



Central Bank of Kenya

Weekly Bulletin

December 06, 2019

KEY MONETARY AND FINANCIAL INDICATORS

Exchange Rate

The Kenya Shilling strengthened against major international and regional currencies during the week ending December 5, boosted by inflows from corporates. It exchanged at KSh 101.96 per US Dollar on December 5 compared to KSh 102.54 on November 28. (Table 1).

Foreign Exchange Reserves

The CBK usable foreign exchange reserves remained adequate at USD 8,752 million (5.43 months of import cover) as at December 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).

Current Account

Preliminary data shows that the current account deficit narrowed to 4.1 percent of GDP in the 12 months to October 2019 from 5.0 percent in December 2018. This reflects slower growth of imports, resilient diaspora remittances and strong receipts from service exports (Chart 1).

Money Market

The money market was liquid during the week ending December 5, partly due to Government end of month payments which offset tax receipts. The open market operations remained active. The average Commercial banks' excess reserves stood at KSh 10.6 billion in relation to the 5.25 percent cash reserves requirement (CRR). The average interbank rate increased to 6.52 percent on December 5 from 5.05 percent on November 28. The average number of interbank deals per day remained relatively stable at 30 compared to 29 in the previous week. The value traded remained high at KSh 22.4 billion compared to KSh 24.4 in the previous week (Table 3).

Government Securities Market

The Treasury bills auctions of December 5 received bids totalling KSh 13.3 billion against an advertised amount of KSh 24.0 billion, representing a performance of 55.3 percent. Interest rates on all the tenors remained stable compared to the previous auction (Table 4).

Equity Market

The NSE 25 Share price index, NSE 20, NASI and market capitalization increased by 1.7 percent, 0.2 percent, 1.5 percent and 1.5 percent, respectively. Similarly, total shares traded, equity turnover and the number of deals increased by 48.0 percent, 15.4 percent and 20.9 percent, respectively (Table 6).

Bond Market

Turnover of bonds traded in the domestic secondary market decreased by 54.6 percent during the week ending December 5 (Table 6). In the international market, yields on Kenya's 7-year, 10-year (2024), 10-year (2028), 12-year (2032) and 30-year (2048) Eurobonds increased by 12.7, 8.5, 9.6, 15.8 and 8.2 basis points, respectively. The yields on the 10-year Eurobonds for Ghana and Angola also increased (Chart 3).

Global Trends

Global markets continue to be driven by shifts in sentiment around US-China trade negotiations, and, subdued global growth. In the UK, the latest opinion polls on the December General Election show the Conservative party in the lead, which implies the likely continuation of efforts to get a Brexit deal.

International oil prices edged down during the week ending December 5. The Murban oil prices declined to USD 65.27 per barrel on December 5 from USD 65.73 per barrel on November 28.

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

	USD	Sterling Pound	Euro	100 Japanese Yen	USHS*	TSHS*	RWF*	BIF*
22-Nov-19	101.36	131.33	112.34	93.40	36.40	22.72	9.20	18.50
25-Nov-19	101.55	130.59	112.27	93.53	36.34	22.65	9.16	18.45
26-Nov-19	102.02	131.38	112.34	93.68	36.30	22.54	9.15	18.38
27-Nov-19	102.43	131.64	112.75	93.84	36.12	22.43	9.11	18.31
28-Nov-19	102.54	132.07	112.86	93.86	36.05	22.42	9.10	18.29
Nov 22-28	101.98	131.41	112.51	93.66	36.24	22.55	9.15	18.39
29-Nov-19	102.81	132.82	113.18	93.88	35.94	22.37	9.08	18.24
2-Dec-19	102.60	132.27	112.77	93.57	36.06	22.43	9.10	18.28
3-Dec-19	102.61	132.69	113.13	93.71	36.01	22.41	9.10	18.28
4-Dec-19	102.30	133.14	113.42	94.06	36.07	22.46	9.13	18.34
5-Dec-19	101.96	133.52	113.10	93.85	36.16	22.56	9.16	18.40
Nov 29-Dec 5	102.45	132.89	113.12	93.82	36.05	22.45	9.11	18.31

* Units of currency per Kenya Shilling

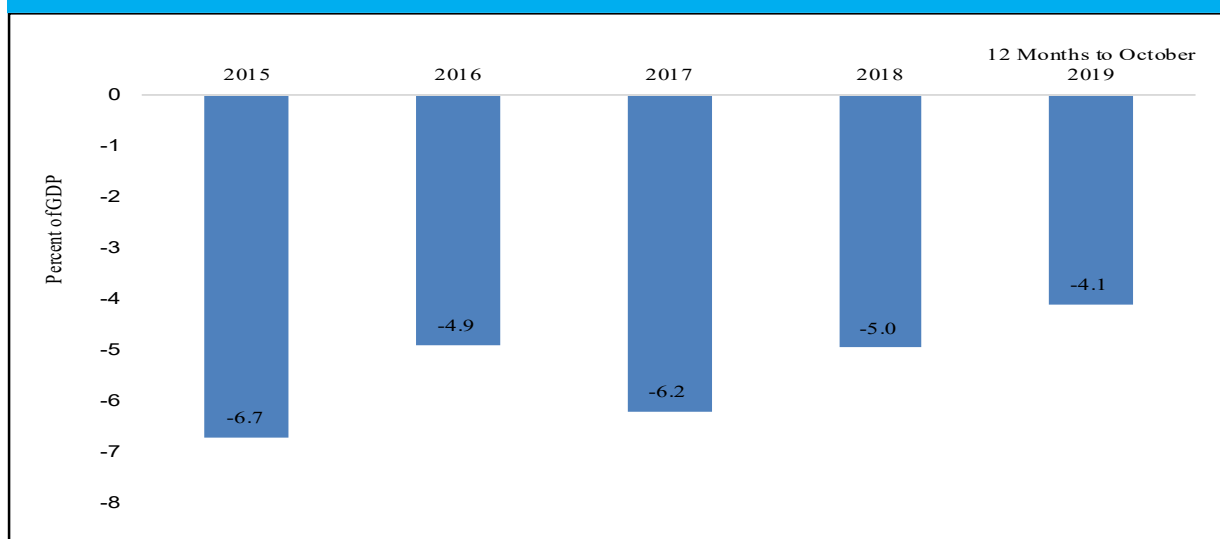
Source: Central Bank of Kenya

Table 2: Official Usable Foreign Exchange Reserves

	31-Oct-19	07-Nov-19	14-Nov-19	21-Nov-19	28-Nov-19	05-Dec-19
1. CBK Usable Foreign Exchange Reserves (USD Million)	8,961	8,931	8,943	8,779	8,748	8,752
2. CBK Usable Foreign Exchange Reserves (Months of Import Cover)*	5.60	5.58	5.59	5.44	5.43	5.43

*Based on 36 months average of imports of goods and non-factor services.

Source: Central Bank of Kenya

Chart 1: Current Account

Source: Central Bank of Kenya

Table 3: Money Market

Date	Number of Deals	Value (KSh M)	Average Interbank Rate (%)
22-Nov-19	30	26,920.00	4.32
25-Nov-19	31	26,740.00	4.28
26-Nov-19	31	33,470.00	4.42
27-Nov-19	30	26,110.00	4.86
28-Nov-19	22	8,700.00	5.05
November 22 -28	29	24,388.00	4.59
29-Nov-19	29	17,750.00	5.68
2-Dec-19	25	17,870.00	5.97
3-Dec-19	28	23,965.00	6.18
4-Dec-19	34	25,315.00	6.38
5-Dec-19	33	27,070.00	6.52
November 29 -December 05	30	22,394.00	6.15

Source :Central Bank of Kenya

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

Date of Auction	07-Nov-19	14-Nov-19	21-Nov-19	28-Nov-19	05-Dec-19
Amount offered (Ksh M)	4,000.00	4,000.00	4,000.00	4,000.00	4,000.00
Bids received (Ksh M)	864.43	1,129.39	3,714.26	936.76	3,552.82
Amount Accepted (Ksh M)	864.43	1,129.39	3,714.26	445.55	572.37
Maturities (Ksh M)	3,219.60	2,700.85	5,244.65	5,395.25	5,080.80
Average interest Rate (%)	6.390	6.680	7.131	7.162	7.162

182-Day Treasury Bills

Amount offered (Ksh M)	10,000.00	10,000.00	10,000.00	10,000.00	10,000.00
Bids received (Ksh M)	3,245.70	1,519.84	3,847.67	1,055.83	3,583.01
Amount Accepted (Ksh M)	3,245.70	1,519.84	3,367.98	553.85	625.38
Maturities (Ksh M)	4,576.60	823.55	4,812.95	2,540.45	869.20
Average interest Rate (%)	7.261	7.774	8.215	8.204	8.201

364-Day Treasury Bills

Amount offered (Ksh M)	10,000.00	10,000.00	10,000.00	10,000.00	10,000.00
Bids received (Ksh M)	27,701.94	11,196.46	5,923.13	6,361.04	6,123.36
Amount Accepted (Ksh M)	22,439.77	11,189.20	4,841.60	3,990.96	4,732.31
Maturities (Ksh M)	15,756.85	12,957.30	6,803.45	2,853.15	2,992.05
Average interest Rate (%)	9.787	9.784	9.804	9.800	9.803

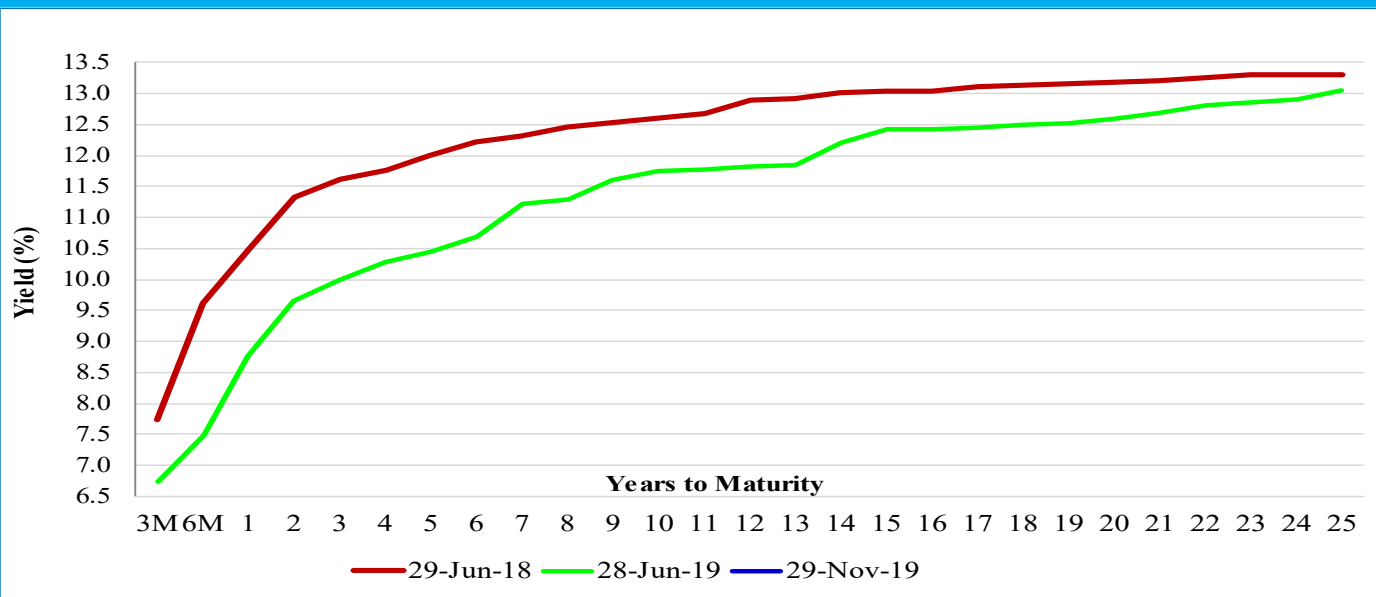
Source: Central Bank of Kenya

Table 5: Treasury Bonds Auctions

Date of Auction	25-Sep-19		23-Oct-19	20-Nov-19	27-Nov-19
	TAP				TAP
Tenor	FXD 1/2018/15	FXD 2/2019/15	IFB1/2019/16	FXD 4/2019/10	FXD4/2019/10
Amount offered (Ksh M)	30,000.00		60,000.00	50,000.00	21,650.00
Bids received (Ksh M)	9,320.40		86,946.69	38,372.61	8,115.45
Amount Accepted (Ksh M)	3,453.83	5,906.13	68,466.07	28,351.81	8,112.45
Maturities (Ksh M)	3,453.83	5,906.13	0.00	0.00	0.00
Average interest Rate (%)	12.56	12.67	12.39	12.28	12.28

Source: Central Bank of Kenya

Chart 2: Government Securities Yield Curve



Source: Nairobi Securities Exchange (NSE)

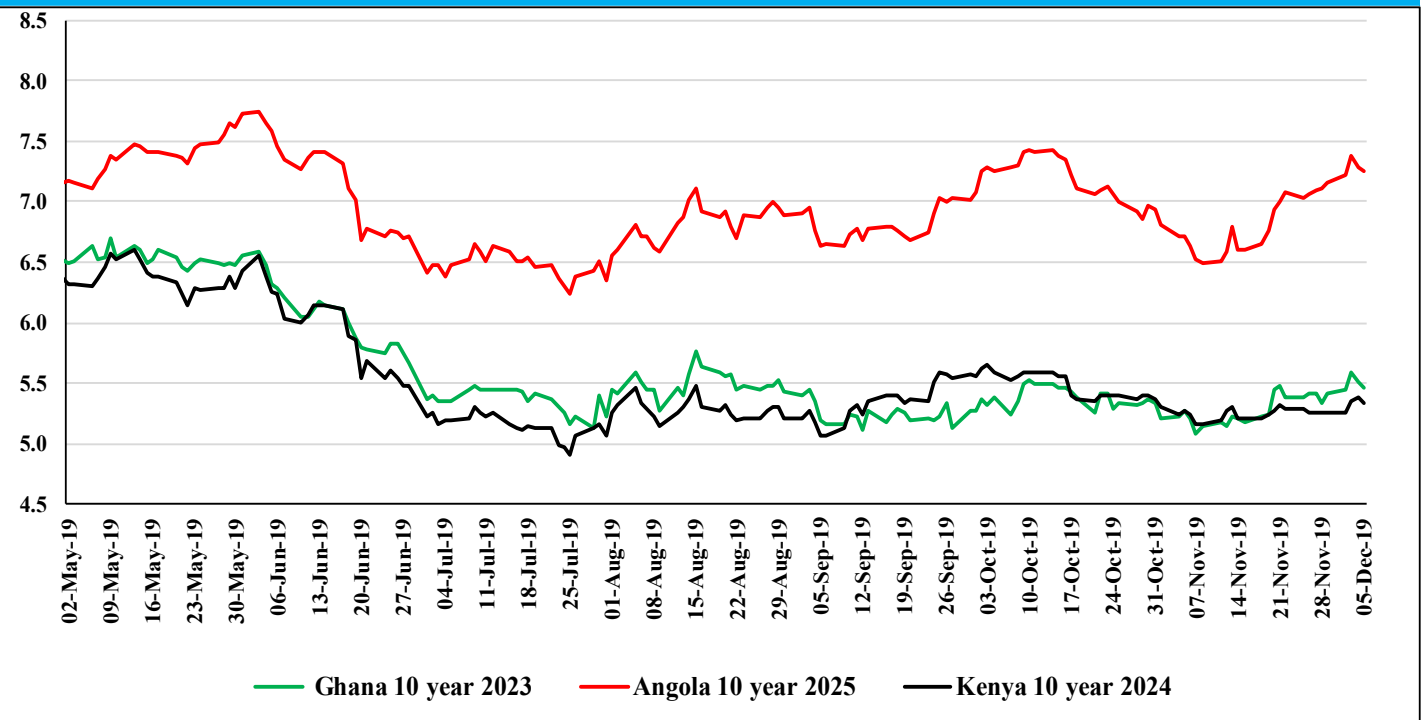
Table 6: Key Weekly Market Indicators

INDICATOR	NASI 100=2008	NSE 25 Share Index	NSE 20 Share Index 100=1996	Total Deals (Equity)	Total Shares Traded (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 (%) 2024	10-Year Euro- bond Yield (%) 2028	12-Year Euro- bond Yield (%)	30-Year Euro- bond Yield (%)
22-Nov-19	154.84	3842.81	2618.75	874	23.21	744.10	2,363.10	2,259.64	6.147	5.312	6.594	7.363	8.034
25-Nov-19	155.85	3849.07	2326.46	862	8.30	277.85	2,378.51	1,004.38	6.146	5.301	6.611	7.363	8.045
26-Nov-19	155.47	3837.14	2623.34	892	13.17	951.54	2,372.63	2,489.43	6.146	5.284	6.611	7.347	8.056
27-Nov-19	155.89	3849.34	2611.62	875	11.08	475.63	2,379.08	3,811.00	6.040	5.252	6.552	7.283	8.056
28-Nov-19	156.57	3880.13	2614.81	987	14.47	520.50	2,389.47	3,207.89	6.040	5.253	6.552	7.283	8.056
Nov 22-28, 2019	156.57	3880.13	2614.81	4,490.00	70.23	2,969.62	2,389.47	12,772.34	6.040	5.253	6.552	7.283	8.056
29-Nov-19	157.93	3918.48	2618.62	872	35.10	1,123.59	2,410.33	1,806.48	6.209	5.249	6.533	7.283	8.043
2-Dec-19	158.46	3932.04	2640.70	778	9.26	247.30	2,418.48	1,221.42	6.117	5.251	6.571	7.346	8.056
3-Dec-19	158.90	3939.61	2635.43	1,284	18.89	640.91	2,425.16	1,232.63	6.196	5.354	6.688	7.457	8.168
4-Dec-19	158.70	3940.84	2633.31	858	18.89	607.33	2,422.05	811.19	6.221	5.377	6.649	7.409	8.152
5-Dec-19	158.91	3946.18	2619.12	1634	21.80	808.30	2,425.23	721.31	6.167	5.338	6.648	7.441	8.138
Nov 29-Dec 5, 2019	158.91	3946.18	2619.12	5,426.00	103.94	3,427.43	2,425.23	5,793.04	6.167	5.338	6.648	7.441	8.138
Weekly Changes (%)	1.49	1.70	0.16	20.85	48.00	15.42	1.50	-54.64	0.127*	0.085*	0.096*	0.158*	0.082*

* 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	22-Nov-19	29-Nov-19
1. Treasury Bills (Excluding Repos)	954.25	947.89	933.10	910.38	900.40	896.13
(As % of total securities)	35.31	33.97	33.78	33.12	32.04	31.62
2. Treasury Bonds	1,748.15	1,842.38	1,828.78	1,838.11	1,909.78	1,938.13
(As % of total securities)	64.69	66.03	66.22	66.88	67.96	68.38
3. Total Securities (1+2)	2,702.40	2,790.26	2,761.88	2,748.50	2,810.18	2,834.25
4. Overdraft at Central Bank	57.33	59.55	52.58	50.55	66.91	57.23
5. Other Domestic debt*	25.76	25.69	25.68	25.73	25.04	25.88
6. Gross Domestic Debt (3+4+5)	2,785.48	2,875.50	2,840.13	2,824.78	2,902.13	2,917.36

* 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	22-Nov-19	29-Nov-19
Treasury bills (Excluding Repos)	34.26	32.96	32.80	32.17	30.98	30.68
Treasury bonds	62.78	64.08	64.46	65.13	65.86	66.50
CBK Overdraft to Government	2.06	2.07	1.85	1.79	2.30	1.96
Other domestic debt	0.91	0.89	0.90	0.91	0.86	0.86
TOTAL	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	30-Aug-19	27-Sep-19	25-Oct-19	22-Nov-19	29-Nov-19
Banking Institutions	54.38	54.38	53.31	53.15	54.42	54.14
Insurance Companies	6.13	6.20	6.42	6.54	6.44	6.49
Parastatals	6.98	6.98	7.33	7.06	6.90	6.91
Pension funds	28.23	28.25	28.76	29.00	27.94	28.11
Other investors	4.28	4.19	4.19	4.25	4.30	4.35
Total	100.00	100.00	100.00	100.00	100.00	100.00

Source: Central Bank of Kenya

Table 10: Indicators of Total Government Debt

	Jun-18	Dec-18	Jun-19	Jul-19	Aug-19	Sep-19
Domestic debt (KSh Billion)	2,478.84	2,548.77	2,785.94	2,844.12	2,876.00	2,856.60
Public & Publicly Guaranteed External debt (US \$ Billion)	25.34	26.74	29.55	30.32	30.26	29.95
Public & Publicly Guaranteed External debt (KSh Billion)	2,560.20	2,723.73	3,023.14	3,160.06	3,133.54	3,111.80
Total public debt (KSh Billion)	5,039.03	5,272.50	5,809.08	6,004.18	6,009.54	5,968.40

Source: National Treasury and Central Bank of Kenya