



Central Bank of Kenya

Weekly Bulletin

August 27, 2021



RECENT MONETARY AND FINANCIAL DEVELOPMENTS

Exchange Rates

The Kenya Shilling remained stable against major international and regional currencies during the week ending August 26. It exchanged at KSh 109.71 per US dollar on August 26, compared to KSh 109.49 per US dollar on August 19 (**Table 1**).

Foreign Exchange Reserves

The usable foreign exchange reserves remained adequate at USD 8,986 million (5.49 months of import cover) as at August 26. 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 was liquid during the week ending August 26, supported by government payments, which partly offset tax remittances. Commercial banks' excess reserves stood at KSh 13.2 billion in relation to the 4.25 percent cash reserves requirement (CRR). Open market operations remained active. The average interbank rate was 3.55 percent on August 26 compared to 3.23 percent on August 19. During the week, the average number of interbank deals per day marginally decreased to 23 from 24 in the previous week, while the average value traded decreased to KSh 7.5 billion from KSh 9.6 billion (**Table 3**).

Government Securities Market

The Treasury bill auction of August 26 received bids totaling KSh 8.8 billion against an advertised amount of KSh 24.0 billion, representing a performance of 36.5 percent. Interest rates on the Treasury bills increased marginally (**Table 4**).

Equity Market

At the Nairobi Securities Exchange, the NSE 25, NSE 20 and NASI share price indices rose by 1.6 percent, 1.7 percent and 1.6 percent, respectively. Similarly, market capitalization also rose by 1.6 percent during the week ending August 26. However, equity turnover and total shares traded declined by 40.6 percent and 24.5 percent, respectively (**Table 6**).

Bonds Market

Turnover of bonds in the domestic secondary market declined by 27.3 percent during the week ending August 26 (**Table 6**). In the international market, yields on Kenya's Eurobonds decline by an average of 6.35 basis points. Similarly, the yields on the 10-year Eurobonds for Ghana and Angola also declined (**Chart 3**).

Global Trends

Global financial markets sentiment remained cautious during the week ending August 26, ahead of a Federal Reserve symposium which is expected to offer fresh insights and the expected economic data release. International oil prices increased during the week mainly due to rising demand optimism and a major production outage in Mexico. Murban oil price increased to USD 70.56 per barrel on August 26, from USD 65.80 per barrel on August 19.

The International Monetary Fund (IMF) on August 23 made a general allocation of Special Drawing Rights (SDRs) to all its members totaling USD 650 billion (SDR 456.5 billion). This was made available to member countries in proportion to their existing quotas in the Fund to support them in the context of the current global pandemic. Kenya's share is SDR 520.2 million (about USD 738 million).

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

	USD	Sterling Pound	Euro	100 Japanese Yen	Uganda Shilling*	Tanzania Shilling*	Rwandese Franc*	Burundi Franc*
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
20-Aug-21	109.53	150.00	128.09	99.89	32.25	21.17	9.21	18.11
23-Aug-21	109.55	149.23	127.92	99.86	32.26	21.17	9.20	18.11
24-Aug-21	109.60	149.91	128.38	99.54	32.24	21.16	9.20	18.10
25-Aug-21	109.63	150.36	128.68	99.96	32.27	21.15	9.20	18.10
26-Aug-21	109.71	150.46	128.83	99.76	32.22	21.14	9.19	18.09
August 20-26	109.60	149.99	128.38	99.80	32.25	21.16	9.20	18.10

*Units of currency per Kenya Shilling

Source: Central Bank of Kenya

Table 2: Official Foreign Exchange Reserves (USD Million)

	29-Jul-21	5-Aug-21	12-Aug-21	19-Aug-21	26-Aug-21
1. CBK Usable Foreign Exchange Reserves (USD Million)*	9,341	9,352	9,296	9,189	8,986
2. CBK Usable Foreign Exchange Reserves (Months of Import Cover)**	5.71	5.72	5.68	5.62	5.49

*Excludes Encumbered Reserves. Additionally, SDR 520.2 million (about USD 738 million) related to the IMF's SDR allocation on August 23, 2021, have not been captured

**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 (%)
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	24	9,649.00	2.94
20-Aug-21	27	7,415.00	3.54
23-Aug-21	22	9,170.00	3.39
24-Aug-21	18	6,425.00	3.57
25-Aug-21	21	6,535.00	3.46
26-Aug-21	27	8,140.00	3.55
August 20-26	23	7,537.00	3.50

Source: Central Bank of Kenya

Table 4: Performance of Treasury Bills Auctions

91-Day Treasury Bills						
Date of Auction	22-Jul-21	29-Jul-21	5-Aug-21	12-Aug-21	19-Aug-21	26-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)	10,082.46	8,495.36	6,093.72	2,812.42	12,145.57	1,766.44
Amount Accepted (KSh M)	10,082.46	8,490.35	6,083.47	2,782.71	12,145.23	1,764.98
Maturities (KSh M)	3,720.50	1,738.20	1,867.30	1,389.70	4,706.70	2,441.50
Average Interest Rate (%)	6.477	6.486	6.513	6.527	6.599	6.741
182-Day Treasury Bills						
Date of Auction	22-Jul-21	29-Jul-21	5-Aug-21	12-Aug-21	19-Aug-21	26-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)	3,211.47	6,498.46	15,019.57	3,134.61	15,233.45	2,023.03
Amount Accepted (KSh M)	3,207.51	6,443.79	14,044.36	3,134.61	15,233.45	2,021.10
Maturities (KSh M)	937.00	2,042.10	2,082.40	4,377.00	11,090.40	7,616.80
Average Interest Rate (%)	6.955	6.966	7.046	7.117	7.104	7.195
364-Day Treasury Bills						
Date of Auction	22-Jul-21	29-Jul-21	5-Aug-21	12-Aug-21	19-Aug-21	26-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)	3,404.08	2,809.45	2,829.82	1,088.70	999.59	4,964.01
Amount Accepted (KSh M)	3,403.99	2,809.35	2,820.97	1,088.43	999.59	4,037.62
Maturities (KSh M)	25,369.30	10,883.20	14,323.90	5,702.95	6,648.85	1,963.35
Average Interest Rate (%)	7.432	7.426	7.418	7.418	7.420	7.492

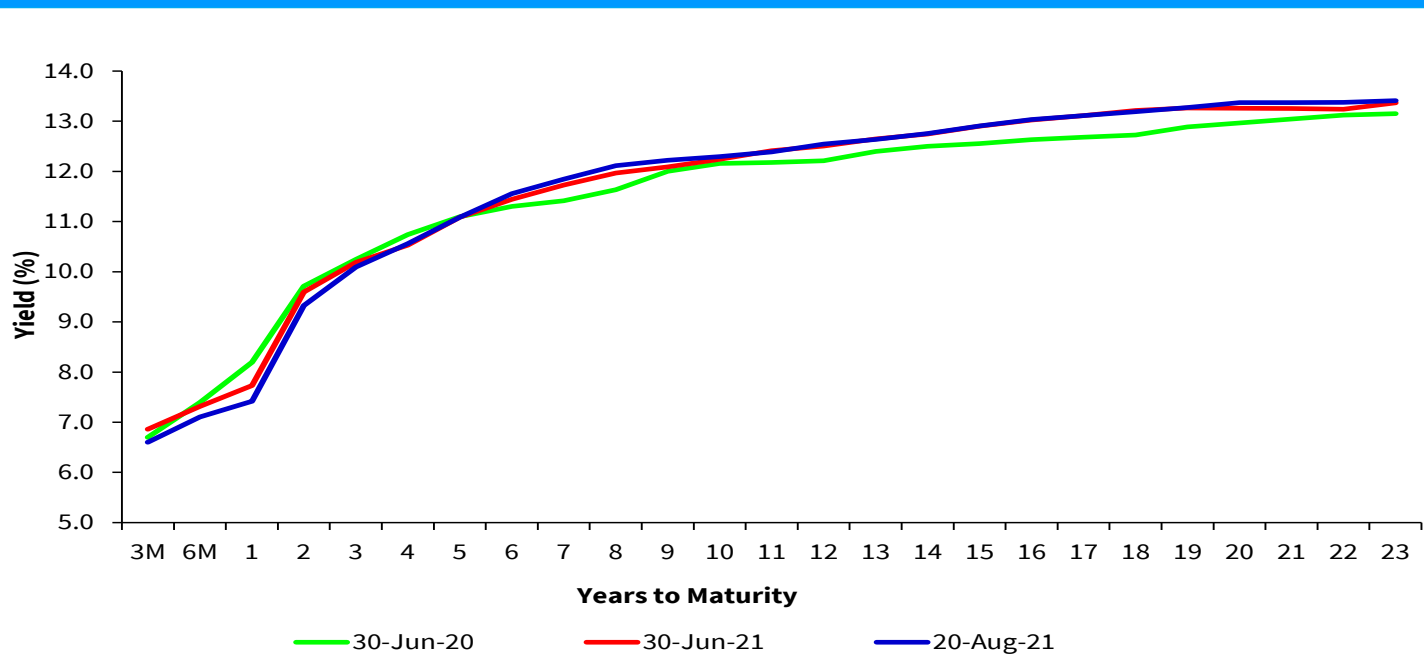
Source: Central Bank of Kenya

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)

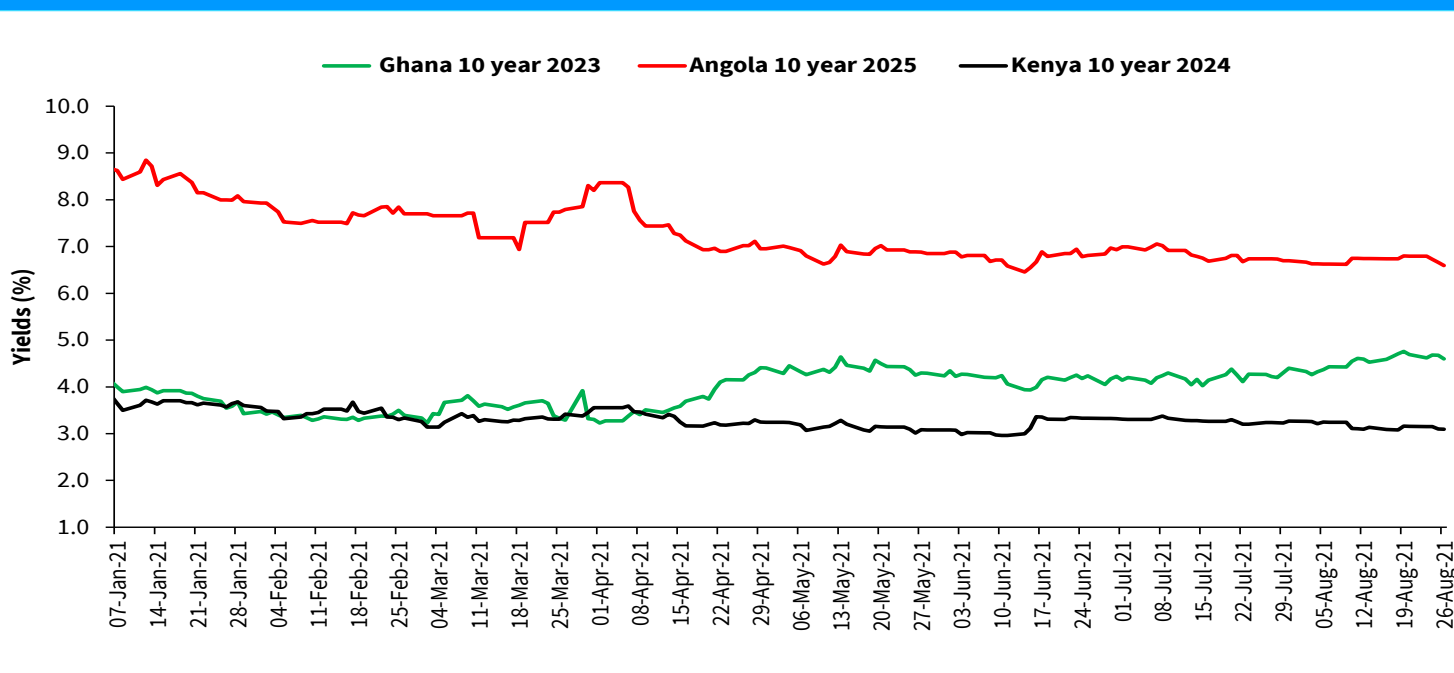
Table 6: Key Weekly Market Indicators

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
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	4.836	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	4.836	3.159	5.300	6.214	6.163	7.335
20-Aug-21	186.33	4056.31	2015.77	1,164.00	13.97	545.95	2,903.81	4,072.00	4.812	3.155	5.277	6.198	6.148	7.325
23-Aug-21	187.86	4081.23	2020.37	1,316.00	20.52	659.29	2,927.67	1,812.95	4.831	3.152	5.255	6.214	6.148	7.335
24-Aug-21	188.20	4088.73	2030.87	1,255.00	7.47	300.26	2,932.99	5,414.05	4.836	3.149	5.233	6.197	6.133	7.305
25-Aug-21	187.22	4071.48	2032.09	1,327.00	11.04	396.44	2,917.78	2,110.45	4.804	3.102	5.211	6.165	6.089	7.295
26-Aug-21	187.40	4092.00	2038.77	1,428.00	21.73	662.25	2,920.47	1,210.10	4.789	3.268	5.535	6.165	6.089	7.476
August 20-26	187.40	4092.00	2038.77	6,490.00	74.71	2,564.19	2,920.47	14,619.55	4.789	3.268	5.535	6.165	6.089	7.476
Weekly Changes (%)	1.59	1.57	1.65	(0.22)	(24.51)	(40.57)	1.59	(27.32)	-0.047*	0.109*	0.235*	-0.049*	-0.074*	0.141*

* 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-Jun-20	30-Sep-20	31-Dec-20	31-Mar-21	30-Jun-21	13-Aug-21	20-Aug-21
1. Treasury Bills (Excluding Repos)	887.14	894.73	855.71	761.90	765.37	760.59	756.30
<i>(As % of total securities)</i>	28.56	26.50	25.04	21.79	21.17	20.53	20.00
2. Treasury Bonds	2,219.44	2,482.24	2,561.33	2,734.47	2,849.94	2,943.98	3,025.01
<i>(As % of total securities)</i>	71.44	73.50	74.96	78.21	78.83	79.47	80.00
3. Total Securities (1+2)	3,106.59	3,376.98	3,417.05	3,496.37	3,615.31	3,704.57	3,781.31
4. Overdraft at Central Bank	47.15	56.21	47.60	49.28	59.28	65.85	58.43
5. Other Domestic debt*	23.24	23.92	23.90	24.19	22.50	23.68	23.67
6. Gross Domestic Debt (3+4+5)	3,176.97	3,457.11	3,488.54	3,569.84	3,697.09	3,794.10	3,863.41

* 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-Jun-20	30-Sep-20	31-Dec-20	31-Mar-21	30-Jun-21	13-Aug-21	20-Aug-21
Treasury bills (Excluding Repos)	27.92	25.88	24.53	21.34	20.70	20.05	19.58
Treasury bonds	69.86	71.80	73.42	76.60	77.09	77.59	78.30
Overdraft at Central Bank	1.48	1.63	1.36	1.38	1.60	1.74	1.51
Other domestic debt	0.73	0.69	0.69	0.68	0.61	0.62	0.61
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-20	30-Sep-20	31-Dec-20	31-Mar-21	30-Jun-21	13-Aug-21	20-Aug-21
Banking Institutions	54.84	54.55	52.83	51.75	51.24	51.44	50.82
Insurance Companies	6.05	6.16	6.44	6.57	6.66	6.64	6.69
Parastatals	5.73	5.47	5.69	5.62	5.54	5.11	5.30
Pension Funds	29.04	28.53	30.32	30.46	30.60	30.89	31.04
Other Investors	4.34	5.30	4.73	5.59	5.96	5.91	6.15
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