



Central Bank of Kenya

Weekly Bulletin

July 16, 2021



RECENT MONETARY AND FINANCIAL DEVELOPMENTS

Exchange Rates

The Kenya Shilling remained stable against major international and regional currencies during the week ending July 15. It exchanged at KSh 108.03 per US dollar on July 15, compared to KSh 107.95 per US dollar on July 8 (**Table 1**).

Foreign Exchange Reserves

The usable foreign exchange reserves remained adequate at USD 9,621 million (5.87 months of import cover) as at July 15. 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 remained strong in June 2021 amounting to USD 305.9 million compared to USD 288.5 million in June 2020 and USD 315.8 million in May 2021, in line with seasonal factors (Chart 1). The cumulative inflows in the 12 months to June 2021 totalled USD 3,383 million compared to USD 2,809 million in the same period in 2020, a 20.4 percent increase. The United States continues to be the largest source of remittances into Kenya, accounting for 58.8 percent of remittances in June 2021.

Money Market

The money market was liquid during the week ending July 15, supported by government payments. Commercial banks' excess reserves stood at KSh 1.7 billion in relation to the 4.25 percent cash reserves requirement (CRR). Open market operations remained active. The average interbank rate was 3.83 percent on July 15 compared to 4.54 percent on July 8. The average number of interbank deals per day declined to 14 from 20 in the previous week, while the average value traded decreased to KSh 4.6 billion from KSh 11.0 billion in the previous week (**Table 3**).

Government Securities Market

The Treasury bill auction of July 15 received bids totalling KSh 19.3 billion against an advertised amount of KSh 24.0 billion, representing a performance of 80.3 percent. Interest rates on the Treasury bills declined (**Table 4**).

During the July 14 Treasury Bond auction, the re-opened

fifteen and twenty-five-year fixed rate bonds that were first issued in 2012, 2018 and 2021, received bids totalling KSh 116.9 billion against an advertised amount of KSh 60.0 billion, representing a performance of 194.9 percent (**Table 5**).

Equity Market

At the Nairobi Securities Exchange, the NASI, NSE 25 and the NSE 20 share price indices increased by 1.8 percent, 1.0 percent and 1.3 percent to 178.8 points and 1969.8 points respectively, during the week ending July 15. This is the highest level of NASI and NSE 20 share price indices since April 5, 2018 and July 20, 2020, respectively. Market capitalisation also increased by 1.2 percent. However, equity turnover and total shares traded declined by 2.7 percent and 25.5 percent, respectively during the week (**Table 6**).

Bonds Market

Turnover of bonds traded in the domestic secondary market increased by 42.1 percent during the week ending July 15 (**Table 6**). In the international market, yields on Kenya's Eurobonds declined by an average of 10.5 basis points. The yields on the 10-year Eurobonds for Ghana and Angola also declined during the week (**Chart 3**).

Public Debt

Kenya's public and publicly guaranteed debt stood at KSh 7,713.0 billion by the end of June 2021. This comprised KSh 3,697.7 billion domestic debt (47.9 percent) and KSh 4,015.3 billion external debt (52.1 percent) (**Table 10**).

Global Trends

Global financial markets remained cautious during the week ending July 15 due to stronger than expected inflation data in major economies. Fears that higher than expected inflation would force central banks into pre-emptive interest rate hikes dominated the markets.

International oil prices increased marginally during the week due to inventory drawdown in the US. Murban oil price increased to USD 71.75 per barrel on July 15 from USD 69.98 per barrel on July 8.

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

	USD	Sterling Pound	Euro	100 Japanese Yen	Uganda Shilling*	Tanzania Shilling*	Rwandese Franc*	Burundi Franc*
2-Jul-21	107.95	149.06	128.12	96.75	32.98	21.48	9.32	18.34
5-Jul-21	107.94	148.63	127.79	96.87	32.96	21.48	9.32	18.34
6-Jul-21	107.95	149.26	128.02	97.30	33.00	21.48	9.32	18.34
7-Jul-21	107.95	149.55	127.94	97.57	32.98	21.48	9.32	18.34
8-Jul-21	107.95	149.03	127.60	97.46	32.98	21.48	9.32	18.35
July 2-8	107.95	149.11	127.89	97.19	32.98	21.48	9.32	18.34
9-Jul-21	107.95	148.77	127.83	98.31	32.86	21.48	9.32	18.35
12-Jul-21	107.95	149.17	127.95	97.98	32.83	21.48	9.32	18.35
13-Jul-21	107.95	149.48	127.93	97.77	32.84	21.48	9.32	18.35
14-Jul-21	107.98	149.53	127.87	97.92	32.78	21.48	9.32	18.34
15-Jul-21	108.03	149.83	127.68	98.12	32.77	21.47	9.32	18.34
July 9-15	107.97	149.36	127.85	98.02	32.82	21.48	9.32	18.34

*Units of currency per Kenya Shilling

Source: Central Bank of Kenya

Table 2: Official Foreign Exchange Reserves (USD Million)

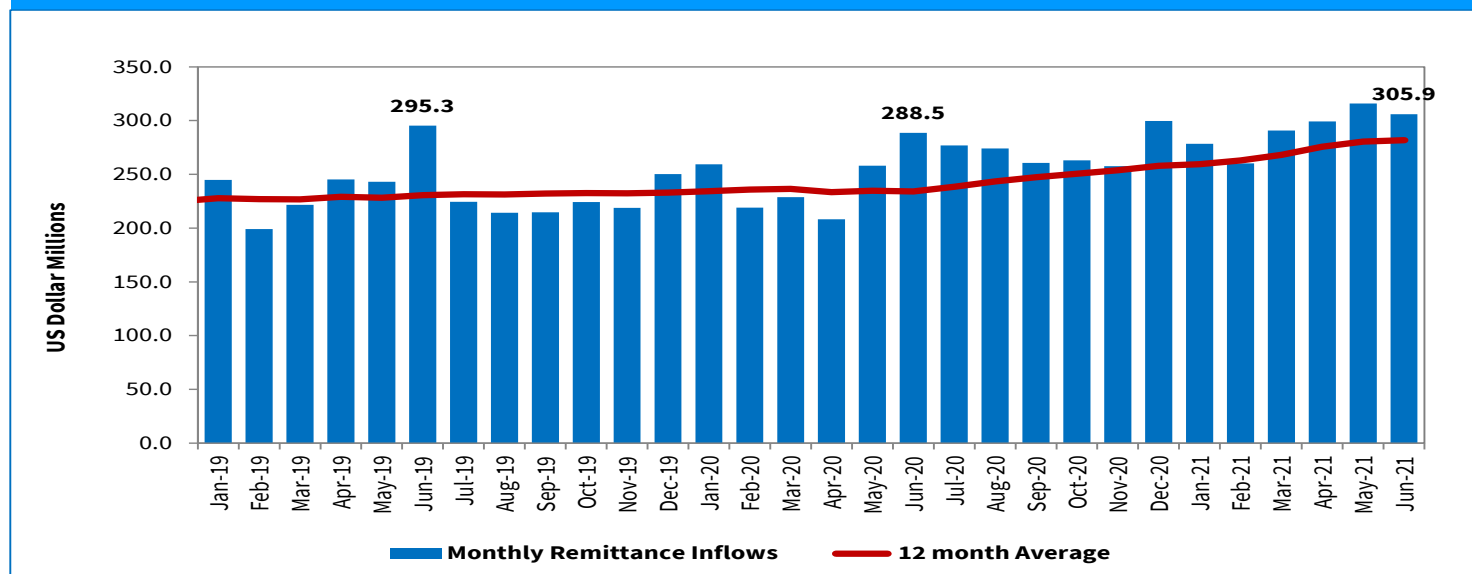
	17-Jun-21	24-Jun-21	1-Jul-21	8-Jul-21	15-Jul-21
1. CBK Usable Foreign Exchange Reserves (USD Million)*	7,474	8,114	9,494	9,590	9,621
2. CBK Usable Foreign Exchange Reserves (Months of Import Cover)**	4.57	4.96	5.81	5.86	5.87

*Excludes Encumbered Reserves

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

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 (%)
2-Jul-21	31	18,510.00	4.76
5-Jul-21	27	19,260.00	4.68
6-Jul-21	18	8,830.00	4.87
7-Jul-21	9	1,400.00	4.90
8-Jul-21	15	7,230.00	4.54
July 2-8	20	11,046.00	4.75
9-Jul-21	25	9,930.00	4.37
12-Jul-21	7	2,050.00	4.35
13-Jul-21	6	1,650.00	4.28
14-Jul-21	22	5,750.00	4.19
15-Jul-21	9	3,600.00	3.83
July 9-15	14	4,596.00	4.20

Source: Central Bank of Kenya

Table 4: Performance of Treasury Bill Auctions						
91-Day Treasury Bills						
Date of Auction	10-Jun-21	17-Jun-21	24-Jun-21	1-Jul-21	8-Jul-21	15-Jul-21
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)	8,387.84	8,201.76	10,708.40	10,080.95	11,308.01	2,673.05
Amount Accepted (KSh M)	6,821.87	4,515.84	2,000.00	6,049.87	11,307.42	2,667.88
Maturities (KSh M)	4,398.95	5,505.60	3,357.20	2,046.00	3,214.00	4,161.45
Average Interest Rate (%)	7.104	7.000	6.860	6.728	6.614	6.520
182-Day Treasury Bills						
Date of Auction	10-Jun-21	17-Jun-21	24-Jun-21	1-Jul-21	8-Jul-21	15-Jul-21
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)	10,932.94	11,251.75	5,603.56	13,949.68	19,411.26	11,325.32
Amount Accepted (KSh M)	7,882.40	7,221.59	5,562.79	13,924.67	11,667.74	11,295.82
Maturities (KSh M)	3,078.80	8,143.80	2,506.15	591.75	3,173.50	8,400.30
Average Interest Rate (%)	7.731	7.536	7.317	7.228	7.101	6.984
364-Day Treasury Bills						
Date of Auction	10-Jun-21	17-Jun-21	24-Jun-21	1-Jul-21	8-Jul-21	15-Jul-21
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)	24,301.07	17,234.25	9,037.50	7,322.10	4,324.18	5,269.95
Amount Accepted (KSh M)	3,799.06	5,527.63	9,034.46	5,472.94	4,275.77	5,219.89
Maturities (KSh M)	13,391.50	4,452.45	12,470.10	25,503.90	17,933.43	6,160.90
Average Interest Rate (%)	8.648	8.105	7.729	7.661	7.576	7.506

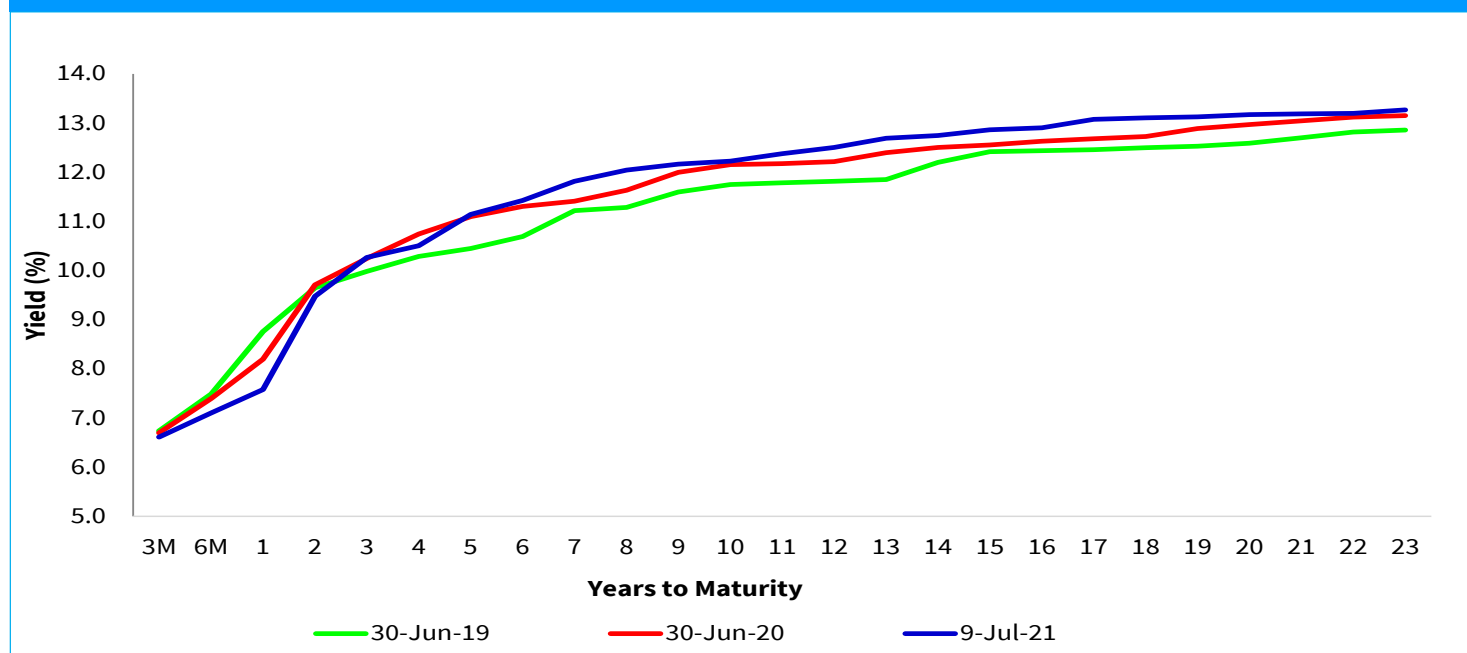
Source: Central Bank of Kenya

Table 5: Performance of Treasury Bond Auctions

Date of Auction	16-Jun-21		30-Jun-21		14-Jul-21		
	REOPEN		TAP		REOPEN		
Tenor	FXD2/ 2019/20	FXD1/ 2012/20	FXD1/ 2019/20	FXD1/ 2012/20	FXD1/ 2012/15	FXD1/ 2018/15	FXD1/ 2021/25
Amount offered (KSh M)	20,000.00		50,000.00		60,000.00		
Bids received (KSh M)	41,045.42	23,879.71	29,845.00	8,638.85	48,805.43	28,212.38	39,906.96
Amount Accepted (KSh M)	13,400.65	6,294.65	29,045.75	8,378.30	30,091.53	27,203.05	22,640.58
Maturities (KSh M)	0.00		0.00		24,395.30		
Average interest Rate (%)	13.26	12.50	13.26	12.50	11.47	12.61	13.68

Source: Central Bank of Kenya

Chart 2: Government Securities Yield Curve



Source: Nairobi Securities Exchange (NSE)

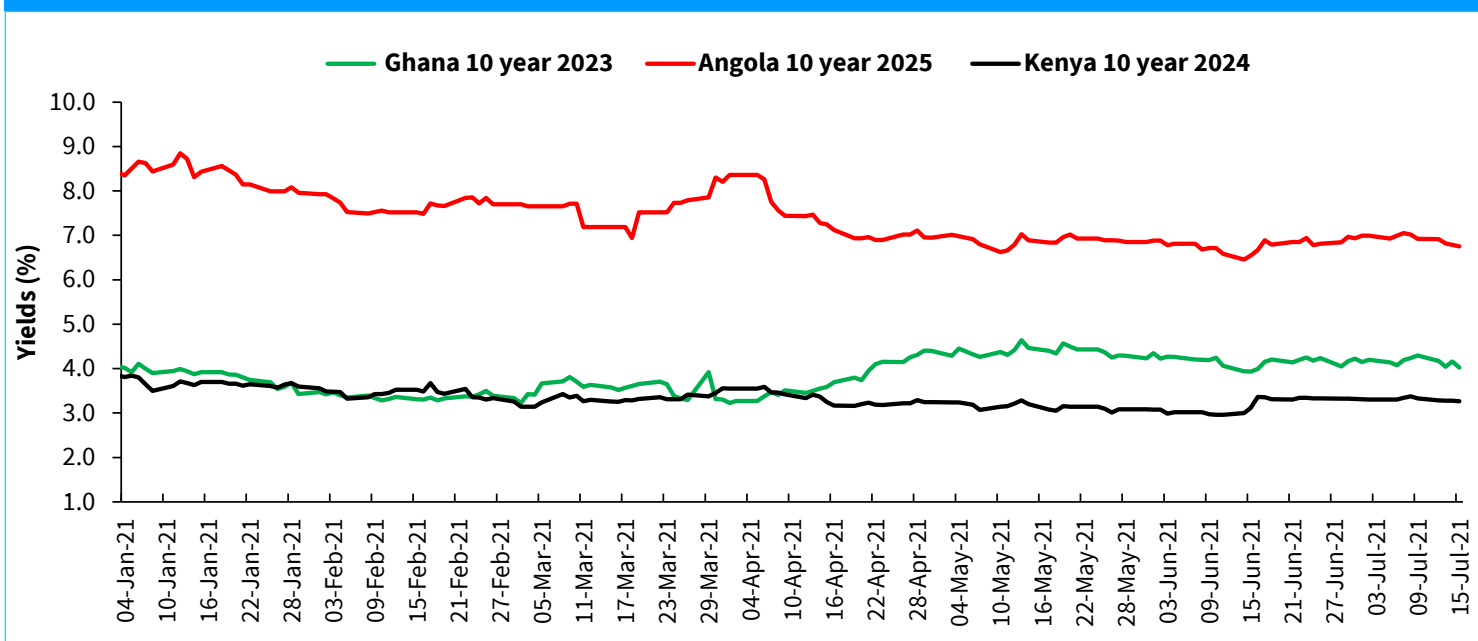
Table 6: Key Weekly Market Indicators

INDICATOR	NASI 100=2008	NSE 25 Share Index	NSE 20 Share Index 100=1996	Total Deals (Equity)	Total Shares Traded (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	13-Year 2034	30-Year 2048
2-Jul-21	171.21	3,781.20	1,928.42	1,078.00	17.76	629.62	2,701.65	3,934.80	4.799	3.305	5.392	6.310	6.284	7.385
5-Jul-21	173.97	3,797.47	1,921.39	1,140.00	17.37	330.98	2,709.07	2,612.65	4.809	3.305	5.370	6.294	6.284	7.385
6-Jul-21	173.93	3,803.01	1,931.57	1,058.00	13.07	467.19	2,708.50	3,229.20	4.826	3.302	5.370	6.310	6.298	7.395
7-Jul-21	174.80	3,830.60	1,939.44	1,260.00	15.50	453.66	2,722.10	3,345.55	4.819	3.341	5.412	6.309	6.298	7.405
8-Jul-21	175.64	3,866.74	1,945.11	1,283.00	19.29	517.82	2,735.14	5,800.40	4.889	3.374	5.453	6.340	6.313	7.395
July 2 - 8	175.64	3866.74	1945.11	5,819.00	82.99	2,399.27	2,735.14	18,922.60	4.889	3.374	5.453	6.340	6.313	7.395
9-Jul-21	175.22	3,865.03	1,951.41	1,053	17.82	938.43	2,728.62	6,153.50	4.859	3.329	5.41	6.308	6.283	7.415
12-Jul-21	174.44	3,837.27	1,943.89	1,228	10.37	374.23	2,716.39	7,663.10	4.821	3.283	5.409	6.292	6.298	7.405
13-Jul-21	174.84	3,844.58	1,953.37	1,134	13.17	395.30	2,722.62	5,625.70	4.838	3.28	5.387	6.259	6.268	7.395
14-Jul-21	176.15	3,860.78	1,955.47	1,158	13.32	380.94	2,743.15	4,760.30	4.796	3.277	5.365	6.259	6.239	7.375
15-Jul-21	178.78	3,904.50	1,969.79	1,094	7.17	246.07	2,785.88	2,682.50	4.765	3.268	5.342	6.194	6.239	7.325
July 9 -15	178.78	3904.50	1969.79	5,667.00	61.85	2,334.96	2,785.88	26,885.10	4.765	3.268	5.342	6.194	6.239	7.325
Weekly Changes (%)	0.44	2.08	0.94	2.03	-6.90	-5.31	0.44	-17.56	-0.124*	-0.106*	-0.111*	-0.146*	-0.074*	-0.070*

* Percentage points

Source: Nairobi Securities Exchange (NSE) and Thomson Reuters

Chart 3: Yields on 10 year Eurobonds for Selected Countries



Source: Thomson Reuters

Table 7: Government Domestic Debt (KSh Billion)

	30-Sep-20	31-Dec-20	31-Mar-21	28-May-21	25-Jun-21	02-Jul-21	09-Jul-21
1. Treasury Bills (Excluding Repos)	894.73	855.71	761.90	759.10	766.20	765.37	763.67
<i>(As % of total securities)</i>	26.50	25.04	21.79	21.15	21.19	21.17	20.91
2. Treasury Bonds	2,482.24	2,561.33	2,734.47	2,829.73	2,849.94	2,849.94	2,888.4
<i>(As % of total securities)</i>	73.50	74.96	78.21	78.85	78.81	78.83	79.09
3. Total Securities (1+2)	3,376.98	3,417.05	3,496.37	3,588.83	3,616.13	3,615.31	3,652.05
4. Overdraft at Central Bank	56.21	47.60	49.28	60.17	57.52	59.28	62.4
5. Other Domestic debt*	23.92	23.90	24.19	23.20	24.05	23.10	23.11
6. Gross Domestic Debt (3+4+5)	3,457.11	3,488.54	3,569.84	3,672.20	3,697.70	3,697.69	3,737.54

* 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: Composition of Government Domestic Debt by Instrument (Percent)

	30-Jun-20	30-Sep-20	31-Dec-20	31-Mar-21	28-May-21	25-Jun-21	9-Jul-21
Treasury bills (Excluding Repos)	27.92	25.88	24.53	21.34	20.67	20.72	20.43
Treasury bonds	69.86	71.80	73.42	76.60	77.06	77.07	77.28
Overdraft at Central Bank	1.48	1.63	1.36	1.38	1.64	1.56	1.67
Other domestic debt	0.73	0.69	0.69	0.68	0.63	0.65	0.62
TOTAL	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	30-Sep-20	31-Dec-20	31-Mar-21	28-May-21	25-Jun-21	9-Jul-21
Banking Institutions	54.84	54.55	52.83	51.75	51.45	51.26	50.74
Insurance Companies	6.05	6.16	6.44	6.57	6.64	6.66	6.75
Parastatals	5.73	5.47	5.69	5.62	5.43	5.54	5.45
Pension Funds	29.04	28.53	30.32	30.46	30.59	30.58	31.11
Other Investors	4.34	5.30	4.73	5.59	5.90	5.97	5.94
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	Jun-20	Sep-20	Dec-20	Mar-21	May-21	Jun-21
Domestic debt (KSh Bn)	2,785.94	3,176.97	3,457.11	3,488.54	3,569.84	3,686.89	3,697.72
Public & Publicly Guaranteed External debt (USD Bn)	29.55	33.01	33.77	34.75	34.42	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	3,799.02	4,015.30
Public debt (KSh Bn)	5,809.08	6,692.78	7,120.60	7,281.83	7,339.71	7,485.91	7,713.02

Source: National Treasury and Central Bank of Kenya