



Central Bank of Kenya

Weekly Bulletin

January 8, 2021

KEY MONETARY AND FINANCIAL INDICATORS

Exchange Rates

The Kenya Shilling remained stable against major international and regional currencies during the week ending January 7. It exchanged at KSh 109.47 per US dollar on January 7, compared to KSh 109.17 per US dollar on December 31 (Table 1).

Foreign Exchange Reserves

The usable foreign exchange reserves remained adequate at USD 7,722 million (4.74 months of import cover) as at January 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).

Current Account

Provisional data on the balance of payments shows that the current account deficit narrowed to 4.7 percent of GDP in the year to November 2020 compared to 5.4 percent of GDP in the year to November 2019. This improvement was attributed to savings from oil imports, resilient earnings from exports and remittances (Chart 1).

Money Market

The money market was liquid during the week ending January 7, supported by government payments. Commercial banks' excess reserves stood at KSh 15.7 billion in relation to the 4.25 percent cash reserves requirement (CRR). Open market operations remained active. The average interbank rate declined to 6.09 percent on January 7 from 6.19 percent on December 31. The average number of interbank deals per day decreased to 13 from 29 in the previous week, while the average value traded decreased to KSh 5.2 billion from KSh 16.4 billion in the previous week (Table 3).

Government Securities Market

The Treasury bills auction of January 7 received bids totalling KSh 15.8 billion against an advertised amount of KSh 24.0 billion, representing a performance of 65.7 percent. Interest rates remained stable with the 91-day rate declining while the 182-day and 364-day rates increased marginally (Table 4).

The 2-year Treasury bond auction of January 6 received bids totalling KSh 61.2 billion against an advertised

amount of KSh 25.0 billion, representing a performance of 244.6 percent. The interest rate on the bond averaged 9.49 percent (Table 5).

Equity Market

At the Nairobi Securities Exchange, the NASI, NSE 25, and the NSE 20 share price indices increased by 1.2 percent, 0.7 percent and 0.6 percent, respectively during the week ending January 7. Market capitalization, total shares traded and the equity turnover also rose by 1.2 percent, 110.5 percent and 190.1 percent, respectively (Table 6).

Bonds Market

Turnover of bonds traded in the domestic secondary market declined by 41.8 percent during the week ending January 7 (Table 6). In the international market, yields on Kenya's Eurobonds remained stable, rising marginally by an average of 0.96 basis points. The yields on the 10-year Eurobonds for Ghana and Angola also remained relatively stable (Chart 3).

Global Trends

Global financial markets sentiment remained strong during the week ending January 7 despite the chaos that rocked the US congress on January 6. Investors were focused on the prospect of additional economic stimulus, the likelihood of orderly transition in the US presidency, and the prospective lessening of COVID-19 with the wider availability of vaccines.

International oil prices increased during the week ending January 7, partly due to Saudi Arabia's surprise announcement of an additional one million barrels' production cut. Murban oil price increased to USD 54.53 on January 7 from USD 51.52 on December 31.

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

	USD	Sterling Pound	Euro	100 Japanese Yen	USHS*	TSHS*	RWF*	BIF*
25-Dec-20	Public Holiday							
28-Dec-20	108.77	147.63	132.68	105.06	33.53	21.32	9.11	17.83
29-Dec-20	108.77	146.82	132.76	104.90	33.50	21.32	9.11	17.83
30-Dec-20	109.04	147.21	133.52	105.55	33.43	21.27	9.09	17.79
31-Dec-20	109.17	148.36	133.90	105.93	33.38	21.24	9.08	17.77
Dec 28-31	108.94	147.50	133.21	105.36	33.46	21.29	9.10	17.81
1-Jan-21	Public Holiday							
4-Jan-21	109.22	149.07	134.18	105.86	33.47	21.23	9.07	17.76
5-Jan-21	109.29	149.15	134.37	106.09	33.67	21.22	9.07	17.76
6-Jan-21	109.38	148.61	134.27	106.44	33.78	21.20	9.06	17.74
7-Jan-21	109.47	149.01	134.88	106.04	33.80	21.18	9.05	17.73
Jan 4-7	109.34	148.96	134.42	106.11	33.68	21.21	9.06	17.75

* Units of currency per Kenya Shilling

Source: Central Bank of Kenya

Table 2: Official Foreign Exchange Reserves (US\$ Million)

	10-Dec-20	17-Dec-20	24-Dec-20	31-Dec-20	7-Jan-21
1. CBK Usable Foreign Exchange Reserves (USD Million)	7,849	7,837	7,788	7,750	7,722
2. CBK Usable Foreign Exchange Reserves (Months of Import Cover)*	4.82	4.81	4.78	4.76	4.74

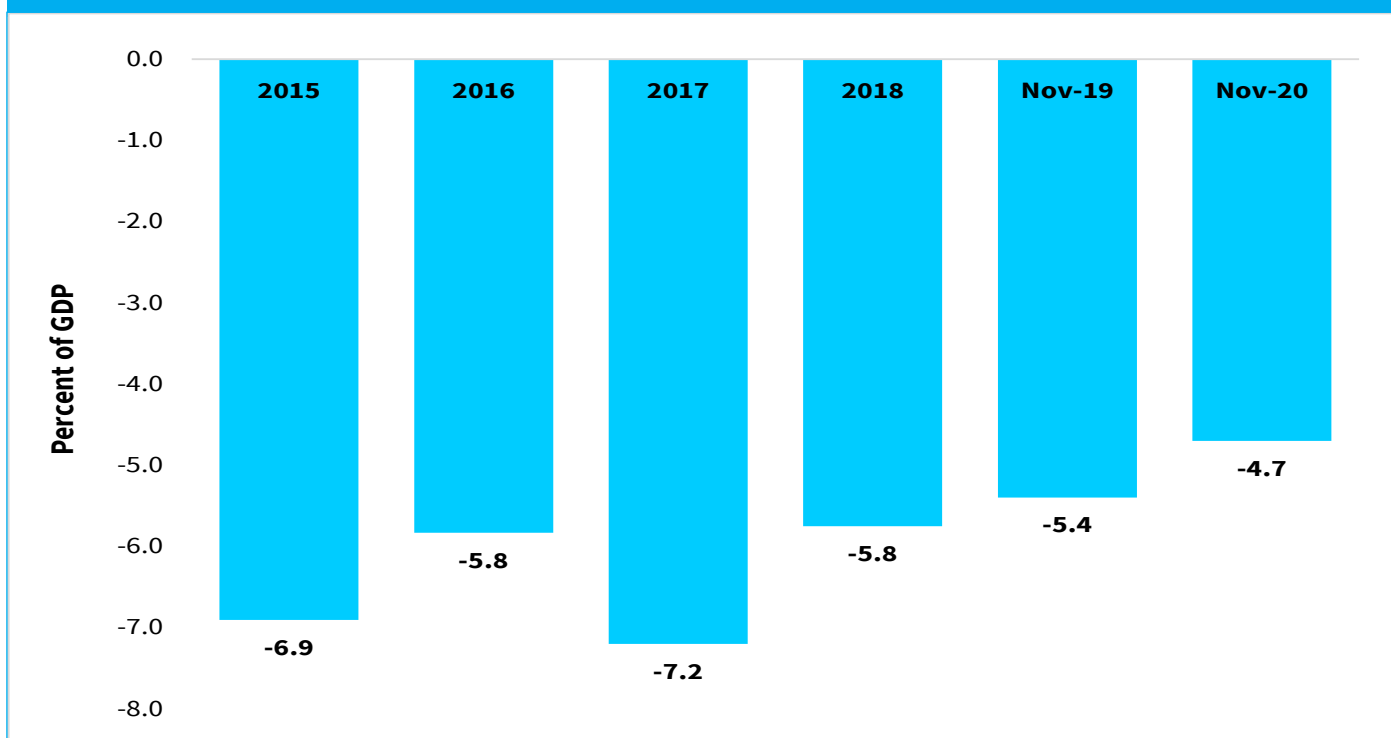
*Based on 36 months average of imports of goods and non-factor services

Source: Central Bank of Kenya

Table 3: Money Market

Date	Number of Deals	Value (KSh M)	Average Interbank Rate (%)
25-Dec-20	Public Holiday		
28-Dec-20	32	18,600.00	6.04
29-Dec-20	24	15,350.00	6.05
30-Dec-20	33	19,520.00	6.05
31-Dec-20	27	12,100.00	6.19
Dec 28-31, 2020	29	16,392.50	6.08
1-Jan-21	Public Holiday		
4-Jan-21	17	4,835.00	6.37
5-Jan-21	14	6,740.00	6.26
6-Jan-21	11	5,380.00	6.12
7-Jan-21	10	3,750.00	6.09
Jan 4-7, 2021	13	5,176.25	6.21

Source: Central Bank of Kenya

Chart 1: Current Account

Source: Central Bank of Kenya

Table 4: Performance of Treasury Bills Auctions

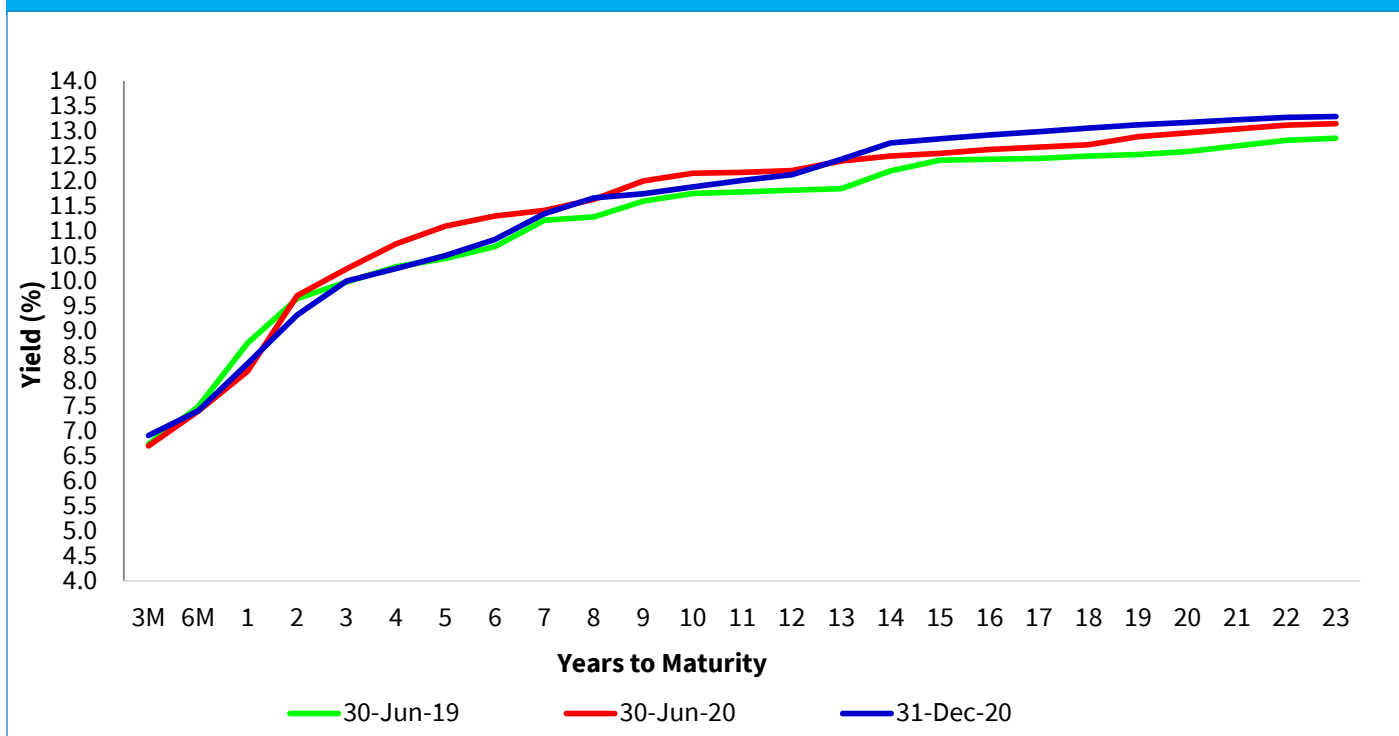
91-Day Treasury Bills						
Date of Auction	3-Dec-20	10-Dec-20	17-Dec-20	23-Dec-20	30-Dec-20	7-Jan-21
Amount Offered (KSh M)	4,000.00	4,000.00	4,000.00	4,000.00	4,000.00	4,000.00
Bids Received (KSh M)	2,971.03	1,550.67	8,629.93	5,752.66	668.93	748.14
Amount Accepted (KSh M)	2,479.53	1,550.67	8,513.96	5,601.50	667.31	746.52
Maturities (KSh M)	2,271.80	7,324.95	6,126.25	1,115.70	4,960.35	7,491.25
Average Interest Rate (%)	6.861	6.901	6.916	6.929	6.906	6.895
182-Day Treasury Bills						
Date of Auction	3-Dec-20	10-Dec-20	17-Dec-20	23-Dec-20	30-Dec-20	7-Jan-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)	2,687.18	3,019.91	7,856.58	2,520.92	564.90	4,999.74
Amount Accepted (KSh M)	2,686.51	2,979.90	7,856.58	2,443.21	564.90	3,072.63
Maturities (KSh M)	9,218.30	6,966.00	4,375.55	1,583.90	11,153.65	7,375.45
Average Interest Rate (%)	7.333	7.363	7.399	7.403	7.400	7.479
364-Day Treasury Bills						
Date of Auction	3-Dec-20	10-Dec-20	17-Dec-20	23-Dec-20	30-Dec-20	7-Jan-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)	5,258.63	5,280.71	5,207.09	4,400.22	3,953.88	10,021.31
Amount Accepted (KSh M)	4,727.59	5,188.48	4,972.92	2,093.79	3,953.88	10,021.31
Maturities (KSh M)	5,178.95	6,074.95	7,679.10	3,790.80	9,385.40	40,439.15
Average Interest Rate (%)	8.204	8.246	8.283	8.338	8.348	8.363

Source: Central Bank of Kenya

Table 5: Performance of Treasury Bond Auctions

Date of Auction	18-Nov-20		9-Dec-20		23-Dec-20		6-Jan-21
	REOPEN		REOPEN		TAP		
Tenor	FXD2/ 2013/15	FXD1/ 2018/20	FXD1/ 2012/15	FXD2/ 2019/15	FXD1/ 2012/15	FXD2/ 2019/15	FXD1/ 2021/02
Amount offered (KSh M)	40,000.00		40,000.00		22,000.00		25,000.00
Bids received (KSh M)	27,102.68	28,877.58	9,259.23	15,079.12	2,578.40	7,433.65	61,150.39
Amount Accepted (KSh M)	26,226.46	27,490.59	8,549.51	9,706.88	2,522.81	7,396.48	55,860.26
Maturities (KSh M)	30,673.85		0.00		0.00		0.00
Average interest Rate (%)	11.45	13.25	11.46	12.81	11.00	12.73	9.49

Source: Central Bank of Kenya

Chart 2: 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 (Million)	Equity Turnover (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
25-Dec-20	PUBLIC HOLIDAY								4.981	4.153	5.298	6.003	7.100
28-Dec-20	149.69	3345.45	1830.06	730.00	6.59	109.48	2,308.76	2,275.10	4.964	4.077	5.258	6.018	7.119
29-Dec-20	150.00	3363.65	1838.84	721.00	5.36	86.41	2,313.44	1,985.65	4.935	4.040	5.258	5.958	7.072
30-Dec-20	150.97	3385.77	1853.06	698.00	7.07	184.99	2,319.25	1,305.70	4.862	4.032	5.236	5.897	7.062
31-Dec-20	152.11	3415.24	1868.39	667.00	4.00	86.10	2,336.70	478.50	4.862	3.919	5.216	5.852	7.043
Dec 25-31	152.11	3415.24	1868.39	2816.00	23.02	466.98	2336.70	6044.95	4.862	3.919	5.216	5.852	7.043
1-Jan-21	PUBLIC HOLIDAY								4.862	3.919	5.216	5.852	7.043
4-Jan-21	152.04	3410.11	1872.42	738.00	8.68	242.14	2,335.68	569.45	4.757	3.807	5.136	5.793	6.969
5-Jan-21	152.49	3412.13	1877.89	909.00	13.06	384.89	2,342.55	811.20	4.780	3.841	5.155	5.822	6.978
6-Jan-21	153.82	3428.83	1869.26	1,056.00	21.06	596.75	2,363.09	1,534.35	4.796	3.802	5.174	5.851	7.015
7-Jan-21	153.94	3438.04	1879.92	827.00	5.67	130.97	2,364.92	606.05	4.726	3.649	5.113	5.776	6.988
Jan 1-7	153.94	3438.04	1879.92	3530.00	48.46	1354.73	2364.92	3521.05	4.726	3.649	5.113	5.776	6.988
Weekly Changes (%)	1.20	0.67	0.62	25.36	110.48	190.10	1.21	-41.75	0.017*	-0.050*	0.036*	0.027*	0.018*

* Percentage points

Source: Nairobi Securities Exchange (NSE) and Thompson Reuters

Table 7: Government Domestic Debt (KSh Billion)

	28-Jun-19	31-Dec-19	31-Mar-20	30-Jun-20	30-Sep-20	24-Dec-20	31-Dec-20
1. Treasury Bills (Excluding Repos)	954.25	878.94	900.62	887.14	894.73	851.81	855.71
(As % of total securities)	35.29	30.80	30.09	28.55	26.50	25.03	25.04
2. Treasury Bonds	1,749.71	1,974.69	2,092.64	2,220.34	2,482.24	2,551.34	2,561.33
(As % of total securities)	64.71	69.20	69.91	71.45	73.50	74.97	74.96
3. Total Securities (1+2)	2,703.96	2,853.63	2,993.26	3,107.48	3,376.98	3,403.16	3,417.05
4. Overdraft at Central Bank	57.33	63.72	54.18	47.15	56.21	53.67	47.60
5. Other Domestic debt*	25.76	24.75	25.10	23.24	23.92	24.17	24.16
6. Gross Domestic Debt (3+4+5)	2,787.04	2,942.10	3,072.54	3,177.87	3,457.11	3,481.15	3,482.15

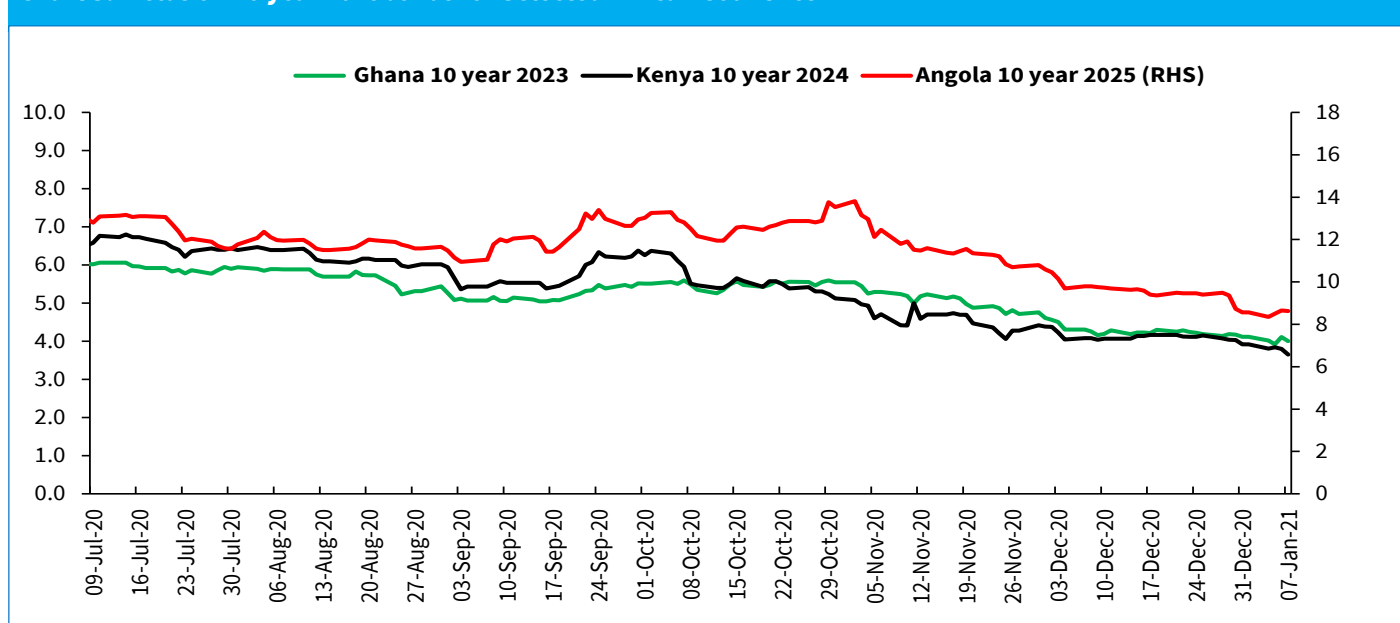
* Other domestic debt includes clearing items in transit, advances from commercial banks, Pre-1997 Government Overdraft and Tax Reserve Certificates

Source: Central Bank of Kenya

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

	28-Jun-19	31-Dec-19	31-Mar-20	30-Jun-20	30-Sep-20	24-Dec-20	31-Dec-20
Treasury bills (Excluding Repos)	34.24	29.87	29.31	27.92	25.88	24.47	24.57
Treasury bonds	62.78	67.12	68.11	69.87	71.80	73.29	73.56
Overdraft at Central Bank	2.06	2.17	1.76	1.48	1.63	1.54	1.37
Other domestic debt	0.92	0.84	0.82	0.73	0.69	0.69	0.69
TOTAL	100.00	100.00	100.00	100.00	100.00	100.00	100.19

Source: Central Bank of Kenya

Chart 3: Yields on 10 year Eurobonds for Selected African Countries

Source: Thomson Reuters

Table 9: Composition of Government Domestic Debt by Holder (In Percent)

	30-Jun-19	31-Dec-19	31-Mar-20	30-Jun-20	30-Sep-20	24-Dec-20	31-Dec-20
Banking Institutions	54.38	54.33	54.33	54.86	55.15	53.67	53.29
Insurance Companies	6.13	6.42	6.30	6.05	6.16	6.36	6.44
Parastatals	6.97	6.49	6.13	5.73	5.47	5.66	5.68
Pension Funds	28.24	28.60	29.04	29.05	28.52	30.04	30.32
Other Investors	4.28	4.17	4.20	4.32	4.71	4.26	4.27
Total	100.00	100.00	100.00	100.00	100.00	100.00	100.00

Source: Central Bank of Kenya

Table 10: Indicators of Government Debt

	Jun-19	Sep-19	Dec-19	Mar-20	Jun-20	Aug-20	Sep-20
Domestic debt (KShs Bn)	2,787.04	2,851.64	2,942.10	3,072.54	3,177.87	3,401.61	3,457.11
Public & Publicly Guaranteed External debt (US \$ Bn)	29.55	29.95	30.66	30.69	33.01	33.88	33.77
Public & Publicly Guaranteed External debt (KSh Bn)	3,023.14	3,111.80	3,106.82	3,212.63	3,515.81	3,666.32	3,663.49
Public debt (KSh Bn)	5,810.18	5,963.44	6,048.93	6,285.18	6,693.68	7,067.93	7,120.60

Source: National Treasury and Central Bank of Kenya