



Central Bank of Kenya

# Weekly Bulletin

June 10, 2022



## RECENT MONETARY AND FINANCIAL DEVELOPMENTS

### Exchange Rates

The Kenya Shilling remained stable against major international and regional currencies during the week ending June 9. It exchanged at KSh 117.01 per US dollar on June 9, compared to KSh 116.81 per US dollar on June 2 (**Table 1**).

### Foreign Exchange Reserves

The usable foreign exchange reserves remained adequate at USD 8,210 million (4.88 months of import cover) as of June 9. 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 June 9, reflecting government payments, which offset tax remittances. Commercial banks' excess reserves stood at KSh 14.8 billion in relation to the 4.25 percent cash reserves requirement (CRR). Open market operations remained active. The average interbank rate was 4.94 percent on June 9 compared to 4.74 percent on June 2. During the week, the average number of interbank deals increased to 38 from 23 in the previous week, while the average value traded increased to KSh 28.3 billion from KSh 17.5 billion in the previous week (**Table 3**).

### Government Securities Market

The Treasury bill auction of June 9, received bids totalling KSh 14.7 billion against an advertised amount of KSh 24.0 billion, representing a performance of 61.3 percent. Interest rates remained stable, with all the Treasury bills rates increasing marginally (**Table 4**).

During the Treasury bond auction of June 8, the eighteen-year infrastructure Treasury bond issued received bids totalling KSh 76.4 billion against an advertised amount of KSh 75.0 billion, representing a performance of 101.8 percent (**Table 5**).

### Equity Market

At the Nairobi Securities Exchange, NASI and NSE 25 share price indices rose by 1.0 percent and 0.1 percent respectively, while NSE 20 share index declined by 0.1 percent. Market capitalization and total shares traded rose by 1.0 percent and 14.7 percent respectively, while equity turnover declined by 3.9 percent during the week ending June 9 (**Table 6**).

### Bonds Market

Bond turnover in the domestic secondary market rose by 2.2 percent during the week ending June 9 (**Table 6**). In the international market, the yields on Kenya's Eurobonds rose by an average of 174.7 basis points. The yield on the 10-Year Eurobond for Angola maturing in 2025 rose while that for Ghana maturing in 2023 declined (**Chart 2**).

### Global Trends

Global concerns about inflation remained elevated during the week ending June 9. The European Central Bank showed intent of raising their benchmark policy rates in July, while India raised its policy rate in line with market expectations. The World Bank and OECD expects global growth to slow down sharply to 2.9 percent and 3.0 percent in 2022 from 5.7 percent and 5.8 percent in 2021, respectively.

International oil prices rose during the week ending June 9, reflecting increased oil demand amid supply concerns across several countries. Murban oil price increased to USD 122.39 per barrel, compared to USD 111.71 per barrel on June 2.

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

	USD	Sterling Pound	Euro	100 Japanese Yen	Uganda Shilling*	Tanzania Shilling*	Rwandese Franc*	Burundi Franc*
27-May-22	116.69	147.13	124.76	91.83	31.63	19.95	8.81	17.62
30-May-22	116.71	147.45	125.02	91.78	31.96	19.93	8.74	17.37
31-May-22	116.74	147.45	125.60	91.43	32.31	19.93	8.74	17.61
1-Jun-22	Public Holiday							
2-Jun-22	116.81	147.21	125.09	89.82	32.51	19.92	8.74	17.60
<b>May 27- Jun 2</b>	<b>116.74</b>	<b>147.31</b>	<b>125.12</b>	<b>91.22</b>	<b>32.10</b>	<b>19.93</b>	<b>8.76</b>	<b>17.55</b>
3-Jun-22	116.83	146.91	124.97	89.98	31.97	19.93	8.73	17.60
6-Jun-22	116.85	146.98	125.27	89.42	31.96	19.91	8.75	17.60
7-Jun-22	116.90	146.94	125.40	89.34	32.12	19.92	8.75	17.59
8-Jun-22	116.95	146.50	124.92	88.07	31.94	19.92	8.79	17.58
9-Jun-22	117.01	147.07	125.32	87.34	31.83	19.91	8.86	17.58
<b>Jun 3-9</b>	<b>116.91</b>	<b>146.88</b>	<b>125.17</b>	<b>88.83</b>	<b>31.97</b>	<b>19.92</b>	<b>8.78</b>	<b>17.59</b>

\*Units of currency per Kenya Shilling

Source: Central Bank of Kenya

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

	12-May-22	19-May-22	26-May-22	2-Jun-22	9-Jun-22
1. CBK Usable Foreign Exchange Reserves (USD Million)	8,372	8,294	8,177	8,219	8,210
2. CBK Usable Foreign Exchange Reserves (Months of Import Cover)*	4.98	4.93	4.86	4.89	4.88

\*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 (%)
27-May-22	26	15,500.00	4.82
30-May-22	20	15,700.00	4.84
31-May-22	27	22,500.00	4.76
1-Jun-22	Public Holiday		
2-Jun-22	19	16,400.00	4.74
<b>May 27-Jun 2</b>	<b>23</b>	<b>17,525.00</b>	<b>4.79</b>
3-Jun-22	28	26,250.00	4.67
6-Jun-22	26	26,670.00	4.64
7-Jun-22	55	36,850.00	4.70
8-Jun-22	42	27,110.00	4.90
9-Jun-22	40	24,420.00	4.94
<b>Jun 3-9</b>	<b>38</b>	<b>28,260.00</b>	<b>4.77</b>

Source: Central Bank of Kenya

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

91-Day Treasury Bills						
Date of Auction	5-May-22	12-May-22	19-May-22	26-May-22	2-Jun-22	9-Jun-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)	5,252.72	5,278.68	5,475.21	494.30	8,405.31	3,245.06
Amount Accepted (KSh M)	5,252.72	5,278.19	2,523.79	468.31	3,505.97	3,243.24
Maturities (KSh M)	3,355.25	2,779.75	1,442.85	2,021.00	10,000.80	5,372.35
<b>Average Interest Rate (%)</b>	<b>7.580</b>	<b>7.683</b>	<b>7.758</b>	<b>7.744</b>	<b>7.811</b>	<b>7.866</b>
182-Day Treasury Bills						
Date of Auction	5-May-22	12-May-22	19-May-22	26-May-22	2-Jun-22	9-Jun-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)	3,716.18	7,926.39	10,251.80	2,845.90	7,273.94	3,999.76
Amount Accepted (KSh M)	3,716.18	7,924.77	8,337.33	2,845.42	2,495.14	3,999.04
Maturities (KSh M)	9,123.45	5,396.75	6,804.35	2,614.95	5,453.70	1,738.00
<b>Average Interest Rate (%)</b>	<b>8.542</b>	<b>8.722</b>	<b>8.832</b>	<b>8.901</b>	<b>8.974</b>	<b>9.037</b>
364-Day Treasury Bills						
Date of Auction	5-May-22	12-May-22	19-May-22	26-May-22	2-Jun-22	9-Jun-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)	7,879.90	11,341.10	12,184.59	9,721.48	5,030.89	7,457.07
Amount Accepted (KSh M)	7,879.45	9,897.73	12,006.44	9,198.39	5,011.66	6,783.54
Maturities (KSh M)	16,610.55	17,684.05	11,778.25	15,009.20	12,678.75	4,100.00
<b>Average Interest Rate (%)</b>	<b>9.840</b>	<b>9.860</b>	<b>9.879</b>	<b>9.881</b>	<b>9.935</b>	<b>9.952</b>

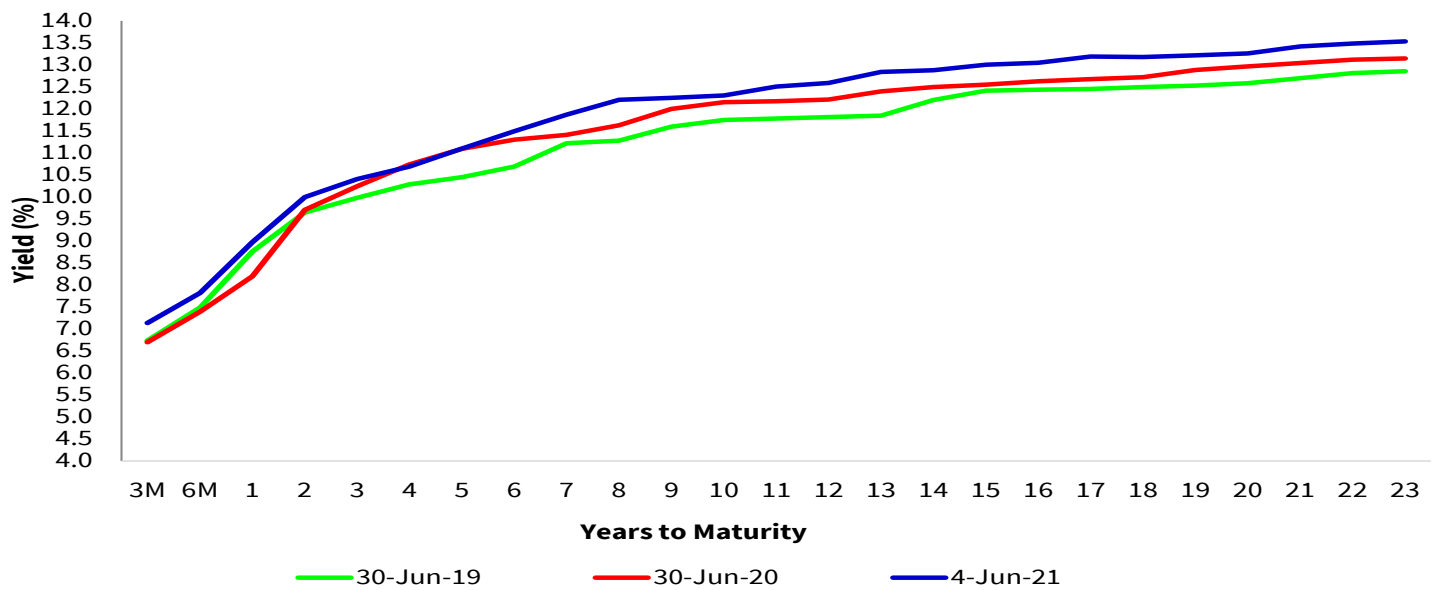
Source: Central Bank of Kenya

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

Date of Auction	6-Apr-22	20-Apr-22	11-May-22		20-May-22		8-Jun-22
			REOPEN		TAP		
Tenor	FXD1/ 2022/03	FXD1/ 2022/015	FXD1/ 2022/010	FXD1/ 2021/025	FXD1/ 2022/010	FXD1/ 2021/025	IFB1/ 2022/018
Amount offered (KSh M)	40,000.00	30,000.00	60,000.00		10,000.00		75,000.00
Bids received (KSh M)	34,045.50	32,545.90	32,893.01	10,225.98	5,967.65	11,044.75	76,369.63
Amount Accepted (KSh M)	33,137.89	27,637.05	28,675.32	3,064.50	5,967.17	11,003.44	73,770.99
Maturities (KSh M)	2,866.08	0.00					35,273.70
Average interest Rate (%)	11.78	13.94	13.49	13.92	13.49	13.92	13.74

Source: Central Bank of Kenya

### Chart 1: Government Securities Yield Curve



Source: Nairobi Securities Exchange (NSE)

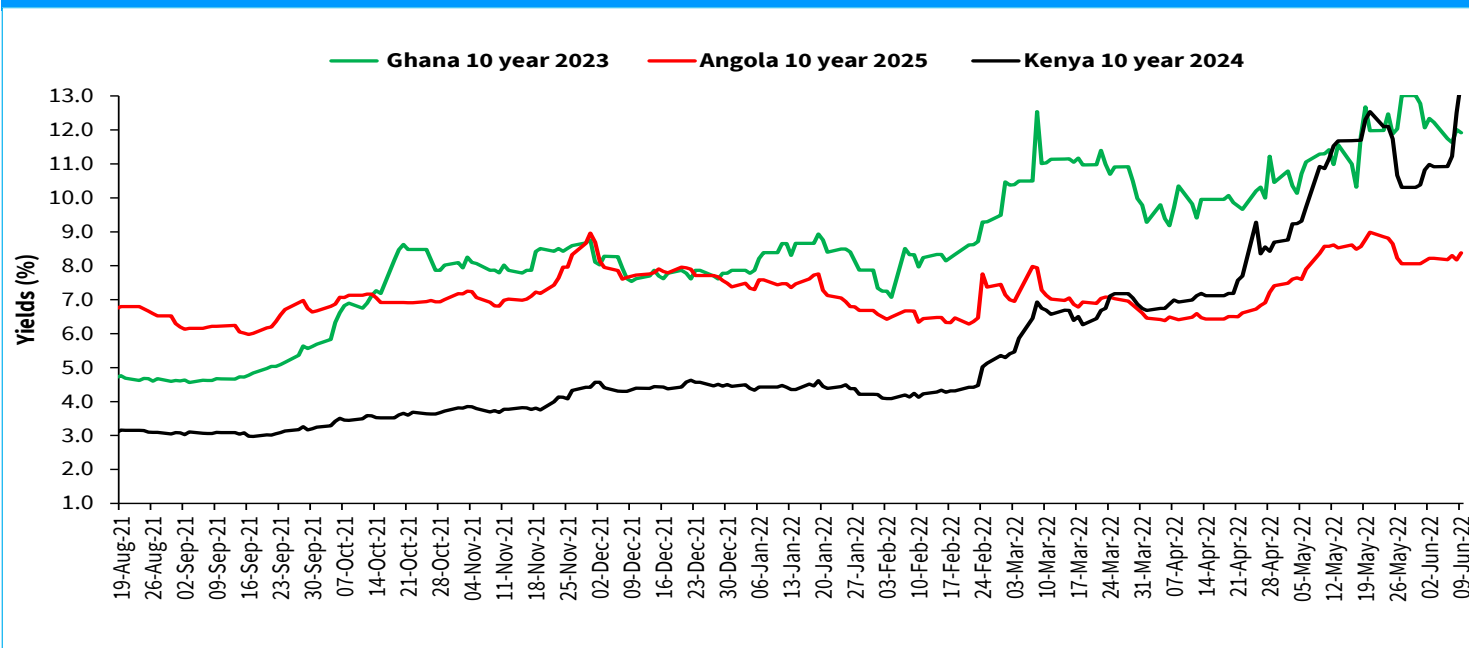
### Table 6: Key Weekly Market Indicators

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 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
27-May-22	129.84	3066.72	1687.81	1,333.00	13.96	323.31	2,023.07	2,487.74	10.352	10.309	10.014	10.160	9.550	10.755
30-May-22	129.68	3077.82	1688.60	1,274.00	5.12	123.97	2,020.60	4,140.45	10.385	10.309	10.014	10.160	9.550	10.755
31-May-22	128.75	3055.90	1681.80	1,626.00	30.57	919.04	2,006.14	1,914.65	10.599	10.385	10.079	10.255	9.758	10.738
1-Jun-22	Public Holiday								10.609	10.824	10.271	10.423	9.830	10.899
2-Jun-22	128.66	3051.37	1685.84	1,301.00	20.97	694.05	2,004.67	2,793.00	10.831	10.986	10.306	10.472	9.924	10.972
<b>May 27- Jun 2</b>	<b>128.66</b>	<b>3,051.37</b>	<b>1,685.84</b>	<b>5,534.00</b>	<b>70.62</b>	<b>2,060.36</b>	<b>2,004.67</b>	<b>11,335.84</b>	<b>10.831</b>	<b>10.986</b>	<b>10.306</b>	<b>10.472</b>	<b>9.924</b>	<b>10.972</b>
3-Jun-22	129.41	3066.15	1699.83	1,291.00	12.80	317.65	2,016.43	1,792.00	10.661	10.918	10.307	10.497	9.924	10.954
6-Jun-22	129.74	3070.19	1696.18	1,466.00	16.42	402.36	2,021.53	2,112.55	10.706	10.923	10.341	10.473	9.856	10.900
7-Jun-22	129.88	3071.04	1699.66	1,448.00	17.03	481.25	2,023.79	2,656.65	11.655	11.224	10.601	10.571	10.308	11.047
8-Jun-22	130.02	3073.70	1703.35	1,202.00	14.02	340.22	2,025.87	3,894.68	12.462	12.507	11.437	11.146	10.674	11.549
9-Jun-22	129.88	3054.59	1683.41	1,240.00	20.75	438.61	2,023.75	1,127.30	13.250	13.459	12.175	11.993	11.068	12.027
<b>June 3-9</b>	<b>129.88</b>	<b>3,054.59</b>	<b>1,683.41</b>	<b>6,647.00</b>	<b>81.01</b>	<b>1,980.08</b>	<b>2,023.75</b>	<b>11,583.18</b>	<b>13.250</b>	<b>13.459</b>	<b>12.175</b>	<b>11.993</b>	<b>11.068</b>	<b>12.027</b>
<b>Weekly Changes (%)</b>	<b>0.95</b>	<b>0.11</b>	<b>-0.14</b>	<b>20.11</b>	<b>14.72</b>	<b>-3.90</b>	<b>0.95</b>	<b>2.18</b>	<b>2.419*</b>	<b>2.473*</b>	<b>1.869*</b>	<b>1.521*</b>	<b>1.144*</b>	<b>1.055*</b>

\* 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-Jun-20	30-Jun-21	30-Sep-21	31-Dec-21	31-Mar-22	27-May-22	03-Jun-22
1. Treasury Bills (Excluding Repos)	887.70	765.37	763.45	709.15	656.45	637.37	631.20
<i>(As % of total securities)</i>	<b>28.56</b>	<b>21.17</b>	<b>19.78</b>	<b>17.95</b>	<b>16.02</b>	<b>15.24</b>	<b>15.12</b>
2. Treasury Bonds	2,220.34	2,849.94	3,096.84	3,242.24	3,440.61	3,543.87	3,543.87
<i>(As % of total securities)</i>	<b>71.44</b>	<b>78.83</b>	<b>80.22</b>	<b>82.05</b>	<b>83.98</b>	<b>84.76</b>	<b>84.88</b>
3. Total Securities (1+2)	3,108.04	3,615.31	3,860.29	3,951.39	4,097.06	4,181.24	4,175.07
4. Overdraft at Central Bank	47.15	59.28	55.11	59.31	68.40	55.84	54.04
5. Other Domestic debt*	23.24	22.50	22.37	21.66	26.32	26.26	26.26
<b>6. Gross Domestic Debt (3+4+5)</b>	<b>3,178.42</b>	<b>3,697.09</b>	<b>3,937.78</b>	<b>4,032.37</b>	<b>4,191.77</b>	<b>4,263.34</b>	<b>4,255.37</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	30-Sep-21	31-Dec-21	25-Mar-22	27-May-22	3-Jun-22
Treasury bills (Excluding Repos)	27.93	20.70	19.39	17.59	15.81	14.95	14.83
Treasury bonds	69.86	77.09	78.64	80.41	82.09	83.12	83.28
Overdraft at Central Bank	1.48	1.60	1.40	1.47	1.46	1.31	1.27
Other domestic debt	0.73	0.61	0.57	0.54	0.64	0.62	0.62
<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	30-Sep-21	31-Dec-21	25-Mar-22	27-May-22	3-Jun-22
Banking Institutions	54.18	51.24	50.82	50.20	49.29	48.50	48.50
Insurance Companies	6.05	6.66	6.60	6.79	6.87	7.07	7.07
Parastatals	5.73	5.54	5.39	5.57	5.72	5.81	5.81
Pension Funds	29.04	30.60	31.24	31.34	31.75	32.25	32.25
Other Investors	5.00	5.96	5.95	6.10	6.37	6.37	6.37
<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	Mar-21	Jun-21	Sep-21	Dec-21	Mar-22
Domestic debt (KSh Bn)	3,457.11	3,488.54	3,569.84	3,697.09	3,937.80	4,032.37	4,191.77
Public & Publicly Guaranteed External debt (USD Bn)	33.77	34.75	34.42	37.08	36.73	36.90	36.82
Public & Publicly Guaranteed External debt (KSh Bn)	3,663.49	3,793.29	3,769.87	3,999.54	4,058.50	4,174.37	4,209.56
Public debt (KSh Bn)	<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>	<b>8,401.33</b>

Source: The National Treasury and Central Bank of Kenya