



Central Bank of Kenya

# Weekly Bulletin

June 19, 2020

## KEY MONETARY AND FINANCIAL INDICATORS

### Exchange Rate

The Kenya Shilling remained stable against major international and regional currencies during the week ending June 18. It exchanged at KSh 106.32 per US dollar on June 18 compared to KSh 106.60 per US dollar on June 11 (Table 1).

### Foreign Exchange Reserves

The CBK usable foreign exchange reserves remained adequate at USD 9,278 million (5.58 months of import cover) as at June 18. This meets the CBK's statutory requirement to endeavor 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 liquid during the week ending June 18, supported by government payments, which offset tax receipts. Commercial banks' excess reserves stood at KSh 39.1 billion in relation to the 4.25 percent cash reserves requirement (CRR). Open market operations remained active. The average interbank rate was 3.48 percent on June 18 compared to 2.59 percent on June 11. The average number of interbank deals per day remained stable at 11 compared to 10 in the previous week, and the value traded was also relatively stable at KSh 3.7 billion compared to KSh 4.0 in the previous week (Table 3).

### Government Securities Market

The Treasury bills auction of June 18 received bids totalling KSh 45.2 billion against an advertised amount of KSh 24.0 billion, representing a performance of 188.4 percent. Interest rates on all the Treasury bills tenors decreased (Table 4).

The reopened 5-year and 10-year Treasury bonds offered at the auction of June 17 received bids totalling KSh 105.1 billion against an advertised amount of KSh 40.0 billion, representing a performance of 262.8 percent. The interest rates for the Treasury bonds decreased compared to previous issues of similar instruments (Table 5).

### Equity Market

At the Nairobi Securities Exchange, the NASI and the NSE 25 share price indices increased by 1.5 percent and 1.7 percent, respectively, during the week ending June 18. Market capitalization, equity turnover and the number of shares traded also increased by 1.5 percent, 17.5 percent and 3.3 percent, respectively (Table 6).

### Bonds Market

Turnover of bonds traded in the domestic secondary market increased by 14.2 percent during the week (Table 6). In the international market, yields on Kenya's Eurobonds declined by an average of 35.3 basis points. The yields on the 10-year Eurobonds for Angola and Ghana also declined (Chart 2).

### Global Trends

Global financial markets activity was lukewarm during the week as positive sentiments of reopening economies and ongoing policy stimulus were dampened by the resurgence of the second wave of Covid-19 infections in some countries.

International oil prices fell earlier in the week due to resurgence of Covid-19 infections before recovering towards the end of the week. Murban oil price was USD 41.24 per barrel on June 18 compared to USD 41.25 per barrel on June 11.

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

	USD	Sterling Pound	Euro	100 Japanese Yen	USHS*	TSHS*	RWF*	BIF*
5-Jun-20	106.09	132.96	119.06	97.18	35.51	21.82	8.99	17.86
8-Jun-20	106.14	134.55	120.10	96.84	35.10	21.80	8.99	17.86
9-Jun-20	106.30	134.70	120.10	97.40	35.09	21.77	8.98	17.83
10-Jun-20	106.43	134.68	120.15	98.68	35.05	21.74	8.97	17.82
11-Jun-20	106.60	136.32	121.26	99.31	35.04	21.72	8.95	17.80
<b>Jun 5-11</b>	<b>106.31</b>	<b>134.64</b>	<b>120.13</b>	<b>97.88</b>	<b>35.16</b>	<b>21.77</b>	<b>8.98</b>	<b>17.83</b>
12-Jun-20	106.50	134.92	120.99	99.41	35.07	21.74	8.96	17.81
15-Jun-20	106.45	134.44	120.53	99.17	34.95	21.75	8.97	17.82
16-Jun-20	106.49	133.54	119.80	99.15	34.98	21.74	8.96	17.82
17-Jun-20	106.49	134.62	120.32	99.29	35.00	21.74	8.96	17.82
18-Jun-20	106.32	133.47	119.53	99.48	35.02	21.77	8.98	17.85
<b>Jun 12-18</b>	<b>106.45</b>	<b>134.20</b>	<b>120.23</b>	<b>99.30</b>	<b>35.00</b>	<b>21.75</b>	<b>8.97</b>	<b>17.82</b>

\* Units of currency per Kenya Shilling

Source :Central Bank of Kenya

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

	7-May-20	14-May-20	21-May-20	28-May-20	4-Jun-20	11-Jun-20	18-Jun-20
1. CBK Usable Foreign Exchange Reserves (USD Million)	7,809	8,532	8,489	8,331	9,261	9,302	9,278
2. CBK Usable Foreign Exchange Reserves (Months of Import Cover)*	4.70	5.14	5.11	4.99	5.56	5.59	5.58

\*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 (%)
5-Jun-20	12	6,450.00	2.99
8-Jun-20	9	6,050.00	2.70
9-Jun-20	14	4,800.00	2.59
10-Jun-20	5	850.00	2.68
11-Jun-20	9	2,000.00	2.59
<b>June 5- June 11, 2020</b>	<b>10</b>	<b>4,030.00</b>	<b>2.71</b>
12-Jun-20	9	1,700.00	2.34
15-Jun-20	15	10,410.00	2.46
16-Jun-20	10	2,130.00	2.53
17-Jun-20	8	1,350.00	3.00
18-Jun-20	14	2,700.00	3.48
<b>June 12- June 18, 2020</b>	<b>11</b>	<b>3,658.00</b>	<b>2.76</b>

Source :Central Bank of Kenya

**Table 4: Performance of Treasury Bills Auctions**

<b>91-Day Treasury Bills</b>						
<b>Date of Auction</b>	<b>14-May-20</b>	<b>21-May-20</b>	<b>28-May-20</b>	<b>4-Jun-20</b>	<b>11-Jun-20</b>	<b>18-Jun-20</b>
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)	7,670.62	10,837.82	3,251.08	10,221.82	11,761.25	13,374.46
Amount Accepted (Ksh M)	7,651.31	7,859.34	2,269.17	4,253.87	3,858.82	6,357.09
Maturities (Ksh M)	1,701.20	1,907.10	2,380.05	769.70	2,235.10	543.55
<b>Average interest Rate (%)</b>	<b>7.266</b>	<b>7.319</b>	<b>7.333</b>	<b>7.325</b>	<b>7.259</b>	<b>7.089</b>
<b>182-Day Treasury Bills</b>						
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)	4,485.22	10,490.21	5,840.86	21,304.04	26,495.03	13,056.50
Amount Accepted (Ksh M)	4,433.36	5,518.38	1,404.01	8,860.38	6,723.69	4,238.45
Maturities (Ksh M)	1,578.75	3,504.05	576.50	650.75	3,603.60	3,964.95
<b>Average interest Rate (%)</b>	<b>8.192</b>	<b>8.227</b>	<b>8.248</b>	<b>8.200</b>	<b>8.060</b>	<b>7.739</b>
<b>364-Day Treasury Bills</b>						
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)	11,932.41	14,495.87	15,498.70	18,650.21	31,465.74	18,774.71
Amount Accepted (Ksh M)	11,892.94	13,181.28	11,456.58	4,668.38	12,290.15	4,124.73
Maturities (Ksh M)	15,039.65	20,211.35	5,332.05	16,272.80	7,689.40	6,883.75
<b>Average interest Rate (%)</b>	<b>9.173</b>	<b>9.195</b>	<b>9.198</b>	<b>9.165</b>	<b>9.030</b>	<b>8.667</b>

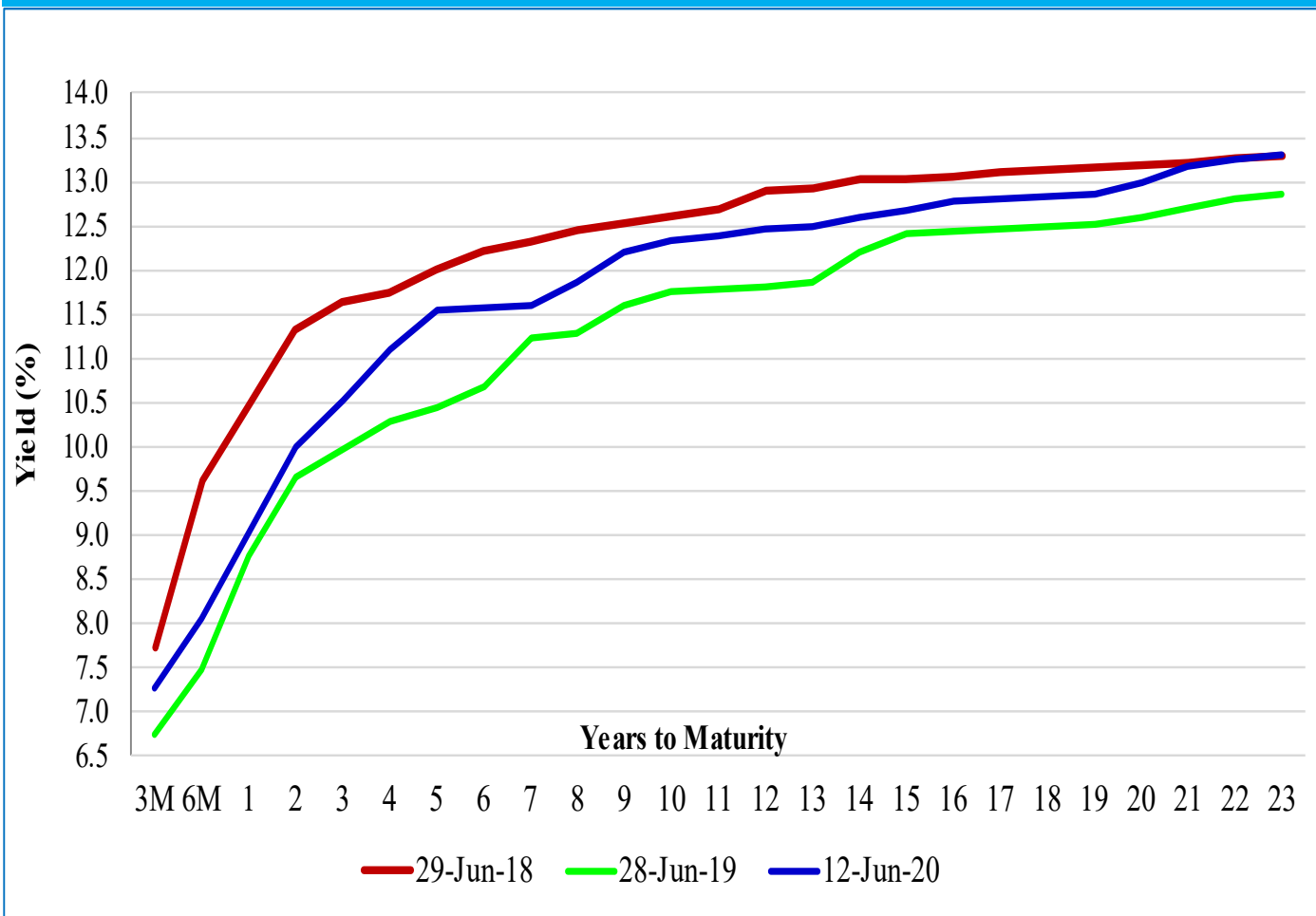
Source: Central Bank of Kenya

**Table 5: Performance of Treasury Bonds Auctions**

<b>Date of Auction</b>	<b>8-Apr-20</b>	<b>22-Apr-20</b>	<b>6-May-20</b>	<b>20-May-20</b>	<b>27-May-20</b>	<b>17-Jun-20</b>	
	<b>TAP</b>		<b>REOPEN</b>		<b>REOPEN</b>		<b>REOPEN</b>
Tenor	<b>IFB1/2020/9</b>	<b>IFB1/2020/9</b>	<b>FXD1/2020/5</b>	<b>FXD1/2020/5</b>	<b>IFB1/2020/6</b>	<b>FXD3/2019/5</b>	<b>FXD4/2019/10</b>
Amount offered (Ksh M)	60,000.00	21,000.00	50,000.00	30,000.00	25,600.00	40,000.00	
Bids received (Ksh M)	68,413.78	35,387.16	34,531.50	20,581.07	21,164.29	105,135.63	
Amount Accepted (Ksh M)	39,010.13	35,387.16	20,777.17	8,948.12	19,275.46	16,527.35	32,795.89
Maturities (Ksh M)	0.00	0.00	0.00	0.00	20,226.65	0.00	
Average interest Rate (%)	12.05	12.05	11.67	11.75	11.60	11.19	12.42

Source: Central Bank of Kenya

Chart 1: Kenya Government Securities Yield Curve



Source: Nairobi Securities Exchange

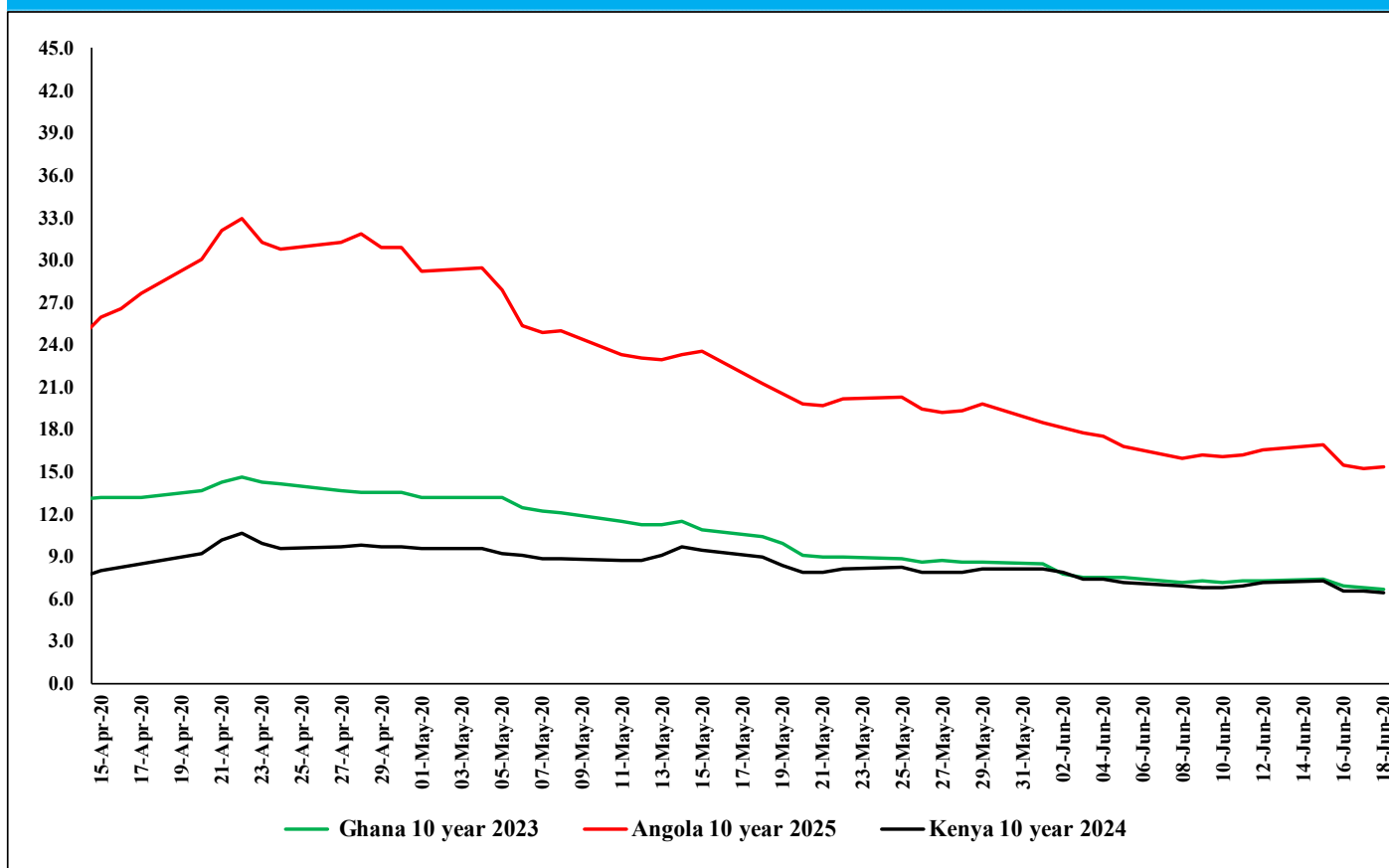
Table 6: Key Weekly Market Indicators

INDICATOR	NASI 100=2008	NSE 25 Share Index	NSE 20 Share Index 100=1996	Total Deals (Equi- ty)	Total Shares Traded (Mil- lion)	Equity Turnover (KSh Million)	Market Capital- ization (KSh Billion)	Bonds Turnover (KSh Million)	Eurobond Yield (%)				
									7-Year 2027	10-Year 2024	10-Year 2028	12-Year 2032	30-Year 2048
5-Jun-20	139.18	3200.00	1939.59	1,261	35.82	706.37	2,127.22	2,266.26	7.266	7.163	7.594	8.210	8.581
8-Jun-20	140.74	3242.50	1968.42	1,037	25.40	626.12	2,151.13	2,464.75	7.060	6.838	7.312	8.051	8.412
9-Jun-20	140.08	3236.05	1982.00	1,401	23.60	487.43	2,141.02	2,971.26	7.133	6.730	7.398	8.104	8.365
10-Jun-20	141.04	3252.09	1986.48	1,419	33.21	716.79	2,155.81	2,195.23	7.173	6.730	7.377	8.104	8.376
11-Jun-20	142.78	3287.02	1995.03	1,340	17.11	357.74	2,182.42	1,174.88	7.694	6.910	7.794	8.497	8.680
<b>June 4-11</b>	<b>142.78</b>	<b>3287.02</b>	<b>1995.03</b>	<b>6,458</b>	<b>135.13</b>	<b>2,894.45</b>	<b>2,182.42</b>	<b>11,072.38</b>	<b>7.694</b>	<b>6.910</b>	<b>7.794</b>	<b>8.497</b>	<b>8.680</b>
12-Jun-20	142.88	3285.90	2011.77	1,224	47.76	1,114.50	2,183.92	2,938.6	7.693	7.092	7.817	8.626	8.717
15-Jun-20	143.25	3300.18	2022.95	1,084	42.58	887.83	2,189.56	3,901.2	7.851	7.202	8.020	8.774	8.806
16-Jun-20	144.74	3327.14	2025.55	1,094	16.80	473.65	2,212.44	3,048.6	7.297	6.480	7.486	8.245	8.436
17-Jun-20	144.90	3340.23	2004.36	1,221	16.93	414.71	2,214.97	1,293.2	7.169	6.480	7.399	8.209	8.412
18-Jun-20	144.92	3344.27	1971.93	1,172	15.48	510.88	2,215.22	1,459.8	7.268	6.373	7.464	8.245	8.460
<b>June 12-18</b>	<b>144.92</b>	<b>3344.27</b>	<b>1971.93</b>	<b>5,795</b>	<b>139.55</b>	<b>3,401.56</b>	<b>2,215.22</b>	<b>12,641.4</b>	<b>7.268</b>	<b>6.373</b>	<b>7.464</b>	<b>8.245</b>	<b>8.460</b>
<b>Weekly Changes (%)</b>	<b>1.50</b>	<b>1.74</b>	<b>-1.16</b>	<b>-10.27</b>	<b>3.27</b>	<b>17.52</b>	<b>1.50</b>	<b>14.17</b>	<b>-0.426*</b>	<b>-0.537*</b>	<b>-0.330*</b>	<b>-0.252*</b>	<b>-0.220*</b>

\* 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-Sep-19	31-Dec-19	31-Mar-20	29-May-20	05-Jun-20	12-Jun-20
1. Treasury Bills (Excluding Repos)	954.25	928.91	878.94	902.29	899.94	885.45	886.93
<i>(As % of total securities)</i>	<b>35.31</b>	<b>33.68</b>	<b>30.80</b>	<b>30.15</b>	<b>29.22</b>	<b>28.69</b>	<b>28.72</b>
2. Treasury Bonds	1,748.15	1,828.78	1,974.69	2,090.29	2,179.45	2,201.13	2,201.13
<i>(As % of total securities)</i>	<b>64.69</b>	<b>66.32</b>	<b>69.20</b>	<b>69.85</b>	<b>70.78</b>	<b>71.31</b>	<b>71.28</b>
3. Total Securities (1+2)	2,702.40	2,757.69	2,853.63	2,992.58	3,079.39	3,086.58	3,088.06
4. Overdraft at Central Bank	57.33	68.23	63.72	54.18	50.15	44.34	44.28
5. Other Domestic debt*	25.76	25.72	24.75	25.10	23.60	25.27	25.28
<b>6. Gross Domestic Debt (3+4+5)</b>	<b>2,785.48</b>	<b>2,851.64</b>	<b>2,942.10</b>	<b>3,071.85</b>	<b>3,153.14</b>	<b>3,156.18</b>	<b>3,157.61</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: Composition of Government Domestic Debt by Instrument (Percent)**

	28-Jun-19	30-Sep-19	31-Dec-19	31-Mar-20	29-May-20	5-Jun-20	12-Jun-20
Treasury bills (Excluding Repos)	34.26	32.57	29.87	29.37	28.52	28.06	28.08
Treasury bonds	62.76	64.13	67.12	68.05	69.06	69.71	69.70
CBK Overdraft to Government	2.06	2.39	2.17	1.76	1.59	1.41	1.40
Other domestic debt	0.92	0.90	0.84	0.82	0.84	0.82	0.82
<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>	<b>100.00</b>

Source: Central Bank of Kenya

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

	28-Jun-19	30-Sep-19	31-Dec-19	31-Mar-20	29-May-20	5-Jun-20	12-Jun-20
Banking Institutions	54.38	53.63	54.33	54.31	54.44	54.48	54.43
Insurance Companies	6.13	6.33	6.42	6.30	6.11	6.11	6.11
Parastatals	6.97	7.13	6.49	6.13	5.63	5.64	5.64
Pension funds	28.24	28.77	28.60	29.01	29.46	29.48	29.52
Other investors	4.28	4.13	4.17	4.25	4.36	4.29	4.30
<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>	<b>100.00</b>

Source: Central Bank of Kenya

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

	Jun-19	Sep-19	Dec-19	Jan-20	Feb-20	Mar-20
Domestic debt (KSh Billion)	2,785.48	2,851.64	2,942.10	3,003.70	3,040.96	3,071.85
Public & Publicly Guaranteed External debt (US \$ Billion)	29.55	29.95	30.66	30.95	30.87	30.69
Public & Publicly Guaranteed External debt (KSh Billion)	3,023.14	3,111.80	3,106.82	3,112.90	3,117.04	3,212.63
<b>Total public debt (KSh Billion)</b>	<b>5,808.62</b>	<b>5,963.44</b>	<b>6,048.93</b>	<b>6,116.60</b>	<b>6,158.00</b>	<b>6,284.49</b>

Source: National Treasury and Central Bank of Kenya