



Central Bank of Kenya

Weekly Bulletin

January 24, 2020

KEY MONETARY AND FINANCIAL INDICATORS

Exchange Rate

The Kenya Shilling strengthened against major international and regional currencies during the week ending January 23, partly due to inflows targeting Treasury bonds auctions. It exchanged at KSh 100.87 per US Dollar on January 23, compared to KSh 101.38 on January 16 (Table 1).

Foreign Exchange Reserves

The CBK usable foreign exchange reserves remained adequate at USD 8,500 million (5.20 months of import cover) as at January 23. 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).

Current Account Balance

Preliminary data shows that the current account deficit narrowed to 4.6 percent of GDP in 2019 from 5.0 percent of GDP in 2018. This improvement reflects a narrower trade balance due to slower growth in imports, resilient diaspora remittances and strong service export receipts (Chart 1).

Money Market

The money market remained liquid during the week ending January 23, supported mainly by government payments, which partly offset tax remittances. Open market operations remained active. Commercial banks' excess reserves stood at KSh 28.2 billion in relation to the 5.25 percent cash reserves requirement (CRR). The average interbank rate increased marginally to 3.86 percent on January 23 compared to 3.80 percent on January 16. The average number of interbank deals per day decreased to 21 from 25 in the previous week while the value traded decreased to KSh 12.7 billion from KSh 13.7 billion in the previous week (Table 3).

Government Securities Market

The Treasury bills auctions of January 23 received bids totalling KSh 35.0 billion against an advertised amount of KSh 24.0 billion, representing a performance of 145.9 percent. Interest rates on the 91-day, 182-day and 364-day

Treasury bills remained stable, compared to the previous week (Table 4).

The 5-year and 10-year Treasury bonds offered at the January 22 auction received bids totalling KSh 69.9 billion against an advertised amount of KSh 50.0 billion, representing a performance of 139.9 percent (Table 5). The average interest rate of the 10-year bond declined while that of the 5-year edged up compared to the rates of the original issuance dated February 22, 2019.

Equity Market

Total deals in equities transacted at the NSE increased by 2.9 percent during the week ending January 23. However, the NASI, NSE 25 and NSE 20 share price indices decreased by 1.0 percent, 0.6 percent and 1.0 percent, respectively. Similarly, total equity turnover and market capitalization declined by 25.7 percent and 1.0 percent, respectively (Table 6).

Bond Market

Turnover of bonds traded in the domestic secondary market declined by 21.3 percent during the week ending January 23 (Table 6). In the international market, yields on Kenya's 7-year (2027), 10-year (2024), 10-year (2028), 12-year (2032) and 30-year (2048) Eurobonds increased by 20.4, 6.10, 10.50, 7.40 and 3.40 basis points, respectively. The yields on the 10-year Eurobonds for Ghana and Angola also increased (Chart 3).

Global Trends

Global financial markets sentiments remained fragile during the week ending January 23, reflecting threats of US imposing tariffs on European Union commodities and jitters from the outbreak of Coronavirus in China. In addition, the IMF revised the projected global growth for 2020 down to 3.3 percent from the October 2019 projection of 3.4 percent.

International oil prices declined further during the week on account of weak global demand. Murban oil price declined to USD 64.53 per barrel on January 23 from USD 66.17 per barrel on January 16.

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

	USD	Sterling Pound	Euro	100 Japanese Yen	USHS*	TSHS*	RWF*	BIF*
10-Jan-20	101.59	132.52	112.90	92.72	36.20	22.66	9.34	18.51
13-Jan-20	101.34	132.62	112.57	92.49	36.26	22.72	9.36	18.55
14-Jan-20	101.49	131.81	112.91	92.38	36.16	22.69	9.35	18.54
15-Jan-20	101.39	131.61	112.68	92.11	36.20	22.73	9.36	18.56
16-Jan-20	101.38	131.84	112.97	92.26	36.45	22.76	9.36	18.56
Jan 10-16	101.44	132.08	112.81	92.39	36.25	22.71	9.35	18.54
17-Jan-20	100.97	131.88	112.69	91.63	36.40	22.83	9.40	18.63
20-Jan-20	100.95	131.76	112.09	91.62	36.41	22.81	9.40	18.64
21-Jan-20	101.10	131.44	112.02	91.75	36.33	22.81	9.39	18.61
22-Jan-20	101.03	132.02	112.22	91.81	36.40	22.83	9.40	18.63
23-Jan-20	100.87	132.37	111.83	92.05	36.46	22.87	9.41	18.65
Jan 17-23	100.98	131.89	112.17	91.77	36.40	22.83	9.40	18.63

* Units of currency per Kenya Shilling

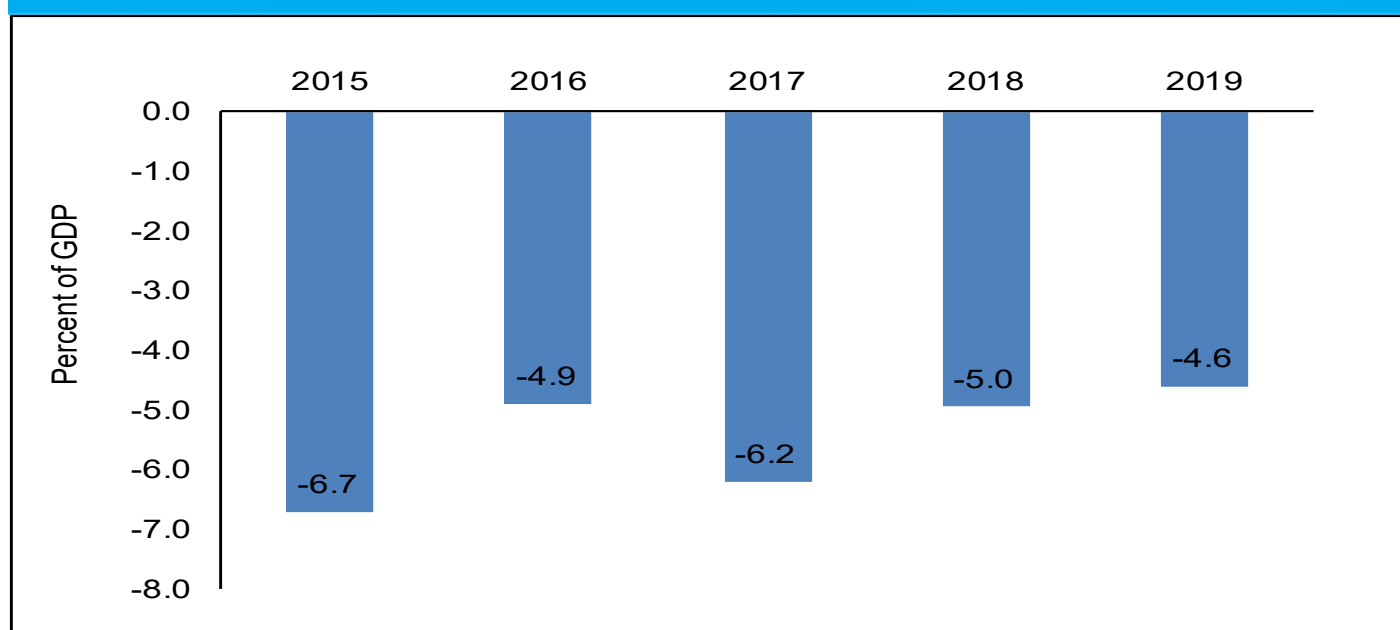
Source: Central Bank of Kenya

Table 2: Official Usable Foreign Exchange Reserves

	19-Dec-19	24-Dec-19	02-Jan-20	09-Jan-20	16-Jan-20	23-Jan-20
1. CBK Usable Foreign Exchange Reserves (USD Million)	8,898	8,848	8,758	8,543	8,496	8,500
2. CBK Usable Foreign Exchange Reserves (Months of Import Cover)*	5.47	5.44	5.39	5.26	5.20	5.20

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

Source: Central Bank of Kenya

Chart 1 : Current Account Balance

Source: Central Bank of Kenya

Table 3: Money Market

Date	Number of Deals	Value (KSh M)	Average Interbank Rate (%)
10-Jan-20	37	23,425.00	4.36
13-Jan-20	37	18,350.00	4.18
14-Jan-20	18	8,100.00	3.54
15-Jan-20	15	8,400.00	3.69
16-Jan-20	17	10,300.00	3.80
January 10-16, 2020	25	13,715.00	3.91
17-Jan-20	17	10,850.00	3.79
20-Jan-20	19	9,200.00	3.79
21-Jan-20	20	12,800.00	3.87
22-Jan-20	21	12,650.00	3.84
23-Jan-20	26	18,050.00	3.86
January 17-23, 2020	21	12,710.00	3.83

Source :Central Bank of Kenya

Table 4: Treasury Bills Auctions**91-Day Treasury Bills**

Date of Auction	24-Dec-19	02-Jan-20	09-Jan-20	16-Jan-20	23-Jan-20
Amount offered (Ksh M)	4,000.00	4,000.00	4,000.00	4,000.00	4,000.00
Bids received (Ksh M)	346.43	2,711.04	629.50	5,010.12	4,313.17
Amount Accepted (Ksh M)	346.43	2,676.60	626.41	5,008.55	3,329.47
Maturities (Ksh M)	3,345.20	2,416.15	5,458.60	4,452.80	545.90
Average interest Rate (%)	7.200	7.200	7.200	7.232	7.279

182-Day Treasury Bills

Amount offered (Ksh M)	10,000.00	10,000.00	10,000.00	10,000.00	10,000.00
Bids received (Ksh M)	282.08	1,064.60	2,399.92	6,355.93	8,978.98
Amount Accepted (Ksh M)	282.08	1,064.60	2,219.78	6,355.93	5,136.86
Maturities (Ksh M)	3,647.65	4,980.05	11,517.10	7,193.20	2,816.00
Average interest Rate (%)	8.150	8.147	8.142	8.167	8.212

364-Day Treasury Bills

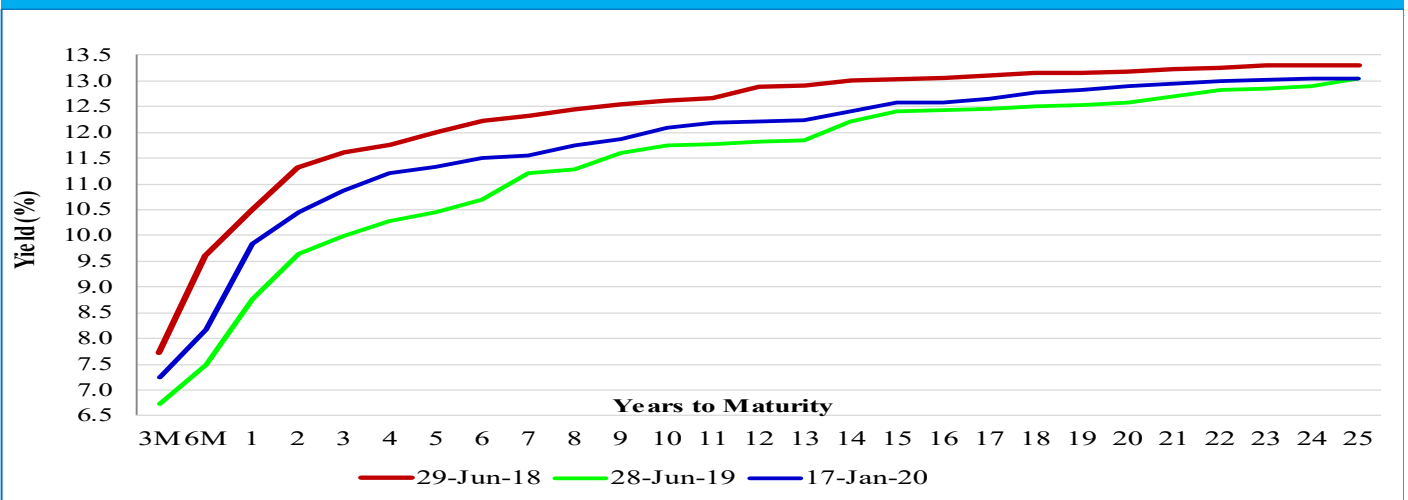
Amount offered (Ksh M)	10,000.00	10,000.00	10,000.00	10,000.00	10,000.00
Bids received (Ksh M)	3,453.15	14,963.90	39,770.71	16,985.45	21,713.45
Amount Accepted (Ksh M)	3,453.15	8,550.87	36,830.41	11,337.09	18,477.77
Maturities (Ksh M)	8,060.45	13,010.90	26,085.30	10,392.15	20,247.70
Average interest Rate (%)	9.815	9.828	9.833	9.842	9.859

Source: Central Bank of Kenya

Table 5: Treasury Bonds Auctions

Date of Auction	23-Oct-19	20-Nov-19	27-Nov-19	11-Dec-19	19-Dec-19	22-Jan-19		
			TAP		TAP		REOPEN	
Tenor	IFB1/2019/16	FXD 4/2019/10	FXD4/2019/10	FXD 3/2019/5	FXD3/2019/5	FXD1/2019/5	FXD1/2019/10	
Amount offered (Ksh M)	60,000.00	50,000.00	21,650.00	25,000.00	9,720.00	50,000.00		
Bids received (Ksh M)	86,946.69	38,372.61	8,115.45	28,468.51	9,750.51	69,941.73		
Amount Accepted (Ksh M)	68,466.07	28,351.81	8,112.45	18,740.55	9,750.51	44,488.60	19,259.58	
Maturities (Ksh M)	0.00	0.00	0.00	0.00	0.00	0.00		
Average interest Rate (%)	12.39	12.28	12.28	11.49	11.49	11.50	12.43	

Source: Central Bank of Kenya

Chart 2: Government Securities Yield Curve

Source: Nairobi Securities Exchange (NSE)

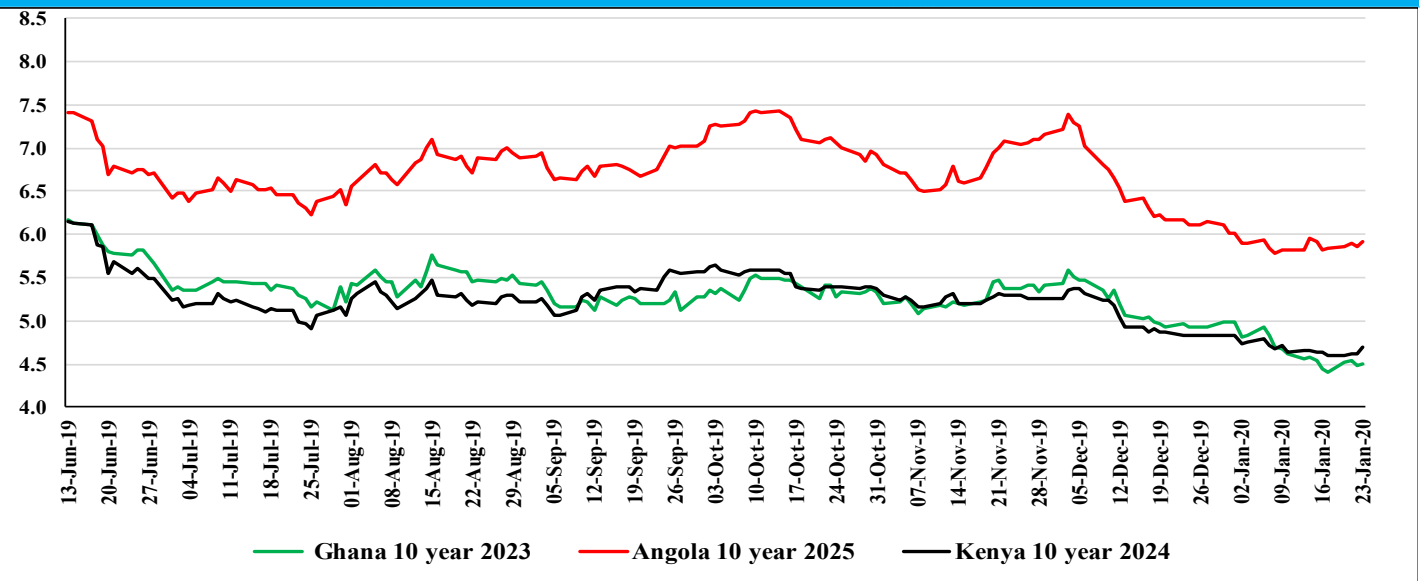
Table 6: Key Weekly Market Indicators

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 Capitalization (KSh Billion)	Bonds Turnover (KSh Million)	7-Year Euro-bond Yield (%) 2027	10-Year Euro-bond Yield (%) 2024	10-Year Euro-bond Yield (%) 2028	12-Year Euro-bond Yield (%) 2032	30-Year Euro-bond Yield (%) 2048
10-Jan-20	171.36	4207.90	2701.04	1,128	20.31	836.96	2,615.76	2,283.72	5.657	4.640	5.826	6.844	7.531
13-Jan-20	171.08	4206.14	2692.38	1,357	20.93	864.43	2,611.46	2,646.06	5.646	4.648	5.819	6.798	7.521
14-Jan-20	170.31	4166.39	2668.51	1,056	19.09	771.42	2,599.69	3,457.86	5.700	4.659	5.886	6.874	7.578
15-Jan-20	167.38	4104.78	2671.80	1,017	19.45	783.18	2,554.81	2,937.52	5.665	4.629	5.855	6.828	7.558
16-Jan-20	167.21	4107.13	2669.63	961.00	22.25	955.77	2,552.27	1,260.98	5.437	4.638	5.802	6.722	7.498
Jan 10-16, 2020	167.21	4107.13	2669.63	5519.00	102.04	4211.77	2552.27	12,586.13	5.437	4.638	5.802	6.722	7.498
17-Jan-20	166.23	4102.13	2669.13	824	15.91	697.59	2,537.24	974.95	5.580	4.601	5.789	6.692	7.470
20-Jan-20	166.34	4110.98	2666.96	991	15.87	737.23	2,538.92	2,714.63	5.582	4.596	5.770	6.692	7.460
21-Jan-20	165.96	4094.90	2659.23	2,075	26.16	407.69	2,533.16	2,401.03	5.618	4.610	5.819	6.721	7.478
22-Jan-20	165.32	4072.40	2647.58	989	14.35	529.88	2,523.35	1,983.42	5.632	4.608	5.844	6.751	7.487
23-Jan-20	165.53	4081.15	2642.31	802.00	23.79	756.33	2,526.53	1,831.39	5.641	4.699	5.907	6.796	7.532
Jan 17-23, 2020	165.53	4081.15	2642.31	5681.00	96.08	3128.73	2526.53	9,905.42	5.641	4.699	5.907	6.796	7.532
Weekly Changes (%)	-1.00	-0.63	-1.02	2.94	-5.84	-25.71	-1.01	-21.30	0.204*	0.061*	0.105*	0.074*	0.034*

* Percentage points

Source: Nairobi Securities Exchange (NSE)

Chart 3: Yields on 10 year Eurobonds for Selected African Countries



Source: Thomson Reuters

Table 7: Government Domestic Debt (KSh Billion)

	28-Jun-19	27-Sep-19	25-Oct-19	29-Nov-19	27-Dec-19	17-Jan-20
1. Treasury Bills (Excluding Repos)	954.25	933.10	910.38	896.13	889.55	871.97
(As % of total securities)	35.31	33.78	33.12	31.62	31.06	30.63
2. Treasury Bonds	1,748.15	1,828.78	1,838.11	1,938.13	1,974.69	1,974.69
(As % of total securities)	64.69	66.22	66.88	68.38	68.94	69.37
3. Total Securities (1+2)	2,702.40	2,761.88	2,748.50	2,834.25	2,864.25	2,846.66
4. Overdraft at Central Bank	57.33	52.58	50.55	57.23	58.96	63.13
5. Other Domestic debt*	25.76	25.68	25.73	25.88	25.86	24.76
6. Gross Domestic Debt (3+4+5)	2,785.48	2,840.13	2,824.78	2,917.36	2,949.07	2,934.56

* 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: Government Domestic Debt by Instrument (Percent)

	28-Jun-19	27-Sep-19	25-Oct-19	29-Nov-19	27-Dec-19	17-Jan-20
Treasury bills (Excluding Repos)	34.25	32.80	32.17	30.67	30.31	29.71
Treasury bonds	62.77	64.45	65.13	66.48	66.80	67.29
CBK Overdraft to Government	2.06	1.85	1.79	1.96	2.01	2.15
Other domestic debt	0.92	0.90	0.91	0.89	0.88	0.84
TOTAL	100.00	100.00	100.00	100.00	100.00	100.00

Source: Central Bank of Kenya

Table 9: Government Domestic Debt by Holder (Percent)

	28-Jun-19	27-Sep-19	25-Oct-19	29-Nov-19	27-Dec-19	17-Jan-20
Banking Institutions	54.38	53.31	53.15	54.18	54.21	54.46
Insurance Companies	6.13	6.42	6.54	6.50	6.47	6.42
Parastatals	6.98	7.33	7.06	6.92	6.64	6.38
Pension funds	28.23	28.76	29.00	28.16	28.46	28.42
Other investors	4.28	4.19	4.25	4.24	4.22	4.31
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-18	Dec-18	Jun-19	Sep-19	Oct-19	Nov-19	Dec-19
Domestic debt (KSh Billion)	2,478.84	2,548.77	2,785.94	2,856.60	2,901.50	2,917.36	2,942.10
Public & Publicly Guaranteed External debt (US \$ Billion)	25.34	26.74	29.55	29.95	30.30	30.30	30.66
Public & Publicly Guaranteed External debt (KSh Billion)	2,560.20	2,723.73	3,023.14	3,111.80	3,127.60	3,114.96	3,106.82
Total public debt (KSh Billion)	5,039.03	5,272.50	5,809.08	5,968.40	6,029.10	6,032.32	6,048.93

Source: National Treasury and Central Bank of Kenya