



Central Bank of Kenya

Weekly Bulletin

January 22, 2021

KEY MONETARY AND FINANCIAL INDICATORS

Exchange Rates

The Kenya Shilling remained relatively stable against major international and regional currencies during the week ending January 21. It exchanged at KSh 110.19 per US dollar on January 21, compared to KSh 109.97 per US dollar on January 14 (Table 1).

Foreign Exchange Reserves

The usable foreign exchange reserves remained adequate at USD 7,658 million (4.70 months of import cover) as at January 21. 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 relatively liquid during the week ending January 21, supported by government payments which partly offset tax remittances. Commercial banks' excess reserves stood at KSh 10.7 billion in relation to the 4.25 percent cash reserves requirement (CRR). Open market operations remained active. The average interbank rate was 4.98 percent on January 21 compared to 3.71 percent on January 14. The average number of interbank deals per day increased to 26 from 19 in the previous week, while the average value traded decreased to KSh 9.6 billion from KSh 10.7 billion in the previous week (Table 3).

Government Securities Market

The Treasury bills auction of January 21 received bids totalling KSh 20.3 billion against an advertised amount of KSh 24.0 billion, representing a performance of 84.5 percent. Interest rates remained stable, with the 91-day and 364-day rates increasing marginally and the 182-day Treasury bill rate decreasing (Table 4).

The 16-year Infrastructure Treasury bond auction of January 20 received record market participation, attracting bids totalling KSh 125.5 billion against an advertised amount of KSh 50.0 billion, representing a performance of 251.0 percent. The interest rate on the bond was 12.26 percent (Table 5).

Equity Market

At the Nairobi Securities Exchange, equity turnover, total shares traded and the number of deals increased by 95.2 percent, 88.8 percent and 8.8 percent, respectively, during the week ending January 21. However, the NASI, NSE 25 share price index and market capitalisation declined by 2.6 percent, 2.1 percent and 2.6 percent, respectively (Table 6).

Bonds Market

Turnover of bonds traded in the domestic secondary market declined by 15.2 percent during the week ending January 21 (Table 6). In the international market, yields on Kenya's Eurobonds remained stable, rising by an average of 1.3 basis points. Yields on the 10-year Eurobonds for Ghana and Angola also remained stable (Chart 2).

Global Trends

Global financial markets sentiment improved during the week ending January 21 as investors bet on a major stimulus package and a potential reduction in the US-China trade tensions under the new U.S administration. Market sentiment was further buoyed by continued accommodative policy by the ECB to moderate the impact of the Covid-19 pandemic.

International oil prices remained relatively stable during the week ending January 22. Murban oil price stood at USD 55.76 on January 21 compared to USD 55.88 on January 14.

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

	USD	Sterling Pound	Euro	100 Japanese Yen	USHS*	TSHS*	RWF*	BIF*
8-Jan-21	109.55	148.89	134.52	105.47	33.77	21.17	9.05	17.71
11-Jan-21	109.55	148.79	134.28	105.12	33.73	21.17	9.05	17.72
12-Jan-21	109.55	148.11	133.63	105.20	33.76	21.17	9.05	17.72
13-Jan-21	109.67	149.11	133.29	105.18	33.87	21.15	9.04	17.70
14-Jan-21	109.97	150.35	133.76	105.77	33.65	21.09	9.02	17.65
Jan 8-14	109.66	149.05	133.90	105.35	33.76	21.15	9.04	17.70
15-Jan-21	110.10	150.18	133.99	106.08	33.65	21.06	9.01	17.63
18-Jan-21	110.07	150.11	133.73	106.18	33.66	21.07	9.01	17.64
19-Jan-21	110.10	149.22	132.93	106.13	33.51	21.06	9.01	17.63
20-Jan-21	110.18	150.03	133.56	106.02	33.58	21.05	9.00	17.62
21-Jan-21	110.19	150.61	133.56	106.58	33.50	21.05	9.00	17.62
Jan 15-21	110.13	150.03	133.55	106.20	33.58	21.06	9.00	17.63

* Units of currency per Kenya Shilling

Source: Central Bank of Kenya

Table 2: Official Foreign Exchange Reserves (US\$ Million)

	24-Dec-20	31-Dec-20	7-Jan-21	14-Jan-21	21-Jan-21
1. CBK Usable Foreign Exchange Reserves (USD Million)	7,788	7,750	7,722	7,807	7,658
2. CBK Usable Foreign Exchange Reserves (Months of Import Cover)*	4.78	4.76	4.74	4.80	4.70

*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 (%)
8-Jan-21	10	3,350.00	6.03
11-Jan-21	17	10,215.00	5.53
12-Jan-21	26	18,220.00	5.30
13-Jan-21	20	7,645.00	4.80
14-Jan-21	24	14,150.00	3.71
Jan 8-14, 2021	19	10,716.00	5.07
15-Jan-21	25	14,880.00	3.73
18-Jan-21	20	10,305.00	4.22
19-Jan-21	19	7,940.00	4.09
20-Jan-21	37	8,075.00	4.43
21-Jan-21	29	6,645.00	4.98
Jan 15-21, 2021	26	9,569.00	4.29

Source: Central Bank of Kenya

Table 4: Performance of Treasury Bills Auctions

91-Day Treasury Bills						
Date of Auction	17-Dec-20	23-Dec-20	30-Dec-20	7-Jan-21	14-Jan-21	21-Jan-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)	8,629.93	5,752.66	668.93	748.14	5,014.68	2,149.68
Amount Accepted (KSh M)	8,513.96	5,601.50	667.31	746.52	5,012.96	2,149.68
Maturities (KSh M)	6,126.25	1,115.70	4,960.35	7,491.25	8,235.20	4,120.95
Average Interest Rate (%)	6.916	6.929	6.906	6.895	6.884	6.983
182-Day Treasury Bills						
Date of Auction	17-Dec-20	23-Dec-20	30-Dec-20	7-Jan-21	14-Jan-21	21-Jan-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)	7,856.58	2,520.92	564.90	4,999.74	8,102.11	916.09
Amount Accepted (KSh M)	7,856.58	2,443.21	564.90	3,072.63	8,101.63	910.22
Maturities (KSh M)	4,375.55	1,583.90	11,153.65	7,375.45	10,092.55	1,306.30
Average Interest Rate (%)	7.399	7.403	7.400	7.479	7.522	7.508
364-Day Treasury Bills						
Date of Auction	17-Dec-20	23-Dec-20	30-Dec-20	7-Jan-21	14-Jan-21	21-Jan-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)	5,207.09	4,400.22	3,953.88	10,021.31	13,314.91	17,219.73
Amount Accepted (KSh M)	4,972.92	2,093.79	3,953.88	10,021.31	13,303.48	14,473.40
Maturities (KSh M)	7,679.10	3,790.80	9,385.40	40,439.15	12,433.70	20,267.90
Average Interest Rate (%)	8.283	8.338	8.348	8.363	8.445	8.508

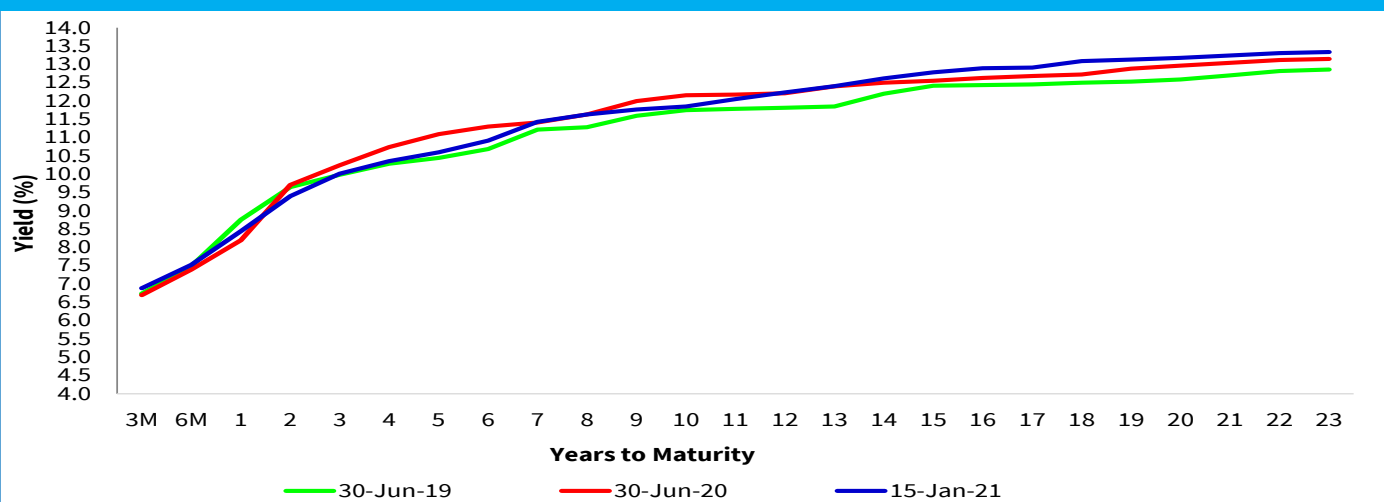
Source: Central Bank of Kenya

Table 5: Performance of Treasury Bond Auctions

Date of Auction	23-Oct-19	9-Dec-20		23-Dec-20		6-Jan-21	20-Jan-21
		REOPEN		TAP			
Tenor	IFB1/ 2019/16	FXD1/ 2012/15	FXD2/ 2019/15	FXD1/ 2012/15	FXD2/ 2019/15	FXD1/ 2021/02	IFB1/ 2021/016
Amount offered (KSh M)	60,000.00	40,000.00		22,000.00		25,000.00	50,000.00
Bids received (KSh M)	86,946.69	9,259.23	15,079.12	2,578.40	7,433.65	61,150.39	125,472.82
Amount Accepted (KSh M)	68,466.07	8,549.51	9,706.88	2,522.81	7,396.48	55,860.26	81,052.52
Maturities (KSh M)	0.00	0.00		0.00		0.00	31,120.85
Average interest Rate (%)	12.39	11.46	12.81	11.00	12.73	9.49	12.26

Source: Central Bank of Kenya

Chart 1: Government Securities Yield Curve



Source: Nairobi Securities Exchange (NSE)

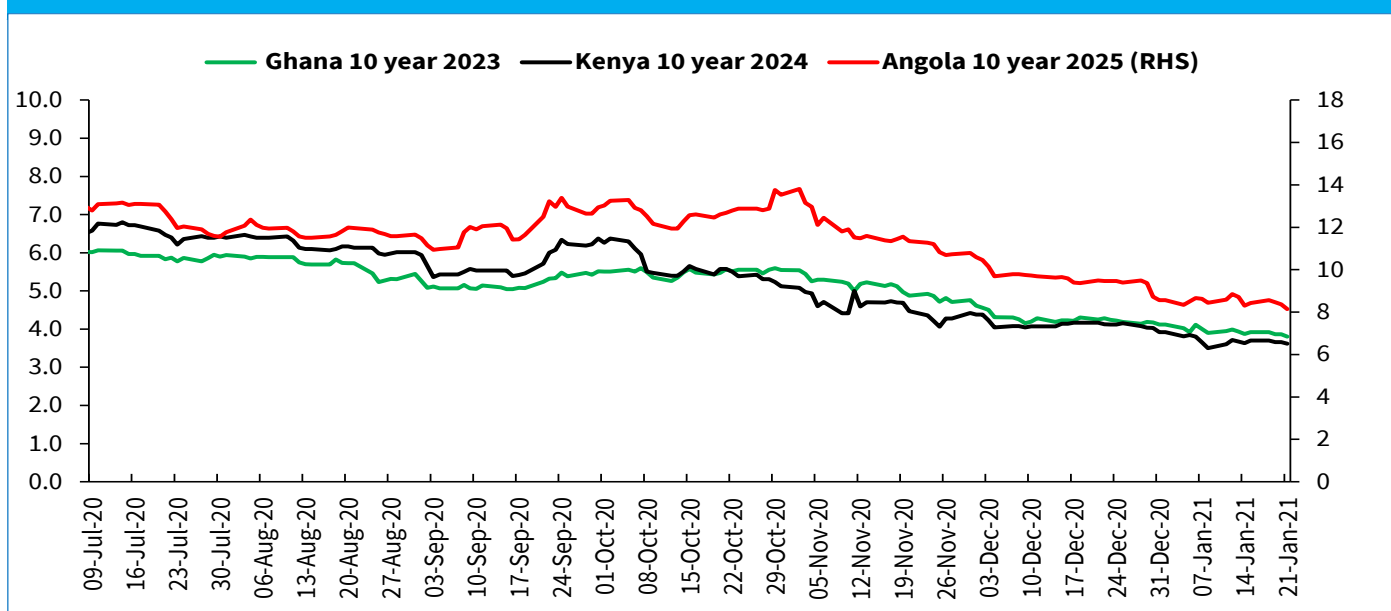
Table 6: Key Weekly Market Indicators

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 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
8-Jan-21	154.18	3444.02	1896.46	840.00	9.24	237.68	2,368.67	2,911.80	4.656	3.500	5.054	5.718	6.951
11-Jan-21	153.92	3436.08	1892.39	769.00	6.42	196.17	2,364.58	2,040.85	4.758	3.607	5.171	5.849	7.006
12-Jan-21	153.88	3437.23	1902.22	927.00	15.36	405.80	2,364.02	1,058.50	4.945	3.715	5.330	6.042	7.156
13-Jan-21	154.53	3445.93	1910.64	987.00	8.46	248.82	2,373.95	922.35	4.919	3.676	5.349	6.072	7.214
14-Jan-21	158.26	3498.61	1921.06	1,207.00	14.09	462.86	2,431.42	1,042.45	4.867	3.630	5.307	6.041	7.185
Jan 8-14	158.26	3498.61	1921.06	4,730.00	53.57	1,551.33	2,431.42	7,975.95	4.867	3.630	5.307	6.041	7.185
15-Jan-21	146.96	3292.49	1785.73	885.00	31.47	714.33	2,257.21	2,268.10	4.946	3.701	5.366	6.116	7.214
18-Jan-21	157.56	3479.81	1906.63	1,035.00	11.54	364.28	2,420.62	1,891.65	4.969	3.701	5.427	6.192	7.281
19-Jan-21	157.16	3463.15	1894.18	1,001.00	18.66	521.72	2,414.54	1,574.75	4.939	3.662	5.406	6.161	7.252
20-Jan-21	155.64	3444.30	1881.57	1,098.00	23.93	864.79	2,391.09	419.05	4.933	3.660	5.365	6.161	7.243
21-Jan-21	154.17	3425.10	1888.89	1,128.00	15.54	562.51	2,368.47	611.25	4.853	3.616	5.323	6.099	7.204
Jan 15-21	154.17	3425.10	1888.89	5,147.00	101.15	3,027.64	2,368.47	6,764.80	4.853	3.616	5.323	6.099	7.204
Weekly Changes (%)	-2.58	-2.10	-1.67	8.82	88.82	95.16	-2.59	-15.19	-0.014*	-0.014*	0.016*	0.058*	0.019*

* Percentage points

Source: Nairobi Securities Exchange (NSE) and Thomson Reuters

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



Source: Thomson Reuters

Table 7: Government Domestic Debt (KSh Billion)

	28-Jun-19	31-Dec-19	31-Mar-20	30-Jun-20	30-Sep-20	31-Dec-20	15-Jan-21
1. Treasury Bills (Excluding Repos)	954.25	878.94	900.62	887.14	894.73	855.71	795.22
<i>(As % of total securities)</i>	35.29	30.80	30.09	28.55	26.50	25.04	23.30
2. Treasury Bonds	1,749.71	1,974.69	2,092.64	2,220.34	2,482.24	2,561.33	2,617.18
<i>(As % of total securities)</i>	64.71	69.20	69.91	71.45	73.50	74.96	76.70
3. Total Securities (1+2)	2,703.96	2,853.63	2,993.26	3,107.48	3,376.98	3,417.05	3,412.40
4. Overdraft at Central Bank	57.33	63.72	54.18	47.15	56.21	47.60	54.10
5. Other Domestic debt*	25.76	24.75	25.10	23.24	23.92	24.16	23.91
6. Gross Domestic Debt (3+4+5)	2,787.04	2,942.10	3,072.54	3,177.87	3,457.11	3,488.81	3,490.41

* 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	30-Sep-20	31-Dec-20	15-Jan-21
Treasury bills (Excluding Repos)	34.24	29.87	29.31	27.92	25.88	24.53	22.78
Treasury bonds	62.78	67.12	68.11	69.87	71.80	73.42	74.98
Overdraft at Central Bank	2.06	2.17	1.76	1.48	1.63	1.36	1.55
Other domestic debt	0.92	0.84	0.82	0.73	0.69	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	31-Dec-19	31-Mar-20	30-Jun-20	30-Sep-20	31-Dec-20	15-Jan-21
Banking Institutions	54.38	54.33	54.33	54.86	55.15	53.29	53.34
Insurance Companies	6.13	6.42	6.30	6.05	6.16	6.44	6.44
Parastatals	6.97	6.49	6.13	5.73	5.47	5.68	5.76
Pension Funds	28.24	28.60	29.04	29.05	28.52	30.32	30.20
Other Investors	4.28	4.17	4.20	4.32	4.71	4.27	4.27
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	Mar-20	Jun-20	Sep-20	Oct-20	Nov-20
Domestic debt (KSh Bn)	2,787.04	2,942.10	3,072.54	3,177.87	3,457.11	3,457.64	3,482.65
Public & Publicly Guaranteed External debt (USD \$ Bn)	29.55	30.66	30.69	33.01	33.77	34.05	34.27
Public & Publicly Guaranteed External debt (KSh Bn)	3,023.14	3,106.82	3,212.63	3,515.81	3,663.49	3,705.64	3,771.81
Public debt (KSh Bn)	5,810.18	6,048.93	6,285.18	6,693.68	7,120.60	7,163.29	7,254.46

Source: National Treasury and Central Bank of Kenya