



Central Bank of Kenya

Weekly Bulletin

December 4, 2020

KEY MONETARY AND FINANCIAL INDICATORS

Inflation

Overall inflation increased to 5.3 percent (revised) in November from 4.8 percent in October, driven by increased food and energy prices. Food inflation increased to 6.1 percent in November from 5.8 percent in October due to increased prices of a few food items. Fuel inflation remained elevated, at 11.3 percent in November compared to 12.1 percent in October (Chart 1).

Exchange Rates

The Kenya Shilling depreciated marginally against major international and regional currencies during the week ending December 3. It exchanged at KSh 110.67 on December 3, compared to KSh 109.86 per US dollar on November 26 (Table 1).

Foreign Exchange Reserves

The usable foreign exchange reserves remained adequate at USD 7,954 million (4.89 months of import cover) as at December 3. 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 December 3, supported by government payments. Commercial banks' excess reserves stood at KSh 8.5 billion in relation to the 4.25 percent cash reserves requirement (CRR). Open market operations remained active. The average interbank rate was 3.93 percent on December 3 compared to 3.64 percent on November 26. The average number of interbank deals per day declined to 19 from 27 in the previous week, while the average value traded declined to KSh 6.0 billion from KSh 12.8 billion in the previous week (Table 3).

Government Securities Market

The Treasury bills auction of December 3 received bids totaling KSh 10.9 billion against an advertised amount of KSh 24.0 billion, representing a performance of 45.5 percent. Interest rates on all the Treasury bills tenors increased marginally (Table 4).

Equity Market

At the Nairobi Securities Exchange, the NASI and the NSE 25 share price index increased by 1.9 percent and 1.0 percent, respectively, during the week ending December 3. Market capitalisation, total shares traded and total equity turnover increased by 2.0 percent, 68.2 percent and 79.2 percent, respectively (Table 6).

Bond Market

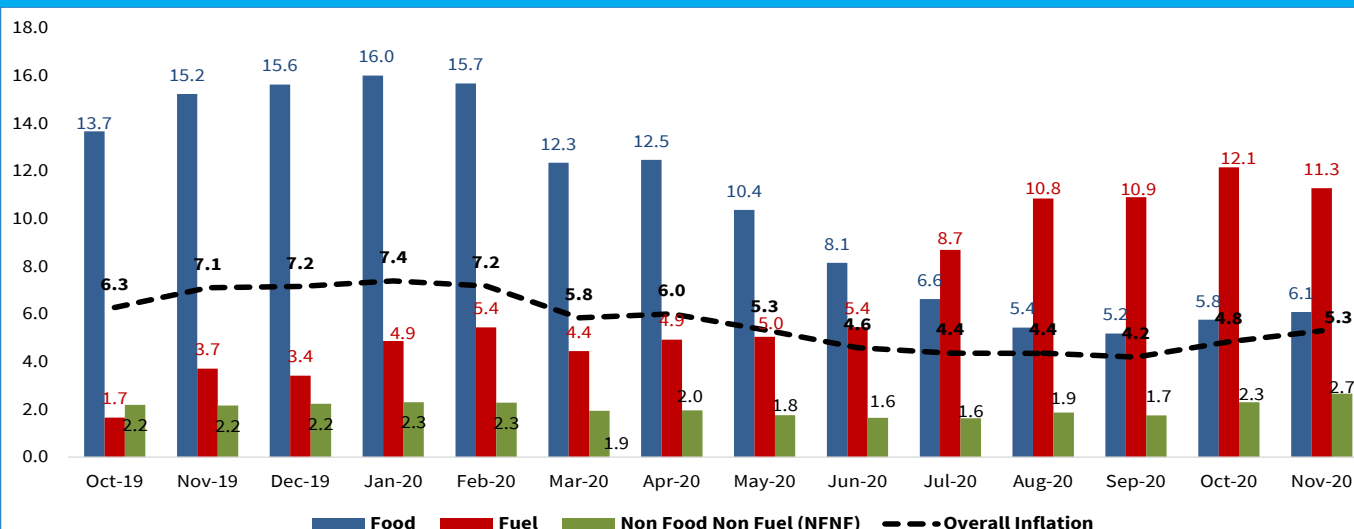
Turnover of bonds traded in the domestic secondary market declined by 35.8 percent during the week ending December 3 (Table 6). In the international market, yields on Kenya's Eurobonds declined by an average of 10.4 basis points. The yields on the 10-year Eurobonds for Ghana and Angola also declined (Chart 3).

Global Trends

Global financial markets optimism continued during the week ending December 3 buoyed by the positive news of approval of first Covid-19 vaccine by the UK government. Market sentiment was also boosted by the prospect of another coronavirus stimulus package in the US.

International oil prices increased towards the end of the week after initial declines. Murban oil price increased to USD 48.50 per barrel on December 3 from USD 48.05 per barrel on November 26.

Chart 1: Trends in broad inflation categories in percent



Source: Central Bank of Kenya

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

	USD	Sterling Pound	Euro	100 Japanese Yen	USHS*	TSHS*	RWF*	BIF*
20-Nov-20	109.39	144.85	129.45	105.14	33.87	21.20	9.03	17.71
23-Nov-20	109.45	145.36	129.87	105.46	33.85	21.19	9.03	17.70
24-Nov-20	109.54	146.58	130.34	105.57	33.81	21.17	9.02	17.69
25-Nov-20	109.72	146.28	130.22	104.94	33.77	21.14	9.01	17.66
26-Nov-20	109.86	146.53	130.65	105.22	33.72	21.11	9.00	17.64
Nov 20-26	109.59	145.92	130.11	105.27	33.80	21.16	9.02	17.68
27-Nov-20	109.98	146.77	130.91	105.49	33.60	21.08	8.99	17.62
30-Nov-20	110.05	146.72	131.18	105.96	33.62	21.07	8.98	17.61
1-Dec-20	110.07	146.86	131.66	105.74	33.61	21.07	8.98	17.61
2-Dec-20	110.10	146.91	131.61	105.48	33.61	21.06	8.98	17.60
3-Dec-20	110.67	147.80	133.24	105.67	33.37	20.95	8.94	17.51
Nov 26-Dec 3	110.17	147.01	131.72	105.67	33.56	21.05	8.98	17.59

* Units of currency per Kenya Shilling

Source: Central Bank of Kenya

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

	5-Nov-20	12-Nov-20	19-Nov-20	26-Nov-20	3-Dec-20
1. CBK Usable Foreign Exchange Reserves (USD Million)	8,128	8,142	7,928	7,951	7,954
2. CBK Usable Foreign Exchange Reserves (Months of Import Cover)*	4.93	4.94	4.87	4.88	4.89

*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 (%)
20-Nov-20	17	5,860.00	3.14
23-Nov-20	30	23,620.00	3.23
24-Nov-20	33	13,945.00	3.34
25-Nov-20	32	11,960.00	3.49
26-Nov-20	24	8,470.00	3.64
Nov 20-26, 2020	27	12,771.00	3.37
27-Nov-20	18	8,630.00	3.70
30-Nov-20	29	7,715.00	3.84
1-Dec-20	20	4,785.00	3.89
2-Dec-20	17	4,905.00	3.93
3-Dec-20	12	4,110.00	3.93
Nov 27-Dec 3, 2020	19	6,029.00	3.86

Source :Central Bank of Kenya

Table 4: Performance of Treasury Bills Auctions

91-Day Treasury Bills						
Date of Auction	15-Oct-20	22-Oct-20	29-Oct-20	19-Nov-20	26-Nov-20	3-Dec-20
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)	8,606.77	4,122.47	2,996.75	5,581.88	4,578.36	2,971.03
Amount Accepted (KSh M)	8,114.99	4,121.49	2,505.10	5,560.64	3,595.33	2,479.53
Maturities (KSh M)	30,310.30	10,965.75	12,075.95	2,647.55	4,042.30	2,271.80
Average Interest Rate (%)	6.520	6.589	6.653	6.706	6.730	6.861
182-Day Treasury Bills						
Date of Auction	15-Oct-20	22-Oct-20	29-Oct-20	19-Nov-20	26-Nov-20	3-Dec-20
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)	7,096.82	7,227.81	3,306.60	6,502.84	6,371.30	2,687.18
Amount Accepted (KSh M)	6,130.87	6,744.88	3,305.83	6,498.06	5,888.93	2,686.51
Maturities (KSh M)	772.55	4,619.10	2,621.45	5,732.95	1,457.90	9,218.30
Average Interest Rate (%)	6.909	6.967	7.038	7.152	7.193	7.333
364-Day Treasury Bills						
Date of Auction	15-Oct-20	22-Oct-20	29-Oct-20	19-Nov-20	26-Nov-20	3-Dec-20
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)	15,888.06	8,173.50	11,010.11	12,931.81	4,476.58	5,258.63
Amount Accepted (KSh M)	15,744.90	8,140.63	10,721.36	12,098.00	3,965.10	4,727.59
Maturities (KSh M)	8,371.60	14,261.45	14,027.10	5,308.05	4,374.00	5,178.95
Average Interest Rate (%)	7.800	7.840	7.933	8.094	8.151	8.204

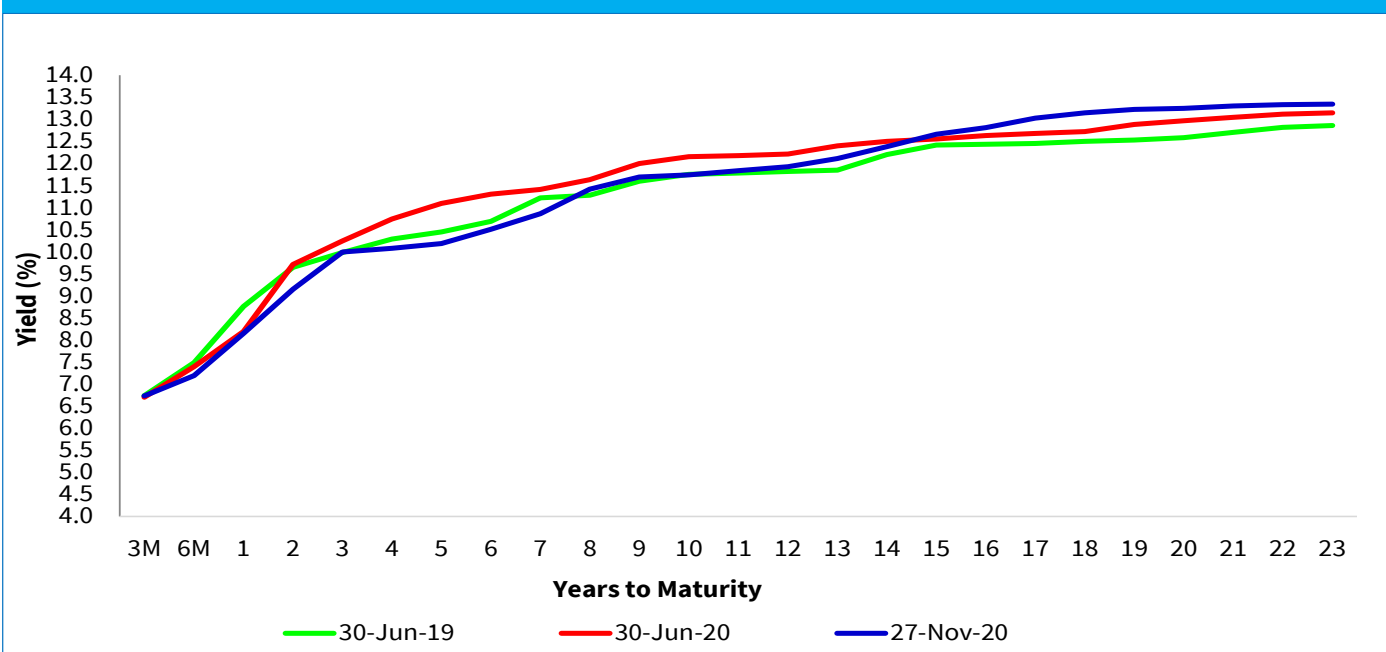
Source: Central Bank of Kenya

Table 5: Performance of Treasury Bond Auctions

Date of Auction	16-Sept-20			14-Oct-20		11-Nov-20	18-Nov-20	
	REOPEN			REOPEN		TAP	REOPEN	
Tenor	FXD1/ 2011/20	FXD1/ 2020/15	FXD2/ 2010/15	FXD1/ 2011/20	FXD1/ 2018/25	FXD1/ 2018/25	FXD2/ 2013/15	FXD1/ 2018/20
Amount offered (KSh M)	50,000.00			50,000.00		20,000.00	40,000.00	
Bids received (KSh M)	14,044.33	49,791.29	17,841.15	23,155.69	45,981.50	7,959.90	27,102.68	28,877.58
Amount Accepted (KSh M)	7,465.13	45,691.75	11,019.41	16,992.04	43,034.10	7,904.66	26,226.46	27,490.59
Maturities (KSh M)	0.00			33,387.90		0.00	30,673.85	
Average interest Rate (%)	11.87	12.51	10.46	11.99	13.49	13.49	11.45	13.25

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 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
20-Nov-20	143.72	3,255.68	1,785.88	953.00	29.29	908.85	2,206.65	2,443.45	5.250	4.471	5.736	6.425	7.451
23-Nov-20	143.75	3,258.19	1,786.89	576.00	9.42	480.81	2,207.19	2,293.35	5.212	4.360	5.615	6.363	7.361
24-Nov-20	142.98	3,250.99	1,790.72	782.00	15.11	432.64	2,195.29	1,875.30	5.037	4.212	5.514	6.180	7.273
25-Nov-20	143.93	3,266.68	1,790.38	729.00	12.33	323.63	2,209.89	4,278.60	4.967	4.062	5.413	6.044	7.186
26-Nov-20	143.98	3,267.31	1,781.09	1,017.00	20.97	529.17	2,210.73	3,450.95	5.105	4.279	5.513	6.074	7.205
Nov 20-26	143.98	3267.31	1781.09	4,057.0	87.1	2,675.1	2210.73	14,341.7	5.105	4.279	5.513	6.074	7.205
27-Nov-20	143.30	3,242.80	1,758.05	929.00	16.08	561.86	2,200.14	3,107.90	5.122	4.277	5.532	6.103	7.215
30-Nov-20	145.20	3,264.15	1,759.93	1,037.00	49.67	1,661.83	2,229.49	1,292.00	5.213	4.421	5.612	6.163	7.244
1-Dec-20	144.39	3,254.52	1,752.17	857.00	22.53	710.78	2,217.25	1,829.75	5.151	4.383	5.511	6.117	7.195
2-Dec-20	146.22	3,282.34	1,760.98	943.00	24.64	780.80	2,245.44	1,631.45	5.136	4.381	5.471	6.087	7.157
3-Dec-20	146.76	3,298.69	1,778.46	833.00	33.57	1,079.14	2,253.78	1,346.25	4.997	4.230	5.370	5.967	7.091
Nov 27 - Dec 3	146.76	3298.69	1778.46	4,599.0	146.5	4,794.4	2253.78	9,207.4	4.997	4.230	5.370	5.967	7.091
Weekly Changes (%)	1.93	0.96	-0.15	13.36	68.16	79.22	1.95	-35.80	-0.108*	-0.049*	-0.143*	-0.107*	-0.114*

* Percentage points

Source: Nairobi Securities Exchange (NSE) and Thompson Reuters

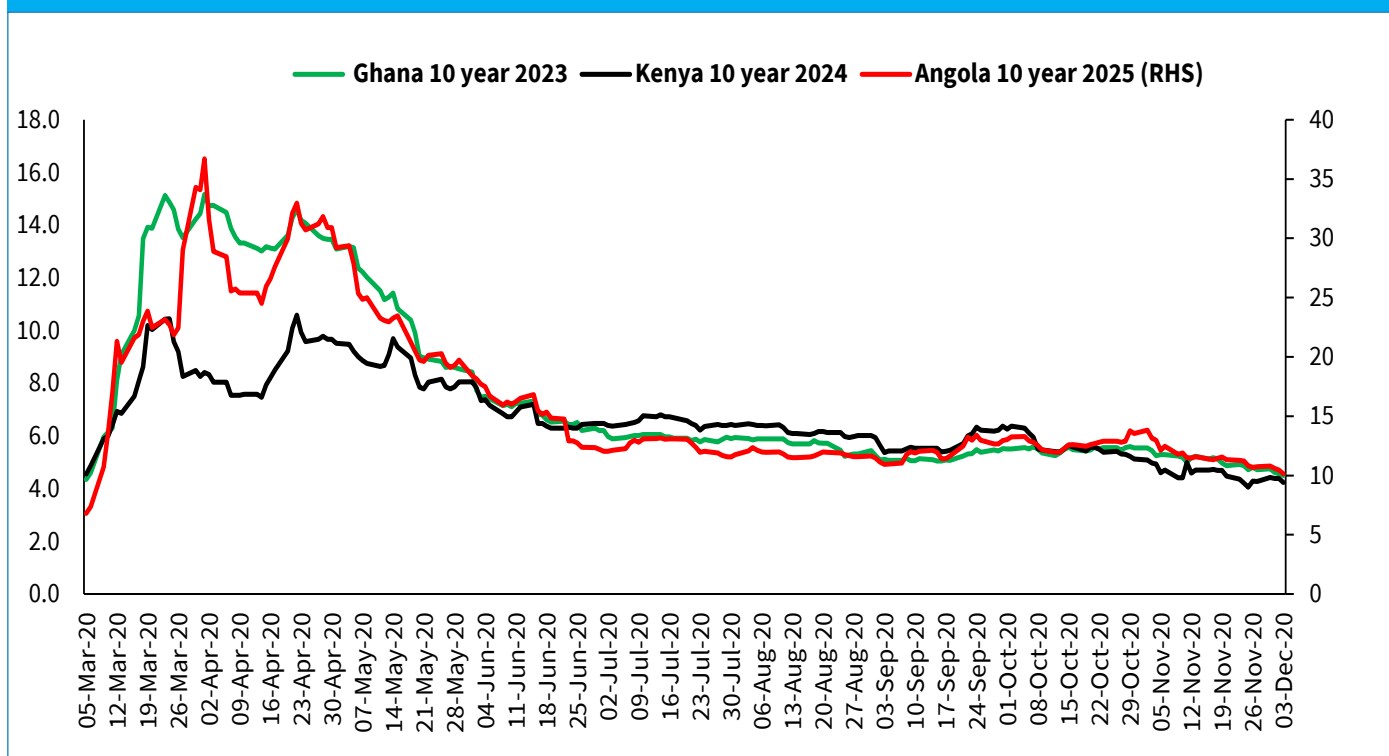
Table 7: Government Domestic Debt (KSh Billion)

	28-Jun-19	31-Dec-19	31-Mar-20	30-Jun-20	30-Sep-20	20-Nov-20	27-Nov-20
1. Treasury Bills (Excluding Repos)	954.25	878.94	900.62	887.14	894.73	848.39	860.13
(As % of total securities)	35.29	30.80	30.09	28.55	26.50	25.19	25.29
2. Treasury Bonds	1,749.71	1,974.69	2,092.64	2,220.34	2,482.24	2,519.22	2,541.52
(As % of total securities)	64.71	69.20	69.91	71.45	73.50	74.81	74.71
3. Total Securities (1+2)	2,703.96	2,853.63	2,993.26	3,107.48	3,376.98	3,367.61	3,401.65
4. Overdraft at Central Bank	57.33	63.72	54.18	47.15	56.21	53.27	42.83
5. Other Domestic debt*	25.76	24.75	25.10	23.24	23.92	24.15	24.14
6. Gross Domestic Debt (3+4+5)	2,787.04	2,942.10	3,072.54	3,177.87	3,457.11	3,445.03	3,468.62

* 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

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



Source: Thomson Reuters

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	20-Nov-20	27-Nov-20
Treasury bills (Excluding Repos)	34.24	29.87	29.31	27.92	25.88	24.63	24.80
Treasury bonds	62.78	67.12	68.11	69.87	71.80	73.13	73.27
Overdraft at Central Bank	2.06	2.17	1.76	1.48	1.63	1.55	1.23
Other domestic debt	0.92	0.84	0.82	0.73	0.69	0.70	0.70
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	20-Nov-20	27-Nov-20
Banking Institutions	54.38	54.33	54.33	54.86	55.15	54.45	54.04
Insurance Companies	6.13	6.42	6.30	6.05	6.16	6.36	6.32
Parastatals	6.97	6.49	6.13	5.73	5.47	5.63	5.71
Pension Funds	28.24	28.60	29.04	29.05	28.52	28.80	29.67
Other Investors	4.28	4.17	4.20	4.32	4.71	4.76	4.26
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	Sep-19	Dec-19	Mar-20	Jun-20	Aug-20	Sep-20
Domestic debt (KSh Bn)	2,787.04	2,851.64	2,942.10	3,072.54	3,177.87	3,401.61	3,457.11
Public & Publicly Guaranteed External debt (US \$ Bn)	29.55	29.95	30.66	30.69	33.01	33.88	33.77
Public & Publicly Guaranteed External debt (KSh Bn)	3,023.14	3,111.80	3,106.82	3,212.63	3,515.81	3,666.32	3,663.49
Public debt (KSh Bn)	5,810.18	5,963.44	6,048.93	6,285.18	6,693.68	7,067.93	7,120.60

Source: National Treasury and Central Bank of Kenya