



Central Bank of Kenya

Weekly Bulletin

December 13, 2019

KEY MONETARY AND FINANCIAL INDICATORS

Exchange Rate

The Kenya Shilling remained stable against major international and regional currencies during the week ending December 11. It exchanged at KSh 101.50 per US Dollar on December 11, compared to KSh 101.96 on December 5 (Table 1).

Foreign Exchange Reserves

The CBK usable foreign exchange reserves remained adequate at USD 8,815 million (5.42 months of import cover) as at December 11. 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 remained relatively liquid during the week ending December 11, supported by government payments and net redemptions of government securities. Commercial banks' excess reserves stood at KSh 13.1 billion in relation to the 5.25 percent cash reserves requirement (CRR). The average interbank rate declined to 6.27 percent on December 11 from 6.52 percent on December 5. The average number of interbank deals per day increased to 32 from 30 in the previous week, while the value traded also increased to KSh 30.2 billion from KSh 22.4 billion (Table 3).

Government Securities Market

The Treasury bills auctions of December 11 received bids totaling KSh 12.8 billion against an advertised amount of KSh 24.0 billion, representing a performance of 53.5 percent. Interest rates on all the tenors declined compared to the previous auction (Table 4).

The 5-year Treasury bond offered at the December 11 auction received bids totaling KSh 28.5 billion against an advertised amount of KSh 25.0 billion, recording a performance of 113.9 percent (Table 5). The interest rate on the bond increased marginally compared to the previous issue of similar securities.

Equity Market

The NSE 25 Share price index remained stable, increasing by 0.02 percent, while the NASI and market capitalization

both increased by 1.1 percent during the week ending December 12. However, following a short trading week, total shares traded, equity turnover and the number of deals decreased by 27.4 percent, 39.9 percent and 32.6 percent, respectively (Table 6).

Bond Market

Turnover of bonds traded in the domestic secondary market decreased by 38.7 percent during the week ending December 12 (Table 6). In the international market, yields on Kenya's 7-year, 10-year (2024), 10-year (2028), 12-year (2032) and 30-year (2048) Eurobonds decreased by 28.4, 32.1, 50.0, 36.3 and 27.7 basis points, respectively. The yields on the 10-year Eurobonds for Ghana and Angola also declined (Chart 2).

Fitch Rating

On December 10, Fitch Ratings, affirmed Kenya's Long-Term Foreign-Currency Issuer Default Rating at 'B+' with a Stable Outlook. The rating agency noted that Kenya's track record of macroeconomic stability is a support for the rating, and observed that Kenya has exhibited lower growth volatility than peers, with GDP growth between 4.6 percent and 6.3 percent, and single digit inflation since 2012.

Global Trends

Global markets performance continues to be driven by sentiments on US-China trade negotiations and Brexit. The equities market recorded gains following President Trump's agreement to a partial deal with China to pause the trade war. In addition, the Federal Reserve Bank and ECB kept their policy rates unchanged, while in the UK, the gains were driven by exit polls results which indicated an early win by the Conservative party.

International oil prices increased during the week ending December 12, following an agreement on oil production cut by OPEC and non-OPEC oil producing countries by an additional 503,000 barrels per day. The Murban oil price increased to USD 66.60 per barrel on December 12 from USD 65.27 per barrel on December 5.

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

	USD	Sterling Pound	Euro	100 Japanese Yen	USHS*	TSHS*	RWF*	BIF*
29-Nov-19	102.81	132.82	113.18	93.88	35.94	22.37	9.08	18.24
2-Dec-19	102.60	132.27	112.77	93.57	36.06	22.43	9.10	18.28
3-Dec-19	102.61	132.69	113.13	93.71	36.01	22.41	9.10	18.28
4-Dec-19	102.30	133.14	113.42	94.06	36.07	22.46	9.13	18.34
5-Dec-19	101.96	133.52	113.10	93.85	36.16	22.56	9.16	18.40
Nov 29-Dec 5	102.45	132.89	113.12	93.82	36.05	22.45	9.11	18.31
6-Dec-19	101.75	133.50	112.82	93.48	36.22	22.57	9.18	18.44
9-Dec-19	101.67	133.43	112.68	93.40	36.23	22.63	9.19	18.45
10-Dec-19	101.42	133.41	112.29	93.45	36.34	22.66	9.21	18.50
11-Dec-19	101.50	133.64	112.42	93.33	36.31	22.64	9.21	18.49
12-Dec-19								
				Public Holiday				
Dec 6-11	101.58	133.50	112.55	93.41	36.27	22.63	9.20	18.47

* Units of currency per Kenya Shilling

Source: Central Bank of Kenya

Table 2: Official Usable Foreign Exchange Reserves

	07-Nov-19	14-Nov-19	21-Nov-19	28-Nov-19	05-Dec-19	11-Dec-19
1. CBK Usable Foreign Exchange Reserves (USD Million)	8,931	8,943	8,779	8,748	8,752	8,815
2. CBK Usable Foreign Exchange Reserves (Months of Import Cover)*	5.58	5.59	5.44	5.43	5.43	5.42

*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 (%)
29-Nov-19	29	17,750.00	5.68
2-Dec-19	25	17,870.00	5.97
3-Dec-19	28	23,965.00	6.18
4-Dec-19	34	25,315.00	6.38
5-Dec-19	33	27,070.00	6.52
November 29 - December 05	30	22,394.00	6.15
6-Dec-19	32	32,920.00	6.75
9-Dec-19	37	35,650.00	6.83
10-Dec-19	32	27,455.00	6.78
11-Dec-19	25	24,750.00	6.27
12-Dec-19			
		PUBLIC HOLIDAY	
December 6 - 11	32	30,193.75	6.66

Source: Central Bank of Kenya

Table 4: Treasury Bills Auctions

91-Day Treasury Bills					
Date of Auction	14-Nov-19	21-Nov-19	28-Nov-19	05-Dec-19	11-Dec-19
Amount offered (Ksh M)	4,000.00	4,000.00	4,000.00	4,000.00	4,000.00
Bids received (Ksh M)	1,129.39	3,714.26	936.76	3,552.82	3,798.82
Amount Accepted (Ksh M)	1,129.39	3,714.26	445.55	572.37	3,739.88
Maturities (Ksh M)	2,700.85	5,244.65	5,395.25	5,080.80	6,368.65
Average interest Rate (%)	6.680	7.131	7.162	7.162	7.151
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)	1,519.84	3,847.67	1,055.83	3,583.01	3,483.08
Amount Accepted (Ksh M)	1,519.84	3,367.98	553.85	625.38	3,463.58
Maturities (Ksh M)	823.55	4,812.95	2,540.45	869.20	2,956.50
Average interest Rate (%)	7.774	8.215	8.204	8.201	8.107
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)	11,196.46	5,923.13	6,361.04	6,123.36	5,561.96
Amount Accepted (Ksh M)	11,189.20	4,841.60	3,990.96	4,732.31	5,534.64
Maturities (Ksh M)	12,957.30	6,803.45	2,853.15	2,992.05	3,157.45
Average interest Rate (%)	9.784	9.804	9.800	9.803	9.798

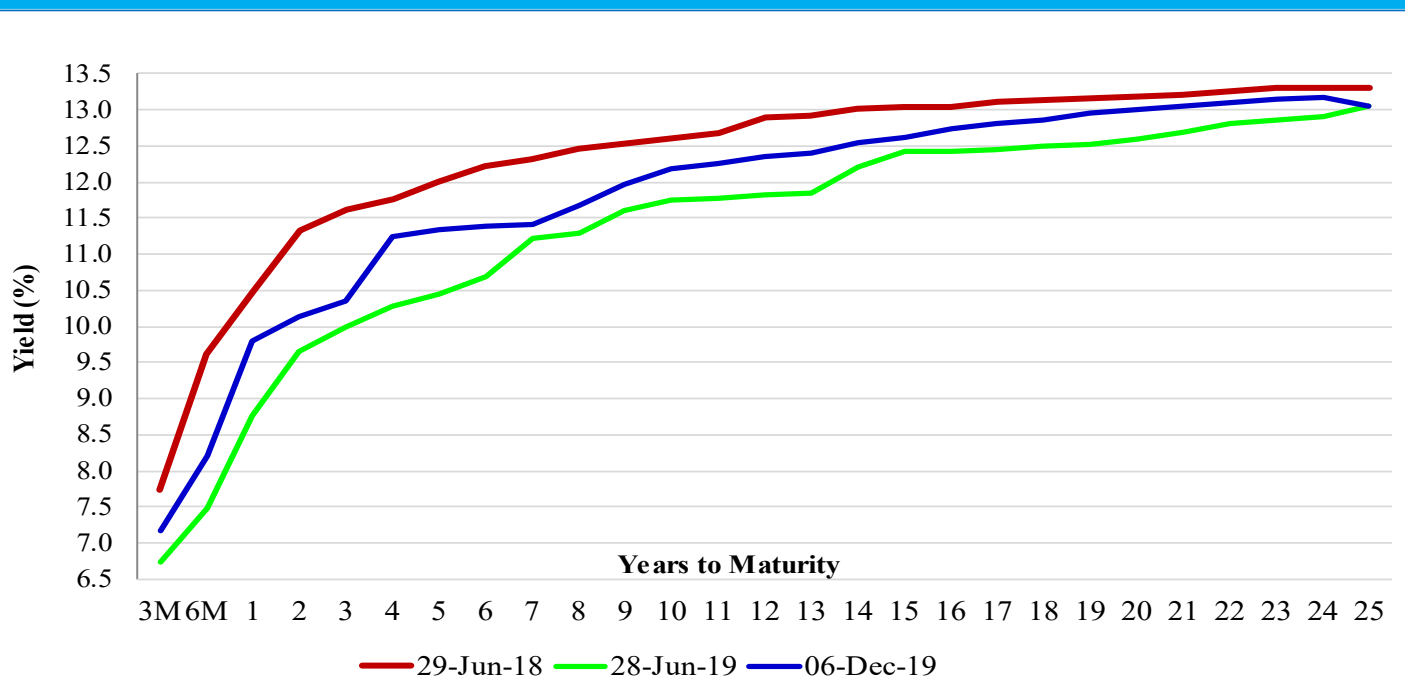
Source: Central Bank of Kenya

Table 5: Treasury Bonds Auctions

Date of Auction	08-May-19	13-Jun-19	14-Aug-19	25-Sep-19	23-Oct-19	27-Nov-19	11-Dec-19
		REOPEN		TAP		TAP	
Tenor	FXD 2/2019/5	FXD 1/ 2018/15	FXD 3/2019/10	FXD 2/2019/15	IFB1/2019/16	FXD4/2019/10	FXD 3/2019/5
Amount offered (Ksh M)	50,000.00	50,000.00	50,000.00	30,000.00	60,000.00	21,650.00	25,000.00
Bids received (Ksh M)	70,841.20	67,441.35	67,441.35	9,320.40	86,946.69	8,115.45	28,468.51
Amount Accepted (Ksh M)	39,210.55	17,727.97	45,014.80	5,906.13	68,466.07	8,112.45	18,740.55
Maturities (Ksh M)	0.00	0.00	0.00	5,906.13	0.00	0.00	0.00
Average interest Rate (%)	10.87	12.46	11.52	12.67	12.39	12.28	11.49

Source: Central Bank of Kenya

Chart 1: Government Securities Yield Curve



Source: Nairobi Securities Exchange (NSE)

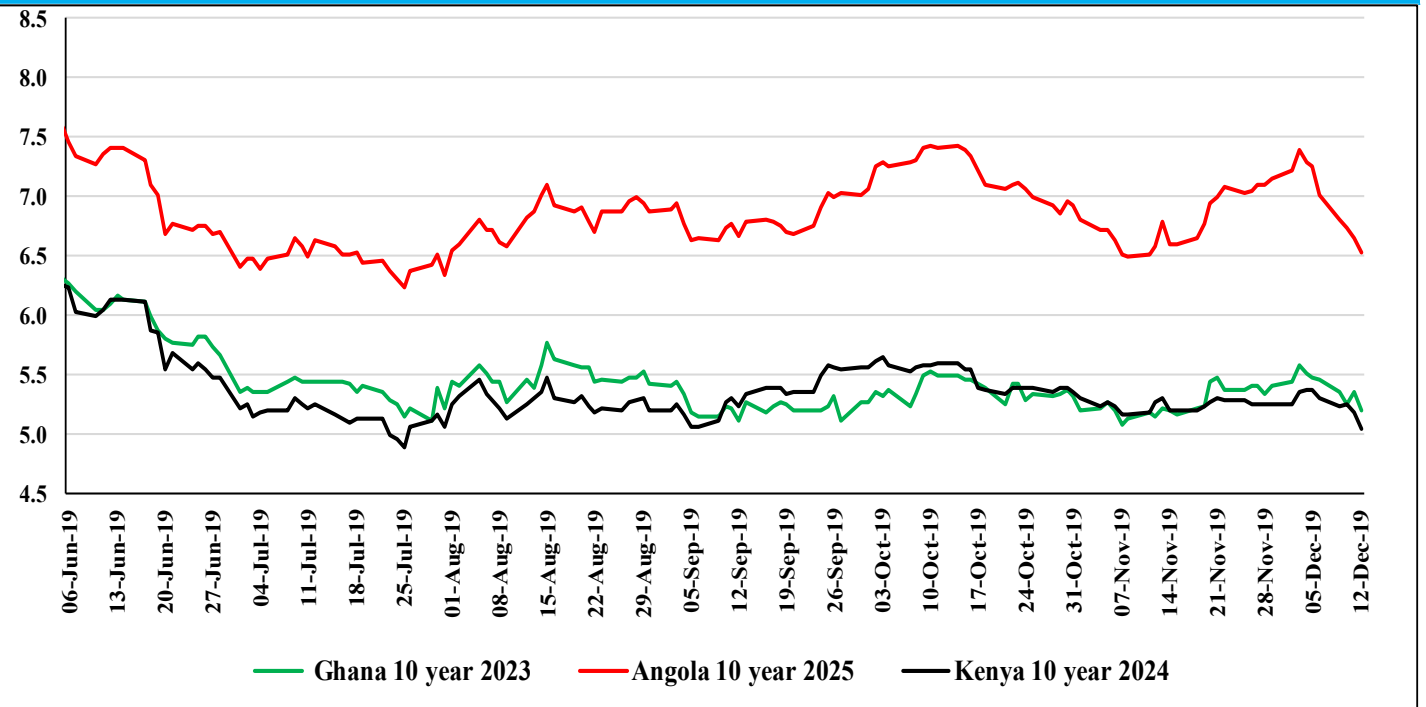
Table 6: Key Weekly Market Indicators

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 Capitalization (KSh Billion)	Bonds Turnover (KSh Million)	7-Year Euro-bond Yield (%)	10-Year Euro-bond Yield (%) 2024	10-Year Euro-bond Yield (%) 2028	12-Year Euro-bond Yield (%)	30-Year Euro-bond Yield (%)
29-Nov-19	157.93	3918.48	2618.62	872	35.10	1,123.59	2,410.33	1,806.48	6.209	5.249	6.533	7.283	8.043
2-Dec-19	158.46	3932.04	2640.70	778	9.26	247.30	2,418.48	1,221.42	6.117	5.251	6.571	7.346	8.056
3-Dec-19	158.90	3939.61	2635.43	1,284	18.89	640.91	2,425.16	1,232.63	6.196	5.354	6.688	7.457	8.168
4-Dec-19	158.70	3940.84	2633.31	858	18.89	607.33	2,422.05	811.19	6.221	5.377	6.649	7.409	8.152
5-Dec-19	158.91	3946.18	2619.12	1634	21.80	808.30	2,425.23	721.31	6.167	5.338	6.648	7.441	8.138
Nov 29-Dec 5, 2019	158.91	3946.18	2619.12	5,426.00	103.94	3,427.43	2,425.23	5,793.04	6.167	5.338	6.648	7.441	8.138
6-Dec-19	160.29	3965.47	2621.55	860	13.27	52.86	2,446.46	653.29	6.193	5.307	6.628	7.424	8.099
9-Dec-19	159.99	3938.43	2608.78	775	14.12	464.15	2,441.76	779.19	6.163	5.246	6.551	7.297	8.039
10-Dec-19	160.15	3940.20	2600.17	1,015	27.12	1,123.39	2,444.28	1,368.07	6.144	5.247	6.492	7.313	8.030
11-Dec-19	160.60	3947.09	2598.42	1,007	20.99	417.89	2,451.20	752.35	6.062	5.184	6.454	7.266	8.012
12-Dec-19									5.997	5.049	6.148	7.078	7.865
Dec 6-12, 2019	160.60	3947.09	2598.42	3,657	75.49	2058.29	2,451.20	3,552.90	5.997	5.049	6.148	7.078	7.865
Weekly Changes (%)	1.06	0.02	-0.79	-32.60	-27.37	-39.95	1.07	-38.67	-0.284*	-0.321*	-0.500*	-0.363*	-0.277*

* Percentage points

Source: Nairobi Securities Exchange (NSE)

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-Aug-19	27-Sep-19	25-Oct-19	29-Nov-19	06-Dec-19
1. Treasury Bills (Excluding Repos)	954.25	947.89	933.10	910.38	896.13	890.74
(As % of total securities)	35.31	33.97	33.78	33.12	31.62	31.40
2. Treasury Bonds	1,748.15	1,842.38	1,828.78	1,838.11	1,938.13	1,946.21
(As % of total securities)	64.69	66.03	66.22	66.88	68.38	68.60
3. Total Securities (1+2)	2,702.40	2,790.26	2,761.88	2,748.50	2,834.25	2,836.95
4. Overdraft at Central Bank	57.33	59.55	52.58	50.55	57.23	63.04
5. Other Domestic debt*	25.76	25.69	25.68	25.73	25.88	25.87
6. Gross Domestic Debt (3+4+5)	2,785.48	2,875.50	2,840.13	2,824.78	2,917.36	2,925.86

* 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	30-Aug-19	27-Sep-19	25-Oct-19	29-Nov-19	06-Dec-19
Treasury bills (Excluding Repos)	34.26	32.96	32.80	32.17	30.68	30.41
Treasury bonds	62.78	64.08	64.46	65.13	66.50	66.59
CBK Overdraft to Government	2.06	2.07	1.85	1.79	1.96	2.15
Other domestic debt	0.91	0.89	0.90	0.91	0.86	0.85
TOTAL	100.00	100.00	100.00	100.00	100.00	100.00

Source: Central Bank of Kenya

Table 9: Government Domestic Debt by Holder (Percent)

	28-Jun-19	30-Aug-19	27-Sep-19	25-Oct-19	29-Nov-19	06-Dec-19
Banking Institutions	54.38	54.38	53.31	53.15	54.14	54.28
Insurance Companies	6.13	6.20	6.42	6.54	6.49	6.51
Parastatals	6.98	6.98	7.33	7.06	6.91	6.85
Pension funds	28.23	28.25	28.76	29.00	28.11	28.01
Other investors	4.28	4.19	4.19	4.25	4.35	4.35
Total	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-18	Dec-18	Jun-19	Jul-19	Aug-19	Sep-19
Domestic debt (KSh Billion)	2,478.84	2,548.77	2,785.94	2,844.12	2,876.00	2,856.60
Public & Publicly Guaranteed External debt (US \$ Billion)	25.34	26.74	29.55	30.32	30.26	29.95
Public & Publicly Guaranteed External debt (KSh Billion)	2,560.20	2,723.73	3,023.14	3,160.06	3,133.54	3,111.80
Total public debt (KSh Billion)	5,039.03	5,272.50	5,809.08	6,004.18	6,009.54	5,968.40

Source: National Treasury and Central Bank of Kenya