



Central Bank of Kenya

Weekly Bulletin

November 8, 2019

KEY MONETARY AND FINANCIAL INDICATORS

Exchange Rate

The Kenya Shilling remained stable against major international and regional currencies during the week ending November 7. It exchanged at KSh 102.95 per US Dollar on November 7, compared to KSh 103.21 on October 31 (Table 1). Significant inflows were received from exporters during the week.

Foreign Exchange Reserves

The CBK usable foreign exchange reserves remained adequate at USD 8,931 million (5.58 months of import cover) as at November 7. 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).

Money Market

The money market was liquid during the week ending November 7, largely due to government payments. Commercial banks' excess reserves stood at KSh 15.2 billion in relation to the 5.25 percent cash reserves requirement (CRR). The open market operations remained active. The average interbank rate declined to 4.55 percent on November 7 from 6.13 percent on October 31. The average number of interbank deals per day decreased to 14 from 25 in the previous week, while the value traded decreased to KSh 8.7 billion from KSh 16.5 (Table 3).

Government Securities Market

The Treasury bills auctions of November 7 received bids totalling KSh 31.8 billion against an advertised amount of KSh 24.0 billion, representing a performance of 132.6 percent. Interest rates on the 91-day Treasury bills remained unchanged, while those of 182-day and 364-day Treasury bills increased marginally (Table 4).

Equity Market

The NASI, NSE 25 and NSE 20-share price indices increased by 3.8 percent, 3.2 percent and 3.9 percent, respectively during the week ending November 7. Similarly, market capitalization, equity turnover and total shares traded increased by 3.7 percent, 27.4 percent and 35.7 percent, respectively (Table 6).

Bond Market

Turnover of bonds in the domestic secondary market declined by 19.0 percent during the week ending November 7 (Table 6). In the international market, yields on Kenya's 7-year, 10-year (2024), 10-year (2028), 12-year and 30-year Eurobonds declined by 15.1, 19.8, 14.9, 17.1 and 9.2 basis points, respectively. Yields on 10-year Eurobonds for Angola and Ghana also declined (Chart 2).

Global Trends

Global markets sentiment improved during the week buoyed by news of a possible US-China trade agreement. Both countries agreed on a phased tariffs roll back as they work towards a trade deal. However, Brexit uncertainties remained with the UK Prime Minister pledging to begin his Brexit deal through Parliament if he is re-elected in December. The Bank of England kept interest rates unchanged in its meeting held on November 7.

International oil prices remained stable during the week on account of easing US-China trade tensions. The Murban oil prices stood at 62.93 per barrel on November 7 compared to USD 62.34 per barrel on October 31.

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

| | USD | Sterling Pound | Euro | 100 Japanese Yen | USHS* | TSHS* | RWF* | BIF* |
|----------------------|---------------|----------------|---------------|------------------|--------------|--------------|-------------|--------------|
| 25-Oct-19 | 103.25 | 132.60 | 114.70 | 95.15 | 36.09 | 22.30 | 8.83 | 18.07 |
| 28-Oct-19 | 103.52 | 132.39 | 114.66 | 95.20 | 35.96 | 22.25 | 8.81 | 18.03 |
| 29-Oct-19 | 103.56 | 132.97 | 114.87 | 95.11 | 35.78 | 22.25 | 8.81 | 18.02 |
| 30-Oct-19 | 103.41 | 133.29 | 114.80 | 95.00 | 35.78 | 22.26 | 8.83 | 18.05 |
| 31-Oct-19 | 103.21 | 132.98 | 114.71 | 94.79 | 35.95 | 22.31 | 8.93 | 18.10 |
| October 25-31 | 103.39 | 132.85 | 114.75 | 95.05 | 35.91 | 22.28 | 8.84 | 18.05 |
| 1-Nov-19 | 103.28 | 133.73 | 115.09 | 95.38 | 35.95 | 22.31 | 8.85 | 18.08 |
| 4-Nov-19 | 103.27 | 133.77 | 115.19 | 95.41 | 35.88 | 22.31 | 8.85 | 18.08 |
| 5-Nov-19 | 103.27 | 133.46 | 115.19 | 94.95 | 35.88 | 22.34 | 8.85 | 18.08 |
| 6-Nov-19 | 103.19 | 133.11 | 114.58 | 94.78 | 35.86 | 22.34 | 9.03 | 18.18 |
| 7-Nov-19 | 102.95 | 132.74 | 114.24 | 94.71 | 35.99 | 22.39 | 9.05 | 18.22 |
| November 1-7 | 103.19 | 133.36 | 114.86 | 95.05 | 35.91 | 22.34 | 8.92 | 18.13 |

* Units of currency per Kenya Shilling

Source: Central Bank of Kenya

Table 2: Official Usable Foreign Exchange Reserves

| | 03-Oct-19 | 10-Oct-19 | 17-Oct-19 | 24-Oct-19 | 31-Oct-19 | 07-Nov-19 |
|---|-----------|-----------|-----------|-----------|-----------|-----------|
| 1. CBK Usable Foreign Exchange Reserves (USD Million) | 8,935 | 9,000 | 8,925 | 8,944 | 8,961 | 8,931 |
| 2. CBK Usable Foreign Exchange Reserves (Months of Import Cover)* | 5.58 | 5.62 | 5.58 | 5.59 | 5.60 | 5.58 |

*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 (%) |
|-----------------------|-----------------|---------------|----------------------------|
| 25-Oct-19 | 20 | 12,850 | 6.58 |
| 28-Oct-19 | 31 | 21,450 | 6.53 |
| 29-Oct-19 | 31 | 19,670 | 6.51 |
| 30-Oct-19 | 24 | 16,390 | 6.28 |
| 31-Oct-19 | 18 | 12,200 | 6.13 |
| October 25-31 | 25 | 16,512 | 6.41 |
| 1-Nov-19 | 17 | 9,700 | 6.14 |
| 4-Nov-19 | 14 | 7,800 | 5.66 |
| 5-Nov-19 | 12 | 10,215 | 5.44 |
| 6-Nov-19 | 15 | 9,810 | 4.81 |
| 7-Nov-19 | 13 | 5,925 | 4.55 |
| November 1 - 7 | 14 | 8,690 | 5.32 |

Source :Central Bank of Kenya

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

| Date of Auction | 29-Aug-19 | 26-Sep-19 | 24-Oct-19 | 31-Oct-19 | 07-Nov-19 |
|---------------------------|--------------|--------------|--------------|--------------|--------------|
| Amount offered (Ksh M) | 4,000.00 | 4,000.00 | 4,000.00 | 4,000.00 | 4,000.00 |
| Bids received (Ksh M) | 5,318.73 | 3,294.99 | 544.18 | 6,813.64 | 864.43 |
| Amount Accepted (Ksh M) | 5,318.73 | 3,294.99 | 544.18 | 6,813.64 | 864.43 |
| Maturities (Ksh M) | 2,370.60 | 4,205.85 | 5,210.65 | 8,338.70 | 3,219.60 |
| Average interest Rate (%) | 6.385 | 6.307 | 6.424 | 6.390 | 6.390 |

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) | 4,821.89 | 436.44 | 3,413.28 | 4,612.98 | 3,245.70 |
| Amount Accepted (Ksh M) | 4,821.89 | 436.44 | 2,931.66 | 4,133.29 | 3,245.70 |
| Maturities (Ksh M) | 8,025.60 | 6,129.75 | 14,630.95 | 1,236.45 | 4,576.60 |
| Average interest Rate (%) | 7.011 | 7.175 | 7.223 | 7.189 | 7.261 |

364-Day Treasury Bills

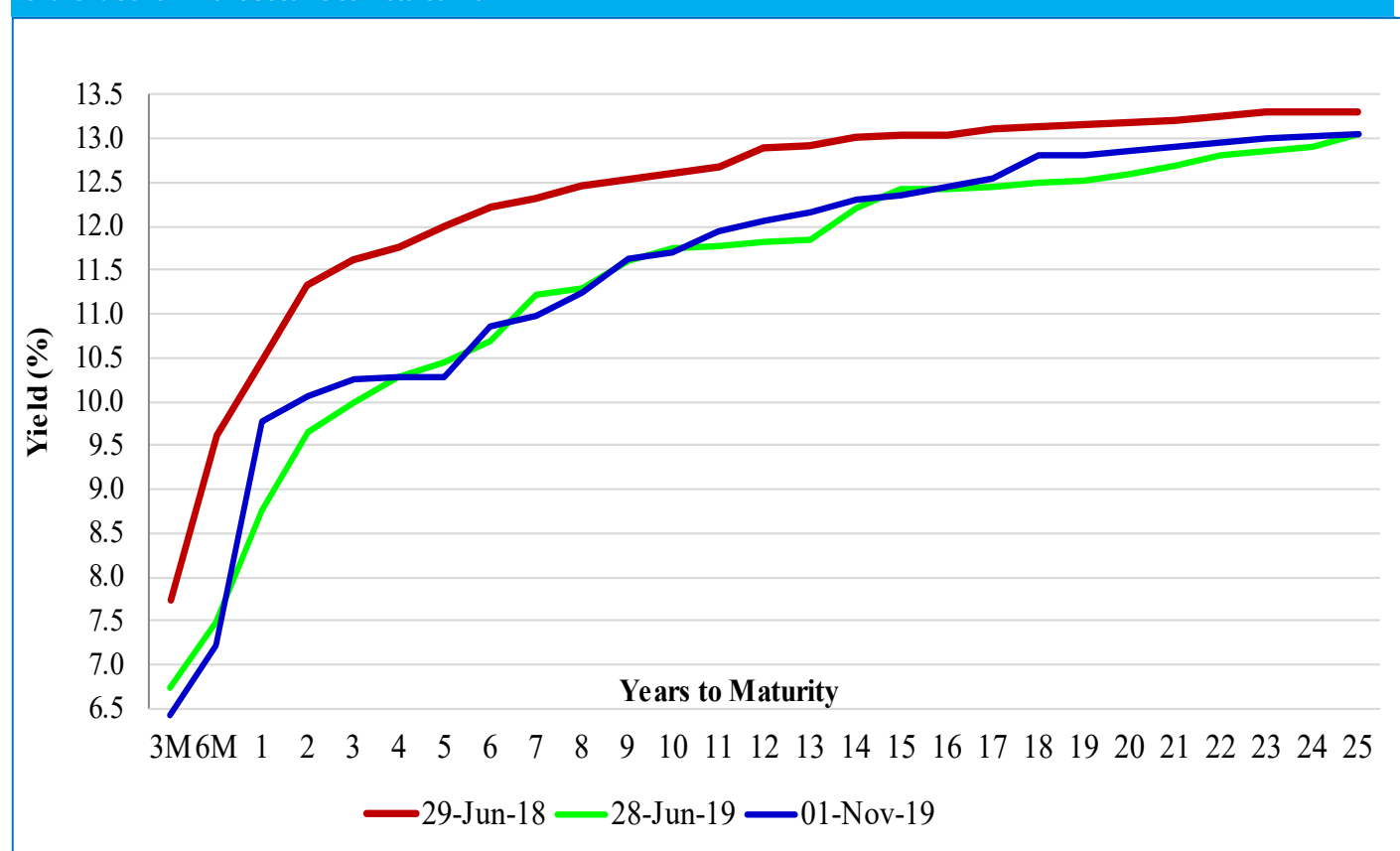
| | | | | | |
|---------------------------|--------------|--------------|--------------|--------------|--------------|
| Amount offered (Ksh M) | 10,000.00 | 10,000.00 | 10,000.00 | 10,000.00 | 10,000.00 |
| Bids received (Ksh M) | 8,683.06 | 19,878.31 | 13,516.54 | 16,004.60 | 27,701.94 |
| Amount Accepted (Ksh M) | 7,769.72 | 11,581.85 | 12,996.78 | 12,781.75 | 22,439.77 |
| Maturities (Ksh M) | 16,078.65 | 10,320.85 | 11,567.75 | 15,795.65 | 15,756.85 |
| Average interest Rate (%) | 9.392 | 9.777 | 9.780 | 9.780 | 9.787 |

Source: Central Bank of Kenya

Table 5: Treasury Bonds Auctions

| Date of Auction | 13-Jun-19 | | 18-Sep-19 | | 25-Sep-19 | | 23-Oct-19 |
|---------------------------|---------------|---------------|---------------|---------------|---------------|---------------|--------------|
| | REOPEN | | REOPEN | | TAP | | |
| Tenor | FXD 1/2012/15 | FXD 1/2018/15 | FXD 1/2018/15 | FXD 2/2019/15 | FXD 1/2018/15 | FXD 2/2019/15 | IFB1/2019/16 |
| Amount offered (Ksh M) | 40,000.00 | | 50,000.00 | | 30,000.00 | | 60,000.00 |
| Bids received (Ksh M) | 85,615.66 | | 32,624.57 | | 9,320.40 | | 86,946.69 |
| Amount Accepted (Ksh M) | 21,211.35 | 17,727.97 | 15,256.19 | 17,368.38 | 3,453.83 | 5,906.13 | 68,466.07 |
| Maturities (Ksh M) | 0.00 | 0.00 | 46,205.50 | | 3,453.83 | 5,906.13 | 0.00 |
| Average interest Rate (%) | 11.59 | 12.46 | 12.56 | 12.67 | 12.56 | 12.67 | 12.39 |

Source: Central Bank of Kenya

Chart 1: Government Securities Yield Curve

Source: Nairobi Securities Exchange (NSE)

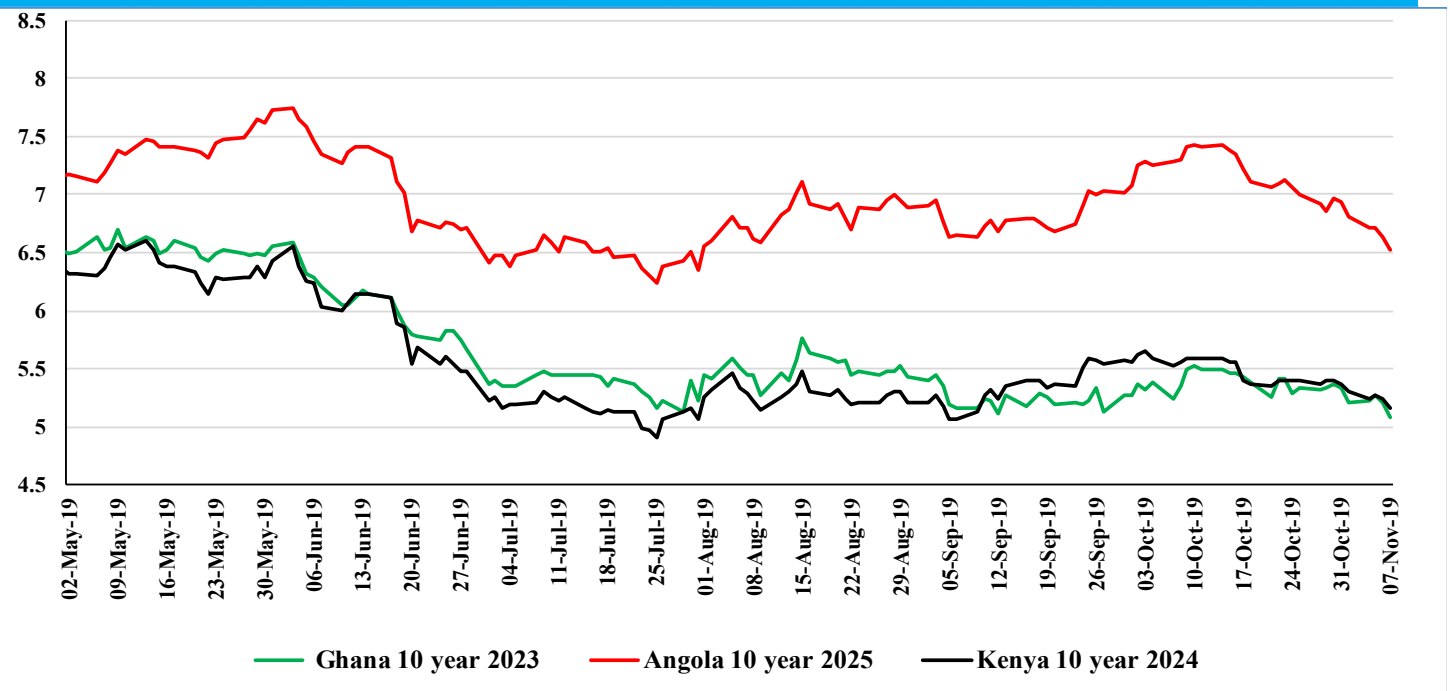
Table 6: Key Weekly Market Indicators

| INDICATOR | NASI 100=2008 | NSE 25 Share Index | NSE 20 Share Index 100=1996 | Total Deals (Equity) | Total Shares Traded (Mil- lion) | Equity Turnover (KSh Million) | Market Capital- ization (KSh Billion) | Bonds Turnover (KSh Million) | 7-Year Euro- bond Yield (%) | 10-Year Euro- bond Yield (%) 2024 | 10-Year Euro- bond Yield (%) 2028 | 12-Year Euro- bond Yield (%) | 30-Year Euro- bond Yield (%) |
|---------------------------|------------------|--------------------------|--------------------------------------|----------------------------|---|--|---|---------------------------------------|---|--|--|--|--|
| 25-Oct-19 | 150.07 | 3604.21 | 2489.95 | 880.00 | 38.37 | 1,450.41 | 2,293.43 | 1,433.36 | 6.250 | 5.399 | 6.462 | 7.162 | 7.882 |
| 28-Oct-19 | 148.08 | 3635.76 | 2518.44 | 783.00 | 9.16 | 334.54 | 2,310.86 | 277.56 | 6.203 | 5.367 | 6.389 | 7.162 | 7.812 |
| 29-Oct-19 | 151.57 | 3642.76 | 2527.46 | 892.00 | 12.99 | 412.39 | 2,314.60 | 380.19 | 6.225 | 5.392 | 6.386 | 7.162 | 7.818 |
| 30-Oct-19 | 155.23 | 3777.38 | 2580.66 | 1,440.00 | 44.19 | 1,777.84 | 2,370.60 | 11,858.91 | 6.243 | 5.396 | 6.421 | 7.193 | 7.847 |
| 31-Oct-19 | 159.55 | 3927.17 | 2643.39 | 1,947.00 | 62.19 | 2,417.39 | 2,438.09 | 2,796.68 | 6.218 | 5.365 | 6.400 | 7.193 | 7.826 |
| October25-31 | 159.55 | 3927.17 | 2643.39 | 5,942 | 166.90 | 6,392.56 | 2,438.09 | 16,747 | 6.218 | 5.365 | 6.400 | 7.193 | 7.826 |
| 1-Nov-19 | 164.35 | 4080.98 | 2733.75 | 1,851 | 57.47 | 2,477.51 | 2,508.46 | 3,163.09 | 6.099 | 5.302 | 6.309 | 7.038 | 7.734 |
| 4-Nov-19 | 163.16 | 4012.40 | 2727.91 | 1,629 | 37.22 | 931.79 | 2,490.30 | 2,133.31 | 6.047 | 5.244 | 6.144 | 7.038 | 7.666 |
| 5-Nov-19 | 162.73 | 3992.57 | 2730.12 | 1,367 | 19.96 | 665.97 | 2,483.71 | 4,069.88 | 6.073 | 5.275 | 6.234 | 7.038 | 7.713 |
| 6-Nov-19 | 164.99 | 4071.22 | 2766.77 | 2,023 | 83.14 | 3,186.82 | 2,518.28 | 1,872.62 | 6.099 | 5.242 | 6.290 | 7.084 | 7.772 |
| 7-Nov-19 | 165.57 | 4052.89 | 2747.48 | 1,316 | 28.61 | 883.10 | 2,527.12 | 2,321.53 | 6.067 | 5.167 | 6.251 | 7.022 | 7.734 |
| November 1-7 | 165.57 | 4052.89 | 2747.48 | 8,186.00 | 226.39 | 8,145.20 | 2,527.12 | 13,560.43 | 6.067 | 5.167 | 6.251 | 7.022 | 7.734 |
| Weekly Changes (%) | 3.77 | 3.20 | 3.94 | 37.77 | 35.65 | 27.42 | 3.65 | -19.03 | -0.151* | -0.198* | -0.149* | -0.171* | -0.092* |

* Percentage points

Source: Nairobi Securities Exchange, Thompson Reuters and 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 | 26-Jul-19 | 30-Aug-19 | 27-Sep-19 | 25-Oct-19 | 01-Nov-19 |
| 1. Treasury Bills (Excluding Repos) | 954.25 | 952.98 | 947.89 | 933.10 | 910.38 | 896.82 |
| (As % of total securities) | 35.31 | 35.28 | 33.97 | 33.78 | 33.12 | 31.95 |
| 2. Treasury Bonds | 1,748.15 | 1,748.15 | 1,842.38 | 1,828.78 | 1,838.11 | 1,909.78 |
| (As % of total securities) | 64.69 | 64.72 | 66.03 | 66.22 | 66.88 | 68.05 |
| 3. Total Securities (1+2) | 2,702.40 | 2,701.13 | 2,790.26 | 2,761.88 | 2,748.50 | 2,806.60 |
| 4. Overdraft at Central Bank | 57.33 | 64.52 | 59.55 | 52.58 | 50.55 | 65.50 |
| 5. Other Domestic debt* | 25.76 | 25.76 | 25.69 | 25.68 | 25.73 | 25.03 |
| 6. Gross Domestic Debt (3+4+5) | 2,785.48 | 2,791.42 | 2,875.50 | 2,840.13 | 2,824.78 | 2,897.13 |

* 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 | 26-Jul-19 | 30-Aug-19 | 27-Sep-19 | 25-Oct-19 | 01-Nov-19 |
| Treasury bills (Excluding Repos) | 34.26 | 34.13 | 32.96 | 32.80 | 32.17 | 30.90 |
| Treasury bonds | 62.78 | 62.63 | 64.08 | 64.46 | 65.13 | 65.96 |
| CBK Overdraft to Government | 2.06 | 2.31 | 2.07 | 1.85 | 1.79 | 2.26 |
| Other domestic debt | 0.91 | 0.92 | 0.89 | 0.90 | 0.91 | 0.89 |
| 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 | 26-Jul-19 | 30-Aug-19 | 27-Sep-19 | 25-Oct-19 | 01-Nov-19 |
| Banking Institutions | 54.37 | 54.57 | 54.35 | 53.28 | 52.11 | 54.21 |
| Insurance Companies | 6.13 | 6.11 | 6.18 | 6.40 | 6.89 | 6.45 |
| Parastatals | 6.98 | 7.00 | 6.98 | 7.32 | 7.23 | 6.84 |
| Pension funds | 28.24 | 28.05 | 28.19 | 28.70 | 29.55 | 28.12 |
| Other investors | 4.28 | 4.27 | 4.29 | 4.30 | 4.23 | 4.38 |
| 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 | Mar-19 | Jun-19 | Jul-19 | Aug-19 | Sep-19 |
| Domestic debt (KSh Billion) | 2,478.84 | 2,699.09 | 2,785.94 | 2,844.12 | 2,876.00 | 2,856.60 |
| Public & Publicly Guaranteed External debt (US \$ Billion) | 25.34 | 27.01 | 29.55 | 30.32 | 30.26 | 29.95 |
| Public & Publicly Guaranteed External debt (KSh Billion) | 2,560.20 | 2,721.60 | 3,023.14 | 3,160.06 | 3,133.54 | 3,111.80 |
| Total public debt (KSh Billion) | 5,039.03 | 5,420.68 | 5,809.08 | 6,004.18 | 6,009.54 | 5,968.40 |

Source: National Treasury and Central Bank of Kenya