



Central Bank of Kenya

Weekly Bulletin

July 2, 2021



RECENT MONETARY AND FINANCIAL DEVELOPMENTS

Inflation

Overall inflation edged up but remained within the target range. It increased to 6.3 percent in June from 5.9 percent in May, mainly on account of higher food and fuel prices (**Chart 1**).

Exchange Rates

The Kenya Shilling remained stable against major international and regional currencies during the week ending July 1. It exchanged at KSh 107.92 per US dollar on July 1, compared to KSh 107.77 per US dollar on June 24 (**Table 1**).

Foreign Exchange Reserves

The usable foreign exchange reserves remained adequate at USD 9,494 million (5.81 months of import cover) as at July 1. 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 Market

The money market was liquid during the week ending July 1, supported by government payments, which offset tax remittances. Commercial banks' excess reserves stood at KSh 11.5 billion in relation to the 4.25 percent cash reserves requirement (CRR). Open market operations remained active. The average interbank rate was 4.82 percent on July 1 compared to 5.00 percent on June 24. During the week, the average number of interbank deals per day decreased to 18 from 34 in the previous week, while the average value traded decreased to KSh 7.5 billion compared to KSh 12.7 billion in the previous week (**Table 3**).

Government Securities Market

The Treasury bills auction of July 1 received bids totalling KSh 31.4 billion against an advertised amount of KSh 24.0 billion, representing a performance of 130.6 percent. Interest rates on the Treasury bills declined (**Table 4**).

The tap sale of two 20-year Fixed rate Treasury bonds on June 30 that were reopened during the June 16 auction received bids totalling KSh 38.5 billion against an advertised amount of KSh 50.0 billion, representing a performance of 77.0 percent (**Table 5**).

Equity Market

At the Nairobi Securities Exchange, the NASI and the NSE 20 share price index increased by 1.90 percent and 1.94 percent to 174.9 points and 1926.9 points respectively, during the week ending July 1. This is the highest level of NASI since April 5, 2018 and the highest level of the NSE 20 share price index since July 20, 2020. Market capitalisation also increased by 1.9 percent during the week. However, equity turnover and total shares traded declined by 26.7 percent and 20.9 percent, respectively (**Table 6**).

Bonds Market

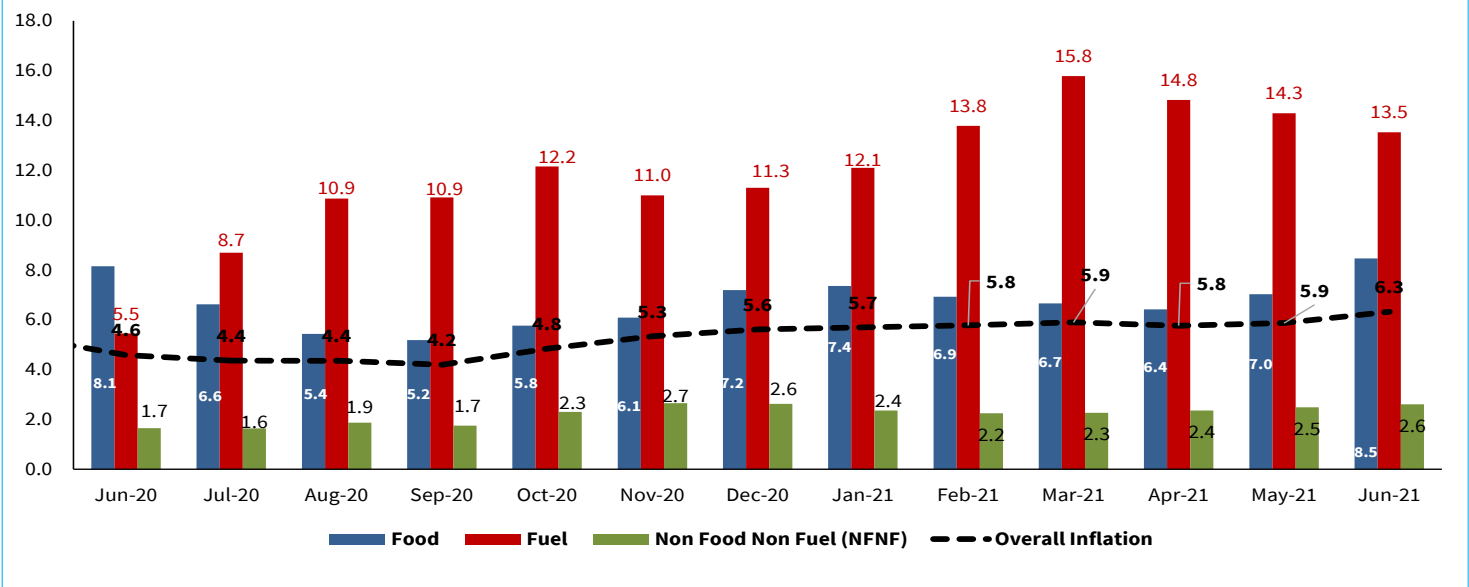
Turnover of bonds traded in the domestic secondary market declined by 38.3 percent during the week ending July 1 (**Table 6**). In the international market, yields on Kenya's Eurobonds increased by an average of 19.0 basis points. The yields on the 10-year Eurobonds for Ghana and Angola also increased (**Chart 3**).

Global Trends

Global financial markets remained cautious during the week ending July 1, due to concerns over renewed travel restrictions and lockdowns in some regions following the spread of the delta variant of the coronavirus.

International oil prices eased during the week due to concerns about rising COVID-19 cases and renewed restrictions in some regions, which weighed on the outlook for robust global demand. Murban oil price declined to USD 72.80 per barrel on July 1 from USD 74.65 per barrel on June 24.

Chart 1: Inflation



Source: Kenya National Bureau of Statistics and Central Bank of Kenya

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

	USD	Sterling Pound	Euro	100 Japanese Yen	Uganda Shilling*	Tanzania Shilling*	Rwandese Franc*	Burundi Franc*
18-Jun-21	107.80	151.26	129.66	97.46	32.79	21.51	9.33	18.35
21-Jun-21	107.80	149.91	128.67	98.13	32.76	21.51	9.33	18.35
22-Jun-21	107.80	149.73	128.35	97.84	32.93	21.51	9.33	18.35
23-Jun-21	107.80	149.78	128.22	97.50	32.98	21.51	9.33	18.36
24-Jun-21	107.77	150.71	128.78	97.34	33.00	21.52	9.33	18.36
Jun 18-24	107.79	150.28	128.74	97.65	32.89	21.51	9.33	18.36
25-Jun-21	107.75	150.14	128.60	97.28	32.99	21.52	9.33	18.37
28-Jun-21	107.75	150.01	128.70	97.38	32.99	21.52	9.33	18.37
29-Jun-21	107.78	149.92	128.62	97.25	32.97	21.52	9.33	18.37
30-Jun-21	107.85	149.20	128.23	97.46	32.96	21.50	9.33	18.29
1-Jul-21	107.92	149.31	128.20	97.55	32.94	21.49	9.32	18.34
Jun 25-July 1	107.81	149.72	128.47	97.38	32.97	21.51	9.33	18.35

*Units of currency per Kenya Shilling

Source: Central Bank of Kenya

Table 2: Official Foreign Exchange Reserves (USD Million)

	3-Jun-21	10-Jun-21	17-Jun-21	24-Jun-21	1-Jul-21
1. CBK Usable Foreign Exchange Reserves (USD Million)*	7,510	7,506	7,474	8,114	9,494
2. CBK Usable Foreign Exchange Reserves (Months of Import Cover)**	4.59	4.59	4.57	4.96	5.81

*Excludes Encumbered Reserves

**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 (%)
18-Jun-21	15	4,760.00	4.42
21-Jun-21	27	13,060.00	4.42
22-Jun-21	58	17,155.00	4.69
23-Jun-21	41	15,280.00	4.91
24-Jun-21	31	13,490.00	5.00
June 18-24, 2021	34	12,749.00	4.69
25-Jun-21	23	10,220.00	4.98
28-Jun-21	12	3,600.00	5.10
29-Jun-21	14	4,910.00	4.95
30-Jun-21	17	8,600.00	4.82
1-Jul-21	25	10,370.00	4.82
June 25-July 1, 2021	18	7,540.00	4.93

Source: Central Bank of Kenya

Table 4: Performance of Treasury Bills Auctions						
91-Day Treasury Bills						
Date of Auction	27-May-21	3-Jun-21	10-Jun-21	17-Jun-21	24-Jun-21	1-Jul-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)	2,448.51	1,373.41	8,387.84	8,201.76	10,708.40	10,080.95
Amount Accepted (KSh M)	2,407.70	1,342.36	6,821.87	4,515.84	2,000.00	6,049.87
Maturities (KSh M)	4,895.40	6,160.55	4,398.95	5,505.60	3,357.20	2,046.00
Average Interest Rate (%)	7.139	7.137	7.104	7.000	6.860	6.728
182-Day Treasury Bills						
Date of Auction	27-May-21	3-Jun-21	10-Jun-21	17-Jun-21	24-Jun-21	1-Jul-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)	10,309.46	9,993.82	10,932.94	11,251.75	5,603.56	13,949.68
Amount Accepted (KSh M)	4,418.60	9,873.01	7,882.40	7,221.59	5,562.79	13,924.67
Maturities (KSh M)	6,080.55	2,776.55	3,078.80	8,143.80	2,506.15	591.75
Average Interest Rate (%)	7.865	7.818	7.731	7.536	7.317	7.228
364-Day Treasury Bills						
Date of Auction	27-May-21	3-Jun-21	10-Jun-21	17-Jun-21	24-Jun-21	1-Jul-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)	23,820.65	27,625.89	24,301.07	17,234.25	9,037.50	7,322.10
Amount Accepted (KSh M)	13,757.11	11,657.75	3,799.06	5,527.63	9,034.46	5,472.94
Maturities (KSh M)	12,497.80	5,091.05	13,391.50	4,452.45	12,470.10	25,503.90
Average Interest Rate (%)	9.156	8.973	8.648	8.105	7.729	7.661

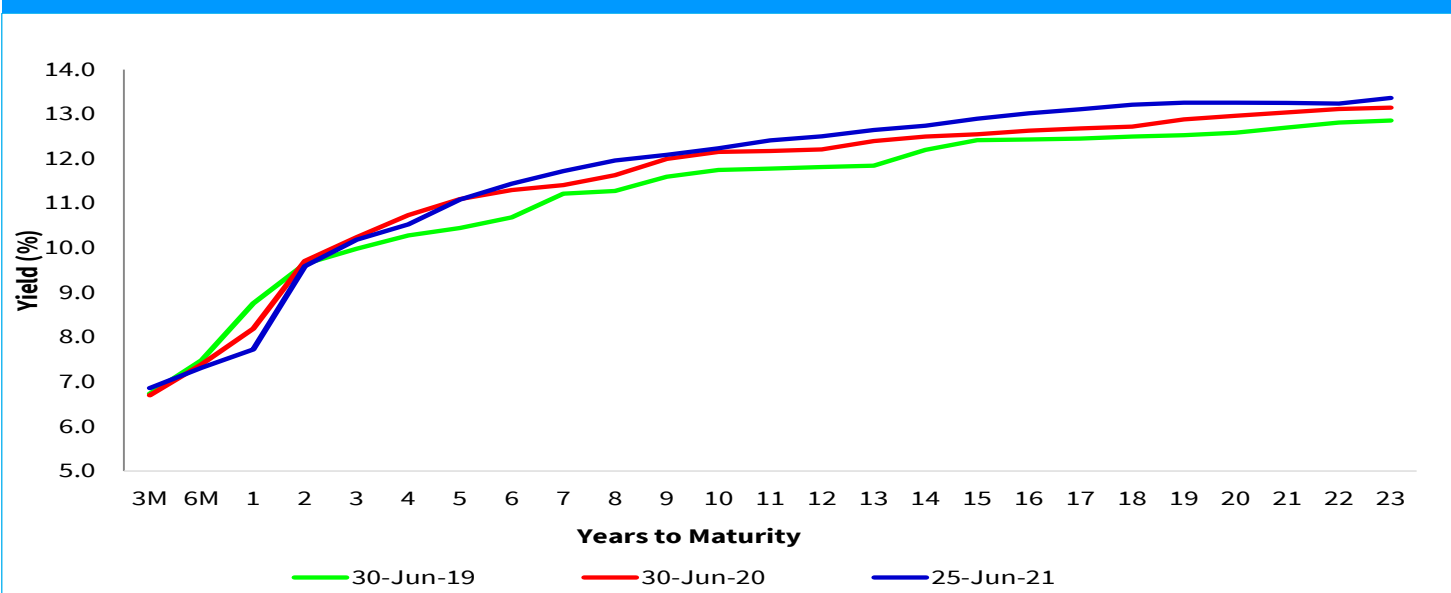
Source: Central Bank of Kenya

Table 5: Performance of Treasury Bond Auctions

Date of Auction	12-May-21		16-Jun-21		30-Jun-21	
	TAP		REOPEN		TAP	
Tenor	FXD2/ 2019/15	FXD1/ 2021/25	FXD2/ 2019/20	FXD1/ 2012/20	FXD1/ 2019/20	FXD1/ 2012/20
Amount offered (KSh M)	30,000.00		20,000.00		50,000.00	
Bids received (KSh M)	15,897.15	5,036.55	41,045.42	23,879.71	29,845.00	8,638.85
Amount Accepted (KSh M)	15,657.58	5,035.74	13,400.65	6,294.65	29,045.75	8,378.30
Maturities (KSh M)	8,249.90		0.00		0.00	
Average interest Rate (%)	12.98	13.92	13.26	12.50	13.26	12.50

Source: Central Bank of Kenya

Chart 2: Government Securities Yield Curve



Source: Kenya National Bureau of Statistics and Central Bank of Kenya

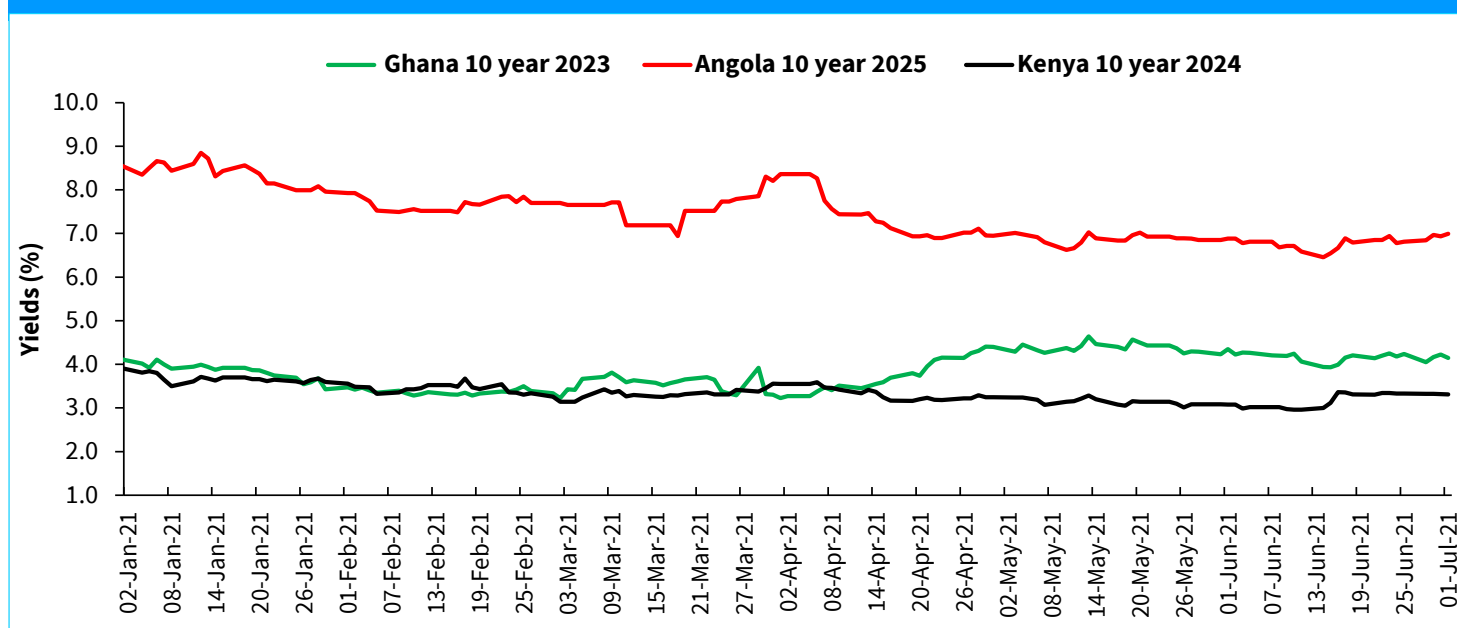
Table 6: Key Weekly Market Indicators

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)	Eurobond Yields (%)					
									7-Year 2027	10-Year 2024	10-Year 2028	12-Year 2032	13-Year 2034	30-Year 2048
11-Jun-21	172.33	3745.10	1911.92	1,126.00	30.53	1,168.11	2,683.56	2,014.40	4.478	2.959	5.111	6.097		7.209
18-Jun-21	172.38	3747.26	1901.21	1,591.00	18.19	694.54	2,684.28	9,964.45	4.564	3.308	5.232	6.157		7.326
21-Jun-21	172.70	3755.62	1902.75	967.00	9.04	321.83	2,689.25	6,709.05	4.635	3.305	5.273	6.204	5.374	7.316
22-Jun-21	172.94	3768.13	1898.91	1,182.00	37.28	1,411.32	2,693.05	7,157.95	4.723	3.344	5.378	6.235	5.353	7.336
23-Jun-21	172.30	3753.14	1898.68	949.00	27.78	441.30	2,682.99	6,345.90	4.684	3.341	5.314	6.282	5.333	7.365
24-Jun-21	171.61	3736.36	1890.30	1,164.00	20.32	588.23	2,672.18	7,016.60	4.657	3.332	5.333	6.265	5.333	7.345
June 18-24	171.61	3736.36	1890.30	5,853.00	112.61	3,457.23	2,672.18	37,193.95	4.657	3.332	5.333	6.265	5.333	7.345
25-Jun-21	171.62	3749.13	1899.11	1054.00	17.65	607.36	2,672.38	4,268.30	4.687	3.329	5.333	6.281	6.269	7.355
28-Jun-21	171.83	3767.12	1918.66	1112.00	18.65	632.75	2,675.76	3,740.50	4.716	3.326	5.353	6.281	6.269	7.365
29-Jun-21	172.09	3762.02	1918.69	1251.00	16.39	428.44	2,679.78	6,426.60	4.766	3.323	5.374	6.296	6.299	7.385
30-Jun-21	173.53	3772.19	1927.53	1111.00	12.67	286.54	2,702.22	6,662.50	4.770	3.320	5.373	6.280	6.284	7.361
1-Jul-21	174.87	3788.02	1926.93	1175.00	23.76	578.59	2,723.20	1,855.15	4.778	3.308	5.371	6.294	6.269	7.385
June 18-24	174.87	3788.02	1926.93	5,703.00	89.13	2,533.69	2,723.20	22,953.05	4.778	3.308	5.371	6.294	6.269	7.385
Weekly Changes (%)	1.90	1.38	1.94	-2.56	-20.85	-26.71	1.91	-38.29	0.121*	-0.024*	0.038*	0.029*	0.936*	0.040*

* Percentage points

Source: Nairobi Securities Exchange (NSE) and Thompson Reuters

Chart 3: Yields on 10 year Eurobonds for Selected Countries



Source: Thomson Reuters

Table 7: Government Domestic Debt (KSh Billion)							
	30-Sep-20	31-Dec-20	31-Mar-21	28-May-21	11-Jun-21	18-Jun-21	25-Jun-21
1. Treasury Bills (Excluding Repos)	894.73	855.71	761.90	759.10	767.94	766.27	766.20
<i>(As % of total securities)</i>	26.50	25.04	21.79	21.15	21.35	21.31	21.19
2. Treasury Bonds	2,482.24	2,561.33	2,734.47	2,829.73	2,829.73	2,829.73	2,849.94
<i>(As % of total securities)</i>	73.50	74.96	78.21	78.85	78.65	78.69	78.81
3. Total Securities (1+2)	3,376.98	3,417.05	3,496.37	3,588.83	3,597.67	3,596.00	3,616.13
4. Overdraft at Central Bank	56.21	47.60	49.28	60.17	54.23	56.65	57.52
5. Other Domestic debt*	23.92	23.90	24.19	23.20	24.04	24.05	24.05
6. Gross Domestic Debt (3+4+5)	3,457.11	3,488.54	3,569.84	3,672.20	3,675.95	3,676.71	3,697.70

* 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)							
	30-Jun-20	30-Sep-20	31-Dec-20	31-Mar-21	28-May-21	18-Jun-21	25-Jun-21
Treasury bills (Excluding Repos)	27.92	25.88	24.53	21.34	20.67	20.84	20.72
Treasury bonds	69.86	71.80	73.42	76.60	77.06	76.96	77.07
Overdraft at Central Bank	1.48	1.63	1.36	1.38	1.64	1.54	1.56
Other domestic debt	0.73	0.69	0.69	0.68	0.63	0.65	0.65
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)							
	30-Jun-20	30-Sep-20	31-Dec-20	31-Mar-21	28-May-21	18-Jun-21	25-Jun-21
Banking Institutions	54.84	54.55	52.83	51.75	51.45	51.39	51.26
Insurance Companies	6.05	6.16	6.44	6.57	6.64	6.63	6.66
Parastatals	5.73	5.47	5.69	5.62	5.43	5.44	5.54
Pension Funds	29.04	28.53	30.32	30.46	30.59	30.64	30.58
Other Investors	4.34	5.30	4.73	5.59	5.90	5.90	5.97
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-19	Jun-20	Sep-20	Dec-20	Jan-21	Feb-21	Mar-21
Domestic debt (KSh Bn)	2,785.94	3,176.97	3,457.11	3,488.54	3,532.56	3,531.18	3,569.84
Public & Publicly Guaranteed External debt (USD Bn)	29.55	33.01	33.77	34.75	34.68	34.74	34.42
Public & Publicly Guaranteed External debt (KSh Bn)	3,023.14	3,515.81	3,663.49	3,793.29	3,819.70	3,814.29	3,769.87
Public debt (KSh Bn)	5,809.08	6,692.78	7,120.60	7,281.83	7,352.26	7,345.47	7,339.71

Source: National Treasury and Central Bank of Kenya