



Central Bank of Kenya

Weekly Bulletin

February 25, 2022



RECENT MONETARY AND FINANCIAL DEVELOPMENTS

Exchange Rates

The Kenya Shilling remained stable against major international and regional currencies during the week ending February 24. It exchanged at KSh 113.80 per US dollar on February 24, compared to KSh 113.64 per US dollar on February 17 (**Table 1**).

Foreign Exchange Reserves

The usable foreign exchange reserves remained adequate at USD 8,130 million (4.97 months of import cover) as at February 24. 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**).

Money Market

The money market was relatively liquid during the week ending February 24, supported by government payments, which partly offset tax remittances. Commercial banks' excess reserves stood at KSh 17.0 billion in relation to the 4.25 percent cash reserves requirement (CRR). Open market operations remained active. The average interbank rate was 5.70 percent on February 24 compared to 4.73 percent on February 17. During the week, the average number of interbank deals declined to 17 compared to 25 in the previous week, while the average value traded decreased to KSh 7.4 billion compared to KSh 10.5 billion in the previous week (**Table 3**).

Government Securities Market

The Treasury bill auctions of February 24, received bids totalling KSh 15.3 billion against an advertised amount of KSh 24.0 billion, representing a performance of 63.6 percent. Interest rates remained stable, with the 91-day and 364-day Treasury bills rates increasing while the 182-day Treasury bill rate decreased marginally (**Table 4**).

Equity Market

At the Nairobi Securities Exchange, NASI, NSE 25 and NSE 20 share price indices declined by 5.5 percent, 3.6 percent and 0.6 percent, respectively. Similarly, market capitalization declined by 5.5 percent. However, equity turnover and total shares traded increased by 1.4 percent and 15.7 percent, respectively, during the week ending February 24 (**Table 6**).

Bonds Market

Bonds turnover in the domestic secondary market declined by 14.9 percent during the week ending February 24 (Table 6). In the international market, yields on Kenya's Eurobonds rose by an average of 86.6 basis points. Similarly, the yields on the 10-year Eurobonds for Ghana and Angola increased (**Chart 2**).

Global Trends

Russia's military action with Ukraine on February 24 has increased geopolitical tensions. As a result, global equity markets declined and commodity prices rose sharply.

International oil prices increased during the week ending February 24, partly reflecting the heightened global risks from the Russia - Ukraine conflict. Murban oil prices rose to USD 100.65 per barrel on February 24 compared to USD 94.21 per barrel on February 17.

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

	USD	Sterling Pound	Euro	100 Japanese Yen	Uganda Shilling*	Tanzania Shilling*	Rwan-dese Franc*	Burundi Franc*
11-Feb-22	113.63	153.85	129.61	98.11	31.08	20.35	9.15	17.58
14-Feb-22	113.63	153.90	129.47	98.42	30.98	20.35	9.15	17.58
15-Feb-22	113.63	153.69	129.00	98.64	30.95	20.36	9.15	17.58
16-Feb-22	113.64	153.81	129.07	98.25	30.94	20.35	9.15	17.59
17-Feb-22	113.64	153.87	129.25	98.23	30.96	20.35	9.15	17.59
Feb 11-17	113.63	153.82	129.28	98.33	30.98	20.35	9.15	17.59
18-Feb-22	113.67	154.30	129.22	98.90	30.88	20.36	9.15	17.58
21-Feb-22	113.69	154.40	129.08	98.84	30.85	20.35	9.15	17.58
22-Feb-22	113.69	154.43	128.99	98.98	30.89	20.34	9.15	17.58
23-Feb-22	113.74	154.23	129.04	98.84	30.92	20.34	9.14	17.57
24-Feb-22	113.80	154.71	129.12	99.31	30.89	20.33	9.14	17.57
Feb 18-24	113.72	154.41	129.09	98.98	30.88	20.35	9.14	17.58

*Units of currency per Kenya Shilling

Source: Central Bank of Kenya

Table 2: Official Foreign Exchange Reserves (USD Million)

	27-Jan-22	3-Feb-22	10-Feb-22	17-Feb-22	24-Feb-22
1. CBK Usable Foreign Exchange Reserves (USD Million)	8,287	8,224	8,196	8,125	8,130
2. CBK Usable Foreign Exchange Reserves (Months of Import Cover)*	5.07	5.03	5.01	4.97	4.97

*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 (%)
11-Feb-22	29	11,720.00	4.36
14-Feb-22	21	9,407.00	4.37
15-Feb-22	26	12,720.00	4.22
16-Feb-22	26	11,320.00	4.37
17-Feb-22	23	7,387.00	4.73
Feb 11-17	25	10,510.80	4.41
18-Feb-22	27	18,007.00	4.72
21-Feb-22	16	3,760.00	5.00
22-Feb-22	10	1,100.00	5.56
23-Feb-22	12	5,510.00	4.44
24-Feb-22	20	8,800.00	5.70
Feb 18-24	17	7,435.40	5.08

Source: Central Bank of Kenya

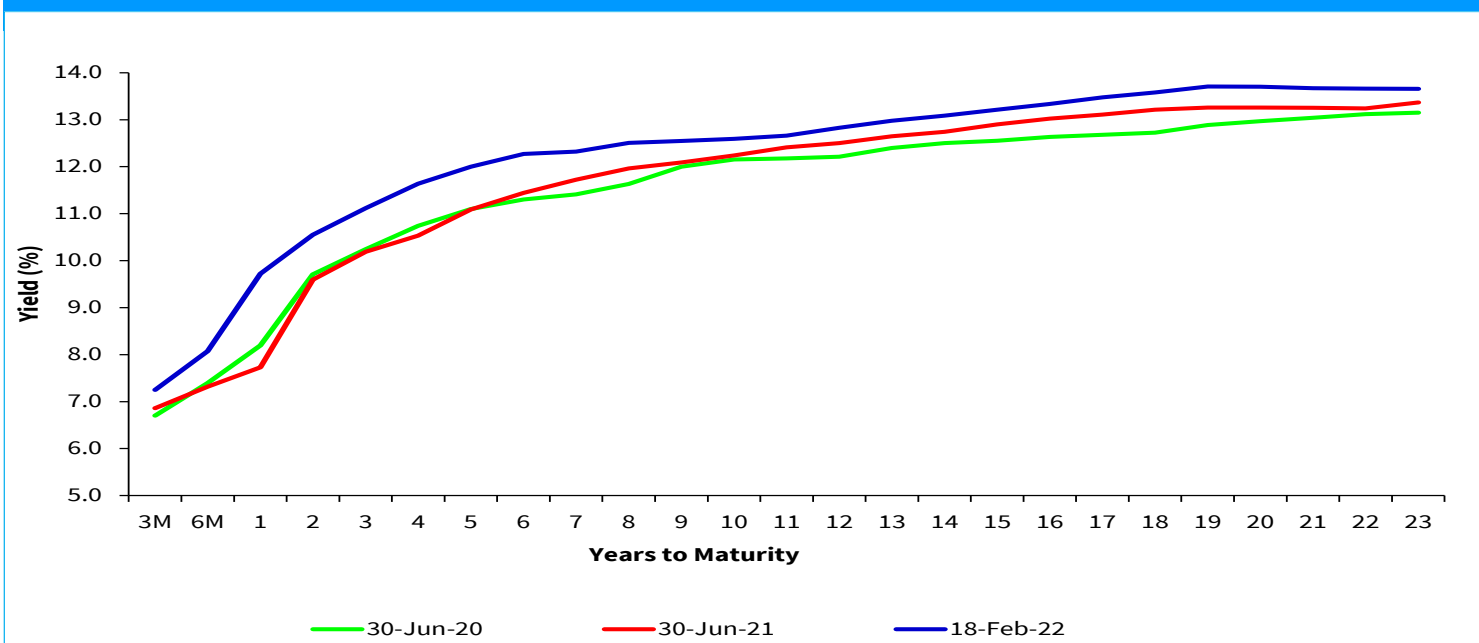
Table 4: Performance of Treasury Bills Auctions						
91-Day Treasury Bills						
Date of Auction	20-Jan-22	27-Jan-22	3-Feb-22	10-Feb-22	17-Feb-22	24-Feb-22
Amount Offered (KSh M)	4,000.00	4,000.00	4,000.00	4,000.00	4,000.00	4,000.00
Bids Received (KSh M)	1,925.63	1,506.72	3,385.39	2,890.10	1,489.03	2,011.72
Amount Accepted (KSh M)	1,689.28	1,505.25	3,304.27	2,759.58	1,424.06	1,990.21
Maturities (KSh M)	6,617.45	2,676.75	3,481.85	4,058.25	8,542.30	3,985.10
Average Interest Rate (%)	7.331	7.343	7.317	7.285	7.250	7.254
182-Day Treasury Bills						
Date of Auction	20-Jan-22	27-Jan-22	3-Feb-22	10-Feb-22	17-Feb-22	24-Feb-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)	12,313.24	5,344.77	8,244.05	6,397.70	10,148.65	4,034.77
Amount Accepted (KSh M)	12,241.14	5,344.67	8,243.86	6,397.60	9,962.79	3,929.72
Maturities (KSh M)	3,316.25	6,662.90	14,529.00	3,242.85	15,761.90	2,087.50
Average Interest Rate (%)	8.069	8.112	8.095	8.108	8.075	8.062
364-Day Treasury Bills						
Date of Auction	20-Jan-22	27-Jan-22	3-Feb-22	10-Feb-22	17-Feb-22	24-Feb-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)	14,429.44	19,054.94	16,168.11	10,758.16	15,131.05	9,224.33
Amount Accepted (KSh M)	14,006.88	17,623.48	14,293.17	10,758.07	14,663.79	6,768.66
Maturities (KSh M)	15,695.35	14,547.35	13,421.20	15,300.20	14,651.35	15,793.15
Average Interest Rate (%)	9.510	9.544	9.594	9.668	9.724	9.764

Source: Central Bank of Kenya

Table 5: Performance of Treasury Bond Auctions								
Date of Auction	10-Nov-21		8-Dec-21		5-Jan-22	19-Jan-22		16-Feb-22
	REOPEN		REOPEN		REOPEN	REOPEN		
Tenor	FXD1/ 2021/5	FXD1/ 2019/20	FXD4/ 2019/10	FXD1/ 2018/20	FXD1/ 2021/005	FXD2/ 2018/10	FXD1/ 2021/20	IFB1/ 2022/019
Amount offered (KSh M)	50,000.00		40,000.00		30,000.00	30,000.00		75,000.00
Bids received (KSh M)	66,603.14	17,567.66	20,269.28	20,906.41	28,393.48	10,434.25	27,978.40	132,257.79
Amount Accepted (KSh M)	53,661.88	15,845.49	20,262.52	17,564.98	27,428.16	7,303.40	27,596.37	98,637.46
Maturities (KSh M)	0.00		0.00		0.00	0.00		2,866.08
Average interest Rate (%)	11.28	13.41	12.64	13.37	11.23	12.56	13.72	12.97

Source: Central Bank of Kenya

Chart 1: Government Securities Yield Curve



Source: Nairobi Securities Exchange (NSE)

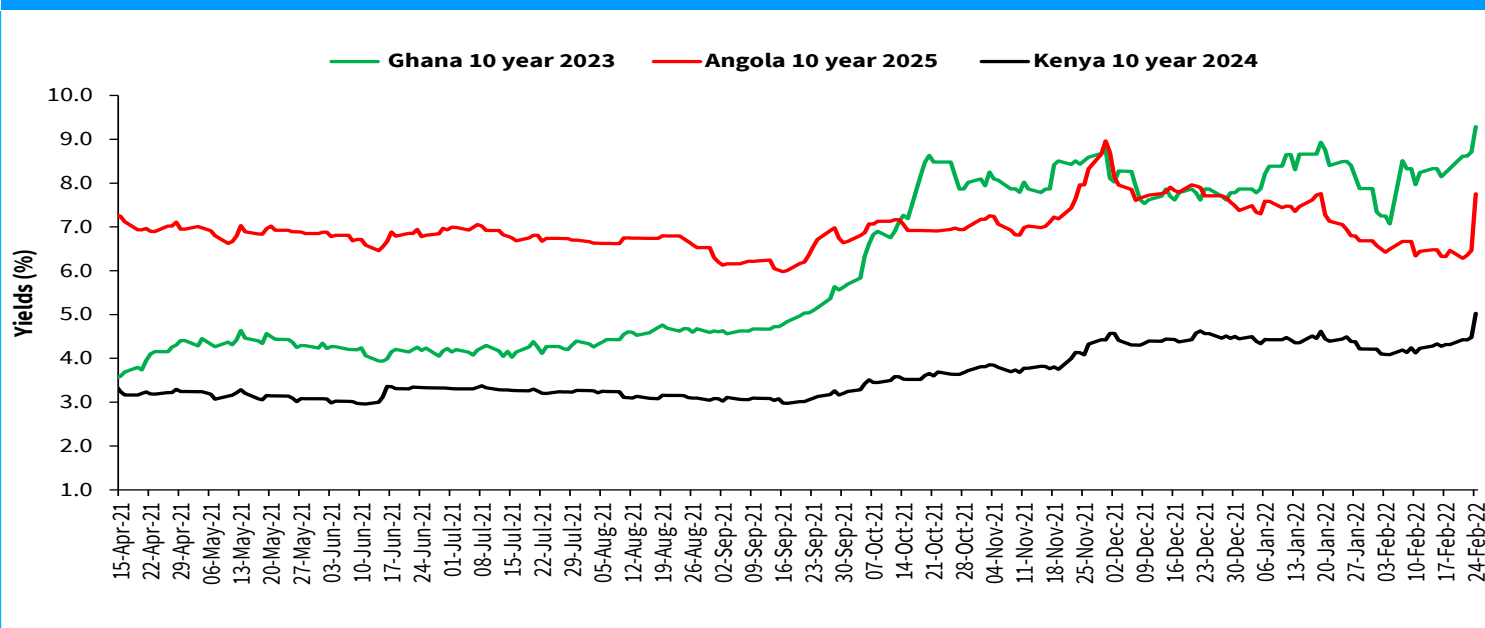
Table 6: Key Weekly Market Indicators

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
11-Feb-22	167.94	3,758.51	1,897.34	903	4.19	244.25	2,615.91	1,701.95	6.722	4.228	6.966	7.634	7.38	8.752
14-Feb-22	167.14	3,756.81	1,903.17	827	4.48	130.94	2,603.42	1,937.30	6.787	4.279	7.017	7.691	7.53	8.816
15-Feb-22	165.03	3,725.60	1,896.24	1,037	16.21	654.17	2,570.57	2,049.25	6.851	4.331	7.094	7.748	7.593	8.881
16-Feb-22	165.95	3,738.29	1,900.71	1,005	12.98	434.06	2,584.97	1,865.20	6.89	4.274	7.12	7.767	7.588	8.882
17-Feb-22	166.62	3,742.86	1,903.54	955	14.68	503.69	2,595.38	761.65	6.909	4.317	7.198	7.862	7.627	8.934
Feb 11-17	166.62	3742.86	1903.54	4727.00	52.54	1967.11	2,595.38	8,315.35	6.909	4.317	7.198	7.862	7.627	8.934
18-Feb-22	166.97	3,755.89	1,916.42	883	6.12	205.27	2,600.75	474.15	7.036	4.314	7.094	7.747	7.830	8.882
21-Feb-22	167.04	3,753.41	1,919.21	1,073	5.28	106.16	2,601.87	207.70	7.088	4.424	7.354	8.055	7.869	9.054
22-Feb-22	166.63	3,739.86	1,915.95	1,332	20.46	658.36	2,595.48	990.65	7.226	4.421	7.486	8.173	7.916	9.136
23-Feb-22	163.46	3,704.58	1,913.15	1,123	5.73	217.46	2,546.07	1,285.72	7.463	4.474	7.618	8.212	8.008	9.219
24-Feb-22	157.54	3,610.09	1,892.83	1469.00	23.22	807.74	2,453.65	4,115.05	8.148	5.024	8.132	8.635	8.558	9.546
Feb 18-24	157.54	3,610.09	1,892.83	5,880.00	60.80	1,995.00	2,453.65	7,073.27	8.148	5.024	8.132	8.635	8.558	9.546
Weekly Changes (%)	-5.45	-3.55	-0.56	24.39	15.73	1.42	-5.46	-14.94	1.239*	0.707*	0.934*	0.773*	0.931*	0.612*

* 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	30-Sep-21	26-Nov-21	31-Dec-21	28-Jan-22	11-Feb-22	18-Feb-22
1. Treasury Bills (Excluding Repos)	765.37	763.45	716.69	709.15	702.10	700.43	699.02
<i>(As % of total securities)</i>	21.17	19.78	18.28	17.95	17.52	17.49	17.46
2. Treasury Bonds	2,849.94	3,096.84	3,203.90	3,242.24	3,304.90	3,304.90	3,304.90
<i>(As % of total securities)</i>	78.83	80.22	81.72	82.05	82.48	82.51	82.54
3. Total Securities (1+2)	3,615.31	3,860.29	3,920.59	3,951.39	4,007.00	4,005.32	4,003.91
4. Overdraft at Central Bank	59.28	55.11	62.82	59.31	56.26	61.60	39.90
5. Other Domestic debt*	22.50	22.37	23.09	21.66	21.67	21.68	21.69
6. Gross Domestic Debt (3+4+5)	3,697.09	3,937.78	4,006.50	4,032.37	4,084.93	4,088.60	4,065.50

* 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-21	30-Sep-21	26-Nov-21	31-Dec-21	28-Jan-22	11-Feb-22	18-Feb-22
Treasury bills (Excluding Repos)	20.70	19.39	17.89	17.59	17.19	17.13	17.19
Treasury bonds	77.09	78.64	79.97	80.41	80.90	80.83	81.29
Overdraft at Central Bank	1.60	1.40	1.57	1.47	1.38	1.51	0.98
Other domestic debt	0.61	0.57	0.58	0.54	0.53	0.53	0.53
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-21	30-Sep-21	26-Nov-21	31-Dec-21	28-Jan-22	11-Feb-22	18-Feb-22
Banking Institutions	51.24	50.82	50.25	50.20	49.94	49.75	49.35
Insurance Companies	6.66	6.60	6.70	6.79	6.87	6.88	6.92
Parastatals	5.54	5.39	5.56	5.57	5.63	5.64	5.74
Pension Funds	30.60	31.24	31.40	31.34	31.39	31.55	31.78
Other Investors	5.96	5.95	6.09	6.10	6.17	6.18	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

	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