



Central Bank of Kenya

Weekly Bulletin

July 15, 2022



RECENT MONETARY AND FINANCIAL DEVELOPMENTS

Exchange Rates

The Kenya Shilling remained stable against major international and regional currencies during the week ending July 14. It exchanged at KSh 118.23 per US dollar on July 14, compared to KSh 118.03 per US dollar on July 7 (**Table 1**).

Foreign Exchange Reserves

The usable foreign exchange reserves remained adequate at USD 7,953 million (4.59 months of import cover) as of July 14. 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**).

Remittances

Remittance inflows in June 2022 totalled USD 326.1 million compared to USD 305.9 million in June 2021, a 6.6 percent increase (**Chart 1**). The cumulative inflows for the 12 months to June 2022 totalled USD 4,012 million compared to USD 3,383 million in the same period in 2021, an increase of 18.6 percent. The strong remittances inflows continue to support the current account and the stability of the exchange rate. The US remains the largest source of remittances into Kenya, accounting for 59 percent in June 2022.

Money Market

The money market was liquid during the week ending July 14 partly reflecting government payments, which offset tax remittances. Commercial banks' excess reserves stood at KSh 27.7 billion in relation to the 4.25 percent cash reserves requirement (CRR). Open market operations remained active. The average interbank rate was 5.44 percent on July 14 compared to 5.89 percent on July 7. During the week, the average number of interbank deals remained relatively stable at 38 compared with 39 in the previous week, while the average value traded increased to KSh 25.5 billion from KSh 20.1 billion in the previous week (**Table 3**).

Government Securities Market

The Treasury bill auction of July 14, received bids totalling KSh 25.4 billion against an advertised amount of KSh 24.0 billion, representing a performance of 105.8 percent. Interest rates remained stable, with all the Treasury bills rates increasing marginally (**Table 4**).

Equity Market

At the Nairobi Securities Exchange, NASI, NSE 20 and NSE 25 share price indices rose by 7.9 percent, 2.0 percent and 4.1 percent, respectively. Market capitalization rose by 7.9 percent while total shares traded and equity turnover, declined by 53.3 percent and 59.0 percent during the week ending July 14 (**Table 6**).

Bonds Market

Bond turnover in the domestic secondary market declined by 38.2 percent during the week ending July 14 (**Table 6**). In the international market, the yields on Kenya's Eurobonds rose by an average of 234.5 basis points. The yield on the 10-Year Eurobond for Angola and for Ghana also rose (**Chart 3**).

Global Trends

Inflationary pressures remained a concern during the week ending July 14. US Inflation reached 9.1 percent in June, a 41-year high. With the continued appreciation of the dollar against major currencies, the Euro this week touched parity with the dollar for the first time in twenty years.

International oil prices declined during the week ending July 14 due to fears of global economic slow down. Murban oil prices dropped to USD 101.3 per barrel on July 14, compared to USD 105.4 per barrel on July 7.

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

| | USD | Sterling Pound | Euro | 100 Japanese Yen | Uganda Shilling* | Tanzania Shilling* | Rwandese Franc* | Burundi Franc* |
|------------------|----------------|----------------|---------------|------------------|------------------|--------------------|-----------------|----------------|
| 1-Jul-22 | 117.87 | 143.05 | 123.06 | 86.42 | 31.86 | 19.78 | 8.68 | 17.46 |
| 4-Jul-22 | 117.90 | 142.63 | 123.22 | 87.13 | 31.81 | 19.78 | 8.68 | 17.46 |
| 5-Jul-22 | 117.95 | 143.10 | 123.21 | 87.23 | 31.71 | 19.78 | 8.68 | 17.45 |
| 6-Jul-22 | 117.99 | 141.87 | 121.92 | 86.86 | 31.49 | 19.76 | 8.67 | 17.44 |
| 7-Jul-22 | 118.03 | 141.22 | 121.06 | 87.38 | 31.86 | 19.76 | 8.67 | 17.44 |
| July 1-7 | 117.95 | 142.37 | 122.49 | 87.00 | 31.74 | 19.77 | 8.67 | 17.45 |
| 8-Jul-22 | 118.07 | 141.34 | 120.67 | 87.01 | 31.82 | 19.75 | 8.67 | 17.43 |
| 11-Jul-22 | Holiday | | | | | | | |
| 12-Jul-22 | 118.13 | 141.54 | 119.88 | 85.99 | 31.91 | 19.74 | 8.66 | 17.43 |
| 13-Jul-22 | 118.18 | 140.65 | 119.09 | 86.45 | 31.94 | 19.74 | 8.72 | 17.42 |
| 14-Jul-22 | 118.23 | 140.55 | 118.69 | 85.93 | 31.84 | 19.72 | 8.66 | 17.41 |
| July 8-14 | 118.15 | 141.02 | 119.58 | 86.35 | 31.88 | 19.74 | 8.68 | 17.42 |

*Units of currency per Kenya Shilling

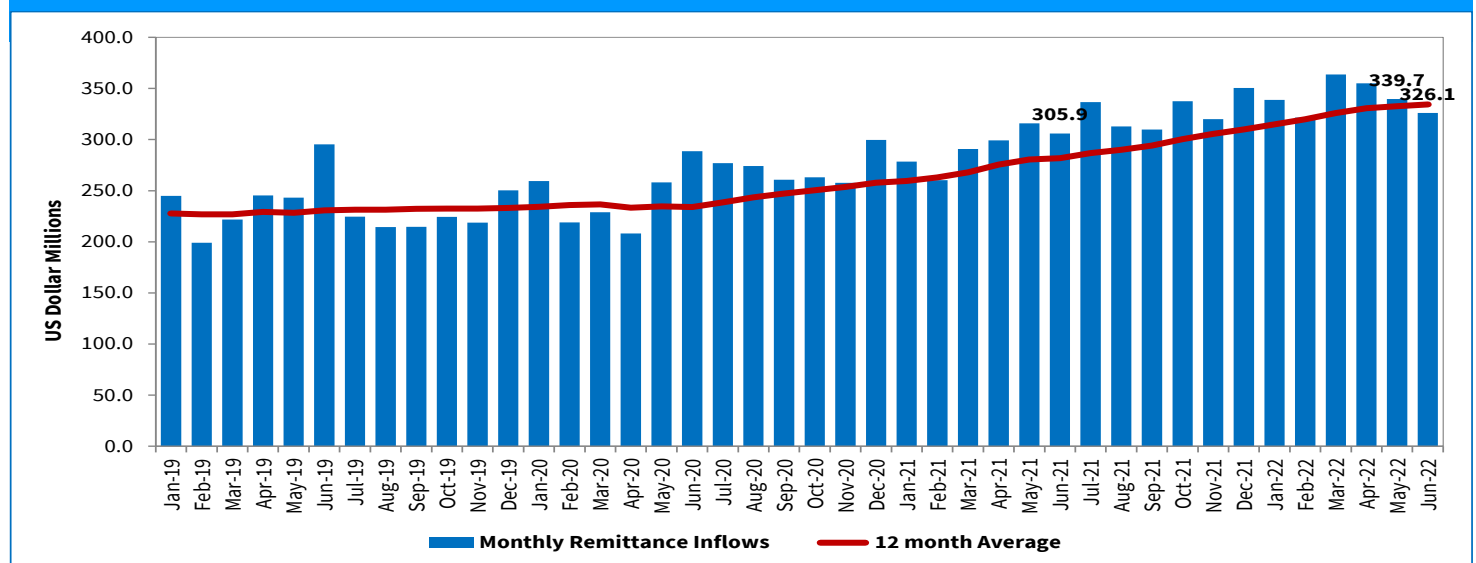
Source: Central Bank of Kenya

Table 2: Official Foreign Exchange Reserves (USD Million)

| | 16-Jun-22 | 23-Jun-22 | 30-Jun-22 | 7-Jul-22 | 14-Jul-22 |
|---|-----------|-----------|-----------|----------|-----------|
| 1. CBK Usable Foreign Exchange Reserves (USD Million) | 8,114 | 8,028 | 7,982 | 7,997 | 7,953 |
| 2. CBK Usable Foreign Exchange Reserves (Months of Import Cover)* | 4.82 | 4.77 | 4.74 | 4.61 | 4.59 |

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

Source: Central Bank of Kenya

Chart 1: Remittances

Source: Central Bank of Kenya

Table 3: Money Markets

| Date | Number of Deals | Value (KSh M) | Average Interbank Rate (%) |
|------------------|-----------------|------------------|----------------------------|
| 1-Jul-22 | 29 | 14,360.00 | 5.52 |
| 4-Jul-22 | 41 | 16,170.00 | 5.61 |
| 5-Jul-22 | 47 | 17,820.00 | 5.82 |
| 6-Jul-22 | 46 | 29,700.00 | 5.89 |
| 7-Jul-22 | 30 | 22,250.00 | 5.89 |
| July 1-7 | 39 | 20,060.00 | 5.74 |
| 8-Jul-22 | 32 | 17,000.00 | 5.97 |
| 11-Jul-22 | Holiday | | |
| 12-Jul-22 | 32 | 19,360.00 | 5.80 |
| 13-Jul-22 | 45 | 37,260.00 | 5.67 |
| 14-Jul-22 | 43 | 28,335.00 | 5.44 |
| July 8-14 | 38 | 25,488.75 | 5.72 |

Source: Central Bank of Kenya

Table 4: Performance of Treasury Bill Auctions

| 91-Day Treasury Bills | | | | | | |
|----------------------------------|--------------|--------------|--------------|--------------|--------------|--------------|
| Date of Auction | 19-May-22 | 26-May-22 | 23-Jun-22 | 30-Jun-22 | 7-Jul-22 | 14-Jul-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) | 5,475.21 | 494.30 | 8,054.61 | 4,727.43 | 11,039.70 | 13,191.02 |
| Amount Accepted (KSh M) | 2,523.79 | 468.31 | 8,053.64 | 3,959.52 | 11,036.60 | 13,141.70 |
| Maturities (KSh M) | 1,442.85 | 2,021.00 | 2,352.05 | 1,539.65 | 2,391.45 | 4,840.85 |
| Average Interest Rate (%) | 7.758 | 7.744 | 8.013 | 8.097 | 8.167 | 8.248 |
| 182-Day Treasury Bills | | | | | | |
| Date of Auction | 19-May-22 | 26-May-22 | 23-Jun-22 | 30-Jun-22 | 7-Jul-22 | 14-Jul-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) | 10,251.80 | 2,845.90 | 4,849.13 | 1,751.07 | 8,434.11 | 5,088.16 |
| Amount Accepted (KSh M) | 8,337.33 | 2,845.42 | 4,847.84 | 1,600.03 | 8,433.06 | 5,088.16 |
| Maturities (KSh M) | 6,804.35 | 2,614.95 | 818.55 | 2,412.35 | 6,582.40 | 14,261.20 |
| Average Interest Rate (%) | 8.832 | 8.901 | 9.163 | 9.196 | 9.253 | 9.305 |
| 364-Day Treasury Bills | | | | | | |
| Date of Auction | 19-May-22 | 26-May-22 | 23-Jun-22 | 30-Jun-22 | 7-Jul-22 | 14-Jul-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) | 12,184.59 | 9,721.48 | 8,289.33 | 2,435.86 | 5,115.42 | 7,106.54 |
| Amount Accepted (KSh M) | 12,006.44 | 9,198.39 | 7,379.10 | 2,260.74 | 4,736.22 | 7,096.45 |
| Maturities (KSh M) | 11,778.25 | 15,009.20 | 9,726.30 | 5,888.60 | 4,545.95 | 5,601.20 |
| Average Interest Rate (%) | 9.879 | 9.881 | 9.974 | 9.985 | 9.980 | 9.986 |

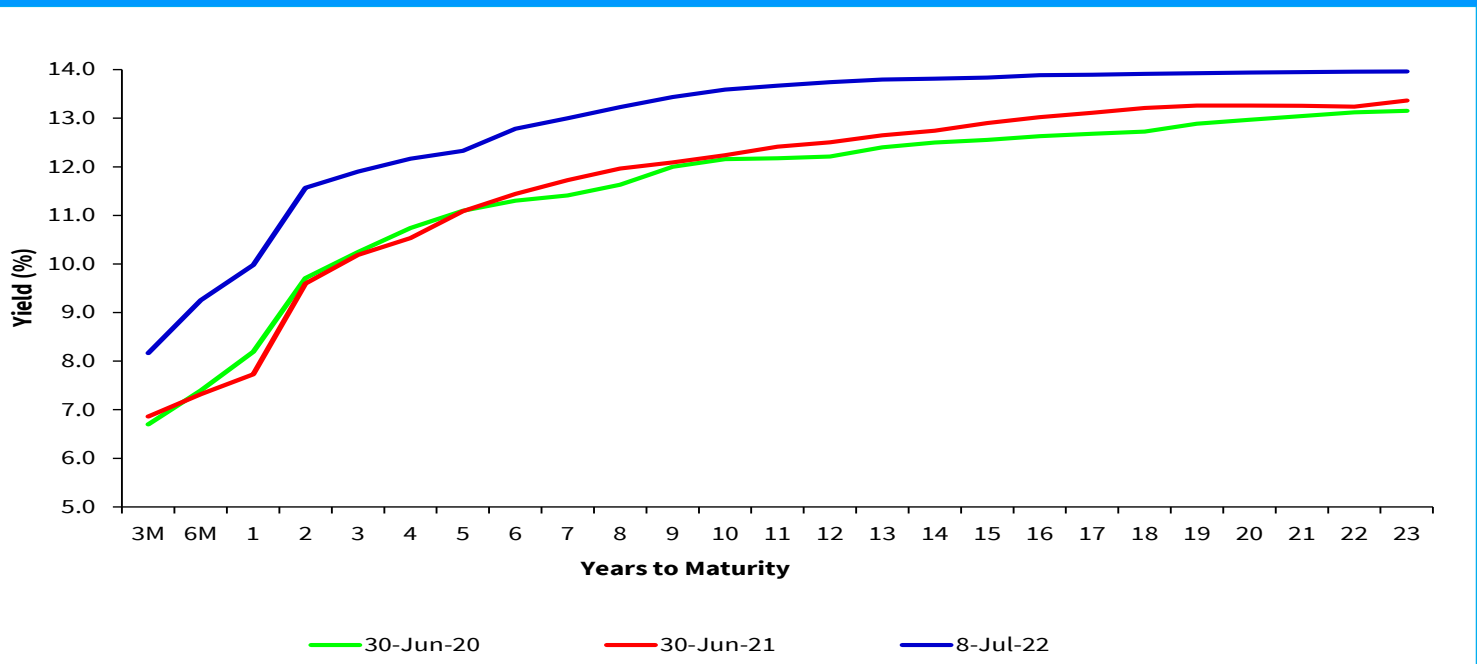
Source: Central Bank of Kenya

Table 5: Performance of Treasury Bond Auctions

| Date of Auction | 11-May-22 | | 20-May-22 | | 8-Jun-22 | 23-Jun-22 | | 7-Jul-22 |
|---------------------------|-------------------|-------------------|-------------------|-------------------|-------------------|------------------|-------------------|-------------------|
| | REOPEN | | TAP | | | TAP | | TAP |
| Tenor | FXD1/ 2022/010 | FXD1/ 2021/025 | FXD1/ 2022/010 | FXD1/ 2021/025 | IFB1/ 2022/018 | FXD1/ 2022/03 | FXD1/ 2022/015 | IFB1/ 2022/018 |
| Amount offered (KSh M) | 60,000.00 | | 10,000.00 | | 75,000.00 | 25,000.00 | | 20,000.00 |
| Bids received (KSh M) | 32,893.01 | 10,225.98 | 5,967.65 | 11,044.75 | 76,369.63 | 3,621.30 | 15,985.45 | 6,418.15 |
| Amount Accepted (KSh M) | 28,675.32 | 3,064.50 | 5,967.17 | 11,003.44 | 73,770.99 | 3,619.82 | 15,976.98 | 6,416.29 |
| Maturities (KSh M) | | | | | 35,273.70 | 0.00 | | |
| Average interest Rate (%) | 13.49 | 13.92 | 13.49 | 13.92 | 13.74 | 11.77 | 13.94 | 13.74 |

Source: Central Bank of Kenya

Chart 2: Government Securities Yield Curve



Source: Nairobi Securities Exchange (NSE)

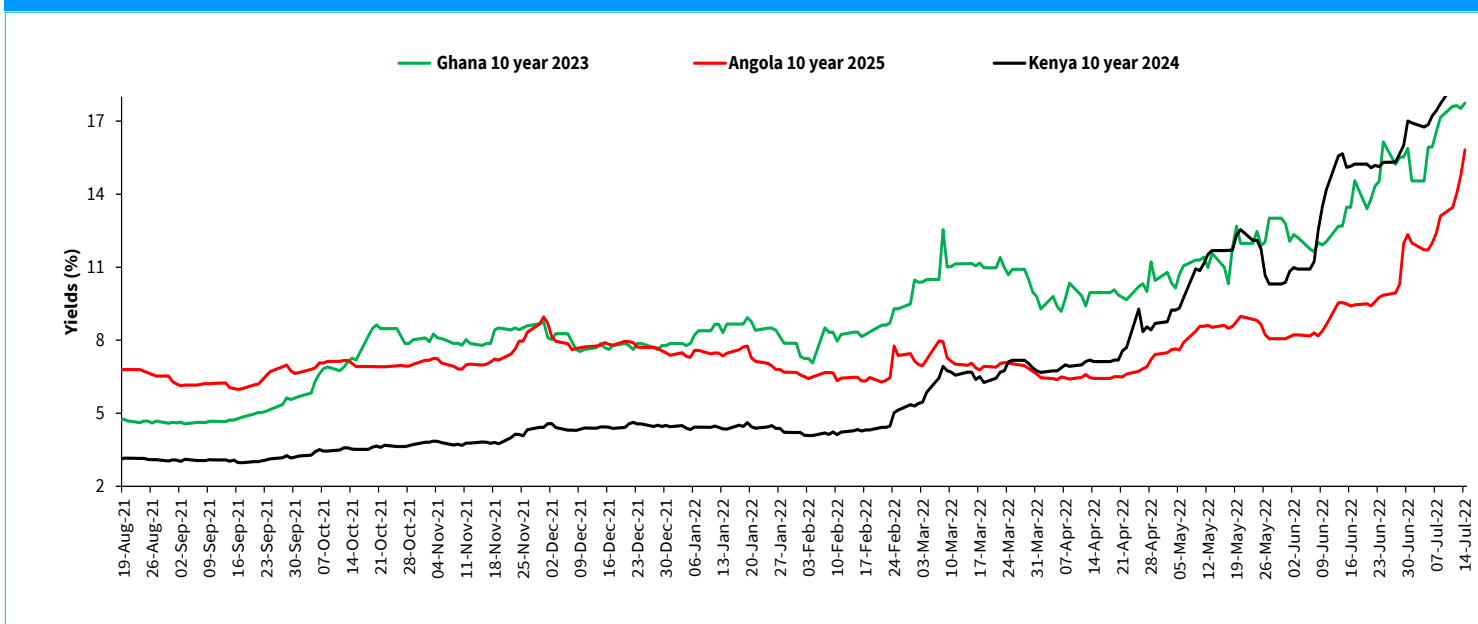
Table 6: Key Weekly Market Indicators

| 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 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 |
| 1-Jul-22 | 124.94 | 2966.81 | 1622.85 | 1,203.00 | 24.02 | 805.66 | 1,946.60 | 2,201.55 | 16.136 | 16.926 | 14.635 | 13.800 | 12.993 | 13.760 |
| 4-Jul-22 | 129.18 | 3029.31 | 1639.75 | 1,225.00 | 14.47 | 439.11 | 2,012.87 | 2,454.26 | 16.136 | 16.752 | 14.594 | 13.706 | 12.993 | 13.815 |
| 5-Jul-22 | 132.19 | 3074.53 | 1645.05 | 1,326.00 | 23.58 | 657.92 | 2,059.77 | 3,531.45 | 16.141 | 16.853 | 14.638 | 13.739 | 12.995 | 13.732 |
| 6-Jul-22 | 133.01 | 3103.78 | 1649.91 | 1,565.00 | 16.11 | 546.09 | 2,072.63 | 2,065.05 | 16.311 | 17.215 | 14.846 | 13.834 | 13.119 | 13.899 |
| 7-Jul-22 | 134.05 | 3132.80 | 1661.31 | 1,193.00 | 17.56 | 686.26 | 2,088.95 | 2,834.70 | 16.605 | 17.432 | 15.022 | 14.028 | 13.154 | 14.042 |
| July 1-7 | 134.05 | 3132.80 | 1661.31 | 6512.00 | 95.74 | 3135.03 | 2088.95 | 13087.01 | 16.605 | 17.432 | 15.022 | 14.028 | 13.154 | 14.042 |
| 8-Jul-22 | 135.39 | 3165.46 | 1691.93 | 1,178.00 | 8.64 | 378.33 | 2,109.84 | 1,876.10 | 17.122 | 17.712 | 15.193 | 14.126 | 13.437 | 14.128 |
| 11-Jul-22 | Holiday | | | | | | | | 17.236 | 18.443 | 15.409 | 14.421 | 13.663 | 14.304 |
| 12-Jul-22 | 138.45 | 3196.27 | 1685.90 | 1,223.00 | 13.15 | 364.80 | 2,157.64 | 2,214.65 | 17.987 | 19.281 | 15.670 | 14.689 | 13.894 | 14.485 |
| 13-Jul-22 | 139.36 | 3196.21 | 1685.59 | 1,324.00 | 9.56 | 234.56 | 2,171.81 | 2,396.65 | 18.658 | 20.420 | 16.289 | 14.997 | 14.438 | 14.956 |
| 14-Jul-22 | 144.58 | 3261.23 | 1694.28 | 1,167.00 | 13.36 | 308.34 | 2,253.43 | 1,596.85 | 19.474 | 21.630 | 16.616 | 15.279 | 15.358 | 15.993 |
| July 8-14 | 144.58 | 3261.23 | 1694.28 | 4892.00 | 44.72 | 1286.03 | 2253.43 | 8084.25 | 19.474 | 21.630 | 16.616 | 15.279 | 15.358 | 15.993 |
| Weekly Changes (%) | 7.86 | 4.10 | 1.98 | -24.88 | -53.29 | -58.98 | 7.87 | -38.23 | 2.869* | 4.198* | 1.594* | 1.251* | 2.204* | 1.951* |

* 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 | 31-Dec-21 | 31-Mar-22 | 27-May-22 | 24-Jun-22 | 01-Jul-22 | 08-Jul-22 |
|---------------------------------------|-----------------|-----------------|-----------------|-----------------|-----------------|-----------------|-----------------|
| 1. Treasury Bills (Excluding Repos) | 765.37 | 709.15 | 656.45 | 637.37 | 620.28 | 628.75 | 627.03 |
| <i>(As % of total securities)</i> | 21.17 | 17.95 | 16.02 | 15.24 | 14.88 | 14.98 | 14.94 |
| 2. Treasury Bonds | 2,849.94 | 3,242.24 | 3,440.61 | 3,543.87 | 3,549.53 | 3,569.09 | 3,569.09 |
| <i>(As % of total securities)</i> | 78.83 | 82.05 | 83.98 | 84.76 | 85.12 | 85.02 | 85.06 |
| 3. Total Securities (1+2) | 3,615.31 | 3,951.39 | 4,097.06 | 4,181.24 | 4,169.81 | 4,197.85 | 4,196.12 |
| 4. Overdraft at Central Bank | 59.28 | 59.31 | 68.40 | 55.84 | 65.86 | 58.50 | 60.72 |
| 5. Other Domestic debt* | 22.50 | 21.66 | 26.32 | 26.26 | 30.55 | 30.53 | 30.54 |
| 6. Gross Domestic Debt (3+4+5) | 3,697.09 | 4,032.37 | 4,191.77 | 4,263.34 | 4,266.23 | 4,286.88 | 4,287.38 |

* 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 | 1-Jul-22 | 8-Jul-22 |
|----------------------------------|---------------|---------------|---------------|---------------|---------------|---------------|---------------|
| Treasury bills (Excluding Repos) | 27.93 | 20.70 | 17.59 | 15.81 | 14.54 | 14.67 | 14.62 |
| Treasury bonds | 69.86 | 77.09 | 80.41 | 82.09 | 83.20 | 83.26 | 83.25 |
| Overdraft at Central Bank | 1.48 | 1.60 | 1.47 | 1.46 | 1.54 | 1.36 | 1.42 |
| Other domestic debt | 0.73 | 0.61 | 0.54 | 0.64 | 0.72 | 0.71 | 0.71 |
| 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 | 31-Dec-21 | 25-Mar-22 | 24-Jun-22 | 1-Jul-22 | 8-Jul-22 |
|----------------------|---------------|---------------|---------------|---------------|---------------|---------------|---------------|
| Banking Institutions | 54.18 | 51.24 | 50.20 | 49.29 | 48.74 | 48.51 | 48.43 |
| Insurance Companies | 6.05 | 6.66 | 6.79 | 6.87 | 7.14 | 7.18 | 7.18 |
| Parastatals | 5.73 | 5.54 | 5.57 | 5.72 | 5.84 | 5.97 | 5.97 |
| Pension Funds | 29.04 | 30.60 | 31.34 | 31.75 | 32.39 | 32.40 | 32.45 |
| Other Investors | 5.00 | 5.96 | 6.10 | 6.37 | 5.89 | 5.94 | 5.97 |
| 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

| | Sep-20 | Dec-20 | Jun-21 | Sep-21 | Dec-21 | Mar-22 | Apr-22 |
|---|-----------------|-----------------|-----------------|-----------------|-----------------|-----------------|-----------------|
| Domestic debt (KSh Bn) | 3,457.11 | 3,488.54 | 3,697.09 | 3,937.80 | 4,032.37 | 4,191.77 | 4,226.84 |
| Public & Publicly Guaranteed External debt (USD Bn) | 33.77 | 34.75 | 37.08 | 36.73 | 36.90 | 36.82 | 36.65 |
| 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 | 4,243.53 |
| Public debt (KSh Bn) | 7,120.60 | 7,281.83 | 7,696.63 | 7,996.30 | 8,206.74 | 8,401.33 | 8,470.37 |

Source: The National Treasury and Central Bank of Kenya