



Central Bank of Kenya

# Weekly Bulletin

August 12, 2022



## RECENT MONETARY AND FINANCIAL DEVELOPMENTS

### Exchange Rates

The Kenya Shilling remained stable against major international and regional currencies during the week ending August 11. It exchanged at KSh 119.24 per US dollar on August 11, compared to KSh 119.03 per US dollar on August 4 (**Table 1**).

### Foreign Exchange Reserves

The usable foreign exchange reserves remained adequate at USD 7,682 million (4.43 months of import cover) as of August 11. 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 August 11, as tax remittances offset government payments. Commercial banks' excess reserves stood at KSh 27.2 billion in relation to the 4.25 percent cash reserves requirement (CRR). Open market operations remained active. The average interbank rate was 5.60 percent on August 11 compared to 5.25 percent on August 4. During the week, the average number of interbank deals increased to 44 from 33 in the previous week, while the average value traded increased to KSh 30.3 billion from KSh 20.9 billion in the previous week (**Table 3**).

### Government Securities Market

The Treasury bill auction of August 11, received bids totalling KSh 17.4 billion against an advertised amount of KSh 24.0 billion, representing a performance of 72.4 percent. Interest rates on all Treasury bills tenors remained stable, with 91-day, 182-day and 364-day Treasury bills increasing marginally (**Table 4**).

### Equity Market

At the Nairobi Securities Exchange, NASI, NSE 25 and NSE 20 share price indices increased by 5.3 percent, 5.4 percent and 4.5 percent, respectively, for the week ending August 11. Similarly, market capitalization rose by 5.3 percent, while total shares traded and equity turnover declined by 26.5 percent and 44.6 percent, respectively (**Table 6**).

### Bonds Market

Bond turnover in the domestic secondary market declined by 39.4 percent during the week ending August 11 (**Table 6**). In the international market, yields on Kenya's Eurobonds declined by an average of 248.5 basis points, with the largest fall in yields (313.6 basis points) for the 2024 maturity. The yield on the 10-Year Eurobond for Angola also declined, while that for Ghana increased (**Chart 2**).

### Global Trends

Equity markets gained during the week after US annual inflation moderated to 8.5 percent in July compared to 9.1 percent in June, raising prospects of a less aggressive rate hike by the US Federal Reserve, than previously expected. The index of the US dollar against a basket of major currencies weakened by 0.1 percent during the week.

International oil prices increased during the week ending August 11, after the International Energy Agency raised its growth forecast for oil demand as consumers switch to oil due to high gas prices. Murban oil prices increased to USD 99.90 per barrel on August 11 from USD 94.60 per barrel on August 4.

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

	USD	Sterling Pound	Euro	100 Japanese Yen	Uganda Shilling*	Tanzania Shilling*	Rwandese Franc*	Burundi Franc*
29-Jul-22	118.80	143.69	120.67	89.38	32.64	19.63	8.64	17.34
1-Aug-22	118.85	144.43	121.22	88.68	32.48	19.62	8.70	17.34
2-Aug-22	118.91	145.40	121.87	91.01	32.50	19.61	8.64	17.33
3-Aug-22	118.99	145.36	121.68	90.46	32.61	19.60	8.64	17.32
4-Aug-22	119.03	144.93	121.21	89.01	32.60	19.59	8.64	17.31
<b>Jul 29-Aug 4</b>	<b>118.92</b>	<b>144.76</b>	<b>121.33</b>	<b>89.71</b>	<b>32.57</b>	<b>19.61</b>	<b>8.65</b>	<b>17.33</b>
5-Aug-22	119.09	144.51	121.31	89.28	32.58	19.58	8.63	17.31
8-Aug-22	119.13	144.35	121.50	88.03	32.57	19.58	8.66	17.30
9-Aug-22	<b>PUBLIC HOLIDAY</b>							
10-Aug-22	119.17	144.36	121.49	88.27	32.52	19.57	8.76	17.30
11-Aug-22	119.24	144.88	122.34	89.55	32.37	19.56	8.63	17.29
<b>Aug 5-Aug 11</b>	<b>119.16</b>	<b>144.53</b>	<b>121.66</b>	<b>88.78</b>	<b>32.51</b>	<b>19.57</b>	<b>8.67</b>	<b>17.30</b>

\*Units of currency per Kenya Shilling

Source: Central Bank of Kenya

**Table 2: Official Foreign Exchange Reserves (USD Million)**

	14-Jul-22	21-Jul-22	28-Jul-22	4-Aug-22	11-Aug-22
1. CBK Usable Foreign Exchange Reserves (USD Million)	7,953	7,727	7,740	7,721	7,682
2. CBK Usable Foreign Exchange Reserves (Months of Import Cover)*	4.59	4.46	4.46	4.45	4.43

\*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 (%)
29-Jul-22	27	18,800.00	5.35
1-Aug-22	31	16,540.00	5.51
2-Aug-22	26	8,190.00	5.33
3-Aug-22	31	21,350.00	5.15
4-Aug-22	48	39,370.00	5.25
<b>July 29- Aug 4</b>	<b>33</b>	<b>20,850.00</b>	<b>5.32</b>
5-Aug-22	60	37,995.00	5.50
8-Aug-22	33	18,416.00	5.59
9-Aug-22	<b>PUBLIC HOLIDAY</b>		
10-Aug-22	47	42,077.00	5.55
11-Aug-22	34	22,796.00	5.60
<b>August 5- 11</b>	<b>44</b>	<b>30,321.00</b>	<b>5.56</b>

Source: Central Bank of Kenya

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

91-Day Treasury Bills						
Date of Auction	26-May-22	30-Jun-22	21-Jul-22	28-Jul-22	4-Aug-22	11-Aug-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)	494.30	4,727.43	15,534.07	14,077.49	7,474.80	11,990.35
Amount Accepted (KSh M)	468.31	3,959.52	13,475.76	14,076.51	7,473.82	11,990.35
Maturities (KSh M)	2,021.00	1,539.65	8,303.25	10,361.10	5,344.65	5,373.10
Average Interest Rate (%)	7.744	8.097	8.322	8.399	8.473	8.565
182-Day Treasury Bills						
Date of Auction	26-May-22	30-Jun-22	21-Jul-22	28-Jul-22	4-Aug-22	11-Aug-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)	2,845.90	1,751.07	14,648.62	3,250.20	2,064.66	3,927.85
Amount Accepted (KSh M)	2,845.42	1,600.03	14,457.58	1,856.22	2,015.19	3,927.85
Maturities (KSh M)	2,614.95	2,412.35	12,723.25	5,258.45	8,564.50	6,651.50
Average Interest Rate (%)	8.901	9.196	9.393	9.392	9.400	9.433
364-Day Treasury Bills						
Date of Auction	26-May-22	30-Jun-22	21-Jul-22	28-Jul-22	4-Aug-22	11-Aug-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)	9,721.48	2,435.86	4,395.18	2,379.39	2,046.30	1,448.52
Amount Accepted (KSh M)	9,198.39	2,260.74	2,822.53	2,377.03	1,933.84	1,393.84
Maturities (KSh M)	15,009.20	5,888.60	3,656.20	2,968.30	3,016.55	1,163.45
Average Interest Rate (%)	9.881	9.985	9.968	9.946	9.920	9.922

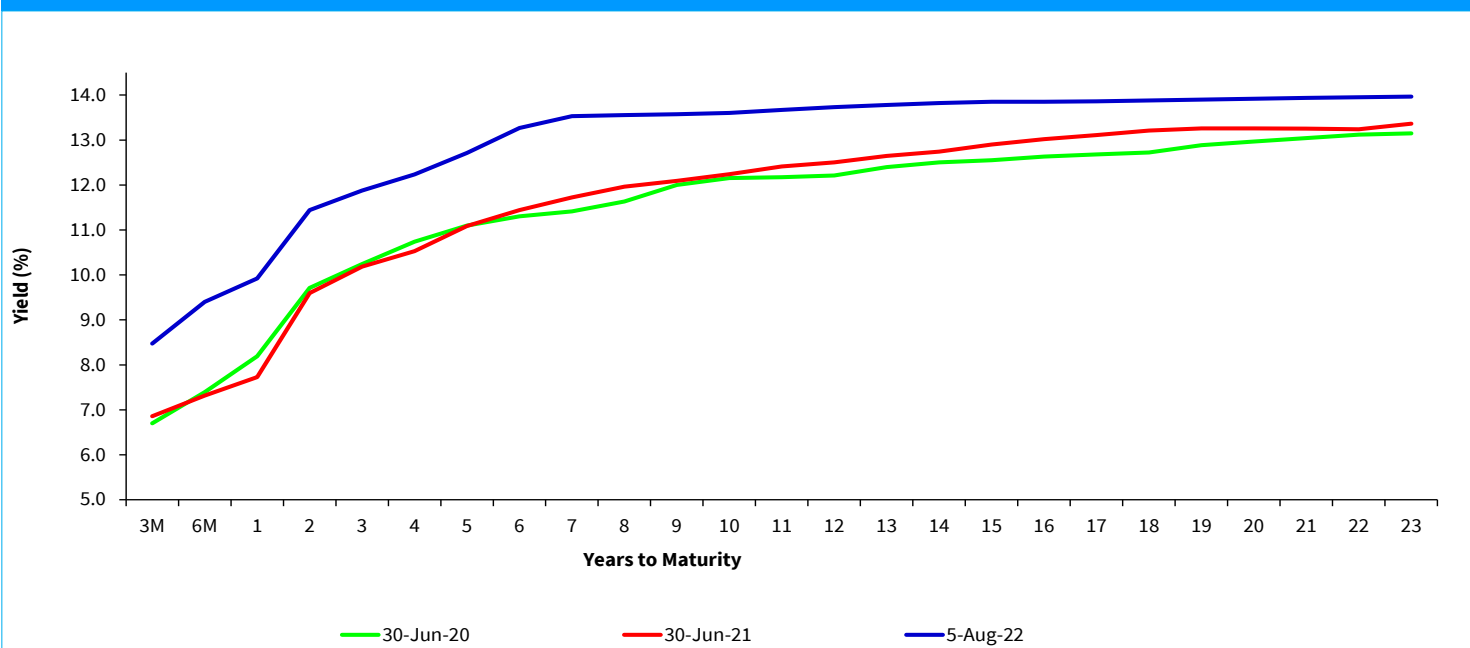
Source: Central Bank of Kenya

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

Date of Auction	20-May-22		8-Jun-22	23-Jun-22		7-Jul-22	20-Jul-22	
	TAP			TAP		TAP	REOPEN	
Tenor	FXD1/ 2022/010	FXD1/ 2021/025	IFB1/ 2022/018	FXD1/ 2022/03	FXD1/ 2022/015	IFB1/ 2022/018	FXD2 2013/15	FXD2/ 2018/15
Amount offered (KSh M)	10,000.00		75,000.00	25,000.00		20,000.00	40,000.00	
Bids received (KSh M)	5,967.65	11,044.75	76,369.63	3,621.30	15,985.45	6,418.15	5,449.54	5,121.65
Amount Accepted (KSh M)	5,967.17	11,003.44	73,770.99	3,619.82	15,976.98	6,416.29	5,219.84	4,085.63
Maturities (KSh M)			35,273.70					
Average interest Rate (%)	13.49	13.92	13.74	11.77	13.94	13.74	13.21	13.89

Source: Central Bank of Kenya

**Chart 1: Government Securities Yield Curve**



Source: Nairobi Securities Exchange (NSE)

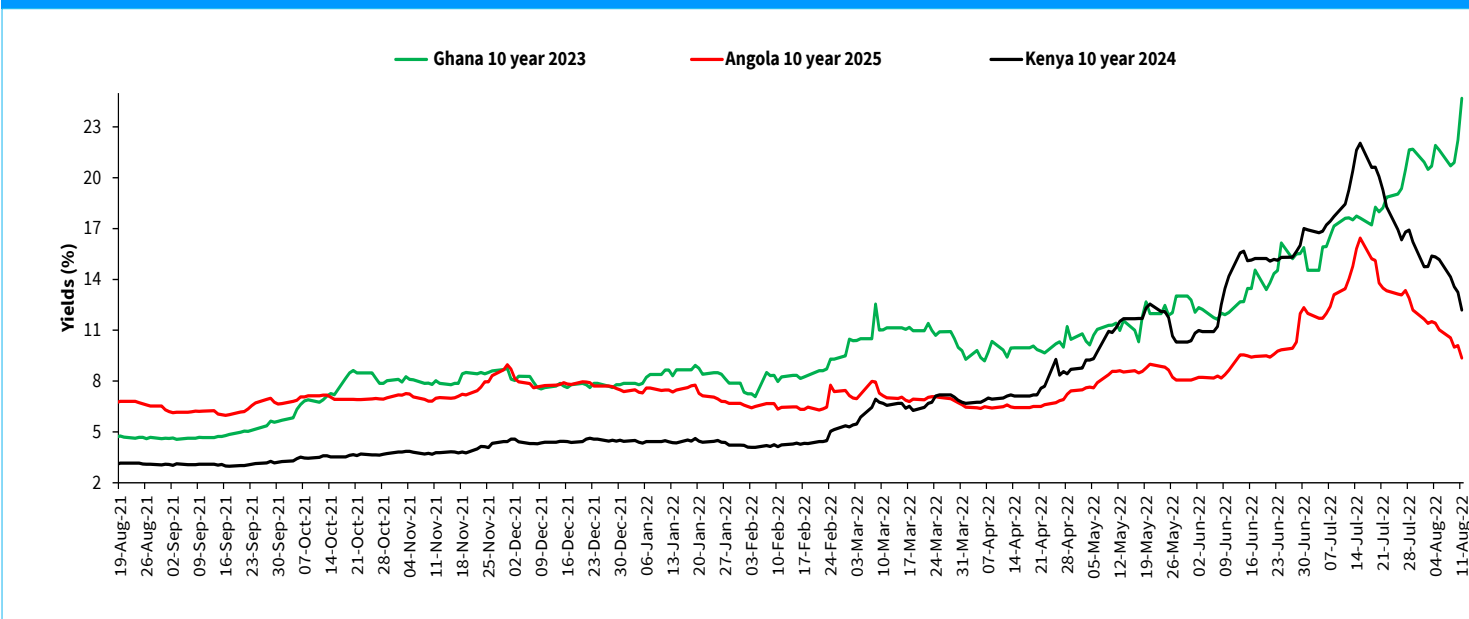
**Table 6: Key Weekly Market Indicators**

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
29-Jul-22	141.05	3274.84	1701.31	1,091.00	13.16	527.19	2198.26	5,402.45	16.343	16.213	14.883	13.98	13.225	13.284
1-Aug-22	138.87	3243.03	1697.03	1,149.00	13.01	237.10	2164.26	2,314.20	16.074	14.752	14.636	13.895	12.854	13.415
2-Aug-22	140.26	3252.54	1708.36	984.00	12.90	373.82	2185.89	4,557.20	16.025	14.763	14.475	13.707	12.844	13.233
3-Aug-22	139.94	3254.66	1714.97	993.00	15.45	430.13	2180.86	4,946.50	16.473	15.377	14.849	13.961	12.706	13.337
4-Aug-22	141.28	3277.54	1719.40	1,178.00	12.57	452.97	2201.82	3,534.25	16.158	15.325	14.776	13.965	12.652	13.364
<b>Jul 29- Aug 4</b>	<b>141.28</b>	<b>3277.54</b>	<b>1719.40</b>	<b>5,395.00</b>	<b>67.09</b>	<b>2,021.21</b>	<b>2201.82</b>	<b>20,754.60</b>	<b>16.158</b>	<b>15.325</b>	<b>14.776</b>	<b>13.965</b>	<b>12.652</b>	<b>13.364</b>
5-Aug-22	142.02	3298.91	1726.62	1,098.00	9.91	123.85	2213.26	3,671.00	15.999	15.163	14.572	13.744	12.288	13.158
8-Aug-22	143.05	3352.18	1744.58	1,231.00	19.06	438.54	2229.56	3,633.40	15.408	14.145	13.81	13.071	11.356	12.413
9-Aug-22	PUBLIC HOLIDAY								14.464	13.564	13.229	12.66	11.356	11.971
10-Aug-22	145.09	3403.27	1774.85	924.00	10.58	329.04	2261.39	2,172.30	13.867	13.238	13.27	12.748	11.333	12.014
11-Aug-22	148.81	3454.51	1796.20	1,010.00	9.77	228.38	2319.44	3,107.40	13.006	12.189	12.231	12.153	10.253	11.497
<b>Aug 4-11</b>	<b>148.81</b>	<b>3454.51</b>	<b>1796.20</b>	<b>4,263.00</b>	<b>49.33</b>	<b>1,119.81</b>	<b>2319.44</b>	<b>12,584.10</b>	<b>13.006</b>	<b>12.189</b>	<b>12.231</b>	<b>12.153</b>	<b>10.253</b>	<b>11.497</b>
<b>Weekly Changes (%)</b>	<b>5.33</b>	<b>5.40</b>	<b>4.47</b>	<b>-20.98</b>	<b>-26.48</b>	<b>-44.60</b>	<b>5.34</b>	<b>-39.37</b>	<b>-3.152*</b>	<b>-3.136*</b>	<b>-2.545*</b>	<b>-1.812*</b>	<b>-2.399*</b>	<b>-1.867*</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	31-Mar-22	27-May-22	24-Jun-22	29-Jul-22	05-Aug-22
1. Treasury Bills (Excluding Repos)	765.37	709.15	656.45	637.37	620.28	646.95	647.25
<i>(As % of total securities)</i>	<b>21.17</b>	<b>17.95</b>	<b>16.02</b>	<b>15.24</b>	<b>14.88</b>	<b>15.29</b>	<b>15.29</b>
2. Treasury Bonds	2,849.94	3,242.24	3,440.61	3,543.87	3,549.53	3,585.11	3,585.11
<i>(As % of total securities)</i>	<b>78.83</b>	<b>82.05</b>	<b>83.98</b>	<b>84.76</b>	<b>85.12</b>	<b>84.71</b>	<b>84.71</b>
3. Total Securities (1+2)	3,615.31	3,951.39	4,097.06	4,181.24	4,169.81	4,232.07	4,232.37
4. Overdraft at Central Bank	59.28	59.31	68.40	55.84	65.86	45.44	46.14
5. Other Domestic debt*	22.50	21.66	26.32	26.26	30.55	30.01	30.01
<b>6. Gross Domestic Debt (3+4+5)</b>	<b>3,697.09</b>	<b>4,032.37</b>	<b>4,191.77</b>	<b>4,263.34</b>	<b>4,266.23</b>	<b>4,307.52</b>	<b>4,308.52</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-20	30-Jun-21	31-Dec-21	25-Mar-22	24-Jun-22	29-Jul-22	5-Aug-22
Treasury bills (Excluding Repos)	27.93	20.70	17.59	15.81	14.54	15.02	15.02
Treasury bonds	69.86	77.09	80.41	82.09	83.20	83.23	83.21
Overdraft at Central Bank	1.48	1.60	1.47	1.46	1.54	1.05	1.07
Other domestic debt	0.73	0.61	0.54	0.64	0.72	0.70	0.70
<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-20	30-Jun-21	31-Dec-21	25-Mar-22	24-Jun-22	29-Jul-22	5-Aug-22
Banking Institutions	54.18	51.24	50.20	49.29	48.74	48.28	48.38
Insurance Companies	6.05	6.66	6.79	6.87	7.14	7.20	7.19
Parastatals	5.73	5.54	5.57	5.72	5.84	5.96	6.10
Pension Funds	29.04	30.60	31.34	31.75	32.39	32.56	32.54
Other Investors	5.00	5.96	6.10	6.37	5.89	6.01	5.78
<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**

	Sep-20	Dec-20	Jun-21	Sep-21	Dec-21	Mar-22	May-22
Domestic debt (KSh Bn)	3,457.11	3,488.54	3,697.09	3,937.80	4,032.37	4,191.77	4,268.66
Public & Publicly Guaranteed External debt (USD Bn)	33.77	34.75	37.08	36.73	36.90	36.82	36.71
Public & Publicly Guaranteed External debt (KSh Bn)	3,663.49	3,793.29	3,999.54	4,058.50	4,174.37	4,209.56	4,295.10
Public debt (KSh Bn)	<b>7,120.60</b>	<b>7,281.83</b>	<b>7,696.63</b>	<b>7,996.30</b>	<b>8,206.74</b>	<b>8,401.33</b>	<b>8,563.76</b>

Source: The National Treasury and Central Bank of Kenya