



Central Bank of Kenya

# Weekly Bulletin

April 3, 2020

## KEY MONETARY AND FINANCIAL INDICATORS

### Inflation

The Kenya National Bureau of Statistics (KNBS) released a new Consumer Price Index (CPI) on March 30, which shows that overall inflation remains within the medium term target band. Inflation for March 2020 was 6.1 percent compared to 6.3 percent in February, mainly driven by elevated prices of selected food and fuel items. Food inflation declined to 11.9 percent compared to 12.4 percent in February, but remained elevated due to high prices of maize products and some vegetables that were affected by excess rainfall. Fuel inflation also declined to 7.4 percent from 7.9 percent in February. The Non-Food-Non-Fuel (NFNF) inflation remained low and stable at 2.2 percent in March compared to 2.3 percent in February (Chart 1).

### Exchange Rate

The Kenya Shilling strengthened against the US dollar and remained relatively stable against other international as well as the EAC currencies during the week ending April 2. It exchanged at 105.19 on April 2 compared to 106.20 on March 26 (Table 1).

### Foreign Exchange Reserves

The CBK usable foreign exchange reserves remained adequate at USD 7,874 million (4.76 months of import cover) as at April 2. 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 Market

The money market was liquid during the week ending April 2, supported by government payments. Commercial banks' excess reserves stood at KSh 39.7 billion in relation to the 4.25 percent cash reserves requirement (CRR). Open market operations remained active. The average interbank rate stood at 5.65 percent on April 2 compared to 4.83 percent on March 26. The average number of interbank deals per day decreased to 21 from 25 in the previous week and the value traded decreased to KSh 10.8 billion from KSh 15.3 billion in the previous week (Table 3).

### Government Securities Market

The Treasury bills auction of April 2 received bids totaling KSh 27.0 billion against an advertised amount of KSh 24.0 billion, representing a performance of 112.7 percent. Interest rates on the 182-day and 364-day Treasury bills increased marginally, while the rate on the 91-day Treasury bill decreased (Table 4). The first Infrastructure Bond (IFB) in 2020 is on offer, closing on April 7.

### Equity Market

At the Nairobi Securities Exchange the NASI, NSE 25 and NSE 20 share price indices, rose by 9.3 percent, 6.7 percent and 5.0 percent, respectively. Similarly, market capitalization rose by 9.3 percent. However, the number of shares traded and equity turnover declined by 24.7 percent and 25.0 percent, respectively, during the week ending April 2 (Table 6).

### Bond Market

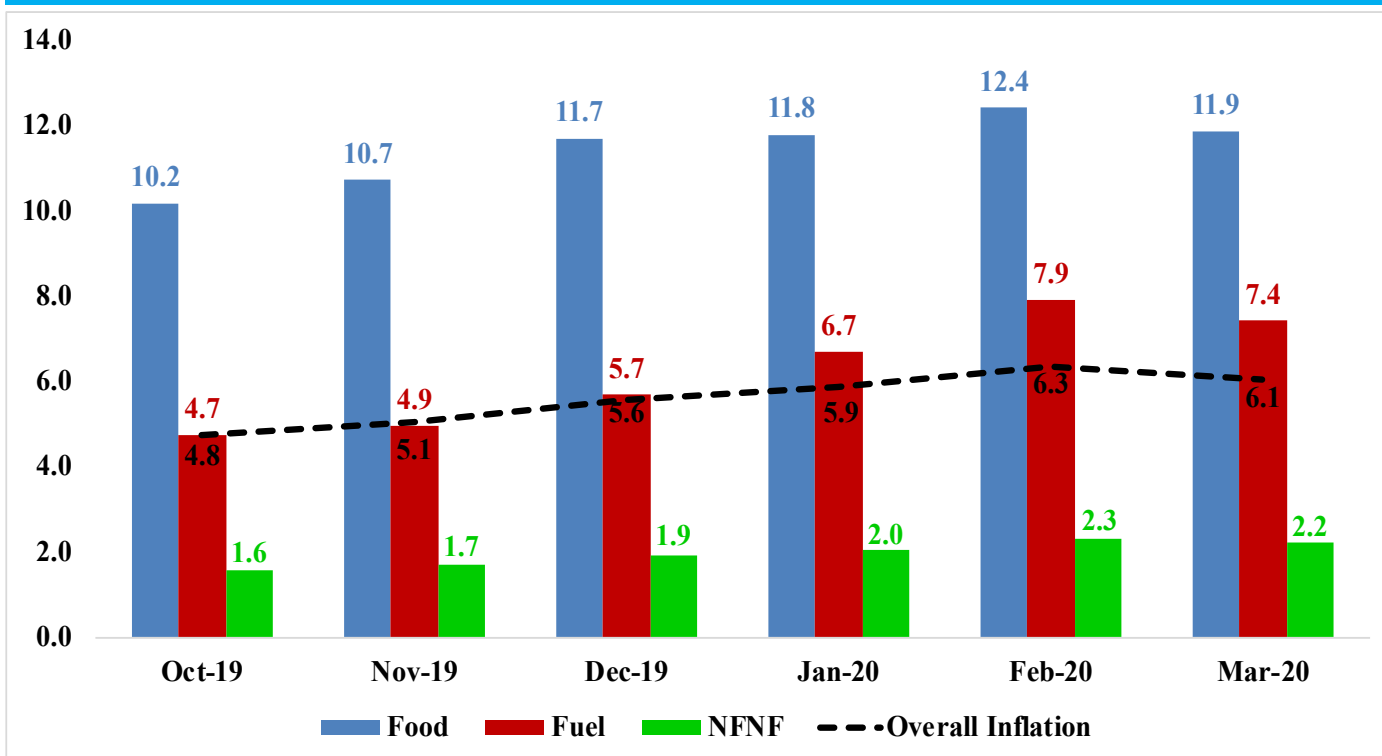
Turnover of bonds traded in the domestic secondary market declined by 12.7 percent during the week ending April 2 (Table 6). In the international market, yields on Kenya's Eurobonds declined by an average of 45.7 basis points. Similarly, the yields on the 10-year Eurobonds for Angola and Ghana declined towards the end of the week (Chart 3).

### Global Trends

Global financial markets remained volatile during the week on account of the continued impact of the coronavirus pandemic. There is mounting evidence that the US and other advanced economies are now in recession.

International oil prices plunged further during the week before a marginal recovery on April 2 following hope of talks to resolve the price wars. Murban oil price dropped to USD 22.40 per barrel on April 2 from USD 26.83 per barrel on March 26.

Chart 1: Inflation



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-Mar-20	105.10	122.04	113.44	95.56	36.40	21.93	9.06	17.97
23-Mar-20	106.01	125.00	113.41	95.87	36.03	21.74	8.98	17.82
24-Mar-20	106.54	123.85	114.56	96.46	36.56	21.63	8.94	17.73
25-Mar-20	106.42	125.36	114.85	95.86	36.84	21.67	8.74	17.81
26-Mar-20	106.20	125.54	114.90	95.29	36.77	21.73	8.97	17.79
<b>Mar 20-26</b>	<b>106.05</b>	<b>124.36</b>	<b>114.23</b>	<b>95.81</b>	<b>36.52</b>	<b>21.74</b>	<b>8.94</b>	<b>17.82</b>
27-Mar-20	105.11	125.96	115.36	95.80	37.05	21.96	9.06	17.97
30-Mar-20	104.45	127.70	114.56	96.00	36.33	22.12	9.12	18.09
31-Mar-20	104.69	129.87	115.38	96.69	36.25	22.09	9.10	18.05
1-Apr-20	105.11	129.75	115.12	97.19	36.06	22.01	9.06	17.98
2-Apr-20	105.19	130.53	115.09	98.13	36.08	22.00	9.05	17.96
<b>Mar 27-Apr 2</b>	<b>104.91</b>	<b>128.76</b>	<b>115.10</b>	<b>96.76</b>	<b>36.35</b>	<b>22.04</b>	<b>9.08</b>	<b>18.01</b>

\*Unit of currency per Kenya Shilling

Source: Central Bank of Kenya

**Table 2: Official Usable Foreign Exchange Reserves**

	27-Feb-20	5-Mar-20	12-Mar-20	19-Mar-20	26-Mar-20	2-Apr-20
1. CBK Usable Foreign Exchange Reserves (USD Million)	8,409	8,411	8,417	8,298	7,965	7,874
2. CBK Usable Foreign Exchange Reserves (Months of Import Cover)*	5.11	5.11	5.11	5.04	4.84	4.76

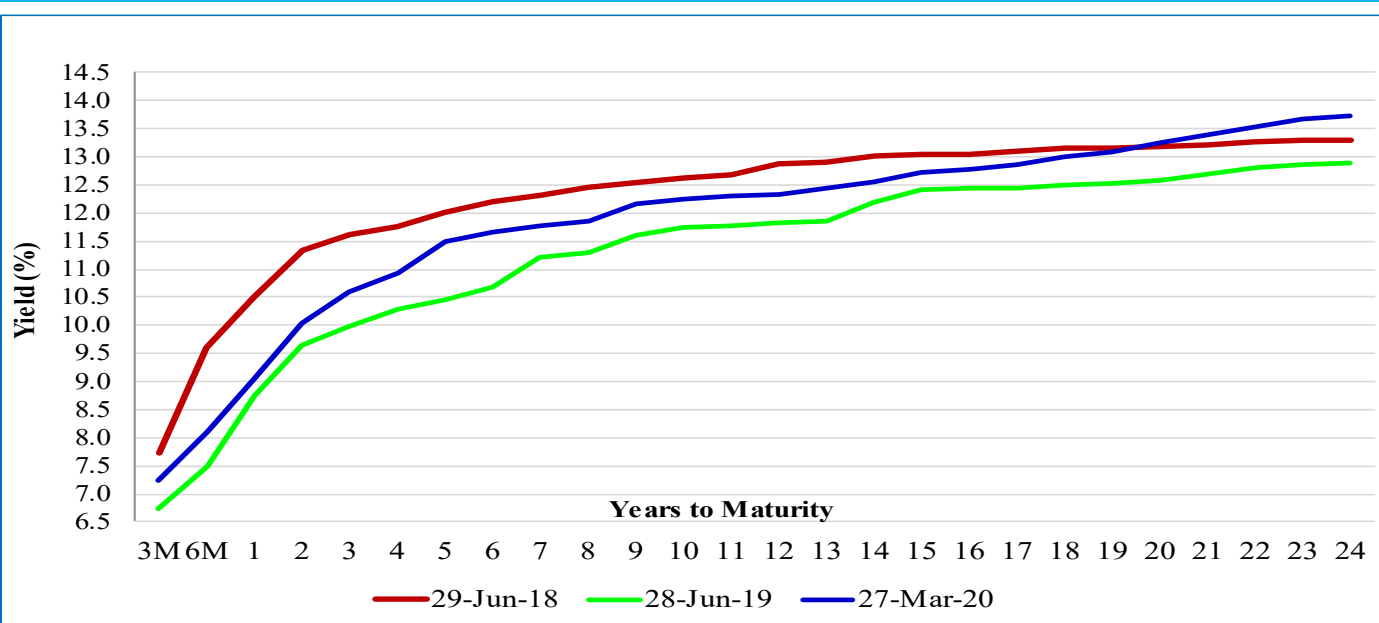
\*Based on 36 months average of imports of goods and non-factor services.

Source: Central Bank of Kenya

**Table 3: Money Market**

Date	Number of Deals	Value (KSh M)	Average Interbank Rate (%)
20-Mar-20	26	13,650.00	4.42
23-Mar-20	26	11,510.00	4.58
24-Mar-20	23	18,950.00	4.48
25-Mar-20	28	18,930.00	4.56
26-Mar-20	23	13,685.00	4.83
<b>March 20 - 26</b>	<b>25</b>	<b>15,345.00</b>	<b>4.57</b>
27-Mar-20	38	23,550.00	4.83
30-Mar-20	24	13,600.00	4.79
31-Mar-20	17	6,640.00	5.19
1-Apr-20	12	3,590.00	5.32
2-Apr-20	13	6,750	5.65
<b>March 27 - Apr 2</b>	<b>21</b>	<b>10,826.00</b>	<b>5.16</b>

Source: Central Bank of Kenya

**Chart 2: Government Securities Yield Curve**

Source: Nairobi Securities Exchange (NSE)

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

Date of Auction	27-Feb-20	12-Mar-20	19-Mar-20	26-Mar-20	2-Apr-20
Amount offered (Ksh M)	4,000.00	4,000.00	4,000.00	4,000.00	4,000.00
Bids received (Ksh M)	2,337.22	8,071.07	549.29	3,585.60	907.51
Amount Accepted (Ksh M)	2,335.26	2,196.46	549.29	3,409.70	907.41
Maturities (Ksh M)	453.50	3,784.15	4,530.30	352.65	2,703.95
<b>Average interest Rate (%)</b>	<b>7.315</b>	<b>7.313</b>	<b>7.275</b>	<b>7.240</b>	<b>7.220</b>

**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)	3,630.50	9,246.20	3,608.32	3,346.27	4,625.78
Amount Accepted (Ksh M)	2,660.49	2,519.44	3,604.10	3,346.27	4,625.68
Maturities (Ksh M)	4,988.75	1,077.75	726.15	444.35	1,321.75
<b>Average interest Rate (%)</b>	<b>8.235</b>	<b>8.104</b>	<b>8.030</b>	<b>8.118</b>	<b>8.145</b>

**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)	48,429.00	46,038.14	16,937.18	6,735.47	21,511.97
Amount Accepted (Ksh M)	10,003.89	17,823.06	16,877.17	4,904.30	18,179.10
Maturities (Ksh M)	6,543.85	17,647.60	29,105.80	25,858.15	32,602.25
<b>Average interest Rate (%)</b>	<b>9.500</b>	<b>9.100</b>	<b>9.051</b>	<b>9.045</b>	<b>9.049</b>

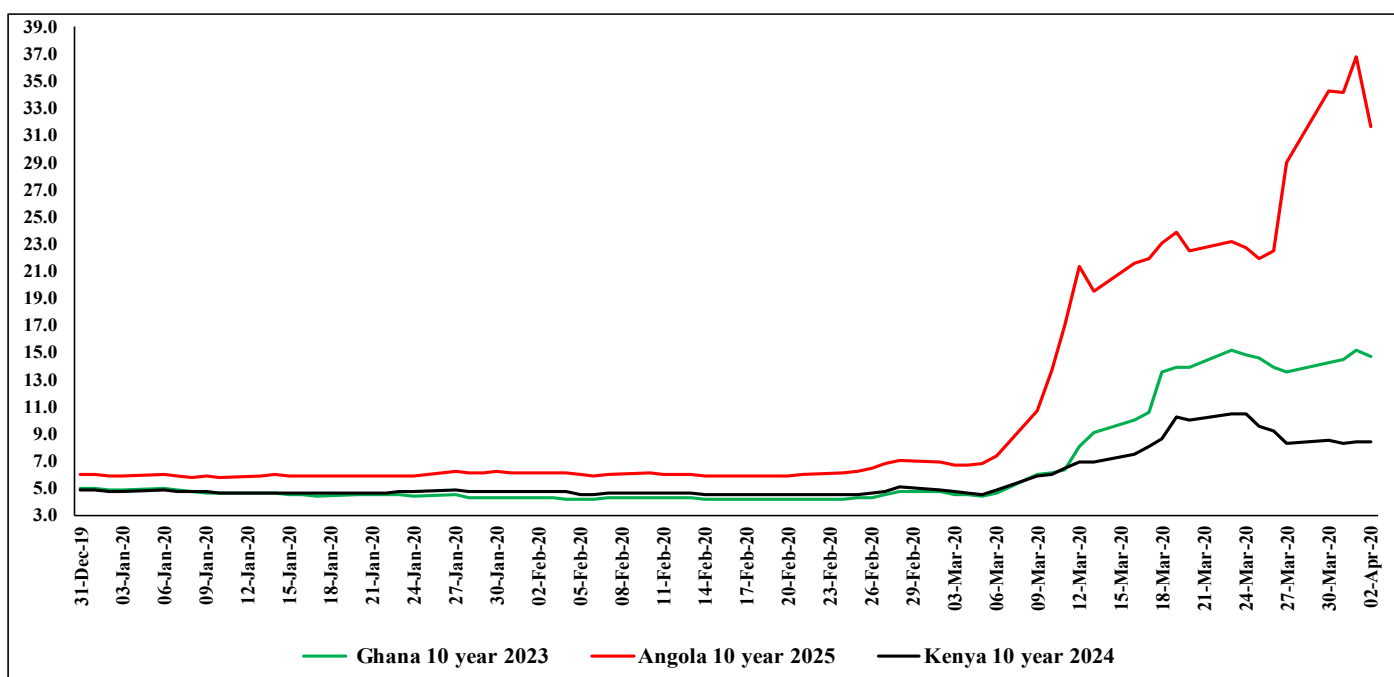
Source: Central Bank of Kenya

**Table 5: Treasury Bonds Auctions**

Date of Auction	19-Dec-19	22-Jan-20		19-Feb-20		18-Mar-20	
	TAP	REOPEN		REOPEN		REOPEN	
Tenor	FXD3/2019/5	FXD1/2019/5	FXD1/2019/10	FXD1/2020/15	FXD1/2018/25	FXD1/2018/20	FXD1/2018/25
Amount offered (Ksh M)	9,720.00	50,000.00		50,000.00		50,000.00	
Bids received (Ksh M)	9,750.51	69,941.73		42,494.66		35,155.99	
Amount Accepted (Ksh M)	9,750.51	44,488.60	19,259.58	5,194.04	22,678.92	8,274.69	14,638.57
Maturities (Ksh M)	0.00	0.00		0.00		0.00	
Average interest Rate (%)	11.49	11.50	12.43	12.76	13.60	13.29	13.82

Source: Central Bank of Kenya

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



Source: Thomson Reuters

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 (Mil- lion)	Equity Turnover (KSh Million)	Market Capital- ization (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
13-Mar-20	133.66	3337.61	2124.78	1,894	42.49	1,178.02	2,042.65	1,676.71	7.790	6.852	8.085	8.855	8.917
16-Mar-20	131.84	3253.25	2057.96	1,226	53.89	1,472.49	2,014.74	1,534.05	8.181	7.511	8.477	9.528	9.308
17-Mar-20	133.55	3270.96	2052.85	1,031	15.37	393.00	2,040.92	2,630.73	8.315	8.089	8.592	9.668	9.363
18-Mar-20	133.79	3265.27	2048.87	1,134	35.26	1,236.61	2,044.65	1,168.23	8.970	8.622	9.291	10.269	9.786
19-Mar-20	132.86	3218.07	2032.34	1,298	20.64	802.33	2,030.43	3,768.65	10.974	10.195	10.269	10.750	10.371
<b>March 13-19</b>	<b>132.86</b>	<b>3218.07</b>	<b>2032.34</b>	<b>6,583</b>	<b>167.63</b>	<b>5,082.44</b>	<b>2,030.43</b>	<b>10,778.37</b>	<b>10.974</b>	<b>10.195</b>	<b>10.269</b>	<b>10.750</b>	<b>10.371</b>
20-Mar-20	132.93	3224.43	2025.31	1,266	24.93	778.82	2,031.41	5,518.50	10.453	10.038	10.114	10.334	9.939
23-Mar-20	128.21	3092.10	1958.55	1,270	18.31	455.83	1,959.20	2,101.47	10.802	10.438	10.805	10.840	10.256
24-Mar-20	124.54	2956.77	1887.17	1,480	39.78	1,008.17	1,902.97	2,913.55	10.628	10.440	10.089	10.400	10.001
25-Mar-20	124.30	2943.60	1873.47	1,057	21.19	616.20	1,899.33	1,224.69	10.046	9.574	9.433	9.812	9.465
26-Mar-20	125.09	2965.17	1891.30	1,508	30.53	1,012.47	1,911.42	1,749.79	9.246	9.193	9.165	9.491	9.338
<b>March 20-26</b>	<b>125.09</b>	<b>2965.17</b>	<b>1891.30</b>	<b>6581</b>	<b>134.74</b>	<b>3,871.49</b>	<b>1,911.42</b>	<b>13,508.00</b>	<b>9.246</b>	<b>9.193</b>	<b>9.165</b>	<b>9.491</b>	<b>9.338</b>
<b>Weekly Changes (%)</b>	<b>-5.85</b>	<b>-7.86</b>	<b>-6.94</b>	<b>-0.03</b>	<b>-19.62</b>	<b>-23.83</b>	<b>-5.86</b>	<b>25.33</b>	<b>-1.728*</b>	<b>-1.002*</b>	<b>-1.104*</b>	<b>-1.259*</b>	<b>-1.033*</b>

\* Percentage points

Source: Nairobi Securities Exchange (NSE)

**Table 7: Government Domestic Debt (KSh Billion)**

	28-Jun-19	27-Dec-19	31-Jan-20	28-Feb-20	20-Mar-20	27-Mar-20
1. Treasury Bills (Excluding Repos)	954.25	889.55	880.01	917.87	928.38	916.70
<i>(As % of total securities)</i>	<b>35.31</b>	<b>31.06</b>	<b>30.15</b>	<b>30.75</b>	<b>30.99</b>	<b>30.49</b>
2. Treasury Bonds	1,748.15	1,974.69	2,038.71	2,066.89	2,066.89	2,090.29
<i>(As % of total securities)</i>	<b>64.69</b>	<b>68.94</b>	<b>69.85</b>	<b>69.25</b>	<b>69.01</b>	<b>69.51</b>
3. Total Securities (1+2)	2,702.40	2,864.25	2,918.72	2,984.76	2,995.27	3,006.99
4. Overdraft at Central Bank	57.33	58.96	59.19	30.47	25.78	39.13
5. Other Domestic debt*	25.76	25.86	25.79	25.74	25.73	25.73
<b>6. Gross Domestic Debt (3+4+5)</b>	<b>2,785.48</b>	<b>2,949.07</b>	<b>3,003.70</b>	<b>3,040.96</b>	<b>3,046.78</b>	<b>3,071.85</b>

\* 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-Dec-19	31-Jan-20	28-Feb-20	20-Mar-20	27-Mar-20
Treasury bills (Excluding Repos)	34.26	30.16	29.30	30.18	30.47	29.84
Treasury bonds	62.76	66.96	67.87	67.97	67.84	68.05
CBK Overdraft to Government	2.06	2.00	1.97	1.00	0.85	1.27
Other domestic debt	0.92	0.88	0.86	0.85	0.84	0.84
<b>TOTAL</b>	<b>100.00</b>	<b>100.00</b>	<b>100.00</b>	<b>100.00</b>	<b>100.00</b>	<b>100.00</b>

Source: Central Bank of Kenya

**Table 9: Government Domestic Debt by Holder (Percent)**

	28-Jun-19	27-Dec-19	31-Jan-20	28-Feb-20	20-Mar-20	27-Mar-20
Banking Institutions	54.38	54.22	54.65	54.38	54.54	54.50
Insurance Companies	6.13	6.41	6.40	6.29	6.24	6.31
Parastatals	6.97	6.50	6.25	6.23	6.17	6.10
Pension funds	28.24	28.70	28.54	28.86	28.68	28.74
Other investors	4.28	4.17	4.17	4.25	4.37	4.34
<b>Total</b>	<b>100.00</b>	<b>100.00</b>	<b>100.00</b>	<b>100.00</b>	<b>100.00</b>	<b>100.00</b>

Source: Central Bank of Kenya

**Table 10: Indicators of Total Government Debt**

	Jun-18	Dec-18	Jun-19	Nov-19	Dec-19	Jan-20	Feb-20
Domestic debt (KSh Billion)	2,478.84	2,548.77	2,785.94	2,917.36	2,942.10	3,003.70	3,040.96
Public & Publicly Guaranteed External debt (US \$ Billion)	25.34	26.74	29.55	30.30	30.66	30.95	30.87
Public & Publicly Guaranteed External debt (KSh Billion)	2,560.20	2,723.73	3,023.14	3,114.96	3,106.82	3,112.90	3,117.04
<b>Total public debt (KSh Billion)</b>	<b>5,039.03</b>	<b>5,272.50</b>	<b>5,809.08</b>	<b>6,032.32</b>	<b>6,048.93</b>	<b>6,116.60</b>	<b>6,158.00</b>

Source: National Treasury and Central Bank of Kenya