



Central Bank of Kenya

# Weekly Bulletin

December 9, 2022



## RECENT MONETARY AND FINANCIAL DEVELOPMENTS

### Exchange Rates

The Kenya Shilling remained stable against major international and regional currencies during the week ending December 8. It exchanged at KSh 122.74 per US dollar on December 8, compared to KSh 122.50 per US dollar on December 1 (**Table 1**).

### Foreign Exchange Reserves

The usable foreign exchange reserves remained adequate at USD 7,103 million (3.98 months of import cover) as at December 8. This meets the CBK's statutory requirement to endeavor to maintain at least 4 months of import cover (**Table 2**).

### Remittances

Remittance inflows remained strong at USD 345.5 million in November compared to USD 332.6 million in October, an increase of 3.9 percent (**Chart 1**). The cumulative inflows for the 12 months to November totaled USD 4,021 million compared to USD 3,667 million in November 2021, an increase of 9.7 percent. The remittance inflows continue to support the current account and the foreign exchange market. The US remains the largest source of remittances into Kenya, accounting for 55.8 percent in November.

### Money Market

Liquidity in the money market improved during the week ending December 8, as government payments more than offset tax remittances. Commercial banks' excess reserves stood at KSh 14.5 billion in relation to the 4.25 percent cash reserves requirement (CRR). Open market operations remained active. The average interbank rate was 5.19 percent on December 8 compared to 5.08 percent on December 1. The average number of interbank deals decreased to 24 from 33 in the previous week, while the average value traded decreased to KSh 19.1 billion from KSh 22.1 billion (**Table 3**).

### Government Securities Market

The Treasury bill auction of December 8, received bids totalling KSh 23.3 billion against an advertised amount of

KSh 24.0 billion, representing a performance of 97.1 percent. Interest rates remained stable, with 91-day, 182-day and 364-day rates increasing marginally (**Table 4**).

During the Treasury bond auction of December 7, the re-opened 20-year and 25-year fixed rate Treasury bonds received bids totaling KSh 30.6 billion against an advertised amount of KSh 40 billion, representing a performance rate of 76.4 percent (**Table 5**).

### Equity Market

At the Nairobi Securities Exchange, the NASI and NSE 25 declined by 0.4 percent and 0.1 percent, respectively, while NSE 20 increased by 0.2 percent during the week ending December 8. Market capitalization, declined by 0.4 percent, while equity turnover and total shares traded increased by 3.4 percent and 13.1 percent, respectively (**Table 6**).

### Bonds Market

Bond turnover in the domestic secondary market increased by 23.2 percent during the week ending December 8 (**Table 6**). In the international market, yields on Kenya's Eurobonds increased by an average of 12.87 basis points, with 2024 maturity increasing by 73.2 basis points. The yield on the 10-Year Eurobonds for Ghana and Angola also increased (**Chart 3**).

### Global Trends

Concerns about inflation in advanced economies remained during the week ending December 8. The Bank of Canada increased its interest rate by 50 basis points. The index of the US dollar against a basket of major currencies strengthened by 0.04 percent during the week ending December 8.

International oil prices declined during the week ending December 8 amid concerns over weakening global growth. Murban oil price decreased to USD 76.13 per barrel on December 8 from USD 85.86 per barrel on December 1.

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

	USD	Sterling Pound	Euro	100 Japanese Yen	Uganda Shilling*	Tanzania Shilling*	Rwandese Franc*	Burundi Franc*
25-Nov-22	122.28	148.03	127.33	88.46	30.59	19.07	8.84	16.93
28-Nov-22	122.34	147.90	127.08	87.87	30.57	19.08	8.84	16.92
29-Nov-22	122.38	147.97	127.92	88.77	30.52	19.07	8.84	16.92
30-Nov-22	122.45	147.21	127.13	88.41	30.54	19.06	8.83	16.91
1-Dec-22	122.50	146.92	126.97	87.98	30.53	19.04	8.83	16.90
<b>Nov 25-Dec 1</b>	<b>122.39</b>	<b>147.61</b>	<b>127.29</b>	<b>88.30</b>	<b>30.55</b>	<b>19.07</b>	<b>8.84</b>	<b>16.92</b>
2-Dec-22	122.53	149.36	128.33	89.92	30.56	19.04	8.83	16.90
5-Dec-22	122.59	150.51	129.21	90.17	30.41	19.04	8.83	16.89
6-Dec-22	122.63	150.73	129.65	90.63	30.25	19.03	8.83	16.89
7-Dec-22	122.69	149.71	128.91	89.96	30.12	19.02	8.85	16.88
8-Dec-22	122.74	149.64	129.07	89.85	30.06	19.01	8.85	16.87
<b>Dec 2-8</b>	<b>122.64</b>	<b>149.99</b>	<b>129.03</b>	<b>90.11</b>	<b>30.28</b>	<b>19.03</b>	<b>8.84</b>	<b>16.88</b>

\*Units of currency per Kenya Shilling

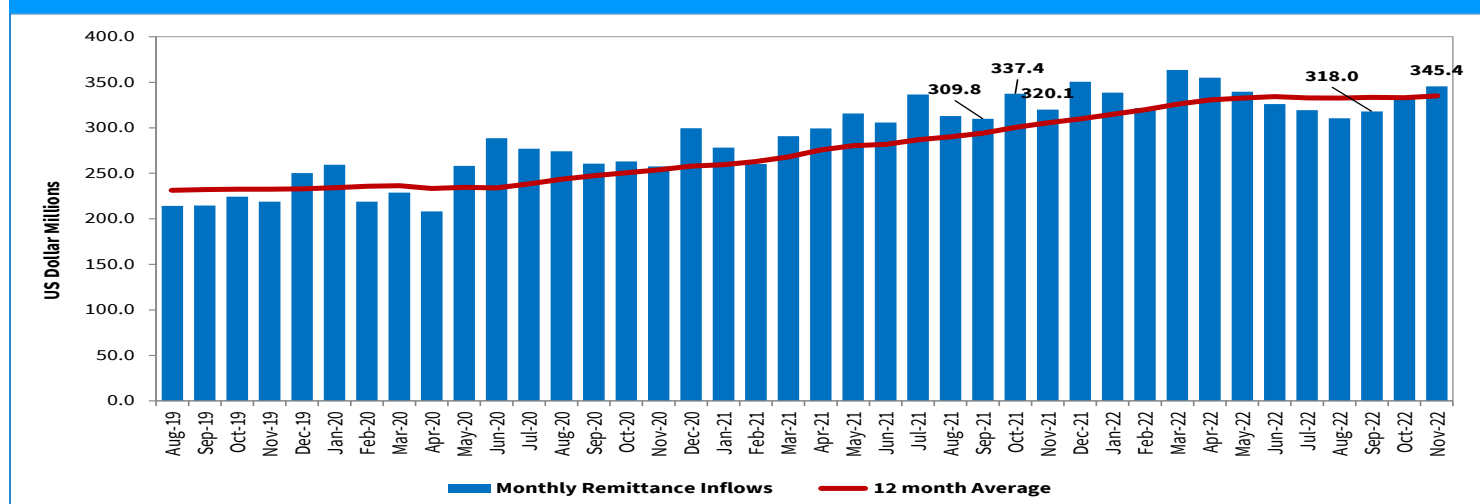
Source: Central Bank of Kenya

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

	10-Nov-22	17-Nov-22	24-Nov-22	1-Dec-22	8-Dec-22
1. CBK Usable Foreign Exchange Reserves (USD Million)	7,235	7,191	7,045	7,070	7,103
2. CBK Usable Foreign Exchange Reserves (Months of Import Cover)*	4.05	4.03	3.95	3.95	3.98

\*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: Central Bank of Kenya

**Table 3: Money Markets**

Date	Number of Deals	Value (KSh M)	Average Interbank Rate (%)
25-Nov-22	37	26,495.00	4.90
28-Nov-22	40	29,565.00	5.05
29-Nov-22	31	19,380.00	5.11
30-Nov-22	23	15,270.00	5.14
1-Dec-22	32	19,610.00	5.08
<b>Nov 25- Dec 1</b>	<b>33</b>	<b>22,064.00</b>	<b>5.06</b>
2-Dec-22	28	24,640.00	5.11
5-Dec-22	29	20,580.00	5.20
6-Dec-22	21	16,300.00	5.17
7-Dec-22	23	18,580.00	5.06
8-Dec-22	20	15,180.00	5.19
<b>Dec 2- 8</b>	<b>24</b>	<b>19,056.00</b>	<b>5.14</b>

Source: Central Bank of Kenya

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

91-Day Treasury Bills						
Date of Auction	22-Sep-22	29-Sep-22	27-Oct-22	24-Nov-22	1-Dec-22	8-Dec-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)	4,712.88	5,129.43	11,992.46	12,673.21	13,228.98	16,653.58
Amount Accepted (KSh M)	3,733.04	2,487.10	11,971.45	11,186.00	13,228.49	13,681.55
Maturities (KSh M)	8,206.80	4,035.00	14,352.85	8,539.25	8,593.55	20,584.00
<b>Average Interest Rate (%)</b>	<b>8.951</b>	<b>8.952</b>	<b>9.127</b>	<b>9.237</b>	<b>9.275</b>	<b>9.327</b>
182-Day Treasury Bills						
Date of Auction	22-Sep-22	29-Sep-22	27-Oct-22	24-Nov-22	1-Dec-22	8-Dec-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)	5,426.04	3,049.07	2,153.68	6,846.75	3,916.26	4,490.69
Amount Accepted (KSh M)	5,315.83	3,039.53	2,067.25	4,463.71	3,896.24	3,536.37
Maturities (KSh M)	3,996.45	3,248.05	9,040.65	2,942.70	2,598.30	4,134.15
<b>Average Interest Rate (%)</b>	<b>9.625</b>	<b>9.631</b>	<b>9.678</b>	<b>9.733</b>	<b>9.752</b>	<b>9.796</b>
364-Day Treasury Bills						
Date of Auction	22-Sep-22	29-Sep-22	27-Oct-22	24-Nov-22	1-Dec-22	8-Dec-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)	1,041.93	1,133.80	4,044.29	7,688.32	2,636.66	2,148.44
Amount Accepted (KSh M)	1,041.66	1,124.70	3,590.62	5,747.65	2,536.91	1,847.36
Maturities (KSh M)	745.35	1,775.15	6,278.35	7,129.50	8,237.50	5,622.10
<b>Average Interest Rate (%)</b>	<b>9.909</b>	<b>9.905</b>	<b>9.965</b>	<b>10.219</b>	<b>10.225</b>	<b>10.245</b>

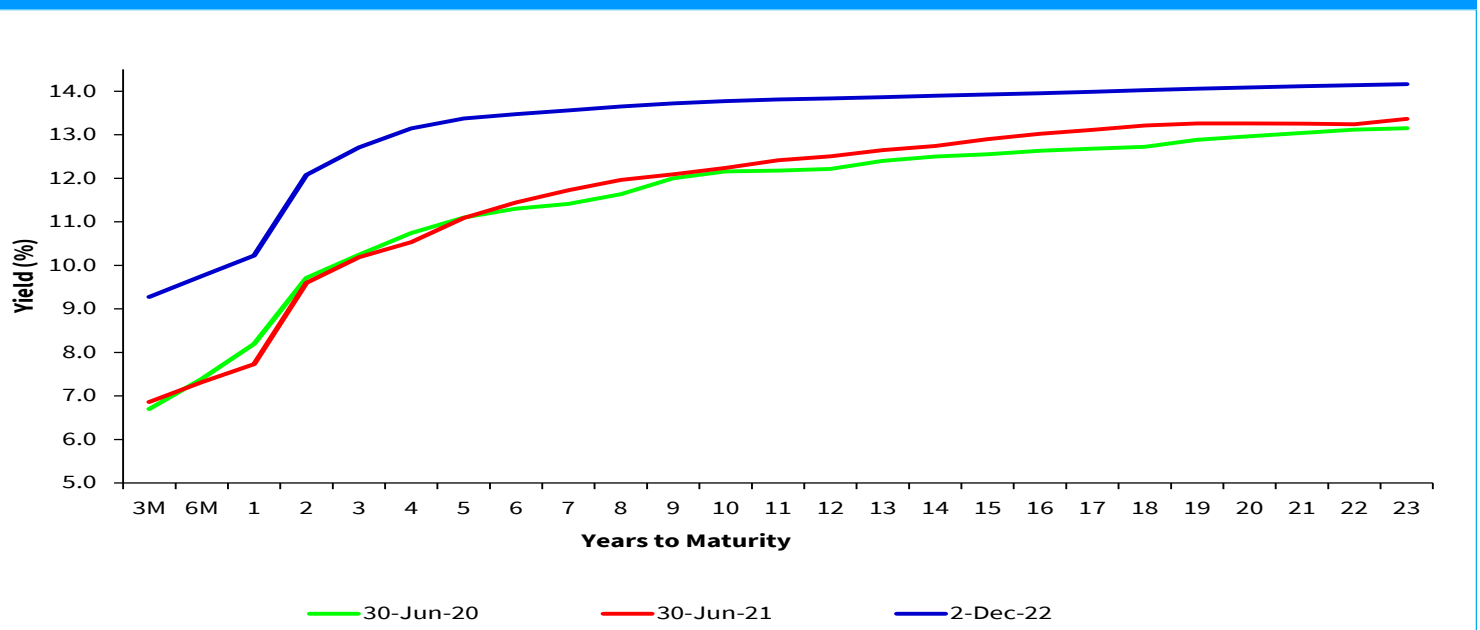
Source: Central Bank of Kenya

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

Date of Auction	5-Oct-22		19-Oct-22	9-Nov-22	23-Nov-22	1-Dec-22	7-Dec-22	
	RE-OPEN				TAP		RE-OPEN	
Tenor	FXD1/ 2017/10	FXD1/ 2020/15	FXD1/ 2022/25	FXD1/ 2022/14	FXD1/ 2022/6	IFB1/ 2022/14	FXD1/ 2008/20	FXD1/ 2022/25
Amount offered (KSh M)	40,000.00		20,000.00	60,000.00	5,000.00	87,800.00	40,000.00	
Bids received (KSh M)	17,256.31	1,543.83	14,894.85	91,849.42	19,136.05	52,903.55	17,322.80	13,239.43
Amount Accepted (KSh M)	14,109.57	1,006.54	13,665.80	75,572.16	19,132.80	49,110.22	17,265.60	7,068.38
Maturities (KSh M)								0.00
Average interest Rate (%)	13.37	13.97	14.19	13.94	13.94	13.22	13.83	14.44

Source: Central Bank of Kenya

**Chart 2: Government Securities Yield Curve**



Source: Nairobi Securities Exchange (NSE)

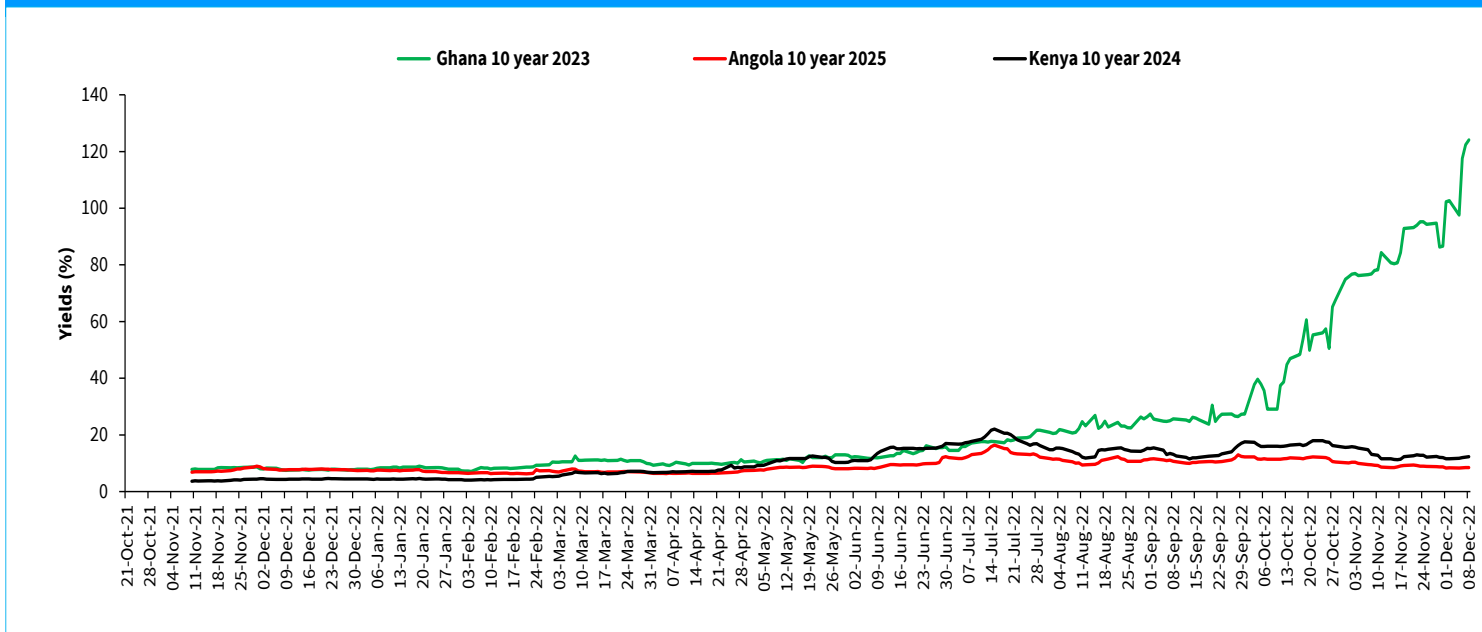
**Table 6: Key Market Indicators**

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
25-Nov-22	127.28	3,106.90	1652.06	748.00	3.29	62.91	1,983.06	1,918.10	10.915	12.17	10.259	10.544	9.651	10.893
28-Nov-22	127.34	3,099.47	1643.15	952.00	3.50	37.92	1,984.02	1,589.59	10.918	12.369	10.294	10.544	9.697	10.911
29-Nov-22	127.23	3,113.33	1644.73	929.00	11.89	545.42	1,982.30	4,646.95	10.729	12.093	10.126	10.445	9.585	10.821
30-Nov-22	126.48	3,088.98	1637.55	988.00	8.56	290.95	1,970.63	1,411.48	10.731	12.008	10.06	10.42	9.586	10.767
1-Dec-22	126.86	3,096.09	1639.38	988.00	8.16	228.72	1,976.62	2,400.40	10.265	11.562	9.862	10.175	9.345	10.644
<b>Nov 25- Dec 1</b>	<b>126.86</b>	<b>3,096.09</b>	<b>1,639.38</b>	<b>4,605.00</b>	<b>35.40</b>	<b>1,165.91</b>	<b>1,976.62</b>	<b>11,966.52</b>	<b>10.265</b>	<b>11.562</b>	<b>9.862</b>	<b>10.175</b>	<b>9.345</b>	<b>10.644</b>
2-Dec-22	126.42	3082.19	1649.99	957	7.44	178.77	1,969.60	4,364.60	10.314	11.569	9.763	10.103	9.281	10.506
5-Dec-22	124.42	3051.31	1637.19	1,008	6.86	204.29	1,938.40	2,526.00	10.222	11.767	9.798	10.127	9.281	10.523
6-Dec-22	125.19	3066.1	1639.19	957	8.54	358.24	1,950.41	3,373.85	10.319	11.967	9.832	10.176	9.325	10.557
7-Dec-22	126.08	3085.41	1640.54	1,187	9.16	278.63	1,964.36	1,724.25	10.558	12.168	9.867	10.201	9.457	10.609
8-Dec-22	126.33	3094.63	1642.72	799	8.05	185.05	1,968.30	2,754.05	10.28	12.294	9.87	10.178	9.393	10.61
<b>Dec 2- Dec 8</b>	<b>126.33</b>	<b>3094.63</b>	<b>1642.72</b>	<b>4,908.00</b>	<b>40.05</b>	<b>1,204.98</b>	<b>1,968.30</b>	<b>14,742.75</b>	<b>10.280</b>	<b>12.294</b>	<b>9.870</b>	<b>10.178</b>	<b>9.393</b>	<b>10.610</b>
<b>Weekly Changes (%)</b>	<b>-0.42</b>	<b>-0.05</b>	<b>0.20</b>	<b>6.58</b>	<b>13.13</b>	<b>3.35</b>	<b>-0.42</b>	<b>23.20</b>	<b>0.015*</b>	<b>0.732*</b>	<b>0.008*</b>	<b>0.003*</b>	<b>0.048*</b>	<b>-0.034*</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	30-Sep-22	28-Oct-22	18-Nov-22	25-Nov-22	02-Dec-22
1. Treasury Bills (Excluding Repos)	765.37	709.15	672.28	672.55	682.19	683.90	687.68
<i>(As % of total securities)</i>	<b>21.17</b>	<b>17.95</b>	<b>15.61</b>	<b>15.62</b>	<b>15.66</b>	<b>15.76</b>	<b>15.77</b>
2. Treasury Bonds	2,849.94	3,242.24	3,634.86	3,632.71	3,674.98	3,654.77	3,673.80
<i>(As % of total securities)</i>	<b>78.83</b>	<b>82.05</b>	<b>84.39</b>	<b>84.38</b>	<b>84.34</b>	<b>84.24</b>	<b>84.23</b>
3. Total Securities (1+2)	3,615.31	3,951.39	4,307.14	4,305.26	4,357.16	4,338.67	4,361.48
4. Overdraft at Central Bank	59.28	59.31	27.25	55.47	34.54	57.37	41.70
5. Other Domestic debt*	22.50	21.66	30.90	31.89	32.38	32.39	32.38
<b>6. Gross Domestic Debt (3+4+5)</b>	<b>3,697.09</b>	<b>4,032.37</b>	<b>4,365.29</b>	<b>4,392.61</b>	<b>4,424.09</b>	<b>4,428.44</b>	<b>4,435.56</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	31-Dec-21	30-Sep-22	28-Oct-22	18-Nov-22	25-Nov-22	2-Dec-22
Treasury bills (Excluding Repos)	20.70	17.59	15.40	15.31	15.42	15.44	15.50
Treasury bonds	77.09	80.41	83.27	82.70	83.07	82.53	82.83
Overdraft at Central Bank	1.60	1.47	0.62	1.26	0.78	1.30	0.94
Other domestic debt	0.61	0.54	0.71	0.73	0.73	0.73	0.73
<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	31-Dec-21	30-Sep-22	28-Oct-22	18-Nov-22	25-Nov-22	2-Dec-22
Banking Institutions	51.24	50.20	47.60	47.51	47.12	47.45	47.07
Insurance Companies	6.66	6.79	7.32	7.34	7.37	7.33	7.32
Parastatals	5.54	5.57	6.09	6.18	6.20	6.13	6.17
Pension Funds	30.60	31.34	32.75	32.69	32.97	32.77	32.96
Other Investors	5.96	6.10	6.24	6.28	6.34	6.32	6.48
<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**

	Dec-20	Jun-21	Sep-21	Dec-21	Mar-22	Jun-22	Aug-22	Sep-22
Domestic debt (KSh Bn)	3,488.54	3,697.09	3,937.80	4,032.37	4,191.77	4,288.33	4,335.30	4,366.30
Public & Publicly Guaranteed External debt (USD Bn)	34.75	37.08	36.73	36.90	36.82	36.58	36.23	36.00
Public & Publicly Guaranteed External debt (KSh Bn)	3,793.29	3,999.54	4,058.50	4,174.37	4,209.56	4,290.73	4,327.90	4,334.80
Public debt (KSh Bn)	<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>8,579.06</b>	<b>8,663.20</b>	<b>8,701.10</b>

\* Provisional

Source: The National Treasury and Central Bank of Kenya