



Central Bank of Kenya

Weekly Bulletin

July 23, 2021



RECENT MONETARY AND FINANCIAL DEVELOPMENTS

Exchange Rates

The Kenya Shilling remained stable against major international and regional currencies during the week ending July 22. It exchanged at KSh 108.20 per US dollar on July 22, compared to KSh 108.03 per US dollar on July 15 (**Table 1**).

Foreign Exchange Reserves

The usable foreign exchange reserves remained adequate at USD 9,371 million (5.73 months of import cover) as at July 22 (**Table 2**). 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.

Money Market

The money market was liquid during the week ending July 22, supported by government payments, which offset tax remittances. Commercial banks' excess reserves stood at KSh 22.4 billion in relation to the 4.25 percent cash reserves requirement (CRR). Open market operations remained active. The average interbank rate was 3.05 percent on July 22, compared to 3.83 percent on July 15. During the week, the average number of interbank deals per day decreased to 11 from 14 in the previous week, while the average value traded remained stable at KSh 4.6 billion (**Table 3**).

Government Securities Market

The Treasury bill auction of July 22, received bids totaling KSh 16.7 billion against an advertised amount of KSh 24.0 billion, representing a performance of 69.6 percent. Interest rates on the Treasury bills declined (**Table 4**).

Equity Market

At the Nairobi Securities Exchange, the NASI and NSE 20 share price index rose by 0.1 percent and 0.5 percent, respectively. Similarly, market capitalization rose by 0.1 percent. However, NSE 25 share price index, total shares traded and equity turnover declined by 0.2 percent, 17.2 percent and 17.4 percent, respectively, during the week ending July 22 (**Table 6**).

Bonds Market

Turnover of bonds in the domestic secondary market declined by 36.2 percent during the week ending July 22 (**Table 6**). In the primary market, Acorn issued a final tranche of the green bond, which raised KSh 2.1 billion against the target of KSh 1.4 billion, representing a performance of 146 percent. In the international market, yields on Kenya's Eurobonds rose by an average of 1.4 basis points. The yields on the 10-year Eurobonds for Ghana and Angola also rose (**Chart 2**).

Global Trends

Global financial markets warmed up to reports of strong growth indicators and strong corporate earnings during the week ending July 22. However, concerns about the spread of the COVID delta variant lingered in the market.

International oil prices fell during the week due to inventory build-up. Murban oil price declined to USD 70.78 per barrel on July 22, from USD 71.75 per barrel on July 15.

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

	USD	Sterling Pound	Euro	100 Japanese Yen	Uganda Shilling*	Tanzania Shilling*	Rwandese Franc*	Burundi Franc*
9-Jul-21	107.95	148.77	127.83	98.31	32.86	21.48	9.32	18.35
12-Jul-21	107.95	149.17	127.95	97.98	32.83	21.48	9.32	18.35
13-Jul-21	107.95	149.48	127.93	97.77	32.84	21.48	9.32	18.35
14-Jul-21	107.98	149.53	127.87	97.92	32.78	21.48	9.32	18.34
15-Jul-21	108.03	149.83	127.68	98.12	32.77	21.47	9.32	18.34
July 9-15	107.97	149.36	127.85	98.02	32.82	21.48	9.32	18.34
16-Jul-21	108.19	149.84	127.90	98.35	32.74	21.43	9.31	18.31
19-Jul-21	108.20	149.61	127.81	98.20	32.86	21.43	9.31	18.31
20-Jul-21	Public Holiday							
21-Jul-21	108.20	148.81	127.65	98.71	32.90	21.43	9.30	18.31
22-Jul-21	108.20	148.14	127.48	98.10	32.87	21.43	9.31	18.31
July 16-22	108.20	149.10	127.71	98.34	32.84	21.43	9.31	18.31

*Units of currency per Kenya Shilling

Source: Central Bank of Kenya

Table 2: Official Foreign Exchange Reserves (USD Million)

	24-Jun-21	1-Jul-21	8-Jul-21	15-Jul-21	22-Jul-21
1. CBK Usable Foreign Exchange Reserves (USD Million)*	8,114	9,494	9,590	9,621	9,371
2. CBK Usable Foreign Exchange Reserves (Months of Import Cover)**	4.96	5.81	5.86	5.87	5.73

*Excludes Encumbered Reserves

**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 (%)
9-Jul-21	25	9,930.00	4.37
12-Jul-21	7	2,050.00	4.35
13-Jul-21	6	1,650.00	4.28
14-Jul-21	22	5,750.00	4.19
15-Jul-21	9	3,600.00	3.83
July 9-15	14	4,596.00	4.20
16-Jul-21	21	9,550.00	3.76
19-Jul-21	5	400.00	3.52
20-Jul-21	Public Holiday		
21-Jul-21	9	3,210.00	3.34
22-Jul-21	8	5,310.00	3.05
July 16-22	11	4,617.50	3.42

Source: Central Bank of Kenya

Table 4: Performance of Treasury Bill Auctions

91-Day Treasury Bills						
Date of Auction	17-Jun-21	24-Jun-21	1-Jul-21	8-Jul-21	15-Jul-21	22-Jul-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)	8,201.76	10,708.40	10,080.95	11,308.01	2,673.05	10,082.46
Amount Accepted (KSh M)	4,515.84	2,000.00	6,049.87	11,307.42	2,667.88	10,082.46
Maturities (KSh M)	5,505.60	3,357.20	2,046.00	3,214.00	4,161.45	3,720.50
Average Interest Rate (%)	7.000	6.860	6.728	6.614	6.520	6.477
182-Day Treasury Bills						
Date of Auction	17-Jun-21	24-Jun-21	1-Jul-21	8-Jul-21	15-Jul-21	22-Jul-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)	11,251.75	5,603.56	13,949.68	19,411.26	11,325.32	3,211.47
Amount Accepted (KSh M)	7,221.59	5,562.79	13,924.67	11,667.74	11,295.82	3,207.51
Maturities (KSh M)	8,143.80	2,506.15	591.75	3,173.50	8,400.30	937.00
Average Interest Rate (%)	7.536	7.317	7.228	7.101	6.984	6.955
364-Day Treasury Bills						
Date of Auction	17-Jun-21	24-Jun-21	1-Jul-21	8-Jul-21	15-Jul-21	22-Jul-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)	17,234.25	9,037.50	7,322.10	4,324.18	5,269.95	3,404.08
Amount Accepted (KSh M)	5,527.63	9,034.46	5,472.94	4,275.77	5,219.89	3,403.99
Maturities (KSh M)	4,452.45	12,470.10	25,503.90	22,209.20	6,160.90	25,369.30
Average Interest Rate (%)	8.105	7.729	7.661	7.576	7.506	7.432

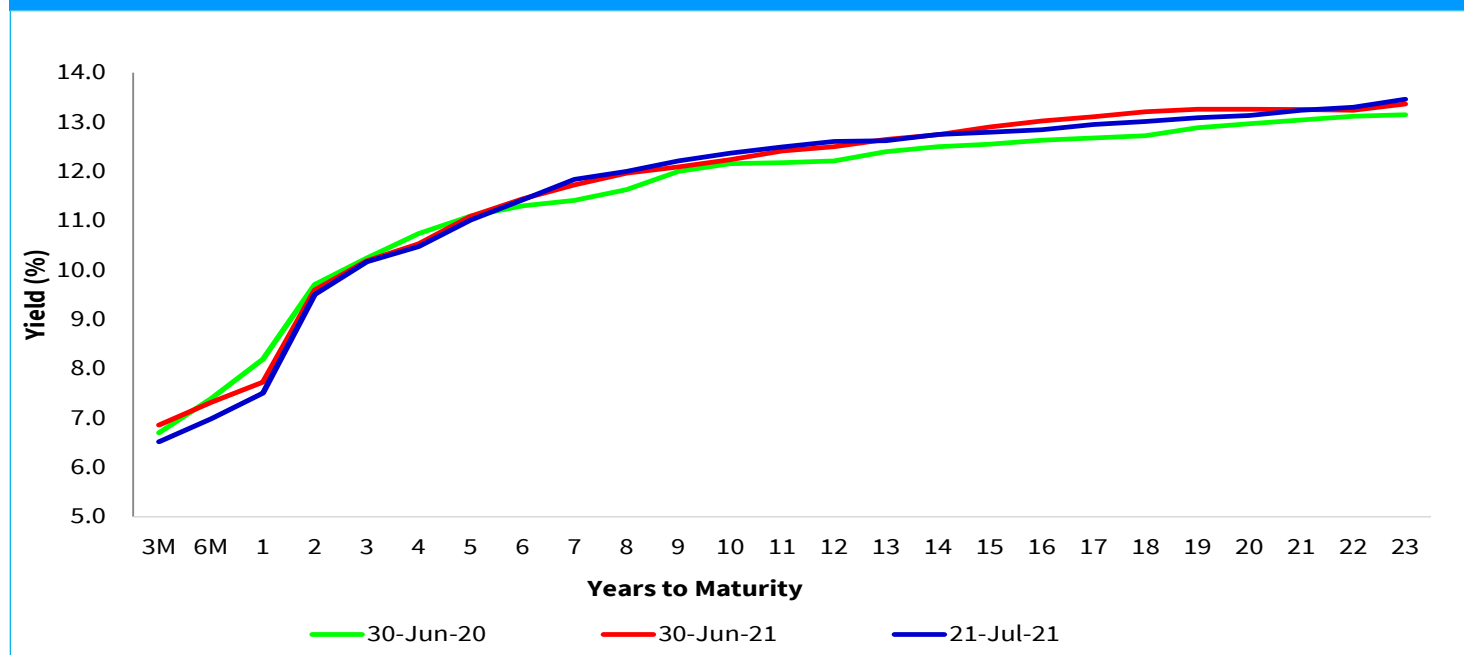
Source: Central Bank of Kenya

Table 5: Performance of Treasury Bond Auctions

Date of Auction	16-Jun-21		30-Jun-21		14-Jul-21		
	REOPEN		TAP		REOPEN		
Tenor	FXD2/ 2019/20	FXD1/ 2012/20	FXD1/ 2019/20	FXD1/ 2012/20	FXD1/ 2012/15	FXD1/ 2018/15	FXD1/ 2021/25
Amount offered (KSh M)	20,000.00		50,000.00		60,000.00		
Bids received (KSh M)	41,045.42	23,879.71	29,845.00	8,638.85	48,805.43	28,212.38	39,906.96
Amount Accepted (KSh M)	13,400.65	6,294.65	29,045.75	8,378.30	30,091.53	27,203.05	22,640.58
Maturities (KSh M)	0.00		0.00		24,395.30		
Average interest Rate (%)	13.26	12.50	13.26	12.50	11.47	12.61	13.68

Source: Central Bank of Kenya

Chart 1: Government Securities Yield Curve



Source: Nairobi Securities Exchange (NSE)

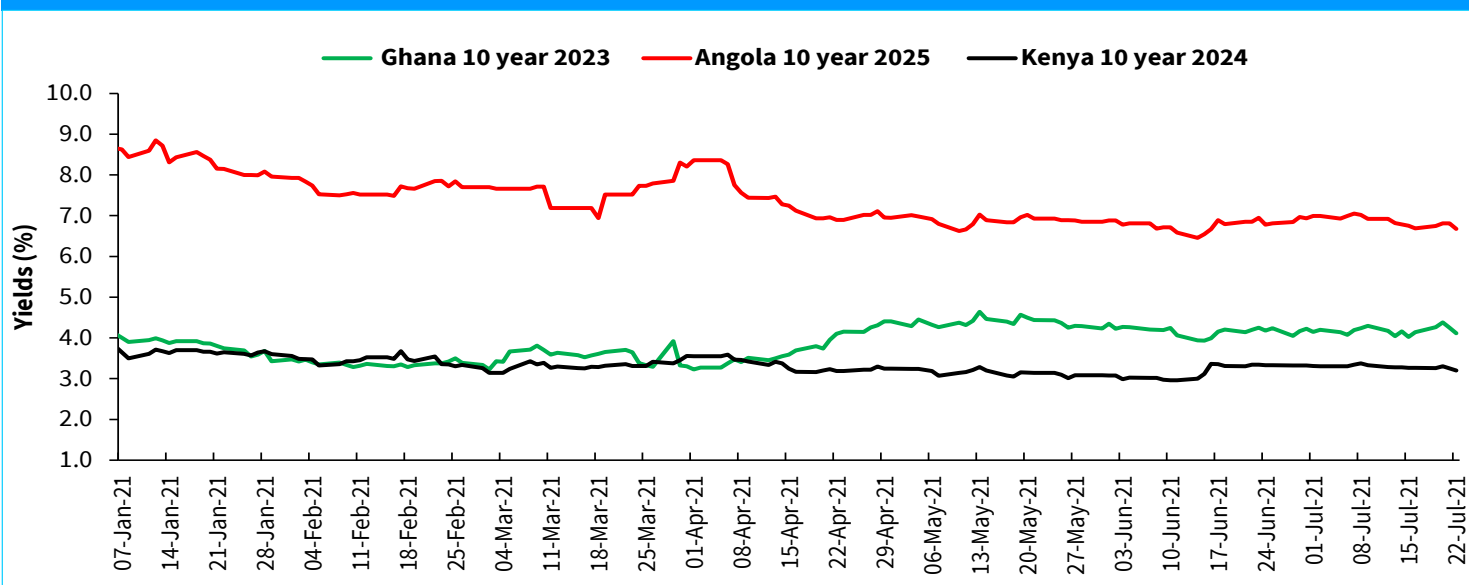
Table 6: Key Weekly Market Indicators

INDICATOR	NASI	NSE 25 Share Index	NSE 20 Share Index	Total Deals (Equity)	Total Shares Traded (Million)	Equity Turnover (KSh Million)	Market Capitalization (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
9-Jul-21	175	3,865	1,951	1,053	17.82	938.43	2,728.62	6,153.50	4.86	3.33	5.41	6.31	6.28	7.42
12-Jul-21	174	3,837	1,944	1,228	10.37	374.23	2,716.39	7,663.10	4.82	3.28	5.41	6.29	6.30	7.41
13-Jul-21	175	3,845	1,953	1,134	13.17	395.30	2,722.62	5,625.70	4.84	3.28	5.39	6.26	6.27	7.40
14-Jul-21	176	3,861	1,955	1,158	13.32	380.94	2,743.15	4,760.30	4.80	3.28	5.37	6.26	6.24	7.38
15-Jul-21	179	3,905	1,970	1,094	7.17	246.07	2,785.88	2,682.50	4.77	3.27	5.34	6.19	6.21	7.33
July 9 -15	178.78	3904.50	1969.79	5,667.00	61.85	2,334.96	2,785.88	26,885.10	4.765	3.268	5.342	6.194	6.209	7.325
16-Jul-21	179	3,902	3,902	1,182	12.13	433.12	2,783.85	3,691.65	4.79	3.27	5.34	6.19	6.21	7.33
19-Jul-21	179	3,897	3,897	1,211	17.12	612.05	2,783.21	5,328.70	4.82	3.26	5.36	6.21	6.21	7.34
	Public Holiday								4.83	3.30	5.38	6.26	6.24	7.37
21-Jul-21	179	3,893	3,893	1,200	14.70	612.47	2,787.72	4,071.90	4.86	3.26	5.38	6.26	6.24	7.36
22-Jul-21	179	3,897	1,979	921	7.28	270.89	2,789.51	4,052.05	4.83	3.20	5.36	6.24	6.21	7.35
July 16 -22	179.01	3,896.89	1,978.99	4,514.00	51.24	1,928.54	2,789.51	17,144.30	4.829	3.203	5.359	6.240	6.208	7.345
Weekly Changes (%)	0.13	-0.19	0.47	-20.35	-17.16	-17.41	0.13	-36.23	0.064*	-0.065*	0.017*	0.046*	-0.001*	0.020*

* Percentage points

Source: Nairobi Securities Exchange (NSE) and Thomson Reuters

Chart 2: Yields on 10 year Eurobonds for Selected Countries



Source: Thomson Reuters

Table 7: Government Domestic Debt (KSh Billion)

	30-Sep-20	31-Dec-20	31-Mar-21	28-May-21	30-Jun-21	09-Jul-21	16-Jul-21
1. Treasury Bills (Excluding Repos)	894.73	855.71	761.90	759.10	765.37	763.67	763.11
<i>(As % of total securities)</i>	26.50	25.04	21.79	21.15	21.17	20.91	20.90
2. Treasury Bonds	2,482.24	2,561.33	2,734.47	2,829.73	2,849.94	2,888.4	2,888.4
<i>(As % of total securities)</i>	73.50	74.96	78.21	78.85	78.83	79.09	79.10
3. Total Securities (1+2)	3,376.98	3,417.05	3,496.37	3,588.83	3,615.31	3,652.05	3,651.49
4. Overdraft at Central Bank	56.21	47.60	49.28	60.17	59.28	62.38	64.27
5. Other Domestic debt*	23.92	23.90	24.19	23.20	23.13	23.11	23.13
6. Gross Domestic Debt (3+4+5)	3,457.11	3,488.54	3,569.84	3,672.20	3,697.72	3,737.54	3,738.88

* 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)

	30-Jun-20	30-Sep-20	31-Dec-20	31-Mar-21	28-May-21	30-Jun-21	16-Jul-21
Treasury bills (Excluding Repos)	27.92	25.88	24.53	21.34	20.67	20.70	20.41
Treasury bonds	69.86	71.80	73.42	76.60	77.06	77.07	77.25
Overdraft at Central Bank	1.48	1.63	1.36	1.38	1.64	1.60	1.72
Other domestic debt	0.73	0.69	0.69	0.68	0.63	0.63	0.62
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	28-May-21	30-Jun-21	16-Jul-21
Banking Institutions	54.84	54.55	52.83	51.75	51.45	51.25	50.82
Insurance Companies	6.05	6.16	6.44	6.57	6.64	6.66	6.73
Parastatals	5.73	5.47	5.69	5.62	5.43	5.54	5.45
Pension Funds	29.04	28.53	30.32	30.46	30.59	30.59	31.09
Other Investors	4.34	5.30	4.73	5.59	5.90	5.96	5.91
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	Dec-20	Mar-21	May-21	Jun-21
Domestic debt (KSh Bn)	2,785.94	3,176.97	3,457.11	3,488.54	3,569.84	3,686.89	3,697.72
Public & Publicly Guaranteed External debt (USD Bn)	29.55	33.01	33.77	34.75	34.42	35.31	37.23
Public & Publicly Guaranteed External debt (KSh Bn)	3,023.14	3,515.81	3,663.49	3,793.29	3,769.87	3,799.02	4,015.30
Public debt (KSh Bn)	5,809.08	6,692.78	7,120.60	7,281.83	7,339.71	7,485.91	7,713.02

Source: National Treasury and Central Bank of Kenya