



Central Bank of Kenya

Weekly Bulletin

August 5, 2022



RECENT MONETARY AND FINANCIAL DEVELOPMENTS

Exchange Rates

The Kenya Shilling remained stable against major international and regional currencies during the week ending August 4. It exchanged at KSh 119.03 per US dollar on August 4, compared to KSh 118.76 per US dollar on July 28 (**Table 1**).

Foreign Exchange Reserves

The usable foreign exchange reserves remained adequate at USD 7,721 million (4.45 months of import cover) as at August 4. 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 increased during the week ending August 4, partly reflecting government payments which offset tax remittances. Commercial banks' excess reserves stood at KSh 27.4 billion in relation to the 4.25 percent cash reserves requirement (CRR). Open market operations remained active. The average interbank rate was 5.25 percent on August 4 compared to 5.47 percent on July 28. During the week, the average number of interbank deals decreased to 33 from 35 in the previous week, while the average value traded decreased to KSh 20.9 billion from KSh 23.8 billion in the previous week (**Table 3**).

Government Securities Market

The Treasury bill auction of August 4, received bids totalling KSh 11.6 billion against an advertised amount of KSh 24.0 billion, representing a performance of 48.3 percent. Interest rates remained stable, with 91-day and 182-day Treasury bills increasing marginally while the 364-day Treasury bill rate declined (**Table 4**).

Equity Market

At the Nairobi Securities Exchange, NASI, NSE 25 and NSE 20 share price indices increased by 0.6 percent, 1.0 percent and 2.2 percent, respectively, during the week ending August 4. Market capitalization total shares traded and equity turnover increased by 0.6 percent, 34.7 percent and 109.0 percent, respectively (**Table 6**).

Bonds Market

Bond turnover in the domestic secondary market rose by 1.1 percent during the week ending August 4 (**Table 6**). In the international market, yields on Kenya's Eurobonds declined by an average of 78.2 basis points. The yield on the 10-Year Eurobond for Angola declined, while that of Ghana increased (**Chart 3**).

Global Trends

Concerns about inflation remained during the week ending August 4, amidst growing concerns about a global recession. The Bank of England raised its benchmark rate by 50 basis points, the largest rise since 1997. The US dollar currency index weakened by 0.2 percent during the week, as US jobless claims increased concerns of a recession. Equity markets gained during the week, despite lingering concerns of a global economic slowdown.

International oil prices declined during the week ending August 4, reflecting weakening of oil demand even as OPEC+ producers increased oil output by 100,000 barrels per day. Murban oil prices declined to USD 94.60 per barrel on August 4, compared to USD 105.61 per barrel on July 28.

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

	USD	Sterling Pound	Euro	100 Japanese Yen	Uganda Shilling*	Tanzania Shilling*	Rwandese Franc*	Burundi Franc*
22-Jul-22	118.57	141.61	120.88	85.99	32.27	19.67	8.65	17.37
25-Jul-22	118.62	141.74	120.73	86.79	32.27	19.66	8.70	17.36
26-Jul-22	118.66	142.70	121.24	86.88	32.42	19.65	8.70	17.36
27-Jul-22	118.72	142.69	120.80	86.92	32.40	19.64	8.64	17.35
28-Jul-22	118.76	143.05	120.59	86.88	32.67	19.64	8.67	17.35
Jul 22-28	118.67	142.36	120.85	86.69	32.41	19.65	8.67	17.36
29-Jul-22	118.80	143.69	120.67	89.38	32.64	19.63	8.64	17.34
1-Aug-22	118.85	144.43	121.22	88.68	32.48	19.62	8.70	17.34
2-Aug-22	118.91	145.40	121.87	91.01	32.50	19.61	8.64	17.33
3-Aug-22	118.99	145.36	121.68	90.46	32.61	19.60	8.64	17.32
4-Aug-22	119.03	144.93	121.21	89.01	32.60	19.59	8.64	17.31
Jul 29-Aug 4	118.92	144.76	121.33	89.71	32.57	19.61	8.65	17.33

*Units of currency per Kenya Shilling

Source: Central Bank of Kenya

Table 2: Official Foreign Exchange Reserves (USD Million)

	7-Jul-22	14-Jul-22	21-Jul-22	28-Jul-22	4-Aug-22
1. CBK Usable Foreign Exchange Reserves (USD Million)	7,997	7,953	7,727	7,740	7,721
2. CBK Usable Foreign Exchange Reserves (Months of Import Cover)*	4.61	4.59	4.46	4.46	4.45

*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 (%)
22-Jul-22	38	28,740.00	5.10
25-Jul-22	30	19,270.00	5.24
26-Jul-22	34	20,440.00	5.34
27-Jul-22	34	22,670.00	5.39
28-Jul-22	41	27,830.00	5.47
July 22-28	35	23,790.00	5.31
29-Jul-22	27	18,800.00	5.35
1-Aug-22	31	16,540.00	5.51
2-Aug-22	26	8,190.00	5.33
3-Aug-22	31	21,350.00	5.15
4-Aug-22	48	39,370.00	5.25
July 29- Aug 4	33	20,850.00	5.32

Source: Central Bank of Kenya

Table 4: Performance of Treasury Bill Auctions

91-Day Treasury Bills						
Date of Auction	26-May-22	30-Jun-22	14-Jul-22	21-Jul-22	28-Jul-22	4-Aug-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)	494.30	4,727.43	13,191.02	15,534.07	14,077.49	7,474.80
Amount Accepted (KSh M)	468.31	3,959.52	13,141.70	13,475.76	14,076.51	7,473.82
Maturities (KSh M)	2,021.00	1,539.65	4,840.85	8,303.25	10,361.10	5,344.65
Average Interest Rate (%)	7.744	8.097	8.248	8.322	8.399	8.473
182-Day Treasury Bills						
Date of Auction	26-May-22	30-Jun-22	14-Jul-22	21-Jul-22	28-Jul-22	4-Aug-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)	2,845.90	1,751.07	5,088.16	14,648.62	3,250.20	2,064.66
Amount Accepted (KSh M)	2,845.42	1,600.03	5,088.16	14,457.58	1,856.22	2,015.19
Maturities (KSh M)	2,614.95	2,412.35	14,261.20	12,723.25	5,258.45	8,564.50
Average Interest Rate (%)	8.901	9.196	9.305	9.393	9.392	9.400
364-Day Treasury Bills						
Date of Auction	26-May-22	30-Jun-22	14-Jul-22	21-Jul-22	28-Jul-22	4-Aug-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)	9,721.48	2,435.86	7,106.54	4,395.18	2,379.39	2,046.30
Amount Accepted (KSh M)	9,198.39	2,260.74	7,096.45	2,822.53	2,377.03	1,933.84
Maturities (KSh M)	15,009.20	5,888.60	5,601.20	3,656.20	2,968.30	3,016.55
Average Interest Rate (%)	9.881	9.985	9.986	9.968	9.946	9.920

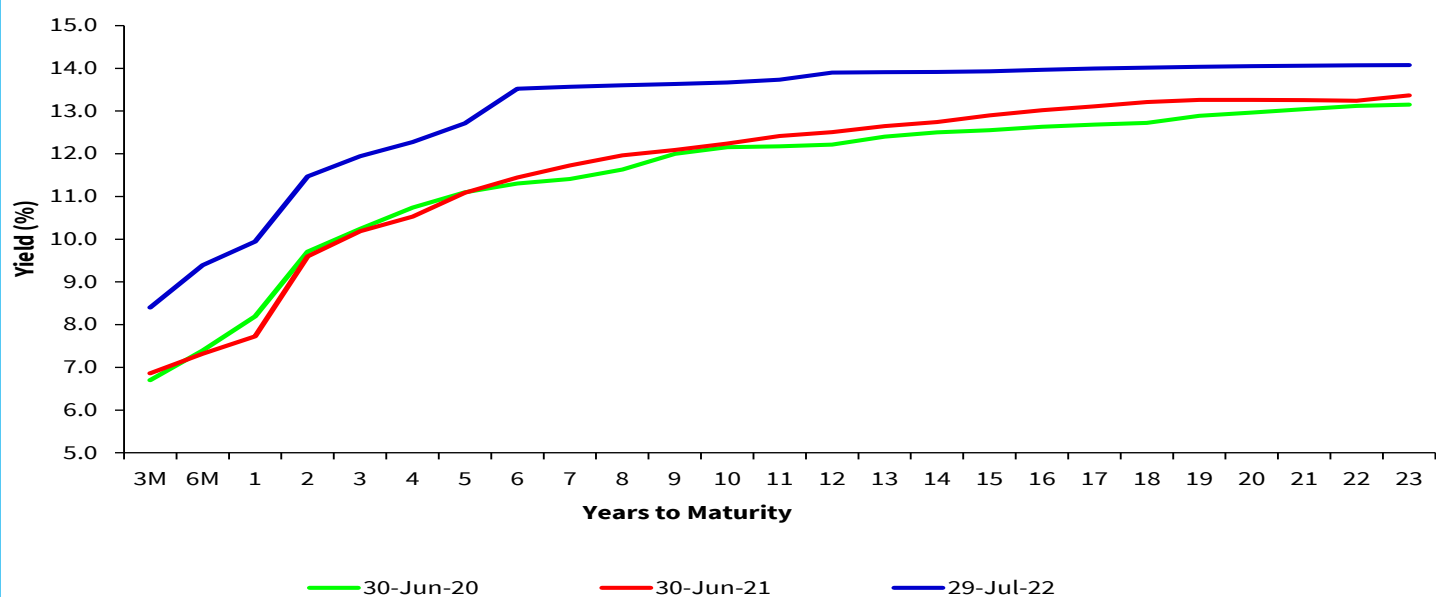
Source: Central Bank of Kenya

Table 5: Performance of Treasury Bond Auctions

Date of Auction	20-May-22		8-Jun-22	23-Jun-22		7-Jul-22	20-Jul-22	
	TAP			TAP		TAP		
Tenor	FXD1/ 2022/010	FXD1/ 2021/025	IFB1/ 2022/018	FXD1/ 2022/03	FXD1/ 2022/015	IFB1/ 2022/018	FXD2 2013/15	FXD2/ 2018/15
Amount offered (KSh M)	10,000.00		75,000.00	25,000.00		20,000.00	40,000.00	
Bids received (KSh M)	5,967.65	11,044.75	76,369.63	3,621.30	15,985.45	6,418.15	5,449.54	5,121.65
Amount Accepted (KSh M)	5,967.17	11,003.44	73,770.99	3,619.82	15,976.98	6,416.29	5,219.84	4,085.63
Maturities (KSh M)			35,273.70	0.00				
Average interest Rate (%)	13.49	13.92	13.74	11.77	13.94	13.74	13.21	13.89

Source: Central Bank of Kenya

Chart 1: Government Securities Yield Curve



Source: Nairobi Securities Exchange (NSE)

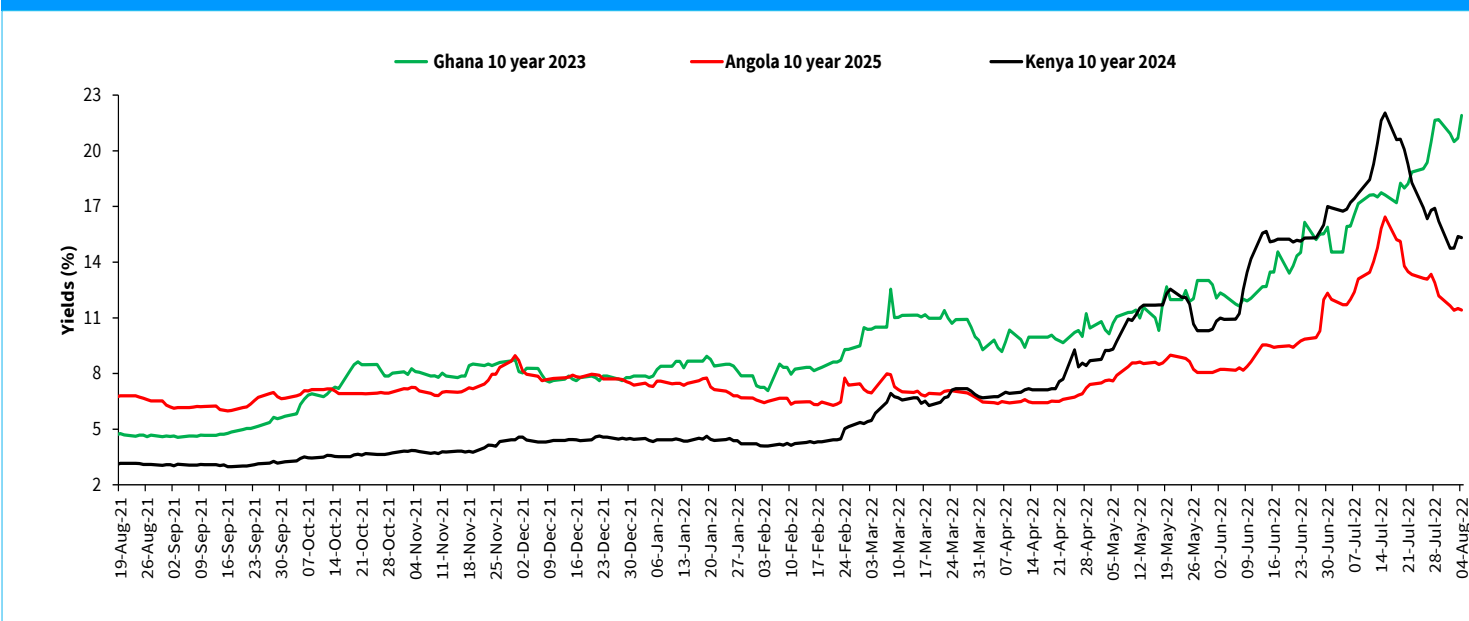
Table 6: Key Weekly Market Indicators

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
22-Jul-22	136.57	3151.28	1676.51	841.00	16.91	437.19	2128.20	2,078.80	17.494	18.28	15.41	14.537	13.812	14.102
25-Jul-22	138.08	3173.76	1680.63	925.00	3.85	93.50	2151.91	2,342.95	16.591	16.942	15.243	14.307	13.299	13.643
26-Jul-22	136.58	3145.45	1659.30	211.00	5.47	113.90	2128.34	6,141.50	16.925	16.337	14.993	14.145	13.363	13.819
27-Jul-22	138.51	3191.45	1676.18	1,480.00	11.87	290.54	2158.54	4,165.45	17.604	16.793	15.165	14.277	13.556	13.932
28-Jul-22	140.48	3246.22	1681.71	1,308.00	11.72	32.22	2189.29	5,809.80	16.954	16.908	15.256	14.378	13.475	13.96
July 22-28	140.48	3246.22	1681.71	4,765.00	49.81	967.34	2189.29	20,538.50	16.954	16.908	15.256	14.378	13.475	13.960
29-Jul-22	141.05	3274.84	1701.31	1,091.00	13.16	527.19	2198.26	5,402.45	16.343	16.213	14.883	13.98	13.225	13.284
1-Aug-22	138.87	3243.03	1697.03	1,149.00	13.01	237.10	2164.26	2,314.20	16.074	14.752	14.636	13.895	12.854	13.415
2-Aug-22	140.26	3252.54	1708.36	984.00	12.90	373.82	2185.89	4,557.20	16.025	14.763	14.475	13.707	12.844	13.233
3-Aug-22	139.94	3254.66	1714.97	993.00	15.45	430.13	2180.86	4,946.50	16.473	15.377	14.849	13.961	12.706	13.337
4-Aug-22	141.28	3277.54	1719.40	1,178.00	12.57	452.97	2201.82	3,534.25	16.158	15.325	14.776	13.965	12.652	13.364
July 29- August 4	141.28	3277.54	1719.40	5,395.00	67.09	2,021.21	2201.82	20,754.60	16.158	15.325	14.776	13.965	12.652	13.364
Weekly Changes (%)	0.57	0.96	2.24	13.22	34.69	108.95	0.57	1.05	-0.796*	-1.583*	-0.480*	-0.413*	-0.823*	-0.596*

* 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-21	31-Dec-21	31-Mar-22	27-May-22	24-Jun-22	22-Jul-22	29-Jul-22
1. Treasury Bills (Excluding Repos)	765.37	709.15	656.45	637.37	620.28	639.68	646.95
<i>(As % of total securities)</i>	21.17	17.95	16.02	15.24	14.88	15.18	15.29
2. Treasury Bonds	2,849.94	3,242.24	3,440.61	3,543.87	3,549.53	3,575.30	3,585.11
<i>(As % of total securities)</i>	78.83	82.05	83.98	84.76	85.12	84.82	84.71
3. Total Securities (1+2)	3,615.31	3,951.39	4,097.06	4,181.24	4,169.81	4,214.98	4,232.07
4. Overdraft at Central Bank	59.28	59.31	68.40	55.84	65.86	51.01	45.44
5. Other Domestic debt*	22.50	21.66	26.32	26.26	30.55	29.98	30.01
6. Gross Domestic Debt (3+4+5)	3,697.09	4,032.37	4,191.77	4,263.34	4,266.23	4,295.98	4,307.52

* 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	22-Jul-22	29-Jul-22
Treasury bills (Excluding Repos)	27.93	20.70	17.59	15.81	14.54	14.89	15.02
Treasury bonds	69.86	77.09	80.41	82.09	83.20	83.22	83.23
Overdraft at Central Bank	1.48	1.60	1.47	1.46	1.54	1.19	1.05
Other domestic debt	0.73	0.61	0.54	0.64	0.72	0.70	0.70
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	22-Jul-22	29-Jul-22
Banking Institutions	54.18	51.24	50.20	49.29	48.74	48.34	48.28
Insurance Companies	6.05	6.66	6.79	6.87	7.14	7.18	7.20
Parastatals	5.73	5.54	5.57	5.72	5.84	5.82	5.96
Pension Funds	29.04	30.60	31.34	31.75	32.39	32.66	32.56
Other Investors	5.00	5.96	6.10	6.37	5.89	6.01	6.01
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	May-22
Domestic debt (KSh Bn)	3,457.11	3,488.54	3,697.09	3,937.80	4,032.37	4,191.77	4,268.66
Public & Publicly Guaranteed External debt (USD Bn)	33.77	34.75	37.08	36.73	36.90	36.82	36.71
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	4,295.10
Public debt (KSh Bn)	7,120.60	7,281.83	7,696.63	7,996.30	8,206.74	8,401.33	8,563.76

Source: The National Treasury and Central Bank of Kenya