



Central Bank of Kenya

Weekly Bulletin

November 18, 2022



RECENT MONETARY AND FINANCIAL DEVELOPMENTS

Exchange Rates

The Kenya Shilling remained stable against major international and regional currencies during the week ending November 17. It exchanged at KSh 121.98 per US dollar on November 17, compared to KSh 121.74 per US dollar on November 10 (**Table 1**).

Foreign Exchange Reserves

The usable foreign exchange reserves remained adequate at USD 7,191 million (4.03 months of import cover) as at November 17. This meets the CBK's statutory requirement to endeavor to maintain at least 4 months of import cover (**Table 2**).

Remittances

Remittance inflows remained strong at USD 332.6 million in October compared to USD 318.0 million in September, an increase of 4.6 percent (**Chart 1**). The cumulative inflows for the 12 months to October totaled USD 3,996 million compared to USD 3,605 million in October 2021, an increase of 10.9 percent. The remittance inflows continue to support the current account and the foreign exchange market. The US remains the largest source of remittances into Kenya, accounting for 57.6 percent in October.

Money Market

Liquidity in the money market increased during the week ending November 17, as government payments more than offset tax remittances. Commercial banks' excess reserves stood at KSh 5.7 billion in relation to the 4.25 percent cash reserves requirement (CRR). Open market operations remained active. The average interbank rate was 4.49 percent on November 17 compared to 4.20 percent on November 10. During the week, the average number of interbank deals increased to 26 from 19 in the previous week, while the average value traded increased to KSh 17.8 billion from KSh 13.1 billion (**Table 3**).

Government Securities Market

The Treasury bill auction of November 17, received bids totaling KSh 41.0 billion against an advertised amount of KSh 24.0 billion, representing a performance of 170.8 percent. Interest rates remained stable, with the 364-day rate decreasing while those of the 91-day and 182-day Tenors increasing marginally (**Table 4**).

Equity Market

At the Nairobi Securities Exchange, the NASI and NSE 25 share price indices increased by 0.02 percent and 0.7 percent, respectively, while the NSE 20 share price index declined by 0.5 percent during the week ending November 17. Market capitalization, equity turnover and total shares traded increased by 0.02 percent, 72.6 percent and 79.1 percent, respectively (**Table 6**).

Bonds Market

Bond turnover in the domestic secondary market declined by 1.8 percent during the week ending November 17 (**Table 6**). In the international market, yields on Kenya's Eurobonds declined by an average of 94.4 basis points, with the 2024 maturity declining by 134.0 basis points. The yields on the 10-Year Eurobonds for Ghana and Angola also declined (**Chart 3**).

Global Trends

Concerns about inflation in advanced economies persisted during the week ending November 17. Inflation in Germany increased to 10.4 percent from 10.0 percent in September while that of UK increased to 11.1 percent in October compared to 10.1 in September. The index of the US dollar against a basket of major currencies weakened by 1.3 percent during the week.

International oil prices increased during the week ending November 17. Murban oil price rose to USD 91.46 per barrel on November 17 from USD 91.00 per barrel on November 10.

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

	USD	Sterling Pound	Euro	100 Japanese Yen	Uganda Shilling*	Tanzania Shilling*	Rwandese Franc*	Burundi Franc*
4-Nov-22	121.50	136.90	118.85	82.21	31.32	19.19	8.79	17.02
7-Nov-22	121.54	136.70	119.48	82.64	31.14	19.19	8.79	17.02
8-Nov-22	121.61	139.14	121.36	82.84	31.08	19.18	8.78	17.01
9-Nov-22	121.67	139.34	121.59	83.17	31.07	19.17	8.78	17.00
10-Nov-22	121.74	139.69	122.34	83.55	31.01	19.16	8.78	16.99
Nov 4-10	121.61	138.35	120.72	82.88	31.12	19.18	8.79	17.01
11-Nov-22	121.78	139.92	122.20	85.18	31.04	19.15	8.78	16.99
14-Nov-22	121.83	143.19	125.27	87.30	30.90	19.14	8.78	16.98
15-Nov-22	121.90	143.63	125.65	86.98	30.80	19.13	8.77	16.97
16-Nov-22	121.93	145.21	126.97	87.75	30.76	19.13	8.77	16.97
17-Nov-22	121.98	144.98	126.94	87.37	30.74	19.12	8.62	16.96
Nov 11-17	121.88	143.39	125.40	86.92	30.85	19.13	8.74	16.97

*Units of currency per Kenya Shilling

Source: Central Bank of Kenya

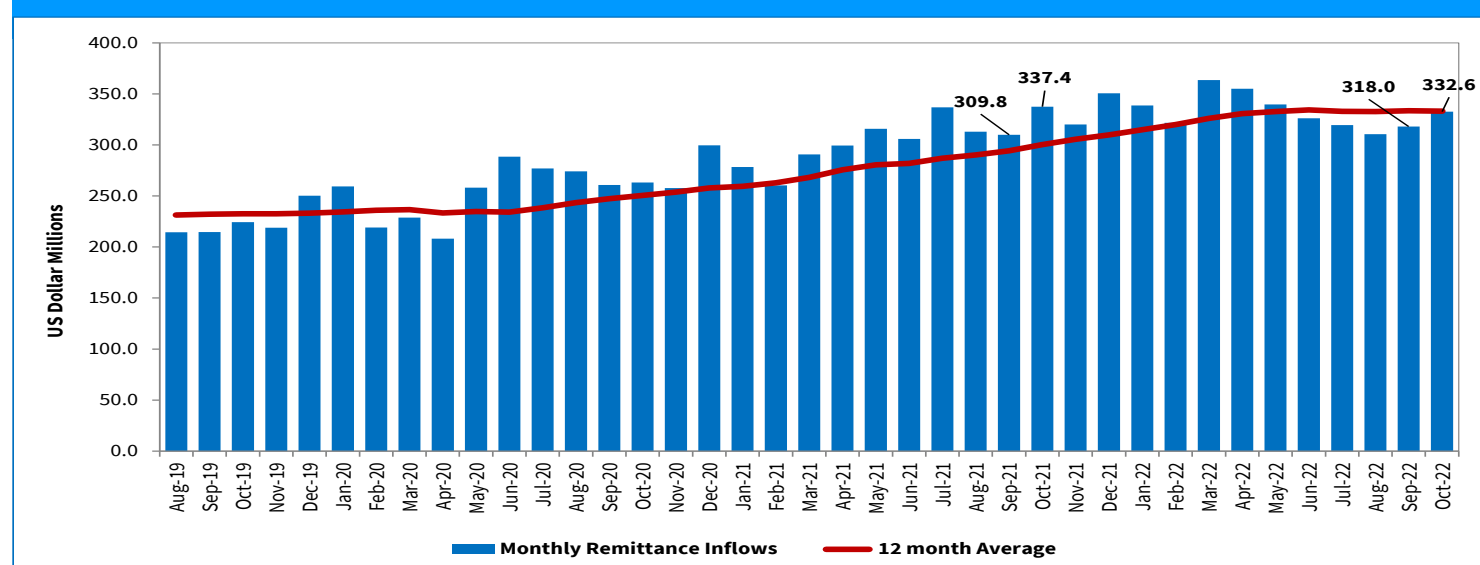
Table 2: Official Foreign Exchange Reserves (USD Million)

	19-Oct-22	27-Oct-22	3-Nov-22	10-Nov-22	17-Nov-22
1. CBK Usable Foreign Exchange Reserves (USD Million)	7,316	7,286	7,213	7,235	7,191
2. CBK Usable Foreign Exchange Reserves (Months of Import Cover)*	4.13	4.11	4.04	4.05	4.03

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

Source: Central Bank of Kenya

Chart 1: Monthly Remittance Inflows



Source: Central Bank of Kenya

Table 3: Money Markets

Date	Number of Deals	Value (KSh M)	Average Interbank Rate (%)
4-Nov-22	32	19,820.00	4.41
7-Nov-22	20	13,150.00	4.39
8-Nov-22	13	8,600.00	4.50
9-Nov-22	15	11,250.00	4.29
10-Nov-22	15	12,850.00	4.20
Nov 4-10	19	13,134.00	4.36
11-Nov-22	13	12,300.00	3.84
14-Nov-22	25	14,860.00	4.30
15-Nov-22	31	22,330.00	4.33
16-Nov-22	33	20,170.00	4.30
17-Nov-22	30	19,285.00	4.49
Nov 11-17	26	17,789.00	4.25

Source: Central Bank of Kenya

Table 4: Performance of Treasury Bill Auctions

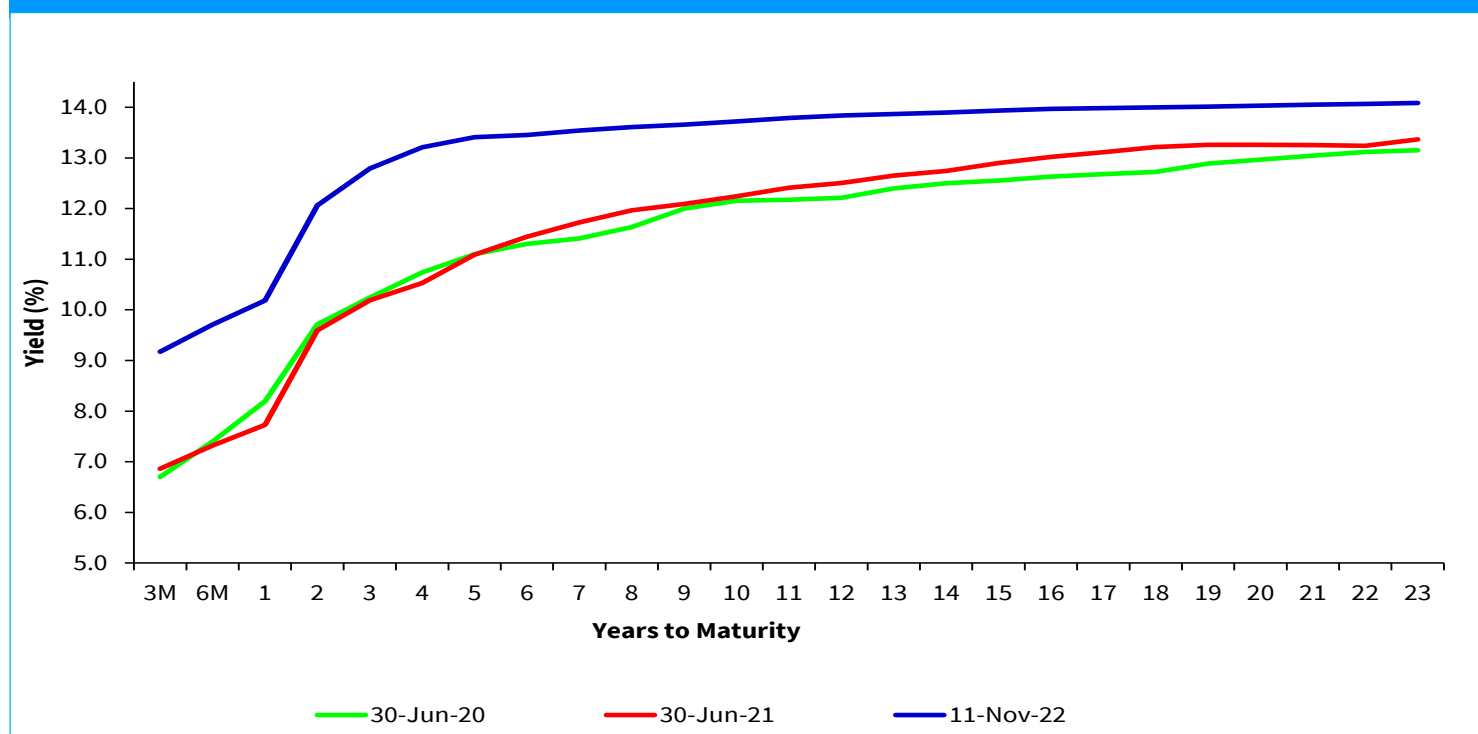
91-Day Treasury Bills						
Date of Auction	13-Oct-22	19-Oct-22	27-Oct-22	3-Nov-22	10-Nov-22	17-Nov-22
Amount Offered (KSh M)	4,000.00	4,000.00	4,000.00	4,000.00	4,000.00	4,000.00
Bids Received (KSh M)	10,151.89	19,518.51	11,992.46	18,550.41	26,513.04	16,252.07
Amount Accepted (KSh M)	10,150.23	13,847.84	11,971.45	16,535.55	18,647.13	12,184.75
Maturities (KSh M)	13,348.35	13,744.80	14,352.85	7,622.45	12,237.60	12,012.80
Average Interest Rate (%)	9.058	9.100	9.127	9.139	9.173	9.191
182-Day Treasury Bills						
Date of Auction	13-Oct-22	19-Oct-22	27-Oct-22	4-Nov-22	10-Nov-22	17-Nov-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)	13,946.23	4,819.96	2,153.68	8,336.78	13,891.83	15,803.05
Amount Accepted (KSh M)	12,944.68	4,672.62	2,067.25	6,400.13	11,010.05	13,227.07
Maturities (KSh M)	2,695.45	9,384.25	9,040.65	3,873.55	8,264.05	8,701.20
Average Interest Rate (%)	9.656	9.664	9.678	9.691	9.706	9.721
364-Day Treasury Bills						
Date of Auction	13-Oct-22	19-Oct-22	27-Oct-22	4-Nov-22	10-Nov-22	17-Nov-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)	3,918.82	3,965.45	4,044.29	16,764.88	8,683.43	8,946.27
Amount Accepted (KSh M)	3,918.64	3,965.45	3,590.62	16,537.96	8,681.53	4,673.31
Maturities (KSh M)	6,290.80	5,117.10	6,278.35	20,896.55	7,966.30	8,993.95
Average Interest Rate (%)	9.910	9.928	9.965	10.109	10.186	10.181

Source: Central Bank of Kenya

Table 5: Performance of Treasury Bond Auctions

Date of Auction	14-Sep-22		5-Oct-22		19-Oct-22	9-Nov-22
	RE-OPEN		RE-OPEN			
Tenor	FXD1/ 2022/10	FXD1/ 2022/15	FXD1/ 2017/10	FXD1/ 2020/15	FXD1/ 2022/25	IFB1/ 2022/14
Amount offered (KSh M)	50,000.00		40,000.00		20,000.00	60,000.00
Bids received (KSh M)	28,516.06	17,617.97	17,256.31	1,543.83	14,894.85	91,849.42
Amount Accepted (KSh M)	25,619.45	13,406.37	14,109.57	1,006.54	13,665.80	75,572.16
Maturities (KSh M)						
Average interest Rate (%)	13.95	13.98	13.37	13.97	14.19	13.94

Chart 2: Government Securities Yield Curve



Source: Nairobi Securities Exchange (NSE)

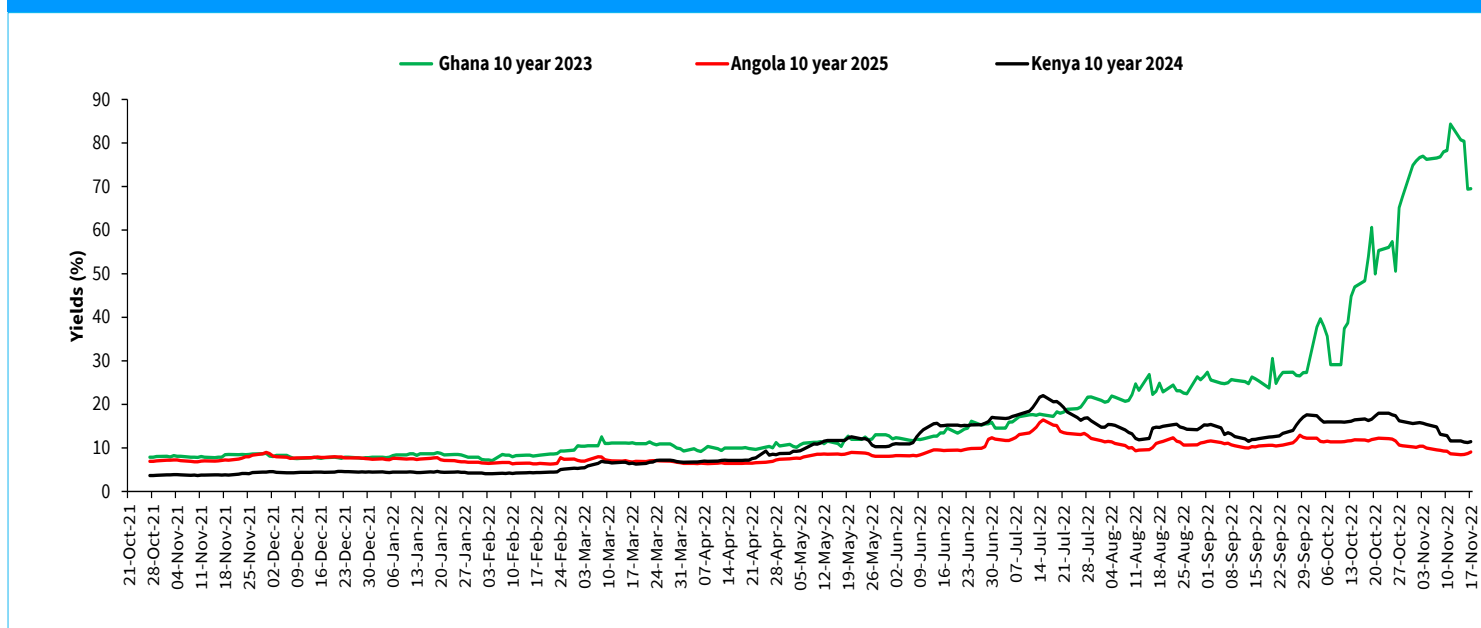
Table 6: Key Weekly Market Indicators

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 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
4-Nov-22	127.5	3092.65	1675.66	971.00	11.44	204.91	1,987.34	1,531.59	13.748	15.38	13.444	13.797	12.125	12.914
7-Nov-22	127.53	3080.58	1663	1,085.00	6.55	131.58	1,987.07	680.99	13.7	14.811	13.093	13.452	11.452	12.769
8-Nov-22	127.36	3072.4	1664.62	1,001.00	9.40	320.22	1,984.40	2,794.41	12.121	13.111	12.481	12.292	11.154	12.019
9-Nov-22	127.91	3084.14	1669.31	967.00	5.40	217.52	1,992.90	4,730.05	11.938	12.966	11.783	11.903	10.769	11.828
10-Nov-22	128.74	3094.71	1667.34	779.00	8.29	216.86	2,005.92	3,148.71	11.258	12.787	11.531	11.63	10.148	11.642
Nov 4-10	128.74	3,094.71	1,667.34	4,803.00	41.08	1,091.09	2,005.92	12,885.76	11.258	12.787	11.531	11.630	10.148	11.642
11-Nov-22	128.09	3088.01	1666.47	960.00	9.77	297.49	1,995.69	1,456.80	10.359	11.583	10.342	10.813	9.914	11.095
14-Nov-22	127.85	3090.15	1655.89	1,013.00	4.92	135.37	1,991.95	1,008.60	10.501	11.592	10.411	10.814	9.869	11.058
15-Nov-22	127.88	3091.99	1658.65	958.00	10.85	275.21	1,992.47	2,880.95	10.41	11.325	10.142	10.587	9.644	10.874
16-Nov-22	129.09	3124	1665.46	977.00	38.50	886.02	2,010.15	5,071.55	10.32	11.242	10.076	10.588	9.578	10.947
17-Nov-22	128.77	3117.73	1659.26	914.00	9.51	289.34	2,006.36	2,230.80	10.468	11.447	10.181	10.59	9.736	10.911
Nov 11-17	128.77	3,117.73	1,659.26	4,822.00	73.56	1,883.42	2,006.36	12,648.70	10.468	11.447	10.181	10.590	9.736	10.911
Weekly Changes (%)	0.02	0.74	-0.48	0.40	79.05	72.62	0.02	-1.84	-0.790*	-1.340*	-1.350*	-1.040*	-0.412*	-0.731*

* 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-20	30-Jun-21	31-Dec-21	29-Jul-22	30-Sep-22	4-Nov-22	11-Nov-22
1. Treasury Bills (Excluding Repos)	887.70	765.37	709.15	646.95	672.28	661.17	670.51
<i>(As % of total securities)</i>	28.56	21.17	17.95	15.29	15.61	15.40	15.58
2. Treasury Bonds	2,220.34	2,849.94	3,242.24	3,585.11	3,634.86	3,632.71	3,632.71
<i>(As % of total securities)</i>	71.44	78.83	82.05	84.71	84.39	84.60	84.42
3. Total Securities (1+2)	3,108.04	3,615.31	3,951.39	4,232.07	4,307.14	4,293.88	4,303.22
4. Overdraft at Central Bank	47.15	59.28	59.31	45.44	27.25	42.26	67.33
5. Other Domestic debt*	23.24	22.50	21.66	33.18	30.90	31.90	31.94
6. Gross Domestic Debt (3+4+5)	3,178.42	3,697.09	4,032.37	4,310.69	4,365.29	4,368.03	4,402.49

* 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	29-Jul-22	30-Sep-22	4-Nov-22	11-Nov-22
Treasury bills (Excluding Repos)	27.93	20.70	17.59	15.01	15.40	15.14	15.23
Treasury bonds	69.86	77.09	80.41	83.17	83.27	83.17	82.51
Overdraft at Central Bank	1.48	1.60	1.47	1.05	0.62	0.97	1.53
Other domestic debt	0.73	0.61	0.54	0.77	0.71	0.73	0.73
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	29-Jul-22	30-Sep-22	4-Nov-22	11-Nov-22
Banking Institutions	54.18	51.24	50.20	48.28	47.60	47.11	47.55
Insurance Companies	6.05	6.66	6.79	7.20	7.32	7.38	7.32
Parastatals	5.73	5.54	5.57	5.96	6.09	6.24	6.26
Pension Funds	29.04	30.60	31.34	32.56	32.75	32.96	32.66
Other Investors	5.00	5.96	6.10	6.01	6.24	6.31	6.21
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

	Dec-20	Jun-21	Sep-21	Dec-21	Mar-22	Jun-22	Aug-22	Sep-22
Domestic debt (KSh Bn)	3,488.54	3,697.09	3,937.80	4,032.37	4,191.77	4,288.33	4,335.30	4,366.30
Public & Publicly Guaranteed External debt (USD Bn)	34.75	37.08	36.73	36.90	36.82	36.58	36.23	36.00
Public & Publicly Guaranteed External debt (KSh Bn)	3,793.29	3,999.54	4,058.50	4,174.37	4,209.56	4,290.73	4,327.90	4,334.80
Public debt (KSh Bn)	7,281.83	7,696.63	7,996.30	8,206.74	8,401.33	8,579.06	8,663.20	8,701.10

* Provisional

Source: The National Treasury and Central Bank of Kenya