



Central Bank of Kenya

Weekly Bulletin

August 28, 2020

KEY MONETARY AND FINANCIAL INDICATORS (REVISED)

Exchange Rates

The Kenya Shilling strengthened against major international and regional currencies during the week ending August 27. It exchanged at KSh 108.15 per US dollar on August 27, compared to KSh 108.56 per US dollar on August 20 (Table 1).

Foreign Exchange Reserves

The CBK usable foreign exchange reserves remained adequate at USD 8,963 million (5.4 months of import cover) as at August 27. 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 remained strong in July 2020 amounting to USD 277.0 million compared to USD 225 million in July 2019 and USD 288.5 million in June 2020, in line with seasonal factors (Chart 1). The cumulative inflows in the 12 months to July totalled USD 2,862 million compared to USD 2,778 million in the 12 months to July 2019, an increase of 3.0 percent. Remittances in the seven months to July 2020 were 3.9 percent higher than in the same period in 2019. Inflows from the United Kingdom, Saudi Arabia, Qatar and Germany increased, while those from the US and South Africa decreased slightly compared to June.

Current Account

Provisional data on balance of payments shows that the current account deficit narrowed to 4.7 percent of GDP in the 12 months to July 2020 compared to 5.0 percent of GDP in the 12 months to June (Chart 2). This reflected lower oil imports and improvement in tea exports and remittance receipts.

Money Markets

The money market was relatively liquid during the week ending August 27, supported by government payments, which partly offset receipts from tax and issuance of government securities. Commercial banks' excess reserves stood at KSh 28.7 billion in relation to the 4.25 percent cash reserves requirement (CRR). Open market operations remained active. The average interbank rate was 3.01 percent on August 27 compared to 2.58 percent on August 20. The average number of interbank deals

per day increased to 27 from 21 in the previous week, and the value traded increased to KSh 16.7 billion from KSh 12.6 billion in the previous week (Table 3).

Government Securities Market

The Treasury bills auction of August 27 received bids totalling KSh 12.6 billion against an advertised amount of KSh 24.0 billion, representing a performance of 52.3 percent. Interest rates remained stable, with the rates on the 91-day and 182-day Treasury bills rising marginally and the rate on the 364-day Treasury bill remaining virtually the same (Table 4).

Equity Market

At the Nairobi Securities Exchange, the NASI, NSE 25 and NSE 20 share price indices rose by 4.3 percent, 4.8 percent and 2.1 percent, respectively during the week ending August 27. Similarly, the number of shares traded, equity turnover and market capitalization increased by 37.2 percent, 71.9 percent and 4.4 percent respectively (Table 6).

Bond Market

Turnover of bonds traded in the domestic secondary market rose by 146.7 percent during the week ending August 27 (Table 6). In the international market, yields on Kenya's Eurobonds declined by an average of 12.4 basis points. The yields on the 10-year Eurobonds for Ghana and Angola also declined (Chart 4).

Global Trends

Global financial markets sentiment was buoyed during the week by the continued optimism on Coronavirus vaccine, news of release of cooperative statements on Phase 1 of the US-China trade deal, better than expected US economic data, and extension of Covid-19 stimulus measures by Germany to December 2021. However, the European equity market remained cautious as investors digested a policy shift by the Fed to put more weight on revamping the US labour market in addition to its inflation and employment mandate.

International oil prices increased during the week. Murban oil price increased to USD 45.57 per barrel on August 27 from USD 44.28 per barrel on August 20.

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

	USD	Sterling Pound	Euro	100 Japanese Yen	USHS*	TSHS*	RWF*	BIF*
14-Aug-20	108.29	141.74	128.18	101.31	33.94	21.47	8.91	17.81
17-Aug-20	108.32	141.97	128.00	101.63	33.90	21.46	8.91	17.81
18-Aug-20	108.31	141.83	128.42	102.55	33.87	21.47	8.91	17.81
19-Aug-20	108.42	143.24	129.70	102.85	33.82	21.40	8.91	17.79
20-Aug-20	108.56	143.47	129.21	103.00	33.85	21.37	8.90	17.77
Aug 14-20	108.38	142.45	128.70	102.27	33.88	21.43	8.91	17.80
21-Aug-20	108.01	141.88	127.93	102.29	34.03	21.48	8.94	17.86
24-Aug-20	108.01	141.76	127.30	102.14	34.00	21.48	8.95	17.86
25-Aug-20	108.04	141.77	127.91	102.11	33.99	21.47	8.94	17.86
26-Aug-20	108.12	142.02	127.82	101.68	33.99	21.46	8.94	17.85
27-Aug-20	108.15	142.20	127.67	102.04	33.98	21.45	8.94	17.84
Aug 21-27	108.07	141.93	127.73	102.05	34.00	21.47	8.94	17.85

* Units of currency per Kenya Shilling

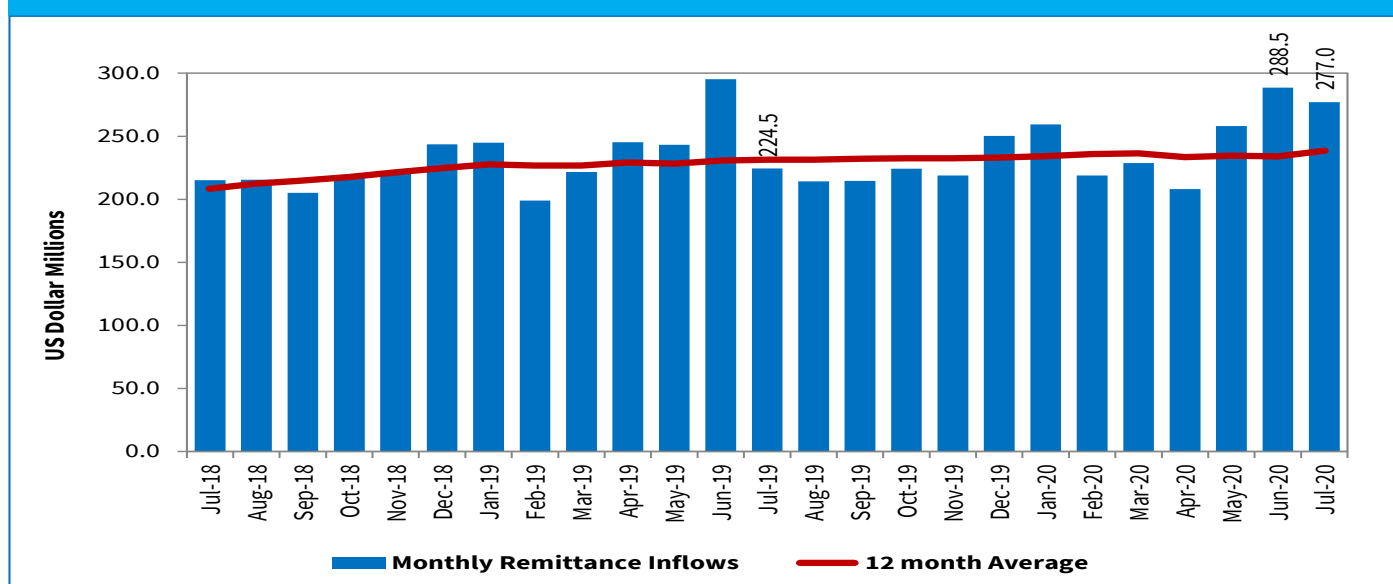
Source :Central Bank of Kenya

Table 2: Official Usable Foreign Exchange Reserves

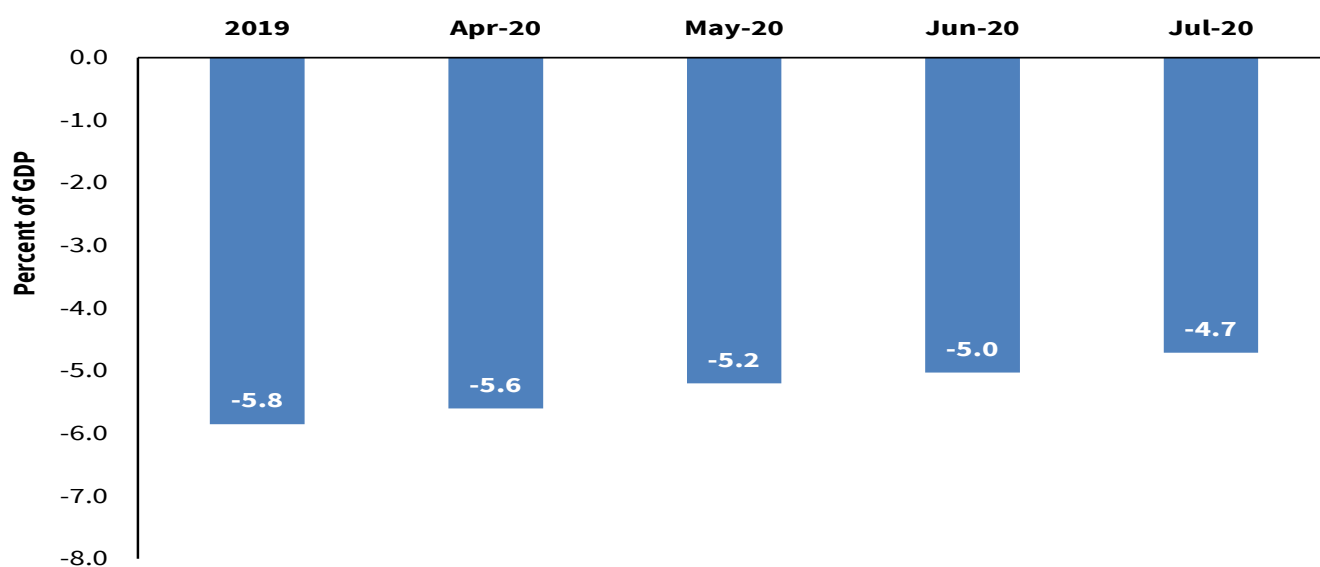
	23-Jul-20	30-Jul-20	6-Aug-20	13-Aug-20	20-Aug-20	27-Aug-20
1. CBK Usable Foreign Exchange Reserves (USD Million)	9,421	9,336	9,290	9,249	9,175	8,963
2. CBK Usable Foreign Exchange Reserves (Months of Import Cover)*	5.72	5.66	5.64	5.61	5.57	5.44

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

Source: Central Bank of Kenya

Chart 1: Remittances

Source: Central Bank of Kenya

Chart 2: Current Account Balance

Source: Central Bank of Kenya

Table 3: Money Market

Date	Number of Deals	Value (KSh M)	Average Interbank Rate (%)
14-Aug-20	20	9,825.00	1.83
17-Aug-20	22	13,760.00	2.32
18-Aug-20	21	14,150.00	2.54
19-Aug-20	23	11,655.00	2.82
20-Aug-20	21	13,500.00	2.58
Aug 14-20,2020	21	12,578.00	2.42
21-Aug-20	28	15,810.00	2.71
24-Aug-20	36	28,125.00	2.95
25-Aug-20	26	16,395.00	3.06
26-Aug-20	19	9,835.00	3.02
27-Aug-20	25	13,435.00	3.01
Aug 21-27,2020	27	16,720.00	2.95

Source: Central Bank of Kenya

Table 4: Performance of Treasury Bills Auctions

91-Day Treasury Bills						
Date of Auction	23-Jul-20	30-Jul-20	6-Aug-20	13-Aug-20	20-Aug-20	27-Aug-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)	10,817.60	15,860.12	8,520.47	6,373.54	2,617.91	4,531.82
Amount Accepted (Ksh M)	10,816.32	11,922.94	7,535.73	6,373.54	2,617.51	3,988.09
Maturities (Ksh M)	8,924.35	2,542.80	2,466.15	7,775.85	7,992.80	2,285.85
Average interest Rate (%)	6.112	6.121	6.123	6.200	6.257	6.273
182-Day Treasury Bills						
Date of Auction	23-Jul-20	30-Jul-20	6-Aug-20	13-Aug-20	20-Aug-20	27-Aug-20
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)	1,388.27	2,474.12	9,600.71	9,378.10	882.55	6,095.76
Amount Accepted (Ksh M)	1,388.27	1,509.71	9,600.71	6,968.43	882.55	4,901.01
Maturities (Ksh M)	5,344.90	6,302.15	17,337.20	6,669.45	7,909.25	2,771.45
Average interest Rate (%)	6.440	6.455	6.549	6.561	6.600	6.625
364-Day Treasury Bills						
Date of Auction	23-Jul-20	30-Jul-20	6-Aug-20	13-Aug-20	20-Aug-20	27-Aug-20
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)	23,689.66	10,147.35	14,271.22	6,511.13	6,184.46	1,932.63
Amount Accepted (Ksh M)	23,633.05	10,147.35	13,344.93	5,306.17	6,184.46	1,836.51
Maturities (Ksh M)	17,883.35	12,955.85	19,677.60	16,448.55	9,717.75	8,496.70
Average interest Rate (%)	7.370	7.391	7.455	7.517	7.508	7.507

Source: Central Bank of Kenya

Table 5: Performance of Treasury Bonds Auctions

Date of Auction	17-Jun-20		22-Jul-20			5-Aug-20	19-Aug-20
	REOPEN		REOPEN			TAP	
Tenor	FXD3/2019/5	FXD4/2019/10	FXD1/2020/5	FXD2/2018/10	FXD1/2019/15	FXD2/2018/20	IFB1/2020/11
Amount offered (Ksh M)	40,000.00		60,000.00			40,000.00	70,000.00
Bids received (Ksh M)	105,135.63		65,336.90	55,488.14	60,947.80	41,006.20	101,471.04
Amount Accepted (Ksh M)	16,527.35	32,795.89	9,344.71	21,267.34	50,242.43	41,006.20	78,639.89
Maturities (Ksh M)	0.00		0.00			0.00	0.00
Average interest Rate (%)	11.19	12.42	10.26	11.45	12.34	12.93	11.30

Source: Central Bank of Kenya

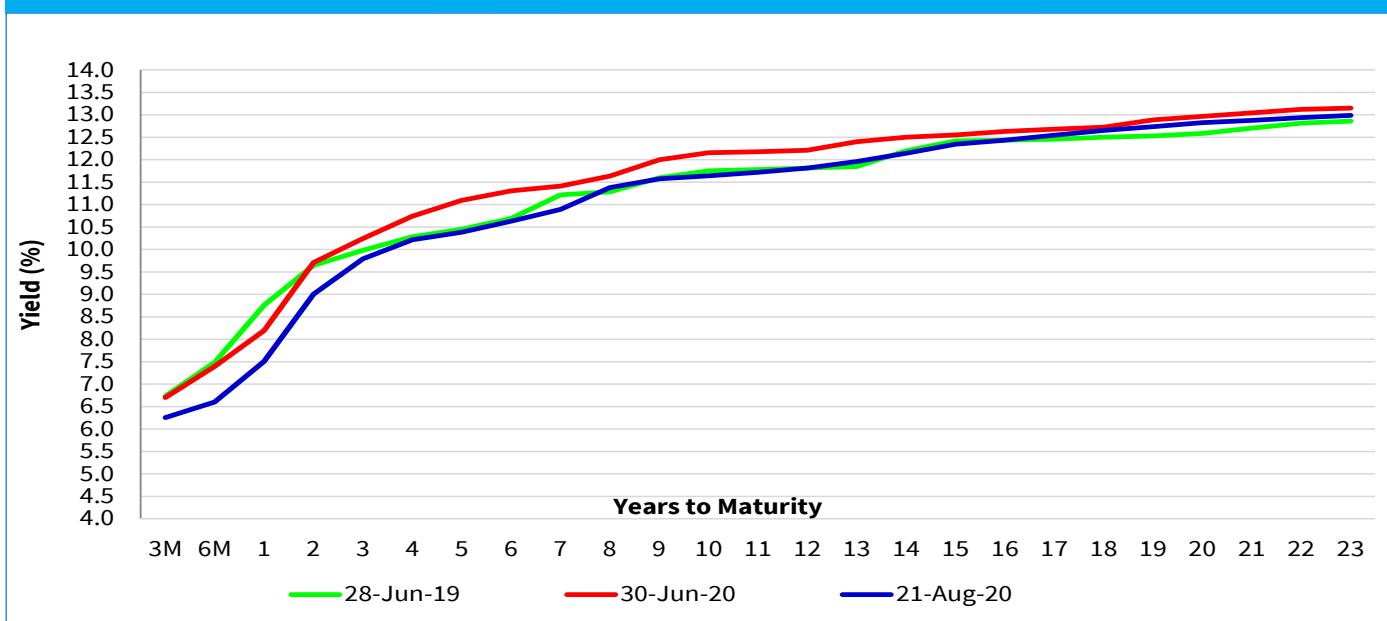
Table 6: Key Weekly Market Indicators

INDICATOR	NASI 100=2008	NSE 25 Share Index	NSE 20 Share Index 100=1996	Total Deals (Equity)	Total Shares Traded (Million)	Equity Turn- over (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	30- Year 2048
14-Aug-20	129.46	2939.83	1743.58	957	16.5	352.4	1,987.2	3,412.7	6.941	6.097	7.076	7.652	8.169
17-Aug-20	131.40	2977.93	1738.43	873	20.9	315.4	2,017.1	2,964.8	6.935	6.060	7.076	7.669	8.192
18-Aug-20	130.51	2971.57	1729.46	1,020	17.4	347.3	2,003.4	914.0	6.965	6.096	7.076	7.669	8.192
19-Aug-20	130.85	2991.56	1732.34	739	15.9	386.6	2,008.6	451.7	6.997	6.168	7.141	7.703	8.204
20-Aug-20	131.56	3017.65	1734.72	832	21.2	204.4	2,019.6	524.5	7.048	6.166	7.119	7.771	8.238
August 14-20	131.56	3017.65	1734.72	4,421	92.0	1,606.1	2,019.6	8,267.8	7.048	6.166	7.119	7.771	8.238
21-Aug-20	131.75	3013.33	1723.96	1,091	35.9	707.7	2,022.4	845.9	7.018	6.129	7.076	7.703	8.215
24-Aug-20	132.52	3044.29	1748.40	877	11.0	260.9	2,034.2	1,180.6	6.971	6.129	7.097	7.668	8.192
25-Aug-20	133.89	3071.26	1743.08	1,220	37.2	823.2	2,055.4	10,316.9	6.849	5.982	6.990	7.566	8.124
26-Aug-20	135.24	3106.01	1760.64	1,025	21.9	474.2	2,076.2	4,949.2	6.902	5.946	7.011	7.566	8.136
27-Aug-20	137.26	3163.48	1771.18	1,141	20.3	494.8	2,108.8	3,107.5	6.898	5.981	7.054	7.617	8.170
August 21-27	137.26	3163.48	1771.18	5,354	126.2	2,760.9	2,108.8	20,400.1	6.898	5.981	7.054	7.617	8.170
Weekly Changes (%)	4.33	4.83	2.10	21.10	37.22	71.90	4.42	146.74	-0.150*	-0.185*	-0.065*	-0.154*	-0.068*

* Percentage points

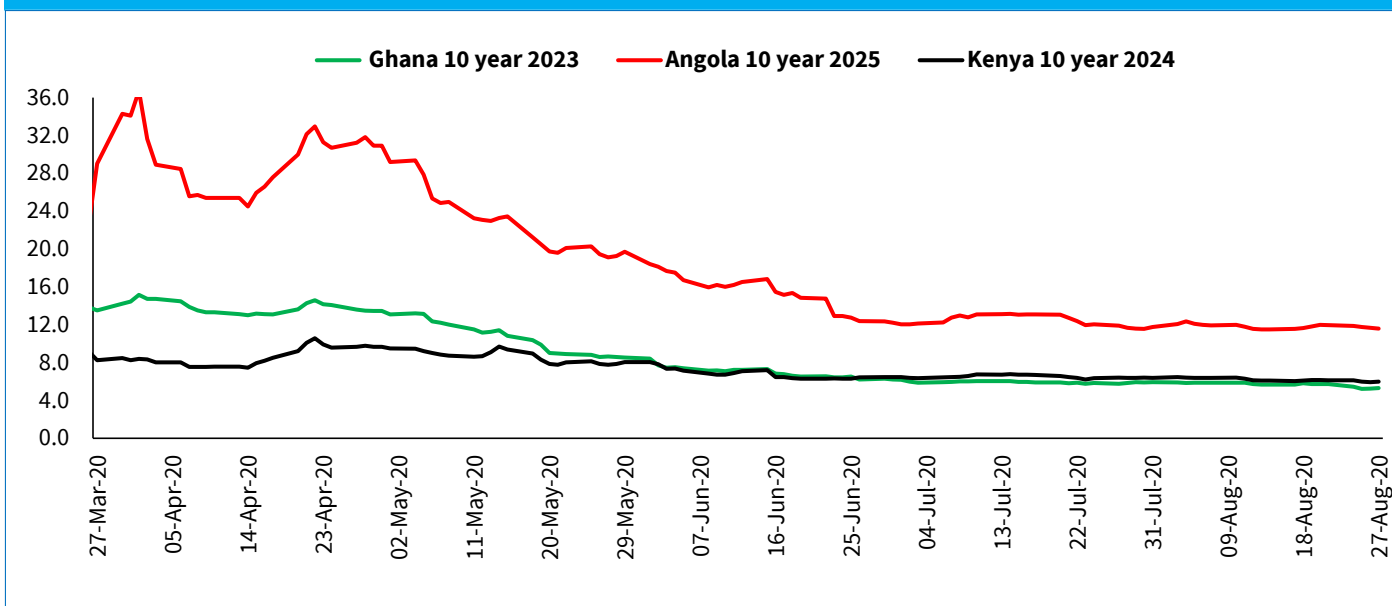
Source: Nairobi Securities Exchange (NSE)

Chart 3: Government Securities Yield Curve



Source: Nairobi Securities Exchange (NSE)

Chart 4: 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	30-Jun-20	14-Aug-20	21-Aug-20**
1. Treasury Bills (Excluding Repos)	954.25	928.91	878.94	900.62	887.14	945.75	934.19
<i>(As % of total securities)</i>	35.31	33.68	30.80	30.11	28.56	28.81	28.56
2. Treasury Bonds	1,748.15	1,828.78	1,974.69	2,090.29	2,219.44	2,337.17	2,337.17
<i>(As % of total securities)</i>	64.69	66.32	69.20	69.89	71.44	71.19	71.44
3. Total Securities (1+2)	2,702.40	2,757.69	2,853.63	2,990.91	3,106.59	3,282.92	3,271.37
4. Overdraft at Central Bank	57.33	68.23	63.72	54.18	47.15	1.12	13.40
5. Other Domestic debt*	25.76	25.72	24.75	25.10	23.79	25.04	25.06
6. Gross Domestic Debt (3+4+5)	2,785.48	2,851.64	2,942.10	3,070.19	3,177.53	3,309.08	3,309.82

* Other domestic debt includes clearing items in transit, advances from commercial banks, Pre-1997 Government Overdraft and Tax Reserve Certificates.

**Revised

Table 8: Composition of Government Domestic Debt by Instrument (Percent)

	28-Jun-19	30-Sep-19	31-Dec-19	31-Mar-20	30-Jun-20	14-Aug-20	21-Aug-20*
Treasury bills (Excluding Repos)	34.26	32.57	29.87	29.33	27.92	28.58	28.22
Treasury bonds	62.76	64.13	67.12	68.08	69.85	70.63	70.61
CBK Overdraft to Govt	2.06	2.39	2.17	1.76	1.48	0.03	0.40
Other domestic debt	0.92	0.90	0.84	0.82	0.75	0.76	0.76
TOTAL	100.00	100.00	100.00	100.00	100.00	100.00	100.00

*Revised

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	30-Jun-20	14-Aug-20	21-Aug-20*
Banking Institutions	54.38	53.63	54.33	54.33	54.86	54.34	54.32
Insurance Companies	6.13	6.33	6.42	6.30	6.05	6.23	6.22
Parastatals	6.97	7.13	6.49	6.13	5.73	5.49	5.53
Pension funds	28.24	28.77	28.60	29.04	29.05	29.75	29.75
Other investors	4.28	4.13	4.17	4.20	4.32	4.20	4.18
Total	100.00	100.00	100.00	100.00	100.00	100.00	100.00

*Revised

Source: Central Bank of Kenya

Table 10: Indicators of Total Government Debt

	Jun-19	Sep-19	Dec-19	Mar-20	Apr-20	May-20	Jun-20
Domestic debt (Kshs Bn)	2,785.48	2,851.64	2,942.10	3,070.19	3,119.42	3,153.14	3,177.53
Public & Publicly Guaranteed External debt (US \$ Bn)	29.55	29.95	30.66	30.69	30.89	32.67	33.01
Public & Publicly Guaranteed External debt (Ksh Bn)	3,023.14	3,111.80	3,106.82	3,212.63	3,317.33	3,496.43	3,515.81
Public debt (Ksh Bn)	5,808.62	5,963.44	6,048.93	6,282.82	6,436.75	6,649.57	6,693.34

Source: National Treasury and Central Bank of Kenya