



Central Bank of Kenya

Weekly Bulletin

March 12, 2021

KEY MONETARY AND FINANCIAL INDICATORS

Exchange Rates

The Kenya Shilling remained stable against major international and regional currencies during the week ending March 11. It exchanged at KSh 109.65 per US dollar on March 11, compared to KSh 109.69 per US dollar on March 4 (Table 1).

Foreign Exchange Reserves

The usable foreign exchange reserves remained adequate at USD 7,351 million (4.52 months of import cover) as at March 11. 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 relatively liquid during the week ending March 11, supported by government payments which partly offset tax remittances. Commercial banks' excess reserves stood at KSh 11.7 billion in relation to the 4.25 percent cash reserves requirement (CRR). Open market operations remained active. The average interbank rate was 5.03 percent on March 11 compared to 5.05 percent on March 4. 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 13.4 billion from KSh 10.9 billion in the previous week (Table 3).

Government Securities Market

The Treasury bills auction of March 11 received bids totalling KSh 22.6 billion against an advertised amount of KSh 24.0 billion, representing a performance of 94.3 percent. Interest rates remained stable, with the 91-day rate remaining the same as in the previous auction while the 182-day and 364-day Treasury bill rates increased marginally (Table 4).

The 15-year and 20-year fixed rate Treasury bonds reopened during the auction of March 10 received bids totalling KSh 48.7 billion against an advertised amount of KSh 50.0 billion, representing a performance of 97.4 percent (Table 5).

Equity Market

At the Nairobi Securities Exchange, the NASI, NSE 25 share price index and market capitalization remained stable increasing marginally by 0.04 percent, 0.70 percent and 0.04 percent, respectively during the week ending March 11. Equity turnover and shares traded also increased by 37.5 percent and 31.3 percent, respectively (Table 6).

Bonds Market

Turnover of bonds in the domestic secondary market increased by 10.98 percent during the week ending March 11 (Table 6). In the international market, yields on Kenya's Eurobonds increased by an average of 30.1 basis points. The yield on the 10-year Eurobond for Ghana also increased marginally while that of Angola declined (Chart 2).

Global Trends

Global financial markets sentiment was positive during the week ending March 11 as investors anticipated the introduction of a new US pandemic relief package. Investor sentiment was also boosted by ECB promise to continue with the bond purchases program.

Global oil prices increased during the week, as OPEC+ decided to maintain the production cuts for a month while global demand began to pick up. Murban oil price increased to USD 67.36 per barrel on March 11 from USD 63.32 per barrel on March 4.

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

	USD	Sterling Pound	Euro	100 Japanese Yen	USHS*	TSHS*	RWF*	BIF*
26-Feb-21	109.80	154.84	133.83	103.45	33.38	21.12	9.05	17.71
1-Mar-21	109.80	153.48	133.19	103.11	33.38	21.12	9.05	17.71
2-Mar-21	109.80	153.16	132.24	102.91	33.36	21.12	9.05	17.71
3-Mar-21	109.80	152.75	132.06	102.74	33.33	21.12	9.05	17.71
4-Mar-21	109.69	153.13	132.38	102.66	33.37	21.14	9.06	17.73
Feb 26-Mar 4	109.78	153.47	132.74	102.97	33.36	21.12	9.05	17.72
5-Mar-21	109.65	153.00	132.04	102.04	33.38	21.15	9.06	17.74
8-Mar-21	109.64	151.92	131.17	101.20	33.36	21.15	9.06	17.74
9-Mar-21	109.65	151.87	130.55	101.02	33.40	21.15	9.06	17.74
10-Mar-21	109.65	152.13	130.58	100.73	33.38	21.15	9.06	17.74
11-Mar-21	109.65	152.18	130.58	100.75	33.38	21.15	9.06	17.74
Mar 5-11	109.65	152.22	130.98	101.15	33.38	21.15	9.06	17.74

* Units of currency per Kenya Shilling

Source :Central Bank of Kenya

Table 2: Official Foreign Exchange Reserves (USD Million)

	11-Feb-21	18-Feb-21	25-Feb-21	4-Mar-21	11-Mar-21
1. CBK Usable Foreign Exchange Reserves (USD Million)	7,638	7,605	7,605	7,359	7,351
2. CBK Usable Foreign Exchange Reserves (Months of Import Cover)*	4.69	4.67	4.67	4.52	4.52

*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 (%)
26-Feb-21	26	11,730.00	4.23
1-Mar-21	23	9,700.00	4.55
2-Mar-21	27	12,960.00	4.72
3-Mar-21	22	8,890.00	4.95
4-Mar-21	27	11,360.00	5.05
Feb 26- Mar 4, 2021	25	10,928.00	4.70
5-Mar-21	33	14,700.00	5.09
8-Mar-21	24	19,275.00	4.96
9-Mar-21	35	18,710.00	4.86
10-Mar-21	31	7,910.00	5.08
11-Mar-21	23	6,350.00	5.03
Mar 5- 11, 2021	29	13,389.00	5.00

Source: Central Bank of Kenya

Table 4: Performance of Treasury Bills Auctions

91-Day Treasury Bills						
Date of Auction	4-Feb-21	11-Feb-21	18-Feb-21	25-Feb-21	4-Mar-21	11-Mar-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)	504.73	956.43	4,674.45	6,281.66	7,045.17	4,350.17
Amount Accepted (KSh M)	489.41	945.08	4,655.48	4,806.25	6,062.14	4,349.58
Maturities (KSh M)	2,309.20	8,697.95	5,641.75	3,633.50	2,514.40	1,564.00
Average Interest Rate (%)	6.873	6.905	6.911	6.931	7.024	7.024
182-Day Treasury Bills						
Date of Auction	4-Feb-21	11-Feb-21	18-Feb-21	25-Feb-21	4-Mar-21	11-Mar-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)	2,085.09	4,697.75	11,403.48	10,227.69	7,773.77	6,081.94
Amount Accepted (KSh M)	2,020.55	4,216.39	10,681.88	7,340.21	6,809.86	6,080.73
Maturities (KSh M)	9,905.70	7,190.10	899.50	5,056.35	2,761.95	7,756.90
Average Interest Rate (%)	7.594	7.644	7.684	7.722	7.765	7.832
364-Day Treasury Bills						
Date of Auction	4-Feb-21	11-Feb-21	18-Feb-21	25-Feb-21	4-Mar-21	11-Mar-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)	14,210.31	16,079.26	13,901.18	15,164.20	19,016.49	12,192.30
Amount Accepted (KSh M)	12,373.61	14,074.59	13,471.78	14,522.84	17,293.12	12,191.56
Maturities (KSh M)	8,680.60	24,209.35	27,650.90	10,954.45	20,558.30	19,432.30
Average Interest Rate (%)	8.716	8.824	8.931	9.014	9.071	9.144

Source: Central Bank of Kenya

Table 5: Performance of Treasury Bond Auctions

Date of Auction	3-Feb-21		17-Feb-21		10-Mar-21	
	REOPEN		TAP		REOPEN	
Tenor	FXD1/2013/15	FXD1/2012/20	FXD1/2013/15	FXD1/2012/20	FXD1/2019/15	FXD2/2018/20
Amount offered (KSh M)	50,000.00		18,000.00		50,000.00	
Bids received (KSh M)	13,553.50	28,308.65	7,164.85	4,071.20	15,897.21	32,809.37
Amount Accepted (KSh M)	9,408.58	22,713.42	6,985.73	3,924.84	15,511.29	32,795.91
Maturities (KSh M)	7,868.37		0.00		0.00	
Average interest Rate (%)	11.78	12.59	11.78	12.59	12.41	13.44

Source: Central Bank of Kenya

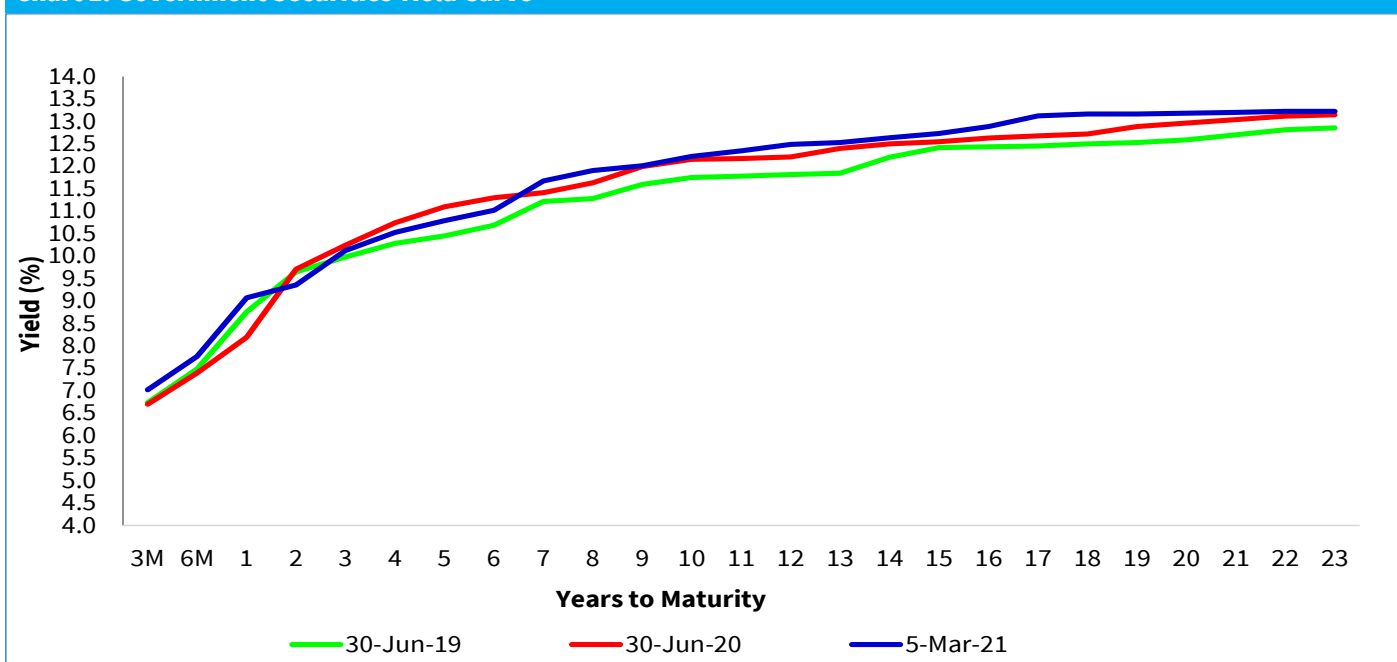
Table 6: Key Weekly Market Indicators

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 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
26-Feb-21	165.39	3624.96	1915.68	1,025.00	10.20	352.78	2,541.16	3,445.40	4.748	3.336	5.425	6.364	7.360
1-Mar-21	165.20	3623.76	1912.79	1,055.00	10.89	355.54	2,538.23	2,758.60	4.647	3.258	5.322	6.317	7.320
2-Mar-21	164.92	3622.31	1922.58	1,057.00	26.37	752.63	2,533.95	1,443.85	4.594	3.143	5.281	6.254	7.281
3-Mar-21	163.43	3605.78	1934.90	1,005.00	5.69	197.72	2,511.05	3,806.30	4.597	3.140	5.260	6.223	7.252
4-Mar-21	162.79	3589.32	1936.98	1,062.00	16.13	619.14	2,501.13	4,468.10	4.634	3.140	5.260	6.223	7.252
Feb 26-Mar 4	162.79	3589.32	1936.98	5,204.00	69.29	2,277.81	2,501.13	15,922.25	4.634	3.140	5.260	6.223	7.252
5-Mar-21	161.67	3587.07	1941.39	1,139.00	8.64	219.90	2,483.94	5,896.50	4.760	3.242	5.379	6.378	7.349
8-Mar-21	157.92	3532.09	1932.93	995.00	16.04	554.13	2,426.25	2,957.00	5.001	3.429	5.689	6.679	7.429
9-Mar-21	158.60	3539.89	1921.94	1,067.00	18.27	504.25	2,436.71	4,085.10	4.975	3.350	5.646	6.647	7.530
10-Mar-21	162.70	3606.07	1915.14	1,105.00	31.63	1,162.48	2,499.75	1,766.40	5.016	3.386	5.709	6.663	7.551
11-Mar-21	162.85	3614.43	1913.35	829.00	16.38	690.36	2,502.11	2,965.20	4.883	3.263	5.854	6.515	7.502
Mar 5-Mar 11	162.85	3614.43	1913.35	5,135.00	90.95	3,131.13	2,502.11	17,670.20	4.883	3.263	5.854	6.515	7.502
Weekly Changes (%)	0.04	0.70	-1.22	-1.33	31.25	37.46	0.04	10.98	0.249*	0.123*	0.594*	0.292*	0.250*

* Percentage points

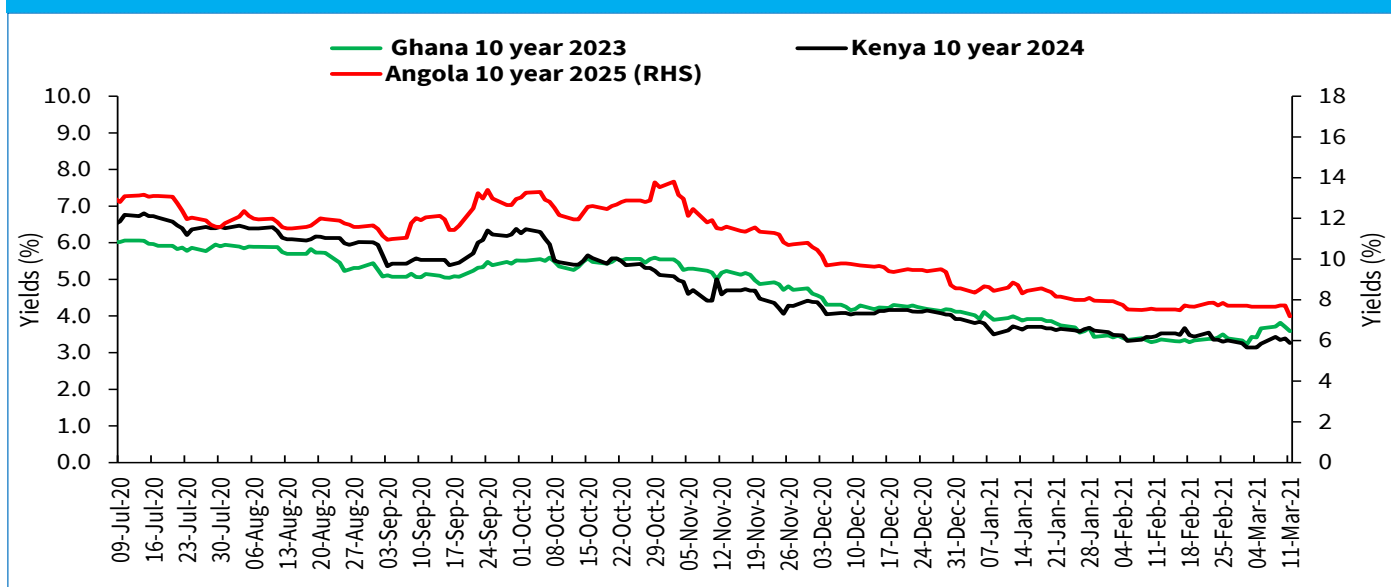
Source: Nairobi Securities Exchange (NSE) and Thompson Reuters

Chart 1: Government Securities Yield Curve



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)

	30-Jun-20	30-Sep-20	31-Dec-20	29-Jan-21	19-Feb-21	26-Feb-21	05-Mar-21
1. Treasury Bills (Excluding Repos)	887.14	894.73	855.71	785.46	751.72	748.00	756.66
<i>(As % of total securities)</i>	28.56	26.50	25.04	22.75	21.83	21.67	21.87
2. Treasury Bonds	2,219.44	2,482.24	2,561.33	2,667.02	2,692.36	2,703.56	2,703.56
<i>(As % of total securities)</i>	71.44	73.50	74.96	77.25	78.17	78.33	78.13
3. Total Securities (1+2)	3,106.59	3,376.98	3,417.05	3,452.48	3,444.07	3,451.56	3,460.22
4. Overdraft at Central Bank	47.15	56.21	47.60	55.27	49.99	55.40	56.83
5. Other Domestic debt*	23.24	23.92	23.90	23.90	25.90	24.25	24.25
6. Gross Domestic Debt (3+4+5)	3,176.97	3,457.11	3,488.54	3,531.65	3,519.97	3,531.22	3,541.31

* 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-Jun-20	30-Sep-20	31-Dec-20	29-Jan-21	26-Feb-21	5-Mar-21
Treasury bills (Excluding Repos)	34.24	27.92	25.88	24.53	22.24	21.18	21.37
Treasury bonds	62.78	69.86	71.80	73.42	75.52	76.56	76.34
Overdraft at Central Bank	2.06	1.48	1.63	1.36	1.57	1.57	1.60
Other domestic debt	0.92	0.73	0.69	0.69	0.68	0.69	0.68
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-19	30-Jun-20	30-Sep-20	31-Dec-20	29-Jan-21	26-Feb-21	5-Mar-21
Banking Institutions	54.38	54.86	55.14	53.29	53.32	53.46	53.58
Insurance Companies	6.13	6.05	6.16	6.44	6.40	6.48	6.47
Parastatals	6.97	5.73	5.47	5.69	5.64	5.66	5.62
Pension Funds	28.24	29.05	28.53	30.32	30.34	29.88	29.84
Other Investors	4.28	4.32	4.71	4.27	4.30	4.51	4.50
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	Dec-19	Jun-20	Sep-20	Oct-20	Nov-20	Dec-20
Domestic debt (KSh Bn)	2,787.04	2,942.10	3,176.97	3,457.11	3,457.64	3,482.65	3,488.54
Public & Publicly Guaranteed External debt (USD Bn)	29.55	30.66	33.01	33.77	34.05	34.27	34.75
Public & Publicly Guaranteed External debt (KSh Bn)	3,023.14	3,106.82	3,515.81	3,663.49	3,705.64	3,771.81	3,793.29
Public debt (KSh Bn)	5,810.18	6,048.93	6,692.78	7,120.60	7,163.29	7,254.46	7,281.83

Source: National Treasury and Central Bank of Kenya