



Central Bank of Kenya

Weekly Bulletin

March 20, 2020

KEY MONETARY AND FINANCIAL INDICATORS

Exchange Rate

The Kenya Shilling strengthened against major international currencies, but eased against the US Dollar as major global currencies reacted to the evolving developments related to the coronavirus pandemic. It exchanged at KSh 104.22 per US Dollar on March 19, compared to KSh 102.47 on March 12 (Table 1).

Foreign Exchange Reserves

The CBK usable foreign exchange reserves remained adequate at USD 8,298.4 million (5.04 months of import cover) as at March 19. 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 at USD 218.9 million in February 2020 compared to USD 259.4 million in January (Chart 1). The cumulative inflows in the 12 months to February 2020 increased to USD 2,831 million compared to USD 2,722 million in the 12 months to February 2019, reflecting a growth of 4.0 percent. North America, Europe and the Rest of the World accounted for 51 percent, 18 percent and 31 percent, respectively, of the total remittances in February.

Money Market

The money market was relatively liquid during the week ending March 19, supported by government payments. Open market operations remained active. Commercial banks' excess reserves stood at KSh 3.2 billion in relation to the 5.25 percent cash reserves requirement (CRR). The average interbank rate declined to 4.23 percent on March 19 compared to 4.89 percent on March 12. The average number of interbank deals per day increased to 27 from 17 in the previous week, and the value traded increased to KSh 13.4 billion from KSh 4.4 in the previous week (Table 3).

Government Securities Market

The Treasury bills auction of March 19 received bids totaling KSh 21.1 billion against an advertised amount of KSh 24.0 billion, representing a performance of 87.9 percent. Interest

rates on all the three Treasury bill tenors decreased (Table 4).

The 20-year and the 25-year Re-opened Treasury bonds offered at the auction of March 18 received bids totaling KSh 35.2 billion against an advertised amount of KSh 50.0 billion, representing a performance of 70.3 percent (Table 5). The interest rates for the two bonds increased slightly compared to the previous issue of similar tenors.

Equity Market

The number of shares traded and equity turnover at the Nairobi Securities Exchange increased by 1.2 percent and 3.2 percent, respectively during the week ending March 19. The NASI, NSE 25 and NSE 20 share price indices, declined by 6.1 percent, 9.3 percent and 9.1 percent, respectively. Similarly, market capitalization declined by 6.1 percent (Table 6).

Bond Market

Turnover of bonds traded in the domestic secondary market decreased by 36.8 percent during the week ending March 19 (Table 6). In the international market, yields on Kenya's Eurobonds increased by an average of 173.4 basis points as volatility continues in the markets. The yields on the 10-year Eurobonds for Angola and Ghana also increased (Chart 3). The JP Morgan emerging markets bond index global (EMBIG) increased by 27.4 percent, from 498.1 on March 12 to 634.4 on March 19.

Global Trends

Global financial markets remained volatile during the week due to fears of a global recession triggered by the rapid spread and intensity of the coronavirus pandemic. Major central banks reacted by adopting accommodative monetary policy.

International oil prices continued declining during the week driven by subdued global demand and disagreements among key oil producers. Murban oil price declined to USD 28.86 per barrel on March 19 from USD 33.98 per barrel on March 12.

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

	USD	Sterling Pound	Euro	100 Japanese Yen	USHS*	TSHS*	RWF*	BIF*
6-Mar-20	102.55	132.45	114.74	95.97	36.13	22.47	9.28	18.40
9-Mar-20	102.67	133.48	116.32	97.51	36.11	22.45	9.27	18.38
10-Mar-20	102.90	134.49	116.92	98.28	36.10	22.38	9.25	18.34
11-Mar-20	102.70	133.75	116.75	98.19	36.17	22.42	9.27	18.38
12-Mar-20	102.47	132.72	116.31	98.00	36.22	22.47	9.29	18.42
Mar 6-12	102.66	133.38	116.21	97.59	36.15	22.44	9.27	18.38
13-Mar-20	102.42	129.65	115.09	98.19	36.27	22.49	9.29	18.43
16-Mar-20	102.90	128.45	114.49	96.47	36.12	22.41	9.30	18.44
17-Mar-20	103.39	126.60	115.26	98.01	36.32	22.27	9.09	18.36
18-Mar-20	103.72	125.55	114.46	97.09	36.11	22.20	9.18	18.20
19-Mar-20	104.22	123.00	113.59	96.54	36.24	22.12	9.13	18.19
Mar 13-19	103.33	126.65	114.58	97.26	36.21	22.30	9.20	18.33

* Units of currency per Kenya Shilling

Source: Central Bank of Kenya

Table 2: Official Usable Foreign Exchange Reserves

	13-Feb-20	20-Feb-20	27-Feb-20	5-Mar-20	12-Mar-20	19-Mar-20
1. CBK Usable Foreign Exchange Reserves (USD Million)	8,496	8,508	8,409	8,411	8,417	8,298
2. CBK Usable Foreign Exchange Reserves (Months of Import Cover)*	5.16	5.17	5.11	5.11	5.11	5.04

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

Source: Central Bank of Kenya

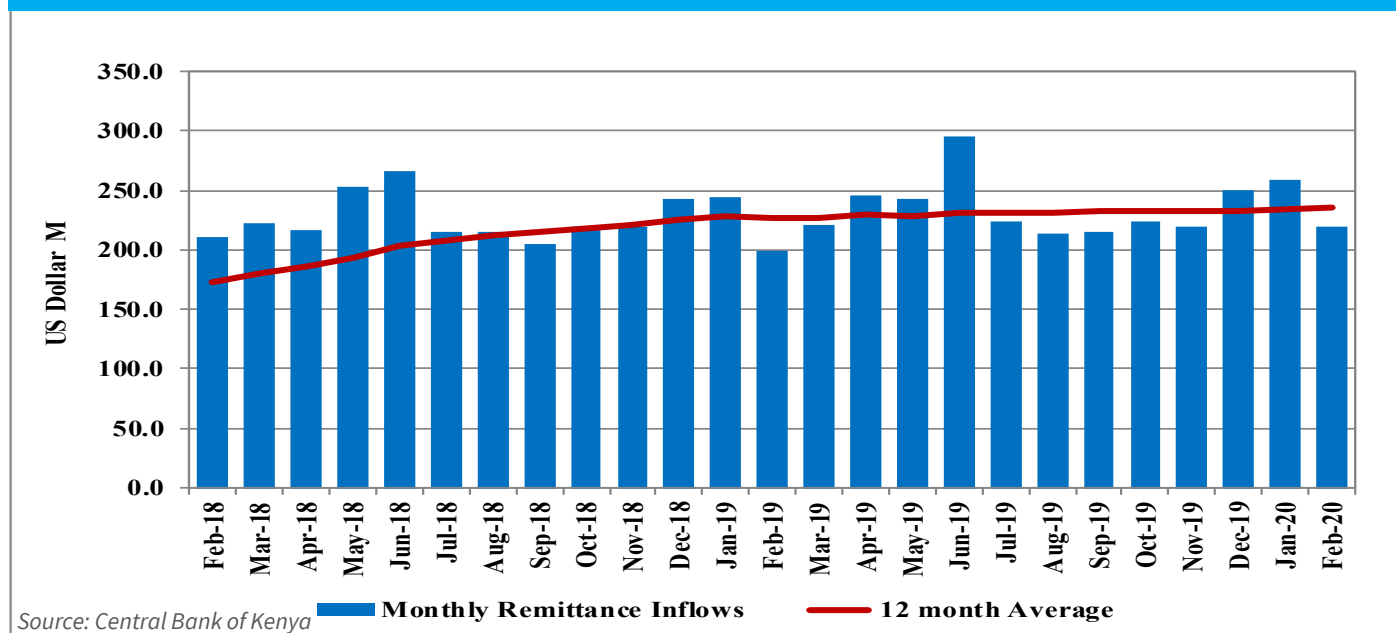
Chart 1: Monthly Remittance Inflows (USD Million)


Table 3: Money Market

Date	Number of Deals	Value (KSh M)	Average Interbank Rate (%)
6-Mar-20	18	5,200.00	3.53
9-Mar-20	17	6,125.00	3.80
10-Mar-20	13	4,500.00	3.44
11-Mar-20	18	2,700.00	4.69
12-Mar-20	17	3,300.00	4.89
March 06 - 12, 2020	17	4,365.00	4.07
13-Mar-20	29	10,400.00	4.41
16-Mar-20	22	8,500.00	4.40
17-Mar-20	27	12,250.00	4.07
18-Mar-20	30	16,050.00	4.17
19-Mar-20	29	19,600.00	4.23
March 13 - 19, 2020	27	13,360.00	4.26

Source: Central Bank of Kenya

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

Date of Auction	20-Feb-20	27-Feb-20	5-Mar-20	12-Mar-20	19-Mar-20
Amount offered (Ksh M)	4,000.00	4,000.00	4,000.00	4,000.00	4,000.00
Bids received (Ksh M)	2,868.43	2,337.22	856.37	8,071.07	549.29
Amount Accepted (Ksh M)	1,886.38	2,335.26	758.18	2,196.46	549.29
Maturities (Ksh M)	3,778.25	453.50	573.25	3,784.15	4,530.30
Average interest Rate (%)	7.319	7.315	7.310	7.313	7.275

182-Day Treasury Bills

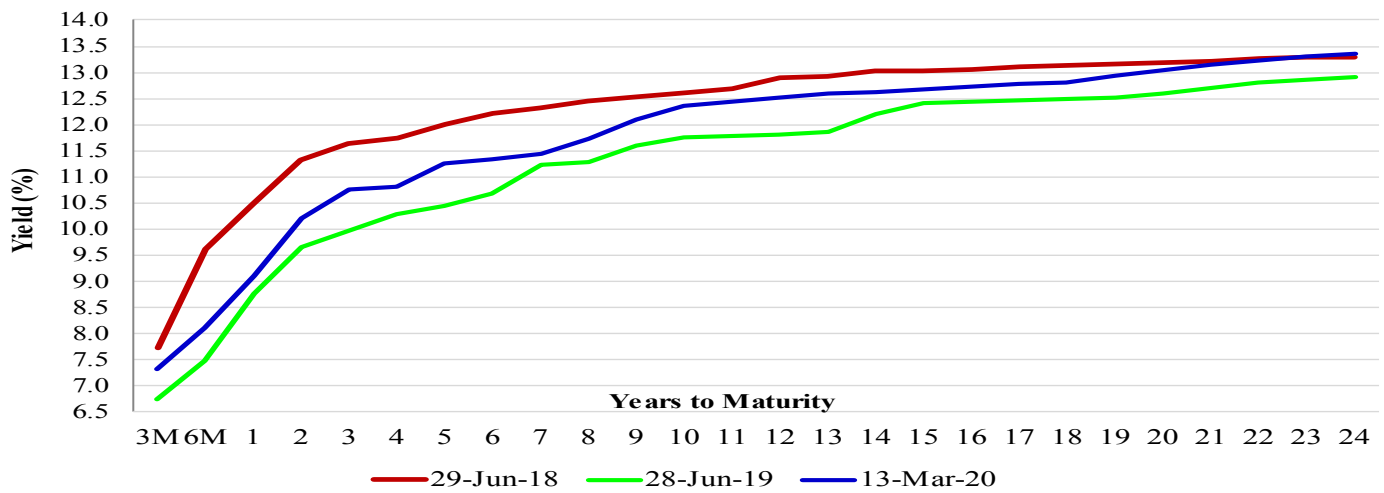
Amount offered (Ksh M)	10,000.00	10,000.00	10,000.00	10,000.00	10,000.00
Bids received (Ksh M)	7,608.27	3,630.50	9,891.70	9,246.20	3,608.32
Amount Accepted (Ksh M)	7,608.27	2,660.49	1,971.24	2,519.44	3,604.10
Maturities (Ksh M)	1,232.25	4,988.75	2,892.00	1,077.75	726.15
Average interest Rate (%)	8.258	8.235	8.186	8.104	8.030

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)	39,281.13	48,429.00	36,077.29	46,038.14	16,937.18
Amount Accepted (Ksh M)	25,233.22	10,003.89	18,816.52	17,823.06	16,877.17
Maturities (Ksh M)	8,590.50	6,543.85	16,402.45	17,647.60	29,105.80
Average interest Rate (%)	9.799	9.500	9.312	9.100	9.051

Source: Central Bank of Kenya

Chart 2: Government Securities Yield Curve



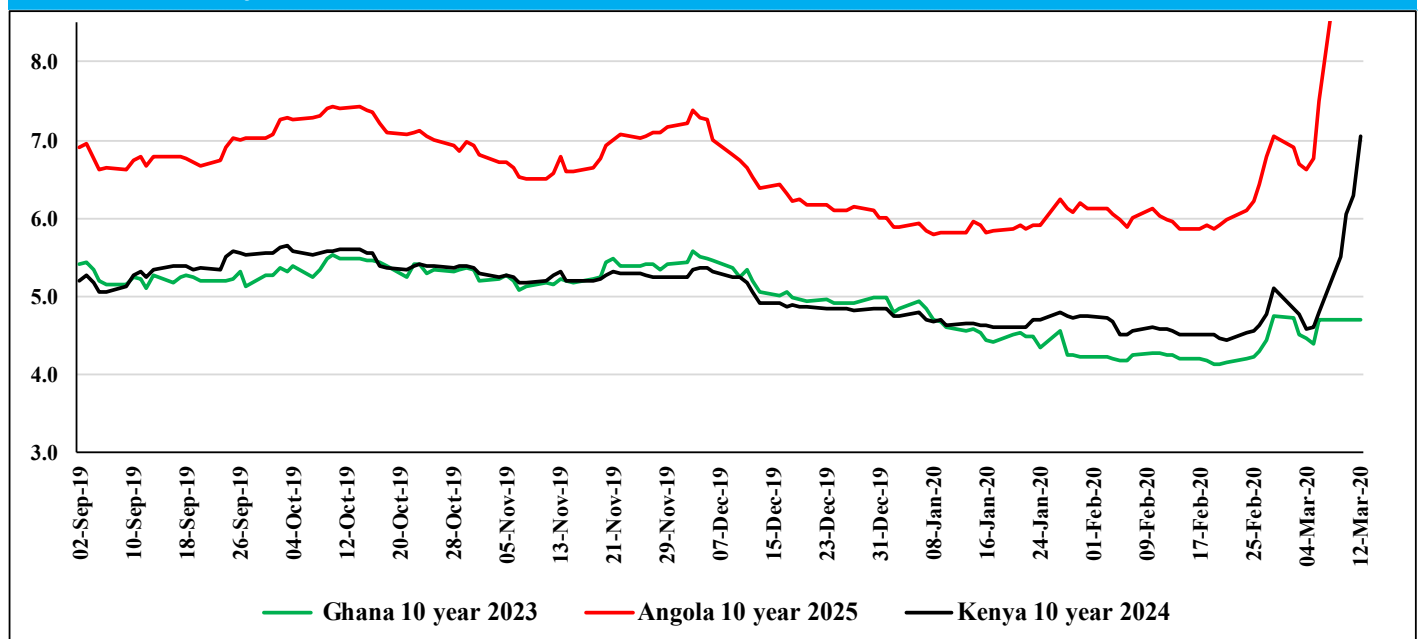
Source: Nairobi Securities Exchange (NSE)

Table 5: Treasury Bonds Auctions

Date of Auction	11-Dec-19	22-Jan-20	19-Feb-20	18-Mar-20
		REOPEN	REOPEN	REOPEN
Tenor	FXD1/2019/5	FXD1/2019/5	FXD1/2020/15	FXD1/2018/20 FXD1/2018/25
Amount offered (Ksh M)	25,000.00	50,000.00	50,000.00	50,000.00
Bids received (Ksh M)	28,468.51	69,941.73	42,494.66	35,155.99
Amount Accepted (Ksh M)	18,740.55	44,488.60 19,259.58	5,194.04 22,678.92	8,274.69 14,638.57
Maturities (Ksh M)	0.00	0.00	0.00	0.00 0.00
Average interest Rate (%)	11.49	11.50 12.43	12.76 13.60	13.29 13.82

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 (Equity)	Total Shares Traded (Mil- lion)	Equity Turnover (KSh Million)	Market Capital- ization (KSh Billion)	Bonds Turnover (KSh Million)	7-Year Euro- bond Yield (%) 2027	10-Year Euro- bond Yield (%) 2024	10-Year Euro- bond Yield (%) 2028	12-Year Euro- bond Yield (%) 2032	30-Year Euro- bond Yield (%) 2048
6-Mar-20	156.17	3875.22	2400.56	826	19.47	657.03	2,387.53	3,226.43	5.491	4.792	5.766	6.956	7.441
9-Mar-20	147.98	3689.84	2335.95	1252	37.76	1,200.38	2,262.11	4,588.04	5.491	5.511	5.766	7.861	7.441
10-Mar-20	148.67	3695.36	2311.47	1007	28.80	772.91	2,272.73	3,831.71	6.602	6.060	5.766	7.980	8.284
11-Mar-20	149.17	3711.52	2316.58	948	16.56	445.30	2,280.39	3,080.26	6.602	6.294	7.270	8.101	8.354
12-Mar-20	141.46	3548.51	2236.81	1622	63.05	1,848.46	2,162.20	2,334.69	6.602	7.052	7.270	9.331	8.354
March 5-12	141.46	3548.51	2236.81	5655	165.64	4,924.08	2,162.20	17,061.12	6.602	7.052	7.270	9.331	8.354
13-Mar-20	133.66	3337.61	2124.78	1894.00	42.49	1,178.02	2,042.65	1,676.71	7.790	6.852	8.085	8.929	8.917
16-Mar-20	131.84	3253.25	2057.96	1226.00	53.89	1,472.49	2,014.74	1,534.05	8.181	7.511	8.477	9.443	9.308
17-Mar-20	133.55	3270.96	2052.85	1031.00	15.37	393.00	2,040.92	2,630.73	8.315	8.089	8.592	9.510	9.363
18-Mar-20	133.79	3265.27	2048.87	1134.00	35.26	1,236.61	2,044.65	1,168.23	8.970	8.622	9.291	10.061	9.786
19-Mar-20	132.86	3218.07	2032.34	1298.00	20.64	802.33	2,030.43	3,768.65	9.795	9.783	10.071	10.562	10.143
March 13-19, 2020	132.86	3218.07	2032.34	6583	167.63	5,082.44	2,030.43	10,778.37	9.795	9.783	10.071	10.562	10.143
Weekly Changes (%)	-6.08	-9.31	-9.14	16.41	1.20	3.22	-6.09	-36.82	182.70*	284.80*	184.10*	124.50*	90.80*

* Percentage points

Source: Nairobi Securities Exchange (NSE)

Table 7: Government Domestic Debt (KSh Billion)

	28-Jun-19	27-Sep-19	27-Dec-19	31-Jan-20	28-Feb-20	13-Mar-20
1. Treasury Bills (Excluding Repos)	954.25	933.10	889.55	880.01	917.87	925.50
(As % of total securities)	35.31	33.78	31.06	30.15	30.75	30.93
2. Treasury Bonds	1,748.15	1,828.78	1,974.69	2,038.71	2,066.89	2,066.89
(As % of total securities)	64.69	66.22	68.94	69.85	69.25	69.07
3. Total Securities (1+2)	2,702.40	2,761.88	2,864.25	2,918.72	2,984.76	2,992.39
4. Overdraft at Central Bank	57.33	52.58	58.96	59.19	30.47	25.79
5. Other Domestic debt*	25.76	25.68	25.86	25.79	25.80	25.74
6. Gross Domestic Debt (3+4+5)	2,785.48	2,840.13	2,949.07	3,003.70	3,041.02	3,043.92

* 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	27-Sep-19	27-Dec-19	31-Jan-20	28-Feb-20	13-Mar-20
Treasury bills (Excluding Repos)	34.26	32.85	30.16	29.30	30.18	30.40
Treasury bonds	62.76	64.39	66.96	67.87	67.97	67.90
CBK Overdraft to Government	2.06	1.85	2.00	1.97	1.00	0.85
Other domestic debt	0.92	0.90	0.88	0.86	0.85	0.85
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	27-Sep-19	27-Dec-19	31-Jan-20	28-Feb-20	13-Mar-20
Banking Institutions	54.38	53.51	54.22	54.65	54.38	54.42
Insurance Companies	6.13	6.34	6.41	6.40	6.29	6.25
Parastatals	6.97	7.18	6.50	6.25	6.23	6.20
Pension funds	28.24	28.83	28.70	28.54	28.86	28.80
Other investors	4.28	4.14	4.17	4.17	4.25	4.33
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	Sep-19	Oct-19	Nov-19	Dec-19
Domestic debt (KSh Billion)	2,478.84	2,548.77	2,785.94	2,856.60	2,901.50	2,917.36	2,942.10
Public & Publicly Guaranteed External debt (US \$ Billion)	25.34	26.74	29.55	29.95	30.30	30.30	30.66
Public & Publicly Guaranteed External debt (KSh Billion)	2,560.20	2,723.73	3,023.14	3,111.80	3,127.60	3,114.96	3,106.82
Total public debt (KSh Billion)	5,039.03	5,272.50	5,809.08	5,968.40	6,029.10	6,032.32	6,048.93

Source: National Treasury and Central Bank of Kenya