



Central Bank of Kenya

Weekly Bulletin

October 9, 2020

KEY MONETARY AND FINANCIAL INDICATORS

Exchange Rates

The Kenya Shilling remained relatively stable against major international and regional currencies during the week ending October 8. It exchanged at KSh 108.53 per US dollar on October 8, compared to KSh 108.45 per US dollar on October 1 (Table 1).

Foreign Exchange Reserves

The usable foreign exchange reserves remained adequate at USD 8,457 million (5.13 months of import cover) as at October 8. 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 liquid during the week ending October 8, mainly reflecting government payments. Commercial banks' excess reserves stood at KSh 14.8 billion in relation to the 4.25 percent cash reserves requirement (CRR). Open market operations remained active. The average interbank rate was 2.08 percent on October 8 compared to 3.58 percent on October 1. The average number of interbank deals per day declined to 19 from 21 in the previous week while the value traded declined to KSh 8.4 billion from KSh 8.7 billion in the previous week (Table 3).

Government Securities Market

The Treasury bills auction of October 8 received bids totalling KSh 26.4 billion against an advertised amount of KSh 24.0 billion, representing a performance of 110.0 percent. Interest rates on the Treasury bills remained relatively stable (Table 4).

Equity Market

At the Nairobi Securities Exchange (NSE), all the share price indices declined during the week ending October 8. The NSE 20 and NSE 25 share price indices declined by 1.3 percent while the NASI decreased by 0.2 percent. Similarly, market capitalization, equity turnover and total number of shares traded declined by 0.2 percent, 39.0 percent and 45.0 percent, respectively (Table 6).

Bond Market

Turnover of bonds traded in the domestic secondary market declined by 0.6 percent during the week ending October 8 (Table 6). In the international market, yields on Kenya's Eurobonds decreased by an average of 42.6 basis points. The yield on the 10-year Eurobond for Angola also declined but that of Ghana rose marginally (Chart 2).

Global Trends

Global financial markets were relatively calm during the week ending October 8, supported by rising expectations of further fiscal stimulus in the U.S., and increased optimism about the potential outcome of Brexit negotiations. However, concerns remained on the spike in COVID-19 infections in Europe, with additional restrictions expected to be unveiled in France and UK.

International oil prices increased during the week reflecting recovery in global demand. Murban oil price increased to USD 42.28 per barrel on October 8 from USD 41.39 per barrel on October 1.

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

	USD	Sterling Pound	Euro	100 Japanese Yen	USHS*	TSHS*	RWF*	BIF*
25-Sep-20	108.47	138.38	126.49	102.84	34.14	21.39	8.94	17.81
28-Sep-20	108.48	138.32	126.56	103.01	34.13	21.39	8.91	17.81
29-Sep-20	108.49	139.62	126.79	102.93	34.18	21.38	8.99	17.81
30-Sep-20	108.50	139.51	126.89	102.70	34.29	21.38	8.99	17.81
1-Oct-20	108.45	139.31	126.99	102.57	34.26	21.39	9.00	17.82
Sep 25-Oct 1	108.48	139.03	126.74	102.81	34.20	21.39	8.96	17.81
2-Oct-20	108.49	140.25	127.41	102.70	34.20	21.39	8.99	17.82
5-Oct-20	108.49	140.33	127.23	103.12	34.16	21.38	8.99	17.82
6-Oct-20	108.50	140.49	127.41	102.77	34.10	21.38	9.00	17.82
7-Oct-20	108.53	140.53	127.92	102.65	34.05	21.38	9.00	17.81
8-Oct-20	108.53	139.99	127.70	102.43	34.07	21.38	9.00	17.82
Oct 2-8	108.51	140.32	127.54	102.73	34.12	21.38	9.00	17.82

* Units of currency per Kenya Shilling

Source :Central Bank of Kenya

Table 2: Official Usable Foreign Exchange Reserves

	3-Sep-20	10-Sep-20	17-Sep-20	24-Sep-20	1-Oct-20	8-Oct-20
1. CBK Usable Foreign Exchange Reserves (USD Million)	8,865	8,877	8,838	8,631	8,541	8,457
2. CBK Usable Foreign Exchange Reserves (Months of Import Cover)*	5.38	5.39	5.36	5.24	5.18	5.13

*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 (%)
25-Sep-20	21	4,480.00	3.42
28-Sep-20	21	6,540.00	3.47
29-Sep-20	22	11,490.00	3.62
30-Sep-20	22	11,125.00	3.75
1-Oct-20	21	9,855.00	3.58
Sept 25-Oct 1, 2020	21	8,698.00	3.57
2-Oct-20	23	12,075.00	3.28
5-Oct-20	21	9,375.00	2.78
6-Oct-20	16	5,575.00	2.54
7-Oct-20	18	6,475.00	2.34
8-Oct-20	17	8,575.00	2.08
Oct 2-8, 2020	19	8,415.00	2.60

Source :Central Bank of Kenya

Table 4: Performance of Treasury Bills Auctions

91-Day Treasury Bills						
Date of Auction	3-Sep-20	10-Sep-20	17-Sep-20	24-Sep-20	1-Oct-20	8-Oct-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)	2,738.60	7,227.67	6,049.89	1,121.74	6,186.15	7,458.93
Amount Accepted (Ksh M)	2,248.26	7,214.49	6,048.02	1,101.03	4,887.21	7,375.21
Maturities (Ksh M)	4,309.50	3,924.05	6,465.20	695.40	9,592.90	18,704.45
Average Interest Rate (%)	6.295	6.267	6.273	6.309	6.400	6.468
182-Day Treasury Bills						
Date of Auction	3-Sep-20	10-Sep-20	17-Sep-20	24-Sep-20	1-Oct-20	8-Oct-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)	3,162.21	7,602.49	1,919.00	1,272.08	4,059.29	3,930.46
Amount Accepted (Ksh M)	2,682.80	7,510.40	1,918.09	1,131.97	3,469.83	3,329.63
Maturities (Ksh M)	2,050.40	2,609.25	3,747.10	3,480.25	4,773.35	1,626.05
Average Interest Rate (%)	6.627	6.689	6.720	6.773	6.839	6.853
364-Day Treasury Bills						
Date of Auction	3-Sep-20	10-Sep-20	17-Sep-20	24-Sep-20	1-Oct-20	8-Oct-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)	5,995.46	5,351.49	8,915.21	4,731.14	5,334.48	15,010.33
Amount Accepted (Ksh M)	5,995.46	3,960.09	8,852.01	4,424.96	2,341.85	14,084.56
Maturities (Ksh M)	7,879.45	7,907.80	21,244.20	12,677.60	8,531.60	12,089.80
Average Interest Rate (%)	7.554	7.564	7.571	7.690	7.744	7.762

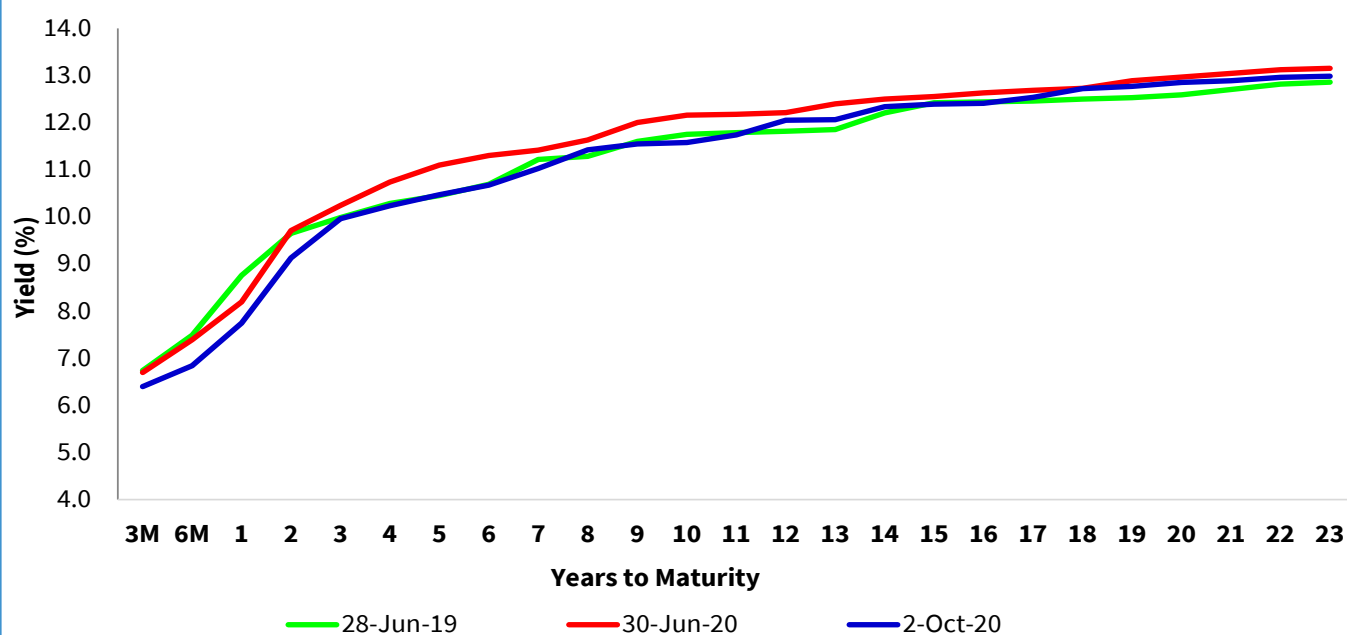
Source: Central Bank of Kenya

Table 5: Performance of Treasury Bonds Auctions

Date of Auction	22-Jul-20			5-Aug-20	19-Aug-20	16-Sept-20		
	REOPEN			TAP		REOPEN		
Tenor	FXD1/ 2020/5	FXD2/ 2018/10	FXD1/ 2019/15	FXD2/ 2018/20	IFB1/ 2020/11	FXD2/ 2011/20	FXD1/ 2020/15	FXD1/ 2010/15
Amount offered (Ksh M)	60,000.00			40,000.00	70,000.00	50,000.00		
Bids received (Ksh M)	65,336.90	55,488.14	60,947.80	41,006.20	101,471.04	14,044.33	49,791.29	17,841.15
Amount Accepted (Ksh M)	9,344.71	21,267.34	50,242.43	41,006.20	78,639.89	7,465.13	45,691.75	11,019.41
Maturities (Ksh M)	0.00			0.00	0.00	0.00		
Average interest Rate (%)	10.26	11.45	12.34	12.93	11.30	11.87	12.51	10.46

Source: Central Bank of Kenya

Chart 1: Government Securities Yield



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
25-Sep-20	140.4	3242.4	1847.6	913	19.8	501.1	2,155.0	2,486.0	7.267	6.225	7.359	8.069	8.558
28-Sep-20	140.1	3254.2	1850.2	953	14.8	307.1	2,150.9	4,602.0	7.279	6.187	7.315	8.015	8.509
29-Sep-20	140.0	3252.3	1845.0	969	9.0	182.6	2,149.4	2,945.8	7.311	6.224	7.359	8.051	8.546
30-Sep-20	139.9	3258.8	1852.3	994	25.3	651.6	2,147.7	3,039.1	7.439	6.374	7.493	8.194	8.669
1-Oct-20	139.9	3248.8	1855.5	870	8.8	145.4	2,147.6	2,832.3	7.345	6.260	7.381	8.105	8.595
Sep 25- Oct 1	139.9	3,248.8	1,855.5	4,699.0	77.8	1,787.7	2,147.6	15,905.1	7.345	6.260	7.381	8.105	8.595
2-Oct-20	140.2	3242.5	1852.2	1,060	9.69	236.45	2,153.80	2,707.20	7.377	6.373	7.449	8.105	8.694
5-Oct-20	140.3	3242.5	1853.0	792	3.16	74.15	2,154.50	3,473.70	7.280	6.297	7.359	8.033	8.632
6-Oct-20	139.7	3220.4	1842.7	737	7.89	210.53	2,145.18	2,558.90	7.155	6.108	7.292	7.980	8.521
7-Oct-20	141.0	3233.9	1836.1	949	9.08	220.77	2,165.18	3,807.05	7.029	5.958	7.204	7.875	8.521
8-Oct-20	139.6	3206.4	1831.6	927	12.93	349.52	2,143.45	3,259.25	6.810	5.510	7.072	7.822	8.342
Oct 2- 8	139.61	3206.43	1831.57	4,465.0	42.75	1091.43	2,143.45	15,806.10	6.810	5.510	7.072	7.822	8.342
Weekly Changes (%)	-0.19	-1.30	-1.29	-4.98	-45.03	-38.95	-0.19	-0.62	-0.535*	-0.750*	-0.309*	-0.283*	-0.253*

* 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	18-Sep-20	25-Sep-20	02-Oct-20
1. Treasury Bills (Excluding Repos)	954.25	878.94	900.62	887.14	918.41	904.54	894.73
<i>(As % of total securities)</i>	35.29	30.80	30.09	28.55	27.53	26.71	26.50
2. Treasury Bonds	1,749.71	1,974.69	2,092.64	2,220.34	2,417.43	2,482.24	2,482.24
<i>(As % of total securities)</i>	64.71	69.20	69.91	71.45	72.47	73.29	73.50
3. Total Securities (1+2)	2,703.96	2,853.63	2,993.26	3,107.48	3,335.83	3,386.78	3,376.98
4. Overdraft at Central Bank	57.33	63.72	54.18	47.15	31.31	46.00	51.20
5. Other Domestic debt*	25.76	24.75	25.10	23.24	24.52	24.51	24.51
6. Gross Domestic Debt (3+4+5)	2,787.04	2,942.10	3,072.54	3,177.87	3,391.67	3,457.30	3,452.68

* 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	18-Sep-20	25-Sep-20	2-Oct-20
Treasury bills (Excluding Repos)	34.24	29.87	29.31	27.92	27.08	26.16	25.91
Treasury bonds	62.78	67.12	68.11	69.87	71.28	71.80	71.89
Overdraft at Central Bank	2.06	2.17	1.76	1.48	0.92	1.33	1.48
Other domestic debt	0.92	0.84	0.82	0.73	0.72	0.71	0.71
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)

	28-Jun-19	31-Dec-19	31-Mar-20	30-Jun-20	18-Sep-20	25-Sep-20	2-Oct-20
Banking Institutions	54.38	54.33	54.33	54.86	55.02	54.95	55.10
Insurance Companies	6.13	6.42	6.30	6.05	6.10	6.17	6.17
Parastatals	6.97	6.49	6.13	5.73	5.53	5.44	5.48
Pension Funds	28.24	28.60	29.04	29.05	29.16	28.75	28.57
Other Investors	4.28	4.17	4.20	4.32	4.20	4.68	4.69
Total	100.00	100.00	100.00	100.00	100.00	100.00	100.00

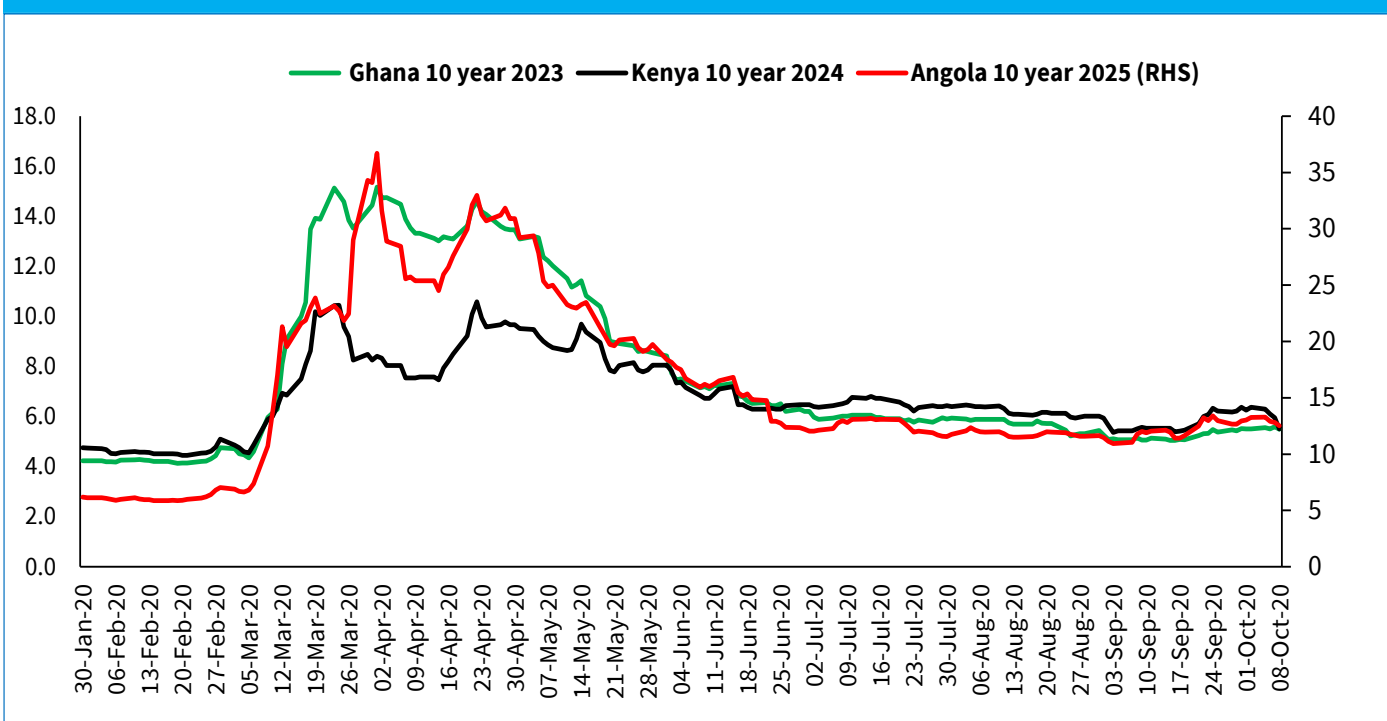
Source: Central Bank of Kenya

Table 10: Indicators of Government Debt

	Sep-19	Dec-19	Feb-20	Mar-20	Jun-20	Jul-20	Aug-20
Domestic debt (KSh Bn)	2,851.64	2,942.10	3,040.96	3,072.54	3,177.87	3,273.55	3,401.61
Public & Publicly Guaranteed External debt (US \$ Bn)	29.95	30.66	30.87	30.69	33.01	33.78	33.88
Public & Publicly Guaranteed External debt (KSh Bn)	3,111.80	3,106.82	3,117.04	3,212.63	3,515.81	3,638.51	3,666.32
Public debt (KSh Bn)	5,963.44	6,048.93	6,158.00	6,285.18	6,693.68	6,912.06	7,067.93

Source: National Treasury and Central Bank of Kenya

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



Source: Thomson Reuters