



Central Bank of Kenya

Weekly Bulletin

September 10, 2021



RECENT MONETARY AND FINANCIAL DEVELOPMENTS

GDP Output for 2020

Economic Survey 2021, which is based on revised and rebased national accounts shows that the economy was larger by 5.3 percent in 2019 in nominal terms compared to the previous estimate (**Table 1**). In 2020, the size of the economy is estimated at Ksh 10.8 trillion.

The economy contracted for the first time in recent history, due to the devastating impact of the COVID-19 shock. Real GDP growth contracted by 0.3 percent in 2020 compared to growth of 5.0 percent in 2019, following the impact of COVID-19 pandemic which mainly affected the services sector (**Table 2**).

Exchange Rates

The Kenya Shilling remained stable against major international and regional currencies during the week ending September 9. It exchanged at KSh 110.10 per US dollar on September 9, compared to KSh 109.93 per US dollar on September 2 (**Table 3**).

Foreign Exchange Reserves

The usable foreign exchange reserves remained adequate at USD 9,629 million (5.89 months of import cover) as at September 9. 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 4**).

Money Market

The money market was liquid during the week ending September 9, supported by government payments, which offset tax remittances. Commercial banks' excess reserves stood at KSh 10.2 billion in relation to the 4.25 percent cash reserves requirement (CRR). Open market operations remained active. The average interbank rate was 3.62 percent on September 9 compared to 3.28 percent on September 2. During the week, the average number of interbank deals per day increased to 32 from 21 in the previous week, while the average value traded increased to KSh 12.6 billion from KSh 10.7 billion (**Table 5**).

Government Securities Market

The Treasury bills auctions of September 9, received bids totalling KSh 17.4 billion against an advertised amount of KSh 24.0 billion, representing a performance of 72.6 percent. Interest rates on the Treasury bills remained stable, with the 91-day, 182-day and 364-day rates increasing marginally (**Table 6**).

During the September 8, Treasury Bond auction, the twenty-one-year infrastructure Treasury bonds issued received bids totalling KSh 151.3 billion against an advertised amount of KSh 75.0 billion, representing a performance rate of 201.7 percent (**Table 7**).

Equity Market

At the Nairobi Securities Exchange, the NSE 20 share index and total shares traded improved by 1.9 percent and 28.5 percent, respectively. However, the NSE 25 and NASI share indices, equity turnover and market capitalization declined by 0.8 percent, 0.6 percent, 1.6 percent, and 0.6 percent respectively, during the week ending September 9 (**Table 8**).

Bonds Market

Turnover of bonds in the domestic secondary market declined by 15.2 percent during the week ending September 9 (**Table 8**). In the international market, yields on Kenya's Eurobonds increased by an average of 12.9 basis points. Similarly, yields on the 10-year Eurobonds for Angola and Ghana also increased (**Chart 2**).

Global Trends

Global financial markets sentiment remained cautious during the week ending September 9, after several major financial institutions expressed concerns over the slow growth momentum attributed to the resurgence of COVID-19 infections.

International oil prices increased during the week ending September 9, following Hurricane Ida disruptions which limited crude oil production and refining activity off the US Gulf Coast. Murban oil price increased to USD 71.4 per barrel on September 9 compared with USD 70.48 per barrel on September 2.

Table 1: Comparison of Previous and Revised Nominal GDP Estimates (KSh. Million)

	Revised Estimates (2016 Base Year)		Previous Estimates (2009 Base Year)		Percentage Change in the Estimates (%)	
	2016	2019	2016	2019	2016	2019
1. Agriculture	1,521,434	2,171,071	2,182,198	3,326,299	-30.3	-34.7
2. Non-Agriculture	5,405,221	7,218,794	4,074,008	5,383,248	32.7	34.1
2.1 Industry	1,379,246	1,716,967	1,206,025	1,507,342	14.4	13.9
Mining & Quarrying	81,280	72,745	59,149	67,330	37.4	8.0
Manufacturing	707,880	807,814	654,456	734,609	8.2	10.0
Electricity & water supply	200,835	221,683	131,617	163,643	52.6	35.5
Construction	389,251	614,725	360,803	541,760	7.9	13.5
2.2 Services	4,025,975	5,501,827	2,867,983	3,875,906	40.4	41.9
Wholesale & Retail Trade	628,416	841,264	506,657	740,411	24.0	13.6
Accommodation & restaurant	70,250	119,462	51,645	71,811	36.0	66.4
Transport & Storage	773,852	1,202,882	565,829	830,582	36.8	44.8
Information & Communication	206,755	258,813	104,765	116,355	97.4	122.4
Financial & Insurance	588,924	653,933	496,334	582,926	18.7	12.2
Public administration	410,099	549,217	276,410	352,859	48.4	55.6
Professional, Admin & Support	224,449	284,969	60,609	77,869	270.3	266.0
Real estate	705,877	946,860	532,668	675,302	32.5	40.2
Education	338,011	430,699	309,513	413,611	9.2	4.1
Health	156,846	199,393	119,775	149,483	31.0	33.4
Other services	183,105	240,966	43,188	62,126	324.0	287.9
FISIM	-260609	-226631	-199410	-197429	30.7	14.8
2.3 Taxes on products	667,408	865,790	606,937	828,907	10.0	4.4
Nominal GDP	7,594,063	10,255,654	7,022,963	9,740,360	8.1	5.3

Source: Kenya National Bureau of Statistics (KNBS)

Table 2: Real GDP Growth (percent)									
	2016	2017	2018	2019	2020	2020Q1	2020Q2	2020Q3	2020Q4
1. Agriculture	1.4	-1.3	5.7	2.6	4.8	4.3	4.9	4.2	5.8
2. Non-Agriculture	5.3	5.2	5.6	5.8	-0.4	4.5	-7.2	-3.4	0.3
2.1 Industry	2.5	3.0	3.9	3.5	4.0	4.9	-0.2	3.4	7.6
Mining & Quarrying	-9.1	3.2	-4.7	4.3	6.7	6.4	4.4	7.0	9.2
Manufacturing	1.9	0.7	3.6	2.5	-0.1	2.2	-4.7	-1.7	3.8
Electricity & water supply	4.0	5.6	4.0	1.7	-0.5	1.5	-4.7	0.2	3.5
Construction	5.8	6.3	6.1	5.6	11.8	11.0	8.3	12.3	15.7
2.2 Services	6.3	5.9	6.2	6.6	-1.8	4.2	-7.1	-4.7	-0.9
Wholesale & Retail Trade	2.3	4.3	5.9	5.3	-0.4	4.9	-4.2	-5.0	2.6
Accommodation & restaurant	6.9	9.4	15.6	14.3	-47.7	-8.1	-56.8	-63.4	-62.2
Transport & Storage	8.3	3.5	6.0	6.3	-7.8	2.2	-16.8	-10.1	-6.1
Information & Communication	10.2	8.1	7.9	7.5	4.8	5.6	2.6	3.2	7.6
Financial & Insurance	3.6	4.1	2.7	6.9	5.6	7.5	4.4	3.0	7.4
Public administration	6.0	3.9	7.9	9.9	5.3	4.0	2.7	6.3	8.4
Professional, Administration & Support Services	3.1	3.7	5.4	7.0	-13.5	0.3	-27.5	-19.7	-12.1
Real estate	9.8	6.7	6.5	6.7	4.1	5.4	4.6	3.7	2.7
Education	1.5	8.2	6.4	4.7	-10.8	1.8	-22.4	-17.4	-5.3
Health	9.5	6.4	5.4	6.2	6.7	7.4	9.8	5.2	4.7
Other services	5.2	3.9	4.0	4.9	-19.5	-1.5	-22.1	-12.9	-20.4
FISIM	0.2	-6.0	3.7	9.5	-2.0	-2.9	0.5	-2.3	-2.9
2.3 Taxes on products	2.4	5.7	5.9	3.7	-7.9	5.1	-20.8	-8.5	-6.4
Real GDP Growth	4.2	3.8	5.6	5.0	-0.3	4.4	-4.7	-2.1	1.2

Source: Kenya National Bureau of Statistics (KNBS)

Table 3: Kenya Shilling Exchange Rates (Indicative Mean Rates)

	USD	Sterling Pound	Euro	100 Japanese Yen	Uganda Shilling*	Tanzania Shilling*	Rwandese Franc*	Burundi Franc*
27-Aug-21	109.78	150.75	129.10	99.65	32.26	21.12	9.19	18.07
30-Aug-21	109.82	150.62	129.13	100.07	32.19	21.12	9.19	18.07
31-Aug-21	109.87	151.13	129.59	99.99	32.17	21.11	9.18	18.07
1-Sep-21	109.89	151.51	130.05	100.02	32.17	21.10	9.18	18.06
2-Sep-21	109.93	151.42	130.03	99.84	32.22	21.09	9.18	18.05
Aug 27-Sep 2	109.86	151.09	129.58	99.91	32.20	21.11	9.18	18.06
3-Sep-21	109.99	151.61	130.26	99.98	32.12	21.08	9.18	18.05
6-Sep-21	110.03	152.12	130.59	100.10	31.99	21.08	9.17	18.04
7-Sep-21	110.05	152.27	130.59	100.16	32.01	21.07	9.17	18.04
8-Sep-21	110.08	151.77	130.51	99.99	32.07	21.07	9.17	18.04
9-Sep-21	110.10	151.68	130.27	99.93	32.06	21.06	9.17	18.03
Sep 3-9	110.05	151.89	130.44	100.03	32.05	21.07	9.17	18.04

*Units of currency per Kenya Shilling

Source: Central Bank of Kenya

Table 4: Official Foreign Exchange Reserves (USD Million)

	12-Aug-21	19-Aug-21	26-Aug-21	2-Sep-21	9-Sep-21
1. CBK Usable Foreign Exchange Reserves (USD Million)*	9,296	9,189	8,986	8,883	9,629
2. CBK Usable Foreign Exchange Reserves (Months of Import Cover)**	5.68	5.62	5.49	5.43	5.89

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

Source: Central Bank of Kenya

Table 5: Money Markets

Date	Number of Deals	Value (KSh M)	Average Interbank Rate (%)
27-Aug-21	25	8,555.00	3.59
30-Aug-21	19	6,970.00	3.48
31-Aug-21	22	12,455.00	3.36
1-Sep-21	17	12,600.00	3.27
2-Sep-21	20	13,070.00	3.28
Aug 27 - Sep 2	21	10,730.00	3.40
3-Sep-21	29	13,710.00	3.33
6-Sep-21	26	11,310.00	3.40
7-Sep-21	31	6,980.00	3.77
8-Sep-21	37	13,957.00	3.81
9-Sep-21	35	17,160.00	3.62
Sep 3 - 9	32	12,623.40	3.59

Source: Central Bank of Kenya

Table 6: Performance of Treasury Bills Auctions

91-Day Treasury Bills						
Date of Auction	5-Aug-21	12-Aug-21	19-Aug-21	26-Aug-21	2-Sep-21	9-Sep-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)	6,093.72	2,812.42	12,145.57	1,766.44	4,031.46	6,901.38
Amount Accepted (KSh M)	6,083.47	2,782.71	12,145.23	1,764.98	4,028.51	6,901.38
Maturities (KSh M)	1,867.30	1,389.70	4,706.70	2,441.50	1,364.30	6,937.15
Average Interest Rate (%)	6.513	6.527	6.599	6.741	6.774	6.781
182-Day Treasury Bills						
Date of Auction	5-Aug-21	12-Aug-21	19-Aug-21	26-Aug-21	2-Sep-21	9-Sep-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)	15,019.57	3,134.61	15,233.45	2,023.03	9,948.96	7,702.52
Amount Accepted (KSh M)	14,044.36	3,134.61	15,233.45	2,021.10	9,948.87	7,701.07
Maturities (KSh M)	2,082.40	4,377.00	11,090.40	7,616.80	7,064.60	6,299.50
Average Interest Rate (%)	7.046	7.117	7.104	7.195	7.226	7.253
364-Day Treasury Bills						
Date of Auction	5-Aug-21	12-Aug-21	19-Aug-21	26-Aug-21	2-Sep-21	9-Sep-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)	2,829.82	1,088.70	999.59	4,964.01	9,894.53	2,831.23
Amount Accepted (KSh M)	2,820.97	1,088.43	999.59	4,037.62	9,894.44	2,831.14
Maturities (KSh M)	14,323.90	5,702.95	6,648.85	1,963.35	6,442.70	4,251.85
Average Interest Rate (%)	7.418	7.418	7.420	7.492	7.517	7.777

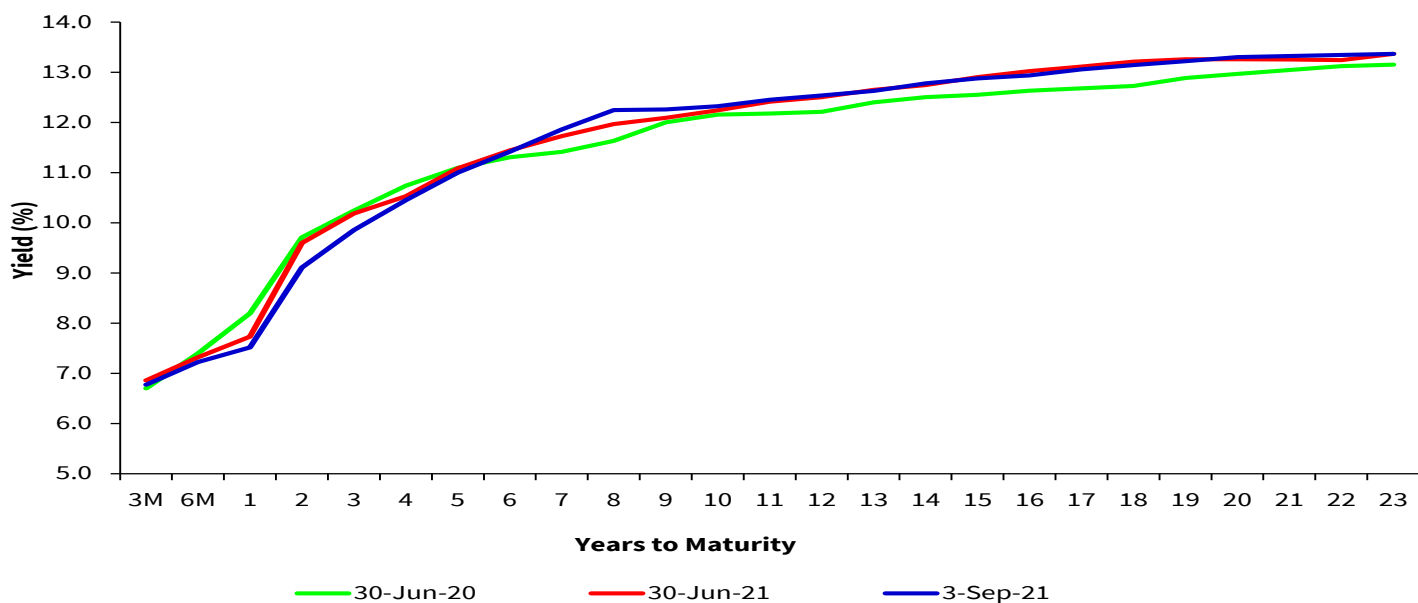
Source: Central Bank of Kenya

Table 7: Performance of Treasury Bond Auctions

Date of Auction	14-Jul-21			11-Aug-21			8-Sep-21
	REOPEN			REOPEN			
Tenor	FXD1/ 2012/15	FXD1/ 2018/15	FXD1/ 2021/25	FXD3/ 2019/10	FXD1/ 2018/20	FXD1/ 2021/20	IFB1/ 2021/21
Amount offered (KSh M)	60,000.00			60,000.00			75,000.00
Bids received (KSh M)	48,805.43	28,212.38	39,906.96	38,313.49	22,818.80	43,504.73	151,256.13
Amount Accepted (KSh M)	30,091.53	27,203.05	22,640.58	22,968.26	17,783.62	39,539.41	106,752.53
Maturities (KSh M)	24,395.3			0.00			
Average interest Rate (%)	11.47	12.61	13.68	12.17	13.19	13.44	12.74

Source: Central Bank of Kenya

Chart 1: Government Securities Yield Curve



Source: Nairobi Securities Exchange (NSE)

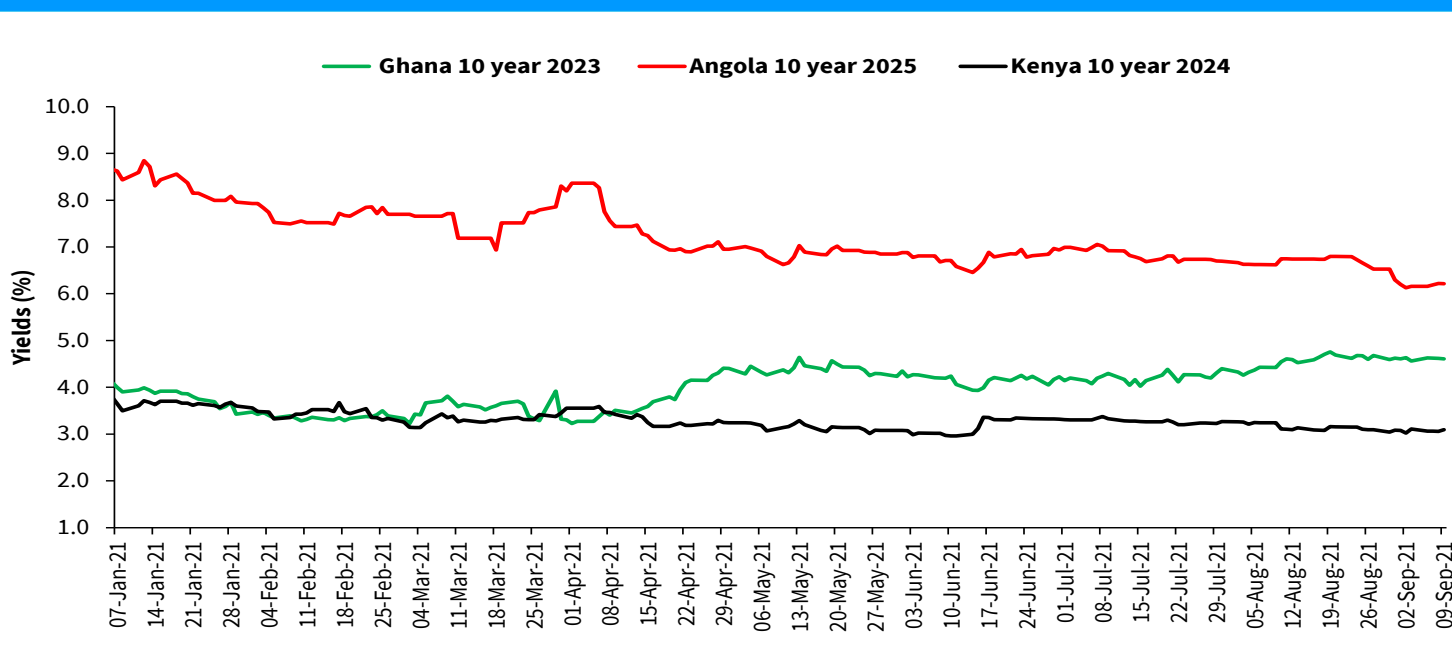
Table 8: Key Weekly Market Indicators

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 Capitaliza- tion (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
27-Aug-21	187.20	4093.06	2034.30	1,371.00	10.70	334.31	2,917.37	2,244.40	4.75	3.09	5.14	6.15	6.06	7.24
30-Aug-21	185.71	4077.76	2032.02	1,202.00	8.78	198.10	2,894.16	3,163.15	4.76	3.04	5.10	6.16	6.04	7.23
31-Aug-21	182.33	4018.77	2020.77	1,424.00	18.56	793.11	2,841.40	4,354.00	4.63	3.09	4.99	6.04	5.94	7.14
1-Sep-21	182.03	4004.08	2026.14	1,352.00	17.03	502.27	2,836.64	731.70	4.60	3.08	4.91	6.00	5.90	7.08
2-Sep-21	180.97	3969.97	2024.40	1,075.00	6.85	149.81	2,820.14	1,243.30	4.60	3.02	4.88	6.00	5.90	7.09
Aug 27- Sep 2	180.97	3,969.97	2,024.40	6,424.00	61.92	1,977.60	2,820.14	11,736.55	4.60	3.02	4.88	6.00	5.90	7.09
3-Sep-21	179.47	3932.50	2025.37	1,174.00	27.58	341.95	2,796.73	1,386.35	4.63	3.11	4.88	6.00	5.91	7.10
6-Sep-21	178.84	3905.97	2038.45	1,372.00	12.32	352.62	2,786.90	1,975.20	4.60	3.06	4.88	6.00	5.93	7.08
7-Sep-21	177.65	3893.52	2053.00	1,466.00	12.30	372.09	2,768.27	1,881.10	4.67	3.06	4.90	6.07	5.97	7.12
8-Sep-21	178.74	3909.72	2066.46	1,442.00	11.04	328.73	2,785.38	2,103.20	4.69	3.06	4.97	6.11	6.03	7.15
9-Sep-21	179.98	3937.36	2062.22	1,326.00	16.31	550.12	2,804.62	2,602.65	4.73	3.09	5.03	6.14	6.09	7.20
Sep 3-9	179.98	3,937.36	2,062.22	6,780.00	79.55	1,945.50	2,804.62	9,948.50	4.73	3.09	5.03	6.14	6.09	7.20
Weekly Changes (%)	(0.55)	(0.82)	1.87	5.54	28.46	(1.62)	(0.55)	(15.23)	0.129*	0.068*	0.143*	0.140*	0.190*	0.105*

* Percentage points

Source: Nairobi Securities Exchange (NSE) and Thomson Reuters

Chart 2: Yields on 10 year Eurobonds for Selected Countries



Source: Thomson Reuters

Table 9: Government Domestic Debt (KSh Billion)

	30-Sep-20	31-Dec-20	31-Mar-21	30-Jun-21	20-Aug-21	27-Aug-21	03-Sep-21
1. Treasury Bills (Excluding Repos)	894.73	855.71	761.90	765.37	756.30	763.00	759.19
<i>(As % of total securities)</i>	26.50	25.04	21.79	21.17	20.00	20.14	20.06
2. Treasury Bonds	2,482.24	2,561.33	2,734.47	2,849.94	3,025.01	3,025.01	3,025.01
<i>(As % of total securities)</i>	73.50	74.96	78.21	78.83	80.00	79.86	79.94
3. Total Securities (1+2)	3,376.98	3,417.05	3,496.37	3,615.31	3,781.31	3,788.02	3,784.20
4. Overdraft at Central Bank	56.21	47.60	49.28	59.28	58.43	52.54	56.76
5. Other Domestic debt*	23.92	23.90	24.19	22.50	23.67	23.67	23.66
6. Gross Domestic Debt (3+4+5)	3,457.11	3,488.54	3,569.84	3,697.09	3,863.41	3,864.23	3,864.62

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

Source: Central Bank of Kenya

Table 10: Composition of Government Domestic Debt by Instrument (Percent)

	30-Sep-20	31-Dec-20	31-Mar-21	30-Jun-21	20-Aug-21	27-Aug-21	3-Sep-21
Treasury bills (Excluding Repos)	25.88	24.53	21.34	20.70	19.58	19.75	19.64
Treasury bonds	71.80	73.42	76.60	77.09	78.30	78.28	78.27
Overdraft at Central Bank	1.63	1.36	1.38	1.60	1.51	1.36	1.47
Other domestic debt	0.69	0.69	0.68	0.61	0.61	0.61	0.61
TOTAL	100.00	100.00	100.00	100.00	100.00	100.00	100.00

Source: Central Bank of Kenya

Table 11: Composition of Government Domestic Debt by Holder (Percent)

	30-Sep-20	31-Dec-20	31-Mar-21	30-Jun-21	20-Aug-21	27-Aug-21	3-Sep-21
Banking Institutions	54.55	52.83	51.75	51.24	50.82	50.58	50.79
Insurance Companies	6.16	6.44	6.57	6.66	6.69	6.69	6.68
Parastatals	5.47	5.69	5.62	5.54	5.30	5.51	5.46
Pension Funds	28.53	30.32	30.46	30.60	31.04	31.09	30.93
Other Investors	5.30	4.73	5.59	5.96	6.15	6.14	6.13
Total	100.00	100.00	100.00	100.00	100.00	100.00	100.00

Source: Central Bank of Kenya

Table 12: Indicators of Government Debt

	Jun-20	Sep-20	Dec-20	Mar-21	Apr-21	May-21	Jun-21
Domestic debt (KSh Bn)	3,176.97	3,457.11	3,488.54	3,569.84	3,632.91	3,686.89	3,697.09
Public & Publicly Guaranteed External debt (USD Bn)	33.01	33.77	34.75	34.42	35.13	35.31	37.23
Public & Publicly Guaranteed External debt (KSh Bn)	3,515.81	3,663.49	3,793.29	3,769.87	3,788.94	3,799.02	4,015.30
Public debt (KSh Bn)	6,692.78	7,120.60	7,281.83	7,339.71	7,421.85	7,485.91	7,712.39

Source: National Treasury and Central Bank of Kenya