



Central Bank of Kenya

Weekly Bulletin

September 24, 2021



RECENT MONETARY AND FINANCIAL DEVELOPMENTS

Exchange Rates

The Kenya Shilling remained stable against major international and regional currencies during the week ending September 23. It exchanged at KSh 110.39 per US dollar on September 23, compared to KSh 110.03 per US dollar on September 16 (**Table 1**).

Foreign Exchange Reserves

The usable foreign exchange reserves remained adequate at USD 9,521 million (5.82 months of import cover) as at September 23. 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**).

Current Account

Provisional data on balance of payments shows that the current account deficit was 5.5 percent of GDP in the 12 months to July 2021 compared to 5.0 percent of GDP in the 12 months to July 2020 (**Chart 1**). The wider deficit was due to lower service receipts as well as improvement in imports, which more than offset increased receipts from agricultural exports and remittances.

Money Market

Liquidity in the money market was relatively tight during the week ending September 23, mainly due to higher government receipts compared to payments. Commercial banks' excess reserves stood at KSh 4.0 billion in relation to the 4.25 percent cash reserves requirement (CRR). Open market operations remained active. The average interbank rate was 6.27 percent on September 23 compared to 4.19 percent on September 16. During the week, the average number of interbank deals per day declined to 29 from 31 in the previous week, while the average value traded decreased to KSh 16.3 billion from KSh 18.2 billion in the previous week (**Table 3**).

Government Securities Market

The Treasury bills auction of September 23 received bids totalling KSh 10.2 billion against an advertised amount of KSh 24.0 billion, representing a performance of 42.3 percent. Interest rates on the Treasury bills remained stable (**Table 4**).

Equity Market

At the Nairobi Securities Exchange, the NASI, NSE 25 and NSE 20 share price indices, declined by 1.2 percent, 1.0 percent, 0.3 percent, respectively. Market capitalisation and total shares traded also declined by 1.2 percent and 0.2 percent, respectively. However, equity turnover increased by 31.5 percent during the week ending September 23 (**Table 6**).

Bonds Market

Turnover of bonds in the domestic secondary market increased by 21.6 percent during the week ending September 23 (**Table 6**). In the international market, yields on Kenya's Eurobonds increased by an average of 18.7 basis points. Yields on the 10-year Eurobonds for Angola and Ghana also increased (**Chart 3**).

Global Trends

Global financial markets sentiment improved during the week ending September 23, as investors favorably reacted to the Fed's new stimulus guidance, amidst waning concerns over a possible debt default by a Chinese property developer, Evergrande. The Bank of England also kept rates constant.

International oil price increased during the week ending September 23, following a drop in U.S crude oil inventories and increased demand due to optimism about economic outlook. Murban oil price increased to USD 75.01 per barrel on September 23 from USD 74.01 per barrel on September 16.

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

	USD	Sterling Pound	Euro	100 Japanese Yen	Uganda Shilling*	Tanzania Shilling*	Rwandese Franc*	Burundi Franc*
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
September 10-16	109.91	152.08	129.89	100.14	32.15	21.10	9.20	18.07
17-Sep-21	110.09	152.27	129.67	100.20	32.06	21.06	9.22	18.04
20-Sep-21	110.17	151.95	129.77	100.17	32.07	21.05	9.21	18.03
21-Sep-21	110.20	151.12	129.37	100.59	32.12	21.04	9.21	18.03
22-Sep-21	110.28	150.86	129.44	100.69	32.10	21.03	9.21	18.02
23-Sep-21	110.39	150.68	129.49	100.79	32.05	20.98	9.20	18.00
September 17-23	110.22	151.38	129.55	100.49	32.08	21.03	9.21	18.02

*Units of currency per Kenya Shilling

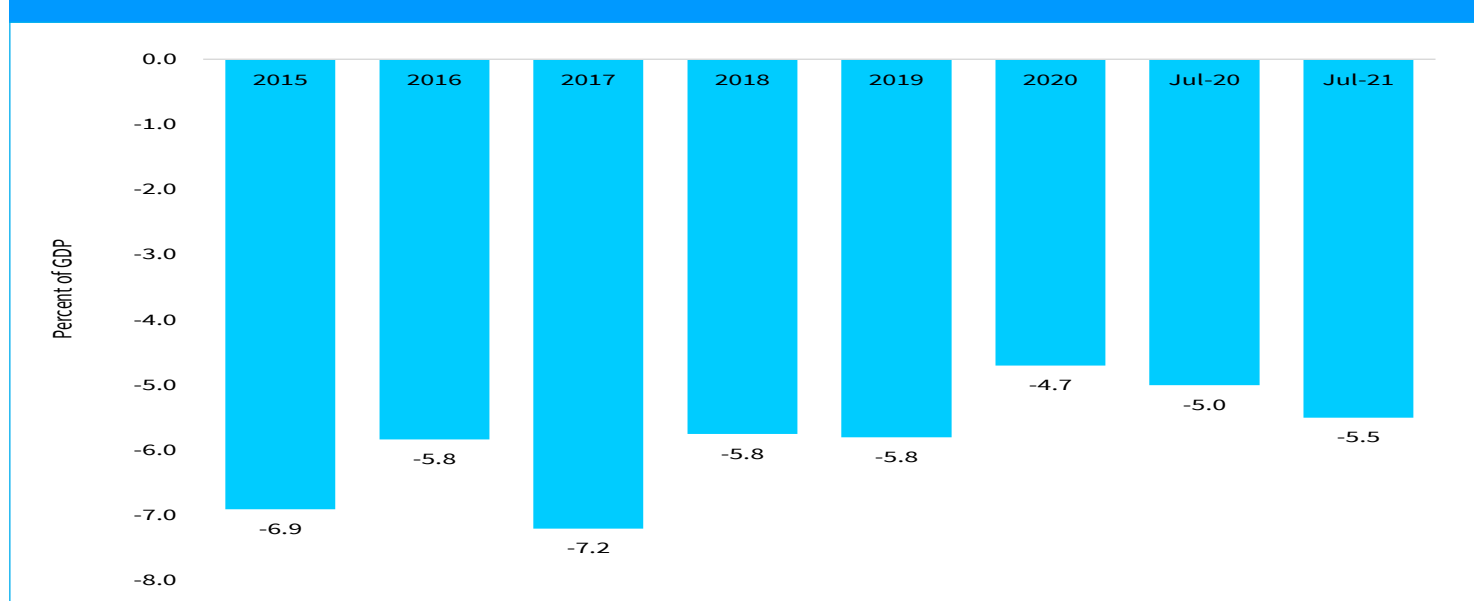
Source: Central Bank of Kenya

Table 2: Official Foreign Exchange Reserves (USD Million)

	26-Aug-21	2-Sep-21	9-Sep-21	16-Sep-21	23-Sep-21
1. CBK Usable Foreign Exchange Reserves (USD Million)*	8,986	8,883	9,629	9,619	9,521
2. CBK Usable Foreign Exchange Reserves (Months of Import Cover)**	5.49	5.43	5.89	5.88	5.82

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

Source: Central Bank of Kenya

Chart 1: Current Account

Source: Central Bank of Kenya

Table 3: Money Markets

Date	Number of Deals	Value (KSh M)	Average Interbank Rate (%)
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	3.94
16-Sep-21	19	11,290.00	4.19
September 10-16	31	18,186.00	3.85
17-Sep-21	22	14,170.00	5.47
20-Sep-21	26	14,630.00	6.02
21-Sep-21	37	30,170.00	5.86
22-Sep-21	36	14,015.00	6.05
23-Sep-21	23	8,750.00	6.27
September 17-23	29	16,347.00	5.93

Source: Central Bank of Kenya

Table 4: Performance of Treasury Bills Auctions

91-Day Treasury Bills						
Date of Auction	19-Aug-21	26-Aug-21	2-Sep-21	9-Sep-21	16-Sep-21	23-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)	12,145.57	1,766.44	4,031.46	6,901.38	3,351.69	4,793.79
Amount Accepted (KSh M)	12,145.23	1,764.98	4,028.51	6,901.38	3,351.59	4,787.65
Maturities (KSh M)	4,706.70	2,441.50	1,364.30	6,937.15	4,563.45	2,030.15
Average Interest Rate (%)	6.599	6.741	6.774	6.781	6.870	6.896
182-Day Treasury Bills						
Date of Auction	19-Aug-21	26-Aug-21	2-Sep-21	9-Sep-21	16-Sep-21	23-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)	15,233.45	2,023.03	9,948.96	7,702.52	6,795.95	4,670.80
Amount Accepted (KSh M)	15,233.45	2,021.10	9,948.87	7,701.07	6,792.11	4,670.80
Maturities (KSh M)	11,090.40	7,616.80	7,064.60	6,299.50	6,362.50	3,171.05
Average Interest Rate (%)	7.104	7.195	7.226	7.253	7.250	7.282
364-Day Treasury Bills						
Date of Auction	19-Aug-21	26-Aug-21	2-Sep-21	9-Sep-21	16-Sep-21	23-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)	999.59	4,964.01	9,894.53	2,831.23	2,950.02	695.06
Amount Accepted (KSh M)	999.59	4,037.62	9,894.44	2,831.14	2,950.02	694.87
Maturities (KSh M)	6,648.85	1,963.35	6,442.70	4,251.85	9,481.25	4,763.40
Average Interest Rate (%)	7.420	7.492	7.517	7.777	7.845	7.890

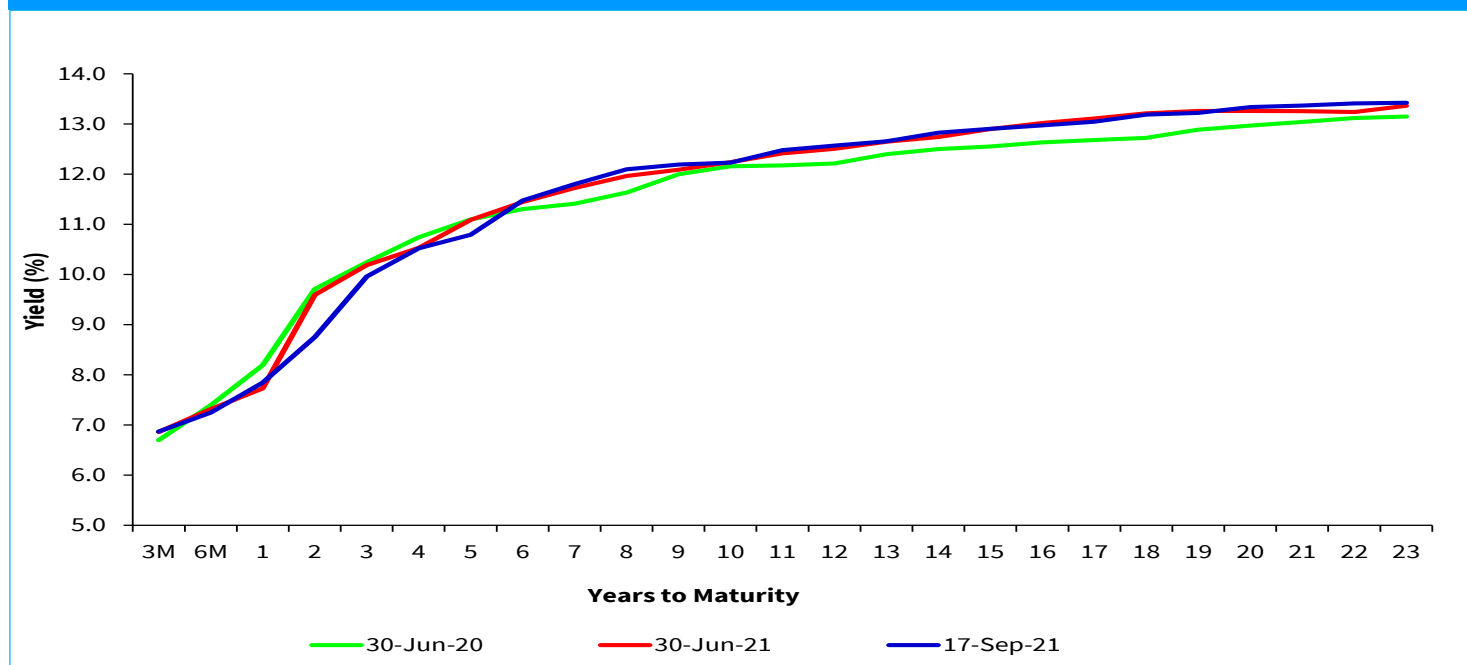
Source: Central Bank of Kenya

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)

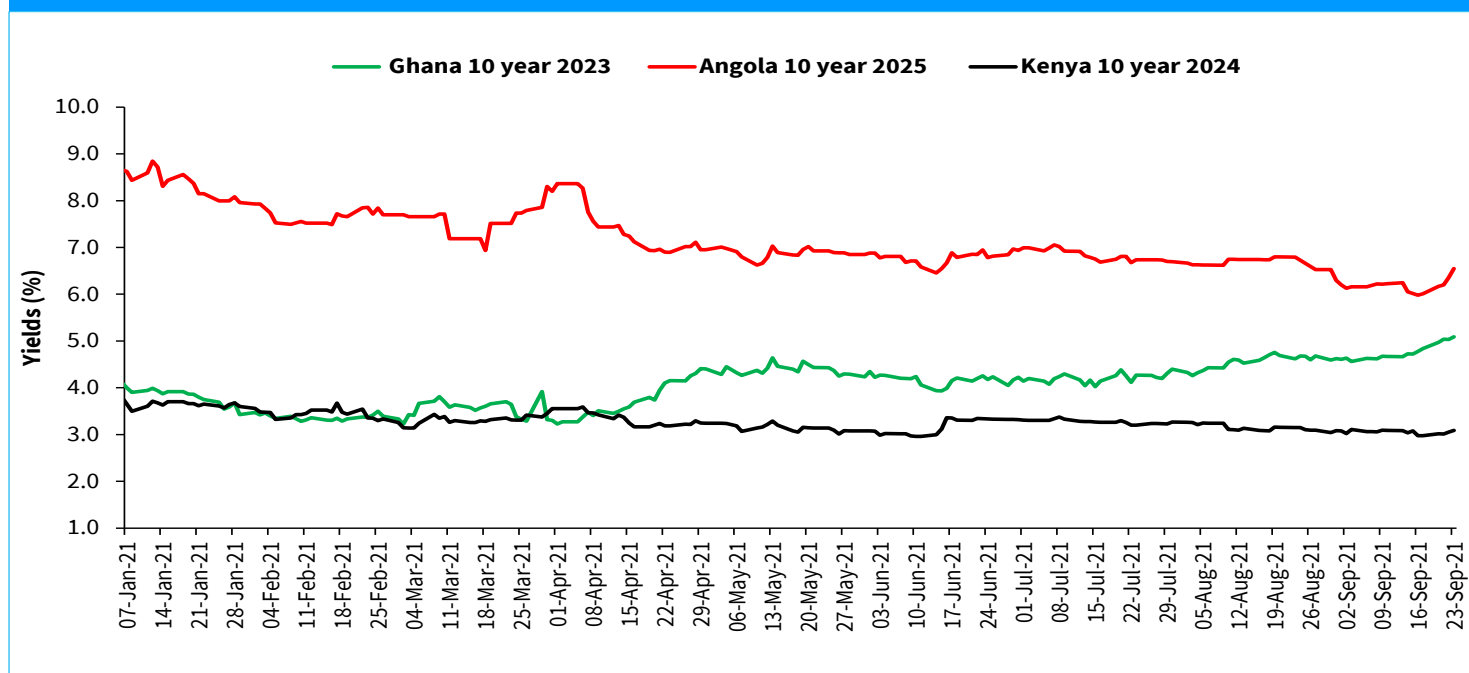
Table 6: Key Weekly Market Indicators

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
10-Sep-21	180.14	3948.99	2063.44	1,153.00	11.25	399.01	2,807.19	2,968.10	4.706	3.088	5.027	6.159	6.103	7.216
13-Sep-21	180.30	3963.37	2061.36	1,208.00	15.65	615.87	2,809.71	1,952.20	4.729	3.085	5.047	6.175	6.103	7.226
14-Sep-21	180.23	3960.07	2059.33	1,316.00	17.69	545.42	2,808.56	14,954.45	4.737	3.037	5.046	6.158	6.103	7.216
15-Sep-21	179.81	3949.56	2046.58	1,677.00	12.41	382.63	2,801.95	7,977.00	4.728	3.078	5.046	6.158	6.103	7.216
16-Sep-21	180.52	3965.48	2051.80	1,157.00	16.79	512.38	2,813.11	6,085.85	4.762	2.978	5.043	6.173	6.117	7.226
September 10 - 16	180.52	3965.48	2051.80	6511.00	73.79	2455.32	2813.11	33937.60	4.762	2.978	5.043	6.173	6.117	7.226
17-Sep-21	182.75	4015.08	2061.45	1,008.00	12.26	384.80	2,847.93	8,588.55	4.788	2.975	5.064	6.205	6.147	7.235
20-Sep-21	181.64	3994.19	2056.99	1,222.00	5.89	183.67	2,830.66	6,666.35	4.864	3.016	5.171	6.301	6.252	7.284
21-Sep-21	178.20	3034.00	2039.21	1,306.00	16.99	1,082.79	2,776.87	7,802.00	4.853	3.012	5.149	6.301	6.237	7.294
22-Sep-21	178.20	3930.20	2043.06	1,139.00	20.95	799.23	2,776.95	8,323.50	4.893	3.054	5.213	6.333	6.313	7.334
23-Sep-21	178.33	3926.62	2046.17	1,062.00	17.58	777.23	2,778.98	9,880.96	4.950	3.088	5.276	6.382	6.373	7.353
September 17 - 23	178.33	3926.62	2046.17	5737.00	73.67	3227.72	2778.98	41261.36	4.95	3.09	5.28	6.38	6.37	7.35
Weekly Changes (%)	-1.21	-0.98	-0.27	-11.89	-0.16	31.46	-1.21	21.58	0.188*	0.110*	0.233*	0.209*	0.256*	0.127*

* 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)

	30-Sep-20	31-Dec-20	31-Mar-21	30-Jun-21	27-Aug-21	10-Sep-21	17-Sep-21
1. Treasury Bills (Excluding Repos)	894.73	855.71	761.90	765.37	763.00	769.26	769.80
<i>(As % of total securities)</i>	26.50	25.04	21.79	21.17	20.14	20.27	19.73
2. Treasury Bonds	2,482.24	2,561.33	2,734.47	2,849.94	3,025.01	3,025.01	3,131.76
<i>(As % of total securities)</i>	73.50	74.96	78.21	78.83	79.86	79.73	80.27
3. Total Securities (1+2)	3,376.98	3,417.05	3,496.37	3,615.31	3,788.02	3,794.27	3,901.56
4. Overdraft at Central Bank	56.21	47.60	49.28	59.28	52.54	47.85	52.97
5. Other Domestic debt*	23.92	23.90	24.19	22.50	23.67	23.93	23.91
6. Gross Domestic Debt (3+4+5)	3,457.11	3,488.54	3,569.84	3,697.09	3,864.23	3,866.06	3,978.44

* 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)

	30-Sep-20	31-Dec-20	31-Mar-21	30-Jun-21	27-Aug-21	10-Sep-21	17-Sep-21
Treasury bills (Excluding Repos)	25.88	24.53	21.34	20.70	19.75	19.90	19.35
Treasury bonds	71.80	73.42	76.60	77.09	78.28	78.25	78.72
Overdraft at Central Bank	1.63	1.36	1.38	1.60	1.36	1.24	1.33
Other domestic debt	0.69	0.69	0.68	0.61	0.61	0.62	0.60
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-Sep-20	31-Dec-20	31-Mar-21	30-Jun-21	27-Aug-21	10-Sep-21	17-Sep-21
Banking Institutions	54.55	52.83	51.75	51.24	50.58	50.55	50.76
Insurance Companies	6.16	6.44	6.57	6.66	6.69	6.68	6.60
Parastatals	5.47	5.69	5.62	5.54	5.51	5.45	5.27
Pension Funds	28.53	30.32	30.46	30.60	31.09	31.21	31.17
Other Investors	5.30	4.73	5.59	5.96	6.14	6.11	6.19
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-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)	6,692.78	7,120.60	7,281.83	7,339.71	7,421.85	7,485.91	7,712.39

Source: National Treasury and Central Bank of Kenya