



Central Bank of Kenya

Weekly Bulletin

September 23, 2022



RECENT MONETARY AND FINANCIAL DEVELOPMENTS

Exchange Rates

The Kenya Shilling remained stable against major international and regional currencies during the week ending September 22. It exchanged at KSh 120.54 per US dollar on September 22, compared to KSh 120.41 per US dollar on September 15 (**Table 1**).

Foreign Exchange Reserves

The usable foreign exchange reserves remained adequate at USD 7,448 million (4.24 months of import cover) as at September 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 September 22, as tax remittances more than offset government payments. Commercial banks' excess reserves stood at KSh 12.3 billion in relation to the 4.25 percent cash reserves requirement (CRR). Open market operations remained active. The average interbank rate was 5.00 percent on September 22 compared to 3.99 percent on September 15. During the week, the average number of interbank deals increased to 36 from 34 in the previous week, while the average value traded increased to KSh 30.7 billion from KSh 21.8 billion in the previous week (**Table 3**).

Government Securities Market

The Treasury bill auction of September 22, received bids totalling KSh 11.2 billion against an advertised amount of KSh 24.0 billion, representing a performance of 46.6 percent. Interest rates remained stable, with 91-day and 182-day Treasury bill rates increasing while the 364-day Treasury bill rate declined marginally (**Table 4**).

Equity Market

At the Nairobi Securities Exchange, the NASI rose by 0.6 percent, while NSE 25 and NSE 20 share price indices declined by 0.4 percent and 2.2 percent, respectively. Market capitalization rose by 0.6 percent, while total shares traded and equity turnover, declined by 12.9 percent and 7.2 percent, respectively, during the week ending September 22 (**Table 6**).

Bonds Market

Bond turnover in the domestic secondary market increased by 82.4 percent during the week ending September 22 (**Table 6**). In the international market, yields on Kenya's Eurobonds rose by an average of 47.2 basis points, with the 2024 maturity rising by 83.2 basis points. The yield on the 10-Year Eurobond for Angola and Ghana, also rose (**Chart 2**).

Global Trends

Concerns about inflation persisted in advanced economies during the week ending September 22 and major central banks tightened further their stance. The US Federal Reserve and the Bank of England raised their benchmark rates by 75 and 50 basis points, respectively. The index of the US dollar against a basket of major currencies strengthened by 1.5 percent during the week.

International oil prices declined during the week ending September 22, following the Federal Reserve's decision to raise interest rates, which could dampen economic activity and demand for oil. Murban oil price decreased to USD 92.48 per barrel on September 22 from USD 94.92 per barrel on September 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-Sep-22	120.31	138.75	120.10	83.81	31.71	19.38	8.60	17.16
12-Sep-22	120.34	139.10	120.64	84.06	31.74	19.38	8.60	17.15
13-Sep-22	Public Holiday							
14-Sep-22	120.37	140.43	121.77	84.44	31.64	19.37	8.60	17.15
15-Sep-22	120.41	139.27	120.71	83.81	31.68	19.37	8.61	17.15
Sep 8-15	120.36	139.39	120.81	84.03	31.70	19.38	8.60	17.15
16-Sep-22	120.41	138.67	120.33	83.96	31.64	19.35	8.61	17.15
19-Sep-22	120.43	137.99	120.22	84.10	31.68	19.36	8.78	17.15
20-Sep-22	120.46	137.42	120.27	84.05	31.71	19.36	8.78	17.14
21-Sep-22	120.50	137.64	120.44	83.71	31.69	19.35	8.78	17.14
22-Sep-22	120.54	136.93	119.75	83.20	31.69	19.35	8.77	17.13
Sep 16-22	120.47	137.73	120.20	83.80	31.68	19.35	8.74	17.14

*Units of currency per Kenya Shilling

Source: Central Bank of Kenya

Table 2: Official Foreign Exchange Reserves (USD Million)

	25-Aug-22	1-Sep-22	8-Sep-22	15-Sep-22	22-Sep-22
1. CBK Usable Foreign Exchange Reserves (USD Million)	7,608	7,375	7,346	7,372	7,448
2. CBK Usable Foreign Exchange Reserves (Months of Import Cover)*	4.39	4.20	4.19	4.20	4.24

*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-Sep-22	30	15,740.00	4.07
12-Sep-22	33	21,275.00	4.02
13-Sep-22	Public Holiday		
14-Sep-22	39	26,280.00	3.98
15-Sep-22	35	23,840.00	3.99
Sep 8-15	34	21,783.75	4.02
16-Sep-22	36	37,965.00	3.86
19-Sep-22	34	31,510.00	3.87
20-Sep-22	39	38,215.00	4.04
21-Sep-22	42	38,465.00	4.06
22-Sep-22	27	7,570.00	5.00
Sep 16-22	36	30,745.00	4.17

Source: Central Bank of Kenya

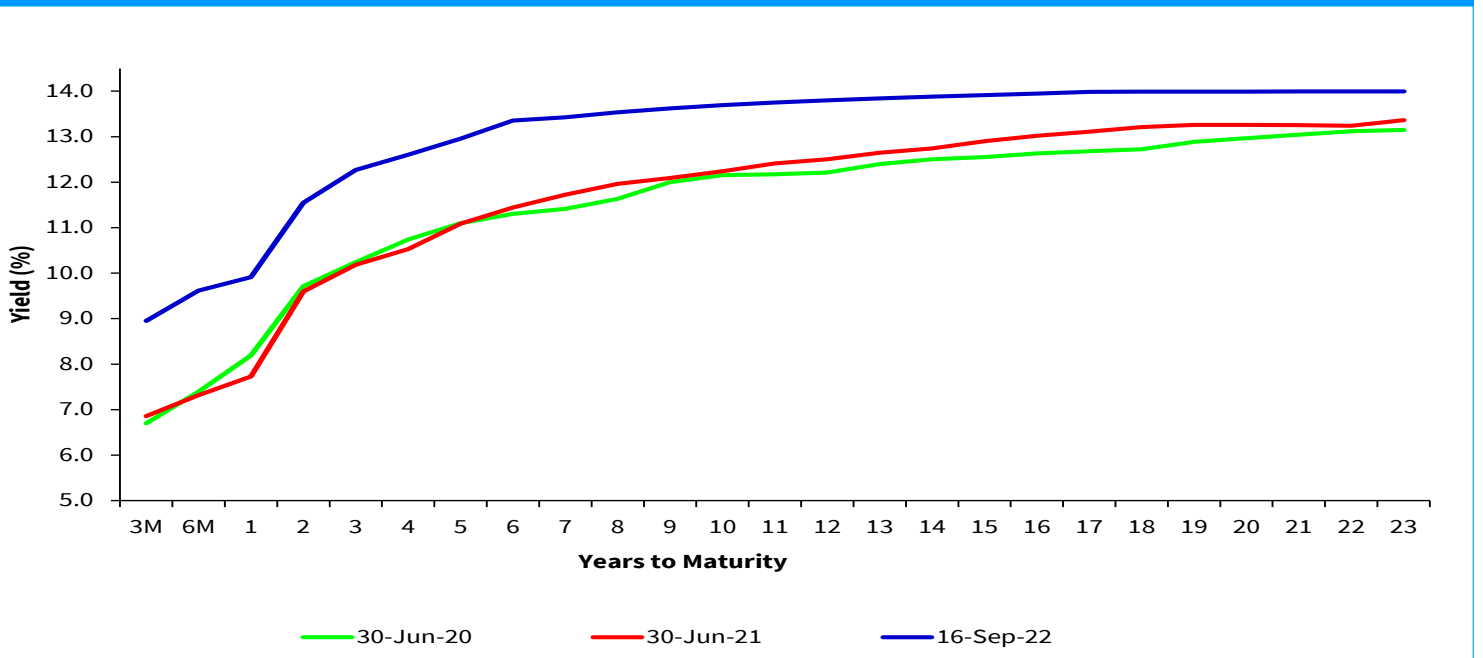
Table 4: Performance of Treasury Bill Auctions						
91-Day Treasury Bills						
Date of Auction	18-Aug-22	25-Aug-22	1-Sep-22	8-Sep-22	15-Sep-22	22-Sep-22
Amount Offered (KSh M)	4,000.00	4,000.00	4,000.00	4,000.00	4,000.00	4,000.00
Bids Received (KSh M)	11,770.10	10,815.66	16,262.43	27,014.78	9,936.20	4,712.88
Amount Accepted (KSh M)	11,769.12	8,368.63	8,438.55	20,157.23	4,066.08	3,733.04
Maturities (KSh M)	2,541.00	455.40	3,562.40	3,277.45	3,098.00	8,206.80
Average Interest Rate (%)	8.669	8.767	8.860	8.910	8.950	8.951
182-Day Treasury Bills						
Date of Auction	18-Aug-22	25-Aug-22	1-Sep-22	8-Sep-22	15-Sep-22	22-Sep-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)	6,801.41	4,162.31	11,226.78	6,227.02	11,391.78	5,426.04
Amount Accepted (KSh M)	6,801.13	2,225.72	9,292.97	4,318.03	11,363.17	5,315.83
Maturities (KSh M)	10,349.65	4,085.40	12,779.95	6,028.40	8,568.15	3,996.45
Average Interest Rate (%)	9.492	9.532	9.576	9.599	9.615	9.625
364-Day Treasury Bills						
Date of Auction	18-Aug-22	25-Aug-22	1-Sep-22	8-Sep-22	15-Sep-22	22-Sep-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)	1,143.77	4,437.52	3,411.53	3,475.66	1,957.38	1,041.93
Amount Accepted (KSh M)	1,132.49	4,408.79	3,411.44	3,475.48	1,938.83	1,041.66
Maturities (KSh M)	1,072.45	4,337.10	10,634.95	3,046.70	3,180.20	745.35
Average Interest Rate (%)	9.909	9.910	9.876	9.915	9.913	9.909

Source: Central Bank of Kenya

Table 5: Performance of Treasury Bond Auctions								
Date of Auction	7-Jul-22	20-Jul-22		17-Aug-22			14-Sep-22	
	TAP	RE-OPEN		RE-OPEN			RE-OPEN	
Tenor	IFB1/ 2022/018	FXD2 2013/15	FXD2/ 2018/15	FXD1/ 2022/03	FXD2/ 2019/10	FXD1/ 2021/20	FXD1/ 2022/10	FXD1/ 2022/15
Amount offered (KSh M)	20,000.00	40,000.00		50,000.00			50,000.00	
Bids received (KSh M)	6,418.15	5,449.54	5,121.65	21,817.39	8,961.47	18,347.49	28,516.06	17,617.97
Amount Accepted (KSh M)	6,416.29	5,219.84	4,085.63	21,800.81	8,775.73	7,948.69	25,619.45	13,406.37
Maturities (KSh M)								
Average interest Rate (%)	13.74	13.21	13.89	12.45	13.88	13.96	13.95	13.98

Source: Central Bank of Kenya

Chart 1: Government Securities Yield Curve



Source: Central Bank of Kenya

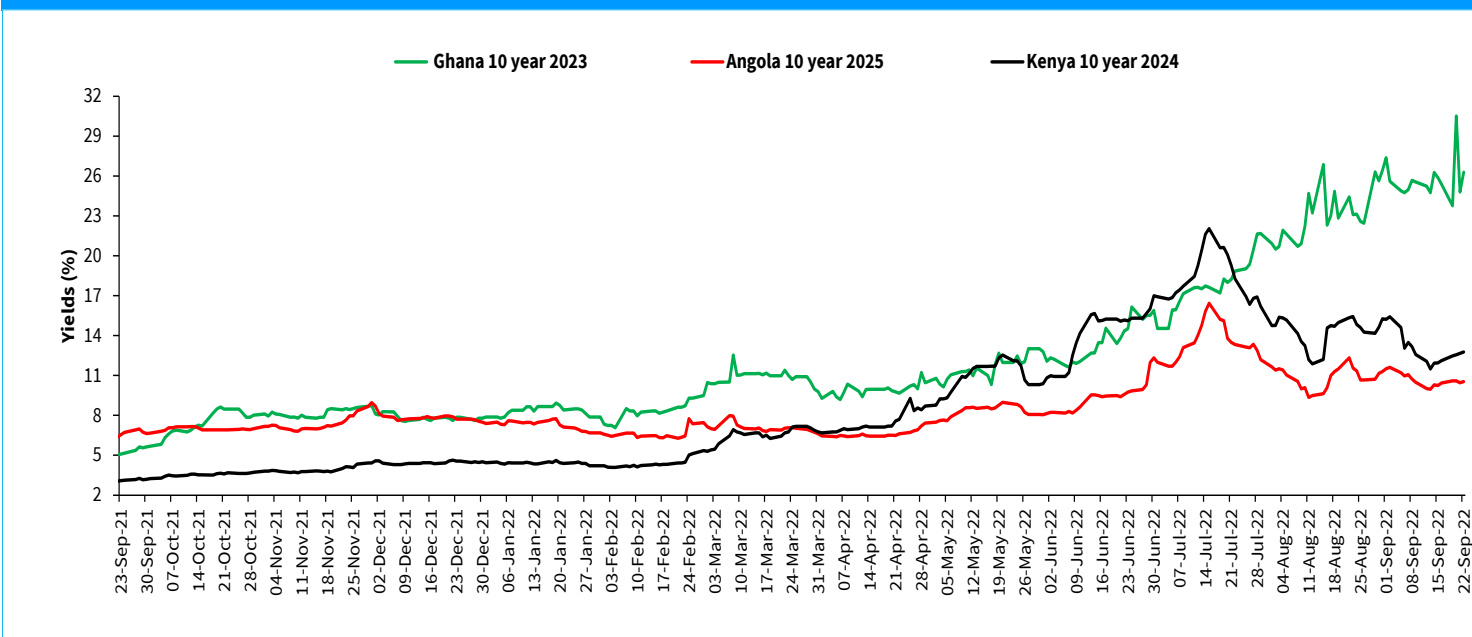
Table 6: Key Weekly Market Indicators

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
9-Sep-22	141.64	3,337.35	1,787.48	1,120	10	243	2207.43	2,135	13.286	12.576	12.325	12.461	10.853	11.743
12-Sep-22	139.82	3,299.81	1,787.30	1,540	34	852	2179.03	1,068	12.547	12.073	11.675	11.902	10.386	11.361
13-Sep-22	PUBLIC HOLIDAY (SWEARING IN CEREMONY)								12.259	11.492	11.748	11.82	10.509	11.342
14-Sep-22	138.23	3,266.57	1,790.01	1,612	13	351	2154.17	998	12.751	11.919	12.074	12.265	10.924	11.661
15-Sep-22	134.18	3,204.80	1,776.99	1,773	32	748	2090.83	3,070	12.763	11.943	12.226	12.382	10.88	11.847
Sep 8-15	134.18	3204.80	1776.99	6,045.00	90.23	2,193.76	2090.83	7,270.90	12.763	11.943	12.226	12.382	10.880	11.847
16-Sep-22	132.34	3,154.11	1,747.84	1,643	26	629	2062.19	2,393	12.866	12.12	12.376	12.44	10.931	11.868
19-Sep-22	133.04	3,162.00	1,753.97	1,200	11	294	2073.14	1,676	13.019	12.472	12.527	12.585	11.032	12.039
20-Sep-22	134.96	3,190.62	1,748.95	1,345	11	276	2103.12	2,550	12.874	12.566	12.343	12.557	10.982	12.017
21-Sep-22	134.75	3,188.83	1,739.08	967	12	341	2099.86	3,444	13.078	12.663	12.531	12.762	11.213	12.104
22-Sep-22	134.96	3,190.63	1,737.96	1,169	17	497	2103.12	3,201	13.141	12.775	12.612	12.795	11.425	12.126
Sep 16-22	134.96	3190.63	1737.96	6,324.00	78.60	2,036.55	2103.12	13,263.10	13.141	12.775	12.612	12.795	11.425	12.126
Weekly Changes (%)	0.58	-0.44	-2.20	4.62	-12.89	-7.17	0.59	82.41	0.378	0.832*	0.386*	0.413*	0.545*	0.279*

* 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-20	30-Jun-21	31-Dec-21	31-Mar-22	29-Jul-22	09-Sep-22	16-Sep-22
1. Treasury Bills (Excluding Repos)	887.70	765.37	709.15	656.45	646.95	654.86	671.42
<i>(As % of total securities)</i>	28.56	21.17	17.95	16.02	15.29	15.41	15.74
2. Treasury Bonds	2,220.34	2,849.94	3,242.24	3,440.61	3,585.11	3,595.25	3,595.25
<i>(As % of total securities)</i>	71.44	78.83	82.05	83.98	84.71	84.59	84.26
3. Total Securities (1+2)	3,108.04	3,615.31	3,951.39	4,097.06	4,232.07	4,250.11	4,266.67
4. Overdraft at Central Bank	47.15	59.28	59.31	68.40	45.44	45.20	42.24
5. Other Domestic debt*	23.24	22.50	21.66	26.32	30.01	33.16	33.17
6. Gross Domestic Debt (3+4+5)	3,178.42	3,697.09	4,032.37	4,191.77	4,307.52	4,328.47	4,342.08

* 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	29-Jul-22	9-Sep-22	16-Sep-22
Treasury bills (Excluding Repos)	27.93	20.70	17.59	15.81	15.02	15.13	15.46
Treasury bonds	69.86	77.09	80.41	82.09	83.23	83.06	82.80
Overdraft at Central Bank	1.48	1.60	1.47	1.46	1.05	1.04	0.97
Other domestic debt	0.73	0.61	0.54	0.64	0.70	0.77	0.76
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	29-Jul-22	9-Sep-22	16-Sep-22
Banking Institutions	54.18	51.24	50.20	49.29	48.28	48.09	48.30
Insurance Companies	6.05	6.66	6.79	6.87	7.20	7.22	7.20
Parastatals	5.73	5.54	5.57	5.72	5.96	6.15	6.15
Pension Funds	29.04	30.60	31.34	31.75	32.56	32.25	32.09
Other Investors	5.00	5.96	6.10	6.37	6.01	6.28	6.26
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	Jun-22*
Domestic debt (KSh Bn)	3,457.11	3,488.54	3,697.09	3,937.80	4,032.37	4,191.77	4,288.33
Public & Publicly Guaranteed External debt (USD Bn)	33.77	34.75	37.08	36.73	36.90	36.82	36.58
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	4,290.73
Public debt (KSh Bn)	7,120.60	7,281.83	7,696.63	7,996.30	8,206.74	8,401.33	8,579.06

Source: The National Treasury and Central Bank of Kenya