



Central Bank of Kenya

# Weekly Bulletin

February 18, 2022



## RECENT MONETARY AND FINANCIAL DEVELOPMENTS

### Exchange Rates

The Kenya Shilling remained stable against major international and regional currencies during the week ending February 17. It exchanged at KSh 113.64 per US dollar on February 17, compared to KSh 113.63 per US dollar on February 10 (**Table 1**).

### Foreign Exchange Reserves

The usable foreign exchange reserves remained adequate at USD 8,125 million (4.97 months of import cover) as at February 17. 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**).

### Remittances

Remittance inflows in January 2022 totalled USD 338.7 million compared to USD 278.3 million in January 2021, a 21.7 percent increase (**Chart 1**). The inflows were lower by 3.4 percent compared to the USD 350.6 million in December 2021, in line with seasonal factors. The cumulative inflows for the 12 months to January 2022 were USD 3,778 million from USD 3,113 million in 2021, a 21.4 percent increase. US remains the largest source of remittances into Kenya, accounting for 63.6 percent in January 2022.

### Money Market

The money market was liquid during the week ending February 17, partly reflecting government payments, which offset tax remittances. Commercial banks' excess reserves stood at KSh 26.2 billion in relation to the 4.25 percent cash reserves requirement (CRR). Open market operations remained active. The average interbank rate was 4.73 percent on February 17 compared to 4.85 percent on February 10. During the week, the average number of interbank deals remained stable at 25 compared to 26 in the previous week, while the average value traded decreased to KSh 10.5 billion compared to KSh 11.8 billion in the previous week (**Table 3**).

### Government Securities Market

The Treasury bills auction, of February 17 received bids totalling KSh 26.8 billion against an advertised amount of KSh 24.0 billion, representing a performance of 111.5 percent. Interest rates remained stable, with the 91-day and 182-day Treasury bills rates decreasing while the 364-day Treasury bill rate increased marginally (**Table 4**).

During the February 16, Treasury bond auction. The 19-year infrastructure bond auctioned on February 16, received bids totalling KSh 132.3 billion against an advertised amount of KSh 75.0 billion, representing a performance of 176.3 percent (**Table 5**).

### Equity Market

At the Nairobi Securities Exchange, the NSE 20 share price index increased by 0.4 percent, while the NASI and NSE 25 share price indices declined by 1.2 percent and 0.8 percent, respectively. Market capitalization declined by 1.2 percent, while equity turnover and total shares traded both declined by 23.4 percent during the week ending February 17 (**Table 6**).

### Bonds Market

Bonds turnover in the domestic secondary market declined by 48.2 percent during the week ending February 17 (**Table 6**). In the international market, yields on Kenya's Eurobonds increased by an average of 31.1 basis points. The yield on the 10-year Eurobond for Ghana increased but that of Angola declined (**Chart 3**).

### Global Trends

Inflation in the advanced economies remains a concern, with the recent inflation indicators breaching 3-decade highs in the UK and the US. Geopolitical tensions concerning Russia and the Ukraine also continued to affect the global outlook.

International oil prices increased during the week ending February 17. Murban oil prices rose to USD 94.21 per barrel on February 17 compared to USD 92.74 per barrel on February 10.

**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*
4-Feb-22	113.60	153.65	128.08	98.92	30.80	20.35	9.15	17.58
7-Feb-22	113.61	153.79	129.31	98.49	30.81	20.36	9.04	17.67
8-Feb-22	113.62	153.56	129.27	98.85	30.89	20.36	9.04	17.67
9-Feb-22	113.63	153.79	129.56	98.54	30.94	20.34	9.15	17.58
10-Feb-22	113.63	153.89	129.56	98.41	31.01	20.35	9.15	17.58
<b>Feb 4-10</b>	<b>113.62</b>	<b>153.73</b>	<b>129.16</b>	<b>98.64</b>	<b>30.89</b>	<b>20.35</b>	<b>9.10</b>	<b>17.62</b>
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
<b>Feb 11-17</b>	<b>113.63</b>	<b>153.82</b>	<b>129.28</b>	<b>98.33</b>	<b>30.98</b>	<b>20.35</b>	<b>9.15</b>	<b>17.59</b>

\*Units of currency per Kenya Shilling

Source: Central Bank of Kenya

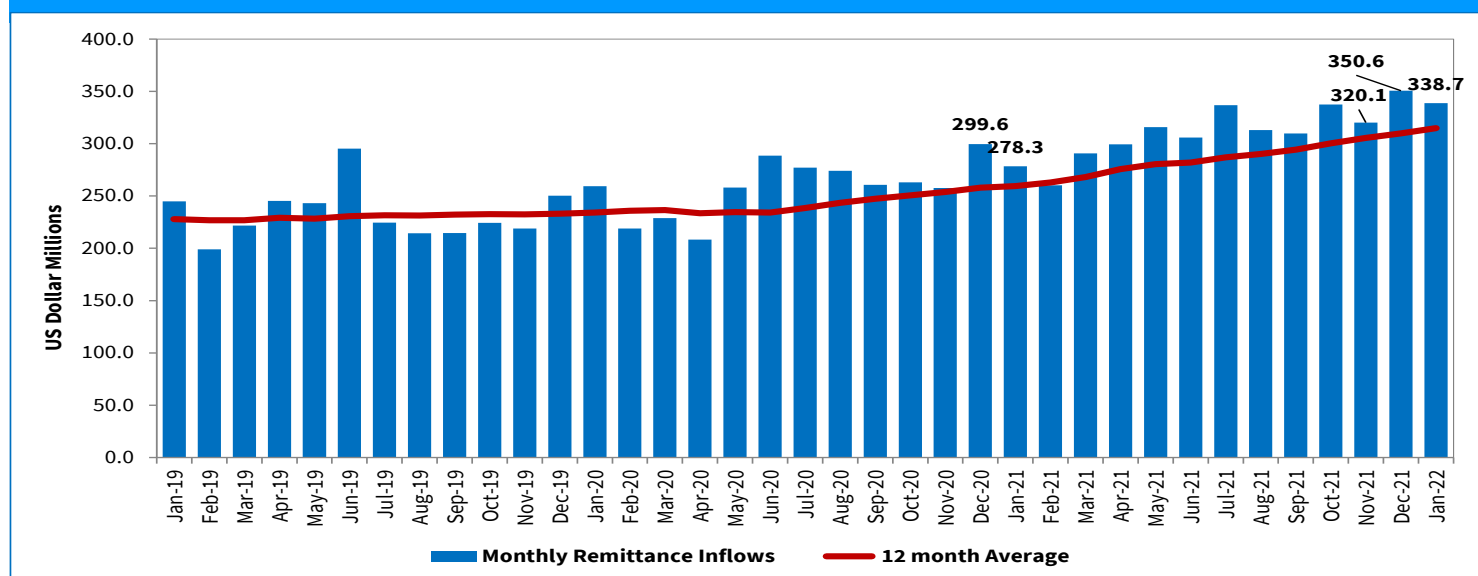
**Table 2: Official Foreign Exchange Reserves (USD Million)**

	20-Jan-22	27-Jan-22	3-Feb-22	10-Feb-22	17-Feb-22
1. CBK Usable Foreign Exchange Reserves (USD Million)	8,715	8,287	8,224	8,196	8,125
2. CBK Usable Foreign Exchange Reserves (Months of Import Cover)*	5.33	5.07	5.03	5.01	4.97

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

Source: Central Bank of Kenya

**Chart 1: Monthly Remittance Inflows (USD Million)**



Source: Nairobi Securities Exchange (NSE)

<b>Table 3: Money Markets</b>			
<b>Date</b>	<b>Number of Deals</b>	<b>Value (KSh M)</b>	<b>Average Interbank Rate (%)</b>
4-Feb-22	28	16,605.00	4.88
7-Feb-22	25	13,480.00	4.23
8-Feb-22	25	11,790.00	4.38
9-Feb-22	20	5,485.00	4.44
10-Feb-22	33	11,880.00	4.85
<b>Feb 4-10</b>	<b>26</b>	<b>11,848.00</b>	<b>4.56</b>
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
<b>Feb 11-17</b>	<b>25</b>	<b>10,510.80</b>	<b>4.41</b>

Source: Central Bank of Kenya

<b>Table 4: Performance of Treasury Bills Auctions</b>						
<b>91-Day Treasury Bills</b>						
<b>Date of Auction</b>	<b>13-Jan-22</b>	<b>20-Jan-22</b>	<b>27-Jan-22</b>	<b>3-Feb-22</b>	<b>10-Feb-22</b>	<b>17-Feb-22</b>
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)	4,404.16	1,925.63	1,506.72	3,385.39	2,890.10	1,489.03
Amount Accepted (KSh M)	4,325.22	1,689.28	1,505.25	3,304.27	2,759.58	1,424.06
Maturities (KSh M)	3,063.15	6,617.45	2,676.75	3,481.85	4,058.25	8,542.30
<b>Average Interest Rate (%)</b>	<b>7.309</b>	<b>7.331</b>	<b>7.343</b>	<b>7.317</b>	<b>7.285</b>	<b>7.250</b>
<b>182-Day Treasury Bills</b>						
<b>Date of Auction</b>	<b>13-Jan-22</b>	<b>20-Jan-22</b>	<b>27-Jan-22</b>	<b>3-Feb-22</b>	<b>10-Feb-22</b>	<b>17-Feb-22</b>
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)	13,722.28	12,313.24	5,344.77	8,244.05	6,397.70	10,148.65
Amount Accepted (KSh M)	13,715.36	12,241.14	5,344.67	8,243.86	6,397.60	9,962.79
Maturities (KSh M)	11,685.45	3,316.25	6,662.90	14,529.00	3,242.85	15,761.90
<b>Average Interest Rate (%)</b>	<b>8.081</b>	<b>8.069</b>	<b>8.112</b>	<b>8.095</b>	<b>8.108</b>	<b>8.075</b>
<b>364-Day Treasury Bills</b>						
<b>Date of Auction</b>	<b>13-Jan-22</b>	<b>20-Jan-22</b>	<b>27-Jan-22</b>	<b>3-Feb-22</b>	<b>10-Feb-22</b>	<b>17-Feb-22</b>
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)	19,399.66	14,429.44	19,054.94	16,168.11	10,758.16	15,131.05
Amount Accepted (KSh M)	13,011.14	14,006.88	17,623.48	14,293.17	10,758.07	14,663.79
Maturities (KSh M)	14,387.20	15,695.35	14,547.35	13,421.20	15,300.20	14,651.35
<b>Average Interest Rate (%)</b>	<b>9.474</b>	<b>9.510</b>	<b>9.544</b>	<b>9.594</b>	<b>9.668</b>	<b>9.724</b>

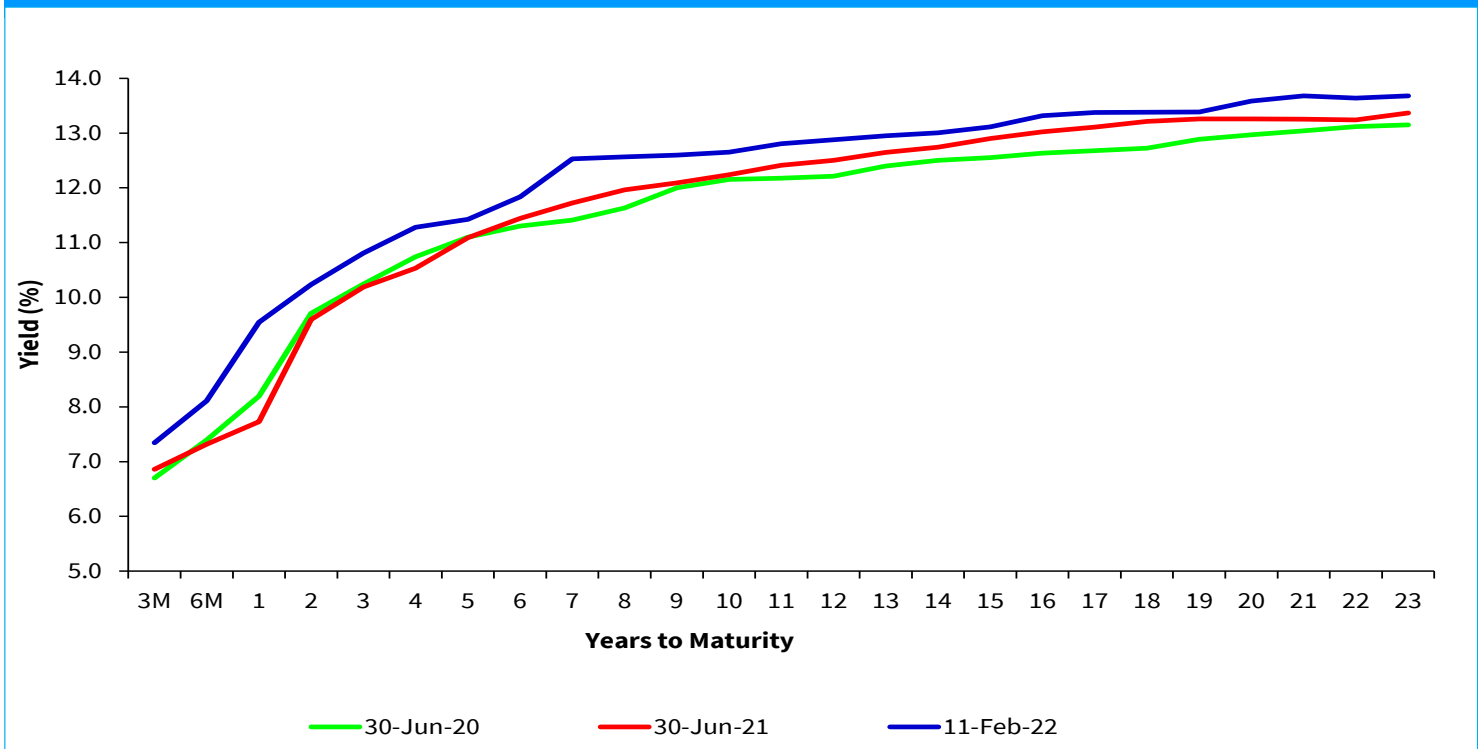
Source: Central Bank of Kenya

**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 2: Government Securities Yield Curve**



Source: Nairobi Securities Exchange (NSE)

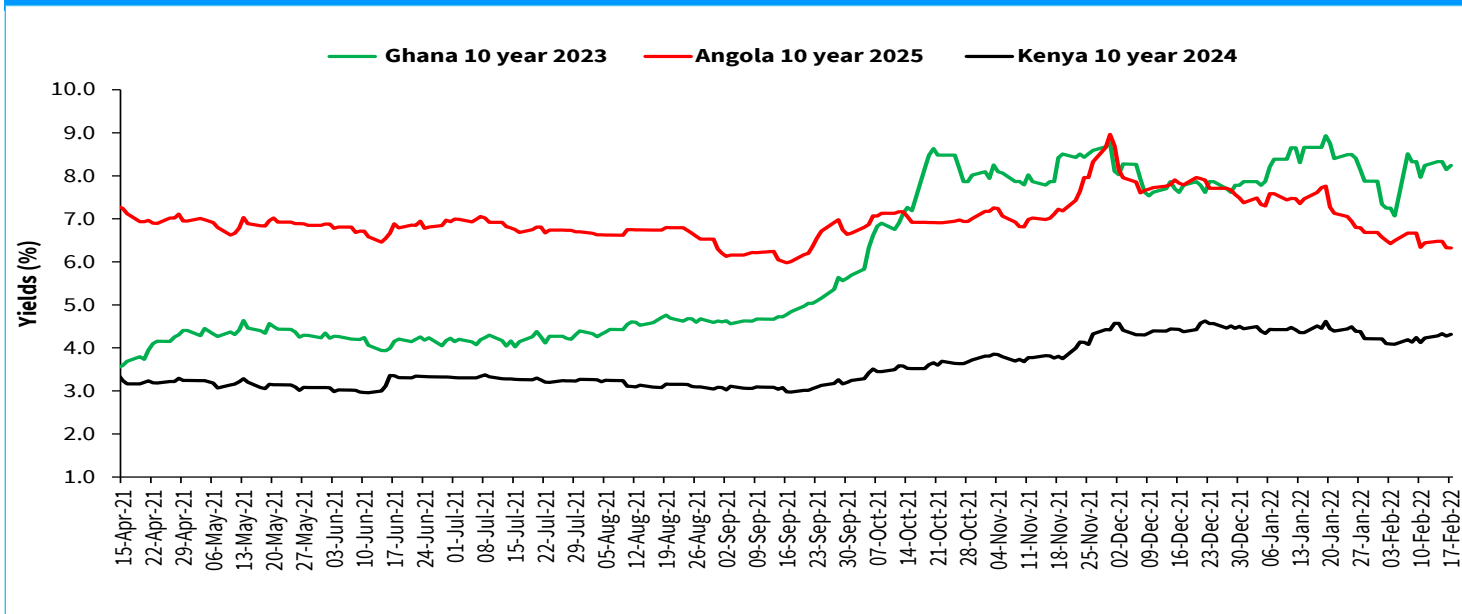
**Table 6: Key Weekly Market Indicators**

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
4-Feb-22	167.02	3757.61	1901.18	912.00	7.78	192.11	2,601.59	3,920.05	6.316	4.087	6.540	7.175	7.112	8.538
7-Feb-22	166.84	3747.73	1894.48	1099.00	6.00	217.56	2,598.82	6,045.35	6.384	4.192	6.564	7.283	7.157	8.625
8-Feb-22	168.83	3769.34	1887.55	1269.00	19.38	728.93	2,629.91	2,741.10	6.501	4.135	6.714	7.375	7.278	8.650
9-Feb-22	167.48	3753.53	1889.30	970.00	15.60	676.10	2,608.84	2186.03	6.461	4.240	6.789	7.467	7.276	8.638
10-Feb-22	168.62	3773.17	1896.76	1063.00	19.82	753.33	2,626.58	1,149.00	6.561	4.125	6.789	7.466	7.379	8.663
<b>Feb 4-10</b>	<b>168.62</b>	<b>3773.17</b>	<b>1896.76</b>	<b>5313.00</b>	<b>68.58</b>	<b>2568.03</b>	<b>2,626.58</b>	<b>16,041.53</b>	<b>6.561</b>	<b>4.125</b>	<b>6.789</b>	<b>7.466</b>	<b>7.379</b>	<b>8.663</b>
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
<b>Feb 11-17</b>	<b>166.62</b>	<b>3742.86</b>	<b>1903.54</b>	<b>4727.00</b>	<b>52.54</b>	<b>1967.11</b>	<b>2,595.38</b>	<b>8,315.35</b>	<b>6.909</b>	<b>4.317</b>	<b>7.198</b>	<b>7.862</b>	<b>7.627</b>	<b>8.934</b>
<b>Weekly Changes (%)</b>	<b>-1.19</b>	<b>-0.80</b>	<b>0.36</b>	<b>-11.03</b>	<b>-23.40</b>	<b>-23.40</b>	<b>-1.19</b>	<b>-48.16</b>	<b>0.348*</b>	<b>0.192*</b>	<b>0.409*</b>	<b>0.396*</b>	<b>0.248*</b>	<b>0.271*</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	30-Sep-21	26-Nov-21	31-Dec-21	28-Jan-22	04-Feb-22	11-Feb-22
1. Treasury Bills (Excluding Repos)	765.37	763.45	716.69	709.15	702.10	704.29	700.43
<i>(As % of total securities)</i>	<b>21.17</b>	<b>19.78</b>	<b>18.28</b>	<b>17.95</b>	<b>17.52</b>	<b>17.57</b>	<b>17.49</b>
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>	<b>78.83</b>	<b>80.22</b>	<b>81.72</b>	<b>82.05</b>	<b>82.48</b>	<b>82.43</b>	<b>82.51</b>
3. Total Securities (1+2)	3,615.31	3,860.29	3,920.59	3,951.39	4,007.00	4,009.19	4,005.32
4. Overdraft at Central Bank	59.28	55.11	62.82	59.31	56.26	55.98	61.60
5. Other Domestic debt*	22.50	22.37	23.09	21.66	21.67	21.67	21.68
<b>6. Gross Domestic Debt (3+4+5)</b>	<b>3,697.09</b>	<b>3,937.78</b>	<b>4,006.50</b>	<b>4,032.37</b>	<b>4,084.93</b>	<b>4,086.84</b>	<b>4,088.60</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-21	30-Sep-21	26-Nov-21	31-Dec-21	28-Jan-22	4-Feb-22	11-Feb-22
Treasury bills (Excluding Repos)	20.70	19.39	17.89	17.59	17.19	17.23	17.13
Treasury bonds	77.09	78.64	79.97	80.41	80.90	80.87	80.83
Overdraft at Central Bank	1.60	1.40	1.57	1.47	1.38	1.37	1.51
Other domestic debt	0.61	0.57	0.58	0.54	0.53	0.53	0.53
<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-21	30-Sep-21	26-Nov-21	31-Dec-21	28-Jan-22	4-Feb-22	11-Feb-22
Banking Institutions	51.24	50.82	50.25	50.20	49.94	49.89	49.75
Insurance Companies	6.66	6.60	6.70	6.79	6.87	6.87	6.88
Parastatals	5.54	5.39	5.56	5.57	5.63	5.64	5.64
Pension Funds	30.60	31.24	31.40	31.34	31.39	31.44	31.55
Other Investors	5.96	5.95	6.09	6.10	6.17	6.16	6.18
<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**

	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)	<b>6,692.78</b>	<b>7,120.60</b>	<b>7,281.83</b>	<b>7,339.71</b>	<b>7,696.63</b>	<b>7,996.30</b>	<b>8,206.74</b>

Source: National Treasury and Central Bank of Kenya