



Central Bank of Kenya

Weekly Bulletin

December 17, 2021



RECENT MONETARY AND FINANCIAL DEVELOPMENTS

Exchange Rates

The Kenya Shilling remained stable against major international and regional currencies during the week ending December 16. It exchanged at KSh 112.96 per US dollar on December 16, compared to KSh 112.86 per US dollar on December 9 (**Table 1**).

Foreign Exchange Reserves

The usable foreign exchange reserves remained adequate at USD 8,643 million (5.28 months of import cover) as at December 16. This meets the CBK's statutory requirement to endeavor 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 relatively liquid during the week ending December 16, supported by government payments, which partly offset tax remittances. Commercial banks' excess reserves stood at KSh 4.6 billion in relation to the 4.25 percent cash reserves requirement (CRR). Open market operations remained active. The average interbank rate was 4.62 percent on December 16 compared to 4.60 percent on December 9. During the week, the average number of interbank deals per day increased to 31 from 18 in the previous week, while the average value traded increased to KSh 18.1 billion from KSh 5.0 billion (**Table 3**).

Government Securities Market

The Treasury bill auction of December 16 received bids totaling KSh 21.0 billion against an advertised amount of KSh 24.0 billion, representing a performance of 87.4 percent. Interest rates on all the Treasury bills tenors remained stable (**Table 4**).

Equity Market

At the Nairobi Securities Exchange, the NASI, NSE 25, and NSE 20 share price indices and, market capitalization increased by 2.1 percent, 2.1 percent, 1.3 percent and 2.1 percent, respectively. However, equity turnover and total shares traded declined by 41.0 percent and 38.3 percent, respectively during the week ending December 16 (**Table 6**).

Bonds Market

Bonds turnover in the domestic secondary market declined by 30.4 percent during the week ending December 16 (Table 6). In the international market, yields on Kenya's Eurobonds increased by an average of 4.0 basis points. Similarly, the yields on the 10-year Eurobonds for Ghana and Angola increased (**Chart 2**).

Global Trends

The recently discovered Omicron variant of COVID-19 has led to heightened concerns as infection rates have surged in a wide set of countries. Authorities have responded in a variety of ways and in many countries there are concerns about lockdown measures to curb the spread of infections.

Global financial markets sentiment rose during the week ending December 16, as major central banks aligned their policies with general concerns about rising inflation. The US Federal Reserve announced its intention to end the bond buying stimulus in 2022, while the European Central Bank announced its intention to gradually reduce the pace of its asset purchase programme in 2022. The Bank of England increased its bank rate by 15 basis points in the face of mounting inflation pressure.

International oil prices declined during the week ending December 16, on account of the oil supply and demand mismatch and the global spread of the Omicron variant. Murban oil prices declined to USD 74.70 per barrel on December 16, compared to USD 75.78 per barrel on December 9.

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

	USD	Sterling Pound	Euro	100 Japanese Yen	Uganda Shilling*	Tanzania Shilling*	Rwandese Franc*	Burundi Franc*
3-Dec-21	112.63	149.91	127.54	99.88	31.65	20.45	9.20	17.69
6-Dec-21	112.67	149.67	127.40	99.46	31.67	20.44	9.19	17.68
7-Dec-21	112.71	149.59	127.32	99.55	31.66	20.43	9.19	17.68
8-Dec-21	112.81	149.53	127.08	99.37	31.53	20.42	9.19	17.66
9-Dec-21	112.86	149.14	127.26	99.32	31.63	20.38	9.18	17.66
December 3-9	112.73	149.56	127.32	99.52	31.63	20.42	9.19	17.67
10-Dec-21	112.89	149.03	127.70	99.48	31.49	20.37	9.18	17.65
13-Dec-21	PUBLIC HOLIDAY							
14-Dec-21	112.91	149.14	127.49	99.41	31.56	20.40	9.18	17.65
15-Dec-21	112.92	149.37	127.57	99.29	31.53	20.41	9.18	17.65
16-Dec-21	112.96	149.60	127.38	99.21	31.55	20.41	9.18	17.65
December 10-16	112.92	149.29	127.53	99.35	31.53	20.40	9.18	17.65

*Units of currency per Kenya Shilling

Source: Central Bank of Kenya

Table 2: Official Foreign Exchange Reserves (USD Million)

	18-Nov-21	25-Nov-21	2-Dec-21	9-Dec-21	16-Dec-21
1. CBK Usable Foreign Exchange Reserves (USD Million)	8,873	8,773	8,737	8,730	8,643
2. CBK Usable Foreign Exchange Reserves (Months of Import Cover)*	5.42	5.36	5.34	5.34	5.28

*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 (%)
3-Dec-21	19	5,600.00	5.51
6-Dec-21	15	5,400.00	5.30
7-Dec-21	22	6,520.00	5.10
8-Dec-21	20	4,370.00	4.96
9-Dec-21	14	3,100.00	4.60
December 3-9	18	4,998.00	5.09
10-Dec-21	29	13,070.00	4.13
13-Dec-21	PUBLIC HOLIDAY		
14-Dec-21	32	16,870.00	3.92
15-Dec-21	37	26,090.00	4.37
16-Dec-21	25	16,170.00	4.62
December 10-16	31	18,050.00	4.26

Source: Central Bank of Kenya

Table 4: Performance of Treasury Bills Auctions

91-Day Treasury Bills						
Date of Auction	11-Nov-21	18-Nov-21	25-Nov-21	2-Dec-21	9-Dec-21	16-Dec-21
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)	3,990.32	8,397.66	3,936.66	8,692.10	5,073.82	4,532.99
Amount Accepted (KSh M)	3,990.32	8,395.70	3,936.28	6,708.43	5,073.63	3,545.63
Maturities (KSh M)	2,772.55	12,315.45	1,779.40	4,047.60	7,009.80	3,398.40
Average Interest Rate (%)	7.070	7.114	7.181	7.232	7.280	7.265
182-Day Treasury Bills						
Date of Auction	11-Nov-21	18-Nov-21	25-Nov-21	2-Dec-21	9-Dec-21	16-Dec-21
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)	5,201.79	8,475.80	2,520.43	5,252.36	5,517.39	11,215.31
Amount Accepted (KSh M)	5,201.79	6,551.96	2,520.19	5,252.36	1,676.98	9,255.41
Maturities (KSh M)	2,942.75	7,182.90	4,586.90	10,257.55	8,165.85	7,489.65
Average Interest Rate (%)	7.683	7.747	7.835	7.854	7.984	7.977
364-Day Treasury Bills						
Date of Auction	11-Nov-21	18-Nov-21	25-Nov-21	2-Dec-21	9-Dec-21	16-Dec-21
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)	7,433.54	9,199.67	9,034.51	8,898.88	5,165.86	5,226.07
Amount Accepted (KSh M)	7,330.05	8,306.67	6,547.11	7,587.92	5,164.77	5,131.79
Maturities (KSh M)	14,109.70	13,064.10	4,285.40	5,086.50	5,586.20	5,362.50
Average Interest Rate (%)	8.745	8.840	8.944	9.016	9.091	9.164

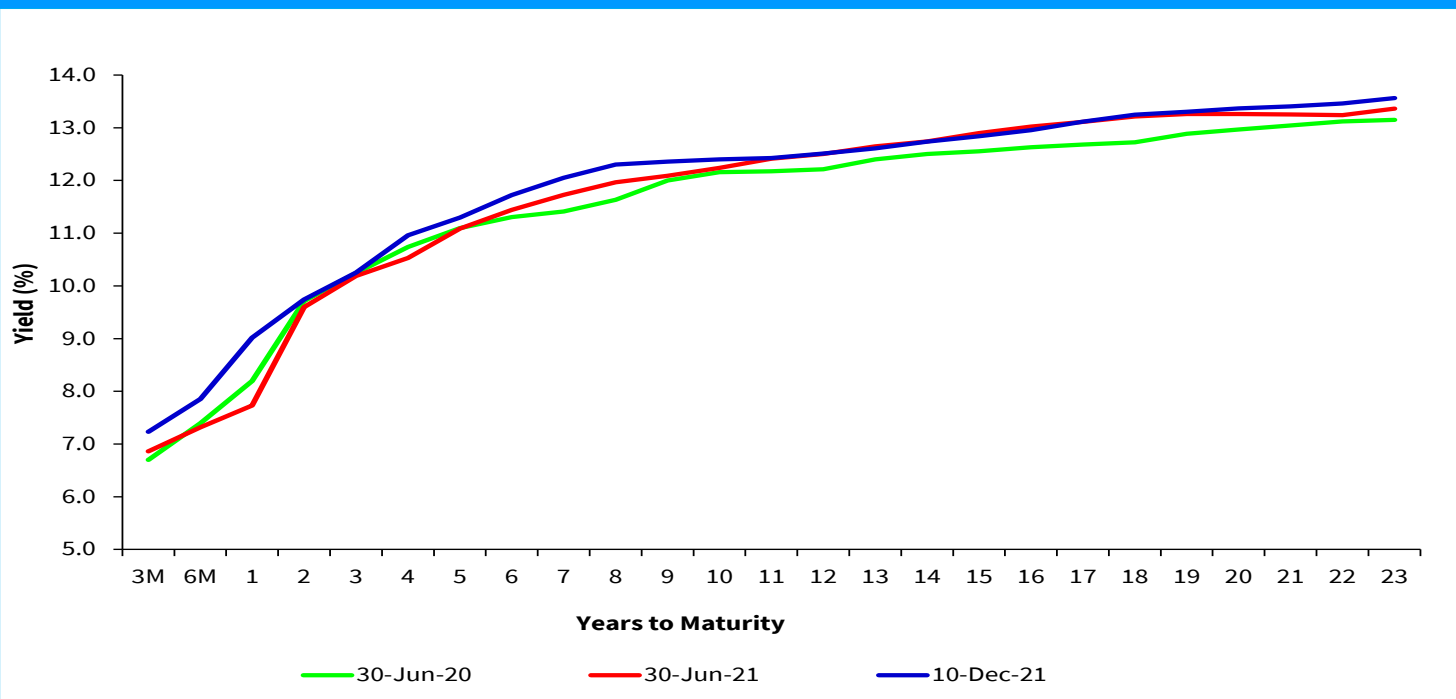
Source: Central Bank of Kenya

Table 5: Performance of Treasury Bond Auctions

Date of Auction	6-Oct-21			10-Nov-21		8-Dec-21	
	REOPEN			REOPEN		REOPEN	
	FXD1/ 2013/15	FXD3/ 2019/15	FXD1/ 2021/25	FXD1/ 2021/5	FXD1/ 2019/20	FXD4/ 2019/10	FXD1/ 2018/20
Amount offered (KSh M)	60,000.00			50,000.00		40,000.00	
Bids received (KSh M)	23,414.98	3,390.35	28,669.87	66,603.14	17,567.66	20,269.28	20,906.41
Amount Accepted (KSh M)	22,876.63	3,267.29	25,904.96	53,661.88	15,845.49	20,262.52	17,564.98
Maturities (KSh M)	0.00			0.00		0.00	
Average interest Rate (%)	11.88	12.85	13.82	11.28	13.41	12.64	13.37

Source: Central Bank of Kenya

Chart 1: Government Securities Yield Curve



Source: Nairobi Securities Exchange (NSE)

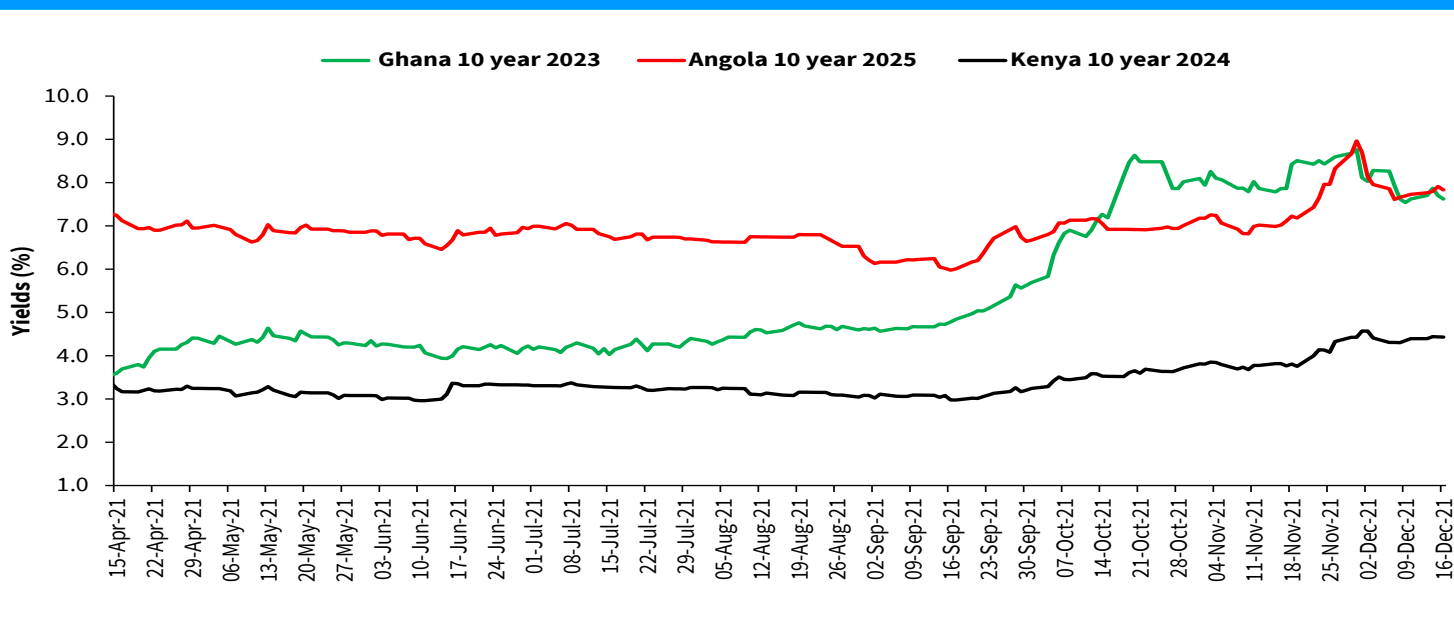
Table 6: Key Weekly Market Indicators

INDICATOR	NASI	NSE 25 Share Index	NSE 20 Share Index	Total Deals (Equity)	Total Shares Traded (Million)	Equity Turnover (KSh Million)	Market Capitalization (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
3-Dec-21	160.03	3533.74	1839.46	1209.00	16.68	679.04	2492.52	894.300	5.818	4.410	5.981	6.887	6.786	8.236
6-Dec-21	159.06	3499.54	1822.26	1148.00	10.34	333.97	2477.39	2179.500	5.813	4.306	5.934	6.869	6.753	8.213
7-Dec-21	157.53	3478.41	1822.72	1262.00	33.85	1289.38	2453.52	2334.000	5.743	4.304	5.910	6.783	6.674	8.140
8-Dec-21	158.96	3529.61	1830.85	1072.00	20.22	718.86	2475.84	3051.150	5.715	4.301	5.910	6.800	6.658	8.144
9-Dec-21	160.03	3548.33	1838.69	1069.00	23.33	905.90	2492.51	5052.606	5.704	4.345	5.862	6.764	6.626	8.144
December 3-9	160.03	3548.33	1838.69	5760.00	104.42	3,927.15	2492.51	13,511.56	5.704	4.345	5.862	6.764	6.626	8.144
10-Dec-21	162.77	3594.17	1856.45	819.00	18.50	702.89	2,535.19	1,783.75	5.710	4.393	5.885	6.747	6.595	8.132
13-Dec-21	PUBLIC HOLIDAY								5.716	4.391	5.884	6.781	6.626	8.155
14-Dec-21	163.11	3611.70	1863.18	1,053.00	12.43	487.83	2,540.65	3,832.85	5.754	4.439	5.931	6.781	6.658	8.167
15-Dec-21	163.13	3617.10	1869.49	1,123.00	16.54	505.79	2,540.92	2,026.10	5.775	4.437	5.954	6.850	6.690	8.190
16-Dec-21	163.31	3623.44	1862.44	1,010.00	16.95	619.72	2,543.63	1,765.55	5.749	4.430	5.882	6.814	6.643	8.167
December 10-16	163.31	3623.44	1862.44	4005.00	64.42	2,316.23	2543.63	9,408.25	5.749	4.430	5.882	6.814	6.643	8.167
Weekly Changes (%)	2.05	2.12	1.29	(30.47)	(38.31)	(41.02)	2.05	(30.37)	0.045*	0.085*	0.020*	0.050*	0.017*	0.023*

* 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-Sep-20	31-Dec-20	31-Mar-21	30-Jun-21	24-Sep-21	3-Dec-21	10-Dec-21
1. Treasury Bills (Excluding Repos)	894.73	855.71	761.90	765.37	763.00	719.77	720.89
<i>(As % of total securities)</i>	26.50	25.04	21.79	21.17	19.77	18.34	18.37
2. Treasury Bonds	2,482.24	2,561.33	2,734.47	2,849.94	3,096.84	3,203.90	3,203.90
<i>(As % of total securities)</i>	73.50	74.96	78.21	78.83	80.23	81.66	81.63
3. Total Securities (1+2)	3,376.98	3,417.05	3,496.37	3,615.31	3,859.84	3,923.67	3,924.80
4. Overdraft at Central Bank	56.21	47.60	49.28	59.28	55.26	60.49	60.38
5. Other Domestic debt*	23.92	23.90	24.19	22.50	23.91	23.10	23.08
6. Gross Domestic Debt (3+4+5)	3,457.11	3,488.54	3,569.84	3,697.09	3,939.01	4,007.26	4,008.26

* 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-Sep-20	31-Dec-20	31-Mar-21	30-Jun-21	24-Sep-21	3-Dec-21	10-Dec-21
Treasury bills (Excluding Repos)	25.88	24.53	21.34	20.70	19.37	17.96	17.99
Treasury bonds	71.80	73.42	76.60	77.09	78.62	79.95	79.93
Overdraft at Central Bank	1.63	1.36	1.38	1.60	1.40	1.51	1.51
Other domestic debt	0.69	0.69	0.68	0.61	0.61	0.58	0.58
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-Sep-20	31-Dec-20	31-Mar-21	30-Jun-21	24-Sep-21	3-Dec-21	10-Dec-21
Banking Institutions	54.55	52.83	51.75	51.24	50.83	50.26	50.19
Insurance Companies	6.16	6.44	6.57	6.66	6.60	6.70	6.70
Parastatals	5.47	5.69	5.62	5.54	5.38	5.56	5.57
Pension Funds	28.53	30.32	30.46	30.60	31.24	31.39	31.45
Other Investors	5.30	4.73	5.59	5.96	5.95	6.08	6.08
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	Apr-21	May-21	Jun-21
Domestic debt (KSh Bn)	3,176.97	3,457.11	3,488.54	3,569.84	3,632.91	3,686.89	3,697.09
Public & Publicly Guaranteed External debt (USD Bn)	33.01	33.77	34.75	34.42	35.13	35.31	37.23
Public & Publicly Guaranteed External debt (KSh Bn)	3,515.81	3,663.49	3,793.29	3,769.87	3,778.13	3,799.02	4,015.30
Public debt (KSh Bn)	6,692.78	7,120.60	7,281.83	7,339.71	7,411.05	7,485.91	7,712.39

Source: National Treasury and Central Bank of Kenya