



Central Bank of Kenya

Weekly Bulletin

March 18, 2022



RECENT MONETARY AND FINANCIAL DEVELOPMENTS

Exchange Rates

The Kenya Shilling remained stable against major international and regional currencies during the week ending March 17. It exchanged at KSh 114.31 per US dollar on March 17, compared to KSh 114.14 per US dollar on March 10 (**Table 1**).

Foreign Exchange Reserves

The usable foreign exchange reserves remained adequate at USD 7,979 million (4.88 months of import cover) as of March 17. 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**).

Remittances

Remittance inflows in February 2022 totalled USD 321.5 million compared to USD 260.3 million in February 2021, a 23.5 percent increase (**Chart 1**). The inflows were lower by 5.1 percent compared to the USD 338.7 million in January 2022, in line with seasonal factors. The cumulative inflows for the 12 months to February 2022 totalled USD 3,840 million compared to USD 3,155 million in the same period in 2021, a 21.7 percent increase. US remains the largest source of remittances into Kenya, accounting for 58 percent in February 2022.

Money Market

The money market was liquid during the week ending March 17, partly reflecting government payments, which offset tax remittances. Commercial banks' excess reserves stood at KSh 22.2 billion in relation to the 4.25 percent cash reserves requirement (CRR). Open market operations remained active. The average interbank rate was 4.35 percent on March 17 compared to 4.68 percent on March 10. During the week, the average number of interbank deals increased marginally to 23 from 22 in the previous week, while the average value traded increased to KSh 16.0 billion compared with KSh 12.9 billion in the previous week (**Table 3**).

Government Securities Market

The Treasury bill auction of March 17 received bids totalling KSh 19.9 billion against an advertised amount of KSh 24.0 billion, representing a performance of 82.8 percent. Interest rates remained stable, with the 91-day and 182-day Treasury bills rates rising marginally while the 364-day Treasury bills rate declined (**Table 4**).

Equity Market

At the Nairobi Securities Exchange, NASI, NSE 20 and NSE 25 share price indices declined by 0.1 percent, 0.5 percent, and 0.1 percent respectively. Similarly, market capitalization, equity turnover and total shares traded declined by 0.1 percent, 47.9 percent, and 30.4 percent, respectively, for the week ending March 17 (**Table 6**).

Bonds Market

Bond turnover in the domestic secondary market rose by 56.4 percent during the week ending March 17 (**Table 6**). In the international market, yields on Kenya's Eurobonds declined by an average of 66.5 basis points. Similarly, yields on the 10-Year Angola Eurobond declined, but increased for the 10-Year Ghanaian Eurobond (**Chart 3**).

Global Trends

The ongoing Russia-Ukraine conflict dominated the week ending March 18. Inflation in the advanced economies remains a major concern, resulting in monetary policy responses with the Federal Reserve Bank and the Bank of England each raising interest rates by 25 basis points.

International oil prices decreased during the week ending March 17, attributed to easing market volatility. Murban oil prices dropped to USD 102.76 per barrel on March 17 compared to USD 117.25 per barrel on March 10.

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

	USD	Sterling Pound	Euro	100 Japanese Yen	Uganda Shilling*	Tanzania Shilling*	Rwan-dese Franc*	Burundi Franc*
4-Mar-22	113.84	152.68	127.65	98.50	31.16	20.34	8.96	17.56
7-Mar-22	113.95	151.90	125.63	98.76	31.41	20.32	9.04	17.55
8-Mar-22	114.01	150.75	124.59	98.91	31.72	20.31	9.03	17.70
9-Mar-22	114.08	150.19	124.75	98.55	31.63	20.29	9.03	17.53
10-Mar-22	114.14	150.06	124.99	98.45	31.72	20.29	8.89	17.52
Mar 4-10	114.00	151.12	125.52	98.64	31.53	20.31	8.99	17.57
11-Mar-22	114.18	150.41	126.10	98.46	31.71	20.28	8.98	17.95
14-Mar-22	114.19	150.56	126.20	97.67	31.65	20.28	8.89	17.95
15-Mar-22	114.23	150.04	125.81	96.84	31.51	20.27	8.89	17.95
16-Mar-22	114.29	149.71	125.84	96.69	31.41	20.26	8.88	17.94
17-Mar-22	114.31	149.83	125.95	96.71	31.33	20.27	8.88	17.94
Mar 11-17	114.24	150.11	125.98	97.28	31.53	20.27	8.91	17.95

*Units of currency per Kenya Shilling

Source: Central Bank of Kenya

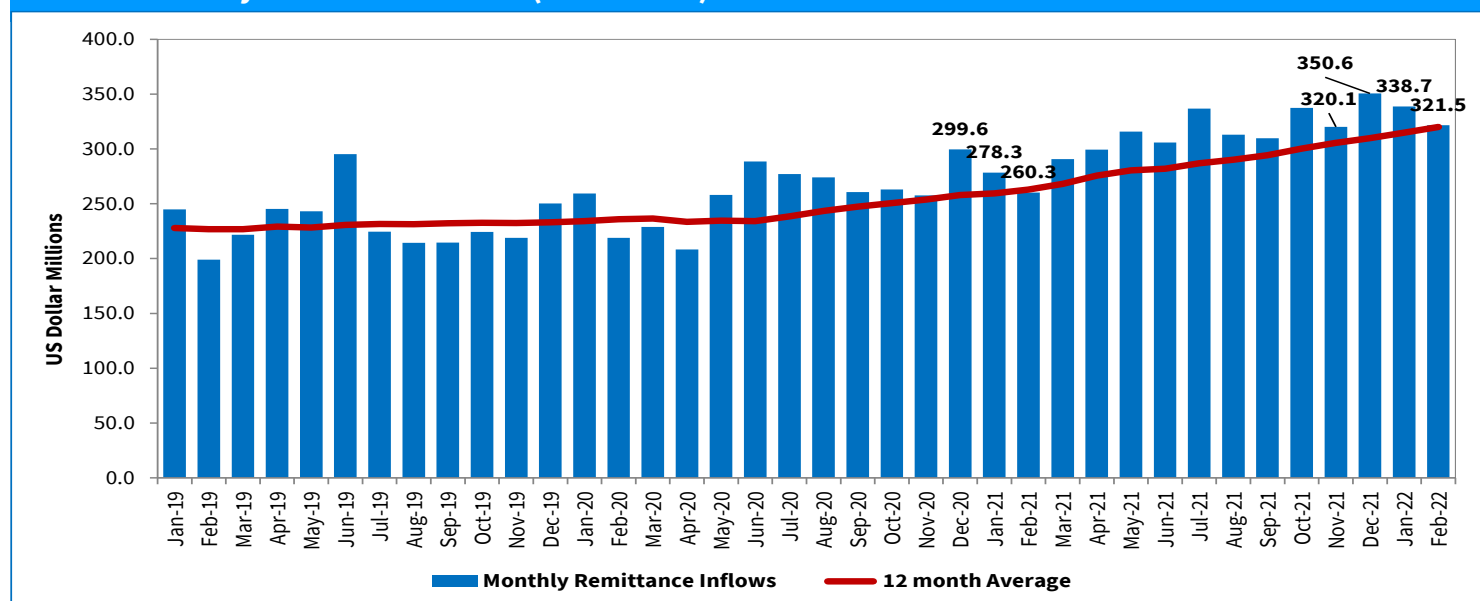
Table 2: Official Foreign Exchange Reserves (USD Million)

	17-Feb-22	24-Feb-22	3-Mar-22	10-Mar-22	17-Mar-22
1. CBK Usable Foreign Exchange Reserves (USD Million)	8,125	8,130	7,913	8,011	7,979
2. CBK Usable Foreign Exchange Reserves (Months of Import Cover)*	4.97	4.97	4.84	4.90	4.88

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

Source: Central Bank of Kenya

Chart 1: Monthly Remittance Inflows (USD Million)



Source: Central Bank of Kenya

Table 3: Money Markets

Date	Number of Deals	Value (KSh M)	Average Interbank Rate (%)
4-Mar-22	25	15,244.00	5.51
7-Mar-22	33	21,940.00	5.71
8-Mar-22	21	9,780.00	5.55
9-Mar-22	16	7,050.00	5.10
10-Mar-22	16	10,400.00	4.68
Mar 4-10	22	12,882.80	5.31
11-Mar-22	20	12,300.00	4.48
14-Mar-22	21	15,370.00	4.35
15-Mar-22	25	19,860.00	4.28
16-Mar-22	26	18,000.00	4.37
17-Mar-22	25	14,620.00	4.35
Mar 11-17	23	16,030.00	4.37

Source: Central Bank of Kenya

Table 4: Performance of Treasury Bills Auctions

91-Day Treasury Bills						
Date of Auction	10-Feb-22	17-Feb-22	24-Feb-22	3-Mar-22	10-Mar-22	17-Mar-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)	2,890.10	1,489.03	2,011.72	9,841.66	5,295.77	1,978.39
Amount Accepted (KSh M)	2,759.58	1,424.06	1,990.21	9,839.11	5,289.14	1,755.26
Maturities (KSh M)	4,058.25	8,542.30	3,985.10	6,824.55	5,143.20	3,591.35
Average Interest Rate (%)	7.285	7.250	7.254	7.265	7.206	7.252
182-Day Treasury Bills						
Date of Auction	10-Feb-22	17-Feb-22	24-Feb-22	3-Mar-22	10-Mar-22	17-Mar-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)	6,397.70	10,148.65	4,034.77	12,600.76	5,807.85	8,238.10
Amount Accepted (KSh M)	6,397.60	9,962.79	3,929.72	12,307.01	5,807.28	8,235.99
Maturities (KSh M)	3,242.85	15,761.90	2,087.50	10,262.50	7,973.80	7,030.85
Average Interest Rate (%)	8.108	8.075	8.062	8.063	8.032	8.093
364-Day Treasury Bills						
Date of Auction	10-Feb-22	17-Feb-22	24-Feb-22	3-Mar-22	10-Mar-22	17-Mar-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)	10,758.16	15,131.05	9,224.33	6,866.17	13,391.90	9,662.16
Amount Accepted (KSh M)	10,758.07	14,663.79	6,768.66	4,394.92	12,001.35	8,857.28
Maturities (KSh M)	15,300.20	14,651.35	15,793.15	18,826.60	13,288.50	12,810.30
Average Interest Rate (%)	9.668	9.724	9.764	9.774	9.771	9.763

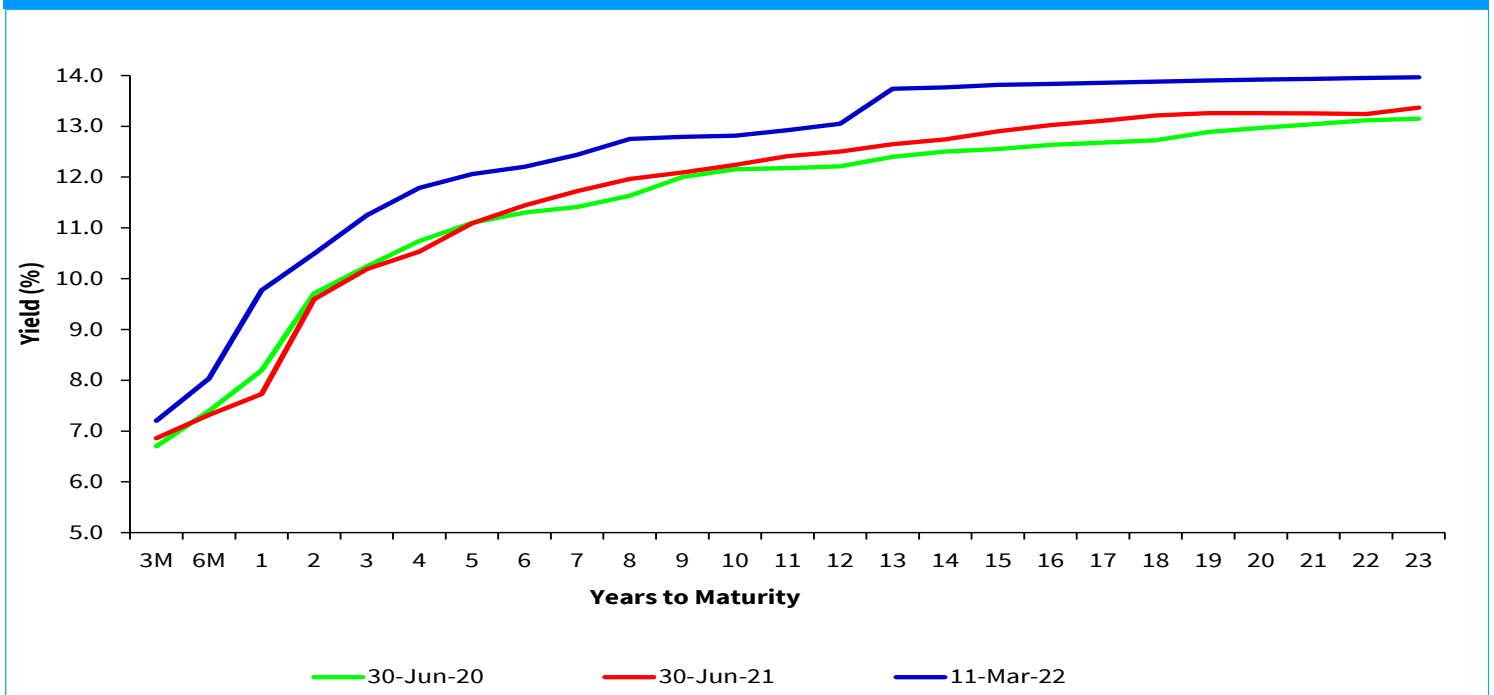
Source: Central Bank of Kenya

Table 5: Performance of Treasury Bond Auctions

Date of Auction	8-Dec-21		5-Jan-22	19-Jan-22		16-Feb-22	9-Mar-22		
Tenor	REOPEN		REOPEN	REOPEN			REOPEN		
	FXD4/ 2019/10	FXD1/ 2018/20	FXD1/ 2021/005	FXD2/ 2018/10	FXD1/ 2021/20	IFB1/ 2022/019	FXD1/2021 /005	FXD1/2020/ 015	FXD1/2021/ 025
Amount offered (KSh M)	40,000.00		30,000.00	30,000.00		75,000.00	50,000.00		
Bids received (KSh M)	20,269.28	20,906.41	28,393.48	10,434.25	27,978.40	132,257.79	9,212.68	9,136.01	22,601.21
Amount Accepted (KSh M)	20,262.52	17,564.98	27,428.16	7,303.40	27,596.37	98,637.46	8,294.79	6,216.24	3,942.94
Maturities (KSh M)	0.00		0.00	0.00		2,866.08	0.00		
Average interest Rate (%)	12.64	13.37	11.23	12.56	13.72	12.97	11.997	13.73	13.97

Source: Central Bank of Kenya

Chart 2: Government Securities Yield Curve



Source: Nairobi Securities Exchange (NSE)

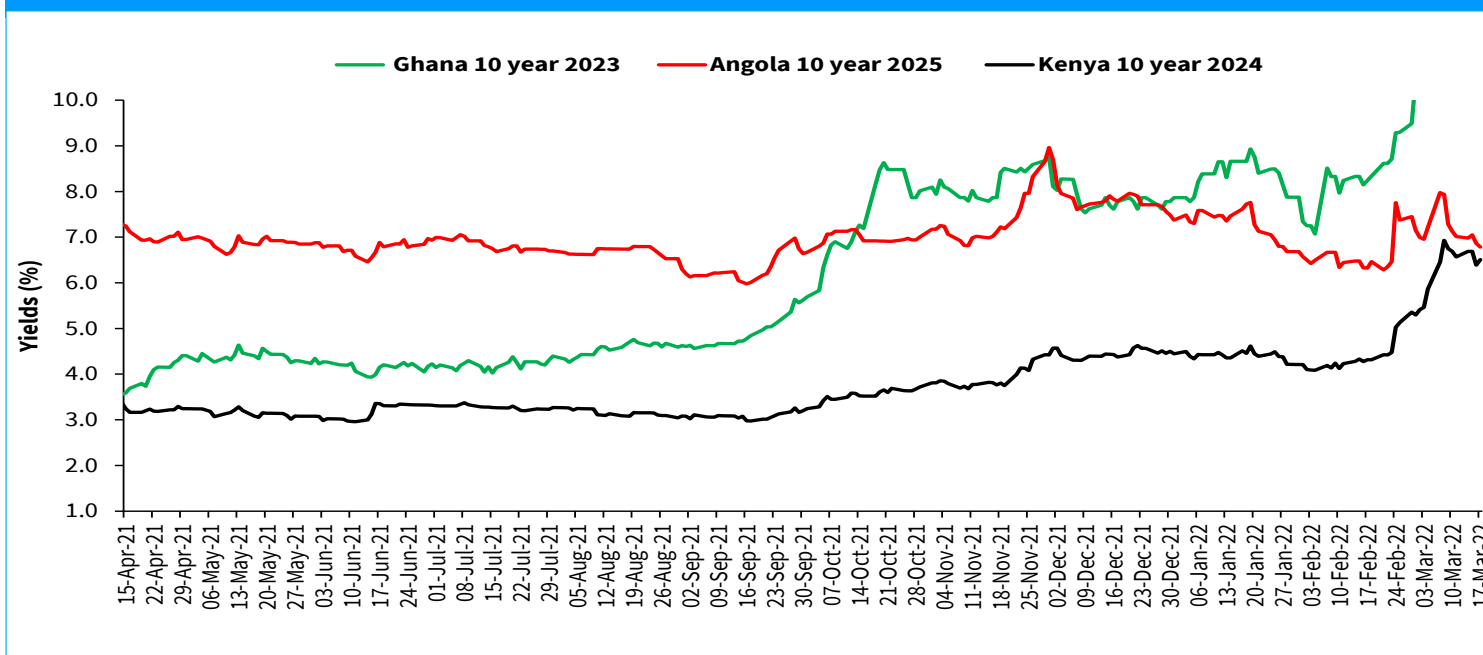
Table 6: Key Weekly Market Indicators

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 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
4-Mar-22	164.64	3703.58	1,897.90	997.00	13.17	427.53	2,564.49	2,664.90	9.439	5.866	8.752	9.356	9.422	10.374
7-Mar-22	162.37	3662.47	1,889.46	1,146.00	6.78	134.74	2,529.07	4,052.95	10.574	6.452	9.751	10.283	9.971	10.526
8-Mar-22	160.44	3631.71	1,890.59	1,262.00	16.15	978.81	2,498.90	2,550.20	10.169	6.928	10.336	10.617	9.784	10.824
9-Mar-22	157.92	3595.34	1,884.29	1,287.00	10.20	358.29	2,459.49	4,445.65	9.616	6.748	9.966	10.214	9.261	10.561
10-Mar-22	157.85	3601.66	1,869.72	1,230.00	19.93	851.05	2,458.44	3,459.55	9.188	6.688	9.218	9.511	8.965	9.985
Mar 4-10	157.85	3,601.66	1,869.72	5,922	66.23	2,750.41	2,458.44	17,173.25	9.188	6.688	9.218	9.511	8.965	9.985
Weekly Changes (%)	159.05	3613.10	1,864.58	872.00	4.57	118.66	2,477.15	2,385.30	9.136	6.568	9.219	9.467	8.965	9.954
11-Mar-22	159.21	3612.02	1,866.30	1,068.00	6.38	178.03	2,479.67	6,407.90	8.979	6.688	9.073	9.358	8.905	9.861
14-Mar-22	159.48	3619.04	1,867.76	1,191.00	11.49	343.38	2,483.94	6,112.05	8.815	6.687	8.929	9.228	8.804	9.845
15-Mar-22	159.18	3628.96	1,864.92	481.00	10.48	376.34	2,479.30	6,722.55	8.409	6.388	8.671	8.951	8.450	9.709
16-Mar-22	157.68	3598.99	1,861.13	1,186.00	13.18	417.39	2,455.77	5,227.60	8.343	6.506	8.194	8.701	8.418	9.401
17-Mar-22	157.68	3,598.99	1,861.13	4,798.00	46.11	1,433.80	2,455.77	26,855.40	8.343	6.506	8.194	8.701	8.418	9.401
Mar 11-17	-0.11	-0.07	-0.46	-18.98	-30.38	-47.87	-0.11	56.38	-0.845*	-0.182*	-1.024*	-0.810*	-0.547*	-0.584*
Weekly Changes (%)	-3.96	-2.31	-1.30	-3.28	-6.77	12.84	-3.97	-0.59	0.773*	1.226*	0.778*	0.478*	0.292*	0.246*

* Percentage points

Source: Nairobi Securities Exchange (NSE) and Thomson Reuters

Chart 3: Yields on 10 year Eurobonds for Selected Countries



Source: Thomson Reuters

Table 7: Government Domestic Debt (KSh Billion)

	30-Jun-21	30-Sep-21	26-Nov-21	31-Dec-21	28-Jan-22	04-Mar-22	11-Mar-22
1. Treasury Bills (Excluding Repos)	765.37	763.45	716.69	709.15	702.10	679.48	671.15
<i>(As % of total securities)</i>	21.17	19.78	18.28	17.95	17.52	16.65	16.50
2. Treasury Bonds	2,849.94	3,096.84	3,203.90	3,242.24	3,304.90	3,400.35	3,396.69
<i>(As % of total securities)</i>	78.83	80.22	81.72	82.05	82.48	83.35	83.50
3. Total Securities (1+2)	3,615.31	3,860.29	3,920.59	3,951.39	4,007.00	4,079.83	4,067.84
4. Overdraft at Central Bank	59.28	55.11	62.82	59.31	56.26	55.98	55.20
5. Other Domestic debt*	22.50	22.37	23.09	21.66	21.67	25.77	25.79
6. Gross Domestic Debt (3+4+5)	3,697.09	3,937.78	4,006.50	4,032.37	4,084.93	4,161.57	4,148.83

* 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-20	30-Jun-21	30-Sep-21	31-Dec-21	28-Jan-22	4-Mar-22	11-Mar-22
Treasury bills (Excluding Repos)	27.93	20.70	19.39	17.59	17.19	16.33	16.18
Treasury bonds	69.86	77.09	78.64	80.41	80.90	81.71	81.87
Overdraft at Central Bank	1.48	1.60	1.40	1.47	1.38	1.35	1.33
Other domestic debt	0.73	0.61	0.57	0.54	0.53	0.62	0.62
TOTAL	100.00	100.00	100.00	100.00	100.00	100.00	100.00

Source: Central Bank of Kenya

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

	30-Jun-20	30-Jun-21	30-Sep-21	31-Dec-21	28-Jan-22	4-Mar-22	11-Mar-22
Banking Institutions	54.18	51.24	50.82	50.20	49.94	49.28	49.20
Insurance Companies	6.05	6.66	6.60	6.79	6.87	6.85	6.84
Parastatals	5.73	5.54	5.39	5.57	5.63	5.65	5.67
Pension Funds	29.04	30.60	31.24	31.34	31.39	31.78	31.85
Other Investors	5.00	5.96	5.95	6.10	6.17	6.44	6.44
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-20	Sep-20	Dec-20	Mar-21	Jun-21	Sep-21	Dec-21
Domestic debt (KSh Bn)	3,176.97	3,457.11	3,488.54	3,569.84	3,697.09	3,937.80	4,032.37
Public & Publicly Guaranteed External debt (USD Bn)	33.01	33.77	34.75	34.42	37.08	36.73	36.90
Public & Publicly Guaranteed External debt (KSh Bn)	3,515.81	3,663.49	3,793.29	3,769.87	3,999.54	4,058.50	4,174.37
Public debt (KSh Bn)	6,692.78	7,120.60	7,281.83	7,339.71	7,696.63	7,996.30	8,206.74

Source: National Treasury and Central Bank of Kenya