



Central Bank of Kenya

# Weekly Bulletin

May 22, 2020

## KEY MONETARY AND FINANCIAL INDICATORS

### Exchange Rate

The Kenya Shilling remained relatively stable against major international and regional currencies during the week ending May 21. It exchanged at KSh 106.89 per US dollar on May 21 compared to KSh 106.59 per US dollar on May 14 (Table 1).

### Foreign Exchange Reserves

The CBK usable foreign exchange reserves remained adequate at USD 8,489 million (5.11 months of import cover) as at May 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 fell in April 2020 to USD 208.2 million from USD 228.9 million in March, a decline of 9.0 percent (Chart 1). The cumulative inflows in the 12 months to April totalled USD 2,801 million compared to USD 2,750 million in the 12 months to April 2019, a growth of 1.9 percent. Remittance flows from the US and Canada (contributing about 58 percent of all remittances in April) remained largely unchanged from March, while inflows from UK, Germany, South Africa, EAC region, United Arab Emirates and Saudi Arabia declined, reflecting the impact of COVID-19.

### Money Market

The money market was liquid during the week ending May 21, supported by government payments. Commercial banks' excess reserves stood at KSh 38.9 billion in relation to the 4.25 percent cash reserves requirement (CRR). Open market operations remained active. The average interbank rate remained stable at 4.19 percent on May 21 compared to 4.22 percent on May 14. The average number of interbank deals per day decreased to 18 from 24 in the previous week, while the average value traded decreased to KSh 10.6 billion from KSh 11.8 in the previous week (Table 3).

### Government Securities Market

The Treasury bills auction of May 21 received bids totalling KSh 35.8 billion against an advertised amount

of KSh 24.0 billion, representing a performance of 149.3 percent. Interest rates on all the Treasury bills tenors increased marginally (Table 4).

The reopened 5-year Treasury bond offered at the auction of May 20 received bids totalling KSh 20.6 billion against an advertised amount of KSh 30.0 billion, representing a performance of 68.6 percent (Table 5).

### Equity Market

At the Nairobi Securities Exchange, the NASI, NSE 25 and NSE 20 share price indices increased by 3.3 percent, 2.5 percent and 1.7 percent, respectively, during the week ending May 21. Similarly, market capitalization increased by 3.3 percent. However, equity turnover and the number of shares traded declined by 11.3 percent and 22.3 percent, respectively (Table 6).

### Bond Market

Turnover of bonds traded in the domestic secondary market increased by 2.4 percent during the week (Table 6). In the international market, yields on Kenya's Eurobonds decreased by an average of 151.6 basis points. Similarly, the yields on the 10-year Eurobonds for Angola and Ghana declined (Chart 3).

### Global Trends

Global financial markets remained lukewarm during the week as investors weighed optimism of partial reopening of economies against fears of increased spread of the COVID-19 and uncertainties associated with US-China trade tensions.

Oil prices increased further during the week following optimism on reopening of economies and release of data showing that the US crude inventories had fallen, easing concerns about a supply glut. Murban oil price increased to USD 34.12 per barrel on May 21 from USD 30.34 per barrel on May 14.

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

	USD	Sterling Pound	Euro	100 Japanese Yen	USHS*	TSHS*	RWF*	BIF*
8-May-20	<b>106.01</b>	<b>130.58</b>	<b>114.39</b>	<b>99.57</b>	<b>35.85</b>	<b>21.84</b>	<b>8.79</b>	<b>17.95</b>
11-May-20	106.03	131.26	114.96	99.13	35.79	21.82	8.99	17.85
12-May-20	106.14	130.87	114.84	98.88	35.80	21.81	8.98	17.83
13-May-20	106.53	131.64	115.49	99.38	35.61	21.72	8.75	17.87
14-May-20	106.59	131.42	115.85	99.78	35.58	21.71	8.90	17.86
<b>May 08-14</b>	<b>106.26</b>	<b>131.15</b>	<b>115.11</b>	<b>99.35</b>	<b>35.73</b>	<b>21.78</b>	<b>8.88</b>	<b>17.87</b>
15-May-20	106.81	130.32	115.28	99.91	35.44	21.66	8.72	17.84
18-May-20	107.04	130.35	115.66	100.01	35.36	21.62	8.86	17.82
19-May-20	106.69	129.97	115.36	99.35	35.50	21.70	8.94	17.74
20-May-20	106.80	130.78	116.99	99.14	35.53	21.68	8.73	17.84
21-May-20	106.89	131.10	117.14	99.41	35.44	21.66	8.92	17.71
<b>May 15-21</b>	<b>106.85</b>	<b>130.50</b>	<b>116.08</b>	<b>99.57</b>	<b>35.45</b>	<b>21.66</b>	<b>8.83</b>	<b>17.79</b>

\*Unit of currency per Kenya Shilling

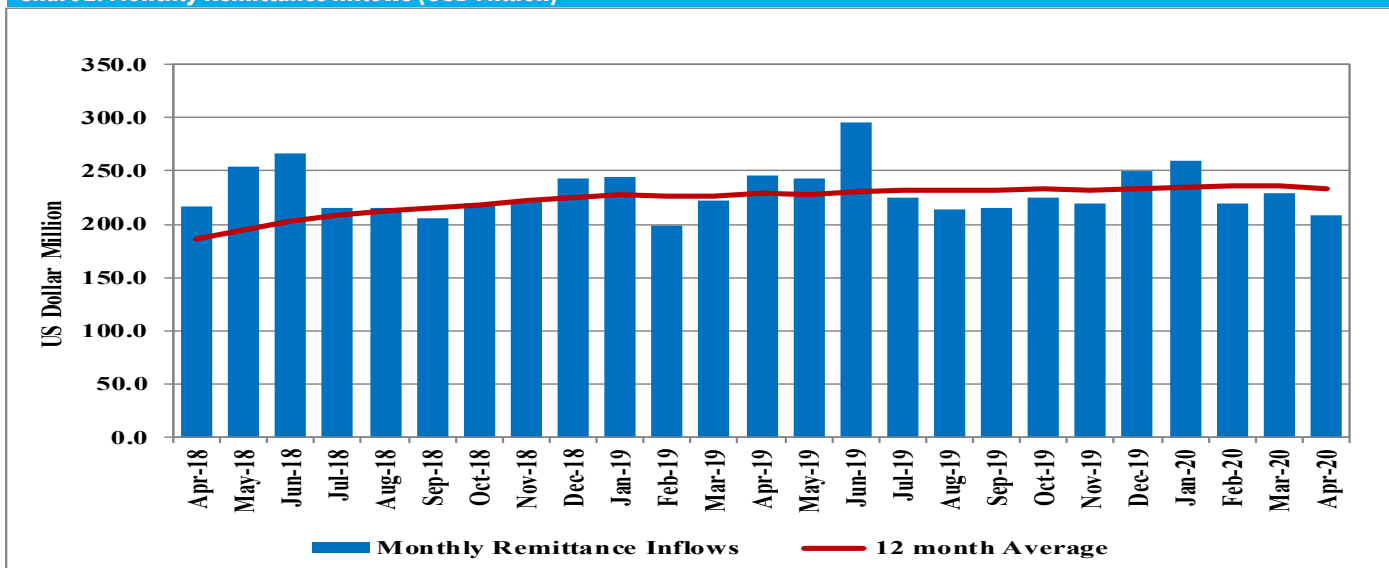
Source: Central Bank of Kenya

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

	16-Apr-20	23-Apr-20	30-Apr-20	7-May-20	14-May-20	21-May-20
1. CBK Usable Foreign Exchange Reserves (USD Million)	7,913	7,858	7,744	7,809	8,532	8,489
2. CBK Usable Foreign Exchange Reserves (Months of Import Cover)*	4.78	4.75	4.66	4.70	5.14	5.11

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

Source: Central Bank of Kenya

**Chart 1: Monthly Remittance Inflows (USD Million)**

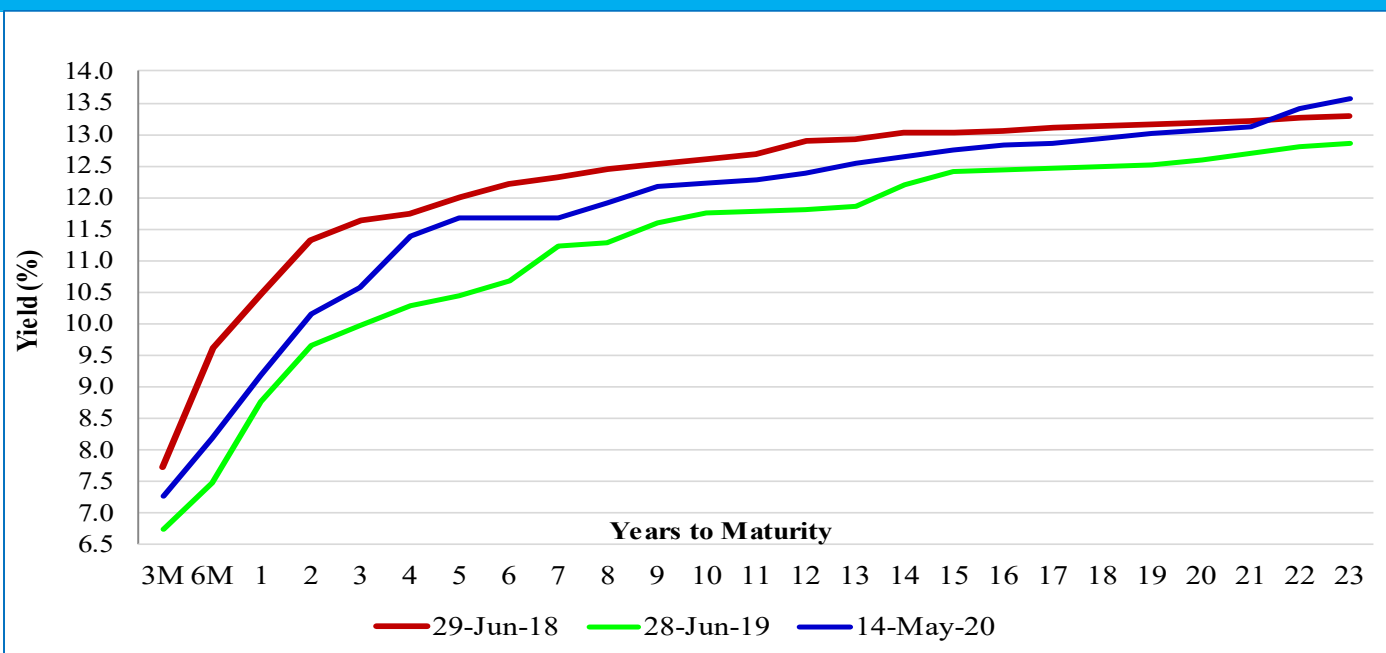
Source: Central Bank of Kenya

**Table 3: Money Market**

Date	Number of Deals	Value (KSh M)	Average Interbank Rate (%)
8-May-20	23	7,350.00	4.18
11-May-20	27	12,675.00	4.03
12-May-20	32	22,200.00	4.11
13-May-20	21	11,250.00	4.14
14-May-20	17	5,350.00	4.22
<b>May 8- 14</b>	<b>24</b>	<b>11,765.00</b>	<b>4.14</b>
15-May-20	27	13,150.00	4.34
18-May-20	15	9,450.00	4.30
19-May-20	15	11,950.00	4.37
20-May-20	15	9,450.00	4.21
21-May-20	18	9,150.00	4.19
<b>May 15- 21</b>	<b>18</b>	<b>10,630.00</b>	<b>4.28</b>

Source :Central Bank of Kenya

**Chart 2: Government Securities Yield Curve**



Source: Nairobi Securities Exchange (NSE)

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

Date of Auction	23-Apr-20	30-Apr-20	7-May-20	14-May-20	21-May-20
Amount offered (Ksh M)	4,000.00	4,000.00	4,000.00	4,000.00	4,000.00
Bids received (Ksh M)	8,785.97	4,472.71	2,442.83	7,670.62	10,837.82
Amount Accepted (Ksh M)	8,785.68	2,505.61	2,441.95	7,651.31	7,859.34
Maturities (Ksh M)	3,384.45	4,640.00	3,422.55	1,701.20	1,907.10
Average interest Rate (%)	<b>7.212</b>	<b>7.242</b>	<b>7.253</b>	<b>7.266</b>	<b>7.319</b>

**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)	4,445.28	2,674.78	3,795.10	4,485.22	10,490.21
Amount Accepted (Ksh M)	4,444.28	2,536.41	3,795.10	4,433.36	5,518.38
Maturities (Ksh M)	3,033.65	4,239.50	3,342.15	1,578.75	3,504.05
Average interest Rate (%)	<b>8.121</b>	<b>8.134</b>	<b>8.151</b>	<b>8.192</b>	<b>8.227</b>

**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)	6,376.10	10,750.99	8,779.00	11,932.41	14,495.87
Amount Accepted (Ksh M)	6,284.36	10,613.69	8,552.61	11,892.94	13,181.28
Maturities (Ksh M)	4,835.60	10,320.05	6,485.45	15,039.65	20,211.35
Average interest Rate (%)	<b>9.110</b>	<b>9.115</b>	<b>9.161</b>	<b>9.173</b>	<b>9.195</b>

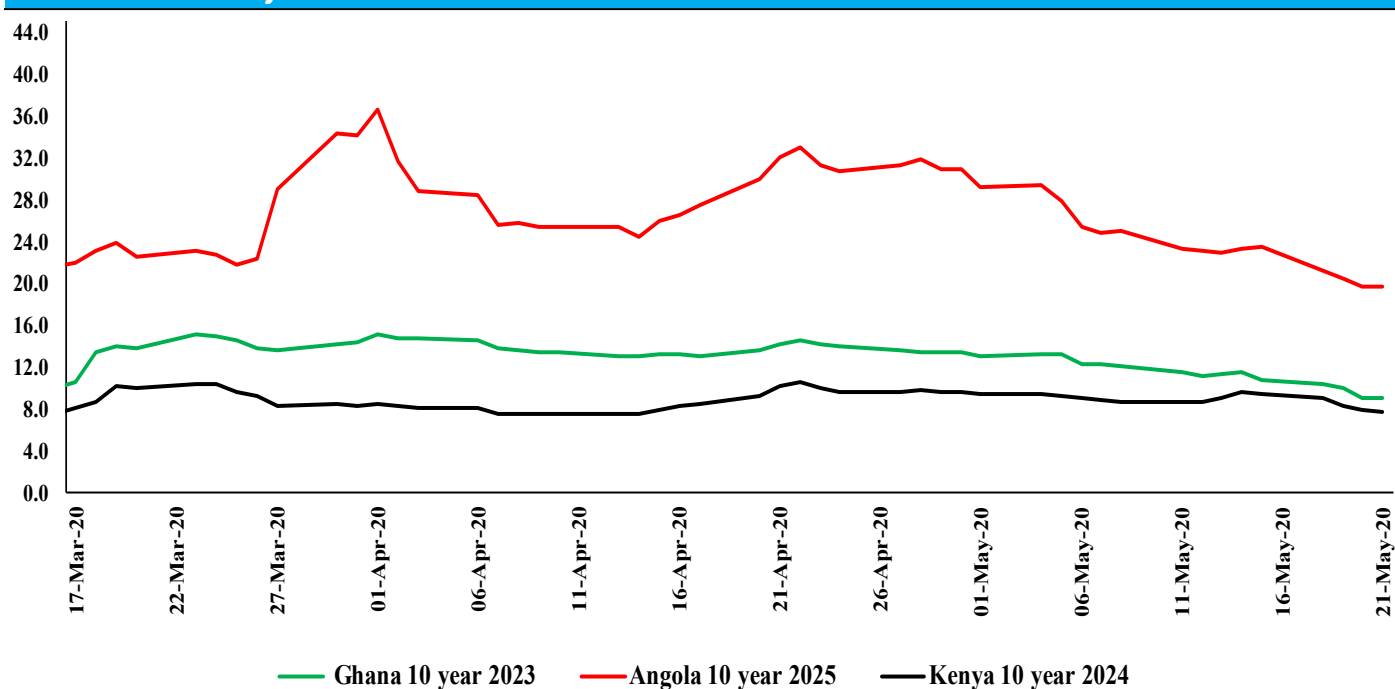
Source: Central Bank of Kenya

**Table 5: Treasury Bonds Auctions**

Date of Auction	18-Mar-20		8-Apr-20	22-Apr-20	6-May-20	20-May-20
	REOPEN			TAP		REOPEN
Tenor	FXD1/2018/20	FXD1/2018/25	IFB1/2020/9	IFB1/2020/9	FXD1/2020/5	FXD1/2020/5
Amount offered (Ksh M)	50,000.00		60,000.00	21,000.00	50,000.00	30,000.00
Bids received (Ksh M)	35,155.99		68,413.78	35,387.16	34,531.50	20,581.07
Amount Accepted (Ksh M)	8,274.69	14,638.57	39,010.13	35,387.16	20,777.17	8,948.12
Maturities (Ksh M)	0.00		0.00	0.00	0.00	0.00
Average interest Rate (%)	13.29	13.82	12.05	12.05	11.67	11.75

Source: Central Bank of Kenya

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



Source: Thomson Reuters

**Table 6: Key Weekly Market Indicators**

INDICATOR	NASI 100=2008	NSE 25 Share Index	NSE 20 Share Index 100=1996	Total Deals (Equi- ty)	Total Shares Traded (Mil- lion)	Equity Turnover (KSh Million)	Market Capital- ization (KSh Billion)	Bonds Turnover (KSh Million)	Eurobond Yield (%)				
									7-Year 2027	10-Year 2024	10-Year 2028	12-Year 2032	30-Year 2048
8-May-20	140.87	3352.96	2034.71	1,231	15.57	645.48	2,153.15	2,732.36	8.631	8.749	8.586	9.150	9.052
11-May-20	140.65	3349.38	2053.95	1,102	16.12	531.82	2,149.80	2,658.87	8.457	8.635	8.517	9.016	8.973
12-May-20	139.42	3320.10	2038.99	1,367	44.27	1,644.81	2,130.97	1,439.96	8.772	8.674	8.540	9.170	9.052
13-May-20	137.37	3250.40	1996.28	1,587	24.97	630.81	2,099.54	1,803.83	9.239	9.100	9.065	9.544	9.241
14-May-20	134.19	3168.62	1970.02	1,268	22.44	439.43	2,050.73	1,860.46	9.948	9.696	9.435	9.850	9.522
<b>May 8-14</b>	<b>134.19</b>	<b>3168.62</b>	<b>1970.02</b>	<b>6,555</b>	<b>123.38</b>	<b>3,892.35</b>	<b>2,050.73</b>	<b>10,495.48</b>	<b>9.948</b>	<b>9.696</b>	<b>9.435</b>	<b>9.850</b>	<b>9.522</b>
15-May-20	135.33	3179.99	1975.30	1,570	37.39	1,681.06	2,068.30	2,966.57	9.227	9.380	9.312	9.646	9.436
18-May-20	139.28	3252.26	1993.90	920	11.84	337.82	2,128.80	1,953.14	8.754	8.951	8.994	9.230	9.282
19-May-20	140.68	3296.63	2007.49	1,020	19.24	584.78	2,150.18	1,982.58	8.381	8.301	8.426	8.885	8.960
20-May-20	139.94	3282.63	2009.15	834	9.63	264.45	2,138.89	1,908.76	8.027	7.853	7.992	8.533	8.742
21-May-20	138.66	3248.43	2004.01	1,031	17.74	586.50	2,119.26	1,935.16	7.864	7.782	7.970	8.551	8.704
<b>May 15-21</b>	<b>138.66</b>	<b>3248.43</b>	<b>2004.01</b>	<b>5,375</b>	<b>95.83</b>	<b>3,454.61</b>	<b>2,119.26</b>	<b>10,746.21</b>	<b>7.864</b>	<b>7.782</b>	<b>7.970</b>	<b>8.551</b>	<b>8.704</b>
<b>Weekly Changes (%)</b>	<b>3.33</b>	<b>2.52</b>	<b>1.73</b>	<b>-18.00</b>	<b>-22.33</b>	<b>-11.25</b>	<b>3.34</b>	<b>2.39</b>	<b>-2.084*</b>	<b>-1.914*</b>	<b>-1.465*</b>	<b>-1.299*</b>	<b>-0.818*</b>

\* Percentage points

Source: Nairobi Securities Exchange (NSE)

**Table 7: Government Domestic Debt (KSh Billion)**

	28-Jun-19	30-Sep-19	31-Dec-19	31-Mar-20	08-May-20	15-May-20
1. Treasury Bills (Excluding Repos)	954.25	928.91	878.94	902.29	887.95	890.42
(As % of total securities)	35.31	33.68	30.80	30.15	29.23	29.09
2. Treasury Bonds	1,748.15	1,828.78	1,974.69	2,090.29	2,149.72	2,170.49
(As % of total securities)	64.69	66.32	69.20	69.85	70.77	70.91
3. Total Securities (1+2)	2,702.40	2,757.69	2,853.63	2,992.58	3,037.67	3,060.92
4. Overdraft at Central Bank	57.33	68.23	63.72	54.18	58.18	56.68
5. Other Domestic debt*	25.76	25.72	24.75	25.10	26.36	26.35
<b>6. Gross Domestic Debt (3+4+5)</b>	<b>2,785.94</b>	<b>2,851.64</b>	<b>2,942.10</b>	<b>3,071.85</b>	<b>3,122.20</b>	<b>3,143.95</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-Sep-19	31-Dec-19	31-Mar-20	8-May-20	15-May-20
Treasury bills (Excluding Repos)	34.26	32.57	29.87	29.37	28.44	28.32
Treasury bonds	62.76	64.13	67.12	68.03	68.85	69.04
CBK Overdraft to Government	2.06	2.39	2.17	1.76	1.86	1.80
Other domestic debt	0.92	0.90	0.84	0.84	0.84	0.84
<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-Sep-19	31-Dec-19	31-Mar-20	8-May-20	15-May-20
Banking Institutions	54.38	53.63	54.33	54.31	54.76	54.81
Insurance Companies	6.13	6.33	6.42	6.30	6.20	6.16
Parastatals	6.97	7.13	6.49	6.13	5.63	5.61
Pension funds	28.24	28.77	28.60	29.01	28.92	28.91
Other investors	4.28	4.13	4.17	4.25	4.50	4.51
<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	Jun-19	Sep-19	Dec-19	Jan-20	Feb-20	Mar-20
Domestic debt (KSh Billion)	2,478.84	2,785.94	2,851.64	2,942.10	3,003.70	3,040.96	3,071.85
Public & Publicly Guaranteed External debt (US \$ Billion)	25.34	29.55	29.95	30.66	30.95	30.87	30.69
Public & Publicly Guaranteed External debt (KSh Billion)	2,560.20	3,023.14	3,111.80	3,106.82	3,112.90	3,117.04	3,212.63
<b>Total public debt (KSh Billion)</b>	<b>5,039.03</b>	<b>5,809.08</b>	<b>5,963.44</b>	<b>6,048.93</b>	<b>6,116.60</b>	<b>6,158.00</b>	<b>6,284.49</b>

Source: National Treasury and Central Bank of Kenya