



Central Bank of Kenya

Weekly Bulletin

April 9, 2020

KEY MONETARY AND FINANCIAL INDICATORS

Exchange Rate

The Kenya Shilling remained relatively stable against major international and regional currencies during the week ending April 9. It exchanged at KSh 106.00 per US dollar on April 9 compared to KSh 105.19 on April 2 (Table 1).

Foreign Exchange Reserves

The CBK usable foreign exchange reserves remained adequate at USD 7,974 million (4.84 months of import cover) as at April 9. 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 April 9, largely supported by government payments, which offset tax receipts. Commercial banks' excess reserves stood at KSh 41.3 billion in relation to the 4.25 percent cash reserves requirement (CRR). Open market operations remained active. The average interbank rate declined to 5.32 percent on April 9 compared to 5.65 percent on April 2. The average number of interbank deals per day decreased to 14 from 21 in the previous week, while the value traded decreased to KSh 8.2 billion from KSh 10.8 in the previous week (Table 3).

Government Securities Market

The Treasury bills auction of April 9 received bids totaling KSh 8.5 billion against an advertised amount of KSh 24.0 billion, representing a performance of 35.6 percent. Interest rates on the three Treasury bills decreased (Table 4).

The 9-year Infrastructure bond offered at the auction of April 8 received bids totalling KSh 68.4 billion against an advertised

amount of KSh 60.0 billion, representing a performance of 114.0 percent (Table 5). The interest rate for the bond decreased compared to the previous issue of similar Infrastructure bond.

Equity Market

The number of shares traded and equity turnover at the Nairobi Securities Exchange rose by 20.8 percent and 17.2 percent, respectively, during the week ending April 9. However, the NASI, NSE 25 and NSE 20 share price indices, declined by 4.1 percent, 3.0 percent and 0.9 percent, respectively. Market capitalization also declined by 4.1 percent (Table 6).

Bond Market

Turnover of bonds traded in the domestic secondary market declined by 58.6 percent during the week ending April 9 (Table 6). In the international market, yields on Kenya's Eurobonds declined by an average of 72.1 basis points. The yields on the 10-year Eurobonds for Angola and Ghana also declined (Chart 3).

Global Trends

Global financial markets remained volatile during the week, reflecting the growing concerns by investors about the intensity and duration of the coronavirus-induced global economic shock.

International oil prices remained depressed despite an agreement by Russia and OPEC to cut oil production by 10 million barrels per day. This is due to the expected further fall in demand in April. Murban oil price rose from USD 22.40 per barrel on April 2 to USD 25.77 per barrel on April 6 before declining to USD 24.09 per barrel on April 9.

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

	USD	Sterling Pound	Euro	100 Japanese Yen	USHS*	TSHS*	RWF*	BIF*
27-Mar-20	105.11	125.96	115.36	95.80	37.05	21.96	9.06	17.97
30-Mar-20	104.45	127.70	114.56	96.00	36.33	22.12	9.12	18.09
31-Mar-20	104.69	129.87	115.38	96.69	36.25	22.09	9.10	18.05
1-Apr-20	105.11	129.75	115.12	97.19	36.06	22.01	9.06	17.98
2-Apr-20	105.19	130.53	115.09	98.13	36.08	22.00	9.05	17.96
Mar 27-Apr 2	104.91	128.76	115.10	96.76	36.35	22.04	9.08	18.01
3-Apr-20	105.67	131.23	115.30	97.93	35.82	21.89	9.01	17.88
6-Apr-20	105.91	129.82	114.39	97.54	35.55	21.84	8.99	17.84
7-Apr-20	106.18	130.44	114.75	97.59	35.48	21.79	8.97	17.80
8-Apr-20	106.47	131.46	115.95	97.76	35.45	21.73	8.94	17.75
9-Apr-20	106.00	131.04	115.16	97.35	35.90	21.83	8.98	17.83
Apr 3-9	106.04	130.80	115.11	97.64	35.64	21.82	8.98	17.82

*Unit of currency per Kenya Shilling

Source: Central Bank of Kenya

Table 2: Official Usable Foreign Exchange Reserves

	5-Mar-20	12-Mar-20	19-Mar-20	26-Mar-20	2-Apr-20	9-Apr-20
1. CBK Usable Foreign Exchange Reserves (USD Million)	8,411	8,417	8,298	7,965	7,874	7,974
2. CBK Usable Foreign Exchange Reserves (Months of Import Cover)*	5.11	5.11	5.04	4.84	4.76	4.84

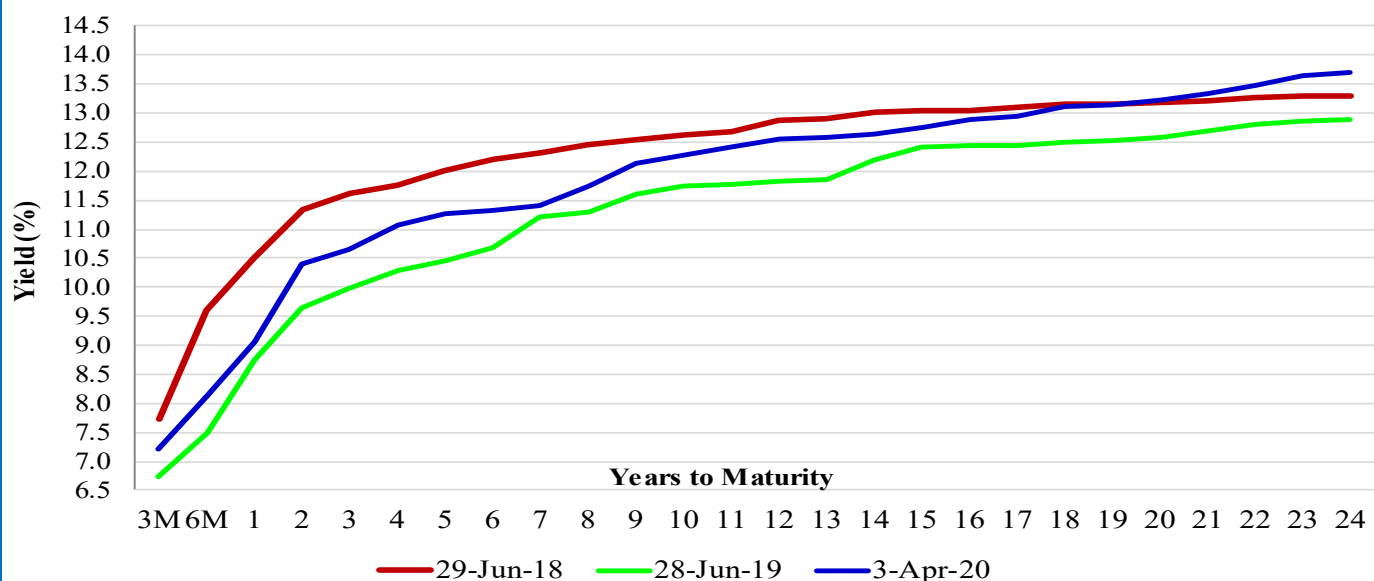
*Based on 36 months average of imports of goods and non-factor services.

Source: Central Bank of Kenya

Table 3: Money Market

Date	Number of Deals	Value (KSh M)	Average Interbank Rate (%)
27-Mar-20	38	23,550.00	4.83
30-Mar-20	24	13,600.00	4.79
31-Mar-20	17	6,640.00	5.19
1-Apr-20	12	3,590.00	5.32
2-Apr-20	13	6,750.00	5.65
March 27 - Apr 2, 2020	21	10,826.00	5.16
3-Apr-20	14	10,330.00	5.12
6-Apr-20	7	5,100.00	5.61
7-Apr-20	12	7,650.00	5.34
8-Apr-20	13	9,330.00	4.95
9-Apr-20	24	8,350.00	5.32
April 3 - 9, 2020	14	8,152.00	5.27

Source: Central Bank of Kenya

Chart 1: Government Securities Yield Curve


Source: Nairobi Securities Exchange (NSE)

Table 4: Treasury Bills Auctions
91-Day Treasury Bills

Date of Auction	12-Mar-20	19-Mar-20	26-Mar-20	2-Apr-20	9-Apr-20
Amount offered (Ksh M)	4,000.00	4,000.00	4,000.00	4,000.00	4,000.00
Bids received (Ksh M)	8,071.07	549.29	3,585.60	907.51	571.03
Amount Accepted (Ksh M)	2,196.46	549.29	3,409.70	907.41	565.68
Maturities (Ksh M)	3,784.15	4,530.30	352.65	2,703.95	587.75
Average interest Rate (%)	7.313	7.275	7.240	7.220	7.209

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)	9,246.20	3,608.32	3,346.27	4,625.78	1,625.45
Amount Accepted (Ksh M)	2,519.44	3,604.10	3,346.27	4,625.68	1,567.35
Maturities (Ksh M)	1,077.75	726.15	444.35	1,321.75	510.55
Average interest Rate (%)	8.104	8.030	8.118	8.145	8.106

364-Day Treasury Bills

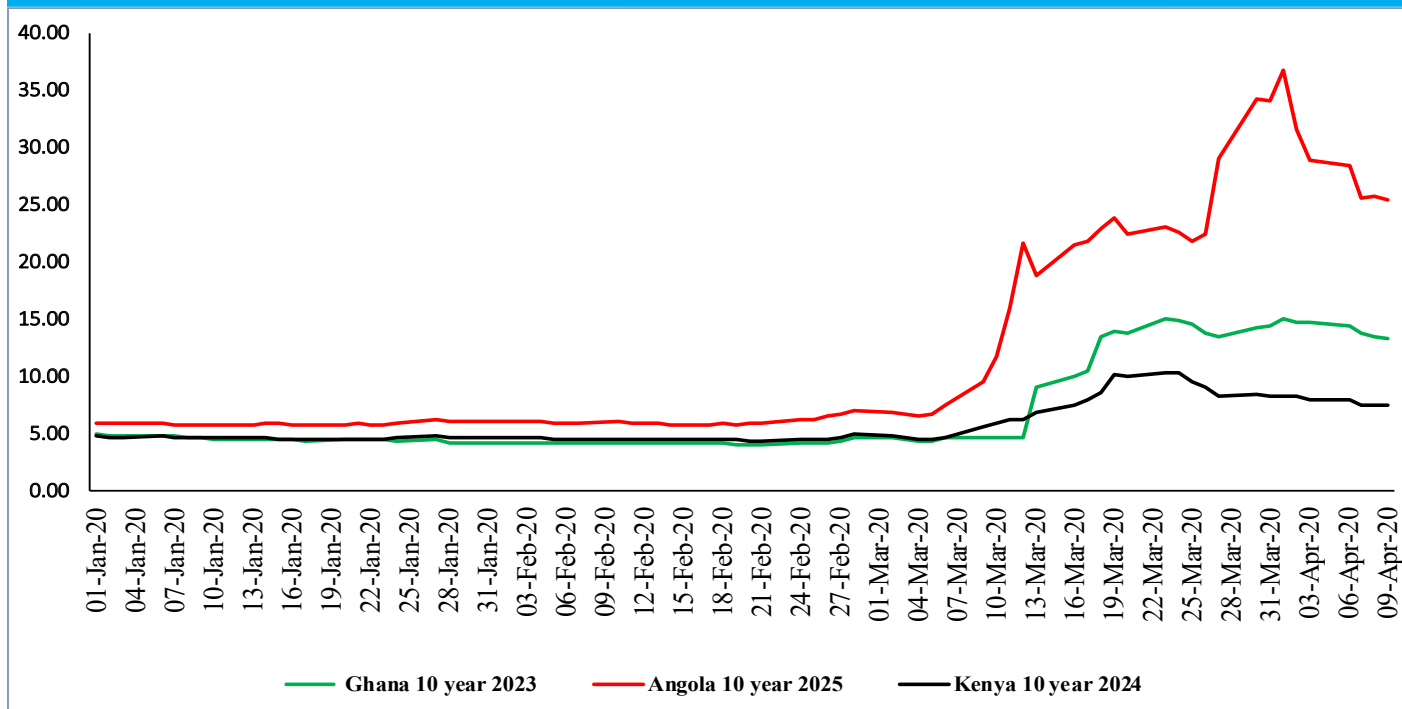
Amount offered (Ksh M)	10,000.00	10,000.00	10,000.00	10,000.00	10,000.00
Bids received (Ksh M)	46,038.14	16,937.18	6,735.47	21,511.97	6,335.57
Amount Accepted (Ksh M)	17,823.06	16,877.17	4,904.30	21,511.97	6,335.57
Maturities (Ksh M)	17,647.60	29,105.80	25,858.15	32,602.25	19,389.20
Average interest Rate (%)	9.100	9.051	9.045	9.049	9.040

Source: Central Bank of Kenya

Table 5: Treasury Bonds Auctions

Date of Auction	22-Jan-20		19-Feb-20		18-Mar-20		8-Apr-20
	REOPEN		REOPEN		REOPEN		
Tenor	FXD1/2019/5	FXD1/2019/10	FXD1/2020/15	FXD1/2018/25	FXD1/2018/20	FXD1/2018/25	IFB1/2020/9
Amount offered (Ksh M)	50,000.00		50,000.00		50,000.00		60,000.00
Bids received (Ksh M)	69,941.73		42,494.66		35,155.99		68,413.78
Amount Accepted (Ksh M)	44,488.60	19,259.58	5,194.04	22,678.92	8,274.69	14,638.57	39,010.13
Maturities (Ksh M)	0.00		0.00		0.00		0.00
Average interest Rate (%)	11.50	12.43	12.76	13.60	13.29	13.82	12.05

Source: Central Bank of Kenya

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

Source: Thomson Reuters

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 (%) 2027	10-Year Euro- bond Yield (%) 2024	10- Year Euro- bond Yield (%) 2028	12-Year Euro- bond Yield (%) 2032	30-Year Euro- bond Yield (%) 2048
27-Mar-20	127.30	2995.86	1917.67	1,229	30.80	864.48	1,945.25	3,711.06	9.061	8.258	8.550	9.083	8.954
30-Mar-20	129.72	3058.30	1930.75	999	10.74	346.07	1,982.23	3,438.02	8.999	8.480	8.666	9.334	9.132
31-Mar-20	131.92	3109.00	1966.12	1,132	26.90	739.24	2,016.06	1,478.63	8.777	8.260	8.574	9.084	9.026
1-Apr-20	133.25	3126.53	1967.93	1,085	16.91	473.54	2,036.06	1,111.76	9.033	8.408	8.784	9.335	9.159
2-Apr-20	136.68	3162.82	1985.27	975	16.16	478.80	2,088.96	2,052.91	8.875	8.336	8.621	9.238	9.079
March 27- April 2	136.68	3162.82	1985.27	5,420	101.51	2,902.13	2,088.96	11,792.38	8.875	8.336	8.621	9.238	9.079
3-Apr-20	138.68	3208.81	2013.19	946	21.66	636.42	2,118.63	855.52	8.436	8.044	8.345	8.952	8.973
6-Apr-20	135.52	3163.22	2016.20	948	22.25	631.38	2,071.12	1,908.77	8.281	8.044	8.231	8.802	8.805
7-Apr-20	132.72	3100.16	1982.50	1,126	28.10	782.67	2,028.29	461.40	7.674	7.540	7.786	8.509	8.556
8-Apr-20	130.96	3072.17	1968.19	995	23.84	547.94	2,001.25	1,120.69	7.795	7.542	7.852	8.546	8.593
9-Apr-20	131.07	3067.47	1967.13	1,028	26.76	802.10	2,003.02	533.62	7.868	7.578	7.897	8.546	8.655
April 3-9	131.07	3067.47	1967.13	5,043	122.60	3,400.51	2,003.02	4,879.99	7.868	7.578	7.897	8.546	8.655
Weekly Changes (%)	-4.10	-3.01	-0.91	-6.96	20.78	17.17	-4.11	-58.62	-1.007*	-0.758*	-0.724*	-0.692*	-0.424*

* Percentage points

Source: Nairobi Securities Exchange (NSE)

Table 7: Government Domestic Debt (KSh Billion)

	28-Jun-19	31-Dec-19	31-Jan-20	28-Feb-20	27-Mar-20	03-Apr-20
1. Treasury Bills (Excluding Repos)	954.25	878.94	880.01	917.87	916.70	902.29
(As % of total securities)	35.31	30.80	30.15	30.75	30.49	30.15
2. Treasury Bonds	1,748.15	1,974.69	2,038.71	2,066.89	2,090.29	2,090.29
(As % of total securities)	64.69	69.20	69.85	69.25	69.51	69.85
3. Total Securities (1+2)	2,702.40	2,853.63	2,918.72	2,984.76	3,006.99	2,992.58
4. Overdraft at Central Bank	57.33	58.96	59.19	30.47	39.13	54.18
5. Other Domestic debt*	25.76	29.52	25.79	25.74	25.73	25.73
6. Gross Domestic Debt (3+4+5)	2,785.48	2,942.10	3,003.70	3,040.96	3,071.85	3,072.49

* 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	31-Dec-19	31-Jan-20	28-Feb-20	27-Mar-20	3-Apr-20
Treasury bills (Excluding Repos)	34.26	29.87	29.30	30.18	29.84	29.37
Treasury bonds	62.76	67.12	67.87	67.97	68.05	68.03
CBK Overdraft to Government	2.06	2.00	1.97	1.00	1.27	1.76
Other domestic debt	0.92	1.00	0.86	0.85	0.84	0.84
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	31-Dec-19	31-Jan-20	28-Feb-20	27-Mar-20	3-Apr-20
Banking Institutions	54.38	54.33	54.65	54.38	54.50	54.28
Insurance Companies	6.13	6.42	6.40	6.29	6.31	6.29
Parastatals	6.97	6.49	6.25	6.23	6.10	6.13
Pension funds	28.24	28.60	28.54	28.86	28.74	28.96
Other investors	4.28	4.17	4.17	4.25	4.34	4.35
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	Dec-18	Jun-19	Nov-19	Dec-19	Jan-20	Feb-20
Domestic debt (KSh Billion)	2,478.84	2,548.77	2,785.94	2,917.36	2,942.10	3,003.70	3,040.96
Public & Publicly Guaranteed External debt (US \$ Billion)	25.34	26.74	29.55	30.30	30.66	30.95	30.87
Public & Publicly Guaranteed External debt (KSh Billion)	2,560.20	2,723.73	3,023.14	3,114.96	3,106.82	3,112.90	3,117.04
Total public debt (KSh Billion)	5,039.03	5,272.50	5,809.08	6,032.32	6,048.93	6,116.60	6,158.00

Source: National Treasury and Central Bank of Kenya