



Central Bank of Kenya

Weekly Bulletin

November 12, 2021



RECENT MONETARY AND FINANCIAL DEVELOPMENTS

GDP Growth

The economy rebounded strongly in the first half of 2021, following normalization of economic activity supported by easing of COVID-19 restrictions. It grew by 5.3 percent compared to a contraction of 0.2 percent in a similar period last year. The strongest rebound was witnessed in the second quarter which grew by 10.1 percent compared to a contraction of 4.7 percent in a similar quarter last year, mainly supported by recovery in the services sectors, including education, information and communication, wholesale and retail trade, transport and storage, and financial and insurance (**Table 1**).

Exchange Rates

The Kenya Shilling remained stable against major international and regional currencies during the week ending November 11. It exchanged at KSh 111.77 per US dollar on November 11, compared to KSh 111.44 per US dollar on November 4 (**Table 2**).

Foreign Exchange Reserves

The usable foreign exchange reserves remained adequate at USD 9,094million (5.56 months of import cover) as at November 11. 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 3**).

Remittances

Remittance inflows totalled USD 337.4 million in October 2021 compared to USD 263.1 million in October 2020, a 28.2 percent increase (**Chart 1**). Inflows increased by 8.9 percent to 37.4 million in October compared to 309.8 million in September 2021. The cumulative inflows for the 12 months to October 2021 totalled USD 3,605 million compared to USD 3,006 million in the same period in 2020, a 19.9 percent increase. The United States remains the largest source of remittances into Kenya, accounting for 65.9 percent in October 2021.

Current Account

Provisional data on balance of payments shows that the current account deficit was 5.6 percent of GDP in the 12 months to September 2021 compared to 5.0 percent of GDP in the 12 months to September 2020 (**Chart 2**). The

higher deficit was attributed to higher import of goods and services, which more than offset increased receipts from agricultural exports and remittances.

Money Market

The money market was liquid during the week ending November 11, supported by government payments. 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 4.76 percent on November 11 compared to 4.74 percent on November 4. During the week, the average number of interbank deals per day increased to 24 from 16 the previous week, while the average value traded increased to KSh7.4 billion from KSh 5.1 billion in the previous week (**Table 4**).

Government Securities Market

The Treasury bill auction of November 11 received bids totaling KSh 16.6 billion against an advertised amount of KSh 24.0 billion, representing a performance of 69.3 percent. Interest rates on the 91-day and 182-day and 364-day Treasury bills remained stable (**Table 5**).

During the Treasury Bond Auction of November 10, the two re-opened five year and twenty year Treasury bonds issued received bids totalling KSh 84.2 billion against an advertised amount of KSh 50.0 billion, representing a performance rate of 168.3 percent (**Table 6**).

Equity Market

At the Nairobi Securities Exchange, NSE 25 share price index, total shares traded and equity turnover increased by 0.3 percent, 47.6 percent and 84.5 percent, respectively, during the week ending November 11. However, the NASI, NSE 20 share price index and market capitalization declined by 0.6 percent, 1.3 percent and 0.6 percent, respectively (**Table 7**).

Bonds Market

Bonds turnover in the domestic secondary market increased by 45.0 percent during the week ending November 11 (**Table 7**). In the international market, yields on Kenya's Eurobonds declined by an average of 13.1 basis points. The yields on the 10-year Eurobonds for Ghana and Angola also declined (**Chart 3**).

Global Trends

Global financial markets sentiment was cautious during the week ending November 11, following a higher-than-expected US inflation outcome in October. The CPI rose by 6.2 percent from a year ago, raising questions about the path of monetary policy in the future.

International oil price declined during the week ending November 11. Murban oil prices fell to USD 83.70 per barrel due to a strengthening US dollar, compared to USD 84.24 per barrel on November 3.

Table 1: Real GDP Growth (Percent)

	2020				2021		2020H1	2021H1
	Q1	Q2	Q3	Q4	Q1	Q2		
Agriculture	4.3	4.9	4.2	5.8	-0.1	-0.9	4.6	-0.5
2. Non-Agriculture (o/w)	4.4	-7.2	-3.4	0.3	1.0	13.3	-1.5	6.9
2.1 Industry	4.8	-0.3	3.5	7.8	4.4	8.5	2.3	6.4
Mining & Quarrying	6.4	4.4	7.0	9.2	16.4	17.7	5.4	17.1
Manufacturing	2.2	-4.7	-1.7	3.8	1.5	9.6	-1.2	5.4
Electricity & water supply	1.5	-4.7	0.2	3.5	2.0	5.2	-1.6	3.5
Construction	10.4	8.2	12.5	16.2	7.9	6.5	9.3	7.2
2.2 Services	4.2	-7.1	-4.7	-0.9	2.2	16.8	-1.5	9.2
Wholesale & Retail Trade	4.9	-4.2	-5.0	2.6	7.4	9.5	0.4	8.3
Accommodation & restaurant	-8.1	-56.8	-63.4	-62.2	-48.8	9.1	-31.6	-31.1
Transport & Storage	2.2	-16.8	-10.1	-6.1	-8.7	16.9	-7.4	2.9
Information & Communication	5.6	2.6	3.2	7.6	16.1	25.2	4.1	20.5
Financial & Insurance	7.5	4.4	3.0	7.4	9.4	9.9	5.9	9.7
Public administration	4.0	2.7	6.3	8.4	9.1	13.0	3.3	11.1
Professional, Administration & Support Services	0.3	-27.5	-19.7	-12.1	-14.4	17.6	-14.1	-0.4
Real estate	5.4	4.6	3.7	2.7	4.5	4.9	5.0	4.7
Education	1.8	-22.4	-17.4	-5.3	10.0	67.6	-10.2	34.6
Health	7.4	9.8	5.2	4.7	9.1	10.0	8.7	9.6
Other services	-1.5	-22.1	-12.9	-20.4	-16.1	20.2	-11.8	-0.1
FISIM	-2.9	0.5	-2.3	-2.9	0.3	-3.8	-1.2	-1.7
2.3 Taxes on products	5.1	-20.8	-8.5	-6.4	-14.5	0.5	-8.5	-7.7
Real GDP Growth	4.4	-4.7	-2.1	1.2	0.7	10.1	-0.2	5.3

Source: Kenya National Bureau of Statistics

Table 2: Kenya Shilling Exchange Rates (Indicative Mean Rates)

	USD	Sterling Pound	Euro	100 Japanese Yen	Uganda Shilling*	Tanzania Shilling*	Rwandese Franc*	Burundi Franc*
29-Oct-21	111.21	152.96	129.08	97.96	31.95	20.73	9.16	17.89
1-Nov-21	111.24	153.32	129.54	97.66	32.00	20.72	9.16	17.88
2-Nov-21	111.29	152.38	128.99	97.86	31.99	20.69	9.15	17.88
3-Nov-21	111.36	152.06	129.13	97.98	31.92	20.70	9.15	17.87
4-Nov-21	111.44	152.03	129.10	97.61	31.90	20.64	9.14	17.86
October 29-Nov 4	111.31	152.55	129.17	97.82	31.95	20.70	9.15	17.87
5-Nov-21	111.55	151.83	128.86	98.02	31.86	20.65	9.14	17.84
8-Nov-21	111.59	150.81	128.84	98.01	31.81	20.63	9.13	17.83
9-Nov-21	111.65	150.71	129.05	99.01	31.75	20.62	9.13	17.82
10-Nov-21	111.70	151.36	129.32	98.87	31.65	20.59	9.13	17.82
11-Nov-21	111.77	151.13	129.20	98.07	31.58	20.59	9.12	17.81
November 5-11	111.65	151.17	129.05	98.39	31.73	20.61	9.13	17.82

*Units of currency per Kenya Shilling

Source: Central Bank of Kenya

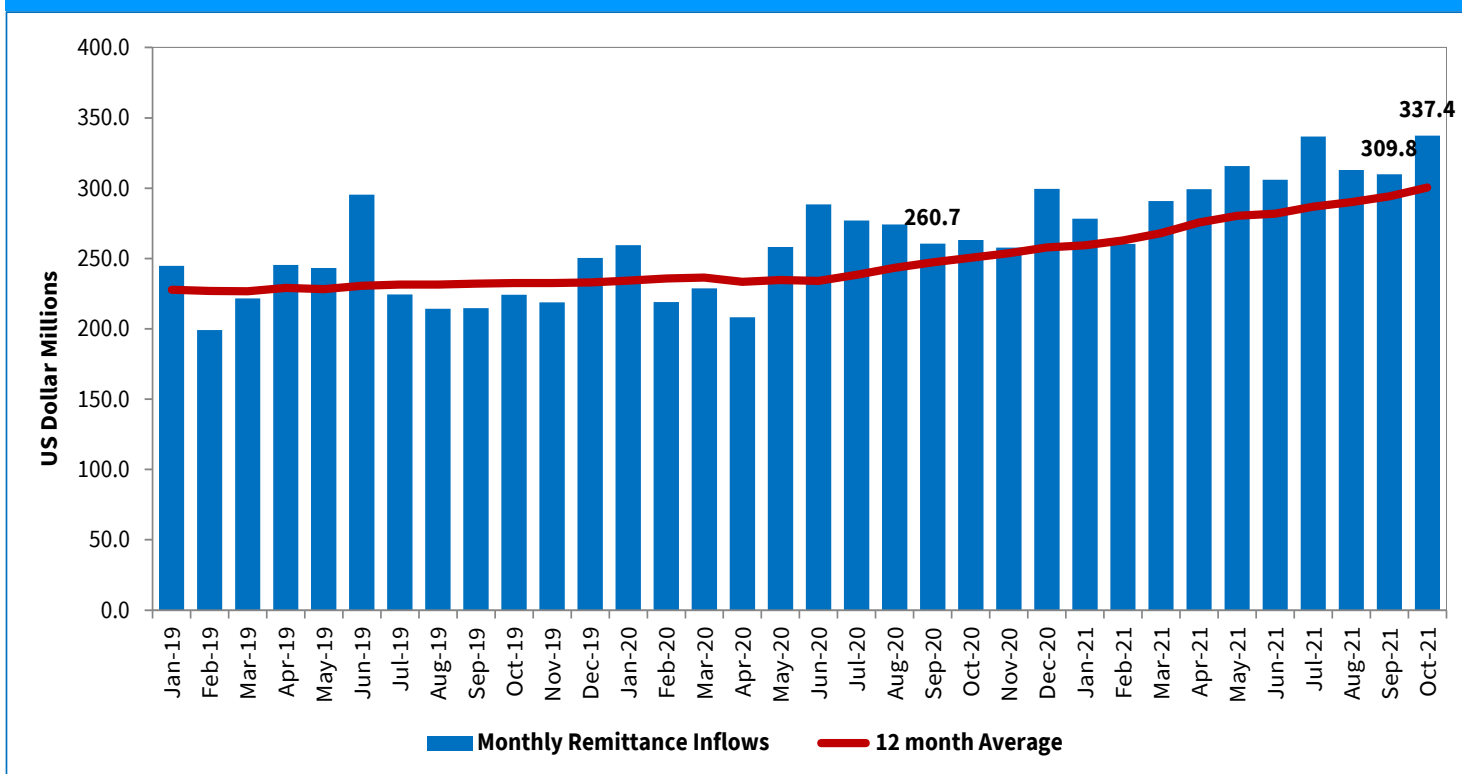
Table 3: Official Foreign Exchange Reserves (USD Million)

	14-Oct-21	21-Oct-21	28-Oct-21	4-Nov-21	11-Nov-21
1. CBK Usable Foreign Exchange Reserves (USD Million)*	9,261	9,228	9,175	9,068	9,094
2. CBK Usable Foreign Exchange Reserves (Months of Import Cover)**	5.66	5.64	5.61	5.54	5.56

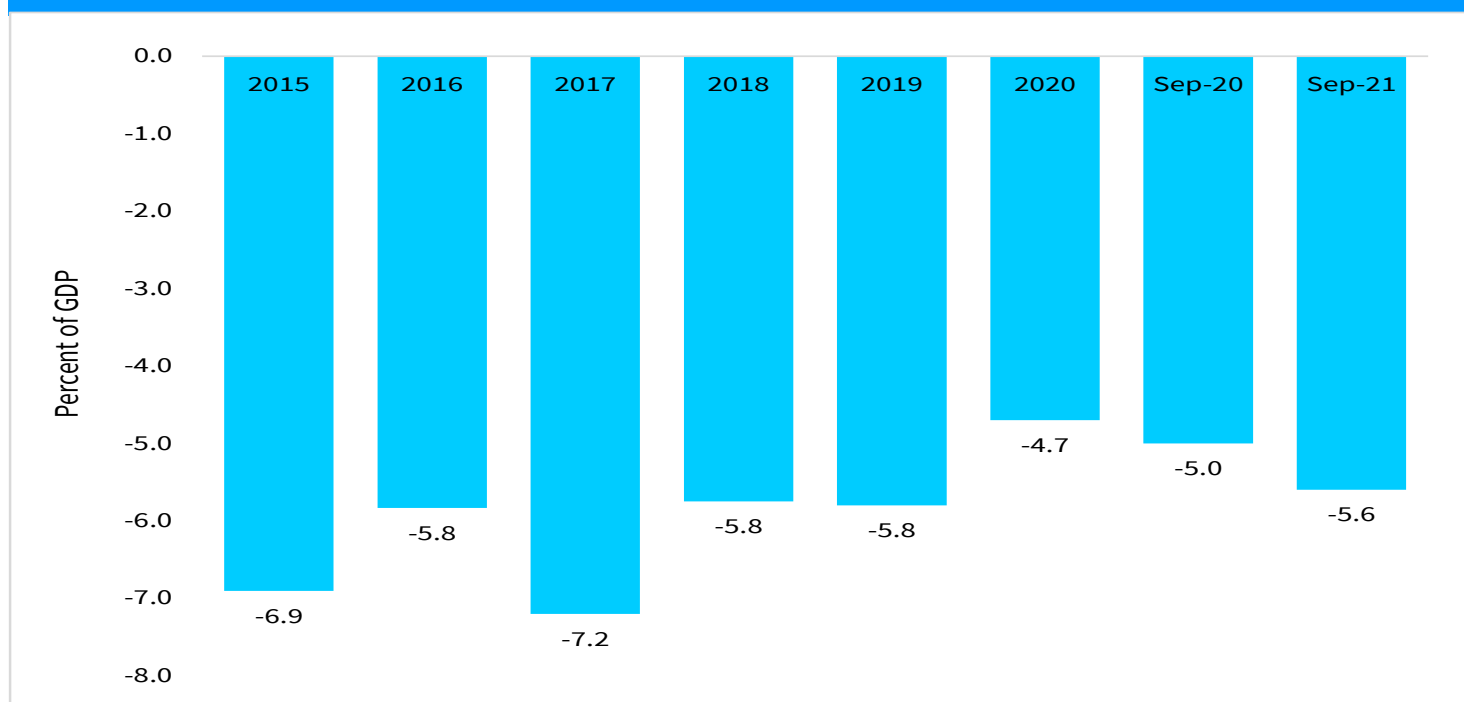
***Based on 36 months average of imports of goods and non-factor services*

Source: Central Bank of Kenya

Chart 1: Monthly Remittance Inflows



Source: Central Bank of Kenya

Chart 2: Current Account

Source: Central Bank of Kenya

Table 4: Money Markets

Date	Number of Deals	Value (KSh M)	Average Interbank Rate (%)
29-Oct-21	20	6,400.00	4.90
1-Nov-21	17	4,210.00	5.13
2-Nov-21	19	5,760.00	4.79
3-Nov-21	15	7,550.00	4.49
4-Nov-21	9	1,750.00	4.74
October 29-Nov 4	16	5,134.00	4.81
5-Nov-21	19	6,600.00	4.48
8-Nov-21	15	5,150.00	4.44
9-Nov-21	16	4,040.00	4.74
10-Nov-21	22	7,100.00	4.39
11-Nov-21	46	14,060.00	4.76
November 5-11	24	7,390.00	4.56

Source: Central Bank of Kenya

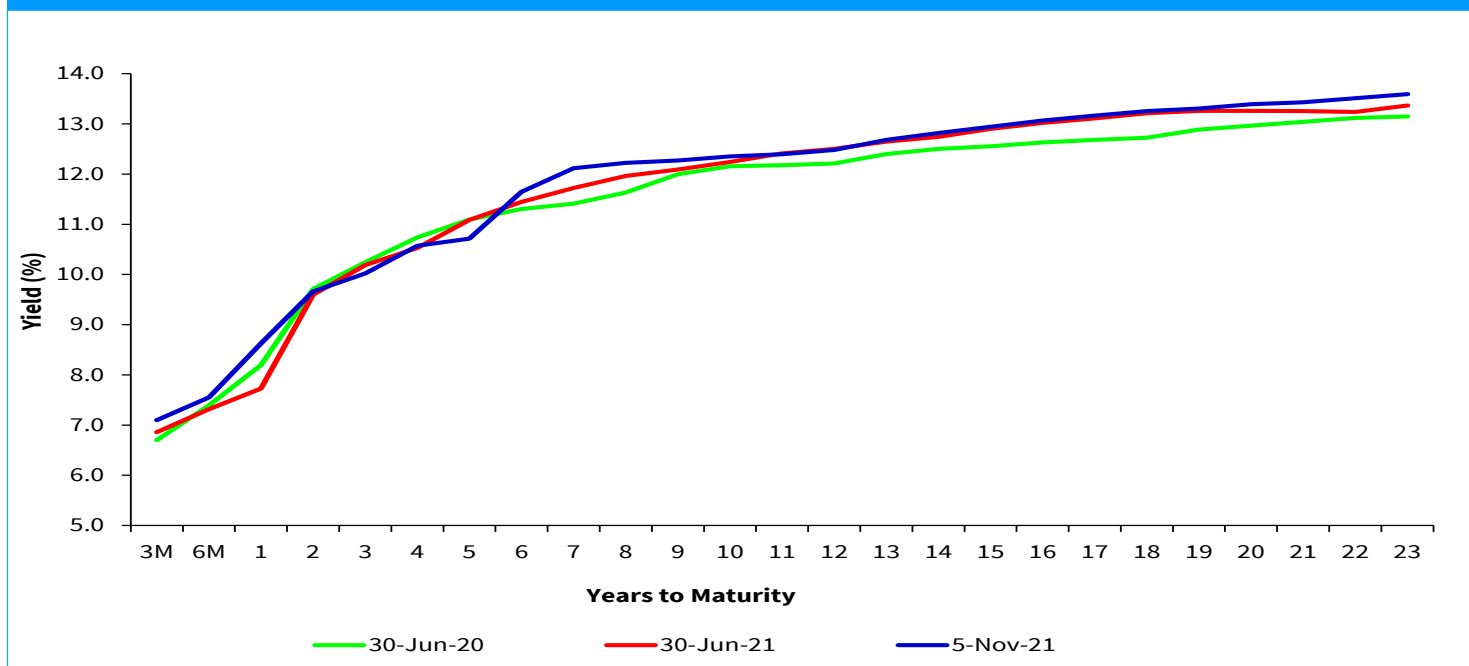
Table 5: Performance of Treasury Bills Auctions						
91-Day Treasury Bills						
Date of Auction	7-Oct-21	14-Oct-21	21-Oct-21	28-Oct-21	4-Nov-21	11-Nov-21
Amount Offered (KSh M)	4,000.00	4,000.00	4,000.00	4,000.00	4,000.00	4,000.00
Bids Received (KSh M)	3,422.23	3,015.78	6,520.29	2,638.83	3,435.77	3,990.32
Amount Accepted (KSh M)	3,422.23	3,015.68	6,520.29	2,117.68	3,435.67	3,990.32
Maturities (KSh M)	11,420.35	2,696.50	10,234.55	8,621.10	6,177.45	2,772.55
Average Interest Rate (%)	6.935	6.952	7.020	7.040	7.097	7.070
182-Day Treasury Bills						
Date of Auction	7-Oct-21	14-Oct-21	21-Oct-21	28-Oct-21	4-Nov-21	11-Nov-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)	3,961.63	9,007.05	6,532.62	7,416.10	8,794.84	5,201.79
Amount Accepted (KSh M)	3,961.63	8,044.21	4,609.24	5,169.24	8,794.84	5,201.79
Maturities (KSh M)	2,519.90	3,743.30	2,071.30	2,901.75	3,910.05	2,942.75
Average Interest Rate (%)	7.316	7.428	7.417	7.486	7.554	7.683
364-Day Treasury Bills						
Date of Auction	7-Oct-21	14-Oct-21	21-Oct-21	28-Oct-21	4-Nov-21	11-Nov-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)	2,438.75	5,815.22	4,762.89	5,790.32	19,244.13	7,433.54
Amount Accepted (KSh M)	2,392.50	5,815.13	4,724.45	2,628.17	19,243.22	7,330.05
Maturities (KSh M)	15,167.45	16,966.50	8,765.65	11,503.85	22,376.95	14,109.70
Average Interest Rate (%)	8.028	8.225	8.355	8.489	8.624	8.745

Source: Central Bank of Kenya

Table 6: Performance of Treasury Bond Auctions						
Date of Auction	8-Sep-21	6-Oct-21			10-Nov-21	
		REOPEN			REOPEN	
Tenor	IFB1/ 2021/21	FXD1/ 2013/15	FXD3/ 2019/15	FXD1/ 2021/25	FXD1/ 2021/5	FXD1/ 2019/20
Amount offered (KSh M)	75,000.00	60,000.00			50,000.00	
Bids received (KSh M)	151,256.13	23,414.98	3,390.35	28,669.87	66,603.14	17,567.66
Amount Accepted (KSh M)	106,752.53	22,876.63	3,267.29	25,904.96	53,661.88	15,845.49
Maturities (KSh M)	0.00	0.00			0.00	
Average interest Rate (%)	12.74	11.88	12.85	13.82	11.28	13.41

Source: Central Bank of Kenya

Chart 3: Government Securities Yield Curve



Source: Nairobi Securities Exchange (NSE)

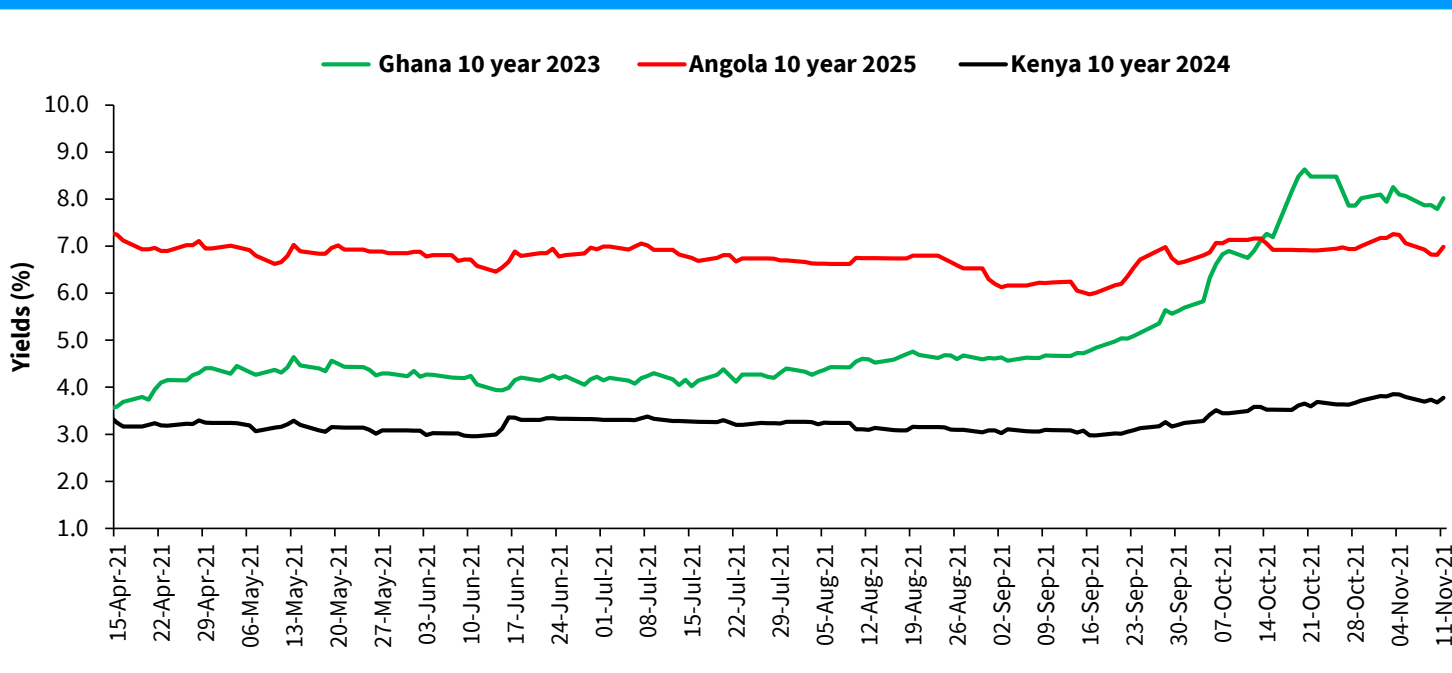
Table 7: Key Weekly Market Indicators

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
29-Oct-21	177.96	3851.67	1961.33	988.00	8.32	244.15	2,777.07	3,002.78	5.502	3.718	5.745	6.740	6.607	7.864
1-Nov-21	175.83	3823.47	1972.02	1,367.00	16.99	257.99	2,743.80	2,515.80	5.510	3.811	5.813	6.791	6.655	7.908
2-Nov-21	174.85	3806.15	1958.66	1,514.00	14.62	483.74	2,728.40	1,480.20	5.524	3.808	5.812	6.740	6.592	7.908
3-Nov-21	175.04	3819.69	1968.60	1,042.00	12.30	417.67	2,731.50	2,741.95	5.539	3.853	5.835	6.774	6.608	7.919
4-Nov-21	173.40	3791.12	1956.28	1,027.00	11.43	397.61	2,705.83	2,963.50	5.449	3.844	5.787	6.756	6.520	7.918
October 29- Nov 4	173.40	3791.12	1956.28	5,938.00	63.65	1,801.17	2,705.83	12,704.23	5.449	3.844	5.787	6.756	6.520	7.918
5-Nov-21	170.94	3757.80	1948.87	1,098.00	7.77	284.45	2,667.32	3,460.00	5.370	3.793	5.673	6.654	6.483	7.853
8-Nov-21	170.41	3749.82	1935.91	1,362.00	6.76	154.48	2,659.09	3,061.65	5.339	3.694	5.581	6.586	6.421	7.755
9-Nov-21	171.03	3775.33	1934.83	1,370.00	30.23	974.72	2,668.74	3,102.75	5.326	3.736	5.557	6.552	6.390	7.723
10-Nov-21	172.48	3804.97	1933.28	1,169.00	19.90	727.29	2,691.46	2,601.85	5.336	3.679	5.510	6.534	6.390	7.723
11-Nov-21	172.42	3803.30	1931.01	1,823.00	29.28	1,182.06	2,690.51	6,190.70	5.380	3.776	5.578	6.585	6.405	7.766
November 5-11	172.42	3803.30	1931.01	6,822.00	93.94	3,323.01	2,690.51	18,416.95	5.380	3.776	5.578	6.585	6.405	7.766
Weekly Changes (%)	-0.57	0.32	-1.29	14.89	47.60	84.49	-0.57	44.97	-0.069*	-0.068*	-0.209*	-0.171*	-0.115*	-0.152*

* Percentage points

Source: Nairobi Securities Exchange (NSE) and Thomson Reuters

Chart 4: Yields on 10 year Eurobonds for Selected Countries



Source: Thomson Reuters

Table 8: Government Domestic Debt (KSh Billion)

	30-Sep-20	31-Dec-20	31-Mar-21	30-Jun-21	24-Sep-21	29-Oct-21	05-Nov-21
1. Treasury Bills (Excluding Repos)	894.73	855.71	761.90	765.37	763.00	734.65	726.28
<i>(As % of total securities)</i>	26.50	25.04	21.79	21.17	19.77	18.96	18.79
2. Treasury Bonds	2,482.24	2,561.33	2,734.47	2,849.94	3,096.84	3,139.42	3,139.42
<i>(As % of total securities)</i>	73.50	74.96	78.21	78.83	80.23	81.04	81.21
3. Total Securities (1+2)	3,376.98	3,417.05	3,496.37	3,615.31	3,859.84	3,874.07	3,865.70
4. Overdraft at Central Bank	56.21	47.60	49.28	59.28	55.26	62.35	67.20
5. Other Domestic debt*	23.92	23.90	24.19	22.50	23.91	22.39	22.37
6. Gross Domestic Debt (3+4+5)	3,457.11	3,488.54	3,569.84	3,697.09	3,939.01	3,958.81	3,955.26

* Other domestic debt includes clearing items in transit, advances from commercial banks and Pre-1997 Government Overdraft.

Source: Central Bank of Kenya

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

	30-Sep-20	31-Dec-20	31-Mar-21	30-Jun-21	24-Sep-21	29-Oct-21	5-Nov-21
Treasury bills (Excluding Repos)	25.88	24.53	21.34	20.70	19.37	18.56	18.36
Treasury bonds	71.80	73.42	76.60	77.09	78.62	79.30	79.37
Overdraft at Central Bank	1.63	1.36	1.38	1.60	1.40	1.57	1.70
Other domestic debt	0.69	0.69	0.68	0.61	0.61	0.57	0.57
TOTAL	100.00	100.00	100.00	100.00	100.00	100.00	100.00

Source: Central Bank of Kenya

Table 10: Composition of Government Domestic Debt by Holder (Percent)

	30-Sep-20	31-Dec-20	31-Mar-21	30-Jun-21	24-Sep-21	29-Oct-21	5-Nov-21
Banking Institutions	54.55	52.83	51.75	51.24	50.83	50.34	50.27
Insurance Companies	6.16	6.44	6.57	6.66	6.60	6.68	6.69
Parastatals	5.47	5.69	5.62	5.54	5.38	5.38	5.37
Pension Funds	28.53	30.32	30.46	30.60	31.24	31.44	31.52
Other Investors	5.30	4.73	5.59	5.96	5.95	6.15	6.14
Total	100.00	100.00	100.00	100.00	100.00	100.00	100.00

Source: Central Bank of Kenya

Table 11: 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	3,778.13	3,799.02	4,015.30
Public debt (KSh Bn)	6,692.78	7,120.60	7,281.83	7,339.71	7,411.05	7,485.91	7,712.39

Source: National Treasury and Central Bank of Kenya