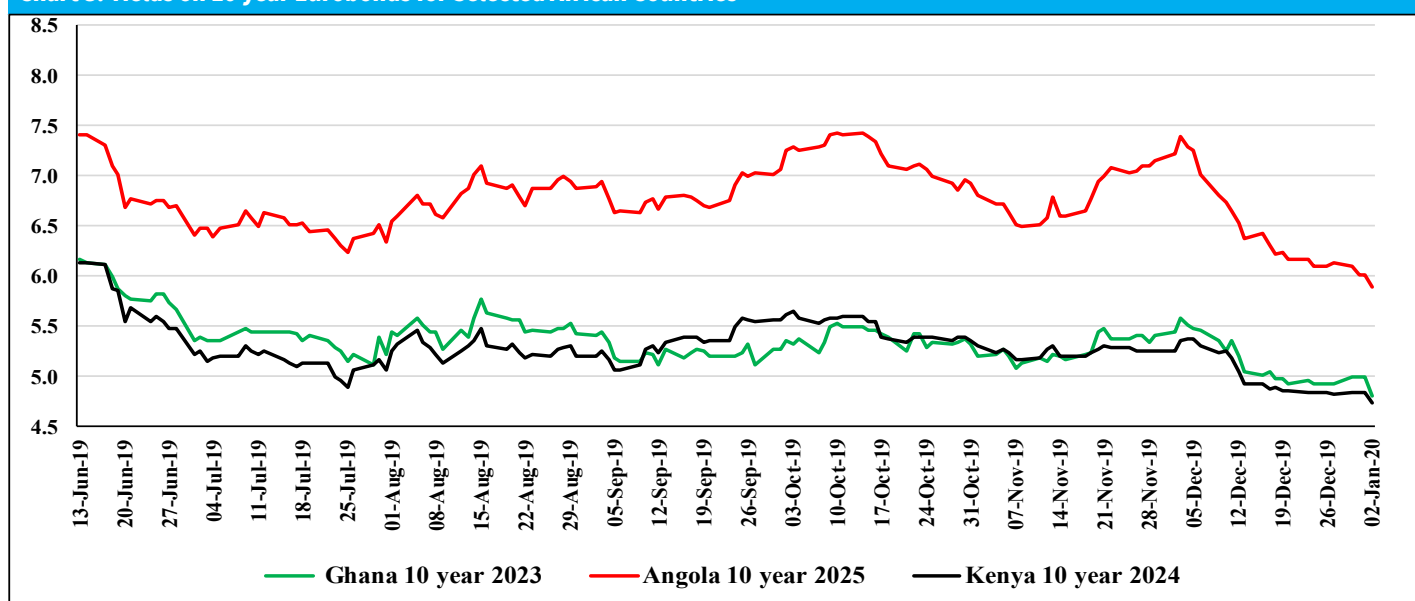


Table 7: Government Domestic Debt (KSh Billion)

	28-Jun-19	27-Sep-19	25-Oct-19	29-Nov-19	27-Dec-19	03-Jan-20
1. Treasury Bills (Excluding Repos)	954.25	933.10	910.38	896.13	889.55	878.94
(As % of total securities)	35.31	33.78	33.12	31.62	31.06	30.80
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	69.20
3. Total Securities (1+2)	2,702.40	2,761.88	2,748.50	2,834.25	2,864.25	2,853.63
4. Overdraft at Central Bank	57.33	52.58	50.55	57.23	58.96	59.64
5. Other Domestic debt*	25.76	25.68	25.73	25.88	25.86	24.75
6. Gross Domestic Debt (3+4+5)	2,785.48	2,840.13	2,824.78	2,917.36	2,949.07	2,938.02

* 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	03-Jan-20
Treasury bills (Excluding Repos)	34.25	32.80	32.17	30.67	30.31	30.05
Treasury bonds	62.77	64.45	65.13	66.48	66.80	67.02
CBK Overdraft to Government	2.06	1.85	1.79	1.96	2.01	2.04
Other domestic debt	0.92	0.90	0.91	0.89	0.88	0.88
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	03-Jan-20
Banking Institutions	54.38	53.31	53.15	54.18	54.21	54.06
Insurance Companies	6.13	6.42	6.54	6.50	6.47	6.49
Parastatals	6.98	7.33	7.06	6.92	6.64	6.66
Pension funds	28.23	28.76	29.00	28.16	28.46	28.55
Other investors	4.28	4.19	4.25	4.24	4.22	4.23
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