



Central Bank of Kenya

Weekly Bulletin

October 30, 2020

KEY MONETARY AND FINANCIAL INDICATORS

Inflation

Overall inflation edged up to 4.8 percent in October 2020 from 4.2 percent in September, partly driven by increases in prices of a few food items and cost of transport (Chart 1).

Exchange Rates

The Kenya Shilling remained stable against major international and regional currencies during the week ending October 29. It exchanged at KSh 108.83 per US dollar on October 29, compared to KSh 108.75 per US dollar on October 22 (Table 1).

Foreign Exchange Reserves

The usable foreign exchange reserves remained adequate at USD 8,121 million (4.93 months of import cover) as at October 29. 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).

Current Account

Provisional data on balance of payments shows that the current account deficit narrowed to 5.0 percent of GDP in the 12 months to September 2020 compared to 5.4 percent of GDP during a similar period in 2019 (Chart 2). This reflected lower oil imports and strong performance of exports, particularly tea, as well as resilient remittances.

Money Markets

The money market was relatively liquid during the week ending October 29, supported by government payments, which offset tax receipts. Commercial banks' excess reserves stood at KSh 9.5 billion in relation to the 4.25 percent cash reserves requirement (CRR). Open market operations remained active. The average interbank rate was 3.1 percent on October 29 compared to 2.62 percent on October 22. The average number of interbank deals per day increased to 29 from 25 in the previous week, while the average value traded declined to KSh 13.7 billion from KSh 17.4 billion in the previous week (Table 3).

Government Securities Market

The Treasury bills auction of October 29 received bids totalling KSh 17.3 billion against an advertised amount of KSh 24.0 billion, representing a performance of 72.1 percent. Interest rates on all the Treasury bills tenors remained stable (Table 4).

Equity Market

At the Nairobi Securities Exchange (NSE), equity turnover and total number of shares traded rose by 153.5 percent and 131.6 percent, respectively during the week ending October 29. However, NASI, NSE 25 and NSE 20 share price indices declined by 0.8 percent, 1.2 percent and 0.3 percent, respectively. Similarly, market capitalization declined by 0.8 percent (Table 6).

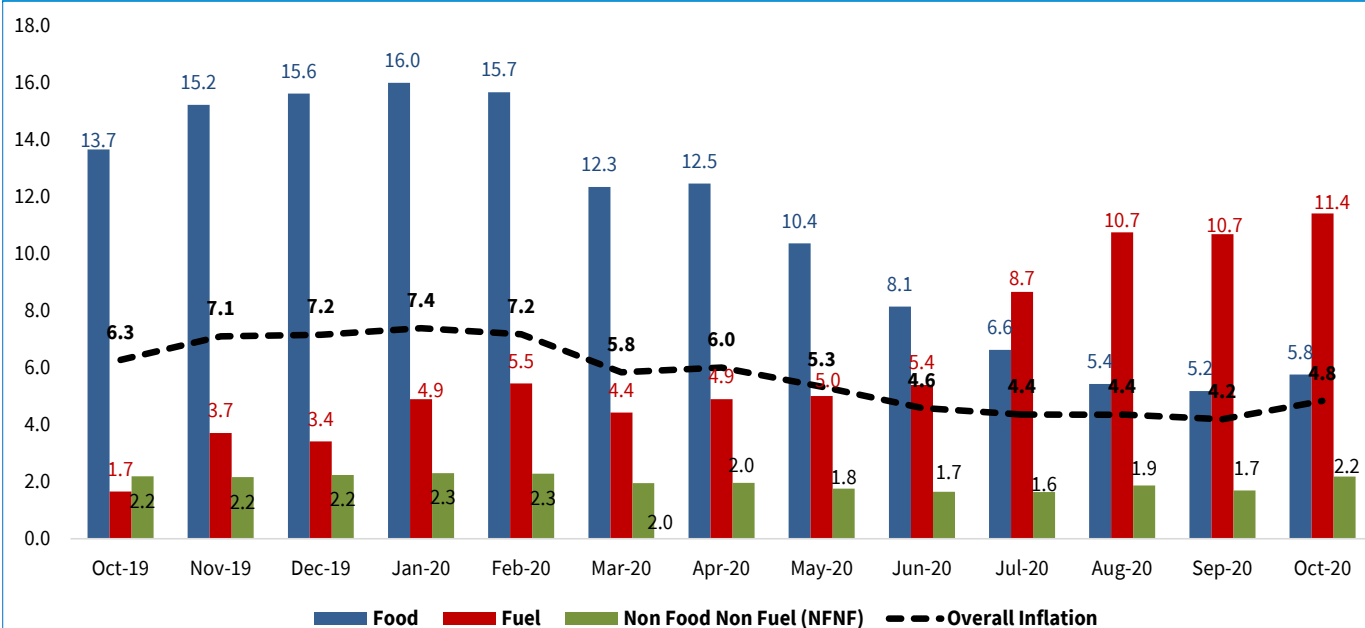
Bond Market

Turnover of bonds traded in the domestic secondary market rose by 5.6 percent during the week ending October 29 (Table 6). In the international market, yields on Kenya's Eurobonds declined by an average of 26.4 basis points. However, the yields on the 10-year Eurobonds for Angola and Ghana rose towards the end of the week (Chart 4).

Global Trends

Global financial markets sentiment during the week ending October 30 was dampened by the diminishing prospects of a pre-election fiscal stimulus in the US and the resurgence in coronavirus infections in the US and Europe. However, the US economy performed better than expected, growing at an annualized rate of 33.1 percent in the third quarter of 2020.

International oil prices declined during the week reflecting subdued global demand. Murban oil price decreased to USD 38.87 per barrel on October 29 from USD 42.09 per barrel on October 22.

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*
16-Oct-20	108.62	140.62	127.25	103.19	34.25	21.36	9.00	17.81
19-Oct-20	108.68	140.31	127.40	103.25	34.33	21.35	9.00	17.80
20-Oct-20	Public Holiday							
21-Oct-20	108.72	141.27	127.97	103.16	34.35	21.33	9.00	17.79
22-Oct-20	108.75	141.94	128.78	103.90	34.36	21.32	8.99	17.79
Oct 16-22	108.69	141.03	127.85	103.38	34.32	21.34	9.00	17.80
23-Oct-20	108.77	142.30	128.56	103.88	34.28	21.32	8.99	17.79
26-Oct-20	108.79	142.14	128.88	103.82	34.29	21.33	8.99	17.78
27-Oct-20	108.83	141.76	128.68	103.69	34.24	21.31	8.99	17.78
28-Oct-20	108.84	141.91	128.71	104.02	34.27	21.31	8.99	17.78
29-Oct-20	108.83	141.06	127.71	104.23	34.39	21.31	8.99	17.78
Oct 23-29	108.81	141.84	128.51	103.93	34.29	21.31	8.99	17.78

* Units of currency per Kenya Shilling

Source: Central Bank of Kenya

Table 2: Official Usable Foreign Exchange Reserves

	1-Oct-20	8-Oct-20	15-Oct-20	22-Oct-20	29-Oct-20
1. CBK Usable Foreign Exchange Reserves (USD Million)	8,533	8,454	8,311	8,223	8,121
2. CBK Usable Foreign Exchange Reserves (Months of Import Cover)*	5.18	5.13	5.04	4.99	4.93

*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 (%)
16-Oct-20	24	15,835.00	2.44
19-Oct-20	24	15,735.00	2.49
20-Oct-20	Public Holiday		
21-Oct-20	20	16,225.00	2.48
22-Oct-20	32	21,835.00	2.62
Oct 16-22	25	17,407.50	2.51
23-Oct-20	37	14,385.00	2.90
26-Oct-20	27	14,475.00	2.85
27-Oct-20	21	12,050.00	2.78
28-Oct-20	35	17,250.00	2.95
29-Oct-20	26	10,150.00	3.10
Oct 23-29	29	13,662.00	2.92

Source :Central Bank of Kenya

Table 4: Performance of Treasury Bills Auctions

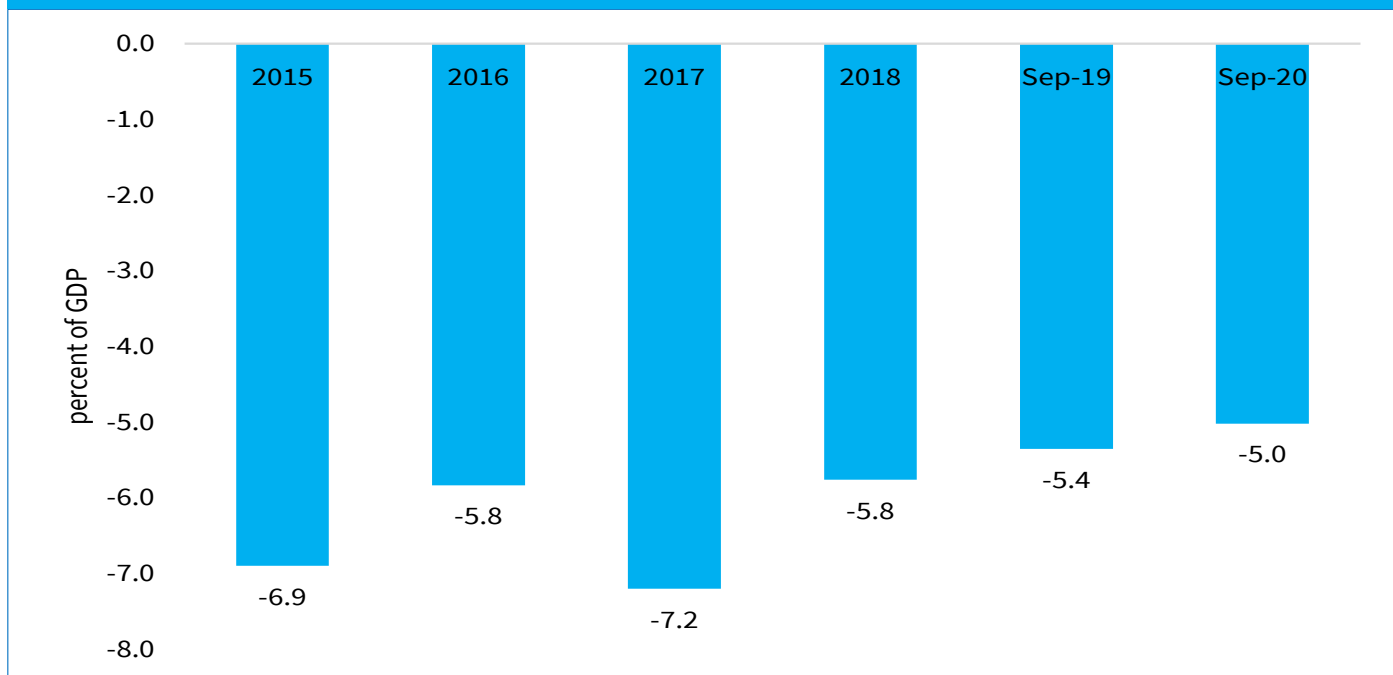
91-Day Treasury Bills						
Date of Auction	24-Sep-20	1-Oct-20	8-Oct-20	15-Oct-20	22-Oct-20	29-Oct-20
Amount Offered (KSh M)	4,000.00	4,000.00	4,000.00	4,000.00	4,000.00	4,000.00
Bids Received (KSh M)	1,121.74	6,186.15	7,458.93	8,606.77	4,122.47	2,996.75
Amount Accepted (KSh M)	1,101.03	4,887.21	7,375.21	8,114.99	4,121.49	2,505.10
Maturities (KSh M)	695.40	9,592.90	18,704.45	30,310.30	10,965.75	12,075.95
Average Interest Rate (%)	6.309	6.400	6.468	6.520	6.589	6.653
182-Day Treasury Bills						
Date of Auction	24-Sep-20	1-Oct-20	8-Oct-20	15-Oct-20	22-Oct-20	29-Oct-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)	1,272.08	4,059.29	3,930.46	7,096.82	7,227.81	3,306.60
Amount Accepted (KSh M)	1,131.97	3,469.83	3,329.63	6,130.87	6,744.88	3,305.83
Maturities (KSh M)	3,480.25	4,773.35	1,626.05	772.55	4,619.10	2,621.45
Average Interest Rate (%)	6.773	6.839	6.853	6.909	6.967	7.038
364-Day Treasury Bills						
Date of Auction	24-Sep-20	1-Oct-20	8-Oct-20	15-Oct-20	22-Oct-20	29-Oct-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)	4,731.14	5,334.48	15,010.33	15,888.06	8,173.50	11,010.11
Amount Accepted (KSh M)	4,424.96	2,341.85	14,084.56	15,744.90	8,140.63	10,721.36
Maturities (KSh M)	12,677.60	8,531.60	12,089.80	8,371.60	14,261.45	14,027.10
Average Interest Rate (%)	7.690	7.744	7.762	7.800	7.840	7.933

Source: Central Bank of Kenya

Table 5: Performance of Treasury Bonds Auctions

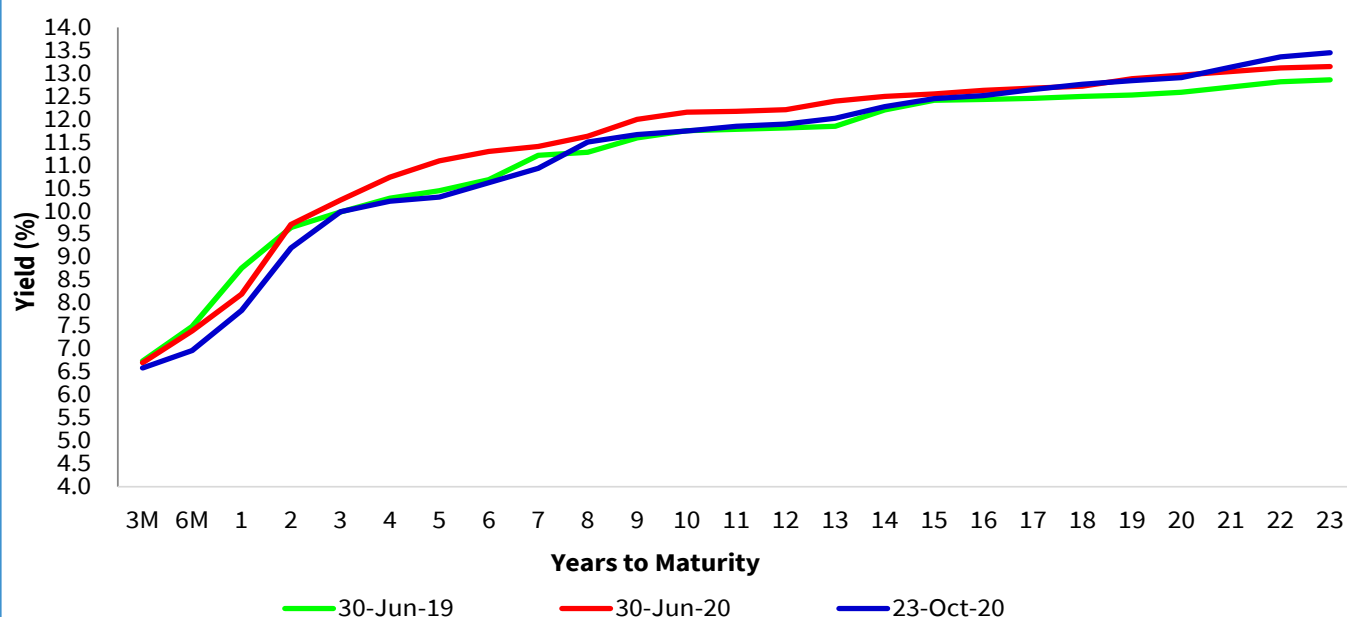
Date of Auction	5-Aug-20	19-Aug-20	16-Sept-20			14-Oct-20	
	TAP		REOPEN			REOPEN	
Tenor	FXD2/ 2018/20	IFB1/ 2020/11	FXD1/ 2011/20	FXD1/ 2020/15	FXD2/ 2010/15	FXD1/ 2011/20	FXD1/ 2018/25
Amount offered (KSh M)	40,000.00	70,000.00	50,000.00			50,000.00	
Bids received (KSh M)	41,006.20	101,471.04	14,044.33	49,791.29	17,841.15	23,155.69	45,981.50
Amount Accepted (KSh M)	41,006.20	78,639.89	7,465.13	45,691.75	11,019.41	16,992.04	43,034.10
Maturities (KSh M)	0.00	0.00	0.00			33,387.90	
Average interest Rate (%)	12.93	11.30	11.87	12.51	10.46	11.99	13.49

Source: Central Bank of Kenya

Chart 2: Current Account Balance

Source: Central Bank of Kenya

Chart 3: Government Securities Yield



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
16-Oct-20	139.7	3212.9	1811.1	830	4.4	121.5	2,144	2,314	6.592	5.578	7.027	7.718	8.449
19-Oct-20	139.7	3210.3	1812.4	744	6.1	179.0	2,145	3,674	6.439	5.429	6.875	7.581	8.365
20-Oct-20	PUBLIC HOLIDAY								6.499	5.576	6.962	7.666	8.449
21-Oct-20	139.8	3205.3	1809.7	712	8.9	250.4	2,146	2,828	6.530	5.575	6.940	7.684	8.377
22-Oct-20	140.7	3217.0	1805.3	725	10.5	280.6	2,161	3,724	6.468	5.498	6.918	7.649	8.377
Oct 16 - 22	140.72	3216.95	1805.26	3,011.0	29.92	831.48	2,160.56	12,540.85	6.468	5.498	6.918	7.649	8.377
23-Oct-20	141.2	3216.7	1799.3	815	17.4	609.9	2,168	3,041	6.530	5.386	6.852	7.632	8.306
26-Oct-20	139.8	3189.3	1799.4	798	11.7	422.6	2,146	3,027	6.375	5.422	6.809	7.580	8.330
27-Oct-20	140.7	3248.2	1866.2	1,073	17.5	550.0	3,159	2,533	6.313	5.310	6.723	7.546	8.225
28-Oct-20	139.9	3183.8	1797.8	666	11.5	272.0	2,148	1,766	6.192	5.309	6.637	7.461	8.202
29-Oct-20	139.6	3178.9	1799.8	734	11.2	253.4	2,144	2,874	6.191	5.233	6.615	7.394	8.156
Oct 23 - 29	139.64	3178.93	1799.77	4,086.0	69.30	2107.94	2,143.88	13,240.55	6.191	5.233	6.615	7.394	8.156
Weekly Changes (%)	-0.77	-1.18	-0.30	35.70	131.63	153.52	-0.77	5.58	-0.277*	-0.265*	-0.303*	-0.255*	-0.221*

* 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	16-Oct-20	23-Oct-20
1. Treasury Bills (Excluding Repos)	954.25	878.94	900.62	887.14	894.73	876.58	868.66
<i>(As % of total securities)</i>	35.29	30.80	30.09	28.55	26.50	26.10	25.70
2. Treasury Bonds	1,749.71	1,974.69	2,092.64	2,220.34	2,482.24	2,482.24	2,511.27
<i>(As % of total securities)</i>	64.71	69.20	69.91	71.45	73.50	73.90	74.30
3. Total Securities (1+2)	2,703.96	2,853.63	2,993.26	3,107.48	3,376.98	3,358.82	3,379.93
4. Overdraft at Central Bank	57.33	63.72	54.18	47.15	56.21	49.54	52.62
5. Other Domestic debt*	25.76	24.75	25.10	23.24	23.92	23.93	23.93
6. Gross Domestic Debt (3+4+5)	2,787.04	2,942.10	3,072.54	3,177.87	3,457.11	3,432.28	3,456.48

* 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	31-Dec-19	31-Mar-20	30-Jun-20	30-Sep-20	16-Oct-20	23-Oct-20
Treasury bills (Excluding Repos)	34.24	29.87	29.31	27.92	25.88	25.54	25.13
Treasury bonds	62.78	67.12	68.11	69.87	71.80	72.32	72.65
Overdraft at Central Bank	2.06	2.17	1.76	1.48	1.63	1.44	1.52
Other domestic debt	0.92	0.84	0.82	0.73	0.69	0.70	0.69
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	31-Dec-19	31-Mar-20	30-Jun-20	30-Sep-20	16-Oct-20	23-Oct-20
Banking Institutions	54.38	54.33	54.33	54.86	55.15	54.66	54.58
Insurance Companies	6.13	6.42	6.30	6.05	6.16	6.20	6.30
Parastatals	6.97	6.49	6.13	5.73	5.47	5.52	5.59
Pension Funds	28.24	28.60	29.04	29.05	28.52	28.91	28.79
Other Investors	4.28	4.17	4.20	4.32	4.71	4.71	4.73
Total	100.00	100.00	100.00	100.00	100.00	100.00	100.00

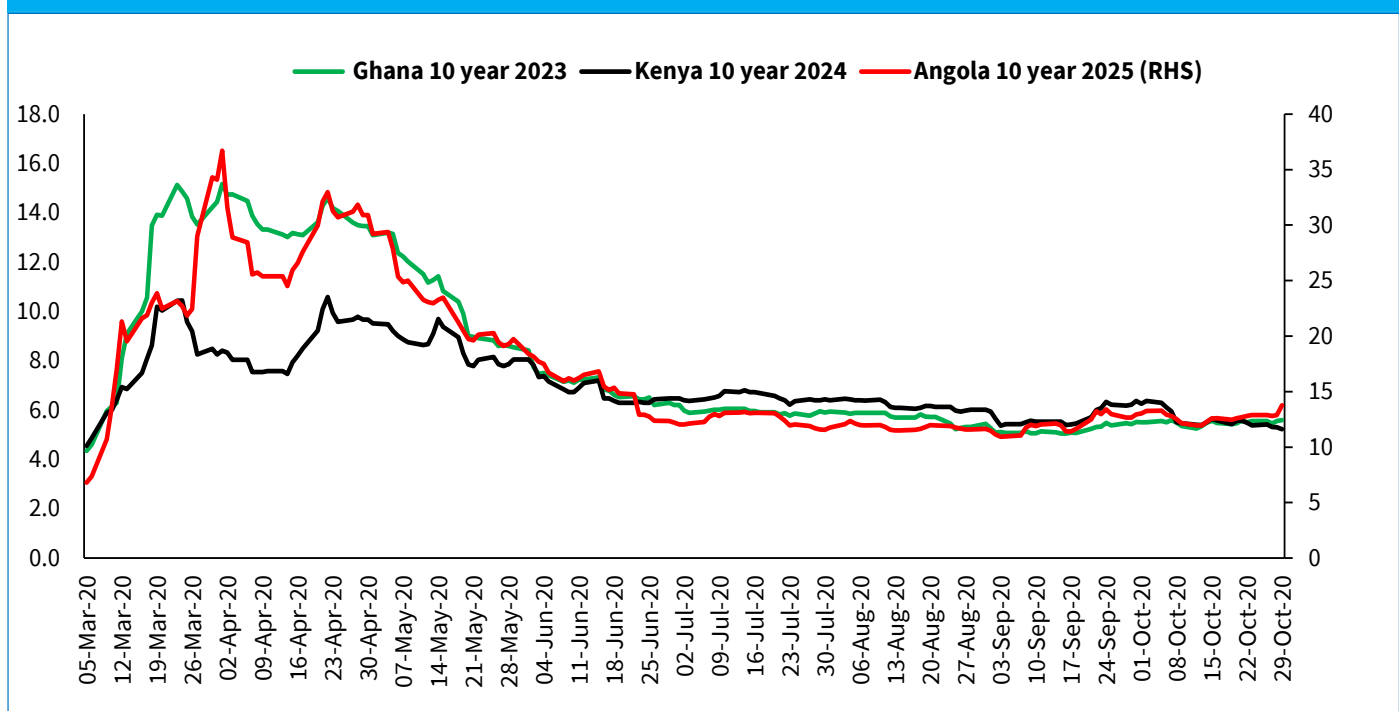
Source: Central Bank of Kenya

Table 10: Indicators of Government Debt

	Jun-19	Sep-19	Dec-19	Mar-20	Jun-20	Jul-20	Aug-20
Domestic debt (KSh Bn)	2,787.04	2,851.64	2,942.10	3,072.54	3,177.87	3,273.55	3,401.61
Public & Publicly Guaranteed External debt (US \$ Bn)	29.55	29.95	30.66	30.69	33.01	33.78	33.88
Public & Publicly Guaranteed External debt (KSh Bn)	3,023.14	3,111.80	3,106.82	3,212.63	3,515.81	3,638.51	3,666.32
Public debt (KSh Bn)	5,810.18	5,963.44	6,048.93	6,285.18	6,693.68	6,912.06	7,067.93

Source: National Treasury and Central Bank of Kenya

Chart 4: Yields on 10 year Eurobonds for Selected African Countries



Source: Thomson Reuters