



Central Bank of Kenya

Weekly Bulletin

October 22, 2021



RECENT MONETARY AND FINANCIAL DEVELOPMENTS

Exchange Rates

The Kenya Shilling remained stable against major international and regional currencies during the week ending October 21. It exchanged at KSh 111.02 per US dollar on October 21, compared to KSh 110.81 per US dollar on October 14 (**Table 1**).

Foreign Exchange Reserves

The usable foreign exchange reserves remained adequate at USD 9,228 million (5.64 months of import cover) as at October 21. 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**).

Remittances

Remittance inflows totalled USD 309.8 million in September 2021 compared to USD 260.7 million in September 2020, an 18.8 percent increase (**Chart 1**). However, remittance inflows in September declined marginally by 1.0 percent compared to USD 312.9 million in August, in line with seasonal factors. The cumulative inflows for the 12 months to September 2021 totalled USD 3,530 million compared to USD 2,967 million in the same period in 2020, a 19.0 percent increase. The United States remains the largest source of remittances into Kenya, accounting for 61.8 percent in September 2021.

Money Market

The money market was relatively liquid during the week ending October 21, supported by government payments which offset tax remittances. Commercial banks' excess reserves stood at KSh 13.3 billion in relation to the 4.25 percent cash reserves requirement (CRR). Open market operations remained active. The average interbank rate was 4.77 percent on October 21 compared to 3.64 percent on October 14. During the week, the average number of interbank deals per day declined to 24 from 27 in the previous week, while the average value traded decreased to KSh 11.9 billion from KSh 13.3 billion in the previous week (**Table 3**).

Government Securities Market

The Treasury bill auction of October 21 received bids totaling KSh 17.8 billion against an advertised amount of KSh 24.0 billion, representing a performance of 74.2 percent. Interest rates remained stable, with the 91-day and 364-day Treasury bill rates rising marginally while that of 182-day Treasury bill decreased slightly (**Table 4**).

Equity Market

At the Nairobi Securities Exchange, the equity turnover, market capitalization and the total shares traded increased by 75.5 percent, 0.2 percent and 43.4 percent, respectively. Similarly, the NASI and NSE 25 share price indices rose by 0.2 percent and 0.2 percent, respectively during the week ending October 21 (**Table 6**).

Bonds Market

Bonds turnover in the domestic secondary market rose by 52.4 percent during the week ending October 21 (**Table 6**). In the international market, yields on Kenya's Eurobonds increased marginally by an average of 3.6 basis points. The yield on the 10-year Eurobond for Ghana increased, while that of Angola declined (**Chart 3**).

Global Trends

Global financial markets sentiment improved during the week ending October 21, supported by investors' expectations of stronger corporate earnings. This is despite possibility of lower global economic growth momentum occasioned by fears of rate hikes by major economies and resurgence of COVID cases in Europe.

International oil price increased during the week ending October 21 largely on account of increased oil demand and supply mismatch. Murban oil price rose to USD 84.42 per barrel on October 21 from USD 83.39 per barrel on October 14.

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

	USD	Sterling Pound	Euro	100 Japanese Yen	Uganda Shilling*	Tanzania Shilling*	Rwandese Franc*	Burundi Franc*
8-Oct-21	110.72	150.46	127.90	98.95	32.24	20.77	9.18	17.96
11-Oct-21	Public Holiday							
12-Oct-21	110.74	150.64	127.93	97.74	32.42	20.82	9.19	17.95
13-Oct-21	110.77	150.69	127.91	97.58	32.36	20.76	9.18	17.95
14-Oct-21	110.81	150.83	127.99	97.54	32.44	20.80	9.18	17.94
October 8-14	110.76	150.66	127.93	97.95	32.37	20.79	9.18	17.95
15-Oct-21	110.87	151.89	128.63	97.26	32.56	20.75	9.01	17.95
18-Oct-21	110.89	152.06	128.64	96.97	32.56	20.74	9.18	17.93
19-Oct-21	110.91	152.20	128.61	97.06	32.57	20.78	9.18	17.93
20-Oct-21	Public Holiday							
21-Oct-21	111.02	153.39	129.36	97.14	32.68	20.72	9.17	17.91
October 15-21	110.92	152.39	128.81	97.11	32.59	20.75	9.13	17.93

*Units of currency per Kenya Shilling

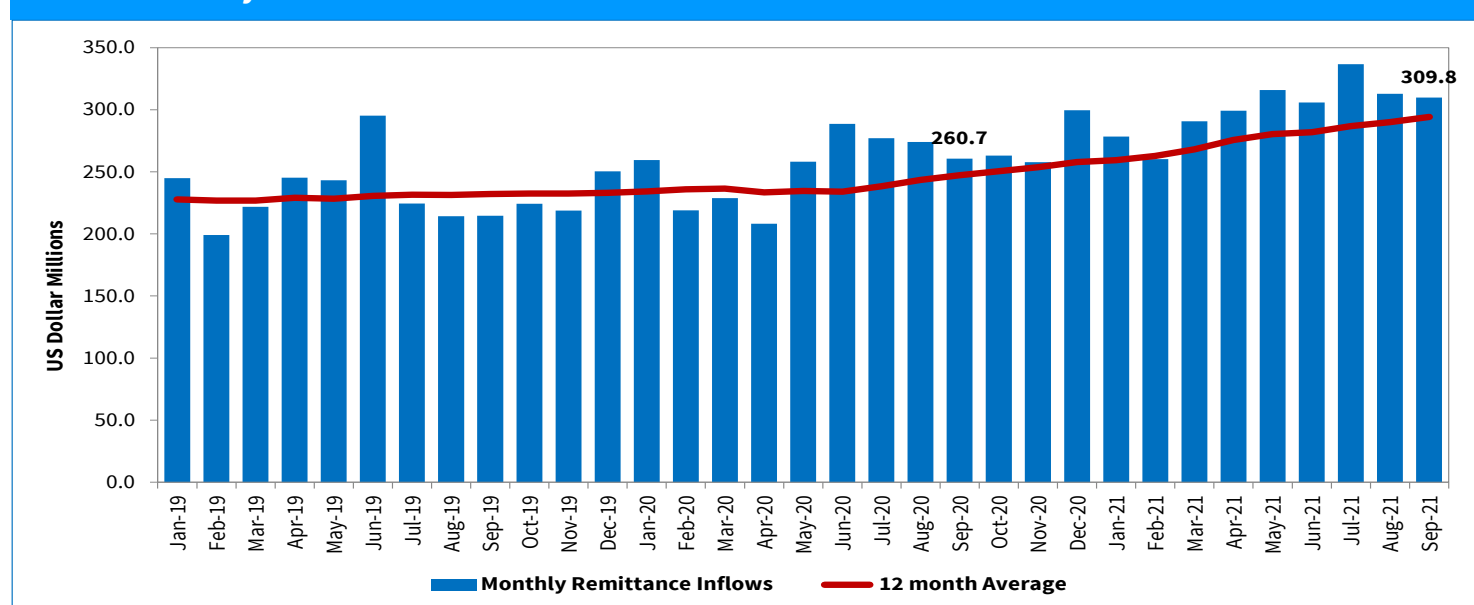
Source: Central Bank of Kenya

Table 2: Official Foreign Exchange Reserves (USD Million)

	29-Jul-21	26-Aug-21	2-Sep-21	9-Sep-21	16-Sep-21	23-Sep-21	30-Sep-21	7-Oct-21	14-Oct-21	21-Oct-21
1. CBK Usable Foreign Exchange Reserves (USD Million)*	9,341	8,986	8,883	9,629	9,619	9,521	9,437	9,365	9,261	9,228
2. CBK Usable Foreign Exchange Reserves (Months of Import Cover)**	5.71	5.49	5.43	5.89	5.88	5.82	5.77	5.73	5.66	5.64

Source: Central Bank of Kenya

Chart 1: Monthly Remittance Inflows



Source: Central Bank of Kenya

Table 3: Money Markets

Date	Number of Deals	Value (KSh M)	Average Interbank Rate (%)
8-Oct-21	23	12,300.00	6.02
11-Oct-21	Public Holiday		
12-Oct-21	28	10,760.00	5.44
13-Oct-21	34	16,930.00	5.14
14-Oct-21	21	13,285.00	3.64
October 8-14	27	13,318.75	5.06
15-Oct-21	26	8,800.00	4.25
18-Oct-21	16	12,300.00	4.28
19-Oct-21	28	17,460.00	4.48
20-Oct-21	Public Holiday		
21-Oct-21	24	8,920.00	4.77
October 15-21	24	11,870.00	4.45

Source: Central Bank of Kenya

Table 4: Performance of Treasury Bills Auctions

91-Day Treasury Bills							
Date of Auction	9-Sep-21	16-Sep-21	23-Sep-21	30-Sep-21	7-Oct-21	14-Oct-21	21-Oct-21
Amount Offered (KSh M)	4,000.00	4,000.00	4,000.00	4,000.00	4,000.00	4,000.00	4,000.00
Bids Received (KSh M)	6,901.38	3,351.69	4,793.79	2,640.16	3,422.23	3,015.78	6,520.29
Amount Accepted (KSh M)	6,901.38	3,351.59	4,787.65	2,633.47	3,422.23	3,015.68	6,520.29
Maturities (KSh M)	6,937.15	4,563.45	2,030.15	6,149.15	11,420.35	2,696.50	10,234.55
Average Interest Rate (%)	6.781	6.870	6.896	6.895	6.935	6.952	7.020
182-Day Treasury Bills							
Date of Auction	9-Sep-21	16-Sep-21	23-Sep-21	30-Sep-21	7-Oct-21	14-Oct-21	21-Oct-21
Amount Offered (KSh M)	10,000.00	10,000.00	10,000.00	10,000.00	10,000.00	10,000.00	10,000.00
Bids Received (KSh M)	7,702.52	6,795.95	4,670.80	5,337.45	3,961.63	9,007.05	6,532.62
Amount Accepted (KSh M)	7,701.07	6,792.11	4,670.80	5,337.45	3,961.63	8,044.21	4,609.24
Maturities (KSh M)	6,299.50	6,362.50	3,171.05	783.95	2,519.90	3,743.30	2,071.30
Average Interest Rate (%)	7.253	7.250	7.282	7.282	7.316	7.428	7.417
364-Day Treasury Bills							
Date of Auction	9-Sep-21	16-Sep-21	23-Sep-21	30-Sep-21	7-Oct-21	14-Oct-21	21-Oct-21
Amount Offered (KSh M)	10,000.00	10,000.00	10,000.00	10,000.00	10,000.00	10,000.00	10,000.00
Bids Received (KSh M)	2,831.23	2,950.02	695.06	2,155.42	2,438.75	5,815.22	4,762.89
Amount Accepted (KSh M)	2,831.14	2,950.02	694.87	1,647.36	2,392.50	5,815.13	4,724.45
Maturities (KSh M)	4,251.85	9,481.25	4,763.40	2,518.70	15,167.45	16,966.50	8,765.65
Average Interest Rate (%)	7.777	7.845	7.890	7.949	8.028	8.225	8.355

Source: Central Bank of Kenya

Table 5: Performance of Treasury Bond Auctions

Date of Auction	11-Aug-21			8-Sep-21	6-Oct-21		
	REOPEN				REOPEN		
Tenor	FXD3/ 2019/10	FXD1/ 2018/20	FXD1/ 2021/20	IFB1/ 2021/21	FXD1/ 2013/15	FXD3/ 2019/15	FXD1/ 2021/25
Amount offered (KSh M)	60,000.00			75,000.00	60,000.00		
Bids received (KSh M)	38,313.49	22,818.80	43,504.73	151,256.13	23,414.98	3,390.35	28,669.87
Amount Accepted (KSh M)	22,968.26	17,783.62	39,539.41	106,752.53	22,876.63	3,267.29	25,904.96
Maturities (KSh M)	0.00			0.00	0.00		
Average interest Rate (%)	12.17	13.19	13.44	12.74	11.88	12.85	13.82

Source: Central Bank of Kenya

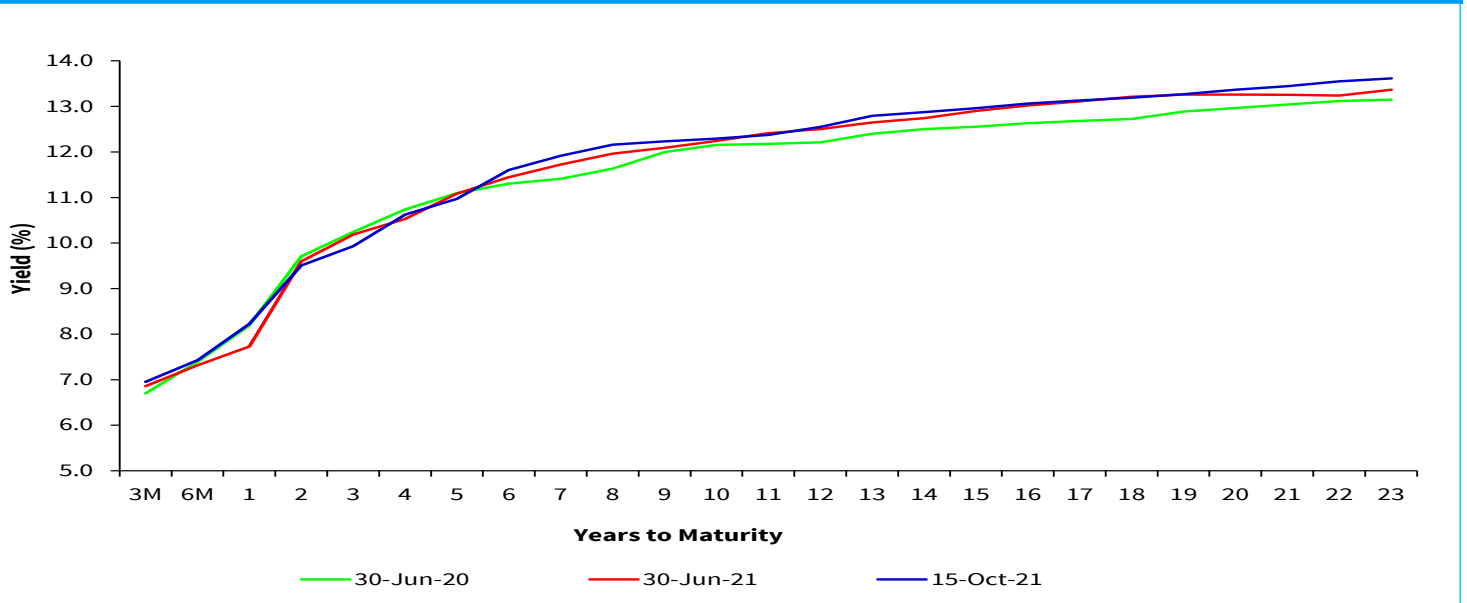
Table 6: Key Weekly Market Indicators

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
8-Oct-21	175.82	3,834.90	1,992.92	1,396.00	27.10	1,009.93	2,739.27	1,605.30	5.403	3.447	5.732	6.829	6.701	7.842
11-Oct-21	PUBLIC HOLIDAY								5.432	3.494	5.755	6.846	6.717	7.853
12-Oct-21	176.09	3,832.73	1,981.44	961.00	17.82	856.52	2,743.61	3,202.95	5.464	3.584	5.800	6.881	6.748	7.897
13-Oct-21	176.17	3,828.16	1,974.15	1,145.00	6.43	56.37	2,744.85	2,953.85	5.516	3.581	5.845	6.932	6.797	7.963
14-Oct-21	177.10	3,840.40	1,972.91	1,121.00	7.40	212.71	2,759.26	2,119.05	5.434	3.525	5.820	6.828	6.654	7.952
October 8-14	177.10	3840.40	1972.91	4,623.00	58.75	2,135.53	2,759.26	9,881.15	5.43	3.53	5.82	6.83	6.65	7.95
15-Oct-21	178.86	3,867.27	1,940.44	1,189.00	23.01	968.27	2,786.84	2,067.50	5.429	3.521	5.706	6.692	6.607	7.864
18-Oct-21	178.36	3,857.89	1,962.74	990.00	12.43	389.80	2,778.96	5,736.73	5.470	3.518	5.751	6.760	6.638	7.864
19-Oct-21	176.35	3,831.25	1,959.67	1,313.00	23.65	780.81	2,747.60	3,731.03	5.481	3.609	5.773	6.777	6.638	7.853
20-Oct-21	PUBLIC HOLIDAY								5.507	3.653	5.773	6.776	6.638	7.886
21-Oct-21	177.39	3,848.81	1,961.32	1,268.00	25.14	1,609.12	2,763.82	3,525.96	5.540	3.597	5.977	6.793	6.638	7.886
October 15-21	177.39	3,848.81	1,961.32	4,760.00	84.23	3,748.00	2,763.82	15,061.22	5.54	3.60	5.98	6.79	6.64	7.89
Weekly Changes (%)	0.16	0.22	-0.59	2.96	43.37	75.51	0.17	52.42	0.106*	0.072*	0.157*	-0.035*	-0.016*	-0.066*

* Percentage points

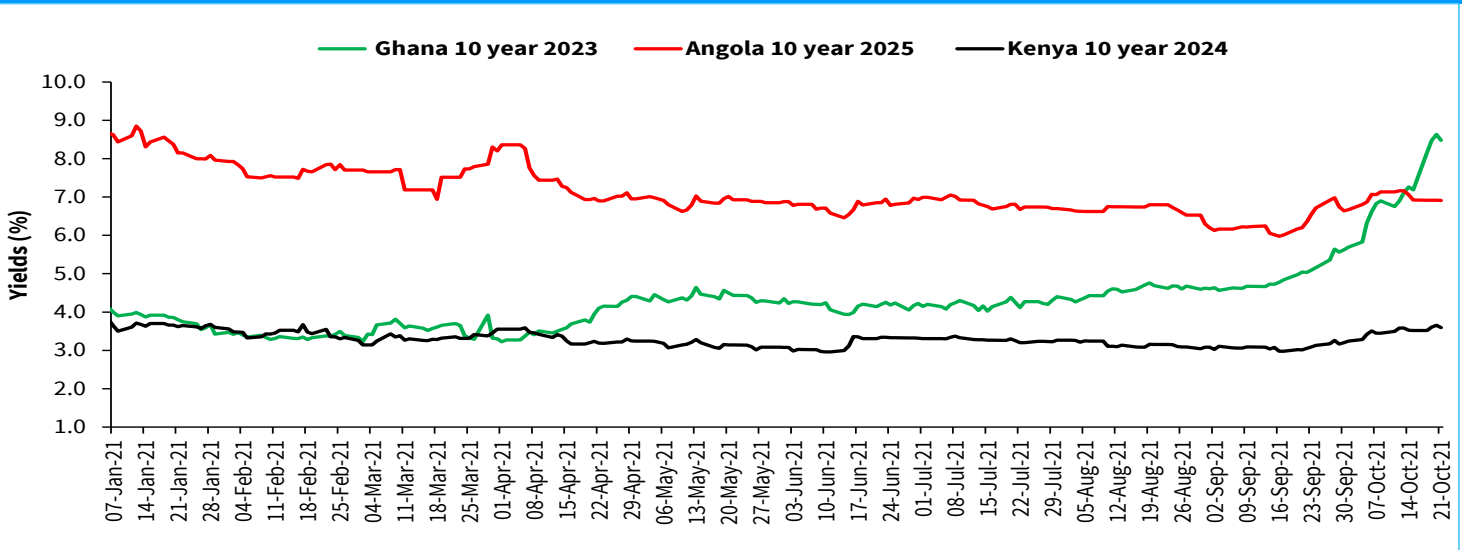
Source: Nairobi Securities Exchange (NSE) and Thomson Reuters

Chart 2: Government Securities Yield



Source: 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	24-Sep-21	08-Oct-21	15-Oct-21
1. Treasury Bills (Excluding Repos)	887.70	894.73	855.71	761.90	765.37	763.00	763.97	744.99
<i>(As % of total securities)</i>	28.56	26.50	25.04	21.79	21.17	19.77	19.79	19.13
2. Treasury Bonds	2,220.34	2,482.24	2,561.33	2,734.47	2,849.94	3,096.84	3,096.84	3,149.44
<i>(As % of total securities)</i>	71.44	73.50	74.96	78.21	78.83	80.23	80.21	80.87
3. Total Securities (1+2)	3,108.04	3,376.98	3,417.05	3,496.37	3,615.31	3,859.84	3,860.81	3,894.43
4. Overdraft at Central Bank	47.15	56.21	47.60	49.28	59.28	55.26	50.70	62.47
5. Other Domestic debt*	23.24	23.92	23.90	24.19	22.50	23.91	23.92	23.91
6. Gross Domestic Debt (3+4+5)	3,178.42	3,457.11	3,488.54	3,569.84	3,697.09	3,939.01	3,935.44	3,980.81

* 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	24-Sep-21	8-Oct-21	15-Oct-21
Treasury bills (Excluding Repos)	27.93	25.88	24.53	21.34	20.70	19.37	19.41	18.71
Treasury bonds	69.86	71.80	73.42	76.60	77.09	78.62	78.69	79.12
Overdraft at Central Bank	1.48	1.63	1.36	1.38	1.60	1.40	1.29	1.57
Other domestic debt	0.73	0.69	0.69	0.68	0.61	0.61	0.61	0.60
TOTAL	100.00	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	31-Sep-20	31-Dec-20	31-Mar-21	30-Jun-21	24-Sep-21	8-Oct-21	15-Oct-21
Banking Institutions	54.18	54.55	52.83	51.75	51.24	50.83	50.83	50.60
Insurance Companies	6.05	6.16	6.44	6.57	6.66	6.60	6.60	6.67
Parastatals	5.73	5.47	5.69	5.62	5.54	5.38	5.38	5.34
Pension Funds	29.04	28.53	30.32	30.46	30.60	31.24	31.24	31.34
Other Investors	5.00	5.30	4.73	5.59	5.96	5.95	5.96	6.05
Total	100.00	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	Apr-21	May-21	Jun-21
Domestic debt (KSh Bn)	2,785.94	3,176.97	3,457.11	3,488.54	3,569.84	3,632.91	3,686.89	3,697.09
Public & Publicly Guaranteed External debt (USD Bn)	29.55	33.01	33.77	34.75	34.42	35.13	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	3,778.13	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	7,411.05	7,485.91	7,712.39

Source: National Treasury and Central Bank of Kenya