



Central Bank of Kenya

Weekly Bulletin

October 8, 2021



RECENT MONETARY AND FINANCIAL DEVELOPMENTS

Exchange Rates

The Kenya Shilling remained stable against major international and regional currencies during the week ending October 7. It exchanged at KSh 110.69 per US dollar on October 7, compared to KSh 110.49 per US dollar on September 30 (**Table 1**).

Foreign Exchange Reserves

The usable foreign exchange reserves remained adequate at USD 9,365 million (5.73 months of import cover) as at October 7. 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**).

Money Market

The money market was liquid during the week ending October 7, partly reflecting government payments. Commercial banks' excess reserves stood at KSh 11.8 billion in relation to the 4.25 percent cash reserves requirement (CRR). Open market operations remained active. The average interbank rate was 6.11 percent on October 7 compared to 6.61 percent on September 30. During the week, the average number of interbank deals per day increased to 29 from 25 in the previous week, while the average value traded increased to KSh 11.7 billion from KSh 10.1 billion in the previous week (**Table 3**).

Government Securities Market

The Treasury bill auction of October 7 received bids totaling KSh 9.8 billion against an advertised amount of KSh 24.0 billion, representing a performance of 40.9 percent. Interest rates on the 91-day, 182-day and 364-day, Treasury bills remained stable (**Table 4**).

During the Treasury Bond Auction of October 6, the two re-opened fifteen year and twenty five year treasury bonds issued received bids totalling KSh 55.5 billion against an advertised amount of KSh 60.0 billion, representing a performance rate of 92.5 percent (**Table 5**).

Equity Market

At the Nairobi Securities Exchange, the equity turnover increased by 7.9 percent. However, the NASI, NSE 25 and NSE 20 share price indices declined by 0.3 percent, 1.2 percent and 6.1 percent, respectively. Similarly, total shares traded and market capitalization, declined by 6.7 percent and 0.4 percent, respectively during the week ending October 7 (**Table 6**).

Bonds Market

Bonds turnover in the domestic secondary market declined by 49.9 percent during the week ending October 7 (**Table 6**). In the international market, yields on Kenya's Eurobonds increased by an average of 27.8 basis points. Yields on the 10-year Eurobonds for Angola and Ghana also increased (**Chart 2**).

Global Trends

Global financial markets sentiment improved during the week ending October 7, as investors' concern on the US debt ceiling and increasing crude oil prices eased. Market sentiment was also driven by expectations of release of the US job report.

International oil price increased during the week ending October 7. Murban oil price increased to 81.33 on October 6, as OPEC+ confirmed it would stick to its current output policy despite rebounding demand. However, the price declined to 78.30 on October 7 after US indicated that it would tap crude oil from its emergency reserve.

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

	USD	Sterling Pound	Euro	100 Japanese Yen	Uganda Shilling*	Tanzania Shilling*	Rwandese Franc*	Burundi Franc*
24-Sep-21	110.38	151.04	129.33	100.37	32.01	20.98	9.20	18.00
27-Sep-21	110.38	151.17	129.46	99.86	31.97	20.97	9.20	18.00
28-Sep-21	110.40	151.14	129.25	99.47	31.94	20.95	9.20	18.00
29-Sep-21	110.45	150.58	129.11	99.16	31.92	20.96	9.20	17.99
30-Sep-21	110.49	149.64	129.01	99.15	32.00	20.91	9.20	17.99
September 24-30	110.42	150.72	129.23	99.60	31.97	20.95	9.20	18.00
1-Oct-21	110.49	148.93	128.38	98.63	32.17	20.86	9.20	17.99
4-Oct-21	110.51	149.45	128.34	99.53	32.21	20.86	9.20	17.99
5-Oct-21	110.55	150.01	128.64	99.43	32.20	20.85	9.19	17.98
6-Oct-21	110.62	150.55	128.39	98.99	32.18	20.84	9.19	17.97
7-Oct-21	110.69	150.20	127.78	99.35	32.16	20.78	9.19	17.96
October 1-7	110.57	149.83	128.31	99.19	32.19	20.84	9.19	17.98

*Units of currency per Kenya Shilling

Source: Central Bank of Kenya

Table 2: Official Foreign Exchange Reserves (USD Million)

	9-Sep-21	16-Sep-21	23-Sep-21	30-Sep-21	7-Oct-21
1. CBK Usable Foreign Exchange Reserves (USD Million)*	9,629	9,619	9,521	9,437	9,365
2. CBK Usable Foreign Exchange Reserves (Months of Import Cover)**	5.89	5.88	5.82	5.77	5.73

**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 (%)
24-Sep-21	25	9,070.00	6.50
27-Sep-21	21	7,820.00	6.58
28-Sep-21	23	8,505.00	6.81
29-Sep-21	27	8,710.00	6.92
30-Sep-21	31	16,150.00	6.61
September 24-30	25	10,051.00	6.69
1-Oct-21	42	16,160.00	6.63
4-Oct-21	28	14,080.00	6.69
5-Oct-21	33	15,120.00	6.53
6-Oct-21	25	7,550.00	6.38
7-Oct-21	19	5,830.00	6.11
October 1-7	29	11,748.00	6.47

Source: Central Bank of Kenya

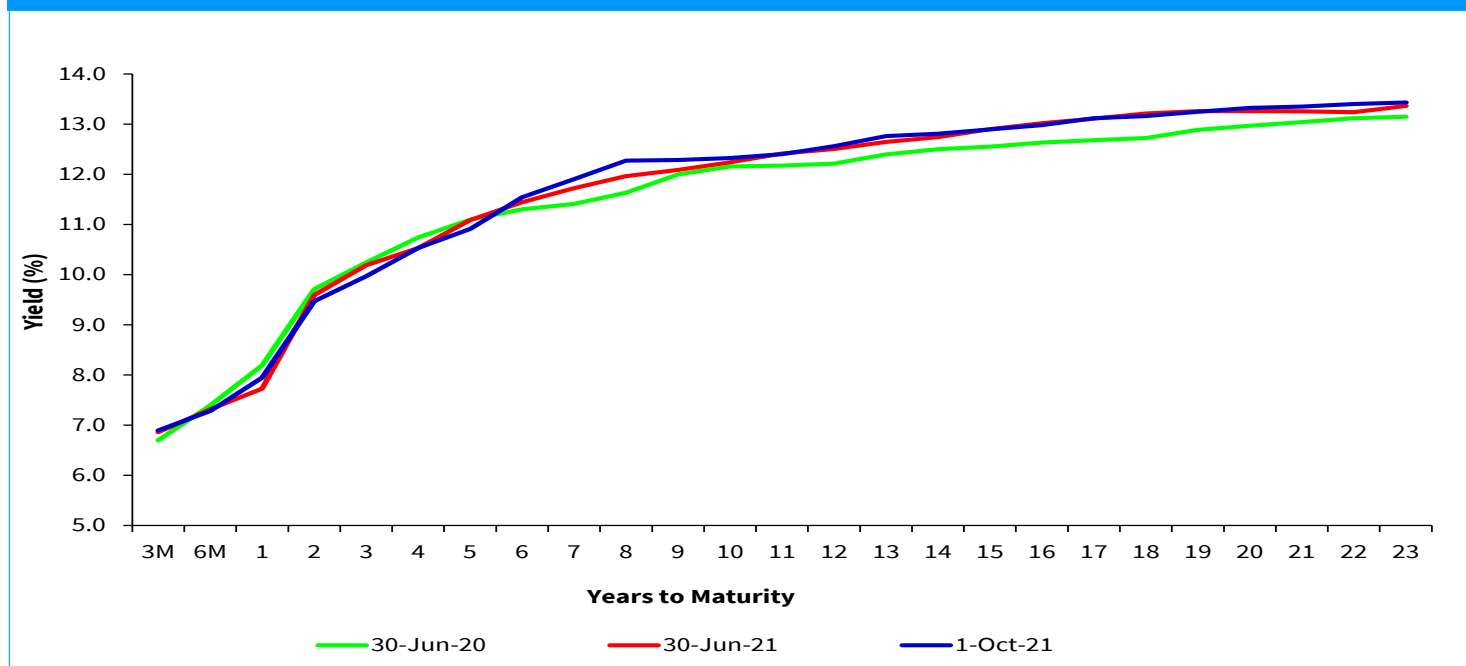
Table 4: Performance of Treasury Bills Auctions						
91-Day Treasury Bills						
Date of Auction	2-Sep-21	9-Sep-21	16-Sep-21	23-Sep-21	30-Sep-21	7-Oct-21
Amount Offered (KSh M)	4,000.00	4,000.00	4,000.00	4,000.00	4,000.00	4,000.00
Bids Received (KSh M)	4,031.46	6,901.38	3,351.69	4,793.79	2,640.16	3,422.23
Amount Accepted (KSh M)	4,028.51	6,901.38	3,351.59	4,787.65	2,633.47	3,422.23
Maturities (KSh M)	1,364.30	6,937.15	4,563.45	2,030.15	6,149.15	11,420.35
Average Interest Rate (%)	6.774	6.781	6.870	6.896	6.895	6.935
182-Day Treasury Bills						
Date of Auction	2-Sep-21	9-Sep-21	16-Sep-21	23-Sep-21	30-Sep-21	7-Oct-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)	9,948.96	7,702.52	6,795.95	4,670.80	5,337.45	3,961.63
Amount Accepted (KSh M)	9,948.87	7,701.07	6,792.11	4,670.80	5,337.45	3,961.63
Maturities (KSh M)	7,064.60	6,299.50	6,362.50	3,171.05	783.95	2,519.90
Average Interest Rate (%)	7.226	7.253	7.250	7.282	7.282	7.316
364-Day Treasury Bills						
Date of Auction	2-Sep-21	9-Sep-21	16-Sep-21	23-Sep-21	30-Sep-21	7-Oct-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)	9,894.53	2,831.23	2,950.02	695.06	2,155.42	2,438.75
Amount Accepted (KSh M)	9,894.44	2,831.14	2,950.02	694.87	1,647.36	2,392.50
Maturities (KSh M)	6,442.70	4,251.85	9,481.25	4,763.40	2,518.70	15,167.45
Average Interest Rate (%)	7.517	7.777	7.845	7.890	7.949	8.028

Source: Central Bank of Kenya

Table 5: Performance of Treasury Bond Auctions							
Date of Auction	11-Aug-21			8-Sep-21	6-Oct-21		
	REOPEN				REOPEN		
Tenor	FXD3/ 2019/10	FXD1/ 2018/20	FXD1/ 2021/20	IFB1/ 2021/21	FXD1/ 2013/15	FXD3/ 2019/15	FXD1/ 2021/25
Amount offered (KSh M)	60,000.00			75,000.00	60,000.00		
Bids received (KSh M)	38,313.49	22,818.80	43,504.73	151,256.13	23,414.98	3,390.35	28,669.87
Amount Accepted (KSh M)	22,968.26	17,783.62	39,539.41	106,752.53	22,876.63	3,267.29	25,904.96
Maturities (KSh M)	0.00			0.00	0.00		
Average interest Rate (%)	12.17	13.19	13.44	12.74	11.88	12.85	13.82

Source: Central Bank of Kenya

Chart 1: Government Securities Yield Curve



Source: Nairobi Securities Exchange (NSE)

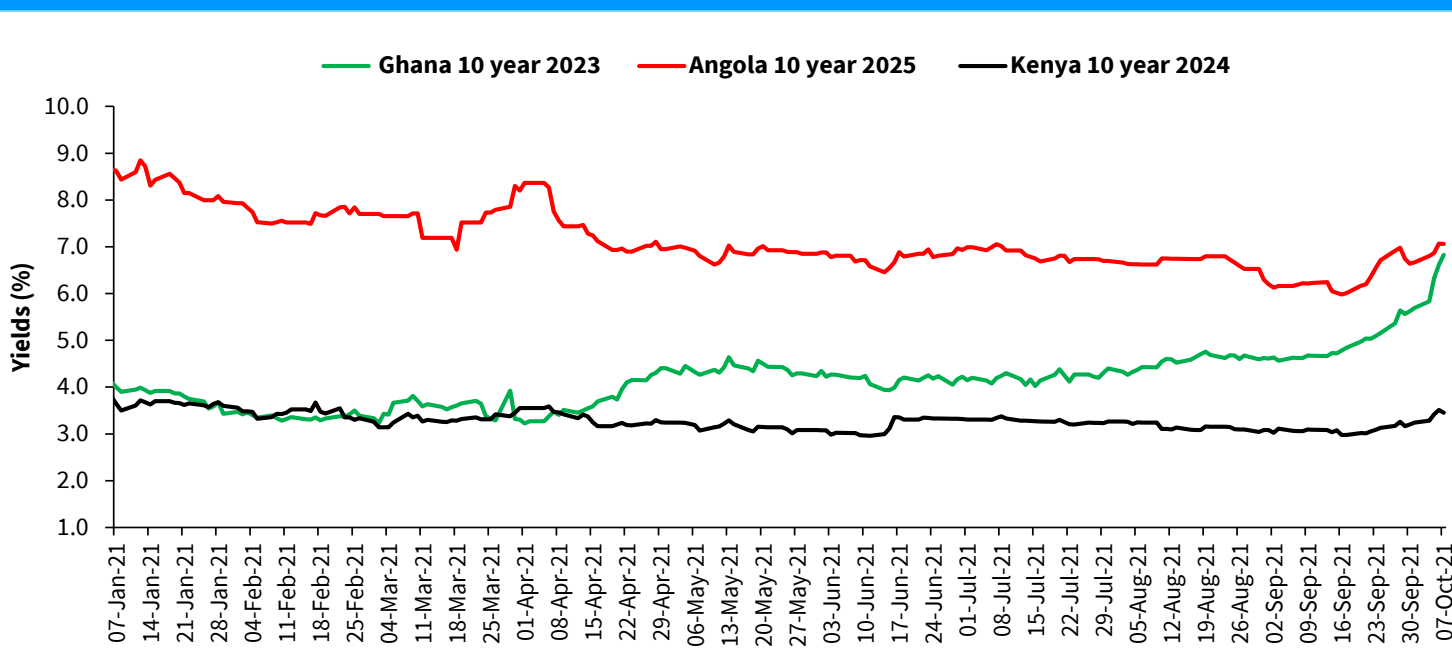
Table 6: Key Weekly Market Indicators

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 Capitaliza- tion (KSh Billion)	Bonds Turnover (KSh Million)	Eurobond Yields (%)					
									7-Year 2027	10-Year 2024	10-Year 2028	12-Year 2032	13-Year 2034	30-Year 2048
24-Sep-21	177.81	3,918.47	2,039.75	1,059.00	10.96	375.35	2,770.83	6,268.55	4.995	3.130	5.363	6.463	6.419	7.434
27-Sep-21	178.07	3,924.61	2,055.40	947.00	13.15	412.36	2,774.79	2,785.40	5.069	3.172	5.428	6.546	6.481	7.505
28-Sep-21	177.20	3,910.68	2,047.82	1,012.00	14.30	136.87	2,761.34	5,280.95	5.094	3.260	5.472	6.562	6.512	7.556
29-Sep-21	177.04	3,895.96	2,030.15	1,362.00	8.82	491.36	2,758.75	9,127.50	5.018	3.165	5.383	4.496	6.466	7.567
30-Sep-21	178.31	3,914.52	2,131.17	1,022.00	14.85	443.78	2,778.65	3,385.85	5.026	3.201	5.403	6.511	6.450	7.535
September 24 - 30	178.31	3914.52	2131.17	5,402.00	62.08	1,859.73	2,778.65	26,848.25	5.03	3.20	5.40	6.51	6.45	7.54
1-Oct-21	181.23	3,952.17	2,038.08	868.00	5.37	138.68	2,824.14	2,472.35	5.115	3.243	5.424	6.578	6.497	7.546
4-Oct-21	181.82	3,944.31	2,027.64	1,214.00	9.86	332.83	2,834.91	2,330.65	5.177	3.285	5.512	6.577	6.543	7.618
5-Oct-21	179.69	3,901.11	2,015.81	1,083.00	10.16	381.24	2,800.18	4,215.35	5.291	3.420	5.668	6.678	6.669	7.671
6-Oct-21	179.49	3,895.54	2,018.13	1,047.00	25.77	896.85	2,796.99	3,080.55	5.375	3.509	5.735	6.830	6.732	7.810
7-Oct-21	177.70	3,868.38	2,002.23	947.00	6.79	258.21	2,769.02	1,333.45	5.353	3.450	5.665	6.830	6.685	7.810
October 1-7	177.70	3868.38	2002.23	5,159.00	57.94	2,007.81	2,769.02	13,432.35	5.35	3.45	5.67	6.83	6.69	7.81
Weekly Changes (%)	-0.34	-1.18	-6.05	-4.50	-6.67	7.96	-0.35	-49.97	0.327*	0.249*	0.262*	0.319*	0.235*	0.275*

* Percentage points

Source: Nairobi Securities Exchange (NSE) and Thomson Reuters

Chart 2: Yields on 10 year Eurobonds for Selected Countries



Source: Thomson Reuters

Table 7: Government Domestic Debt (KSh Billion)

	31-Dec-20	31-Mar-21	30-Jun-21	27-Aug-21	17-Sep-21	24-Sep-21	01-Oct-21
1. Treasury Bills (Excluding Repos)	855.71	761.90	765.37	763.00	769.80	763.00	763.45
<i>(As % of total securities)</i>	<i>25.04</i>	<i>21.79</i>	<i>21.17</i>	<i>20.14</i>	<i>19.73</i>	<i>19.77</i>	<i>19.78</i>
2. Treasury Bonds	2,561.33	2,734.47	2,849.94	3,025.01	3,131.76	3,096.84	3,096.84
<i>(As % of total securities)</i>	<i>74.96</i>	<i>78.21</i>	<i>78.83</i>	<i>79.86</i>	<i>80.27</i>	<i>80.23</i>	<i>80.22</i>
3. Total Securities (1+2)	3,417.05	3,496.37	3,615.31	3,788.02	3,901.56	3,859.84	3,860.29
4. Overdraft at Central Bank	47.60	49.28	59.28	52.54	52.97	55.26	55.11
5. Other Domestic debt*	23.90	24.19	22.50	23.67	23.91	23.91	23.91
6. Gross Domestic Debt (3+4+5)	3,488.54	3,569.84	3,697.09	3,864.23	3,978.44	3,939.01	3,939.31

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

Source: Central Bank of Kenya

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

	31-Dec-20	31-Mar-21	30-Jun-21	27-Aug-21	17-Sep-21	24-Sep-21	1-Oct-21
Treasury bills (Excluding Repos)	24.53	21.34	20.70	19.75	19.35	19.37	19.38
Treasury bonds	73.42	76.60	77.09	78.28	78.72	78.62	78.61
Overdraft at Central Bank	1.36	1.38	1.60	1.36	1.33	1.40	1.40
Other domestic debt	0.69	0.68	0.61	0.61	0.60	0.61	0.61
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)

	31-Mar-21	30-Jun-21	27-Aug-21	10-Sep-21	17-Sep-21	24-Sep-21	1-Oct-21
Banking Institutions	51.75	51.24	50.58	50.55	50.76	50.83	50.84
Insurance Companies	6.57	6.66	6.69	6.68	6.60	6.60	6.60
Parastatals	5.62	5.54	5.51	5.45	5.27	5.38	5.39
Pension Funds	30.46	30.60	31.09	31.21	31.17	31.24	31.23
Other Investors	5.59	5.96	6.14	6.11	6.19	5.95	5.95
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-20	Sep-20	Dec-20	Mar-21	Apr-21	May-21	Jun-21
Domestic debt (KSh Bn)	3,176.97	3,457.11	3,488.54	3,569.84	3,632.91	3,686.89	3,697.09
Public & Publicly Guaranteed External debt (USD Bn)	33.01	33.77	34.75	34.42	35.13	35.31	37.23
Public & Publicly Guaranteed External debt (KSh Bn)	3,515.81	3,663.49	3,793.29	3,769.87	3,778.13	3,799.02	4,015.30
Public debt (KSh Bn)	6,692.78	7,120.60	7,281.83	7,339.71	7,411.05	7,485.91	7,712.39

Source: National Treasury and Central Bank of Kenya