



Central Bank of Kenya

Weekly Bulletin

November 6, 2020

KEY MONETARY AND FINANCIAL INDICATORS

Exchange Rates

The Kenya Shilling remained stable against major international and regional currencies during the week ending November 5. It exchanged at KSh 108.87 per US dollar on November 5, compared to KSh 108.83 per US dollar on October 29 (Table 1).

Foreign Exchange Reserves

The usable foreign exchange reserves remained adequate at USD 8,128 million (4.93 months of import cover) as at November 5. 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 Markets

The money market was relatively liquid during the week ending November 5, supported by government payments, which offset tax receipts. Commercial banks' excess reserves stood at KSh 10.5 billion in relation to the 4.25 percent cash reserves requirement (CRR). Open market operations remained active. The average interbank rate was 3.30 percent on November 5 compared to 3.10 percent on October 29. The average number of interbank deals per day declined to 19 from 29 in the previous week, while the average value traded declined to KSh 7.6 billion from KSh 13.7 billion in the previous week (Table 3).

Government Securities Market

The Treasury bills auction of November 5 received bids totalling KSh 27.8 billion against an advertised amount of KSh 24.0 billion, representing a performance of 115.9 percent. Interest rates on all the Treasury bills tenors remained stable, only rising marginally (Table 4).

Equity Market

At the Nairobi Securities Exchange, the NASI and NSE 25 share price index, equity turnover, total shares traded and market capitalization increased by 0.9 percent, 0.1 percent, 31.1 percent, 46.0 percent and 0.9 percent, respectively, during the week ending November 5. However, the NSE 20 share price index declined by 1.6 percent (Table 6).

Bond Market

Turnover of bonds traded in the domestic secondary market decreased by 38.0 percent during the week ending November 5 (Table 6). In the international market, yields on Kenya's Eurobonds declined by an average of 59.9 basis points. The yields on the 10-year Eurobonds for Angola and Ghana also declined (Chart 2).

Global Trends

Uncertainties in the global financial markets remained elevated during the week ending November 5 on account of the US presidential election and the delayed second coronavirus relief package in the US. However, the US Fed meeting of November 5 confirmed the Fed's readiness to continue supporting the economy and kept the interest rates unchanged. In the UK, the Bank of England also plans to step up asset purchases to stop the economy from sliding into recession due to re-imposition of lockdowns and an elusive Brexit transition agreement.

International oil prices recovered during the week, from the declines witnessed the previous week, following crude oil inventory drawdown in the US. Murban oil price increased to USD 41.25 per barrel on November 5 from USD 38.87 per barrel on October 29.

Table 1: Kenya Shilling Exchange Rates (Indicative Mean Rates)								
	USD	Sterling Pound	Euro	100 Japanese Yen	USHS*	TSHS*	RWF*	BIF*
23-Oct-20	108.77	142.30	128.56	103.88	34.28	21.32	8.99	17.79
26-Oct-20	108.79	142.14	128.88	103.82	34.29	21.33	8.99	17.78
27-Oct-20	108.83	141.76	128.68	103.69	34.24	21.31	8.99	17.78
28-Oct-20	108.84	141.91	128.71	104.02	34.27	21.31	8.99	17.78
29-Oct-20	108.83	141.06	127.71	104.23	34.39	21.31	8.99	17.78
Oct 23-29	108.81	141.84	128.51	103.93	34.29	21.31	8.99	17.78
30-Oct-20	108.82	141.16	127.27	104.30	34.37	21.31	8.99	17.78
2-Nov-20	108.83	141.01	127.17	103.91	34.36	21.30	8.99	17.78
3-Nov-20	108.84	140.77	126.89	103.93	34.36	21.31	8.99	17.78
4-Nov-20	108.86	141.39	127.41	103.78	34.31	21.30	8.99	17.78
5-Nov-20	108.87	141.56	127.38	104.28	34.40	21.30	8.99	17.78
Oct 30-Nov 5	108.84	141.18	127.22	104.04	34.36	21.30	8.99	17.78

* Units of currency per Kenya Shilling

Source :Central Bank of Kenya

Table 2: Official Usable Foreign Exchange Reserves					
	8-Oct-20	15-Oct-20	22-Oct-20	29-Oct-20	5-Nov-20
1. CBK Usable Foreign Exchange Reserves (USD Million)	8,454	8,311	8,223	8,121	8,128
2. CBK Usable Foreign Exchange Reserves (Months of Import Cover)*	5.13	5.04	4.99	4.93	4.93

*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 (%)
23-Oct-20	37	14,385.00	2.90
26-Oct-20	27	14,475.00	2.85
27-Oct-20	21	12,050.00	2.78
28-Oct-20	35	17,250.00	2.95
29-Oct-20	26	10,150.00	3.10
Oct 23-29	29	13,662.00	2.92
30-Oct-20	27	10,160.00	3.42
2-Nov-20	20	9,660.00	3.42
3-Nov-20	14	8,200.00	3.30
4-Nov-20	19	4,915.00	3.37
5-Nov-20	14	5,005.00	3.30
Oct 30-Nov 5	19	7,588.00	3.36

Source :Central Bank of Kenya

Table 4: Performance of Treasury Bills Auctions

91-Day Treasury Bills						
Date of Auction	1-Oct-20	8-Oct-20	15-Oct-20	22-Oct-20	29-Oct-20	5-Nov-20
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)	6,186.15	7,458.93	8,606.77	4,122.47	2,996.75	2,277.60
Amount Accepted (KSh M)	4,887.21	7,375.21	8,114.99	4,121.49	2,505.10	2,277.01
Maturities (KSh M)	9,592.90	18,704.45	30,310.30	10,965.75	12,075.95	7,630.90
Average Interest Rate (%)	6.400	6.468	6.520	6.589	6.653	6.666
182-Day Treasury Bills						
Date of Auction	1-Oct-20	8-Oct-20	15-Oct-20	22-Oct-20	29-Oct-20	5-Nov-20
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)	4,059.29	3,930.46	7,096.82	7,227.81	3,306.60	4,550.59
Amount Accepted (KSh M)	3,469.83	3,329.63	6,130.87	6,744.88	3,305.83	4,550.59
Maturities (KSh M)	4,773.35	1,626.05	772.55	4,619.10	2,621.45	3,938.85
Average Interest Rate (%)	6.839	6.853	6.909	6.967	7.038	7.072
364-Day Treasury Bills						
Date of Auction	1-Oct-20	8-Oct-20	15-Oct-20	22-Oct-20	29-Oct-20	5-Nov-20
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)	5,334.48	15,010.33	15,888.06	8,173.50	11,010.11	20,995.11
Amount Accepted (KSh M)	2,341.85	14,084.56	15,744.90	8,140.63	10,721.36	20,726.82
Maturities (KSh M)	8,531.60	12,089.80	8,371.60	14,261.45	14,027.10	24,619.30
Average Interest Rate (%)	7.744	7.762	7.800	7.840	7.933	7.994

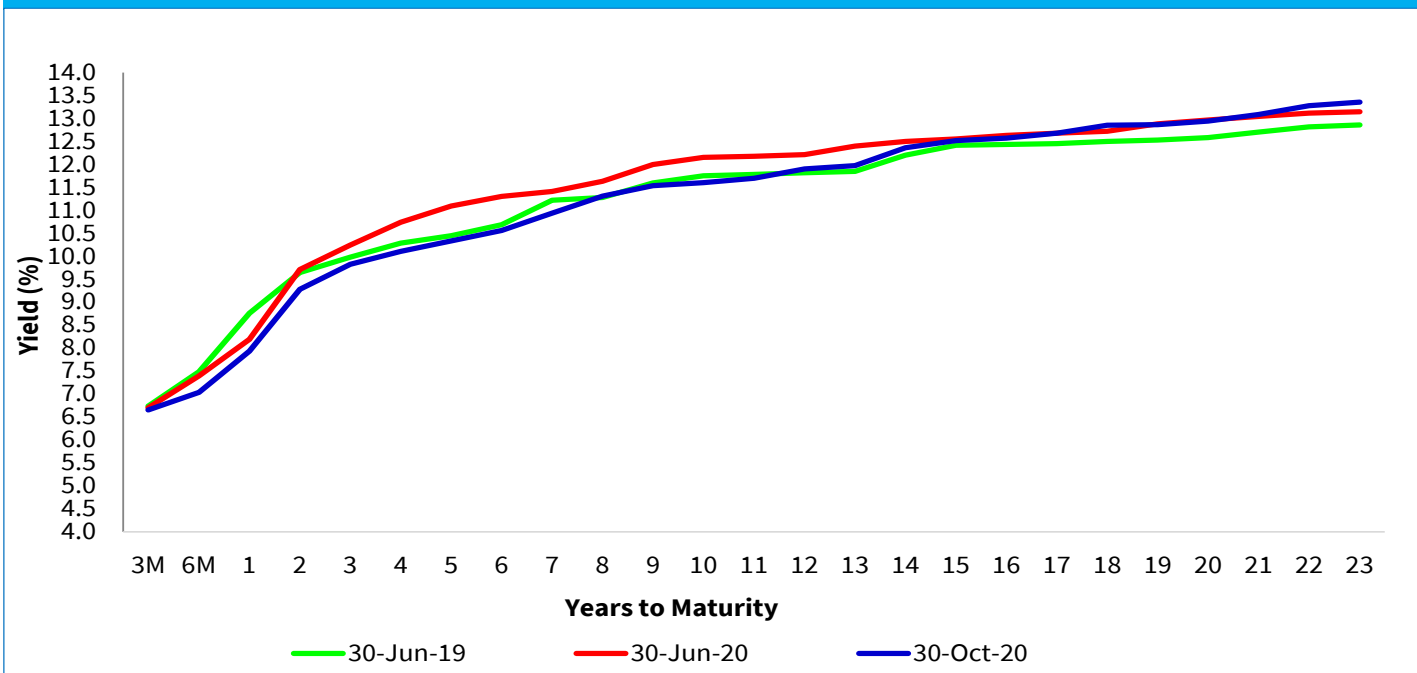
Source: Central Bank of Kenya

Table 5: Performance of Treasury Bond Auctions

Date of Auction	5-Aug-20	19-Aug-20	16-Sept-20			14-Oct-20	
	TAP		REOPEN			REOPEN	
Tenor	FXD2/ 2018/20	IFB1/ 2020/11	FXD1/ 2011/20	FXD1/ 2020/15	FXD2/ 2010/15	FXD1/ 2011/20	FXD1/ 2018/25
Amount offered (KSh M)	40,000.00	70,000.00	50,000.00			50,000.00	
Bids received (KSh M)	41,006.20	101,471.04	14,044.33	49,791.29	17,841.15	23,155.69	45,981.50
Amount Accepted (KSh M)	41,006.20	78,639.89	7,465.13	45,691.75	11,019.41	16,992.04	43,034.10
Maturities (KSh M)	0.00	0.00	0.00			33,387.90	
Average interest Rate (%)	12.93	11.30	11.87	12.51	10.46	11.99	13.49

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 Capital- ization (KSh Billion)	Bonds Turnover (KSh Million)	Eurobond Yields (%)				
									7-Year 2027	10-Year 2024	10-Year 2028	12-Year 2032	30-Year 2048
23-Oct-20	141.2	3,216.7	1,799.3	815	17.4	609.9	2,168.1	3,041.3	6.530	5.386	6.852	7.632	8.306
26-Oct-20	139.8	3,189.3	1,799.4	798	11.7	422.6	2,146.3	3,026.6	6.375	5.422	6.809	7.580	8.330
27-Oct-20	140.7	3,248.2	1,866.2	1,073	17.5	550.0	3,159.4	2,532.5	6.313	5.310	6.723	7.546	8.225
28-Oct-20	139.9	3,183.8	1,797.8	666	11.5	272.0	2,147.6	1,765.8	6.192	5.309	6.637	7.461	8.202
29-Oct-20	139.6	3,178.9	1,799.8	734	11.2	253.4	2,143.9	2,874.4	6.191	5.233	6.615	7.394	8.156
Oct 23- 29	139.6	3,178.9	1,799.8	4,086	69.3	2,107.9	2,143.9	13,240.6	6.191	5.233	6.615	7.394	8.156
30-Oct-20	140.0	3,170.9	1,783.7	908	13.0	497.2	2,150.1	1,877.9	6.191	5.121	6.615	7.343	8.156
2-Nov-20	140.8	3,171.4	1,763.7	775	13.2	435.3	2,161.1	1,665.2	6.069	5.084	6.509	7.310	8.077
3-Nov-20	140.6	3,165.5	1,755.8	861	20.8	632.7	2,158.4	2,204.2	6.038	4.972	6.466	7.227	8.066
4-Nov-20	140.2	3,161.8	1,756.9	732	18.6	597.9	2,152.4	1,194.9	5.738	4.934	6.277	7.111	7.922
5-Nov-20	140.9	3,182.9	1,770.2	781	35.6	1,098.1	2,163.3	1,264.7	5.537	4.603	6.027	6.804	7.624
Oct 30-Nov 5	140.9	3,182.9	1,770.2	4057	101.2	2,764.0	2,163.3	8,206.8	5.537	4.603	6.027	6.804	7.624
Weekly Changes (%)	0.9	0.1	-1.6	-0.7	46.0	31.1	0.9	-38.0	-0.654*	-0.630*	-0.588*	-0.590*	-0.532*

* Percentage points

Source: Nairobi Securities Exchange (NSE) and Thompson Reuters

Table 7: Government Domestic Debt (KSh Billion)

	28-Jun-19	31-Dec-19	31-Mar-20	30-Jun-20	30-Sep-20	23-Oct-20	30-Oct-20
1. Treasury Bills (Excluding Repos)	954.25	878.94	900.62	887.14	894.73	868.66	858.68
<i>(As % of total securities)</i>	35.29	30.80	30.09	28.55	26.50	25.70	25.48
2. Treasury Bonds	1,749.71	1,974.69	2,092.64	2,220.34	2,482.24	2,511.27	2,511.27
<i>(As % of total securities)</i>	64.71	69.20	69.91	71.45	73.50	74.30	74.52
3. Total Securities (1+2)	2,703.96	2,853.63	2,993.26	3,107.48	3,376.98	3,379.93	3,369.95
4. Overdraft at Central Bank	57.33	63.72	54.18	47.15	56.21	52.62	63.53
5. Other Domestic debt*	25.76	24.75	25.10	23.24	23.92	23.93	23.94
6. Gross Domestic Debt (3+4+5)	2,787.04	2,942.10	3,072.54	3,177.87	3,457.11	3,456.48	3,457.42

* 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	31-Dec-19	31-Mar-20	30-Jun-20	30-Sep-20	23-Oct-20	30-Oct-20
Treasury bills (Excluding Repos)	34.24	29.87	29.31	27.92	25.88	25.13	24.84
Treasury bonds	62.78	67.12	68.11	69.87	71.80	72.65	72.63
Overdraft at Central Bank	2.06	2.17	1.76	1.48	1.63	1.52	1.84
Other domestic debt	0.92	0.84	0.82	0.73	0.69	0.69	0.69
TOTAL	100.00	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	31-Dec-19	31-Mar-20	30-Jun-20	30-Sep-20	23-Oct-20	30-Oct-20
Banking Institutions	54.38	54.33	54.33	54.86	55.15	54.58	54.66
Insurance Companies	6.13	6.42	6.30	6.05	6.16	6.30	6.30
Parastatals	6.97	6.49	6.13	5.73	5.47	5.59	5.56
Pension Funds	28.24	28.60	29.04	29.05	28.52	28.79	28.75
Other Investors	4.28	4.17	4.20	4.32	4.71	4.73	4.73
Total	100.00	100.00	100.00	100.00	100.00	100.00	100.00

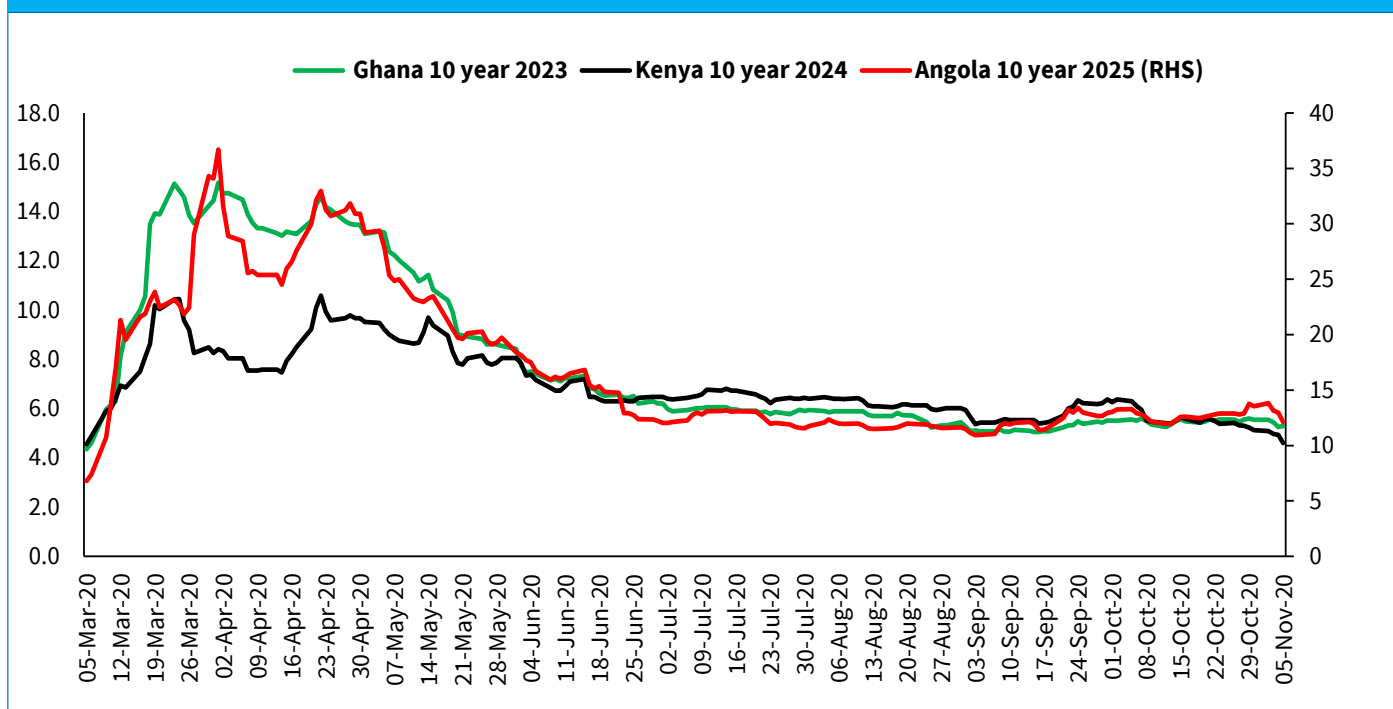
Source: Central Bank of Kenya

Table 10: Indicators of Government Debt

	Jun-19	Sep-19	Dec-19	Mar-20	Jun-20	Aug-20	Sep-20
Domestic debt (KSh Bn)	2,787.04	2,851.64	2,942.10	3,072.54	3,177.87	3,401.61	3,457.11
Public & Publicly Guaranteed External debt (US \$ Bn)	29.55	29.95	30.66	30.69	33.01	33.88	33.77
Public & Publicly Guaranteed External debt (KSh Bn)	3,023.14	3,111.80	3,106.82	3,212.63	3,515.81	3,666.32	3,663.49
Public debt (KSh Bn)	5,810.18	5,963.44	6,048.93	6,285.18	6,693.68	7,067.93	7,120.60

Source: National Treasury and Central Bank of Kenya

Chart 2: Yields on 10 year Eurobonds for Selected African Countries



Source: Thomson Reuters