



Central Bank of Kenya

Weekly Bulletin

July 17, 2020

KEY MONETARY AND FINANCIAL INDICATORS

Exchange Rates

The Kenya Shilling weakened against major international and regional currencies during the week ending July 16, on account of unevenly matched demand and supply of dollars in the interbank market. It exchanged at KSh 107.35 per US dollar on July 16 compared to KSh 106.96 per US dollar on July 9 (Table 1).

Foreign Exchange Reserves

The usable foreign exchange reserves remained adequate at USD 9,699 million (5.87 months of import cover) as at July 16. 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).

Money Markets

The money market remained liquid during the week ending July 16, supported by government payments, which offset tax receipts. Commercial banks' excess reserves stood at KSh 10.9 billion in relation to the 4.25 percent cash reserves requirement (CRR). Open market operations remained active. The average interbank rate was 1.76 percent on July 16 compared to 2.36 percent on July 9. The average number of interbank deals per day increased to 13 from 6 in the previous week, and the value traded increased to KSh 8.4 billion from KSh 4.5 in the previous week (Table 3).

Government Securities Market

The Treasury bills auction of July 16 received bids totalling KSh 65.2 billion against an advertised amount of KSh 24.0 billion, representing a performance of 271.5 percent. Interest rates on all the Treasury bills tenors decreased (Table 4).

Equity Market

The NSE 25 share price and the number of shares traded at the Nairobi Securities Exchange increased by 0.4 percent and 13.0 percent, respectively during the week ending July 16 (Table 5). However, the NASI and NSE 20 share price indices, market capitalization and equity turnover declined by 0.4 percent, 0.1 percent, 0.4 percent and 2.2 percent, respectively.

Bond Market

Turnover of bonds traded in the domestic secondary market declined by 24.2 percent during the week ending July 16 (Table 5). In the international market, yields on Kenya's Eurobonds rose by an average of 12.4 basis points. Similarly, the yields on the 10-year Eurobonds for Angola increased, while that of Ghana declined (Chart 2).

Global Trends

Global financial markets volatility remained elevated during the week reflecting investors' concerns about a post-pandemic recovery, and increased US - China trade tensions.

International oil prices decreased marginally during the week amid concerns of a second wave of the pandemic. Murban oil price decreased to USD 43.88 per barrel on July 16 from USD 43.93 per barrel on July 9.

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

	USD	Sterling Pound	Euro	100 Japanese Yen	USHS*	TSHS*	RWF*	BIF*
3-Jul-20	106.67	133.31	120.28	99.27	34.88	21.70	8.96	18.05
6-Jul-20	106.61	132.81	119.76	99.16	34.87	21.75	8.97	18.05
7-Jul-20	106.59	133.27	120.38	99.12	34.90	21.76	8.97	18.06
8-Jul-20	106.75	133.51	120.48	99.24	34.85	21.72	8.96	18.03
9-Jul-20	106.96	134.19	120.82	99.53	34.73	21.64	8.94	18.00
Jul 3-9	106.72	133.42	120.34	99.26	34.84	21.72	8.96	18.04
10-Jul-20	106.90	135.21	121.17	99.96	34.65	21.69	8.95	18.01
13-Jul-20	107.05	135.07	120.97	100.15	34.52	21.65	8.94	17.98
14-Jul-20	107.15	135.15	121.39	99.92	34.58	21.64	8.93	17.97
15-Jul-20	107.29	134.35	121.86	100.02	34.49	21.62	8.92	17.95
16-Jul-20	107.35	135.01	122.51	100.38	34.37	21.60	8.91	17.94
Jul 10-16	107.15	134.96	121.58	100.08	34.52	21.64	8.93	17.97

* Units of currency per Kenya Shilling

Source :Central Bank of Kenya

Table 2: Official Usable Foreign Exchange Reserves

	4-Jun-20	11-Jun-20	18-Jun-20	25-Jun-20	2-Jul-20	9-Jul-20	16-Jul-20
1. CBK Usable Foreign Exchange Reserves (USD Million)	9,261	9,302	9,278	9,229	9,717	9,704	9,669
2. CBK Usable Foreign Exchange Reserves (Months of Import Cover)*	5.56	5.59	5.58	5.55	5.84	5.83	5.87

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

Source: Central Bank of Kenya

Table 3: Money Market

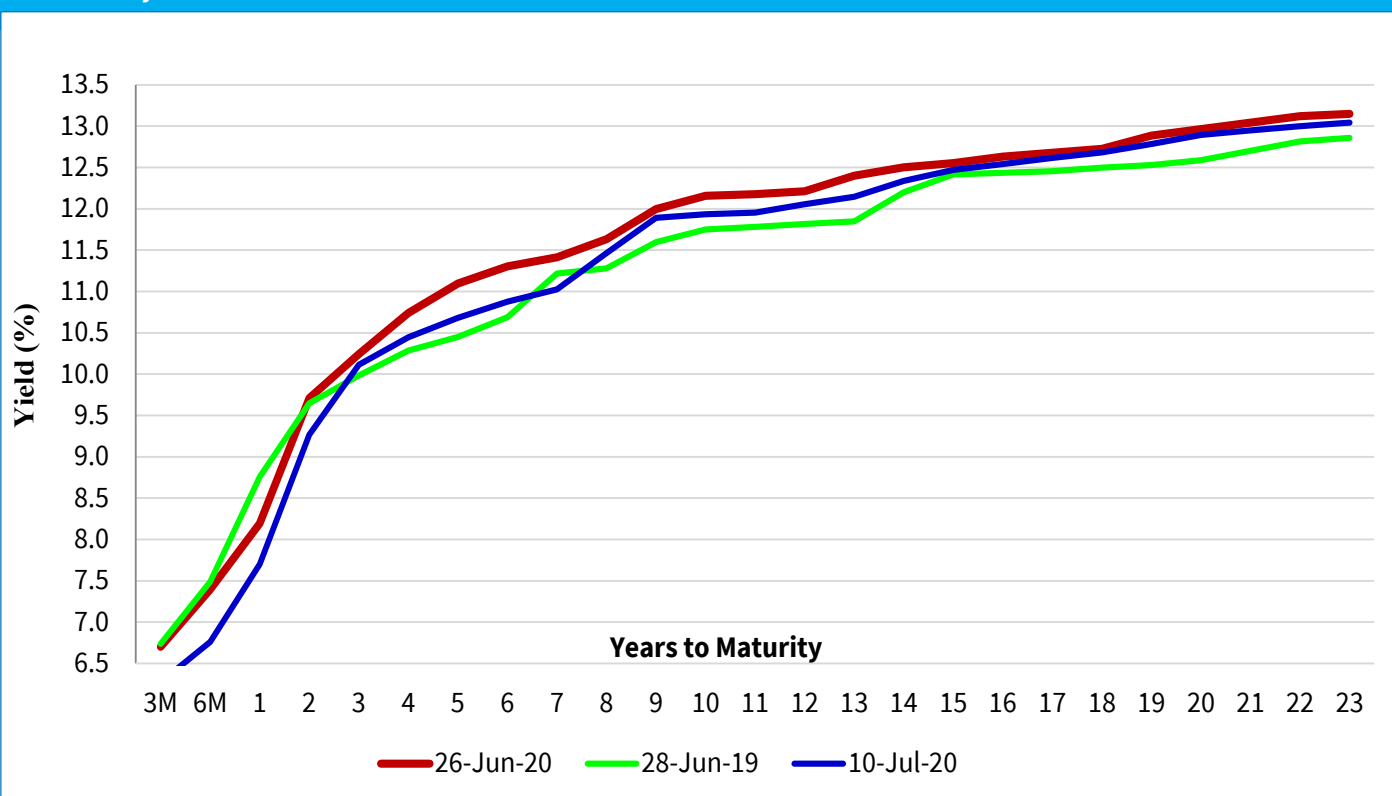
Date	Number of Deals	Value (KSh M)	Average Interbank Rate (%)
3-Jul-20	6	5,750.00	2.19
6-Jul-20	5	5,500.00	1.99
7-Jul-20	8	7,900.00	1.79
8-Jul-20	7	2,900.00	1.91
9-Jul-20	3	550.00	2.36
Jul 3-9	6	4,520.00	2.05
10-Jul-20	6	2,200.00	1.68
13-Jul-20	15	8,350.00	1.70
14-Jul-20	18	10,980.00	1.68
15-Jul-20	16	10,590.00	1.93
16-Jul-20	10	10,000.00	1.76
July 10-16	13	8,424.00	1.75

Source :Central Bank of Kenya

Table 4: Performance of Treasury Bills Auctions

91-Day Treasury Bills						
Date of Auction	11-Jun-20	18-Jun-20	25-Jun-20	2-Jul-20	9-Jul-20	16-Jul-20
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)	11,761.25	13,374.46	16,481.51	20,453.02	37,923.99	29,877.61
Amount Accepted (Ksh M)	3,858.82	6,357.09	685.99	9,446.15	18,419.97	29,876.33
Maturities (Ksh M)	2,235.10	543.55	3,434.55	910.70	518.95	2,630.45
Average interest Rate (%)	7.259	7.089	6.700	6.546	6.274	6.011
182-Day Treasury Bills						
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)	26,495.03	13,056.50	14,025.30	26,752.97	27,373.63	10,781.05
Amount Accepted (Ksh M)	6,723.69	4,238.45	1,543.33	10,783.81	7,155.78	9,780.79
Maturities (Ksh M)	3,603.60	3,964.95	293.25	1,107.00	2,277.90	6,612.05
Average interest Rate (%)	8.060	7.739	7.395	7.048	6.759	6.524
364-Day Treasury Bills						
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)	31,465.74	18,774.71	28,443.82	28,976.63	20,665.88	24,511.06
Amount Accepted (Ksh M)	12,290.15	4,124.73	11,530.06	23,680.06	20,648.03	5,858.26
Maturities (Ksh M)	7,689.40	6,883.75	25,463.50	25,153.35	32,335.05	11,533.15
Average interest Rate (%)	9.030	8.667	8.194	7.769	7.700	7.464

Source: Central Bank of Kenya

Chart 1: Kenya Government Securities Yield Curve

Source: Nairobi Securities Exchange

Table 5: 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 Turn- over (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
3-Jul-20	139.57	3219.26	1945.97	1,063	6.2	151.0	2,133.3	1,142.2	7.225	6.367	7.356	8.086	8.377
6-Jul-20	137.99	3193.30	1949.12	1,285	22.3	553.5	2,109.1	2,414.6	7.239	6.439	7.378	8.103	8.330
7-Jul-20	135.14	3154.18	1954.93	1,774	31.7	878.0	2,065.3	3,241.2	7.300	6.474	7.487	8.209	8.365
8-Jul-20	134.40	3134.37	1921.99	1,633	29.7	822.8	2,054.0	2,682.2	7.335	6.510	7.576	8.227	8.424
9-Jul-20	132.51	3094.19	1907.82	1,499	47.3	1,294.2	2,025.1	4,501.0	7.362	6.580	7.620	8.263	8.460
Jul 3 - 9	132.51	3094.19	1907.82	7,254	137.3	3,699.5	2,025.1	13,981.2	7.362	6.580	7.620	8.263	8.460
10-Jul-20	132.38	3092.01	1901.28	2,298	39.5	731.38	2023.12	1259.95	7.616	6.763	7.754	8.444	8.545
13-Jul-20	132.63	3102.50	1900.81	1,048	17.9	458.82	2026.90	1165.51	7.614	6.727	7.755	8.389	8.582
14-Jul-20	131.54	3097.15	1893.65	1,488	27.0	620.18	2010.12	2169.92	7.662	6.800	7.800	8.444	8.594
15-Jul-20	131.90	3109.51	1913.57	1,314	34.8	883.57	2015.72	2005.01	7.551	6.726	7.732	8.371	8.545
16-Jul-20	131.98	3107.19	1906.43	1,108	35.8	923.96	2016.87	3995.95	7.610	6.726	7.688	8.335	8.545
July 10-16	131.98	3107.19	1906.43	7,256	155.14	3617.91	2016.87	10596.34	7.610	6.726	7.688	8.335	8.545
Weekly Changes (%)	-0.40	0.42	-0.07	0.03	13.03	-2.21	-0.41	-24.21	0.248*	0.146*	0.068*	0.072*	0.085*

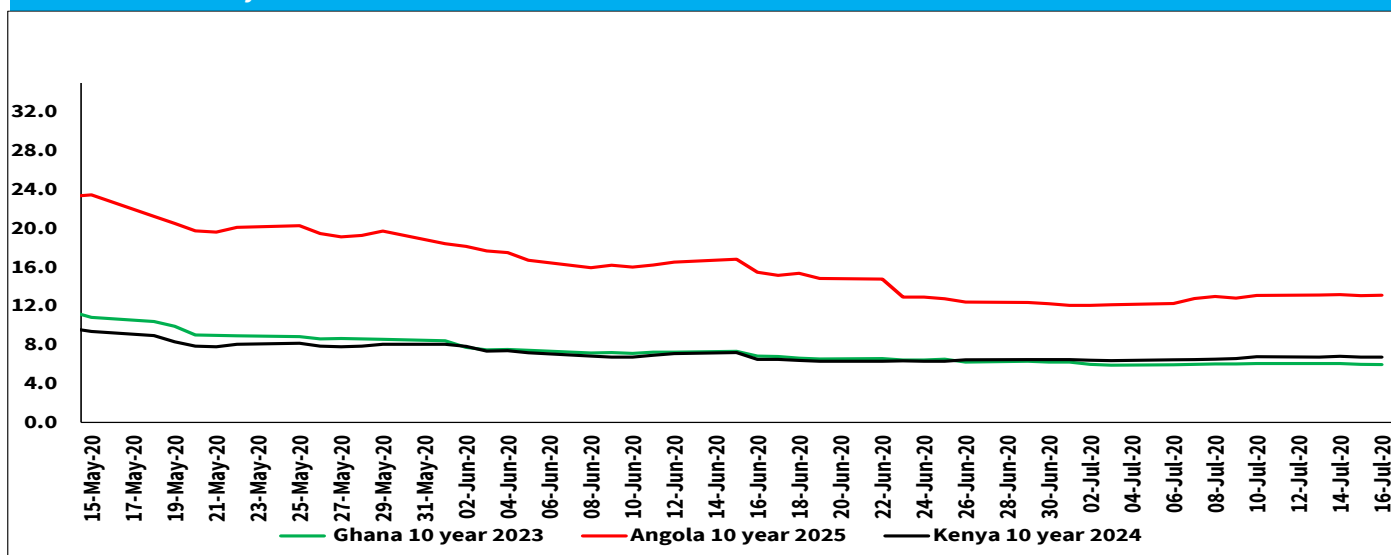
* Percentage points

Source: Nairobi Securities Exchange (NSE)

Table 6: Performance of Treasury Bonds Auctions

Date of Auction	8-Apr-20	22-Apr-20	6-May-20	20-May-20	27-May-20	17-Jun-20	
	TAP			REOPEN		REOPEN	REOPEN
Tenor	IFB1/2020/9	IFB1/2020/9	FXD1/2020/5	FXD1/2020/5	IFB1/2020/6	FXD3/2019/5	FXD4/2019/10
Amount offered (Ksh M)	60,000.00	21,000.00	50,000.00	30,000.00	25,600.00	40,000.00	
Bids received (Ksh M)	68,413.78	35,387.16	34,531.50	20,581.07	21,164.29	105,135.63	
Amount Accepted (Ksh M)	39,010.13	35,387.16	20,777.17	8,948.12	19,275.46	16,527.35	32,795.89
Maturities (Ksh M)	0.00	0.00	0.00	0.00	20,226.65	0.00	
Average interest Rate (%)	12.05	12.05	11.67	11.75	11.60	11.19	12.42

Source: Central Bank of Kenya

Chart 2: Yields on 10 year Eurobonds for Selected African Countries


Source: Thomson Reuters

Table 7: Government Domestic Debt (KSh Billion)

	28-Jun-19	30-Sep-19	31-Dec-19	31-Mar-20	26-Jun-20	3-Jul-20	10-Jul-20
1. Treasury Bills (Excluding Repos)	954.25	928.91	878.94	902.29	901.58	887.14	906.22
<i>(As % of total securities)</i>	35.31	33.68	30.80	30.15	28.89	28.56	28.99
2. Treasury Bonds	1,748.15	1,828.78	1,974.69	2,090.29	2,219.44	2,219.44	2,219.44
<i>(As % of total securities)</i>	64.69	66.32	69.20	69.85	71.11	71.44	71.01
3. Total Securities (1+2)	2,702.40	2,757.69	2,853.63	2,992.58	3,121.03	3,106.59	3,125.66
4. Overdraft at Central Bank	57.33	68.23	63.72	54.18	31.70	47.15	31.10
5. Other Domestic debt*	25.76	25.72	24.75	25.10	25.28	25.26	23.77
6. Gross Domestic Debt (3+4+5)	2,785.48	2,851.64	2,942.10	3,071.85	3,178.00	3,179.00	3,180.53

* 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)

	28-Jun-19	30-Sep-19	31-Dec-19	31-Mar-20	26-Jun-20	3-Jul-20	10-Jul-20
Treasury bills (Excluding Repos)	34.26	32.57	29.87	29.37	28.37	27.91	28.49
Treasury bonds	62.76	64.13	67.12	68.05	69.84	69.82	69.78
CBK Overdraft to Government	2.06	2.39	2.17	1.76	1.00	1.48	0.98
Other domestic debt	0.92	0.90	0.84	0.82	0.80	0.79	0.75
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)

	28-Jun-19	30-Sep-19	31-Dec-19	31-Mar-20	26-Jun-20	3-Jul-20	10-Jul-20
Banking Institutions	54.38	53.63	54.33	54.31	54.80	54.88	54.93
Insurance Companies	6.13	6.33	6.42	6.30	6.05	6.05	6.04
Parastatals	6.97	7.13	6.49	6.13	5.72	5.73	5.73
Pension funds	28.24	28.77	28.60	29.01	29.12	29.04	29.01
Other investors	4.28	4.13	4.17	4.25	4.31	4.31	4.29
Total	100.00	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-19	Sep-19	Dec-19	Feb-20	Mar-20	Apr-20	May-20
Domestic debt (KSh Billion)	2,785.48	2,851.64	2,942.10	3,040.96	3,071.85	3,119.42	3,153.14
Public & Publicly Guaranteed External debt (US \$ Billion)	29.55	29.95	30.66	30.87	30.69	30.89	32.67
Public & Publicly Guaranteed External debt (KSh Billion)	3,023.14	3,111.80	3,106.82	3,117.04	3,212.63	3,317.33	3,496.43
Total public debt (KSh Billion)	5,808.62	5,963.44	6,048.93	6,158.00	6,284.49	6,436.75	6,649.57

Source: National Treasury and Central Bank of Kenya