



Central Bank of Kenya

# Weekly Bulletin

December 23, 2022



## RECENT MONETARY AND FINANCIAL DEVELOPMENTS

### Exchange Rates

The Kenya Shilling remained stable against major international and regional currencies during the week ending December 22. It exchanged at KSh 123.16 per US dollar on December 22, compared to KSh 122.94 per US dollar on December 15 (**Table 1**).

### Foreign Exchange Reserves

The usable foreign exchange reserves remained adequate at USD 7,537 million (4.22 months of import cover) as at December 22. This meets the CBK's statutory requirement to endeavor to maintain at least 4 months of import cover (**Table 2**).

### Money Market

Liquidity in the money market decreased during the week ending December 22 as tax remittances more than offset government payments. Commercial banks' excess reserves stood at KSh 20.3 billion in relation to the 4.25 percent cash reserves requirement (CRR). Open market operations remained active. The average interbank rate was 5.48 percent on December 22 compared to 5.06 percent on December 15. During the week, the average number of interbank deals declined marginally to 32 from 33 in the previous week, while the average value traded declined to KSh 23.1 billion from KSh 30.0 billion (**Table 3**).

### Government Securities Market

The Treasury bill auction of December 22, received bids totaling KSh 16.8 billion against an advertised amount of KSh 24.0 billion, representing a performance of 69.9 percent. Interest rates remained stable, with 91-day, 182-day and 364-day Treasury bill rates increasing marginally (**Table 4**).

During the Treasury bond tap sale of December 22, the 6-year infrastructure bond received bids totaling KSh 10.8

billion against an advertised amount of KSh 20.0 billion, representing a performance rate of 54.1 percent (**Table 5**).

### Equity Market

At the Nairobi Securities Exchange, the NASI and NSE 25 share price indices increased by 0.02 percent and 0.32 percent, respectively, while the NSE 20 share index declined by 0.10 percent, during the week ending December 22. Market capitalization, equity turnover and total shares traded increased by 0.02 percent, 40.82 percent and 90.59 percent, respectively (**Table 6**).

### Bonds Market

Bond turnover in the domestic secondary market declined by 8.4 percent during the week ending December 22 (**Table 6**). In the international market, yields on Kenya's Eurobonds rose by an average of 41.9 basis points, with 2024 maturity increasing by 58.4 basis points. The yield on the 10-Year Eurobonds for Ghana increased while that of Angola declined (**Chart 2**).

### Global Trends

Concerns about inflation persisted during the week ending December 22, despite the UK and Euro Area annual inflation rates easing to 10.7 percent and 10.1 percent in November, respectively. The European Central Bank raised its interest rate by 50 basis points. The US dollar index weakened by 0.12 percent against a basket of major currencies during the week ending December 22.

International oil prices increased during the week ending December 22, supported by increased demand and drawdown of oil inventories. Murban oil price increased to USD 81.75 per barrel on December 22 from USD 80.66 per barrel on December 15.

Table 1: Kenya Shilling Exchange Rates (Indicative Mean Rates)								
	USD	Sterling Pound	Euro	100 Japanese Yen	Uganda Shilling*	Tanzania Shilling*	Rwandese Franc*	Burundi Franc*
9-Dec-22	122.79	149.71	129.11	89.88	30.03	19.01	8.83	16.86
12-Dec-22	Public Holiday							
13-Dec-22	122.84	150.68	129.63	90.45	30.04	18.98	8.73	16.86
14-Dec-22	122.90	151.89	130.70	91.12	30.11	18.99	8.64	16.85
15-Dec-22	122.94	152.04	130.83	91.07	30.06	18.98	8.64	16.85
<b>Dec 09-15</b>	<b>122.87</b>	<b>151.08</b>	<b>130.07</b>	<b>90.63</b>	<b>30.06</b>	<b>18.99</b>	<b>8.71</b>	<b>16.86</b>
16-Dec-22	122.99	151.81	130.63	89.57	29.95	18.98	8.64	16.84
19-Dec-22	123.05	149.89	130.77	89.75	29.74	18.97	8.64	16.84
20-Dec-22	123.09	149.81	130.56	90.16	29.69	18.96	8.74	16.83
21-Dec-22	123.14	149.40	130.60	93.15	29.60	18.95	8.65	16.83
22-Dec-22	123.16	149.54	130.87	93.48	29.57	18.93	8.65	16.83
<b>Dec 16-22</b>	<b>123.09</b>	<b>150.09</b>	<b>130.69</b>	<b>91.22</b>	<b>29.71</b>	<b>18.96</b>	<b>8.66</b>	<b>16.83</b>

\*Units of currency per Kenya Shilling

Source: Central Bank of Kenya

Table 2: Official Foreign Exchange Reserves (USD Million)					
	24-Nov-22	1-Dec-22	8-Dec-22	15-Dec-22	22-Dec-22
1. CBK Usable Foreign Exchange Reserves (USD Million)	7,045	7,070	7,103	7,075	7,537
2. CBK Usable Foreign Exchange Reserves (Months of Import Cover)*	3.95	3.95	3.98	3.96	4.22

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

Source: Central Bank of Kenya

Table 3: Money Markets			
Date	Number of Deals	Value (KSh M)	Average Interbank Rate (%)
9-Dec-22	26	19,350.00	5.25
12-Dec-22	Public Holiday		
13-Dec-22	27	26,850.00	5.16
14-Dec-22	43	34,050.00	5.04
15-Dec-22	34	39,870.00	5.06
<b>Dec 9-15</b>	<b>33</b>	<b>30,030.00</b>	<b>5.13</b>
16-Dec-22	31	23,670.00	5.10
19-Dec-22	32	29,820.00	5.20
20-Dec-22	25	22,270.00	5.22
21-Dec-22	33	28,228.00	5.28
22-Dec-22	37	11,740.00	5.48
<b>Dec 16-22</b>	<b>32</b>	<b>23,145.60</b>	<b>5.26</b>

Source: Central Bank of Kenya

**Table 4: Performance of Treasury Bill Auctions**

91-Day Treasury Bills						
Date of Auction	29-Sep-22	27-Oct-22	24-Nov-22	8-Dec-22	15-Dec-22	22-Dec-22
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)	5,129.43	11,992.46	12,673.21	16,653.58	19,509.82	13,916.14
Amount Accepted (KSh M)	2,487.10	11,971.45	11,186.00	13,681.55	7,702.48	10,983.45
Maturities (KSh M)	4,035.00	14,352.85	8,539.25	20,584.00	4,134.75	3,812.25
<b>Average Interest Rate (%)</b>	<b>8.952</b>	<b>9.127</b>	<b>9.237</b>	<b>9.327</b>	<b>9.356</b>	<b>9.370</b>
182-Day Treasury Bills						
Date of Auction	29-Sep-22	27-Oct-22	24-Nov-22	8-Dec-22	15-Dec-22	22-Dec-22
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)	3,049.07	2,153.68	6,846.75	4,490.69	6,720.69	925.84
Amount Accepted (KSh M)	3,039.53	2,067.25	4,463.71	3,536.37	6,720.69	925.84
Maturities (KSh M)	3,248.05	9,040.65	2,942.70	4,134.15	7,647.70	5,063.15
<b>Average Interest Rate (%)</b>	<b>9.631</b>	<b>9.678</b>	<b>9.733</b>	<b>9.796</b>	<b>9.821</b>	<b>9.825</b>
364-Day Treasury Bills						
Date of Auction	29-Sep-22	27-Oct-22	24-Nov-22	8-Dec-22	15-Dec-22	22-Dec-22
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)	1,133.80	4,044.29	7,688.32	2,148.44	2,989.64	1,927.52
Amount Accepted (KSh M)	1,124.70	3,590.62	5,747.65	1,847.36	2,989.46	1,927.16
Maturities (KSh M)	1,775.15	6,278.35	7,129.50	5,622.10	5,588.25	4,354.55
<b>Average Interest Rate (%)</b>	<b>9.905</b>	<b>9.965</b>	<b>10.219</b>	<b>10.245</b>	<b>10.299</b>	<b>10.310</b>

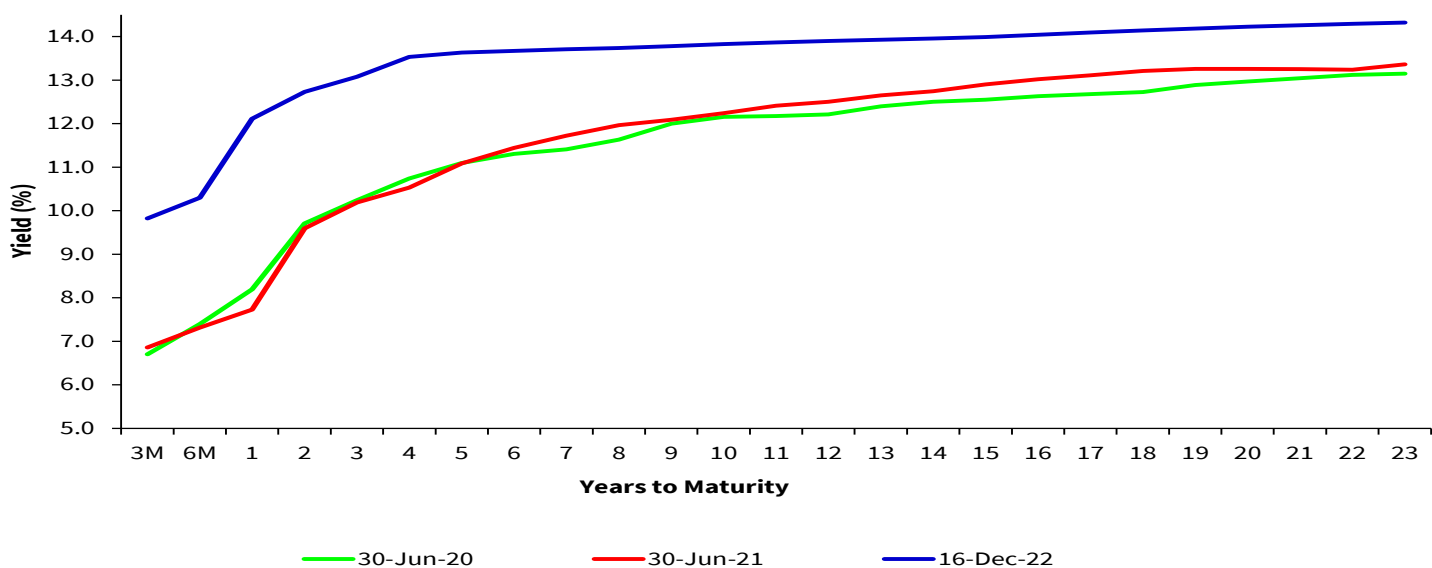
Source: Central Bank of Kenya

**Table 5: Performance of Treasury Bond Auctions**

Date of Auction	19-Oct-22	9-Nov-22	23-Nov-22	1-Dec-22	7-Dec-22		22-Dec-22
				TAP	RE-OPEN		TAP
Tenor	FXD1/ 2022/25	IFB1/ 2022/14	IFB1/ 2022/14	IFB1/ 2022/6	IFB1/ 2008/20	FXD1/ 2022/25	IFB1/ 2022/06
Amount offered (KSh M)	20,000.00	60,000.00	5,000.00	87,800.00	40,000.00		20,000.00
Bids received (KSh M)	14,894.85	91,849.42	19,136.05	52,903.55	17,322.80	13,239.43	10,814.55
Amount Accepted (KSh M)	13,665.80	75,572.16	19,132.80	49,110.22	17,265.60	7,068.38	10,812.28
Maturities (KSh M)					0.00		
Average interest Rate (%)	14.19	13.94	13.94	13.22	13.83	14.44	13.22

Source: Central Bank of Kenya

### Chart 1: Government Securities Yield Curve



Source: Nairobi Securities Exchange (NSE)

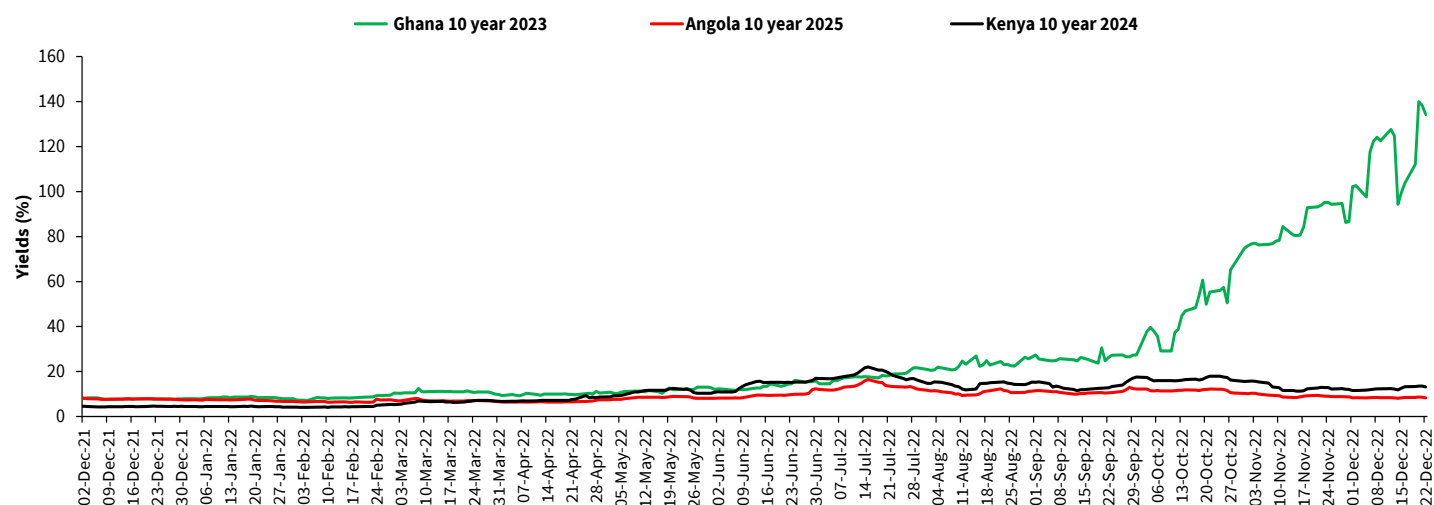
### Table 6: Key Market Indicators

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
9-Dec-22	126.46	3087.3	1646.41	822	3.75	85.15	1,970.24	1,749.50	10.235	12.303	9.871	10.203	9.372	10.575
12-Dec-22	Public Holiday								10.238	12.41	9.906	10.228	9.373	10.61
13-Dec-22	127.81	3117.79	1642.12	576	3.39	165.22	1,991.46	2,226.35	10.098	12.227	9.774	10.179	9.286	10.506
14-Dec-22	128.21	3107.05	1644.37	1,218	5.88	166.80	1,997.69	4,281.70	10.148	11.849	9.708	10.107	9.2	10.455
15-Dec-22	128.07	3116.06	1656.31	1,068	10.15	349.53	1,995.46	5,849.30	10.391	12.56	9.879	10.279	9.441	10.593
<b>Dec 9-15</b>	<b>128.07</b>	<b>3116.06</b>	<b>1656.31</b>	<b>3,684.00</b>	<b>23.18</b>	<b>766.70</b>	<b>1,995.46</b>	<b>14,106.85</b>	<b>10.391</b>	<b>12.560</b>	<b>9.879</b>	<b>10.279</b>	<b>9.441</b>	<b>10.593</b>
16-Dec-22	128.49	3124.26	1652.86	978.00	8.16	177.70	2,001.95	2,795.10	10.729	13.266	10.15	10.504	9.62	10.733
19-Dec-22	128.63	3134.03	1655.86	858.00	12.50	60.73	2,004.14	1,171.70	10.829	13.377	10.254	10.529	9.665	10.769
20-Dec-22	128.35	3129.37	1655.21	936.00	6.24	287.79	1,999.80	1,957.45	11.222	13.489	10.496	10.758	9.894	10.913
21-Dec-22	128.15	3125.975	1656.34	1,011.00	13.28	455.75	1,996.83	3,602.90	10.98	13.502	10.498	10.759	9.871	10.95
22-Dec-22	128.09	3125.99	1654.71	859.00	3.99	97.66	1,995.84	3,397.85	10.796	13.144	10.365	10.71	9.783	10.859
<b>Dec 16-22</b>	<b>128.09</b>	<b>3125.99</b>	<b>1654.71</b>	<b>4,642.00</b>	<b>44.17</b>	<b>1,079.64</b>	<b>1,995.84</b>	<b>12,925.00</b>	<b>10.796</b>	<b>13.144</b>	<b>10.365</b>	<b>10.710</b>	<b>9.783</b>	<b>10.859</b>
<b>Weekly Changes (%)</b>	<b>0.02</b>	<b>0.32</b>	<b>-0.10</b>	<b>26.00</b>	<b>90.59</b>	<b>40.82</b>	<b>0.02</b>	<b>-8.38</b>	<b>0.405*</b>	<b>0.584*</b>	<b>0.486*</b>	<b>0.431*</b>	<b>0.342*</b>	<b>0.266*</b>

\* Percentage points

Source: Nairobi Securities Exchange (NSE) and Thomson Reuters

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



Source: Thomson Reuters

## Table 7: Government Domestic Debt (KSh Billion)

	30-Jun-21	31-Dec-21	30-Sep-22	31-Oct-22	25-Nov-22	09-Dec-22	16-Dec-22
1. Treasury Bills (Excluding Repos)	765.37	709.15	672.28	661.17	683.90	679.58	670.45
<i>(As % of total securities)</i>	<b>21.17</b>	<b>17.95</b>	<b>15.61</b>	<b>15.40</b>	<b>15.76</b>	<b>15.60</b>	<b>15.34</b>
2. Treasury Bonds	2,849.94	3,242.24	3,634.86	3,632.71	3,654.77	3,675.52	3,699.95
<i>(As % of total securities)</i>	<b>78.83</b>	<b>82.05</b>	<b>84.39</b>	<b>84.60</b>	<b>84.24</b>	<b>84.40</b>	<b>84.66</b>
3. Total Securities (1+2)	3,615.31	3,951.39	4,307.14	4,293.88	4,338.67	4,355.09	4,370.40
4. Overdraft at Central Bank	59.28	59.31	27.25	59.82	57.37	50.44	56.84
5. Other Domestic debt*	22.50	21.66	30.90	32.40	32.39	32.40	32.76
<b>6. Gross Domestic Debt (3+4+5)</b>	<b>3,697.09</b>	<b>4,032.37</b>	<b>4,365.29</b>	<b>4,386.09</b>	<b>4,428.44</b>	<b>4,437.93</b>	<b>4,459.99</b>

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

Source: Central Bank of Kenya

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

	30-Jun-21	31-Dec-21	30-Sep-22	28-Oct-22	25-Nov-22	9-Dec-22	16-Dec-22
Treasury bills (Excluding Repos)	20.70	17.59	15.40	15.07	15.44	15.31	15.03
Treasury bonds	77.09	80.41	83.27	82.82	82.53	82.82	82.96
Overdraft at Central Bank	1.60	1.47	0.62	1.36	1.30	1.14	1.27
Other domestic debt	0.61	0.54	0.71	0.74	0.73	0.73	0.73
<b>TOTAL</b>	<b>100.00</b>	<b>100.00</b>	<b>100.00</b>	<b>100.00</b>	<b>100.00</b>	<b>100.00</b>	<b>100.00</b>

Source: Central Bank of Kenya

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

	30-Jun-21	31-Dec-21	30-Sep-22	28-Oct-22	25-Nov-22	9-Dec-22	16-Dec-22
Banking Institutions	51.24	50.20	47.60	47.51	47.45	47.27	47.05
Insurance Companies	6.66	6.79	7.32	7.34	7.33	7.32	7.37
Parastatals	5.54	5.57	6.09	6.18	6.13	6.10	6.07
Pension Funds	30.60	31.34	32.75	32.69	32.77	32.91	33.10
Other Investors	5.96	6.10	6.24	6.28	6.32	6.39	6.41
<b>Total</b>	<b>100.00</b>	<b>100.00</b>	<b>100.00</b>	<b>100.00</b>	<b>100.00</b>	<b>100.00</b>	<b>100.00</b>

Source: Central Bank of Kenya

**Table 10: Indicators of Government Debt**

	Jun-21	Sep-21	Dec-21	Mar-22	Jun-22	Aug-22	Sep-22	Oct-22
Domestic debt (KSh Bn)	3,697.09	3,937.80	4,032.37	4,191.77	4,288.33	4,335.30	4,366.30	4,386.09
Public & Publicly Guaranteed External debt (USD Bn)	37.08	36.73	36.90	36.82	36.58	36.23	36.00	35.93
Public & Publicly Guaranteed External debt (KSh Bn)	3,999.54	4,058.50	4,174.37	4,209.56	4,290.73	4,327.90	4,334.80	4,359.67
Public debt (KSh Bn)	<b>7,696.63</b>	<b>7,996.30</b>	<b>8,206.74</b>	<b>8,401.33</b>	<b>8,579.06</b>	<b>8,663.20</b>	<b>8,701.10</b>	<b>8,745.76</b>

\* Provisional

Source: The National Treasury and Central Bank of Kenya