



Central Bank of Kenya

Weekly Bulletin

August 20, 2021



RECENT MONETARY AND FINANCIAL DEVELOPMENTS

Exchange Rates

The Kenya Shilling remained stable against major international and regional currencies during the week ending August 19. It exchanged at KSh 109.49 per US dollar on August 19, compared to KSh 109.14 per US dollar on August 12 (**Table 1**).

Foreign Exchange Reserves

The usable foreign exchange reserves remained adequate at USD 9,189 million (5.62 months of import cover) as at August 19. 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**).

Remittances

Remittance inflows increased to USD 336.7 million in July 2021 compared to USD 277.0 million in July 2020 representing a 21.6 percent increase (**Chart 1**). The cumulative inflows in the 12 months to July 2021 totalled USD 3,442 million compared to USD 2,862 million in the same period in 2020, a 20.3 percent increase. The United States continues to be the largest source of remittances into Kenya, accounting for 58.3 percent of remittances in July 2021.

Money Market

The money market was liquid during the week ending August 19, supported by government payments, which offset tax remittances. Commercial banks' excess reserves stood at KSh 13.4 billion in relation to the 4.25 percent cash reserves requirement (CRR). Open market operations remained active. The average interbank rate was 3.23 percent on August 19 compared to 2.74 percent on August 12. During the week, the average number of interbank deals per day was stable at 24, while the average value traded decreased to KSh 9.6 billion from KSh 13.1 billion (**Table 3**).

Government Securities Market

The Treasury bill auction of August 19 received bids totaling KSh 28.4 billion against an advertised amount of KSh 24.0 billion, representing a performance of 118.2 percent. Interest rates on the Treasury bills remained stable, with the 91-day and 364-day rate increasing marginally, while the 182-day rate declined (**Table 4**).

Equity Market

At the Nairobi Securities Exchange, the NASI, NSE 25 and NSE 20 share price indices rose by 2.1 percent, 2.4 percent, and 2.7 percent, respectively. The NSE 20 Share index crossed the 2000 points mark on August 18, for the first time since June 17, 2020. Similarly, total shares traded, equity turnover and market capitalization rose by 4.2 percent, 72.7 percent and 2.1 percent, respectively, during the week ending August 19 (**Table 6**).

Bonds Market

Turnover of bonds in the domestic secondary market declined by 11.8 percent during the week ending August 19 (**Table 6**). In the international market, yields on Kenya's Eurobonds rose by an average of 2.32 basis points. Similarly, the yields on the 10-year Eurobond for Ghana and Angola rose (**Chart 3**).

Global Trends

Global financial markets sentiment remained cautious during the week ending August 19, due to growing concerns over the resurgence of COVID-19 infections attributed to the Delta variant, supply chain bottlenecks and slower-than-expected growth in China.

International oil prices decreased during the week mainly due to low demand attributed to the increase in COVID-19 infections. Murban oil price decreased to USD 65.80 per barrel on August 19, from USD 71.02 per barrel on August 12.

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

	USD	Sterling Pound	Euro	100 Japanese Yen	Uganda Shilling*	Tanzania Shilling*	Rwandese Franc*	Burundi Franc*
6-Aug-21	108.72	151.37	128.74	99.36	32.53	21.33	9.27	18.23
9-Aug-21	108.77	151.35	128.46	98.68	32.50	21.32	9.26	18.23
10-Aug-21	108.84	151.07	127.98	98.64	32.48	21.31	9.26	18.22
11-Aug-21	109.02	151.09	127.77	98.51	32.38	21.27	9.24	18.19
12-Aug-21	109.14	151.14	127.97	98.84	32.35	21.25	9.24	18.17
August 6-12	108.90	151.20	128.18	98.81	32.45	21.30	9.25	18.21
13-Aug-21	109.20	151.25	128.11	98.91	32.42	21.24	9.23	18.16
16-Aug-21	109.26	151.02	128.35	99.85	32.38	21.23	9.23	18.15
17-Aug-21	109.36	151.56	128.76	100.06	32.35	21.21	9.22	18.13
18-Aug-21	109.42	150.93	128.75	99.81	32.35	21.19	9.21	18.13
19-Aug-21	109.49	150.69	128.35	99.38	32.25	21.18	9.21	18.12
August 13-19	109.34	151.09	128.46	99.60	32.35	21.21	9.22	18.14

*Units of currency per Kenya Shilling

Source: Central Bank of Kenya

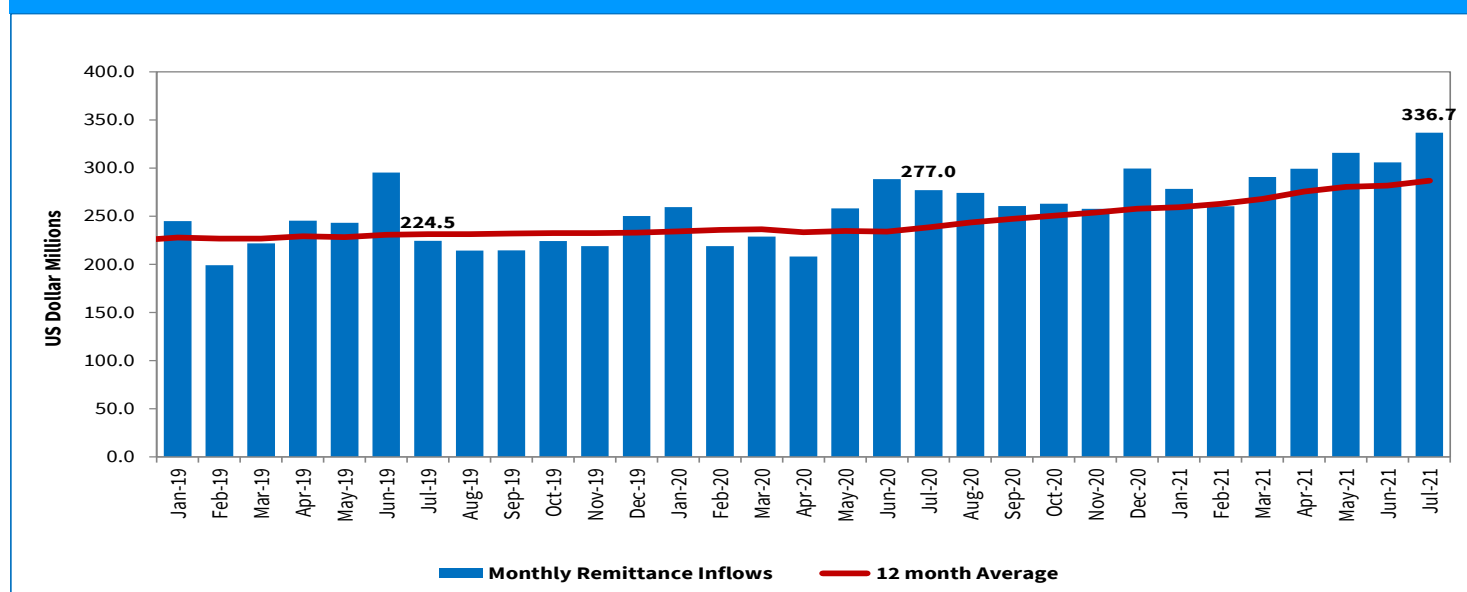
Table 2: Official Foreign Exchange Reserves (USD Million)

	22-Jul-21	29-Jul-21	5-Aug-21	12-Aug-21	19-Aug-21
1. CBK Usable Foreign Exchange Reserves (USD Million)*	9,371	9,341	9,352	9,296	9,189
2. CBK Usable Foreign Exchange Reserves (Months of Import Cover)**	5.73	5.71	5.72	5.68	5.62

*Excludes Encumbered Reserves
 **Based on 36 months average of imports of goods and non –factor services

Source: Central Bank of Kenya

Chart 1: Monthly Remittance Inflows



Source: Kenya National Bureau of Statistics and Central Bank of Kenya

Table 3: Money Markets

Date	Number of Deals	Value (KSh M)	Average Interbank Rate (%)
6-Aug-21	16	8,950.00	2.90
9-Aug-21	16	8,910.00	2.79
10-Aug-21	18	10,300.00	2.69
11-Aug-21	36	18,345.00	2.67
12-Aug-21	33	18,970.00	2.74
August 6-12,2021	24	13,095.00	2.76
13-Aug-21	23	12,350.00	2.87
16-Aug-21	23	8,155.00	2.77
17-Aug-21	27	11,730.00	2.83
18-Aug-21	21	8,060.00	3.03
19-Aug-21	25	7,950.00	3.23
August 13-19,2021	24	9,649.00	2.94

Source: Central Bank of Kenya

Table 4: Performance of Treasury Bills Auctions

91-Day Treasury Bills						
Date of Auction	15-Jul-21	22-Jul-21	29-Jul-21	5-Aug-21	12-Aug-21	19-Aug-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)	2,673.05	10,082.46	8,495.36	6,093.72	2,812.42	12,145.57
Amount Accepted (KSh M)	2,667.88	10,082.46	8,490.35	6,083.47	2,782.71	12,145.23
Maturities (KSh M)	4,161.45	3,720.50	1,738.20	1,867.30	1,389.70	4,706.70
Average Interest Rate (%)	6.520	6.477	6.486	6.513	6.527	6.599
182-Day Treasury Bills						
Date of Auction	15-Jul-21	22-Jul-21	29-Jul-21	5-Aug-21	12-Aug-21	19-Aug-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)	11,325.32	3,211.47	6,498.46	15,019.57	3,134.61	15,233.45
Amount Accepted (KSh M)	11,295.82	3,207.51	6,443.79	14,044.36	3,134.61	15,233.45
Maturities (KSh M)	8,400.30	937.00	2,042.10	2,082.40	4,377.00	11,090.40
Average Interest Rate (%)	6.984	6.955	6.966	7.046	7.117	7.104
364-Day Treasury Bills						
Date of Auction	15-Jul-21	22-Jul-21	29-Jul-21	5-Aug-21	12-Aug-21	19-Aug-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)	5,269.95	3,404.08	2,809.45	2,829.82	1,088.70	999.59
Amount Accepted (KSh M)	5,219.89	3,403.99	2,809.35	2,820.97	1,088.43	999.59
Maturities (KSh M)	6,160.90	25,369.30	10,883.20	14,323.90	5,702.95	6,648.85
Average Interest Rate (%)	7.506	7.432	7.426	7.418	7.418	7.420

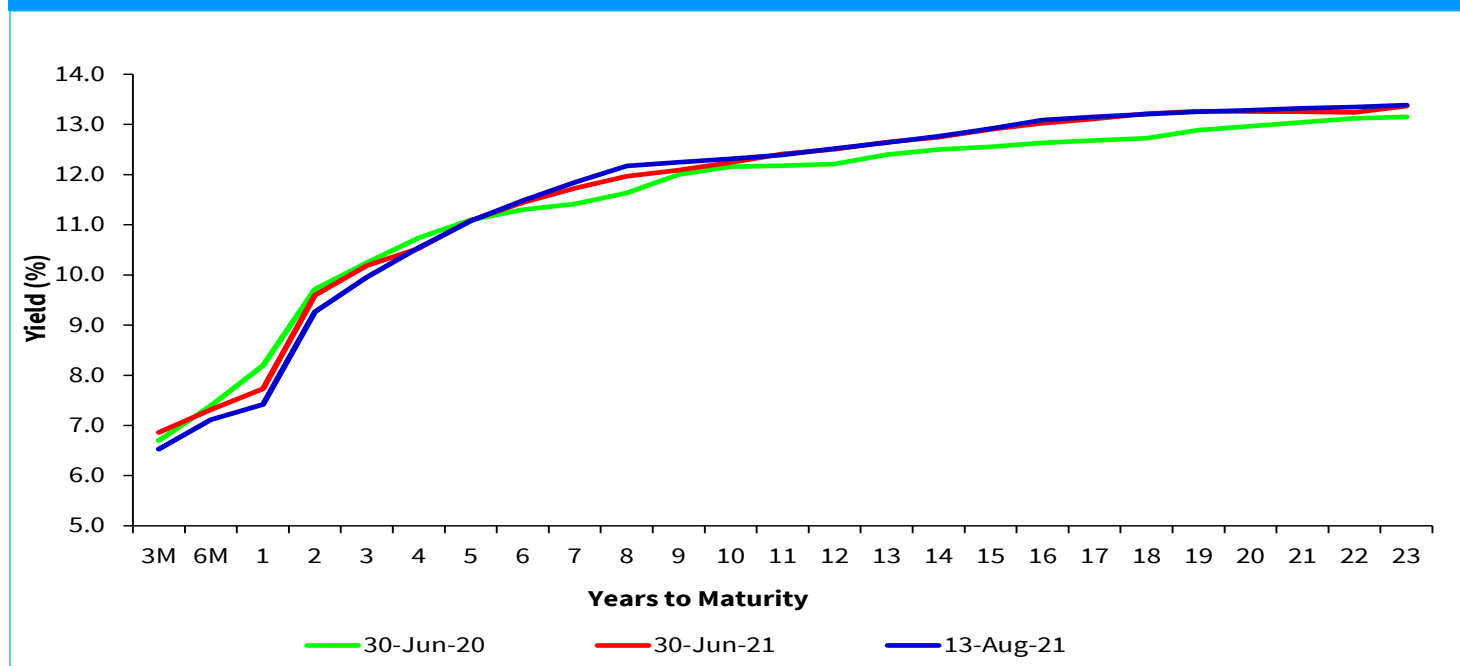
Source: Central Bank of Kenya

Table 5: Performance of Treasury Bond Auctions

Date of Auction	30-Jun-21		14-Jul-21			11-Aug-21		
	REOPEN		REOPEN			REOPEN		
Tenor	FXD1/ 2019/20	FXD1/ 2012/20	FXD1/ 2012/15	FXD1/ 2018/15	FXD1/ 2021/25	FXD3/ 2019/10	FXD1/ 2018/20	FXD1/ 2021/20
Amount offered (KSh M)	50,000.00		60,000.00			60,000.00		
Bids received (KSh M)	29,845.00	8,638.85	48,805.43	28,212.38	39,906.96	38,313.49	22,818.80	43,504.73
Amount Accepted (KSh M)	29,045.75	8,378.30	30,091.53	27,203.05	22,640.58	22,968.26	17,783.62	39,539.41
Maturities (KSh M)	0.00		24,395.3			0.00		
Average interest Rate (%)	13.26	12.50	11.47	12.61	13.68	12.17	13.19	13.44

Source: Central Bank of Kenya

Chart 2: Government Securities Yield Curve



Source: Nairobi Securities Exchange (NSE)

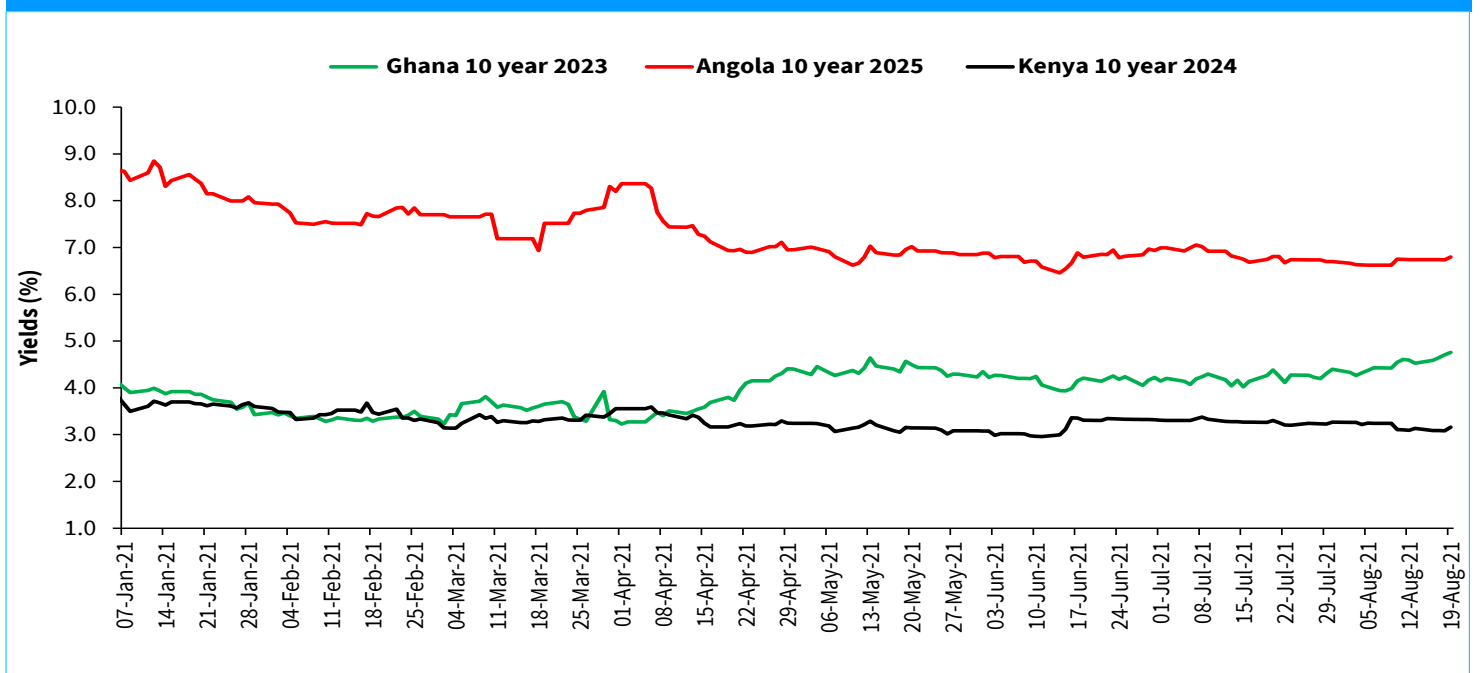
Table 6: Key Weekly Market Indicators

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
6-Aug-21	178.50	3917.17	1974.46	1,052.00	8.92	347.10	2,781.64	5,306.35	4.812	3.244	5.329	6.187	6.149	7.315
9-Aug-21	180.46	3936.49	1976.98	1,238.00	20.15	834.54	2,812.23	2,974.25	4.833	3.241	5.328	6.187	6.148	7.315
10-Aug-21	180.53	3939.02	1975.02	1,376.00	21.20	539.48	2,813.24	4,976.15	4.824	3.108	5.328	6.202	6.163	7.335
11-Aug-21	180.56	3934.24	1962.25	1,036.00	11.88	523.38	2,813.71	5,985.30	4.790	3.105	5.306	6.202	6.134	7.325
12-Aug-21	180.67	3933.23	1952.28	1,070.00	32.84	253.51	2,815.45	3,567.40	4.802	3.095	5.304	6.201	6.134	7.325
August 5-12	180.67	3933.23	1952.28	5,772.00	94.99	2,498.01	2,815.45	22,809.45	4.802	3.095	5.304	6.201	6.134	7.325
13-Aug-21	181.18	3950.14	1961.07	1,113.00	24.49	301.85	2,823.40	3,361.15	4.765	3.135	5.303	6.168	6.089	7.305
16-Aug-21	182.96	3975.42	1973.23	1,193.00	10.27	487.56	2,851.19	1,421.55	4.087	3.088	5.281	6.168	6.089	7.295
17-Aug-21	187.46	4075.27	1996.26	1,526.00	23.43	1,655.66	2,921.43	5,033.80	4.795	3.085	5.259	6.152	6.089	7.295
18-Aug-21	185.93	4068.32	2000.76	1,526.00	12.32	621.50	2,897.57	4,460.10	4.775	3.081	5.258	6.183	6.119	7.315
19-Aug-21	184.47	4028.92	2005.77	1,146.00	28.47	1,248.25	2,874.75	5,838.00	4.829	3.159	5.300	6.214	6.163	7.335
August 13-19	184.47	4028.92	2005.77	6,504.00	98.97	4,314.81	2,874.75	20,114.60	4.829	3.159	5.300	6.214	6.163	7.335
Weekly Changes (%)	2.10	2.43	2.74	12.68	4.20	72.73	2.11	(11.81)	0.027*	0.064*	-0.004*	0.013*	0.029*	0.010*

* 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	30-Jul-21	06-Aug-21	13-Aug-21
1. Treasury Bills (Excluding Repos)	894.73	855.71	761.90	765.37	751.55	755.14	760.59
<i>(As % of total securities)</i>	26.50	25.04	21.79	21.17	20.34	20.41	20.53
2. Treasury Bonds	2,482.24	2,561.33	2,734.47	2,849.94	2,943.98	2,943.98	2,943.98
<i>(As % of total securities)</i>	73.50	74.96	78.21	78.83	79.66	79.59	79.47
3. Total Securities (1+2)	3,376.98	3,417.05	3,496.37	3,615.31	3,695.53	3,699.12	3,704.57
4. Overdraft at Central Bank	56.21	47.60	49.28	59.28	72.91	70.16	65.85
5. Other Domestic debt*	23.92	23.90	24.19	22.50	23.70	23.67	23.68
6. Gross Domestic Debt (3+4+5)	3,457.11	3,488.54	3,569.84	3,697.09	3,792.15	3,792.94	3,794.10

* 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	30-Jul-21	6-Aug-21	13-Aug-21
Treasury bills (Excluding Repos)	25.88	24.53	21.34	20.70	19.82	19.91	20.05
Treasury bonds	71.80	73.42	76.60	77.09	77.63	77.62	77.59
Overdraft at Central Bank	1.63	1.36	1.38	1.60	1.92	1.85	1.74
Other domestic debt	0.69	0.69	0.68	0.61	0.63	0.62	0.62
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	30-Jul-21	6-Aug-21	13-Aug-21
Banking Institutions	54.55	52.83	51.75	51.24	51.15	51.31	51.44
Insurance Companies	6.16	6.44	6.57	6.66	6.65	6.64	6.64
Parastatals	5.47	5.69	5.62	5.54	5.39	5.28	5.11
Pension Funds	28.53	30.32	30.46	30.60	30.90	30.87	30.89
Other Investors	5.30	4.73	5.59	5.96	5.92	5.91	5.91
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