



Central Bank of Kenya

Weekly Bulletin

May 6, 2022



RECENT MONETARY AND FINANCIAL DEVELOPMENTS

GDP Growth

The economy rebounded strongly in 2021, supported by recovery in non-agriculture activity following easing of COVID-19 restrictions. The economy grew by 7.5 percent, compared to a contraction of 0.3 percent in 2020. The strong growth was supported by recovery in manufacturing, wholesale and retail trade, education, accommodation and food services, real estate, transport and storage, and financial and insurance sectors.

However, performance of the agriculture sector was subdued, following unfavorable weather conditions in most parts of the country, which affected crop production (**Table 1**).

Exchange Rates

The Kenya Shilling remained stable against major international and regional currencies during the week ending May 5. It exchanged at KSh 115.84 per US dollar on May 5, compared to KSh 115.77 per US dollar on April 28 (**Table 2**).

Foreign Exchange Reserves

The usable foreign exchange reserves remained adequate at USD 8,401 million (4.99 months of import cover) as of May 5. 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 3**).

Money Market

The money market liquidity was relatively tight during the week ending May 5, reflecting tax remittances. Commercial banks' excess reserves stood at KSh 29.2 billion in relation to the 4.25 percent cash reserves requirement (CRR). Open market operations remained active. The average interbank rate was 4.76 percent on May 5 compared to 4.89 percent on April 28. During the week, the average number of interbank deals increased to 35 from 24 in the previous week, while the average value traded decreased to KSh 17.3 billion from KSh 19.1 billion in the previous week (**Table 4**).

Government Securities Market

The Treasury bill auction of May 5, received bids totalling KSh 16.8 billion against an advertised amount of KSh 24.0 billion, representing a performance of 70.2 percent. Interest rates remained stable, with the 91-day, 182-day and 364-day Treasury bills rates increasing marginally (**Table 5**).

Equity Market

At the Nairobi Securities Exchange, NASI, NSE 25 and NSE 20 share price indices declined by 1.7 percent, 1.6 percent, and 1.9 percent, respectively. Market capitalization, equity turnover and total shares traded declined by 1.7 percent, 55.6 percent, and 52.4 percent, respectively, during the week ending May 5. The week had only two trading days due to public holidays (**Table 7**).

Bonds Market

Bonds turnover in the domestic secondary market declined by 69.6 percent during the week ending May 5. In the international market, yields on Kenya's Eurobonds increased by an average of 51 basis points. The yield on the 10-year Eurobond for Angola and Ghana also increased.

Global Trends

Concerns about inflation in the advanced economies continued during the week ending May 5. As a result, the US Fed raised its benchmark rate by 50 basis points, while the Bank of England increased its policy rate by 25 basis points.

International oil prices increased during the week ending May 5 after the US Energy Information Administration reported a crude oil inventory drawdown of 8 million barrels. Murban oil prices increased to USD 109.07 per barrel on May 5 compared to USD 104.63 per barrel on April 28.

Table 1: Real GDP Growth by Sector (Percent)

	Annual Growth (Percent)				
	2017	2018	2019	2020	2021
1. Agriculture	-1.3	5.7	2.7	4.6	-0.2
2. Non-Agriculture (o/w)	5.1	5.7	5.7	-1.4	9.4
2.1 Industry	2.8	3.8	4.0	3.3	7.2
Mining & Quarrying	3.2	-4.7	4.3	5.5	18.0
Manufacturing	0.7	3.6	2.6	-0.4	6.9
Electricity & water supply	3.0	3.6	1.7	0.6	5.0
Construction	6.3	6.1	7.2	10.1	6.6
2.2 Services	5.8	6.2	6.5	-1.8	9.8
Wholesale & Retail Trade	4.3	5.9	5.3	-0.5	7.9
Accommodation & restaurant	9.4	15.6	14.3	-47.7	52.5
Transport & Storage	3.5	6.0	6.3	-7.8	7.2
Information & Communication	8.1	7.9	7.0	6.3	8.8
Financial & Insurance	4.1	2.7	8.1	6.0	12.5
Public administration	3.9	7.9	8.4	7.0	5.6
Professional, Administration & Support Services	3.0	6.9	6.8	-13.7	5.7
Real estate	6.7	6.5	6.7	4.1	6.7
Education	8.2	7.3	5.7	-9.3	21.4
Health	6.4	5.4	5.5	5.7	6.0
Other services	4.4	3.3	4.3	-14.6	12.6
FISIM	-6.0	3.7	9.5	-1.8	5.5
2.3 Taxes on products	5.7	5.9	3.9	-8.1	11.9
Real GDP Growth	3.8	5.6	5.1	-0.3	7.5

Source: Kenya National Bureau Of Statistics

Table 2: Kenya Shilling Exchange Rates (Indicative Mean Rates)

	USD	Sterling Pound	Euro	100 Japanese Yen	Uganda Shilling*	Tanzania Shilling*	Rwan-dese Franc*	Burundi Franc*
22-Apr-22	115.60	150.89	125.66	90.24	30.54	20.09	8.81	17.76
25-Apr-22	115.65	149.46	125.09	89.95	30.44	20.08	8.81	17.63
26-Apr-22	115.70	148.06	124.43	90.48	30.47	20.08	8.80	17.74
27-Apr-22	115.74	147.34	123.81	90.90	30.64	20.08	8.86	17.74
28-Apr-22	115.77	146.09	122.83	89.14	30.79	20.08	8.80	17.74
Apr 22-28	115.69	148.37	124.36	90.14	30.57	20.08	8.82	17.72
29-Apr-22	Public Holiday-State Funeral							
2-May-22	Labour Day							
3-May-22	Eid al-Fitr Holiday							
4-May-22	115.81	145.35	122.14	88.98	30.56	20.08	8.79	17.74
5-May-22	115.84	145.51	122.04	89.57	30.69	20.07	8.79	17.73
Apr 29- May 5	115.83	145.43	122.09	89.28	30.62	20.07	8.79	17.73

*Units of currency per Kenya Shilling

Source: Central Bank of Kenya

Table 3: Official Foreign Exchange Reserves (USD Million)

	7-Apr-22	14-Apr-22	21-Apr-22	28-Apr-22	5-May-22
1. CBK Usable Foreign Exchange Reserves (USD Million)	8,373	8,284	8,500	8,427	8,401
2. CBK Usable Foreign Exchange Reserves (Months of Import Cover)*	4.98	4.92	5.05	5.01	4.99

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

Source: Central Bank of Kenya

Table 4: Money Markets

Date	Number of Deals	Value (KSh M)	Average Interbank Rate (%)
22-Apr-22	36	27,120.00	4.66
25-Apr-22	26	27,630.00	4.74
26-Apr-22	24	20,850.00	4.68
27-Apr-22	18	13,030.00	4.72
28-Apr-22	18	6,670.00	4.89
April 22-28	24	19,060.00	4.74
29-Apr-22	Public Holiday-State Funeral		
2-May-22	Labour Day		
3-May-22	Eid al-Fitr Holiday		
4-May-22	34	16,030.00	4.84
5-May-22	36	18,615.00	4.76
April 29-May 5	35	17,322.50	4.80

Source: Central Bank of Kenya

Table 5: Performance of Treasury Bill Auctions

91-Day Treasury Bills						
Date of Auction	31-Mar-22	7-Apr-22	13-Apr-22	21-Apr-22	28-Apr-22	5-May-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)	1,522.59	2,384.49	4,800.04	8,180.05	10,183.46	5,252.72
Amount Accepted (KSh M)	1,522.59	2,382.72	4,799.21	8,171.92	10,182.29	5,252.72
Maturities (KSh M)	576.15	5,747.85	4,386.05	1,718.35	1,528.15	3,355.25
Average Interest Rate (%)	7.302	7.377	7.424	7.448	7.497	7.580
182-Day Treasury Bills						
Date of Auction	31-Mar-22	7-Apr-22	13-Apr-22	21-Apr-22	28-Apr-22	5-May-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)	3,131.62	3,932.29	2,601.49	9,018.64	8,700.64	3,716.18
Amount Accepted (KSh M)	3,131.62	3,931.23	2,601.40	9,018.64	8,700.64	3,716.18
Maturities (KSh M)	5,526.25	4,102.45	8,278.40	4,775.35	5,695.65	9,123.45
Average Interest Rate (%)	8.164	8.219	8.315	8.373	8.458	8.542
364-Day Treasury Bills						
Date of Auction	31-Mar-22	7-Apr-22	13-Apr-22	21-Apr-22	28-Apr-22	5-May-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)	2,470.75	8,173.05	4,252.21	6,537.28	9,394.85	7,879.90
Amount Accepted (KSh M)	2,446.61	8,122.32	4,161.11	6,535.46	9,285.89	7,879.45
Maturities (KSh M)	4,749.75	15,850.30	11,395.00	8,490.30	17,297.30	16,610.55
Average Interest Rate (%)	9.752	9.743	9.745	9.755	9.776	9.840

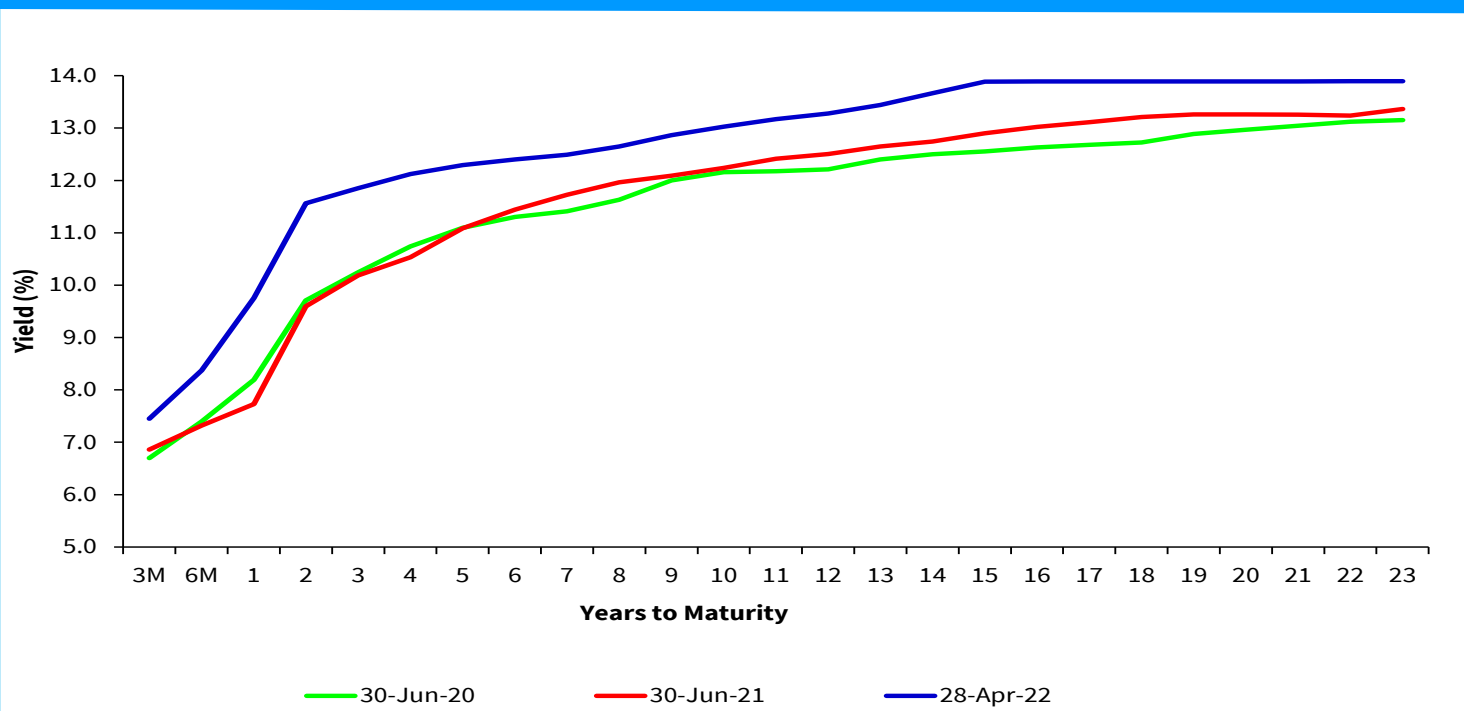
Source: Central Bank of Kenya

Table 6: Performance of Treasury Bond Auctions

Date of Auction	9-Mar-22			18-Mar-22			6-Apr-22	20-Apr-22
Tenor	REOPEN			TAP			FXD1/ 2022/03	FXD1/ 2022/015
	FXD1/ 2021/005	FXD1/ 2020/015	FXD1/ 2021/025	FXD1/ 2021/005	FXD1/ 2020/015	FXD1/ 2021/025		
Amount offered (KSh M)	50,000.00			31,500.00			40,000.00	30,000.00
Bids received (KSh M)	9,212.68	9,136.01	22,601.21	3,934.30	15,563.15	5,394.15	34,045.50	32,545.90
Amount Accepted (KSh M)	8,294.79	6,216.24	3,942.94	3,834.09	14,651.62	5,373.44	33,137.89	27,637.05
Maturities (KSh M)	0.00			0.00			2,866.08	0.00
Average interest Rate (%)	11.997	13.73	13.97	11.277	12.76	13.92	11.78	13.94

Source: Central Bank of Kenya

Chart 1: Government Securities Yield Curve



Source: Nairobi Securities Exchange (NSE)

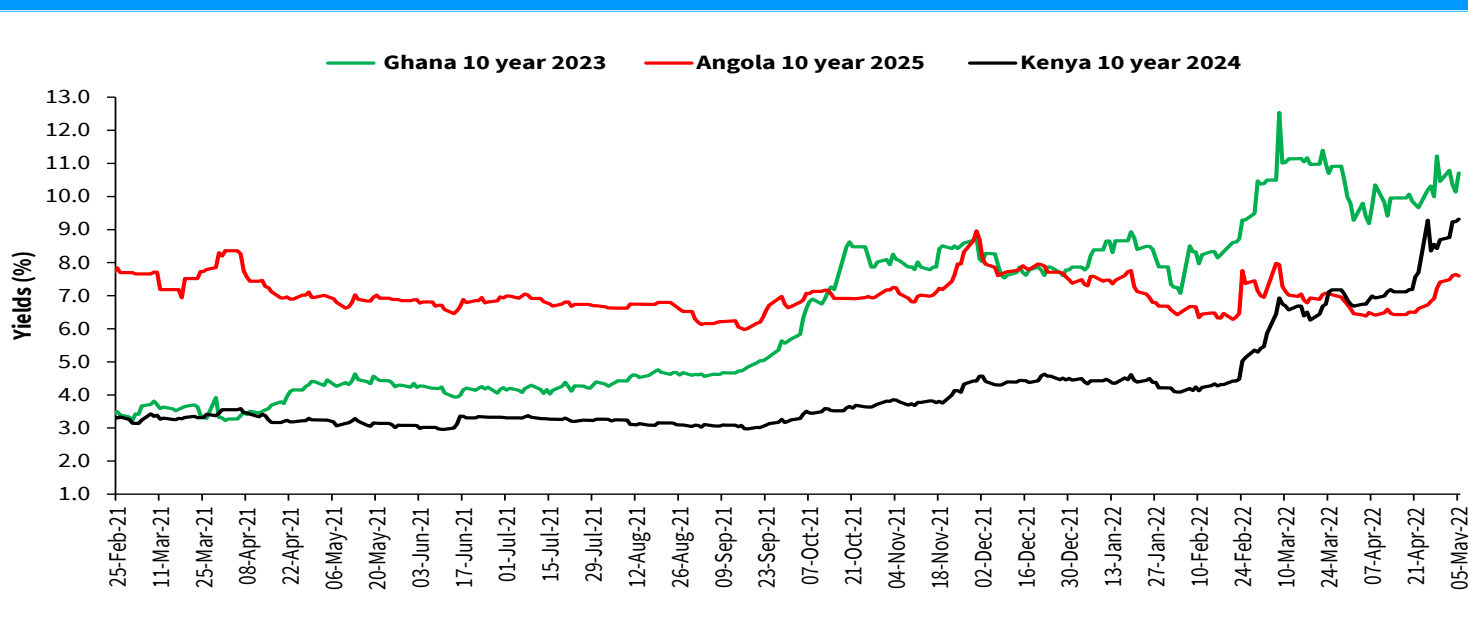
Table 7: Key Weekly Market Indicators

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
22-Apr-22	154.85	3528.49	1853.74	991.00	6.63	251.27	2,413.88	3,865.12	9.417	7.698	9.217	9.660	9.337	10.358
25-Apr-22	153.98	3515.44	1848.31	1,041.00	6.68	222.83	2,400.32	1,128.80	10.255	9.281	9.917	10.285	9.928	10.843
26-Apr-22	152.35	3459.58	1827.90	1,154.00	9.48	366.41	2,374.78	4,358.26	9.907	8.352	9.763	10.027	9.684	10.718
27-Apr-22	151.23	3412.65	1815.03	1,096.00	5.23	154.71	2,357.33	4,492.38	10.231	8.552	9.764	10.144	9.818	10.736
28-Apr-22	150.17	3382.77	1800.64	1,082.00	8.58	223.80	2,340.77	5,062	10.391	8.426	9.953	10.169	10.085	10.825
April 22- 28	150.17	3382.77	1800.64	5,364.00	36.61	1,219.01	2,340.77	18,906.53	10.391	8.426	9.953	10.169	10.085	10.825
29-Apr-22	Public Holiday-State Funeral								10.505	8.693	10.016	10.431	10.000	10.989
2-May-22	Labour Day								10.491	8.763	10.048	10.840	10.160	11.062
3-May-22	Eid al-Fitr Holiday								10.821	9.236	10.238	10.650	10.300	11.195
4-May-22	149.30	3360.73	1781.32	1,153.00	14.32	497.71	2,327.09	1,415.15	10.818	9.239	10.366	10.724	10.430	11.271
5-May-22	147.58	3329.25	1766.12	1,121.00	3.11	43.84	2,300.22	4,331.60	11.055	9.316	10.243	10.702	10.34	11.252
April 29- May 5	147.58	3329.25	1766.12	2,274.00	17.43	541.55	2,300.22	5,746.75	11.055	9.316	10.243	10.702	10.340	11.252
Weekly Changes (%)	-1.72	-1.58	-1.92	-57.61	-52.39	-55.57	-1.73	-69.60	0.664*	0.890*	0.290*	0.533*	0.255*	0.427*

* Percentage points

Source: Nairobi Securities Exchange (NSE) and Thomson Reuters

Chart 2: Yields on 10 year Eurobonds for Selected Countries



Source: Thomson Reuters

Table 8: Government Domestic Debt (KSh Billion)

	30-Jun-21	30-Sep-21	31-Dec-21	28-Feb-22	25-Mar-22	22-Apr-22	28-Apr-22
1. Treasury Bills (Excluding Repos)	765.37	763.45	709.15	679.48	662.60	630.73	640.60
<i>(As % of total securities)</i>	21.17	19.78	17.95	16.65	16.15	15.37	15.47
2. Treasury Bonds	2,849.94	3,096.84	3,242.24	3,400.35	3,440.61	3,473.72	3,501.35
<i>(As % of total securities)</i>	78.83	80.22	82.05	83.35	83.85	84.63	84.53
3. Total Securities (1+2)	3,615.31	3,860.29	3,951.39	4,079.83	4,103.21	4,104.46	4,141.95
4. Overdraft at Central Bank	59.28	55.11	59.31	74.70	61.36	67.34	58.63
5. Other Domestic debt*	22.50	22.37	21.66	25.77	26.89	26.35	26.32
6. Gross Domestic Debt (3+4+5)	3,697.09	3,937.78	4,032.37	4,180.29	4,191.46	4,198.14	4,226.89

* Other domestic debt includes clearing items in transit, advances from commercial banks and Pre-1997 Government Overdraft.

Source: Central Bank of Kenya

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

	30-Jun-21	30-Sep-21	31-Dec-21	28-Feb-22	25-Mar-22	22-Apr-22	28-Apr-22
Treasury bills (Excluding Repos)	20.70	19.39	17.59	16.25	15.81	15.02	15.16
Treasury bonds	77.09	78.64	80.41	81.34	82.09	82.74	82.83
Overdraft at Central Bank	1.60	1.40	1.47	1.79	1.46	1.60	1.39
Other domestic debt	0.61	0.57	0.54	0.62	0.64	0.63	0.62
TOTAL	100.00	100.00	100.00	100.00	100.00	100.00	100.00

Source: Central Bank of Kenya

Table 10: Composition of Government Domestic Debt by Holder (Percent)

	30-Jun-21	30-Sep-21	31-Dec-21	28-Feb-22	25-Mar-22	22-Apr-22	28-Apr-22
Banking Institutions	51.24	50.82	50.20	49.51	49.29	49.31	49.03
Insurance Companies	6.66	6.60	6.79	6.82	6.87	6.89	6.96
Parastatals	5.54	5.39	5.57	5.62	5.72	5.61	5.77
Pension Funds	30.60	31.24	31.34	31.64	31.75	31.84	31.92
Other Investors	5.96	5.95	6.10	6.41	6.37	6.35	6.32
Total	100.00	100.00	100.00	100.00	100.00	100.00	100.00

Source: Central Bank of Kenya

Table 11: 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