



Central Bank of Kenya

Weekly Bulletin

April 2, 2021

KEY MONETARY AND FINANCIAL INDICATORS

Monetary Policy Committee Meeting

The Monetary Policy Committee (MPC) met on March 29 and noted that the package of policy measures implemented over the last year have protected the economy from substantial decline, and supported the most vulnerable citizens. The MPC concluded that the current accommodative monetary policy stance remains appropriate, and therefore decided to retain the Central Bank Rate (CBR) at 7.00 percent.

Inflation

Overall inflation remained stable in March, increasing marginally to 5.9 percent from 5.8 percent in February. The marginal increase was on account of a rise in fuel inflation from 13.8 percent in February to 15.8 percent in March (Chart 1).

Exchange Rates

The Kenya Shilling remained stable against major international and regional currencies during the week ending April 1. It exchanged at KSh 109.35 per US dollar on April 1, compared to KSh 109.81 per US dollar on March 25 (Table 1).

Foreign Exchange Reserves

The usable foreign exchange reserves remained adequate at USD 7,343 million (4.51 months of import cover) as at April 1. 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 April 1, supported by government payments which offset tax receipts. Commercial banks' excess reserves stood at KSh 13.8 billion in relation to the 4.25 percent cash reserves requirement (CRR). Open market operations remained active. The average interbank rate was 5.59 percent on April 1 compared to 5.53 percent on March 25. During the week, the average number of interbank deals per day increased to 26 from 24 in the previous week, while the average value traded increased to KSh 15.9 billion from KSh 10.8 billion in the previous week (Table 3).

Government Securities Market

The Treasury bills auction of March 31 received bids totalling KSh 7.7 billion against an advertised amount of KSh 24.0 billion, representing a performance of 29.9 percent. Interest rates remained stable, with the 91-day rate decreasing while the 182-day and 364-day rates increased marginally (Table 4).

Equity Market

At the Nairobi Securities Exchange, the equity turnover and total shares traded increased by 47.9 percent and 13.9 percent, respectively during the week ending April 1. However, the NASI, NSE 25 and NSE 20 share price indices declined by 4.8 percent, 4.1 percent, and 2.3 percent, respectively. Market capitalization also declined by 4.9 percent (Table 6).

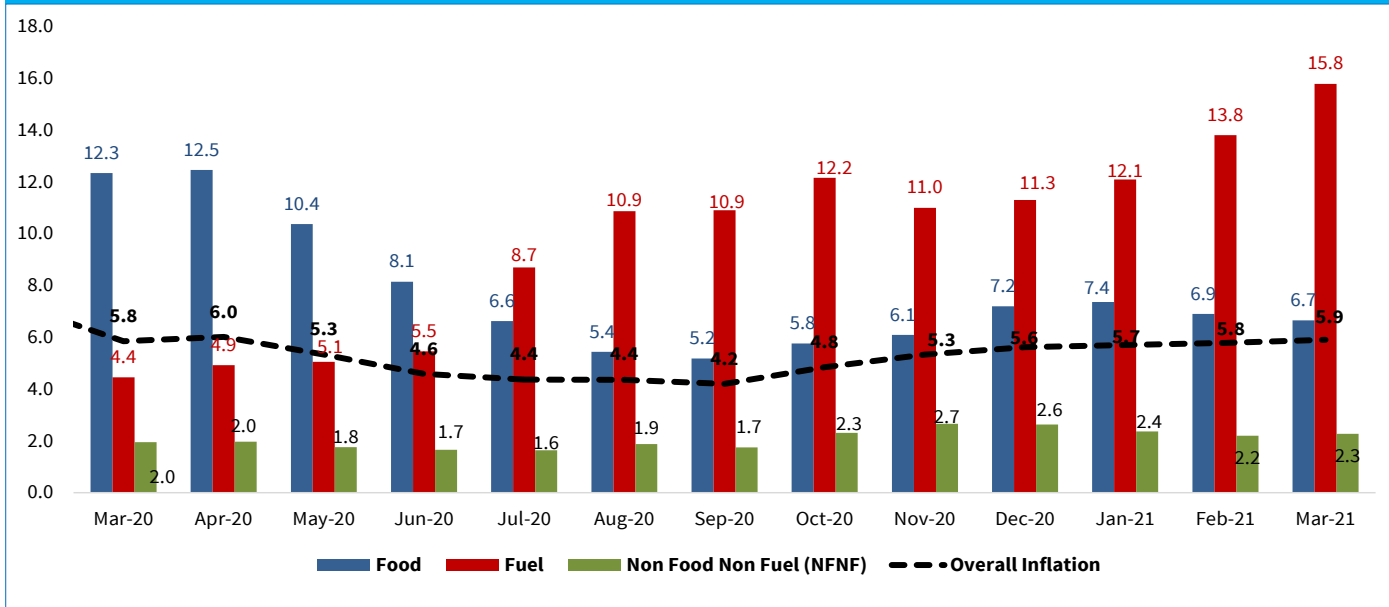
Bonds Market

Turnover of bonds in the domestic secondary market increased by 25.0 percent during the week ending April 1 (Table 6). In the international market, yields on Kenya's Eurobonds increased by an average of 30.8 basis points. The yield on the 10-year Eurobond for Angola also increased while that of Ghana declined marginally (Chart 3).

Global Trends

Global financial markets remained calm during the week ending April 1 as employment expectations strengthened across advanced economies and investors weighed the prospects for another US stimulus package. However, rising hospitalizations and slow uptake of vaccinations in Europe remained a concern.

International oil prices increased during the week on account of increased demand and draw down in crude oil inventories. Murban oil price increased to USD 62.1 per barrel on April 1 from USD 61.61 per barrel on March 25.

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*
19-Mar-21	109.86	153.17	131.09	100.91	33.36	21.11	9.05	17.72
22-Mar-21	109.86	152.64	130.85	100.99	33.36	21.11	9.05	17.72
23-Mar-21	109.86	152.44	130.92	101.08	33.36	21.11	9.05	17.72
24-Mar-21	109.85	151.86	130.68	101.17	33.27	21.11	9.05	17.72
25-Mar-21	109.81	150.95	130.10	101.03	33.37	21.12	9.06	17.80
Mar 19-25	109.85	152.21	130.73	101.04	33.35	21.11	9.05	17.74
26-Mar-21	109.79	150.45	129.75	100.68	33.38	21.12	8.99	17.82
29-Mar-21	109.75	151.01	129.35	100.01	33.35	21.13	9.06	17.74
30-Mar-21	109.72	151.55	129.29	100.05	33.35	21.14	9.06	17.75
31-Mar-21	109.51	150.69	128.60	99.22	33.47	21.18	9.08	17.78
1-Apr-21	109.35	150.67	128.51	98.81	33.52	21.21	9.09	17.81
Mar 26-Apr 1	109.62	150.87	129.10	99.75	33.41	21.15	9.06	17.78

* Units of currency per Kenya Shilling

Source: Central Bank of Kenya

Table 2: Official Foreign Exchange Reserves (USD Million)

	4-Mar-21	11-Mar-21	18-Mar-21	25-Mar-21	1-Apr-21
1. CBK Usable Foreign Exchange Reserves (USD Million)	7,359	7,351	7,412	7,344	7,343
2. CBK Usable Foreign Exchange Reserves (Months of Import Cover)*	4.52	4.52	4.55	4.51	4.51

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

Source: Central Bank of Kenya

Table 3: Money Markets

Date	Number of Deals	Value (KSh M)	Average Interbank Rate (%)
19-Mar-21	22	9,640.00	5.66
22-Mar-21	27	10,250.00	5.71
23-Mar-21	20	11,660.00	5.59
24-Mar-21	24	10,200.00	5.62
25-Mar-21	25	12,000.00	5.53
Mar 19-25	24	10,750.00	5.62
26-Mar-21	24	11,700.00	5.52
29-Mar-21	32	22,880.00	5.36
30-Mar-21	32	20,800.00	5.35
31-Mar-21	15	7,750.00	5.55
1-Apr-21	27	16,150.00	5.59
Mar 26-Apr 1	26	15,856.00	5.47

Source: Central Bank of Kenya

Table 4: Performance of Treasury Bills Auctions

91-Day Treasury Bills						
Date of Auction	25-Feb-21	4-Mar-21	11-Mar-21	18-Mar-21	25-Mar-21	31-Mar-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)	6,281.66	7,045.17	4,350.17	5,422.32	3,302.64	2,018.11
Amount Accepted (KSh M)	4,806.25	6,062.14	4,349.58	5,422.13	3,302.64	2,018.11
Maturities (KSh M)	3,633.50	2,514.40	1,564.25	8,658.45	5,693.95	672.75
Average Interest Rate (%)	6.931	7.024	7.024	7.071	7.087	7.085
182-Day Treasury Bills						
Date of Auction	25-Feb-21	4-Mar-21	11-Mar-21	18-Mar-21	25-Mar-21	31-Mar-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)	10,227.69	7,773.77	6,081.94	7,099.33	3,070.50	764.64
Amount Accepted (KSh M)	7,340.21	6,809.86	6,080.73	6,135.84	3,070.02	764.64
Maturities (KSh M)	5,056.35	2,761.95	7,756.90	1,982.05	1,167.30	3,578.50
Average Interest Rate (%)	7.722	7.765	7.832	7.884	7.890	7.910
364-Day Treasury Bills						
Date of Auction	25-Feb-21	4-Mar-21	11-Mar-21	18-Mar-21	25-Mar-21	31-Mar-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)	15,164.20	19,016.49	12,192.30	15,077.07	16,595.11	4,405.24
Amount Accepted (KSh M)	14,522.84	17,293.12	12,191.56	11,738.86	12,665.17	4,375.51
Maturities (KSh M)	10,954.45	20,558.30	19,432.30	18,398.20	5,324.75	23,194.95
Average Interest Rate (%)	9.014	9.071	9.144	9.213	9.259	9.308

Source: Central Bank of Kenya

Table 5: Performance of Treasury Bond Auctions

Date of Auction	3-Feb-21		17-Feb-21		10-Mar-21	
	REOPEN		TAP		REOPEN	
Tenor	FXD1/2013/15	FXD1/2012/20	FXD1/2013/15	FXD1/2012/20	FXD1/2019/15	FXD2/2018/20
Amount offered (KSh M)	50,000.00		18,000.00		50,000.00	
Bids received (KSh M)	13,553.50	28,308.65	7,164.85	4,071.20	15,897.21	32,809.37
Amount Accepted (KSh M)	9,408.58	22,713.42	6,985.73	3,924.84	15,511.29	32,795.91
Maturities (KSh M)	7,868.37		0.00		0.00	
Average interest Rate (%)	11.78	12.59	11.78	12.59	12.41	13.44

Source: Central Bank of Kenya

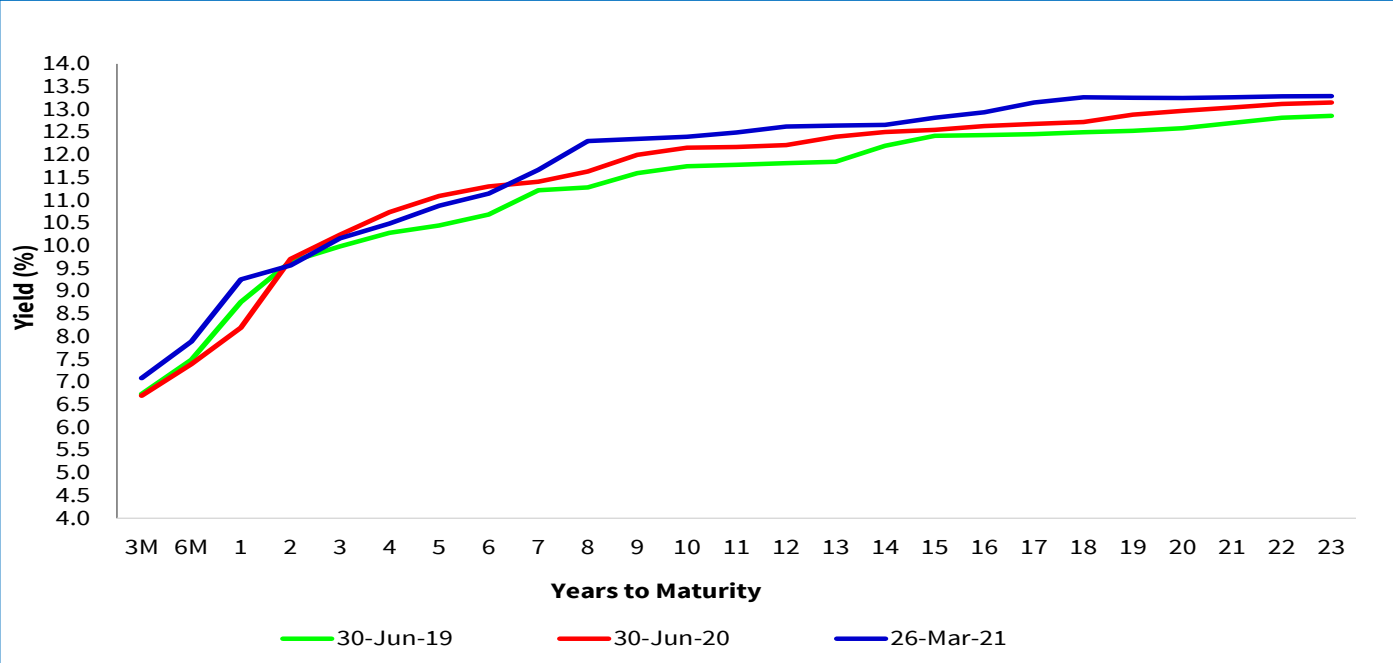
Table 6: Key Weekly Market Indicators

INDICATOR	NASI 100=2008	NSE 25 Share Index	NSE 20 Share Index 100=1996	Total Deals (Equity)	Total Shares Traded (Million)	Equity 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
19-Mar-21	166.94	3,711.22	1,933.60	900.00	11.24	260.27	2,565.07	1,572.90	4.979	3.318	5.766	6.468	7.479
22-Mar-21	167.50	3,709.84	1,931.35	909.00	15.36	494.73	2,573.65	1,797.30	5.084	3.354	5.871	6.725	7.654
23-Mar-21	169.11	3,736.79	1,931.34	1,004.00	26.04	565.42	2,598.52	2,596.35	5.111	3.313	5.828	6.708	7.654
24-Mar-21	168.96	3,723.71	1,910.17	1,122.00	17.57	625.08	2,596.15	2,198.35	5.111	3.310	5.849	6.724	7.664
25-Mar-21	168.85	3,710.63	1,907.32	972.00	13.29	412.59	2,594.49	2,616.10	5.205	3.379	5.933	6.773	7.685
Mar 19-25	168.85	3710.63	1907.32	4,907.00	83.51	2,358.09	2,594.49	10,781.00	5.205	3.379	5.933	6.773	7.685
26-Mar-21	166.48	3,666.29	1,903.06	916.00	9.98	311.32	2,558.02	2,237.80	5.319	3.415	6.018	6.805	7.738
29-Mar-21	161.28	3,531.67	1,853.25	1,289.00	16.59	652.74	2,478.00	3,824.40	5.373	3.376	6.083	6.838	7.748
30-Mar-21	160.97	3,544.40	1,846.76	1,318.00	29.22	1,168.08	2,473.12	4,571.55	5.578	3.451	6.256	7.121	7.976
31-Mar-21	158.62	3,531.58	1,846.41	1,273.00	22.96	741.62	2,437.04	1,578.35	5.603	3.555	6.276	7.120	7.976
1-Apr-21	160.68	3,559.40	1,864.44	1,100.00	16.41	613.69	2,468.64	1,259.80	5.575	3.553	6.276	7.103	8.010
Mar 26-April 1	160.68	3559.40	1864.44	5,896.00	95.15	3,487.46	2,468.64	13,471.90	5.575	3.553	6.276	7.103	8.010
Weekly Changes (%)	-4.84	-4.08	-2.25	20.15	13.94	47.89	-4.85	24.96	0.370*	0.174*	0.343*	0.330*	0.325*

* Percentage points

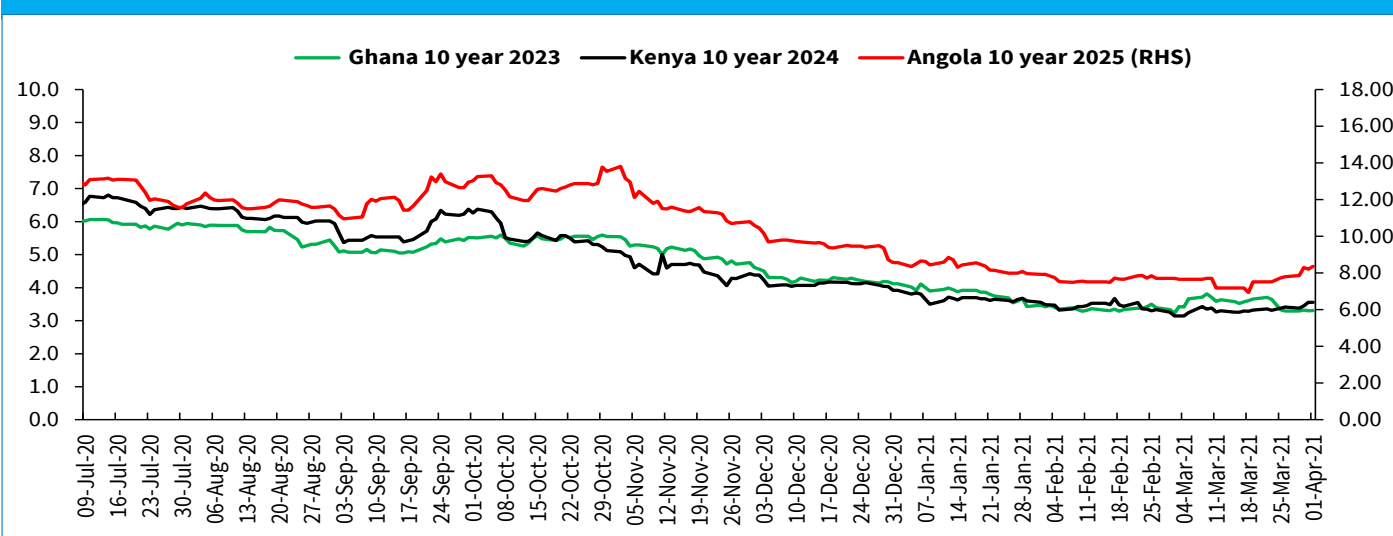
Source: Nairobi Securities Exchange (NSE) and Thompson Reuters

Chart 2: Government Securities Yield Curve



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)

	30-Jun-20	30-Sep-20	31-Dec-20	29-Jan-21	26-Feb-21	19-Mar-21	26-Mar-21
1. Treasury Bills (Excluding Repos)	887.14	894.73	855.71	785.46	748.00	758.11	753.75
<i>(As % of total securities)</i>	<i>28.56</i>	<i>26.50</i>	<i>25.04</i>	<i>22.75</i>	<i>21.67</i>	<i>21.60</i>	<i>21.61</i>
2. Treasury Bonds	2,219.44	2,482.24	2,561.33	2,667.02	2,703.56	2,752.17	2,734.47
<i>(As % of total securities)</i>	<i>71.44</i>	<i>73.50</i>	<i>74.96</i>	<i>77.25</i>	<i>78.33</i>	<i>78.40</i>	<i>78.39</i>
3. Total Securities (1+2)	3,106.59	3,376.98	3,417.05	3,452.48	3,451.56	3,510.28	3,488.22
4. Overdraft at Central Bank	47.15	56.21	47.60	55.27	55.40	50.31	56.08
5. Other Domestic debt*	23.24	23.92	23.90	24.81	24.25	24.22	24.22
6. Gross Domestic Debt (3+4+5)	3,176.97	3,457.11	3,488.54	3,532.56	3,531.22	3,584.82	3,568.53

* 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-Jun-20	30-Sep-20	31-Dec-20	29-Jan-21	19-Mar-21	26-Mar-21
Treasury bills (Excluding Repos)	34.24	27.92	25.88	24.53	22.24	21.15	21.12
Treasury bonds	62.78	69.86	71.80	73.42	75.52	76.77	76.63
Overdraft at Central Bank	2.06	1.48	1.63	1.36	1.57	1.40	1.57
Other domestic debt	0.92	0.73	0.69	0.69	0.68	0.68	0.68
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	30-Jun-20	30-Sep-20	31-Dec-20	29-Jan-21	19-Mar-21	26-Mar-21
Banking Institutions	54.38	54.86	55.14	53.29	53.32	52.98	53.20
Insurance Companies	6.13	6.05	6.16	6.44	6.40	6.51	6.54
Parastatals	6.97	5.73	5.47	5.69	5.64	5.62	5.67
Pension Funds	28.24	29.05	28.53	30.32	30.34	30.34	30.50
Other Investors	4.28	4.32	4.71	4.27	4.30	4.55	4.09
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	Jun-20	Sep-20	Oct-20	Nov-20	Dec-20	Jan-21
Domestic debt (KSh Bn)	2,787.04	3,176.97	3,457.11	3,457.64	3,482.65	3,488.54	3,532.56
Public & Publicly Guaranteed External debt (USD Bn)	29.55	33.01	33.77	34.05	34.27	34.75	34.68
Public & Publicly Guaranteed External debt (KSh Bn)	3,023.14	3,515.81	3,663.49	3,705.64	3,771.81	3,793.29	3,819.70
Public debt (KSh Bn)	5,810.18	6,692.78	7,120.60	7,163.29	7,254.46	7,281.83	7,352.26

Source: National Treasury and Central Bank of Kenya