



## PRESS RELEASE

### CBK'S FOREIGN EXCHANGE RESERVES

The Central Bank of Kenya (CBK) notes the comments by the Deputy President, His Excellency Rigathi Gachagua, in an interview on Citizen Television (Kenya) on October 2, 2022. CBK would like to provide the correct position regarding where oil importers obtain the requisite foreign exchange, and about the adequacy of CBK's foreign exchange cover.

First, following the complete liberalization of the foreign exchange market in the 1990's, all foreign exchange for private transactions is obtained from commercial banks. CBK does not supply foreign exchange for transactions other than for the National Government (i.e., government's own imports or debt service payments) or CBK's operations. Oil importers, therefore, obtain their requisite foreign exchange from the commercial banks and not CBK.

Second, CBK's foreign exchange cover remains adequate.

- The Central Bank of Kenya Act (Section 26) requires that CBK "*at all times use its best endeavours to maintain a reserve of external assets at an aggregate amount of not less than the value of four months' imports as recorded and averaged for the last three preceding years.*" This stood at 4.64 months of imports as at September 26, 2022.
- Under the EAC Monetary Union Protocol, members "*undertake to attain and maintain a reserve cover of 4.5 months of imports*" calculated in line with the CBK Act. This stood at 4.64 months of imports as at September 26, 2022.
- CBK also monitors its usable foreign exchange reserves. These stood at USD7,424 million (4.19 months of import) as at September 29, 2022.
- In the context of the IMF-supported economic program, the end-June 2022 adjusted target for net international reserves was USD5,989 million. This stood at USD6,295 million.

The CBK foreign exchange reserves, therefore, continue to provide adequate cover and a buffer against shocks in the foreign exchange market.

**CENTRAL BANK OF KENYA**

October 2, 2022