



Central Bank of Kenya

# Weekly Bulletin

August 19, 2022



## RECENT MONETARY AND FINANCIAL DEVELOPMENTS

### Exchange Rates

The Kenya Shilling remained stable against major international and regional currencies during the week ending August 18. It exchanged at KSh 119.47 per US dollar on August 18, compared to KSh 119.24 per US dollar on August 11 (**Table 1**).

### Foreign Exchange Reserves

The usable foreign exchange reserves remained adequate at USD 7,621 million (4.39 months of import cover) as of August 18. This meets the CBK's statutory requirement to endeavor to maintain at least 4 months of import cover (**Table 2**).

### Remittances

Remittance inflows in July 2022 totalled USD 319.4 million compared to USD 336.7 million in July 2021, a decline of 5.1 percent (**Chart 1**). The cumulative inflows for the 12 months to July 2022 totalled USD 3,995 million compared to USD 3,442 million in the same period in 2021, an increase of 16.1 percent. The strong remittances inflows continue to support the current account and the stability of the exchange rate. The US remains the largest source of remittances into Kenya, accounting for 58 percent in July 2022.

### Money Market

Liquidity in the money market declined during the week ending August 18, as tax remittances more than offset government payments. Commercial banks' excess reserves stood at KSh 30.3 billion in relation to the 4.25 percent cash reserves requirement (CRR). Open market operations remained active. The average interbank rate was 5.53 percent on August 18 compared to 5.60 percent on August 11. During the week, the average number of interbank deals declined to 33 from 44 in the previous week, while the average value traded declined to KSh 21.4 billion from KSh 30.3 billion in the previous week (**Table 3**).

### Government Securities Market

The Treasury bill auction of August 18, received bids totalling KSh 19.7 billion against an advertised amount of KSh 24.0 billion, representing a performance of 82.1 percent. Interest

rates on all Treasury bills tenors remained stable, with 91-day and 182-day Treasury bill rates increasing while the 364-day Treasury bill rate decreased marginally (**Table 4**).

During the Treasury bond auction of August 17, the re-opened 3-year, 10-year, and 12-year fixed rate Treasury bonds received bids totalling KSh 49.1 billion against an advertised amount of KSh 50.0 billion, representing a performance rate of 98.3 percent (**Table 5**).

### Equity Market

At the Nairobi Securities Exchange, NASI, NSE 25 and NSE 20 share price indices declined by 1.5 percent, 1.3 percent and 0.4 percent, respectively, for the week ending August 18. Similarly, market capitalization, total shares traded and equity turnover declined by 1.5 percent, 25.8 percent and 21.5 percent, respectively (**Table 6**).

### Bonds Market

Bond turnover in the domestic secondary market declined by 28.7 percent during the week ending August 18 (**Table 6**). In the international market, yields on Kenya's Eurobonds increased by an average of 90.9 basis points. The yield on the 10-Year Eurobond for Angola and Ghana also increased (**Chart 3**).

### Global Trends

Concerns about inflation in advanced economies remained during the week ending August 18. The UK's inflation increased further to 10.1 percent in July from 9.4 percent in June, while Euro zone inflation increased to 8.9 percent in July from 8.6 percent in June. The index of the US dollar against a basket of major currencies strengthened by 1.4 percent during the week.

International oil prices declined during the week ending August 18, due to weakening global demand. Murban oil prices declined to USD 94.43 per barrel on August 18 from USD 99.90 per barrel on August 11.

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

	USD	Sterling Pound	Euro	100 Japanese Yen	Uganda Shilling*	Tanzania Shilling*	Rwandese Franc*	Burundi Franc*
5-Aug-22	119.09	144.51	121.31	89.28	32.58	19.58	8.63	17.31
8-Aug-22	119.13	144.35	121.50	88.03	32.57	19.58	8.66	17.30
9-Aug-22	PUBLIC HOLIDAY							
10-Aug-22	119.17	144.36	121.49	88.27	32.52	19.57	8.76	17.30
11-Aug-22	119.24	144.88	122.34	89.55	32.37	19.56	8.63	17.29
<b>Aug 5-11</b>	<b>119.16</b>	<b>144.53</b>	<b>121.66</b>	<b>88.78</b>	<b>32.51</b>	<b>19.57</b>	<b>8.67</b>	<b>17.30</b>
12-Aug-22	119.31	145.42	122.89	89.64	31.93	19.55	8.63	17.28
15-Aug-22	119.36	144.80	122.59	89.36	31.59	19.54	8.69	17.27
16-Aug-22	119.41	144.51	122.05	89.97	31.46	19.53	8.74	17.26
17-Aug-22	119.45	144.01	121.35	89.03	31.48	19.52	8.62	17.26
18-Aug-22	119.47	144.01	121.35	88.44	31.81	19.52	8.62	17.26
<b>Aug 12-18</b>	<b>119.40</b>	<b>144.55</b>	<b>122.04</b>	<b>89.29</b>	<b>31.65</b>	<b>19.53</b>	<b>8.66</b>	<b>17.27</b>

\*Units of currency per Kenya Shilling

Source: Central Bank of Kenya

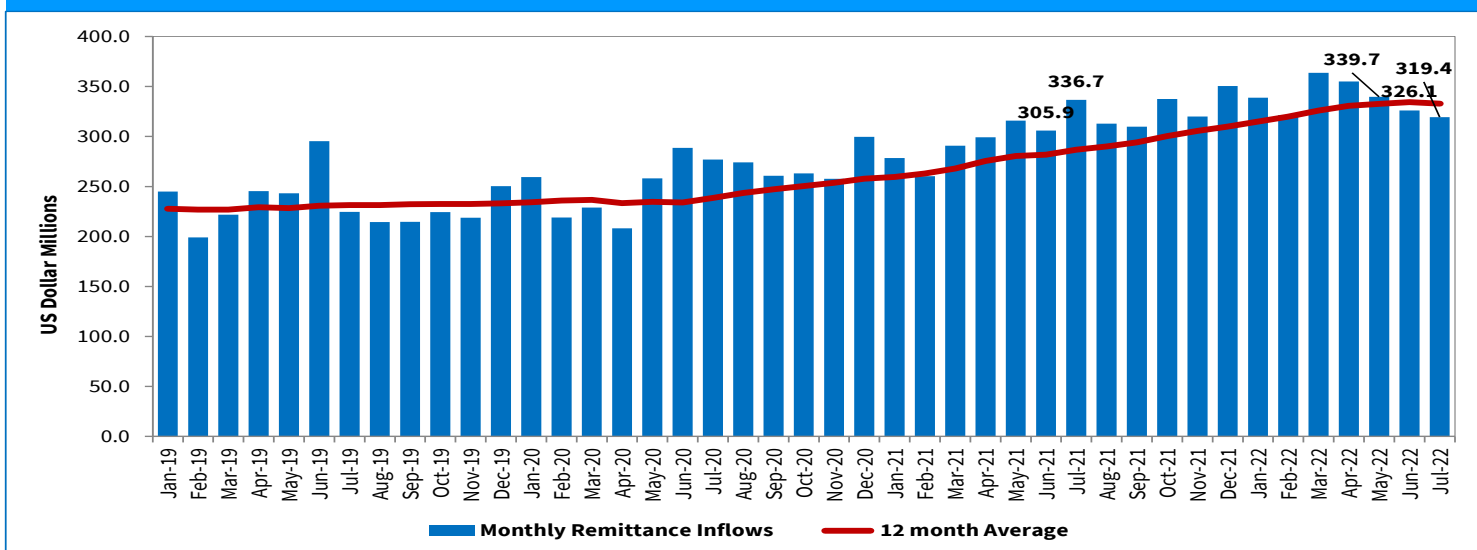
**Table 2: Official Foreign Exchange Reserves (USD Million)**

	21-Jul-22	28-Jul-22	4-Aug-22	11-Aug-22	18-Aug-22
1. CBK Usable Foreign Exchange Reserves (USD Million)	7,727	7,740	7,721	7,682	7,621
2. CBK Usable Foreign Exchange Reserves (Months of Import Cover)*	4.46	4.46	4.45	4.43	4.39

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

Source: Central Bank of Kenya

**Chart 1: Remittances**



Source: Central Bank of Kenya

**Table 3: Money Markets**

Date	Number of Deals	Value (KSh M)	Average Interbank Rate (%)
5-Aug-22	60	37,995.00	5.50
8-Aug-22	33	18,416.00	5.59
9-Aug-22	<b>Public Holiday</b>		
10-Aug-22	47	42,077.00	5.55
11-Aug-22	34	22,796.00	5.60
<b>Aug 5- 11</b>	<b>44</b>	<b>30,321.00</b>	<b>5.56</b>
12-Aug-22	40	20,195.00	5.70
15-Aug-22	26	20,196.00	5.56
16-Aug-22	35	25,637.64	5.55
17-Aug-22	36	24,780.47	5.60
18-Aug-22	28	16,003.00	5.53
<b>Aug 12-18</b>	<b>33</b>	<b>21,362.42</b>	<b>5.59</b>

Source: Central Bank of Kenya

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

<b>91-Day Treasury Bills</b>						
Date of Auction	30-Jun-22	21-Jul-22	28-Jul-22	4-Aug-22	11-Aug-22	18-Aug-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)	4,727.43	15,534.07	14,077.49	7,474.80	11,990.35	11,770.10
Amount Accepted (KSh M)	3,959.52	13,475.76	14,076.51	7,473.82	11,990.35	11,769.12
Maturities (KSh M)	1,539.65	8,303.25	10,361.10	5,344.65	5,373.10	2,541.00
<b>Average Interest Rate (%)</b>	<b>8.097</b>	<b>8.322</b>	<b>8.399</b>	<b>8.473</b>	<b>8.565</b>	<b>8.669</b>
<b>182-Day Treasury Bills</b>						
Date of Auction	30-Jun-22	21-Jul-22	28-Jul-22	4-Aug-22	11-Aug-22	18-Aug-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)	1,751.07	14,648.62	3,250.20	2,064.66	3,927.85	6,801.41
Amount Accepted (KSh M)	1,600.03	14,457.58	1,856.22	2,015.19	3,927.85	6,801.13
Maturities (KSh M)	2,412.35	12,723.25	5,258.45	8,564.50	6,651.50	10,349.65
<b>Average Interest Rate (%)</b>	<b>9.196</b>	<b>9.393</b>	<b>9.392</b>	<b>9.400</b>	<b>9.433</b>	<b>9.492</b>
<b>364-Day Treasury Bills</b>						
Date of Auction	30-Jun-22	21-Jul-22	28-Jul-22	4-Aug-22	11-Aug-22	18-Aug-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)	2,435.86	4,395.18	2,379.39	2,046.30	1,448.52	1,143.77
Amount Accepted (KSh M)	2,260.74	2,822.53	2,377.03	1,933.84	1,393.84	1,132.49
Maturities (KSh M)	5,888.60	3,656.20	2,968.30	3,016.55	1,163.45	1,072.45
<b>Average Interest Rate (%)</b>	<b>9.985</b>	<b>9.968</b>	<b>9.946</b>	<b>9.920</b>	<b>9.922</b>	<b>9.909</b>

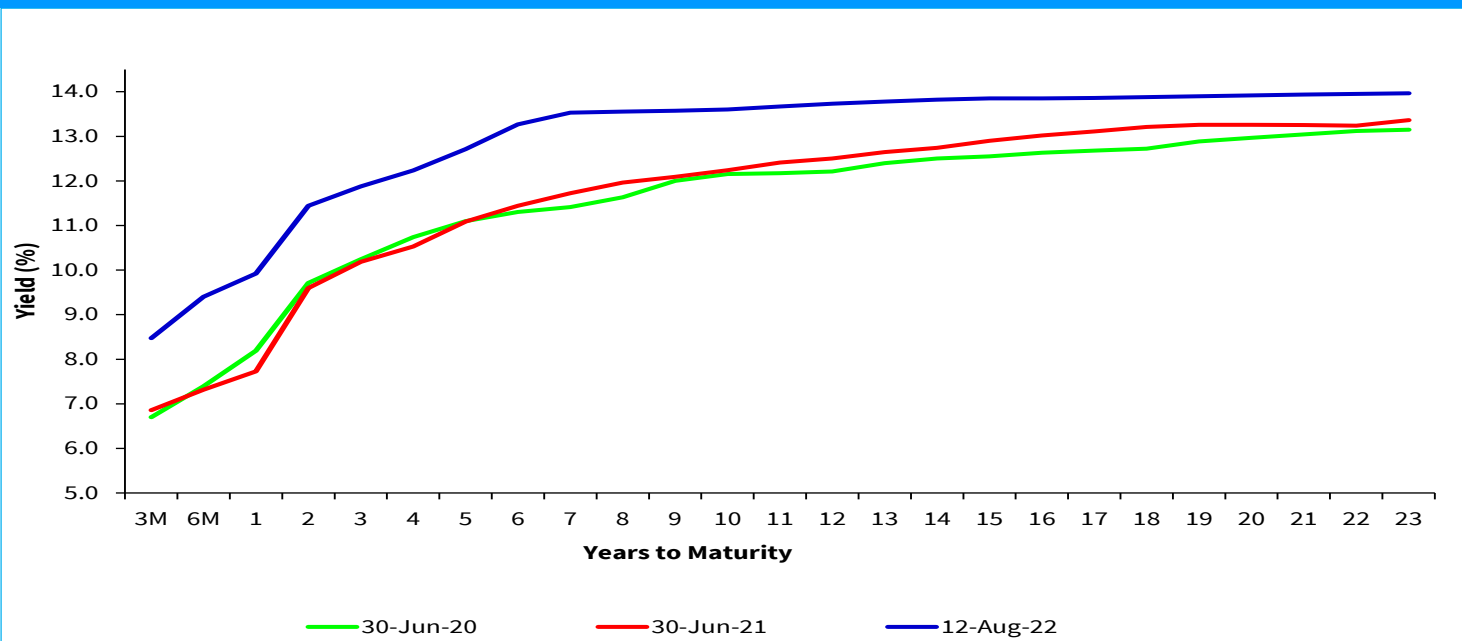
Source: Central Bank of Kenya

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

Date of Auction	20-May-22		7-Jul-22	20-Jul-22		17-Aug-22		
	TAP		TAP	RE-OPEN		RE-OPEN		
Tenor	FXD1/ 2022/010	FXD1/ 2021/025	IFB1/ 2022/018	FXD2 2013/15	FXD2/ 2018/15	FXD1/ 2022/03	FXD2/ 2019/10	FXD1/ 2021/20
Amount offered (KSh M)	10,000.00		20,000.00	40,000.00		50,000.00		
Bids received (KSh M)	5,967.65	11,044.75	6,418.15	5,449.54	5,121.65	21,817.39	8,961.47	18,347.49
Amount Accepted (KSh M)	5,967.17	11,003.44	6,416.29	5,219.84	4,085.63	21,800.81	8,775.73	7,948.69
Maturities (KSh M)								
Average interest Rate (%)	13.49	13.92	13.74	13.21	13.89	12.45	13.88	13.96

Source: Central Bank of Kenya

**Chart 2: Government Securities Yield Curve**



Source: Central Bank of Kenya

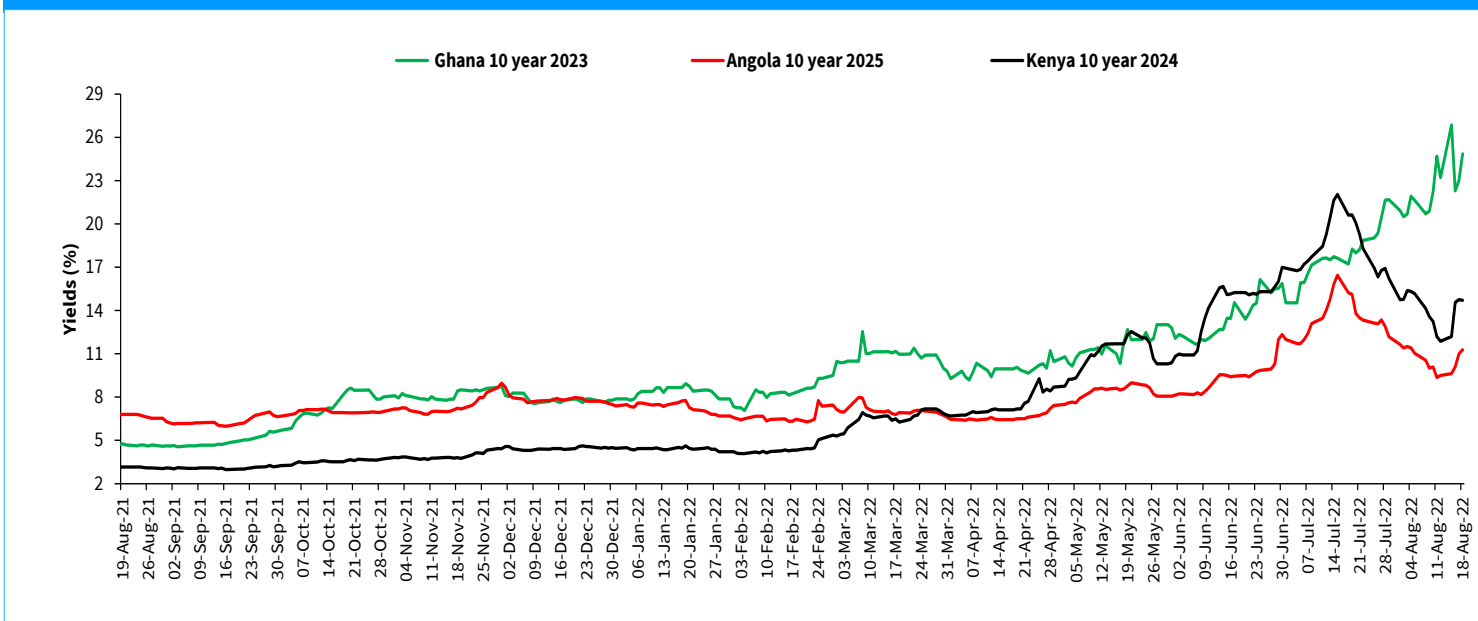
### Table 6: Key Weekly Market Indicators

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
5-Aug-22	142.02	3298.91	1726.62	1,098.00	9.91	123.85	2213.26	3,671.00	15.999	15.163	14.572	13.744	12.288	13.158
8-Aug-22	143.05	3352.18	1744.58	1,231.00	19.06	438.54	2229.56	3,633.40	15.408	14.145	13.81	13.071	11.356	12.413
9-Aug-22	PUBLIC HOLIDAY								14.464	13.564	13.229	12.66	11.356	11.971
10-Aug-22	145.09	3403.27	1774.85	924.00	10.58	329.04	2261.39	2,172.30	13.867	13.238	13.27	12.748	11.333	12.014
11-Aug-22	148.81	3454.51	1796.20	1,010.00	9.77	228.38	2319.44	3,107.40	13.006	12.189	12.231	12.153	10.253	11.497
<b>Aug 5-11</b>	<b>148.81</b>	<b>3454.51</b>	<b>1796.20</b>	<b>4,263.00</b>	<b>49.33</b>	<b>1,119.81</b>	<b>2319.44</b>	<b>12,584.10</b>	<b>13.006</b>	<b>12.189</b>	<b>12.231</b>	<b>12.153</b>	<b>10.253</b>	<b>11.497</b>
12-Aug-22	146.9	3417.4	1799.5	978.0	5.7	89.1	2289.34	1,988.3	12.54	11.869	11.802	11.501	10.16	11.243
15-Aug-22	147.0	3426.8	1794.2	831.0	9.1	222.3	2291.71	712.2	12.64	12.203	12.054	11.716	10.263	11.282
16-Aug-22	147.2	3439.2	1785.3	1068.0	7.5	194.8	2294.44	2,313.0	13.28	14.571	12.421	12.324	10.794	11.700
17-Aug-22	146.8	3422.8	1792.9	934.0	10.2	272.5	2288.20	1,498.0	13.684	14.756	12.534	12.353	10.896	11.741
18-Aug-22	146.6	3410.2	1789.5	959.0	4.2	100.0	2284.25	2,456.1	14.105	14.701	12.764	12.555	10.789	11.867
<b>Aug 12-18</b>	<b>146.55</b>	<b>3410.21</b>	<b>1789.45</b>	<b>4,770.00</b>	<b>36.61</b>	<b>878.65</b>	<b>2284.25</b>	<b>8,967.40</b>	<b>14.105</b>	<b>14.701</b>	<b>12.764</b>	<b>12.555</b>	<b>10.789</b>	<b>11.867</b>
<b>Weekly Changes (%)</b>	<b>-1.52</b>	<b>-1.28</b>	<b>-0.38</b>	<b>11.89</b>	<b>-25.78</b>	<b>-21.54</b>	<b>-1.52</b>	<b>-28.74</b>	<b>1.099*</b>	<b>2.512*</b>	<b>0.533*</b>	<b>0.402*</b>	<b>0.536*</b>	<b>0.370*</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	24-Jun-22	05-Aug-22	12-Aug-22
1. Treasury Bills (Excluding Repos)	765.37	709.15	656.45	637.37	620.28	647.25	642.16
<i>(As % of total securities)</i>	<b>21.17</b>	<b>17.95</b>	<b>16.02</b>	<b>15.24</b>	<b>14.88</b>	<b>15.29</b>	<b>15.19</b>
2. Treasury Bonds	2,849.94	3,242.24	3,440.61	3,543.87	3,549.53	3,585.11	3,585.11
<i>(As % of total securities)</i>	<b>78.83</b>	<b>82.05</b>	<b>83.98</b>	<b>84.76</b>	<b>85.12</b>	<b>84.71</b>	<b>84.81</b>
3. Total Securities (1+2)	3,615.31	3,951.39	4,097.06	4,181.24	4,169.81	4,232.37	4,227.28
4. Overdraft at Central Bank	59.28	59.31	68.40	55.84	65.86	46.14	51.73
5. Other Domestic debt*	22.50	21.66	26.32	26.26	30.55	30.01	29.97
<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>4,266.23</b>	<b>4,308.52</b>	<b>4,308.98</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	24-Jun-22	5-Aug-22	12-Aug-22
Treasury bills (Excluding Repos)	27.93	20.70	17.59	15.81	14.54	15.02	14.90
Treasury bonds	69.86	77.09	80.41	82.09	83.20	83.21	83.20
Overdraft at Central Bank	1.48	1.60	1.47	1.46	1.54	1.07	1.20
Other domestic debt	0.73	0.61	0.54	0.64	0.72	0.70	0.70
<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	24-Jun-22	5-Aug-22	12-Aug-22
Banking Institutions	54.18	51.24	50.20	49.29	48.74	48.38	47.73
Insurance Companies	6.05	6.66	6.79	6.87	7.14	7.19	7.41
Parastatals	5.73	5.54	5.57	5.72	5.84	6.10	6.12
Pension Funds	29.04	30.60	31.34	31.75	32.39	32.54	32.64
Other Investors	5.00	5.96	6.10	6.37	5.89	5.78	6.10
<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	May-22
Domestic debt (KSh Bn)	3,457.11	3,488.54	3,697.09	3,937.80	4,032.37	4,191.77	4,268.66
Public & Publicly Guaranteed External debt (USD Bn)	33.77	34.75	37.08	36.73	36.90	36.82	36.71
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	4,295.10
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>8,563.76</b>

Source: The National Treasury and Central Bank of Kenya