



Central Bank of Kenya

# Weekly Bulletin

September 17, 2021



## RECENT MONETARY AND FINANCIAL DEVELOPMENTS

### Exchange Rates

The Kenya Shilling remained stable against major international and regional currencies during the week ending September 16. It exchanged at KSh 110.03 per US dollar on September 16, compared to KSh 110.10 per US dollar on September 9 (**Table 1**).

### Foreign Exchange Reserves

The usable foreign exchange reserves remained adequate at USD 9,619 million (5.88 months of import cover) as at September 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 totalled to USD 312.9 million in August 2021 compared to USD 274.1 million in August 2020, a 14.2 percent increase (**Chart 1**). However, remittance inflows declined by 7.1 percent compared to USD 336.7 million in July, in line with seasonal factors. The cumulative inflows for the 12 months to August 2021 totalled USD 3,481 million compared to USD 2,921 million in the same period in 2020, a 19.2 percent increase. The United States continues to be the largest source of remittances into Kenya, accounting for 46.8 percent in August 2021.

### Money Market

Liquidity in the money market was relatively tight during the week ending September 16, mainly as a result of higher government receipts compared to payments. Commercial banks' excess reserves stood at KSh 3.9 billion in relation to the 4.25 percent cash reserves requirement (CRR). Open market operations remained active. The average interbank rate was 4.19 percent on September 16 compared to 3.62 percent on September 9. During the week, the average number of interbank deals per day declined to 31 from 32 in the previous week, while the average value traded increased to KSh 18.2 billion from KSh 12.6 billion in the previous week (**Table 3**).

### Government Securities Market

The Treasury bills auction of September 16 received bids totalling KSh 13.1 billion against an advertised amount of KSh 24.0 billion, representing a performance of 54.6 percent. Interest rates on the Treasury bills remained stable (**Table 4**).

### Equity Market

At the Nairobi Securities Exchange, the NASI, NSE 25 share index, market capitalisation and equity turnover increased by 0.3 percent, 0.7 percent, 0.3 percent and 26.2 percent, respectively. However, the NSE 20 share price index and total shares traded declined by 0.5 percent and 7.2 percent, respectively during the week ending September 16 (**Table 6**).

### Bonds Market

Turnover of bonds in the domestic secondary market increased by 241.1 percent during the week ending September 16 (**Table 6**). In the international market, yields on 10-year Eurobonds for Kenya, Angola and Ghana remained stable (**Chart 3**).

### Global Trends

Global financial markets sentiment remained cautious during the week ending September 16, on account of weaker than expected Chinese economic data and the mixed investors reaction to the recently released U.S. inflation data that dimmed expectations of tapering of asset purchases by the Fed.

International oil prices increased during the week ending September 16, reflecting larger than expected drawdown of oil inventories and rise in demand expectations amid concerns of the effects of Hurricane Nicholas. Murban oil price increased to USD 74.01 per barrel on September 16 compared with USD 71.40 per barrel on September 9.

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

	USD	Sterling Pound	Euro	100 Japanese Yen	Uganda Shilling*	Tanzania Shilling*	Rwandese Franc*	Burundi Franc*
3-Sep-21	109.99	151.61	130.26	99.98	32.12	21.08	9.18	18.05
6-Sep-21	110.03	152.12	130.59	100.10	31.99	21.08	9.17	18.04
7-Sep-21	110.05	152.27	130.59	100.16	32.01	21.07	9.17	18.04
8-Sep-21	110.08	151.77	130.51	99.99	32.07	21.07	9.17	18.04
9-Sep-21	110.10	151.68	130.27	99.93	32.06	21.06	9.17	18.03
<b>September 3-9</b>	<b>110.05</b>	<b>151.89</b>	<b>130.44</b>	<b>100.03</b>	<b>32.05</b>	<b>21.07</b>	<b>9.17</b>	<b>18.04</b>
10-Sep-21	109.87	151.82	130.02	100.01	32.21	21.11	9.19	18.07
13-Sep-21	109.87	152.19	129.98	99.88	32.25	21.11	9.19	18.08
14-Sep-21	109.85	151.82	129.53	99.78	32.09	21.11	9.19	18.08
15-Sep-21	109.94	152.37	129.83	100.30	32.11	21.09	9.19	18.06
16-Sep-21	110.03	152.19	130.06	100.73	32.08	21.08	9.22	18.05
<b>September 10-16</b>	<b>109.91</b>	<b>152.08</b>	<b>129.89</b>	<b>100.14</b>	<b>32.15</b>	<b>21.10</b>	<b>9.20</b>	<b>18.07</b>

\*Units of currency per Kenya Shilling

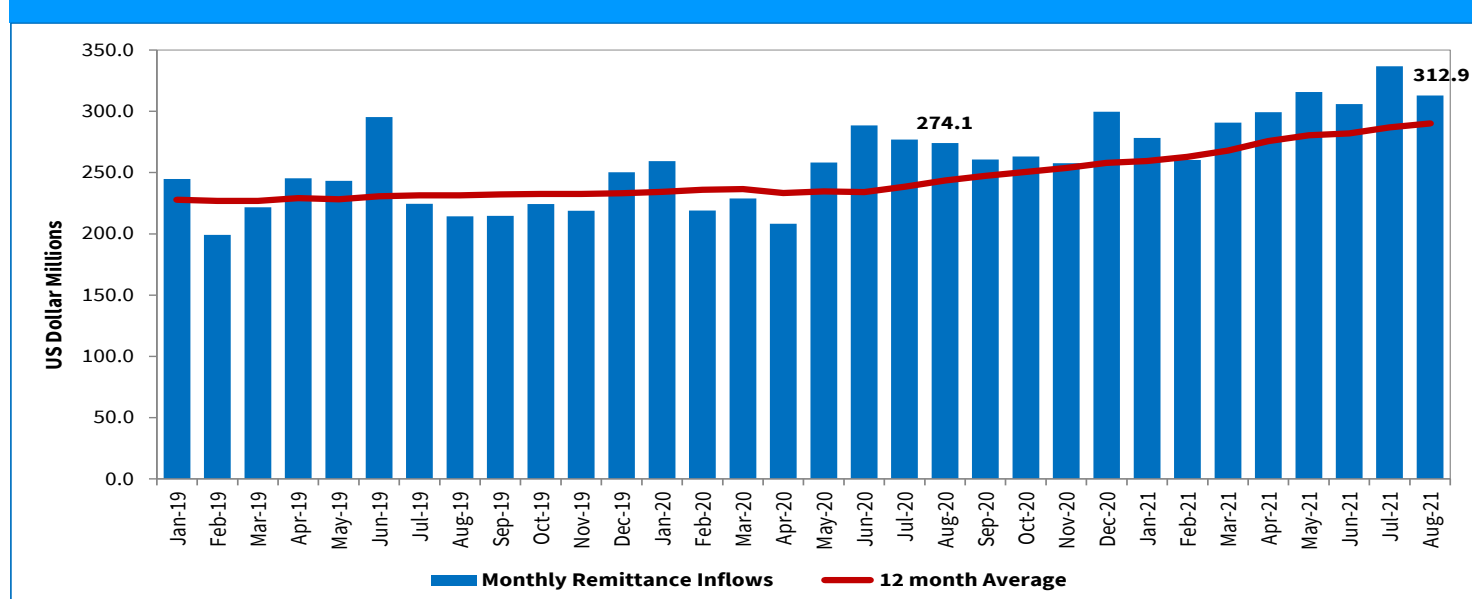
Source: Central Bank of Kenya

**Table 2: Official Foreign Exchange Reserves (USD Million)**

	19-Aug-21	26-Aug-21	2-Sep-21	9-Sep-21	16-Sep-21
1. CBK Usable Foreign Exchange Reserves (USD Million)*	9,189	8,986	8,883	9,629	9,619
2. CBK Usable Foreign Exchange Reserves (Months of Import Cover)**	5.62	5.49	5.43	5.89	5.88

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

Source: Central Bank of Kenya

**Chart 1: Monthly Remittance Inflows**

Source: Central Bank of Kenya

**Table 3: Money Markets**

Date	Number of Deals	Value (KSh M)	Average Interbank Rate (%)
3-Sep-21	29	13,710.00	3.33
6-Sep-21	26	11,310.00	3.40
7-Sep-21	31	6,980.00	3.77
8-Sep-21	37	13,957.00	3.81
9-Sep-21	35	17,160.00	3.62
<b>September 3 - 9</b>	<b>32</b>	<b>12,623.40</b>	<b>3.59</b>
10-Sep-21	36	18,910.00	3.56
13-Sep-21	32	22,590.00	3.72
14-Sep-21	27	15,940.00	3.86
15-Sep-21	42	22,200.00	3.86
16-Sep-21	19	11,290.00	4.19
<b>September 10-16</b>	<b>31</b>	<b>18,186.00</b>	<b>3.84</b>

Source: Central Bank of Kenya

**Table 4: Performance of Treasury Bills Auctions**

91-Day Treasury Bills						
Date of Auction	12-Aug-21	19-Aug-21	26-Aug-21	2-Sep-21	9-Sep-21	16-Sep-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)	2,812.42	12,145.57	1,766.44	4,031.46	6,901.38	3,351.69
Amount Accepted (KSh M)	2,782.71	12,145.23	1,764.98	4,028.51	6,901.38	3,351.59
Maturities (KSh M)	1,389.70	4,706.70	2,441.50	1,364.30	6,937.15	4,563.45
<b>Average Interest Rate (%)</b>	<b>6.527</b>	<b>6.599</b>	<b>6.741</b>	<b>6.774</b>	<b>6.781</b>	<b>6.870</b>
182-Day Treasury Bills						
Date of Auction	12-Aug-21	19-Aug-21	26-Aug-21	2-Sep-21	9-Sep-21	16-Sep-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)	3,134.61	15,233.45	2,023.03	9,948.96	7,702.52	6,795.95
Amount Accepted (KSh M)	3,134.61	15,233.45	2,021.10	9,948.87	7,701.07	6,792.11
Maturities (KSh M)	4,377.00	11,090.40	7,616.80	7,064.60	6,299.50	6,362.50
<b>Average Interest Rate (%)</b>	<b>7.117</b>	<b>7.104</b>	<b>7.195</b>	<b>7.226</b>	<b>7.253</b>	<b>7.250</b>
364-Day Treasury Bills						
Date of Auction	12-Aug-21	19-Aug-21	26-Aug-21	2-Sep-21	9-Sep-21	16-Sep-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)	1,088.70	999.59	4,964.01	9,894.53	2,831.23	2,950.02
Amount Accepted (KSh M)	1,088.43	999.59	4,037.62	9,894.44	2,831.14	2,950.02
Maturities (KSh M)	5,702.95	6,648.85	1,963.35	6,442.70	4,251.85	9,481.25
<b>Average Interest Rate (%)</b>	<b>7.418</b>	<b>7.420</b>	<b>7.492</b>	<b>7.517</b>	<b>7.777</b>	<b>7.845</b>

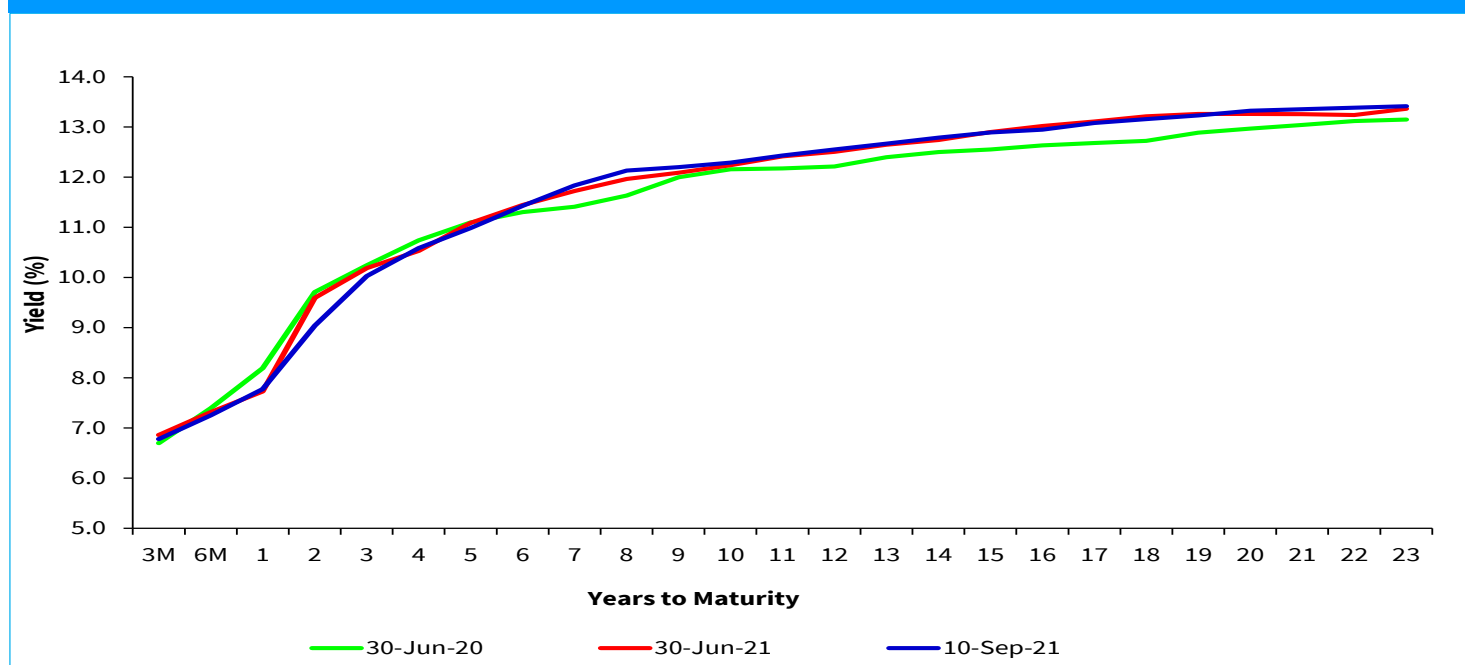
Source: Central Bank of Kenya

**Table 5: Performance of Treasury Bond Auctions**

Date of Auction	14-Jul-21			11-Aug-21			8-Sep-21
	REOPEN			REOPEN			
Tenor	FXD1/ 2012/15	FXD1/ 2018/15	FXD1/ 2021/25	FXD3/ 2019/10	FXD1/ 2018/20	FXD1/ 2021/20	IFB1/ 2021/21
Amount offered (KSh M)	60,000.00			60,000.00			75,000.00
Bids received (KSh M)	48,805.43	28,212.38	39,906.96	38,313.49	22,818.80	43,504.73	151,256.13
Amount Accepted (KSh M)	30,091.53	27,203.05	22,640.58	22,968.26	17,783.62	39,539.41	106,752.53
Maturities (KSh M)	24,395.30			0.00			0.00
Average interest Rate (%)	11.47	12.61	13.68	12.17	13.19	13.44	12.74

Source: Central Bank of Kenya

**Chart 2: Government Securities Yield Curve**



Source: Nairobi Securities Exchange (NSE)

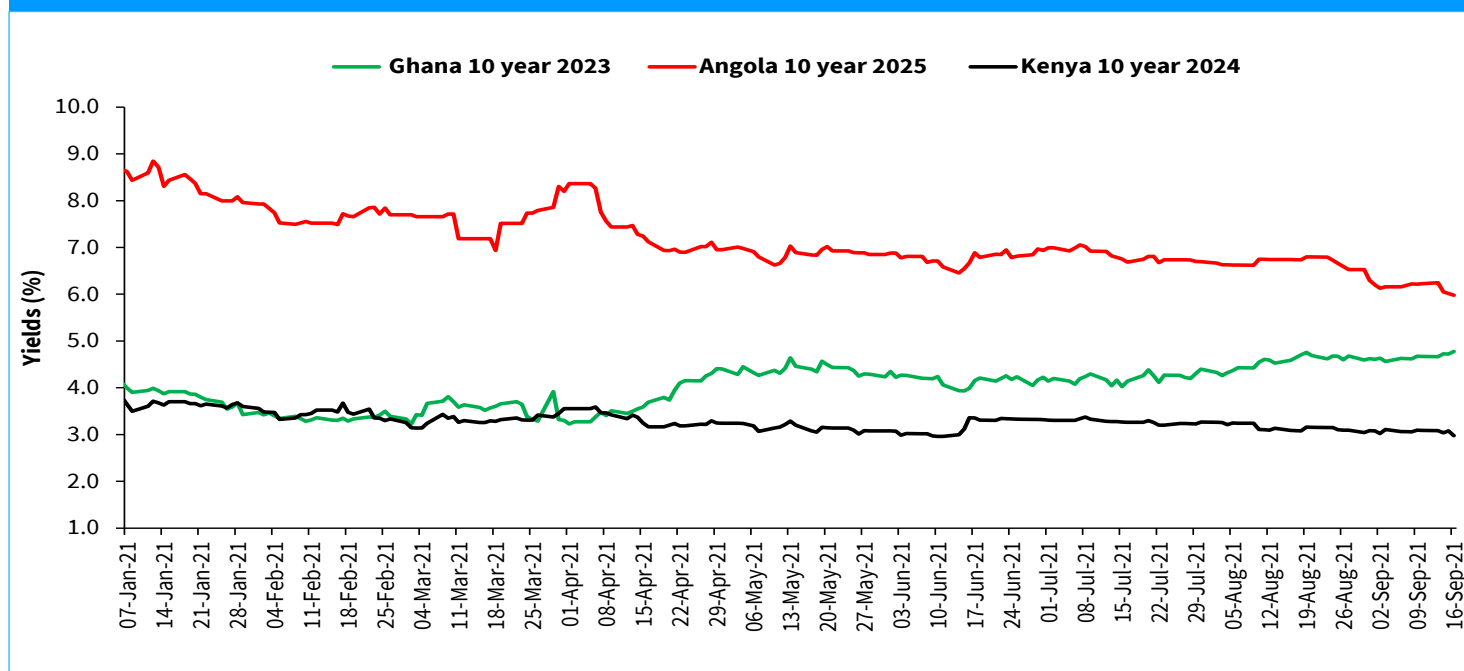
### Table 6: Key Weekly Market Indicators

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 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
3-Sep-21	179.47	3932.50	2025.37	1,174.00	27.58	341.95	2,796.73	1,386.35	4.63	3.11	4.88	6.00	5.91	7.10
6-Sep-21	178.84	3905.97	2038.45	1,372.00	12.32	352.62	2,786.90	1,975.20	4.60	3.06	4.88	6.00	5.93	7.08
7-Sep-21	177.65	3893.52	2053.00	1,466.00	12.30	372.09	2,768.27	1,881.10	4.67	3.06	4.90	6.07	5.97	7.12
8-Sep-21	178.74	3909.72	2066.46	1,442.00	11.04	328.73	2,785.38	2,103.20	4.69	3.06	4.97	6.11	6.03	7.15
9-Sep-21	179.98	3937.36	2062.22	1,326.00	16.31	550.12	2,804.62	2,602.65	4.73	3.09	5.03	6.14	6.09	7.20
<b>September 3 - 9</b>	<b>179.98</b>	<b>3,937.36</b>	<b>2,062.22</b>	<b>6,780.00</b>	<b>79.55</b>	<b>1,945.50</b>	<b>2,804.62</b>	<b>9,948.50</b>	<b>4.73</b>	<b>3.09</b>	<b>5.03</b>	<b>6.14</b>	<b>6.09</b>	<b>7.20</b>
10-Sep-21	180.14	3948.99	2063.44	1,153.00	11.25	399.01	2,807.19	2,968.10	4.71	3.09	5.03	6.16	6.10	7.22
13-Sep-21	180.30	3963.37	2061.36	1,208.00	15.65	615.87	2,809.71	1,952.20	4.73	3.09	5.05	6.18	6.10	7.23
14-Sep-21	180.23	3960.07	2059.33	1,316.00	17.69	545.42	2,808.56	14,954.45	4.74	3.04	5.05	6.16	6.10	7.22
15-Sep-21	179.81	3949.56	2046.58	1,677.00	12.41	382.63	2,801.95	7,977.00	4.73	3.08	5.05	6.16	6.10	7.22
16-Sep-21	180.52	3965.48	2051.80	1,157.00	16.79	512.38	2,813.11	6,085.85	4.76	2.98	5.04	6.17	6.12	7.23
<b>September 10 - 16</b>	<b>180.52</b>	<b>3965.48</b>	<b>2051.80</b>	<b>6511.00</b>	<b>73.79</b>	<b>2455.32</b>	<b>2813.11</b>	<b>33937.60</b>	<b>4.76</b>	<b>2.98</b>	<b>5.04</b>	<b>6.17</b>	<b>6.12</b>	<b>7.23</b>
<b>Weekly Changes (%)</b>	<b>0.30</b>	<b>0.71</b>	<b>-0.51</b>	<b>-3.97</b>	<b>-7.23</b>	<b>26.21</b>	<b>0.30</b>	<b>241.13</b>	<b>-0.037*</b>	<b>-0.114*</b>	<b>-0.016*</b>	<b>-0.030*</b>	<b>0.029*</b>	<b>0.029*</b>

\* Percentage points

Source: Nairobi Securities Exchange (NSE) and Thomson Reuters

### Chart 3: 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	20-Aug-21	27-Aug-21	03-Sep-21	10-Sep-21
1. Treasury Bills (Excluding Repos)	855.71	761.90	765.37	756.30	763.00	759.19	769.26
<i>(As % of total securities)</i>	<b>25.04</b>	<b>21.79</b>	<b>21.17</b>	<b>20.00</b>	<b>20.14</b>	<b>20.06</b>	<b>20.27</b>
2. Treasury Bonds	2,561.33	2,734.47	2,849.94	3,025.01	3,025.01	3,025.01	3,025.01
<i>(As % of total securities)</i>	<b>74.96</b>	<b>78.21</b>	<b>78.83</b>	<b>80.00</b>	<b>79.86</b>	<b>79.94</b>	<b>79.73</b>
3. Total Securities (1+2)	3,417.05	3,496.37	3,615.31	3,781.31	3,788.02	3,784.20	3,794.27
4. Overdraft at Central Bank	47.60	49.28	59.28	58.43	52.54	56.76	47.85
5. Other Domestic debt*	23.90	24.19	22.50	23.67	23.67	23.90	23.93
<b>6. Gross Domestic Debt (3+4+5)</b>	<b>3,488.54</b>	<b>3,569.84</b>	<b>3,697.09</b>	<b>3,863.41</b>	<b>3,864.23</b>	<b>3,864.86</b>	<b>3,866.06</b>

\* 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	20-Aug-21	27-Aug-21	3-Sep-21	10-Sep-21
Treasury bills (Excluding Repos)	24.53	21.34	20.70	19.58	19.75	19.64	19.90
Treasury bonds	73.42	76.60	77.09	78.30	78.28	78.27	78.25
Overdraft at Central Bank	1.36	1.38	1.60	1.51	1.36	1.47	1.24
Other domestic debt	0.69	0.68	0.61	0.61	0.61	0.62	0.62
<b>TOTAL</b>	<b>100.00</b>	<b>100.00</b>	<b>100.00</b>	<b>100.00</b>	<b>100.00</b>	<b>100.00</b>	<b>100.00</b>

Source: Central Bank of Kenya

**Table 9: Composition of Government Domestic Debt by Holder (Percent)**

	31-Dec-20	31-Mar-21	30-Jun-21	20-Aug-21	27-Aug-21	3-Sep-21	10-Sep-21
Banking Institutions	52.83	51.75	51.24	50.81	50.58	50.80	50.55
Insurance Companies	6.44	6.57	6.66	6.69	6.69	6.68	6.68
Parastatals	5.69	5.62	5.54	5.30	5.51	5.46	5.45
Pension Funds	30.32	30.46	30.60	31.04	31.09	30.93	31.21
Other Investors	4.73	5.59	5.96	6.16	6.14	6.13	6.11
<b>Total</b>	<b>100.00</b>	<b>100.00</b>	<b>100.00</b>	<b>100.00</b>	<b>100.00</b>	<b>100.00</b>	<b>100.00</b>

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	3,788.94	3,799.02	4,015.30
Public debt (KSh Bn)	<b>6,692.78</b>	<b>7,120.60</b>	<b>7,281.83</b>	<b>7,339.71</b>	<b>7,421.85</b>	<b>7,485.91</b>	<b>7,712.39</b>

Source: National Treasury and Central Bank of Kenya