



Central Bank of Kenya

# Weekly Bulletin

November 22, 2019

## KEY MONETARY AND FINANCIAL INDICATORS

### Exchange Rate

The Kenya Shilling strengthened against major international and regional currencies during the week ending November 21, supported by corporate inflows. It exchanged at KSh 101.48 per US Dollar on November 21, compared to KSh 102.10 on November 14 (Table 1).

### Foreign Exchange Reserves

The CBK usable foreign exchange reserves remained adequate at USD 8,779 million (5.44 months of import cover) as at November 21. 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).

### Remittances

Remittance inflows increased to USD 224.3 million in October 2019 compared to USD 214.7 million in September. The cumulative inflows in the 12-months to October 2019 increased to USD 2,791 million compared to USD 2,613 million in October 2018, reflecting a growth of 7.0 percent (Chart 1). North America, Europe and the Rest of the World accounted for 49 percent, 21 percent and 30 percent, respectively, of the total remittances in October.

### Money Market

The money market was liquid during the week ending November 21 largely reflecting government payments and net redemption of government securities. Commercial banks' excess reserves stood at KSh 11.7 billion in relation to the 5.25 percent cash reserves requirement (CRR). The open market operations remained active. The average interbank rate increased to 3.95 percent on November 21 from 2.97 percent on November 14. The average number of interbank deals per day increased to 20 from 16 the previous week, while the value traded also increased to KSh 16.9 billion from KSh 13.1 billion (Table 3).

### Government Securities Market

The Treasury bills auctions of November 21 received bids totaling KSh 13.5 billion against an advertised amount of KSh 24.0 billion, representing a performance of 56.2

percent. Interest rates on the three Treasury bill tenures edged up (Table 4).

The 10-year Treasury bond auction of November 20 received bids totaling KSh 38.4 billion against an advertised amount of KSh 50.0 billion, recording a performance of 76.7 percent. The interest rate of the bond increased slightly compared to the previous issue of similar securities.

### Equity Market

The NASI, NSE 25 and NSE 20-share price indices declined by 2.4 percent, 1.0 percent and 0.4 percent, respectively during the week ending November 21. Similarly, market capitalization, equity turnover and total shares traded decreased by 2.4 percent, 21.8 percent and 15.7 percent, respectively (Table 6).

### Bond Market

Turnover of bonds in the domestic secondary market declined by 40.2 percent during the week ending November 21 (Table 6). In the international market, yields on Kenya's, 7-year, 10-year (2024), 10-year (2028), 12-year and 30-year Eurobonds increased by 16.8, 10.6, 21.2, 17.1 and 19.3 basis points, respectively. The yields on 10-year Eurobonds for Angola and Ghana also increased (Chart 3).

### Global Trends

Global markets sentiments dampened during the week ending November 21, amid increased concerns about the outlook of the US-China trade deal after the US Senate passed the Hong Kong Human Rights and Democracy bill. Additionally, campaigns for the UK elections scheduled for December 12 continued to generate uncertainties on the likely nature of Brexit deal.

International oil prices remained relatively stable during the week on account of balanced supply and demand. The Murban oil price stood at USD 64.12 per barrel on November 21 compared to USD 64.76 per barrel on November 14.

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

	USD	Sterling Pound	Euro	100 Japanese Yen	USHS*	TSHS*	RWF*	BIF*
8-Nov-19	102.81	131.70	113.87	94.19	35.99	22.41	9.06	18.25
11-Nov-19	102.50	131.28	113.13	94.02	36.09	22.49	9.09	18.30
12-Nov-19	102.41	131.88	113.01	93.81	36.25	22.51	9.10	18.32
13-Nov-19	102.42	131.50	112.86	93.91	36.08	22.46	9.10	18.32
14-Nov-19	102.10	131.07	112.39	93.81	36.19	22.58	9.10	18.36
<b>November 8-14</b>	<b>102.45</b>	<b>131.49</b>	<b>113.05</b>	<b>93.95</b>	<b>36.12</b>	<b>22.49</b>	<b>9.09</b>	<b>18.31</b>
15-Nov-19	102.08	131.04	112.26	93.96	36.20	22.56	9.13	18.38
18-Nov-19	101.97	131.25	112.46	93.70	36.20	22.61	9.14	18.41
19-Nov-19	101.93	132.08	112.71	93.73	36.18	22.59	9.15	18.42
20-Nov-19	101.80	131.77	112.77	93.80	36.25	22.63	9.16	18.44
21-Nov-19	101.48	130.89	112.21	93.51	36.34	22.70	9.19	18.48
<b>November 15-21</b>	<b>101.85</b>	<b>131.40</b>	<b>112.48</b>	<b>93.74</b>	<b>36.23</b>	<b>22.62</b>	<b>9.16</b>	<b>18.43</b>

\* Units of currency per Kenya Shilling

Source: Central Bank of Kenya

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

	17-Oct-19	24-Oct-19	31-Oct-19	07-Nov-19	14-Nov-19	21-Nov-19
1. CBK Usable Foreign Exchange Reserves (USD Million)	8,925	8,944	8,961	8,931	8,943	8,779
2. CBK Usable Foreign Exchange Reserves (Months of Import Cover)*	5.58	5.59	5.60	5.58	5.59	5.44

\*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 (%)
8-Nov-19	22	14,830.00	4.18
11-Nov-19	15	11,235.00	4.11
12-Nov-19	17	13,300.00	3.85
13-Nov-19	16	16,650.00	3.53
14-Nov-19	11	9,500.00	2.97
<b>November 8 -14</b>	<b>16</b>	<b>13,103.00</b>	<b>3.73</b>
15-Nov-19	11	12,800.00	2.87
18-Nov-19	18	16,460.00	2.95
19-Nov-19	20	18,360.00	3.20
20-Nov-19	22	16,710.00	3.57
21-Nov-19	28	20,600.00	3.95
<b>November 15 -21</b>	<b>20</b>	<b>16,946.00</b>	<b>3.31</b>

Source: Central Bank of Kenya

**Table 4: Treasury Bills Auctions****91-Day Treasury Bills**

Date of Auction	24-Oct-19	31-Oct-19	07-Nov-19	14-Nov-19	21-Nov-19
Amount offered (Ksh M)	4,000.00	4,000.00	4,000.00	4,000.00	4,000.00
Bids received (Ksh M)	544.18	6,813.64	864.43	1,129.39	3,714.26
Amount Accepted (Ksh M)	544.18	6,813.64	864.43	1,129.39	3,714.26
Maturities (Ksh M)	5,210.65	8,338.70	3,219.60	2,700.85	5,244.65
<b>Average interest Rate (%)</b>	<b>6.424</b>	<b>6.390</b>	<b>6.390</b>	<b>6.680</b>	<b>7.131</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
Bids received (Ksh M)	3,413.28	4,612.98	3,245.70	1,519.84	3,847.67
Amount Accepted (Ksh M)	2,931.66	4,133.29	3,245.70	1,519.84	3,367.98
Maturities (Ksh M)	14,630.95	1,236.45	4,576.60	823.55	4,812.95
<b>Average interest Rate (%)</b>	<b>7.223</b>	<b>7.189</b>	<b>7.261</b>	<b>7.774</b>	<b>8.215</b>

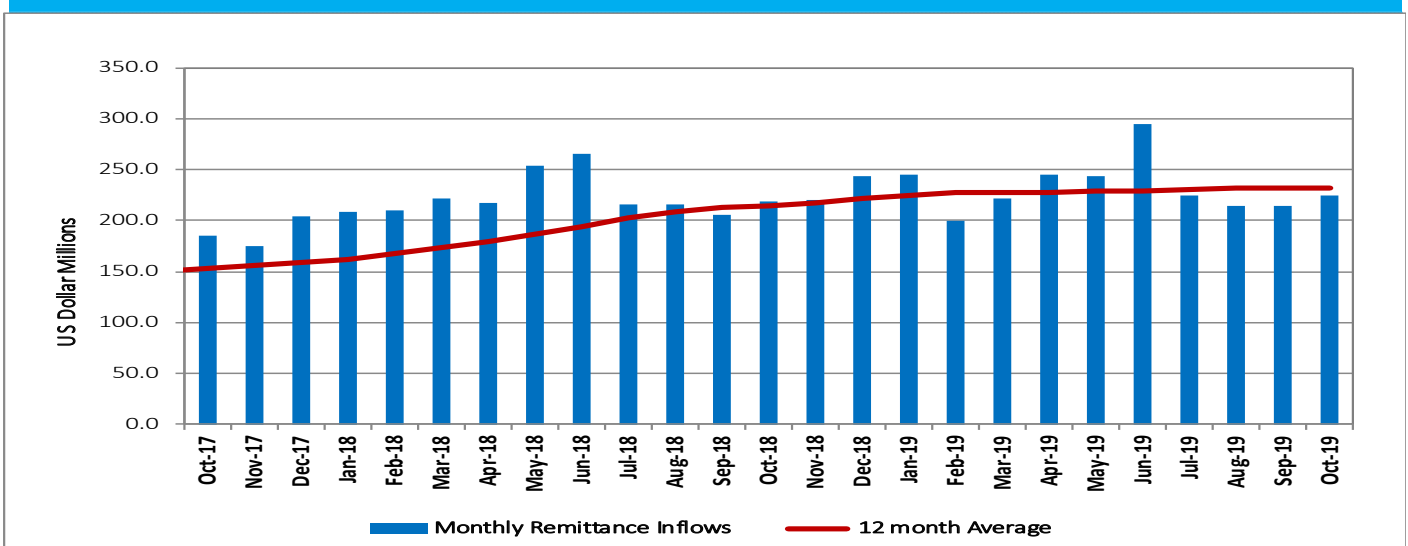
<b>364-Day Treasury Bills</b>					
Amount offered (Ksh M)	10,000.00	10,000.00	10,000.00	10,000.00	10,000.00
Bids received (Ksh M)	13,516.54	16,004.60	27,701.94	11,196.46	5,923.13
Amount Accepted (Ksh M)	12,996.78	12,781.75	22,439.77	11,189.20	4,841.60
Maturities (Ksh M)	11,567.75	15,795.65	15,756.85	12,957.30	6,803.45
<b>Average interest Rate (%)</b>	<b>9.780</b>	<b>9.780</b>	<b>9.787</b>	<b>9.784</b>	<b>9.804</b>

Source: Central Bank of Kenya

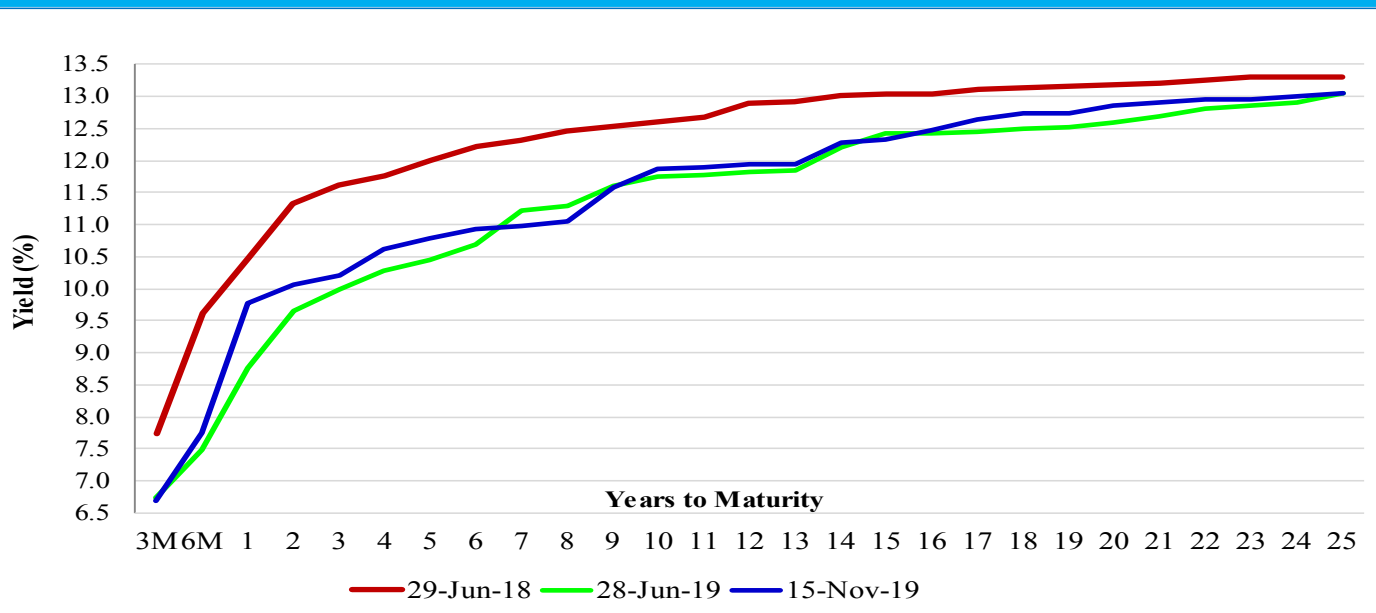
**Table 5: Treasury Bonds Auctions**

Date of Auction	14-Aug-19	18-Sep-19		25-Sep-19		23-Oct-19	21-Nov-19
		REOPEN		TAP			
Tenor	FXD 3/2019/10	FXD 1/2018/15	FXD 2/2019/15	FXD 1/2018/15	FXD 2/2019/15	IFB 1/2019/16	FXD 4/2019/10
Amount offered (Ksh M)	50,000.00	50,000.00		30,000.00		60,000.00	50,000.00
Bids received (Ksh M)	67,441.35	32,624.57		9,320.40		86,946.69	38,372.61
Amount Accepted (Ksh M)	45,014.80	15,256.19	17,368.38	3,453.83	5,906.13	68,466.07	28,351.81
Maturities (Ksh M)	0.00	46,205.50		3,453.83	5,906.13	0.00	0.00
Average interest Rate (%)	11.52	12.56	12.67	12.56	12.67	12.39	12.28

Source: Central Bank of Kenya

**Chart 1: Remittances**

**Chart 2: Government Securities Yield Curve**



Source: Nairobi Securities Exchange (NSE)

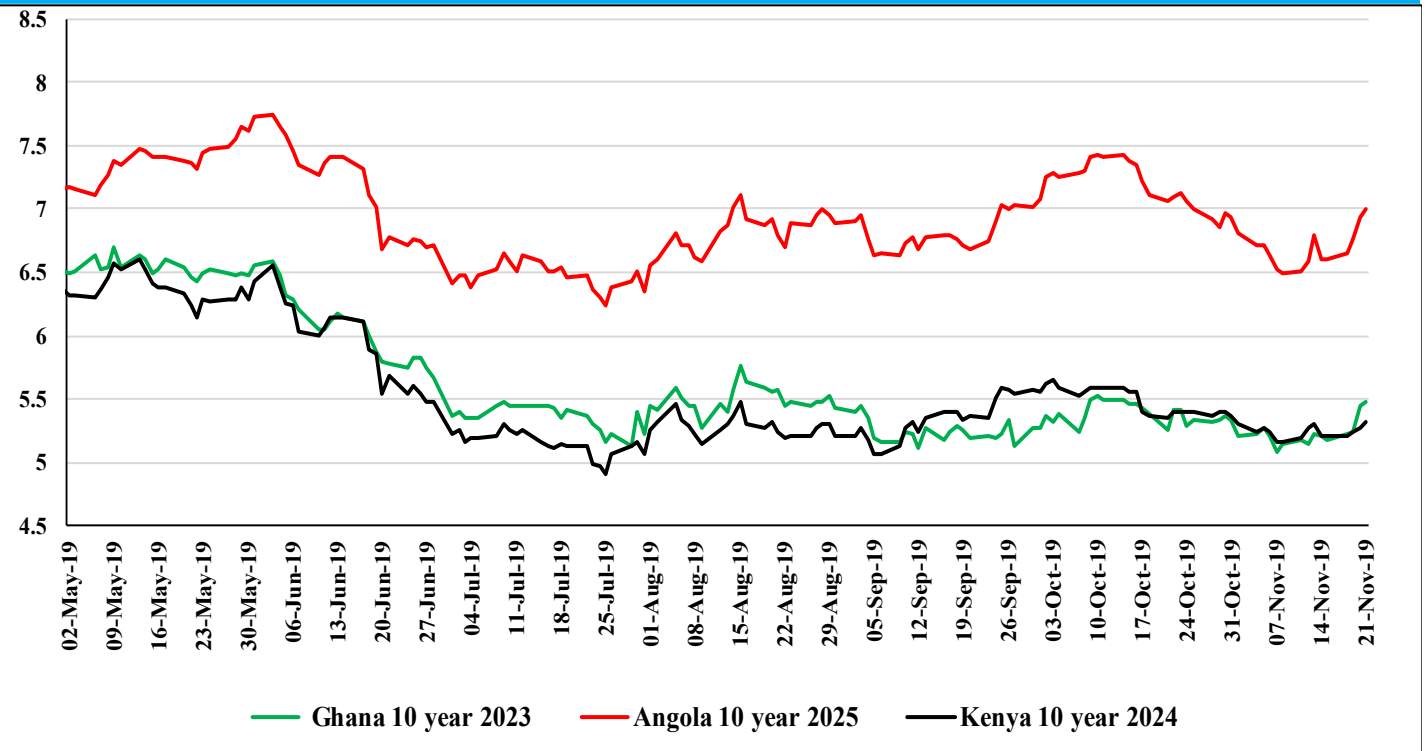
**Table 6: Key Weekly Market Indicators**

INDICATOR	NASI 100=2008	NSE 25 Share Index	NSE 20 Share Index 100=1996	Total Deals (Equity)	Total Shares Traded (Mil- lion)	Equity Turnover (KSh Million)	Market Capital- ization (KSh Billion)	Bonds Turnover (KSh Million)	7-Year Euro- bond Yield (%)	10-Year Euro- bond Yield (%)	10-Year Euro- bond Yield (%) 2024	12-Year Euro- bond Yield (%)	30-Year Euro- bond Yield (%)
8-Nov-19	160.99	3957.43	2717.86	1,059	10.03	342.49	2,457.13	2,791.61	6.060	5.166	6.270	7.038	7.740
11-Nov-19	158.96	3917.47	2697.56	789	14.27	664.62	2,426.09	2,675.53	5.951	5.192	6.274	7.068	7.753
12-Nov-19	157.02	3873.14	2672.36	1,020	29.31	857.31	2,396.36	2,602.87	5.945	5.267	6.338	7.099	7.807
13-Nov-19	157.27	3861.37	2641.58	999	12.04	422.06	2,400.21	3,030.55	6.133	5.309	6.462	7.223	7.932
14-Nov-19	158.84	3880.03	2635.56	944	15.76	423.87	2,424.23	2,818.58	6.064	5.207	6.382	7.160	7.835
<b>November 8-14</b>	<b>158.84</b>	<b>3880.03</b>	<b>2635.56</b>	<b>4,811.00</b>	<b>81.41</b>	<b>2,710.36</b>	<b>2,424.23</b>	<b>13,919.13</b>	<b>6.064</b>	<b>5.207</b>	<b>6.382</b>	<b>7.160</b>	<b>7.835</b>
15-Nov-19	155.98	3852.06	2652.95	1,028	14.62	337.05	2,380.50	3,309.94	6.058	5.203	6.363	7.114	7.812
18-Nov-19	155.48	3849.02	2653.85	937	8.87	279.52	2,372.90	1,980.29	6.040	5.203	6.306	7.098	7.823
19-Nov-19	155.37	3845.57	2638.89	1,064	6.87	193.31	2,371.14	965.66	6.118	5.235	6.436	7.191	7.903
20-Nov-19	155.30	3846.20	2616.16	909	21.07	612.67	2,370.04	320.54	6.188	5.268	6.498	7.253	7.964
21-Nov-19	155.00	3842.50	2623.97	782	17.23	696.30	2,365.44	1,741.67	6.232	5.313	6.594	7.331	8.028
<b>November 15-21</b>	<b>155.00</b>	<b>3842.50</b>	<b>2623.97</b>	<b>4,720.00</b>	<b>68.67</b>	<b>2,118.85</b>	<b>2,365.44</b>	<b>8,318.10</b>	<b>6.232</b>	<b>5.313</b>	<b>6.594</b>	<b>7.331</b>	<b>8.028</b>
<b>Weekly Changes (%)</b>	<b>-2.42</b>	<b>-0.97</b>	<b>-0.44</b>	<b>-1.89</b>	<b>-15.65</b>	<b>-21.82</b>	<b>-2.42</b>	<b>-40.24</b>	<b>0.168*</b>	<b>0.106*</b>	<b>0.212*</b>	<b>0.171*</b>	<b>0.193*</b>

\* Percentage points

Source: Nairobi Securities Exchange (NSE)

Chart 3: Yields on 10 year Eurobonds for Selected African Countries



Source: Thomson Reuters

Table 7: Government Domestic Debt (KSh Billion)

	28-Jun-19	30-Aug-19	27-Sep-19	25-Oct-19	08-Nov-19	15-Nov-19
1. Treasury Bills (Excluding Repos)	954.25	947.89	933.10	910.38	896.63	901.90
<i>(As % of total securities)</i>	<b>35.31</b>	<b>33.97</b>	<b>33.72</b>	<b>33.06</b>	<b>31.90</b>	<b>32.03</b>
2. Treasury Bonds	1,748.60	1,842.87	1,833.78	1,843.11	1,914.14	1,914.14
<i>(As % of total securities)</i>	<b>64.69</b>	<b>66.03</b>	<b>66.28</b>	<b>66.94</b>	<b>68.10</b>	<b>67.97</b>
3. Total Securities (1+2)	2,702.85	2,790.76	2,766.88	2,753.50	2,810.77	2,816.04
4. Overdraft at Central Bank	57.33	59.55	52.58	50.55	67.20	64.24
5. Other Domestic debt*	25.28	25.69	25.68	25.73	25.04	25.04
<b>6. Gross Domestic Debt (3+4+5)</b>	<b>2,785.46</b>	<b>2,876.00</b>	<b>2,845.13</b>	<b>2,829.78</b>	<b>2,903.00</b>	<b>2,905.32</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: Government Domestic Debt by Instrument (Percent)**

	28-Jun-19	30-Aug-19	27-Sep-19	25-Oct-19	08-Nov-19	15-Nov-19
Treasury bills (Excluding Repos)	34.26	32.96	32.80	32.17	30.89	31.04
Treasury bonds	62.78	64.08	64.46	65.13	65.94	65.88
CBK Overdraft to Government	2.06	2.07	1.85	1.79	2.31	2.21
Other domestic debt	0.91	0.89	0.90	0.91	0.86	0.86
<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>

Source: Central Bank of Kenya

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

	28-Jun-19	30-Aug-19	27-Sep-19	25-Oct-19	08-Nov-19	15-Nov-19
Banking Institutions	54.37	54.38	53.31	53.15	54.12	54.27
Insurance Companies	6.13	6.20	6.42	6.54	6.46	6.43
Parastatals	6.98	6.98	7.33	7.06	6.99	6.98
Pension funds	28.24	28.25	28.76	29.00	28.14	27.91
Other investors	4.28	4.19	4.19	4.25	4.29	4.41
<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>

Source: Central Bank of Kenya

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

	Jun-18	Mar-19	Jun-19	Jul-19	Aug-19	Sep-19
Domestic debt (KSh Billion)	2,478.84	2,699.09	2,785.94	2,844.12	2,876.00	2,856.60
Public & Publicly Guaranteed External debt (US \$ Billion)	25.34	27.01	29.55	30.32	30.26	29.95
Public & Publicly Guaranteed External debt (KSh Billion)	2,560.20	2,721.60	3,023.14	3,160.06	3,133.54	3,111.80
<b>Total public debt (KSh Billion)</b>	<b>5,039.03</b>	<b>5,420.68</b>	<b>5,809.08</b>	<b>6,004.18</b>	<b>6,009.54</b>	<b>5,968.40</b>

Source: National Treasury and Central Bank of Kenya