



Central Bank of Kenya

Weekly Bulletin

August 21, 2020

KEY MONETARY AND FINANCIAL INDICATORS

Exchange Rates

The Kenya Shilling weakened marginally against major international and regional currencies during the week ending August 20. It exchanged at KSh 108.56 per US dollar on August 20, compared to KSh 108.39 per US dollar on August 13 (Table 1).

Foreign Exchange Reserves

The CBK usable foreign exchange reserves remained adequate at USD 9,175 million (5.6 months of import cover) as at August 20. 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 remained liquid during the week ending August 20, supported by government payments, which offset tax receipts. Commercial banks' excess reserves stood at KSh 14.2 billion in relation to the 4.25 percent cash reserves requirement (CRR). Open market operations remained active. The average interbank rate was 2.58 percent on August 20 compared to 1.76 percent on August 13. The average number of interbank deals per day increased marginally to 21 from 20 in the previous week, while the value traded decreased to KSh 12.6 billion from KSh 14.5 billion in the previous week (Table 3).

Government Securities Market

The Treasury bills auction of August 20 received bids totaling KSh 9.7 billion against an advertised amount of KSh 24.0 billion, representing a performance of 40.4 percent. Interest rates on the 91-day and 182-day Treasury bills increased marginally while the rate on the 364-day Treasury bill decreased (Table 4).

The 11-year Infrastructure Treasury bond of August 19 received bids totaling KSh 101.5 billion against an advertised amount of KSh 70.0 billion, representing a performance of 145.0 percent. The bond was sold at an average rate of 11.30 percent (Table 5).

Equity Market

At the Nairobi Securities Exchange, the NASI and NSE 25 share price index increased by 1.4 percent and 2.8 percent, respectively during the week ending August 20. Similarly, market capitalization, equity turnover and shares traded increased by 1.4 percent, 6.3 percent and 46.3 percent, respectively (Table 6).

Bond Market

Turnover of bonds traded in the domestic secondary market declined by 44.0 percent during the week ending August 20 (Table 6). In the international market, yields on Kenya's Eurobonds increased by an average of 5.7 basis points. The yields on the 10-year Eurobonds for Ghana and Angola also increased (Chart 2).

Global Trends

The US Fed minutes from the July meeting confirmed the continued dovish stance while maintaining aggressive measures to support the economy. Jobless claims in the US also rose above 1 million against expectations of 925,000, setting back growth expectations for the second half of the year.

International oil prices declined marginally during the week. Murban oil prices declined to USD 44.28 per barrel on August 20 from USD 44.41 per barrel on August 13.

Table 1: Kenya Shilling Exchange Rates (Indicative Mean Rates)								
	USD	Sterling Pound	Euro	100 Japanese Yen	USHS*	TSHS*	RWF*	BIF*
7-Aug-20	108.00	142.10	128.09	102.32	34.13	21.53	8.88	17.85
10-Aug-20	108.03	141.33	127.64	102.26	34.08	21.52	8.88	17.85
11-Aug-20	108.12	141.25	127.24	102.14	33.99	21.50	8.88	17.83
12-Aug-20	108.33	141.98	127.70	101.48	33.88	21.46	8.86	17.80
13-Aug-20	108.39	141.24	127.57	101.36	33.90	21.45	8.90	17.79
Aug 7-13	108.17	141.58	127.65	101.91	34.00	21.49	8.88	17.83
14-Aug-20	108.29	141.74	128.18	101.31	33.94	21.47	8.91	17.81
17-Aug-20	108.32	141.97	128.00	101.63	33.90	21.46	8.91	17.81
18-Aug-20	108.31	141.83	128.42	102.55	33.87	21.47	8.91	17.81
19-Aug-20	108.42	143.24	129.70	102.85	33.82	21.40	8.91	17.79
20-Aug-20	108.56	143.47	129.21	103.00	33.85	21.37	8.90	17.77
Aug 14-20	108.38	142.45	128.70	102.27	33.88	21.43	8.91	17.80

* Units of currency per Kenya Shilling

Source :Central Bank of Kenya

Table 2: Official Usable Foreign Exchange Reserves						
	16-Jul-20	23-Jul-20	30-Jul-20	6-Aug-20	13-Aug-20	20-Aug-20
1. CBK Usable Foreign Exchange Reserves (USD Million)	9,669	9,421	9,336	9,290	9,249	9,175
2. CBK Usable Foreign Exchange Reserves (Months of Import Cover)*	5.87	5.72	5.66	5.64	5.61	5.57

*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 (%)
7-Aug-20	24	21,060.00	2.34
10-Aug-20	24	14,325.00	2.17
11-Aug-20	20	15,750.00	2.02
12-Aug-20	25	16,215.00	1.96
13-Aug-20	6	5,250.00	1.76
Aug 7-13,2020	20	14,520.00	2.05
14-Aug-20	20	9,825.00	1.83
17-Aug-20	22	13,760.00	2.32
18-Aug-20	21	14,150.00	2.54
19-Aug-20	23	11,655.00	2.82
20-Aug-20	21	13,500.00	2.58
Aug 14-20,2020	21	12,578.00	2.42

Source :Central Bank of Kenya

Table 4: Performance of Treasury Bills Auctions

91-Day Treasury Bills						
Date of Auction	16-Jul-20	23-Jul-20	30-Jul-20	6-Aug-20	13-Aug-20	20-Aug-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)	29,877.61	10,817.60	15,860.12	8,520.47	6,373.54	2,617.91
Amount Accepted (Ksh M)	29,876.33	10,816.32	11,922.94	7,535.73	6,373.54	2,617.51
Maturities (Ksh M)	2,630.45	8,924.35	2,542.80	2,466.15	7,775.85	7,992.80
Average interest Rate (%)	6.011	6.112	6.121	6.123	6.200	6.257
182-Day Treasury Bills						
Date of Auction	16-Jul-20	23-Jul-20	30-Jul-20	6-Aug-20	13-Aug-20	20-Aug-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)	10,781.05	1,388.27	2,474.12	9,600.71	9,378.10	882.55
Amount Accepted (Ksh M)	9,780.79	1,388.27	1,509.71	9,600.71	6,968.43	882.55
Maturities (Ksh M)	6,612.05	5,344.90	6,302.15	17,337.20	6,669.45	7,909.25
Average interest Rate (%)	6.524	6.440	6.455	6.549	6.561	6.600
364-Day Treasury Bills						
Date of Auction	16-Jul-20	23-Jul-20	30-Jul-20	6-Aug-20	13-Aug-20	20-Aug-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)	24,511.06	23,689.66	10,147.35	14,271.22	6,511.13	6,184.46
Amount Accepted (Ksh M)	5,858.26	23,633.05	10,147.35	13,344.93	5,306.17	6,184.46
Maturities (Ksh M)	11,533.15	17,883.35	12,955.85	19,677.60	16,448.55	9,717.75
Average interest Rate (%)	7.464	7.370	7.391	7.455	7.517	7.508

Source: Central Bank of Kenya

Table 5: Performance of Treasury Bonds Auctions

Date of Auction	17-Jun-20		22-Jul-20			5-Aug-20	19-Aug-20
	REOPEN		REOPEN			TAP	
Tenor	FXD3/2019/5	FXD4/2019/10	FXD1/2020/5	FXD2/2018/10	FXD1/2019/15	FXD2/2018/20	IFB1/2020/11
Amount offered (Ksh M)	40,000.00		60,000.00			40,000.00	70,000.00
Bids received (Ksh M)	105,135.63		65,336.90	55,488.14	60,947.80	41,006.20	101,471.04
Amount Accepted (Ksh M)	16,527.35	32,795.89	9,344.71	21,267.34	50,242.43	41,006.20	78,639.89
Maturities (Ksh M)	0.00		0.00			0.00	0.00
Average interest Rate (%)	11.19	12.42	10.26	11.45	12.34	12.93	11.30

Source: Central Bank of Kenya

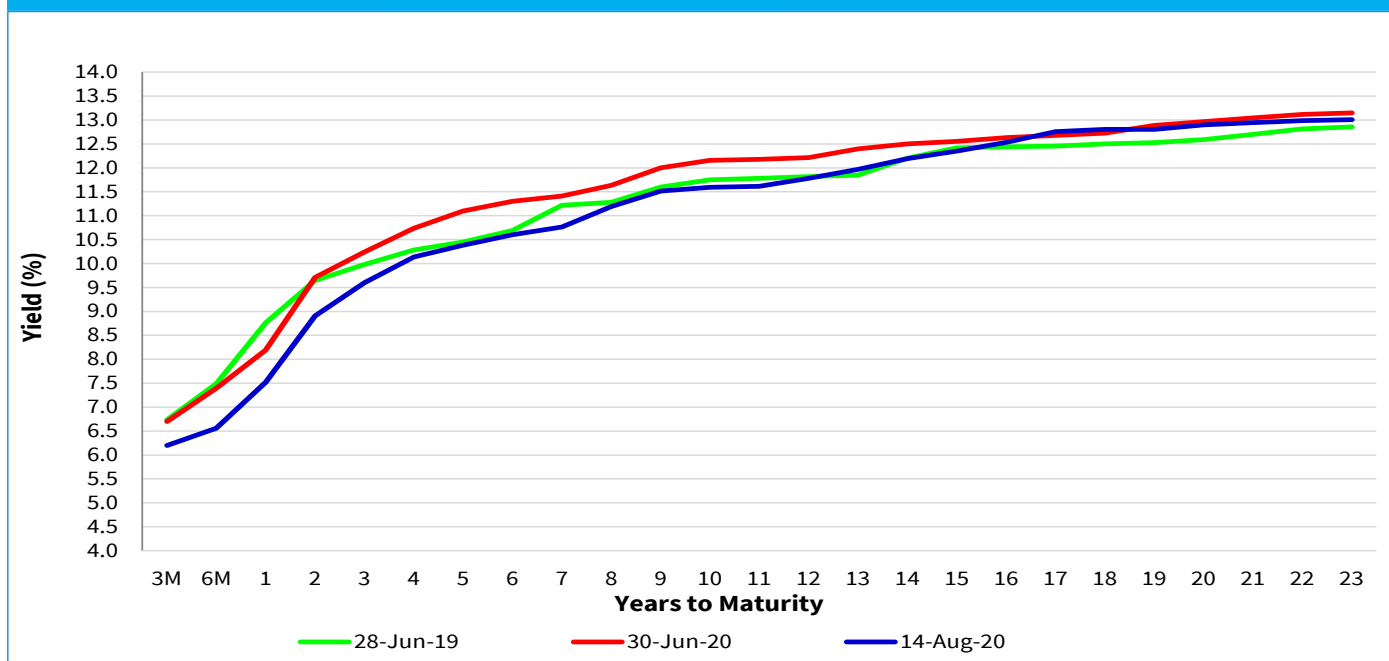
Table 6: Key Weekly Market Indicators

INDICATOR	NASI 100=2008	NSE 25 Share Index	NSE 20 Share Index 100=1996	Total Deals (Equity)	Total Shares Traded (Million)	Equity Turn- over (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
7-Aug-20	130.58	2990.66	1758.08	814	10.4	211.2	2,004.5	4,010.6	7.369	6.391	7.513	8.246	8.522
10-Aug-20	130.21	2983.73	1761.43	815	18.6	481.7	1,998.7	2,672.0	7.321	6.428	7.513	8.210	8.497
11-Aug-20	129.24	2946.26	1733.14	1,022	14.1	355.1	1,983.9	3,201.8	7.245	6.317	7.425	8.085	8.426
12-Aug-20	130.76	2972.90	1751.39	908	11.8	266.5	2,007.2	2,075.0	6.935	6.135	7.206	7.789	8.249
13-Aug-20	129.70	2935.01	1738.58	1,003	8.0	197.1	1,990.9	2,806.3	6.941	6.097	7.097	7.754	8.169
August 7-13	129.70	2935.01	1738.58	4,562	62.9	1,511.7	1,990.9	14,765.7	6.941	6.097	7.097	7.754	8.169
14-Aug-20	129.46	2939.83	1743.58	957	16.5	352.4	1,987.2	3,412.7	6.941	6.097	7.076	7.652	8.169
17-Aug-20	131.40	2977.93	1738.43	873	20.9	315.4	2,017.1	2,964.8	6.935	6.060	7.076	7.669	8.192
18-Aug-20	130.51	2971.57	1729.46	1,020	17.4	347.3	2,003.4	914.0	6.965	6.096	7.076	7.669	8.192
19-Aug-20	130.85	2991.56	1732.34	739	15.9	386.6	2,008.6	451.7	6.997	6.168	7.141	7.703	8.204
20-Aug-20	131.56	3017.65	1734.72	832	21.2	204.4	2,019.6	524.5	7.048	6.166	7.119	7.771	8.238
August 14-20	131.56	3017.65	1734.72	4,421	92.0	1,606.1	2,019.6	8,267.8	7.048	6.166	7.119	7.771	8.238
Weekly Changes (%)	1.43	2.82	-0.22	-3.09	46.28	6.25	1.44	-44.01	0.129*	0.069*	0.022*	0.017*	0.069*

* Percentage points

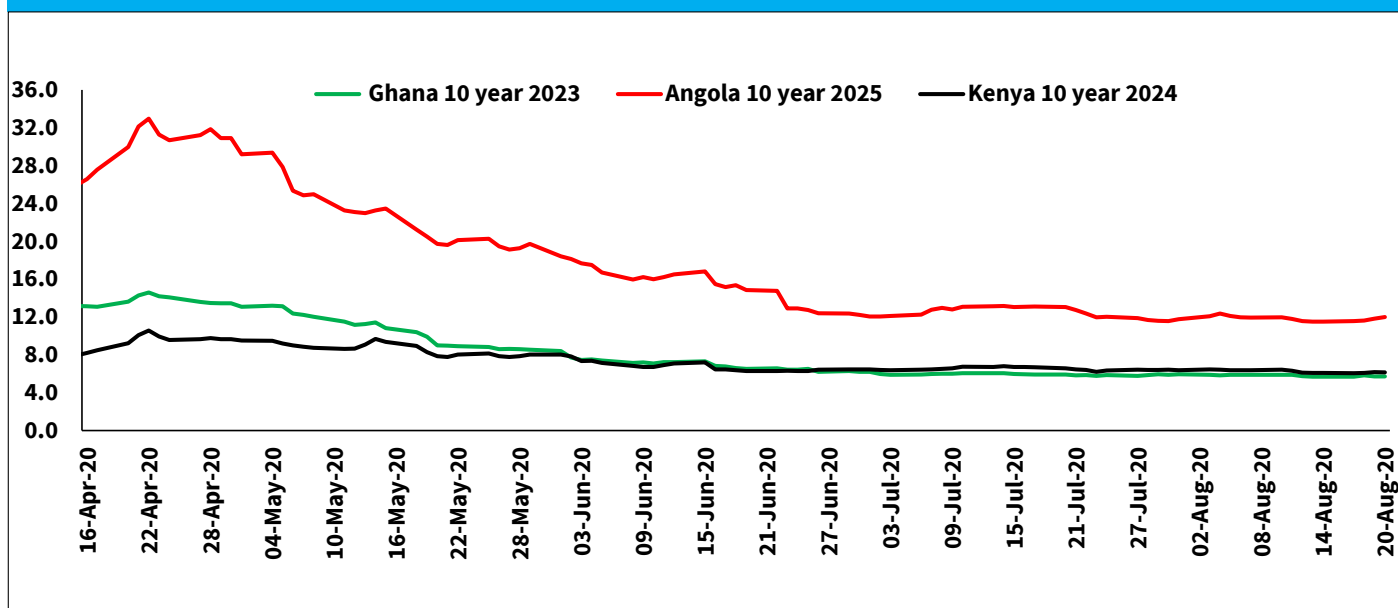
Source: Nairobi Securities Exchange (NSE)

Chart 1: Government Securities Yield



Source: 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	30-Sep-19	31-Dec-19	31-Mar-20	30-Jun-20	07-Aug-20	14-Aug-20
1. Treasury Bills (Excluding Repos)	954.25	928.91	878.94	902.29	887.14	953.37	945.75
<i>(As % of total securities)</i>	35.31	33.68	30.80	30.15	28.56	29.85	28.81
2. Treasury Bonds	1,748.15	1,828.78	1,974.69	2,090.29	2,219.44	2,239.98	2,337.17
<i>(As % of total securities)</i>	64.69	66.32	69.20	69.85	71.44	70.15	71.19
3. Total Securities (1+2)	2,702.40	2,757.69	2,853.63	2,992.58	3,106.59	3,193.35	3,282.92
4. Overdraft at Central Bank	57.33	68.23	63.72	54.18	47.15	0.00	1.12
5. Other Domestic debt*	25.76	25.72	24.75	25.10	23.79	23.21	25.04
6. Gross Domestic Debt (3+4+5)	2,785.48	2,851.64	2,942.10	3,071.85	3,177.53	3,216.57	3,309.08

* 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	30-Sep-19	31-Dec-19	31-Mar-20	30-Jun-20	7-Aug-20	14-Aug-20
Treasury bills (Excluding Repos)	34.26	32.57	29.87	29.37	27.92	29.64	28.58
Treasury bonds	62.76	64.13	67.12	68.05	69.85	69.64	70.63
CBK Overdraft to Government	2.06	2.39	2.17	1.76	1.48	0.00	0.03
Other domestic debt	0.92	0.90	0.84	0.82	0.75	0.72	0.76
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)

	28-Jun-19	30-Sep-19	31-Dec-19	31-Mar-20	30-Jun-20	7-Aug-20	14-Aug-20
Banking Institutions	54.38	53.63	54.33	54.31	54.86	53.64	54.34
Insurance Companies	6.13	6.33	6.42	6.30	6.05	6.56	6.23
Parastatals	6.97	7.13	6.49	6.13	5.73	5.80	5.49
Pension funds	28.24	28.77	28.60	29.01	29.05	29.76	29.75
Other investors	4.28	4.13	4.17	4.25	4.32	4.24	4.20
Total	100.00	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-19	Sep-19	Dec-19	Mar-20	Apr-20	May-20	Jun-20
Domestic debt (KSh Billion)	2,785.48	2,851.64	2,942.10	3,071.85	3,119.42	3,153.14	3,177.53
Public & Publicly Guaranteed External debt (US \$ Billion)	29.55	29.95	30.66	30.69	30.89	32.67	33.01
Public & Publicly Guaranteed External debt (KSh Billion)	3,023.14	3,111.80	3,106.82	3,212.63	3,317.33	3,496.43	3,515.81
Total public debt (KSh Billion)	5,808.62	5,963.44	6,048.93	6,284.49	6,436.75	6,649.57	6,693.34

Source: National Treasury and Central Bank of Kenya