



Central Bank of Kenya

Weekly Bulletin

January 7, 2022



RECENT MONETARY AND FINANCIAL DEVELOPMENTS

Exchange Rates

The Kenya Shilling remained stable against major international and regional currencies during the week ending January 6. It exchanged at KSh 113.17 per US dollar on January 6, compared to KSh 113.13 per US dollar on December 30 (**Table 1**).

Foreign Exchange Reserves

The usable foreign exchange reserves remained adequate at USD 8,765 million (5.36 months of import cover) as at January 6. 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 liquid during the week ending January 6 partly reflecting government payments, which offset tax remittances. Commercial banks' excess reserves stood at KSh 20.3 billion in relation to the 4.25 percent cash reserves requirement (CRR). Open market operations remained active. The average interbank rate was 4.38 percent on January 6 compared to 5.32 percent on December 30. During the week, the average number of interbank deals increased marginally to 24 from 23 in the previous week, while the average value traded decreased to KSh 13.8 billion from KSh 15.1 billion in the previous week (**Table 3**).

Government Securities Market

The Treasury bill auction of January 6 received bids totalling KSh 23.2 billion against an advertised amount of KSh 24.0 billion, representing a performance of 96.6 percent. Interest rates remained stable, with the 91-day and 364-day Treasury bill rates rising marginally while the 182-day Treasury bill rate decreased slightly (**Table 4**).

During the Treasury bond auction of January 5, the re-opened five-year Treasury bond received bids totalling KSh 28.4 billion against an advertised amount of KSh 30.0 billion, representing a performance of 94.6 percent (**Table 5**).

Equity Market

At the Nairobi Securities Exchange, the NASI, NSE 20 and NSE 25 share price indices increased by 4.0 percent, 1.2 percent and 2.7 percent, respectively. Similarly, market capitalization, equity turnover and total shares traded increased by 4.0 percent, 212.1 percent and 169.4 percent, respectively during the week ending January 6 (**Table 6**).

Bonds Market

Bonds turnover in the domestic secondary market declined by 51.0 percent during the week ending January 6 (**Table 6**). In the international market, yields on Kenya's Eurobonds rose marginally by an average of 9.2 basis points. The yields on the 10-year Eurobonds for Ghana and Angola also rose (**Chart 2**).

Global Trends

Sentiment in the US markets improved in the week ending January 6, following the release of key US job report and minutes of the recent Fed meeting suggesting that the US may hike interest rates sooner than was planned. Concerns remain about the rapid spread of COVID-19 Omicron variant and renewed restrictions especially in Europe.

International oil prices increased during the week ending January 6, largely due to improved oil demand. Murban oil prices rose to USD 80.30 per barrel on January 6 from USD 78.92 per barrel on December 30.

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*
24-Dec-21	113.08	151.05	127.95	98.96	31.31	20.38	9.17	17.63
27-Dec-21	PUBLIC HOLIDAY							
28-Dec-21	113.10	151.25	128.12	98.51	31.30	20.39	9.17	17.63
29-Dec-21	113.11	151.61	128.09	98.47	31.30	20.38	9.17	17.63
30-Dec-21	113.13	151.72	127.88	98.32	31.28	20.38	9.17	17.63
December 24-30, 2021	113.10	151.41	128.01	98.56	31.30	20.38	9.17	17.63
31-Dec-21	113.14	152.34	128.09	98.13	31.33	20.37	9.17	17.63
3-Jan-22	113.14	152.34	128.09	98.13	31.33	20.37	9.17	17.63
4-Jan-22	113.16	152.49	128.27	97.73	31.43	20.37	9.17	17.63
5-Jan-22	113.19	152.99	128.07	97.60	31.29	20.32	9.17	17.63
6-Jan-22	113.17	152.52	127.88	97.50	31.28	20.37	9.17	17.63
December 31 2021-Jan 6, 2022	113.16	152.53	128.08	97.82	31.33	20.36	9.17	17.63

*Units of currency per Kenya Shilling

Source: Central Bank of Kenya

Table 2: Official Foreign Exchange Reserves (USD Million)

	9-Dec-21	16-Dec-21	23-Dec-21	30-Dec-21	6-Jan-22
1. CBK Usable Foreign Exchange Reserves (USD Million)	8,730	8,643	8,556	8,817	8,765
2. CBK Usable Foreign Exchange Reserves (Months of Import Cover)*	5.34	5.28	5.23	5.39	5.36

*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 (%)
24-Dec-21	31	16,180.00	5.87
27-Dec-21	Public Holiday		
28-Dec-21	23	16,110.00	5.97
29-Dec-21	22	16,280.00	5.63
30-Dec-21	14	11,670.00	5.32
December 24-30, 2021	23	15,060.00	5.70
31-Dec-21	15	13,000.00	4.95
3-Jan-22	18	9,770.00	4.58
4-Jan-22	25	12,670.00	4.56
5-Jan-22	29	18,720.00	4.38
6-Jan-22	32	15,050.00	4.38
December 31 2021-Jan 6, 2022	24	13,842.00	4.57

Source: Central Bank of Kenya

Table 4: Performance of Treasury Bills Auctions

91-Day Treasury Bills						
Date of Auction	25-Nov-21	9-Dec-21	16-Dec-21	23-Dec-21	30-Dec-21	6-Jan-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)	3,936.66	5,073.82	4,532.99	1,590.99	572.28	5,653.08
Amount Accepted (KSh M)	3,936.28	5,073.63	3,545.63	1,583.72	572.80	5,652.69
Maturities (KSh M)	1,779.40	7,009.80	3,398.40	4,857.05	2,670.95	3,439.20
Average Interest Rate (%)	7.181	7.280	7.265	7.264	7.271	7.345
182-Day Treasury Bills						
Date of Auction	25-Nov-21	9-Dec-21	16-Dec-21	23-Dec-21	30-Dec-21	6-Jan-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)	2,520.43	5,517.39	11,215.31	796.64	2,320.06	6,333.52
Amount Accepted (KSh M)	2,520.19	1,676.98	9,255.41	796.64	2,320.06	6,332.76
Maturities (KSh M)	4,586.90	8,165.85	7,489.65	5,753.85	14,403.60	12,067.20
Average Interest Rate (%)	7.835	7.984	7.977	7.982	8.095	8.041
364-Day Treasury Bills						
Date of Auction	25-Nov-21	9-Dec-21	16-Dec-21	23-Dec-21	30-Dec-21	6-Jan-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)	9,034.51	5,165.86	5,226.07	3,996.40	4,936.06	11,199.53
Amount Accepted (KSh M)	6,547.11	5,164.77	5,131.79	3,995.48	4,936.06	11,167.33
Maturities (KSh M)	4,285.40	5,586.20	5,362.50	2,194.20	4,283.05	10,832.40
Average Interest Rate (%)	8.944	9.091	9.164	9.265	9.367	9.444

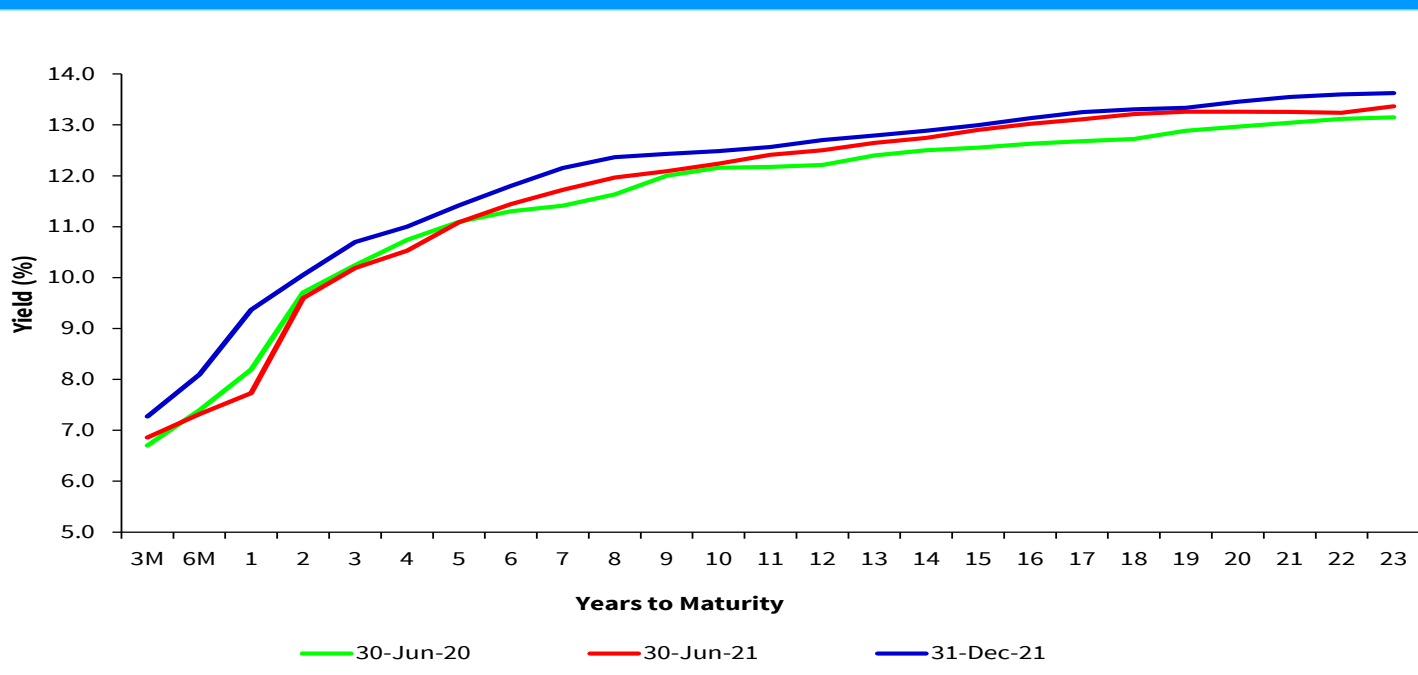
Source: Central Bank of Kenya

Table 5: Performance of Treasury Bond Auctions

Date of Auction	10-Nov-21		8-Dec-21		5-Jan-22
	REOPEN		REOPEN		REOPEN
Tenor	FXD1/ 2021/5	FXD1/ 2019/20	FXD4/ 2019/10	FXD1/ 2018/20	FXD1/2021/005
Amount offered (KSh M)	50,000.00		40,000.00		30,000.00
Bids received (KSh M)	66,603.14	17,567.66	20,269.28	20,906.41	28,393.48
Amount Accepted (KSh M)	53,661.88	15,845.49	20,262.52	17,564.98	27,428.16
Maturities (KSh M)	0.00		0.00		0.00
Average interest Rate (%)	11.28	13.41	12.64	13.37	11.23

Source: Central Bank of Kenya

Chart 1: Government Securities Yield Curve



Source: Nairobi Securities Exchange (NSE)

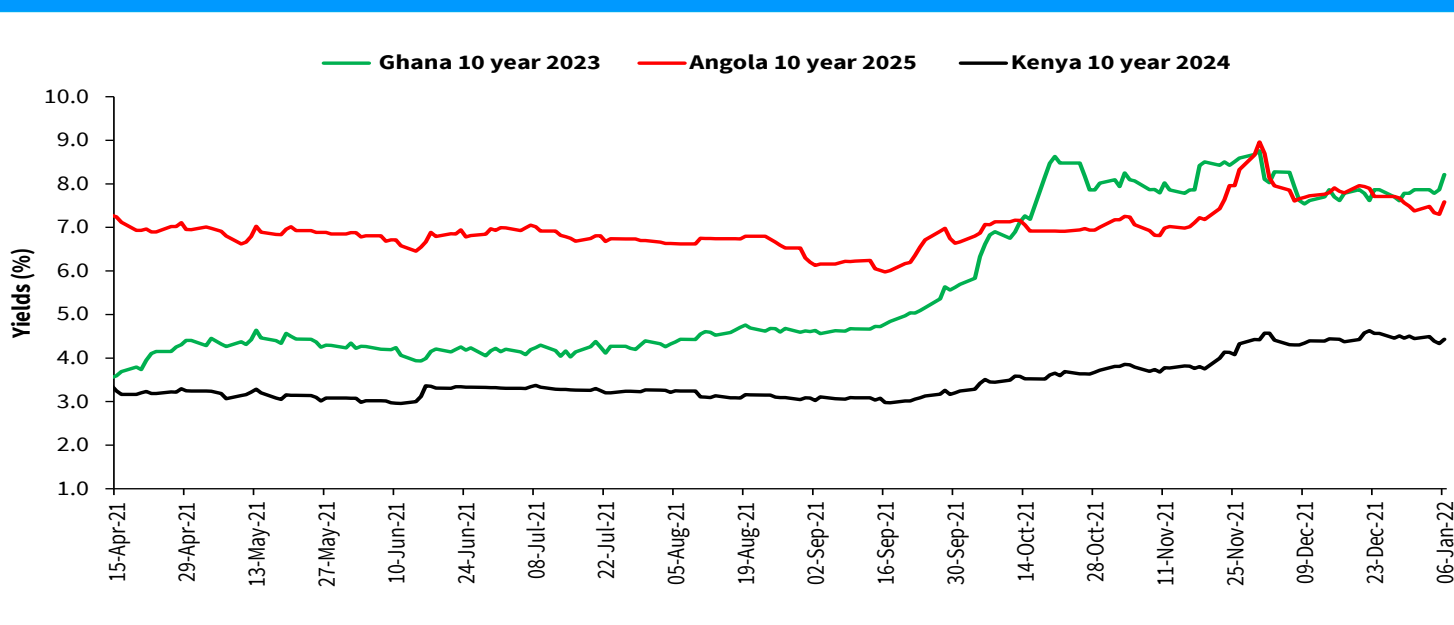
Table 6: Key Weekly Market Indicators

INDICATOR	NASI	NSE 25 Share Index	NSE 20 Share Index	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-Dec-21	170.57	3759.84	1901.97	863.00	8.40	305.12	2,657.06	3,018.80	5.733	4.565	5.902	6.812	6.675	8.190
27-Dec-21	PUBLIC HOLIDAY								5.800	4.459	5.925	6.829	6.675	8.098
28-Dec-21	169.10	3748.11	1890.05	876.00	6.11	191.71	2,834.13	2,303.65	5.857	4.509	5.924	6.864	6.644	8.098
29-Dec-21	167.88	3740.80	1899.29	739.00	3.21	74.53	2,615.01	685.45	5.668	4.457	5.854	6.759	6.644	8.121
30-Dec-21	165.27	3715.09	1897.62	753.00	2.58	74.85	2,574.32	1,332.90	5.602	4.502	5.759	6.706	6.580	8.075
Dec 24-30 2021	165.27	3715.09	1897.62	3231.00	20.30	646.20	2574.32	7,340.80	5.602	4.502	5.759	6.706	6.580	8.075
31-Dec-21	166.46	3743.90	1902.57	793.00	10.19	344.61	2,592.92	1,380.90	5.574	4.446	5.758	6.706	6.580	8.132
4-Jan-22	167.10	3756.21	1914.29	763.00	17.57	630.46	2,601.45	486.15	5.600	4.496	5.734	6.704	6.581	8.144
5-Jan-22	169.24	3788.20	1917.50	799.00	9.53	382.54	2,636.24	209.05	5.554	4.389	5.710	6.654	6.533	8.098
5-Jan-22	170.67	3801.94	1915.73	995.00	10.53	344.10	2,658.54	708.55	5.574	4.334	5.733	6.654	6.486	8.098
6-Jan-22	171.80	3814.87	1919.79	890.00	6.87	314.89	2,676.24	810.55	5.726	4.431	5.920	6.774	6.677	8.248
Dec 31 2021-Jan 6 2022	171.80	3814.87	1919.79	4240.00	54.68	2016.61	2676.24	3,595.20	5.726	4.431	5.920	6.774	6.677	8.248
Weekly Changes (%)	3.95	2.69	1.17	31.23	169.38	212.07	3.96	-51.02	0.124*	-0.071*	0.161*	0.068*	0.097*	0.173*

* 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-Sep-20	31-Dec-20	31-Mar-21	30-Jun-21	30-Sep-21	24-Dec-21	31-Dec-21
1. Treasury Bills (Excluding Repos)	894.73	855.71	761.90	765.37	763.45	715.18	709.15
<i>(As % of total securities)</i>	26.50	25.04	21.79	21.17	19.78	18.07	17.95
2. Treasury Bonds	2,482.24	2,561.33	2,734.47	2,849.94	3,096.84	3,242.24	3,242.24
<i>(As % of total securities)</i>	73.50	74.96	78.21	78.83	80.22	81.93	82.05
3. Total Securities (1+2)	3,376.98	3,417.05	3,496.37	3,615.31	3,860.29	3,957.42	3,951.39
4. Overdraft at Central Bank	56.21	47.60	49.28	59.28	55.11	65.64	59.31
5. Other Domestic debt*	23.92	23.90	24.19	22.50	22.37	23.91	23.91
6. Gross Domestic Debt (3+4+5)	3,457.11	3,488.54	3,569.84	3,697.09	3,937.78	4,046.97	4,034.61

* 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-Sep-20	31-Dec-20	31-Mar-21	30-Jun-21	30-Sep-21	24-Dec-21	31-Dec-21
Treasury bills (Excluding Repos)	25.88	24.53	21.34	20.70	19.39	17.67	17.58
Treasury bonds	71.80	73.42	76.60	77.09	78.64	80.12	80.36
Overdraft at Central Bank	1.63	1.36	1.38	1.60	1.40	1.62	1.47
Other domestic debt	0.69	0.69	0.68	0.61	0.57	0.59	0.59
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-Sep-20	31-Dec-20	31-Mar-21	30-Jun-21	30-Sep-21	24-Dec-21	31-Dec-21
Banking Institutions	54.55	52.83	51.75	51.24	50.82	50.18	50.20
Insurance Companies	6.16	6.44	6.57	6.66	6.60	6.76	6.79
Parastatals	5.47	5.69	5.62	5.54	5.39	5.54	5.57
Pension Funds	28.53	30.32	30.46	30.60	31.24	31.39	31.34
Other Investors	5.30	4.73	5.59	5.96	5.95	6.13	6.10
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	Mar-21	Apr-21	May-21	Jun-21	Sep-21
Domestic debt (KSh Bn)	3,457.11	3,488.54	3,569.84	3,632.91	3,686.89	3,697.09	3,937.78
Public & Publicly Guaranteed External debt (USD Bn)	33.77	34.75	34.42	35.13	35.31	37.08	36.73
Public & Publicly Guaranteed External debt (KSh Bn)	3,663.49	3,793.29	3,769.87	3,778.13	3,799.02	3,999.54	4,058.50
Public debt (KSh Bn)	7,120.60	7,281.83	7,339.71	7,411.05	7,485.91	7,696.64	7,996.28

Source: National Treasury and Central Bank of Kenya