



Central Bank of Kenya

Weekly Bulletin

June 5, 2020

KEY MONETARY AND FINANCIAL INDICATORS

Exchange Rate

The Kenya Shilling strengthened against major international and regional currencies during the week ending June 4. It exchanged at KSh 106.12 per US dollar on June 4 compared to KSh 107.03 per US dollar on May 28 (Table 1).

Foreign Exchange Reserves

The CBK usable foreign exchange reserves remained adequate at USD 9,261 million (5.56 months of import cover) as at June 4. 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 June 4, supported by government payments. Commercial banks' excess reserves stood at KSh 32.9 billion in relation to the 4.25 percent cash reserves requirement (CRR). Open market operations remained active. The average interbank rate declined to 3.12 percent on June 4 from 3.37 percent on May 28. The average number of interbank deals per day decreased to 21 from 27 in the previous week, while the value traded decreased to KSh 12.3 billion from KSh 19.9 in the previous week (Table 3).

Government Securities

The Treasury bills auction of June 4 received bids totalling KSh 50.2 billion against an advertised amount of KSh 24.0 billion, representing a performance of 209.1 percent. Interest rates on all the Treasury bill tenors decreased (Table 4).

Equity Market

At the Nairobi Securities Exchange, the NASI and the NSE 25 share price index increased by 2.3 percent and 0.12 percent, respectively, during the week ending June 4. Market capitalization, equity turnover and the number of shares traded also increased by 2.3 percent, 18.4 percent and 39.4 percent, respectively (Table 6).

Bonds Market

Turnover of bonds traded in the domestic secondary market increased by 3.9 percent during the week (Table 6). In the international market, yields on Kenya's Eurobonds declined by an average of 21.4 basis points. The yields on the 10-year Eurobonds for Angola and Ghana also declined (Chart 2).

Global Trends

Global financial markets sentiment improved during the week due to expected recovery of global economic activity supported by stimulus packages and re-opening of some major economies.

International oil prices rose during the week due to recovery of global demand as major economies eased COVID-19 related restrictions. Murban oil price increased to USD 39.14 per barrel on June 4 from USD 33.22 per barrel on May 28.

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

	USD	Sterling Pound	Euro	100 Japanese Yen	USHS*	TSHS*	RWF*	BIF*
22-May-20	106.97	130.80	117.55	99.30	35.43	21.64	8.91	17.81
25-May-20	Public Holiday							
26-May-20	107.01	130.38	116.72	99.22	35.39	21.62	8.91	17.69
27-May-20	107.11	131.61	117.26	99.59	35.18	21.61	8.90	17.68
28-May-20	107.03	131.86	117.96	99.37	35.37	21.63	8.91	17.69
May 22-28	107.03	131.16	117.37	99.37	35.34	21.63	8.91	17.72
29-May-20	106.94	131.14	117.81	99.27	35.40	21.65	8.92	17.71
1-Jun-20	Public Holiday							
2-Jun-20	106.80	132.00	118.95	99.69	35.43	21.67	8.93	17.74
3-Jun-20	106.45	133.51	118.88	98.24	35.41	21.75	8.96	17.80
4-Jun-20	106.12	133.49	118.88	97.29	35.48	21.81	8.99	17.86
May 29-Jun 4	106.58	132.53	118.63	98.63	35.43	21.72	8.95	17.78

* Units of currency per Kenya Shilling

Source :Central Bank of Kenya

Table 2: Official Usable Foreign Exchange Reserves

	23-Apr-20	30-Apr-20	7-May-20	14-May-20	21-May-20	28-May-20	4-Jun-20
1. CBK Usable Foreign Exchange Reserves (USD Million)	7,858	7,744	7,809	8,532	8,489	8,331	9,261
2. CBK Usable Foreign Exchange Reserves (Months of Import Cover)*	4.75	4.66	4.70	5.14	5.11	4.99	5.56

*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 (%)
22-May-20	29	17,400.00	3.92
25-May-20	Public Holiday		
26-May-20	23	14,200.00	3.66
27-May-20	31	27,495.00	3.45
28-May-20	26	20,450.00	3.37
May 22- 28	27	19,886.25	3.60
29-May-20	28	18,250.00	3.28
1-Jun-20	Public Holiday		
2-Jun-20	20	11,950.00	3.25
3-Jun-20	16	9,350.00	3.14
4-Jun-20	18	9,840.00	3.12
May 29- June 4	21	12,347.50	3.20

Source :Central Bank of Kenya

Table 4: Performance of Treasury Bills Auctions

91-Day Treasury Bills						
Date of Auction	30-Apr-20	7-May-20	14-May-20	21-May-20	28-May-20	4-Jun-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)	4,472.71	2,442.83	7,670.62	10,837.82	3,251.08	10,221.82
Amount Accepted (Ksh M)	2,505.61	2,441.95	7,651.31	7,859.34	2,269.17	4,253.87
Maturities (Ksh M)	4,640.00	3,422.55	1,701.20	1,907.10	2,380.05	769.70
Average interest Rate (%)	7.242	7.253	7.266	7.319	7.333	7.325
182-Day Treasury Bills						
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)	2,674.78	3,795.10	4,485.22	10,490.21	5,840.86	21,304.04
Amount Accepted (Ksh M)	2,536.41	3,795.10	4,433.36	5,518.38	1,404.01	8,860.38
Maturities (Ksh M)	4,239.50	3,342.15	1,578.75	3,504.05	576.50	650.75
Average interest Rate (%)	8.134	8.151	8.192	8.227	8.248	8.200
364-Day Treasury Bills						
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)	10,750.99	8,779.00	11,932.41	14,495.87	15,498.70	18,650.21
Amount Accepted (Ksh M)	10,613.69	8,552.61	11,892.94	13,181.28	11,456.58	4,668.38
Maturities (Ksh M)	10,320.05	6,485.45	15,039.65	20,211.35	5,332.05	16,272.80
Average interest Rate (%)	9.115	9.161	9.173	9.195	9.198	9.165

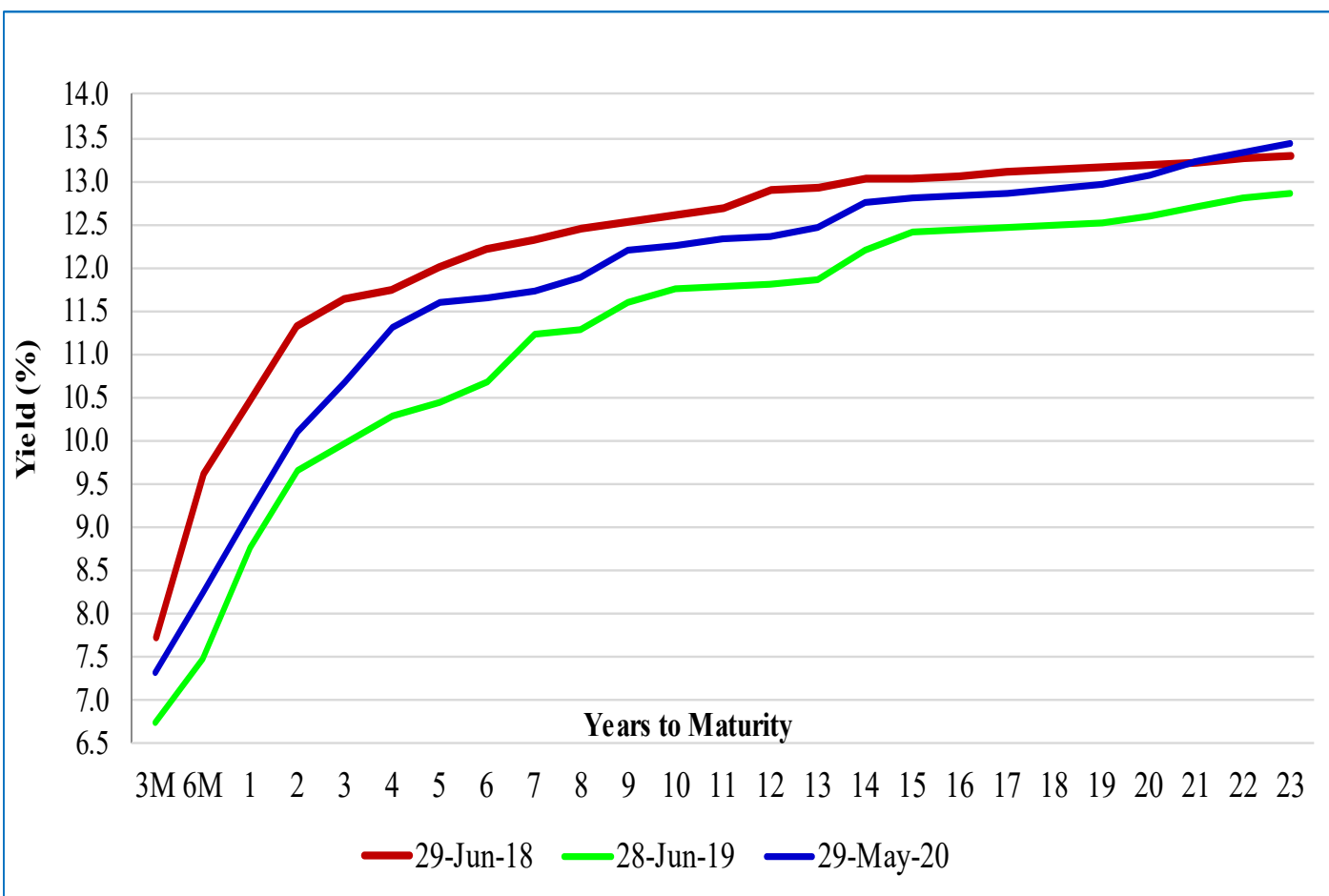
Source: Central Bank of Kenya

Table 5: Performance of Treasury Bonds Auctions

Date of Auction	18-Mar-20		8-Apr-20	22-Apr-20	6-May-20	20-May-20	27-May-20
	REOPEN			TAP		REOPEN	
Tenor	FXD1/2018/20	FXD1/2018/25	IFB1/2020/9	IFB1/2020/9	FXD1/2020/5	FXD1/2020/5	IFB1/2020/6
Amount offered (Ksh M)	50,000.00		60,000.00	21,000.00	50,000.00	30,000.00	25,600.00
Bids received (Ksh M)	35,155.99		68,413.78	35,387.16	34,531.50	20,581.07	21,164.29
Amount Accepted (Ksh M)	8,274.69	14,638.57	39,010.13	35,387.16	20,777.17	8,948.12	19,275.46
Maturities (Ksh M)	0.00		0.00	0.00	0.00	0.00	20,226.65
Average interest Rate (%)	13.29	13.82	12.05	12.05	11.67	11.75	11.60

Source: Central Bank of Kenya

Chart 1: Kenya Government Securities Yield Curve



Source: Nairobi Securities Exchange

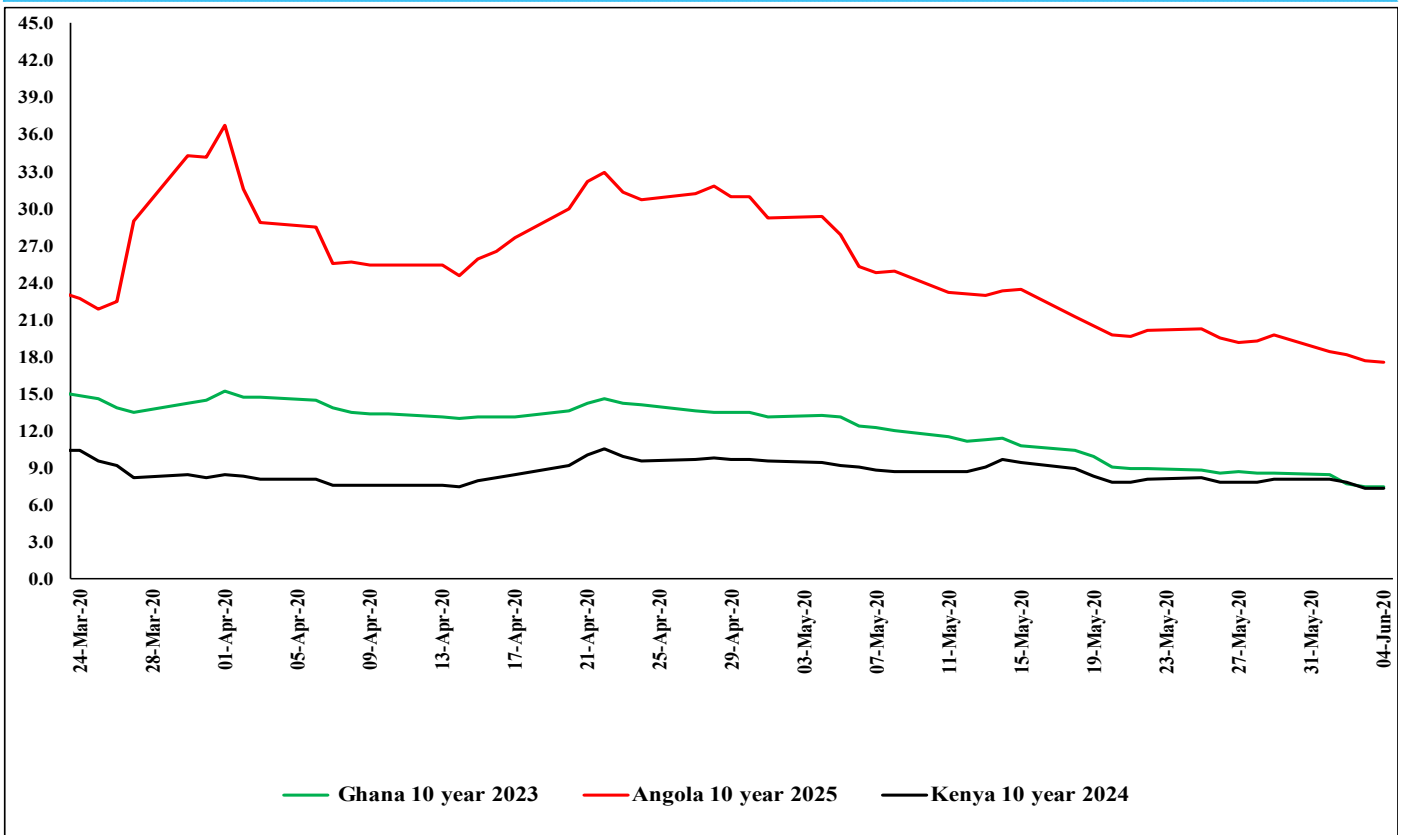
Table 6: Key Weekly Market Indicators

INDICATOR	NASI 100=2008	NSE 25 Share Index	NSE 20 Share Index 100=1996	Total Deals (Equi- ty)	Total Shares Traded (Mil- lion)	Equity Turnover (KSh Million)	Market Capital- ization (KSh Billion)	Bonds Turnover (KSh Million)	Eurobond Yield (%)				
									7-Year 2027	10-Year 2024	10-Year 2028	12-Year 2032	30-Year 2048
22-May-20	140.39	3279.67	2014.88	1,011	22.48	635.16	2,145.80	2,547.86	8.080	8.043	8.197	8.792	8.831
25-May-20	PUBLIC HOLIDAY								8.084	8.156	8.266	8.867	8.882
26-May-20	138.94	3244.67	2009.60	1,321	18.13	588.34	2,123.61	2,483.92	7.855	7.857	7.993	8.588	8.754
27-May-20	137.81	3222.96	1976.50	1,364	16.36	490.70	2,106.30	3,465.77	7.797	7.783	7.948	8.479	8.692
28-May-20	136.51	3214.53	1964.46	1,096	14.23	392.18	2,086.36	3,078.00	7.913	7.859	8.016	8.588	8.767
May 22-28	136.51	3214.53	1964.46	4,792	71.19	2,106.38	2,086.36	11,575.56	7.913	7.859	8.016	8.588	8.767
29-May-20	137.13	3203.94	1948.08	1,778	36.12	899.24	2,095.92	4,713.68	8.121	8.047	8.176	8.755	8.882
1-Jun-20	PUBLIC HOLIDAY								7.718	7.783	7.996	8.580	8.785
2-Jun-20	137.60	3202.28	1931.29	1,206	25.18	603.35	2,103.02	756.22	7.802	7.824	8.062	8.625	8.818
3-Jun-20	138.26	3208.90	1936.17	1,143	15.42	396.59	2,113.16	2,106.39	7.533	7.344	7.771	8.299	8.568
4-Jun-20	139.59	3218.45	1931.18	1,244	22.49	595.70	2,133.55	4,450.56	7.753	7.382	7.883	8.424	8.630
May 29-June 4	139.59	3218.45	1931.18	5,371	99.21	2,494.88	2,133.55	12,027	7.753	7.382	7.883	8.424	8.630
Weekly Changes (%)	2.26	0.12	-1.69	12.08	39.36	18.44	2.26	3.90	-0.160*	-0.477*	-0.133*	-0.164*	-0.137*

* Percentage points

Source: Nairobi Securities Exchange (NSE)

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



Source: Thomson Reuters

Table 7: Government Domestic Debt (KSh Billion)

	28-Jun-19	30-Sep-19	31-Dec-19	31-Mar-20	22-May-20	29-May-20
1. Treasury Bills (Excluding Repos)	954.25	928.91	878.94	902.29	897.45	899.94
(As % of total securities)	35.31	33.68	30.80	30.15	29.25	29.22
2. Treasury Bonds	1,748.15	1,828.78	1,974.69	2,090.29	2,170.49	2,179.45
(As % of total securities)	64.69	66.32	69.20	69.85	70.75	70.78
3. Total Securities (1+2)	2,702.40	2,757.69	2,853.63	2,992.58	3,067.95	3,079.39
4. Overdraft at Central Bank	57.33	68.23	63.72	54.18	51.06	50.15
5. Other Domestic debt*	25.76	25.72	24.75	25.10	24.13	23.60
6. Gross Domestic Debt (3+4+5)	2,785.48	2,851.64	2,942.10	3,071.85	3,143.13	3,153.14

* 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	30-Sep-19	31-Dec-19	31-Mar-20	22-May-20	29-May-20
Treasury bills (Excluding Repos)	34.26	32.57	29.87	29.37	28.53	28.52
Treasury bonds	62.76	64.13	67.12	68.05	69.01	69.06
CBK Overdraft to Government	2.06	2.39	2.17	1.76	1.62	1.59
Other domestic debt	0.92	0.90	0.84	0.82	0.84	0.84
TOTAL	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	30-Sep-19	31-Dec-19	31-Mar-20	22-May-20	29-May-20
Banking Institutions	54.38	53.63	54.33	54.31	54.56	54.44
Insurance Companies	6.13	6.33	6.42	6.30	6.15	6.11
Parastatals	6.97	7.13	6.49	6.13	5.62	5.63
Pension funds	28.24	28.77	28.60	29.01	29.20	29.46
Other investors	4.28	4.13	4.17	4.25	4.46	4.36
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-19	Sep-19	Dec-19	Jan-20	Feb-20	Mar-20
Domestic debt (KSh Billion)	2,785.48	2,851.64	2,942.10	3,003.70	3,040.96	3,071.85
Public & Publicly Guaranteed External debt (US \$ Billion)	29.55	29.95	30.66	30.95	30.87	30.69
Public & Publicly Guaranteed External debt (KSh Billion)	3,023.14	3,111.80	3,106.82	3,112.90	3,117.04	3,212.63
Total public debt (KSh Billion)	5,808.62	5,963.44	6,048.93	6,116.60	6,158.00	6,284.49

Source: National Treasury and Central Bank of Kenya