



Central Bank of Kenya

# Weekly Bulletin

July 8, 2022



## RECENT MONETARY AND FINANCIAL DEVELOPMENTS

### Exchange Rates

The Kenya Shilling remained stable against major international and regional currencies during the week ending July 7. It exchanged at KSh 118.03 per US dollar on July 7, compared to KSh 117.83 per US dollar on June 30 (**Table 1**).

### Foreign Exchange Reserves

The usable foreign exchange reserves remained adequate at USD 7,997 million (4.61 months of import cover) as of July 7. 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**).

### Current Account

Provisional data on balance of payments shows that the current account deficit was estimated at 5.3 percent of GDP in the 12 months to May 2022, compared to 5.0 percent of GDP in the 12 months to May 2021 (**Chart 1**). The wider deficit reflects a higher import bill, particularly for oil, which more than offset increased receipts from agricultural and services exports, and remittances.

### Money Market

The money market was liquid during the week ending July 7 partly reflecting government payments, which offset tax remittances. Commercial banks' excess reserves stood at KSh 31.0 billion in relation to the 4.25 percent cash reserves requirement (CRR). Open market operations remained active. The average interbank rate was 5.89 percent on July 7 compared to 5.33 percent on June 30. During the week, the average number of interbank deals increased to 39 from 26 in the previous week, while the average value traded increased marginally to KSh 20.1 billion from KSh 19.0 billion in the previous week (**Table 3**).

### Government Securities Market

The Treasury bill auction of July 1, received bids totalling KSh 24.6 billion against an advertised amount of KSh 24.0 billion, representing a performance of 102.5 percent. Interest rates remained stable. (**Table 4**).

During the Treasury bond tap sale of July 7, the eighteen-year infrastructure bond received bids totalling KSh 6.4 billion against an advertised amount of KSh 20.0 billion, representing a performance rate of 32.1 percent.

### Equity Market

At the Nairobi Securities Exchange, NASI, NSE 25 and NSE 20 share prices increased by 7.7 percent, 6.1 percent and 3.0 percent, respectively, during the week ending July 7. Similarly, market capitalization, equity turnover and total shares traded increase by 7.7 percent, 18.8 percent and 7.3 percent, respectively (**Table 6**).

### Bonds Market

Bond turnover in the domestic secondary market declined by 33.8 percent during the week ending July 7 (**Table 6**). In the international market, the yields on Kenya's Eurobonds increased by an average of 37.72 basis points. The yield on the 10-Year Eurobonds for Angola and Ghana also increased (**Chart 3**).

### Global Trends

Concerns about inflation remained during the week ending July 7, with more countries increasing policy rates to address these concerns. The index of the US dollar against a basket of major currencies strengthened by 1.9 percent during the week, reaching a 20-year high. The euro declined by 2.5 percent against the dollar, approaching parity. Equity markets gained during the week despite lingering concerns of a global economic slowdown.

International oil prices declined during the week ending July 7, after the OPEC+ agreed to increase monthly overall production. Murban oil prices dropped to USD 105.4 per barrel on July 7, compared to USD 118.74 per barrel on June 30.

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

	USD	Sterling Pound	Euro	100 Japanese Yen	Uganda Shilling*	Tanzania Shilling*	Rwandese Franc*	Burundi Franc*
24-Jun-22	117.66	143.92	123.74	87.27	31.96	19.81	8.69	17.49
27-Jun-22	117.69	144.32	123.90	87.16	31.86	19.82	8.67	17.48
28-Jun-22	117.70	144.36	124.80	86.98	31.82	19.81	8.69	17.48
29-Jun-22	117.79	144.36	124.61	86.46	31.93	19.81	8.69	17.47
30-Jun-22	117.83	143.70	124.02	86.31	31.91	19.79	8.68	17.47
<b>June 24-30</b>	<b>117.74</b>	<b>144.13</b>	<b>124.21</b>	<b>86.84</b>	<b>31.89</b>	<b>19.81</b>	<b>8.68</b>	<b>17.48</b>
1-Jul-22	117.87	143.05	123.06	86.42	31.86	19.78	8.68	17.46
4-Jul-22	117.90	142.63	123.22	87.13	31.81	19.78	8.68	17.46
5-Jul-22	117.95	143.10	123.21	87.23	31.71	19.78	8.68	17.45
6-Jul-22	117.99	141.87	121.92	86.86	31.49	19.76	8.67	17.44
7-Jul-22	118.03	141.22	121.06	87.38	31.86	19.76	8.67	17.44
<b>July 1-7</b>	<b>117.95</b>	<b>142.37</b>	<b>122.49</b>	<b>87.00</b>	<b>31.74</b>	<b>19.77</b>	<b>8.67</b>	<b>17.45</b>

\*Units of currency per Kenya Shilling

Source: Central Bank of Kenya

**Table 2: Official Foreign Exchange Reserves (USD Million)**

	9-Jun-22	16-Jun-22	23-Jun-22	30-Jun-22	7-Jul-22
1. CBK Usable Foreign Exchange Reserves (USD Million)	8,210	8,114	8,028	7,982	7,997
2. CBK Usable Foreign Exchange Reserves (Months of Import Cover)*	4.88	4.82	4.77	4.74	4.61

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

Source: Central Bank of Kenya

**Chart 1: Current Account**

Source: Central Bank of Kenya

**Table 3: Money Markets**

Date	Number of Deals	Value (KSh M)	Average Interbank Rate (%)
24-Jun-22	27	18,150.00	5.23
27-Jun-22	24	23,510.00	5.18
28-Jun-22	23	19,420.00	5.13
29-Jun-22	23	12,970.00	5.21
30-Jun-22	32	21,110.00	5.33
<b>June 24-30</b>	<b>26</b>	<b>19,032.00</b>	<b>5.22</b>
1-Jul-22	29	14,360.00	5.52
4-Jul-22	41	16,170.00	5.61
5-Jul-22	47	17,820.00	5.82
6-Jul-22	46	29,700.00	5.89
7-Jul-22	30	22,250.00	5.89
<b>July 1-7</b>	<b>39</b>	<b>20,060.00</b>	<b>5.74</b>

Source: Central Bank of Kenya

**Table 4: Performance of Treasury Bill Auctions**

91-Day Treasury Bills						
Date of Auction	12-May-22	19-May-22	26-May-22	23-Jun-22	30-Jun-22	7-Jul-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)	5,278.68	5,475.21	494.30	8,054.61	4,727.43	11,039.70
Amount Accepted (KSh M)	5,278.19	2,523.79	468.31	8,053.64	3,959.52	11,036.60
Maturities (KSh M)	2,779.75	1,442.85	2,021.00	2,352.05	1,539.65	2,391.45
<b>Average Interest Rate (%)</b>	<b>7.683</b>	<b>7.758</b>	<b>7.744</b>	<b>8.013</b>	<b>8.097</b>	<b>8.167</b>
182-Day Treasury Bills						
Date of Auction	12-May-22	19-May-22	26-May-22	23-Jun-22	30-Jun-22	7-Jul-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)	7,926.39	10,251.80	2,845.90	4,849.13	1,751.07	8,434.11
Amount Accepted (KSh M)	7,924.77	8,337.33	2,845.42	4,847.84	1,600.03	8,433.06
Maturities (KSh M)	5,396.75	6,804.35	2,614.95	818.55	2,412.35	6,582.40
<b>Average Interest Rate (%)</b>	<b>8.722</b>	<b>8.832</b>	<b>8.901</b>	<b>9.163</b>	<b>9.196</b>	<b>9.253</b>
364-Day Treasury Bills						
Date of Auction	12-May-22	19-May-22	26-May-22	23-Jun-22	30-Jun-22	7-Jul-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)	11,341.10	12,184.59	9,721.48	8,289.33	2,435.86	5,115.42
Amount Accepted (KSh M)	9,897.73	12,006.44	9,198.39	7,379.10	2,260.74	4,736.22
Maturities (KSh M)	17,684.05	11,778.25	15,009.20	9,726.30	5,888.60	4,545.95
<b>Average Interest Rate (%)</b>	<b>9.860</b>	<b>9.879</b>	<b>9.881</b>	<b>9.974</b>	<b>9.985</b>	<b>9.980</b>

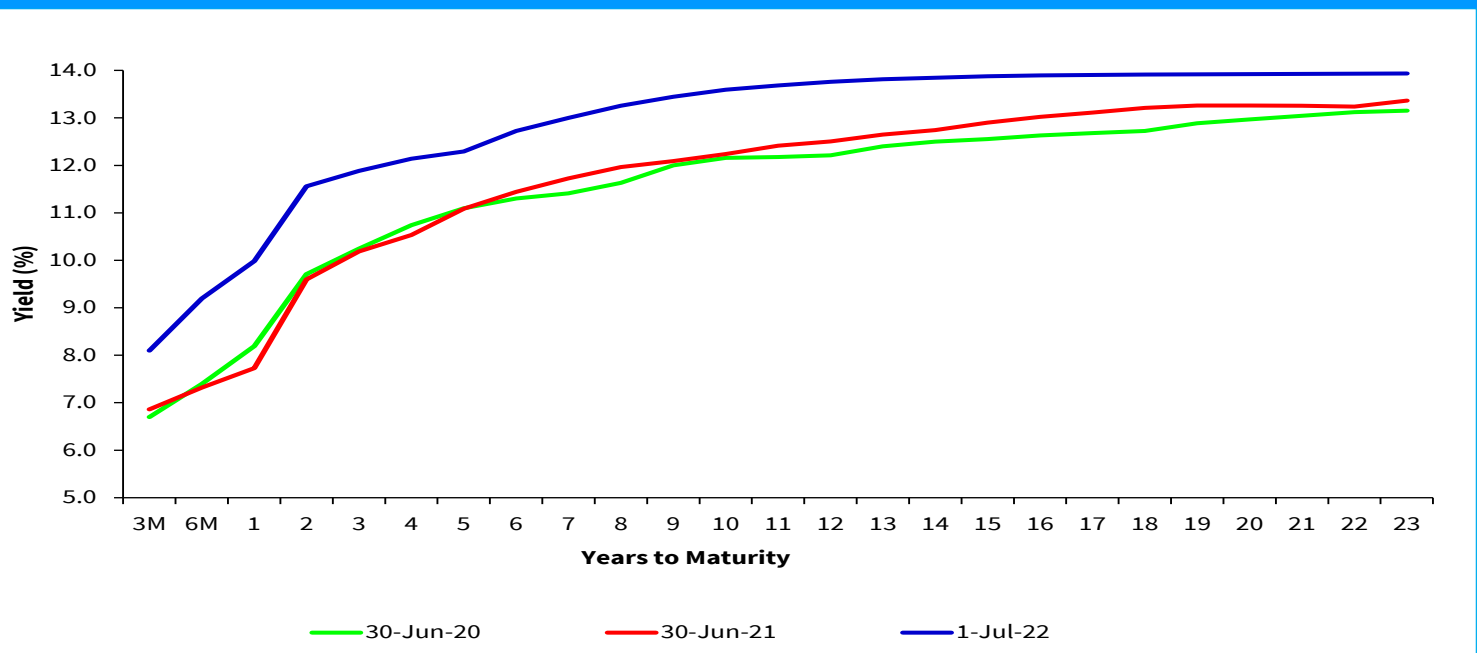
Source: Central Bank of Kenya

**Table 5: Performance of Treasury Bond Auctions**

Date of Auction	11-May-22		20-May-22		8-Jun-22	23-Jun-22		7-Jul-22
	REOPEN		TAP			TAP		TAP
Tenor	FXD1/ 2022/010	FXD1/ 2021/025	FXD1/ 2022/010	FXD1/ 2021/025	IFB1/ 2022/018	FXD1/ 2022/03	FXD1/ 2022/015	IFB1/ 2022/018
Amount offered (KSh M)	60,000.00		10,000.00		75,000.00	25,000.00		20,000.00
Bids received (KSh M)	32,893.01	10,225.98	5,967.65	11,044.75	76,369.63	3,621.30	15,985.45	6,418.15
Amount Accepted (KSh M)	28,675.32	3,064.50	5,967.17	11,003.44	73,770.99	3,619.82	15,976.98	6,416.29
Maturities (KSh M)					35,273.70	0.00		
Average interest Rate (%)	13.49	13.92	13.49	13.92	13.74	11.77	13.94	13.74

Source: Central Bank of Kenya

**Chart 2: Government Securities Yield Curve**



Source: Nairobi Securities Exchange (NSE)

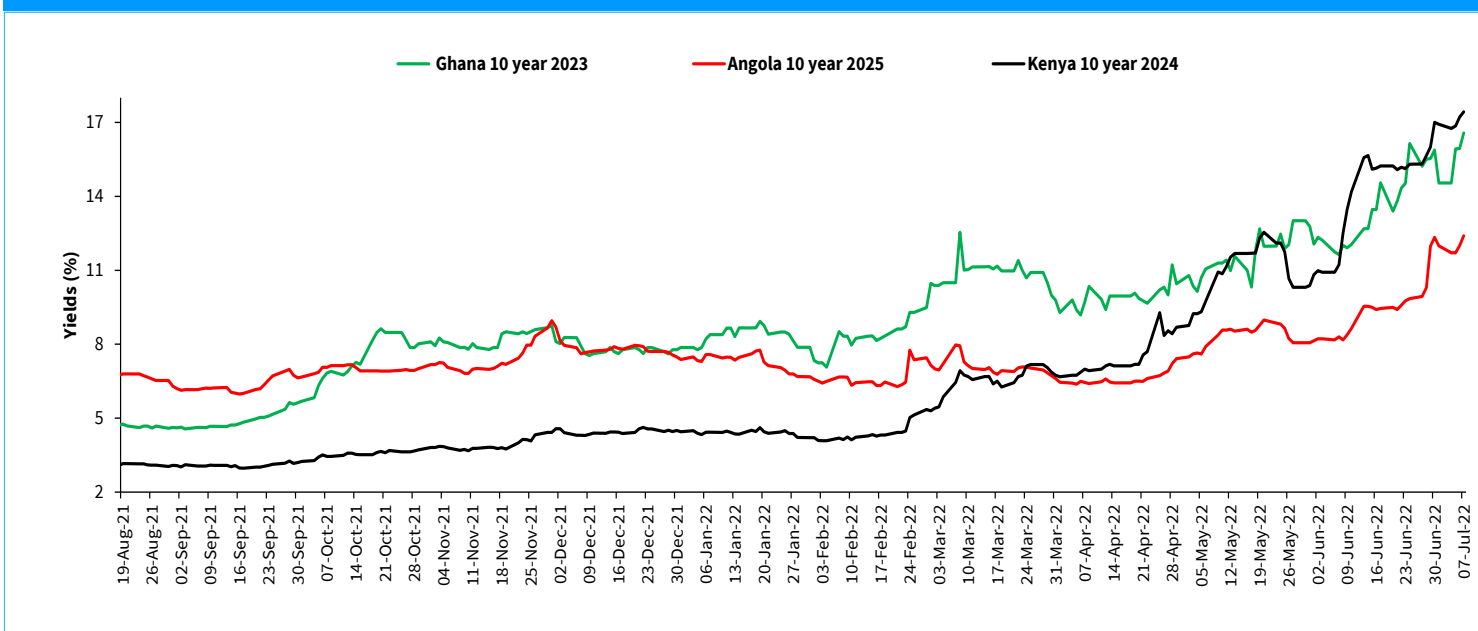
**Table 6: Key Weekly Market Indicators**

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 Capitalization (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
24-Jun-22	117.21	2767.45	1573.32	1,403.00	44.78	1,155.50	1,825.82	3,243.15	14.772	15.302	13.657	13.029	11.907	12.828
27-Jun-22	116.88	2752.62	1563.68	1,191.00	13.01	515.60	1,820.59	1,689.03	15.185	15.313	13.776	13.119	12.134	12.975
28-Jun-22	117.90	2783.77	1578.71	1,143.00	9.01	246.07	1,836.62	3,584.38	15.092	15.658	13.936	13.240	12.334	13.151
29-Jun-22	122.83	2880.03	1600.67	1,067.00	8.99	319.99	1,913.62	5,293.48	15.875	16.006	14.176	13.393	12.667	13.409
30-Jun-22	124.47	2953.55	1612.89	1,126.00	13.49	400.96	1,939.21	5,963.15	16.073	16.999	14.672	13.799	12.745	13.732
<b>June 17-23</b>	<b>124.47</b>	<b>2953.55</b>	<b>1612.89</b>	<b>5930.00</b>	<b>89.27</b>	<b>2638.10</b>	<b>1939.21</b>	<b>19773.20</b>	<b>16.073</b>	<b>16.999</b>	<b>14.672</b>	<b>13.799</b>	<b>12.745</b>	<b>13.732</b>
1-Jul-22	124.94	2,966.81	1,622.85	1,203.00	24.02	805.66	1,946.60	2,201.55	16.136	16.926	14.635	13.800	12.993	13.760
4-Jul-22	129.18	3,029.31	1,639.75	1,225.00	14.47	439.11	2,012.87	2,454.26	16.136	16.752	14.594	13.706	12.993	13.815
5-Jul-22	132.19	3,074.53	1,645.05	1,326.00	23.58	657.92	2,059.77	3,531.45	16.141	16.853	14.638	13.739	12.995	13.732
6-Jul-22	133.01	3,103.78	1,649.91	1,565.00	16.11	546.09	2,072.63	2,065.05	16.311	17.215	14.846	13.834	13.119	13.899
7-Jul-22	134.05	3,132.80	1,661.31	1,193.00	17.56	686.26	2,088.95	2,834.70	16.605	17.432	15.022	14.028	13.154	14.042
<b>July 1-7</b>	<b>134.05</b>	<b>3132.80</b>	<b>1661.31</b>	<b>6512.00</b>	<b>95.74</b>	<b>3135.03</b>	<b>2088.95</b>	<b>13087.01</b>	<b>16.605</b>	<b>17.432</b>	<b>15.022</b>	<b>14.028</b>	<b>13.154</b>	<b>14.042</b>
<b>Weekly Changes (%)</b>	<b>7.70</b>	<b>6.07</b>	<b>3.00</b>	<b>9.81</b>	<b>7.25</b>	<b>18.84</b>	<b>7.72</b>	<b>-33.81</b>	<b>0.532*</b>	<b>0.433*</b>	<b>0.350*</b>	<b>0.229*</b>	<b>0.409*</b>	<b>0.310*</b>

\* 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-21	31-Dec-21	31-Mar-22	27-May-22	17-Jun-22	24-Jun-22	01-Jul-22
1. Treasury Bills (Excluding Repos)	765.37	709.15	656.45	637.37	618.36	620.28	628.75
<i>(As % of total securities)</i>	<b>21.17</b>	<b>17.95</b>	<b>16.02</b>	<b>15.24</b>	<b>14.60</b>	<b>14.88</b>	<b>14.98</b>
2. Treasury Bonds	2,849.94	3,242.24	3,440.61	3,543.87	3,617.48	3,549.53	3,569.09
<i>(As % of total securities)</i>	<b>78.83</b>	<b>82.05</b>	<b>83.98</b>	<b>84.76</b>	<b>85.40</b>	<b>85.12</b>	<b>85.02</b>
3. Total Securities (1+2)	3,615.31	3,951.39	4,097.06	4,181.24	4,235.84	4,169.81	4,197.85
4. Overdraft at Central Bank	59.28	59.31	68.40	55.84	66.63	65.86	58.50
5. Other Domestic debt*	22.50	21.66	26.32	26.26	30.54	30.55	30.53
<b>6. Gross Domestic Debt (3+4+5)</b>	<b>3,697.09</b>	<b>4,032.37</b>	<b>4,191.77</b>	<b>4,263.34</b>	<b>4,333.00</b>	<b>4,266.23</b>	<b>4,286.88</b>

\* 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	17-Jun-22	24-Jun-22	1-Jul-22
Treasury bills (Excluding Repos)	27.93	20.70	17.59	15.81	14.27	14.54	14.67
Treasury bonds	69.86	77.09	80.41	82.09	83.49	83.20	83.26
Overdraft at Central Bank	1.48	1.60	1.47	1.46	1.54	1.54	1.36
Other domestic debt	0.73	0.61	0.54	0.64	0.70	0.72	0.71
<b>TOTAL</b>	<b>100.00</b>	<b>100.00</b>	<b>100.00</b>	<b>100.00</b>	<b>100.00</b>	<b>100.00</b>	<b>100.00</b>

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	17-Jun-22	24-Jun-22	1-Jul-22
Banking Institutions	54.18	51.24	50.20	49.29	48.19	48.74	48.51
Insurance Companies	6.05	6.66	6.79	6.87	7.17	7.14	7.18
Parastatals	5.73	5.54	5.57	5.72	5.81	5.84	5.97
Pension Funds	29.04	30.60	31.34	31.75	32.33	32.39	32.40
Other Investors	5.00	5.96	6.10	6.37	6.51	5.89	5.94
<b>Total</b>	<b>100.00</b>	<b>100.00</b>	<b>100.00</b>	<b>100.00</b>	<b>100.00</b>	<b>100.00</b>	<b>100.00</b>

Source: Central Bank of Kenya

**Table 10: Indicators of Government Debt**

	Sep-20	Dec-20	Jun-21	Sep-21	Dec-21	Mar-22	Apr-22
Domestic debt (KSh Bn)	3,457.11	3,488.54	3,697.09	3,937.80	4,032.37	4,191.77	4,226.84
Public & Publicly Guaranteed External debt (USD Bn)	33.77	34.75	37.08	36.73	36.90	36.82	36.65
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	4,243.53
Public debt (KSh Bn)	<b>7,120.60</b>	<b>7,281.83</b>	<b>7,696.63</b>	<b>7,996.30</b>	<b>8,206.74</b>	<b>8,401.33</b>	<b>8,470.37</b>

Source: The National Treasury and Central Bank of Kenya