



Central Bank of Kenya

Weekly Bulletin

October 29, 2021



RECENT MONETARY AND FINANCIAL DEVELOPMENTS

Inflation

Overall inflation declined to 6.5 percent in October compared to 6.9 percent in September, largely because of developments in fuel prices. Fuel inflation declined to 9.6 percent from 11.1 percent in September, as a result of declines in pump prices. Food inflation remained elevated at 10.6 percent, driven by seasonal factors (**Chart 1**).

Exchange Rates

The Kenya Shilling remained stable against major international and regional currencies during the week ending October 28. It exchanged at KSh 111.15 per US dollar on October 28, compared to KSh 111.02 per US dollar on October 21 (**Table 1**).

Foreign Exchange Reserves

The usable foreign exchange reserves remained adequate at USD 9,175 million (5.61 months of import cover) as at October 28. 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 October 28, supported by government payments. Commercial banks' excess reserves stood at KSh 15.8 billion in relation to the 4.25 percent cash reserves requirement (CRR). Open market operations remained active. The average interbank rate was 4.82 percent on October 28 compared to 4.77 percent on October 21. The average number of interbank deals per day decreased to 18 from 24 in the previous week, while the average value traded declined to KSh 10.4 billion compared to KSh 11.9 billion (**Table 3**).

Government Securities Market

The Treasury bill auction of October 28 received bids totaling KSh 15.8 billion against an advertised amount of KSh 24.0 billion, representing a performance of 66.0 percent. Interest rates on the Treasury bills remained stable, with marginal increases (**Table 4**).

Equity Market

At the Nairobi Securities Exchange, NASI, NSE 25 share price index and market capitalization increased by 0.3 percent, 0.02 percent and 0.4 percent during the week ending October 28, respectively. However, the NSE 20 share price index, equity turnover and total shares traded declined by 0.1 percent, 43.0 percent and 35.2 percent, respectively (**Table 6**).

Bonds Market

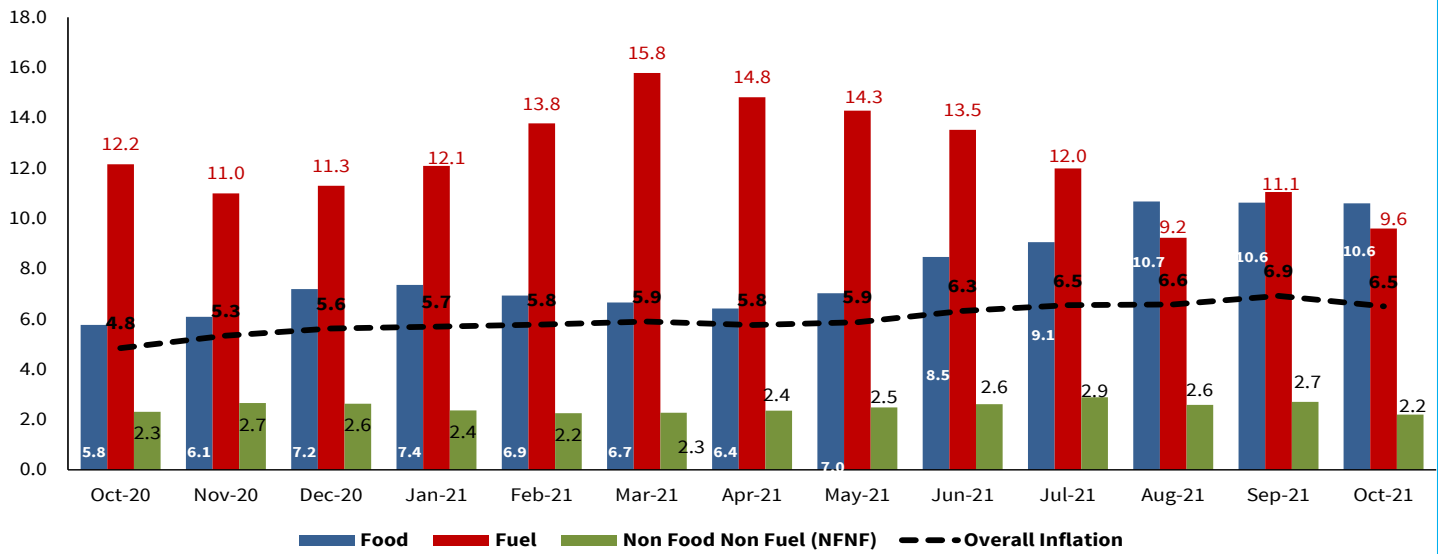
Bonds turnover in the domestic secondary market rose by 47.9 percent during the week ending October 28 (**Table 6**). In the international market, yields on Kenya's Eurobonds declined by an average of 1.9 basis points. The yields on the 10-year Eurobonds for Ghana declined while that of Angola increased (**Chart 3**).

Global Trends

Global financial markets sentiment remained cautious during the week ending October 28, on account of escalating US-China tensions, inflation risk concerns and potential new wave of Covid-19 infections outbreak.

International oil price declined during the week ending October 28, largely on account of build up of oil inventories amid concerns on supply growth. Murban oil price declined to USD 83.85 per barrel on October 28 from USD 84.42 per barrel on October 21.

Chart 1: Inflation



Source: Central Bank of Kenya

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

	USD	Sterling Pound	Euro	100 Japanese Yen	Uganda Shilling*	Tanzania Shilling*	Rwandese Franc*	Burundi Franc*
15-Oct-21	110.87	151.89	128.63	97.26	32.56	20.75	9.01	17.95
18-Oct-21	110.89	152.06	128.64	96.97	32.56	20.74	9.18	17.93
19-Oct-21	110.91	152.20	128.61	97.06	32.57	20.78	9.18	17.93
20-Oct-21	Public Holiday							
21-Oct-21	111.02	153.39	129.36	97.14	32.68	20.72	9.17	17.91
October 15-21	110.92	152.39	128.81	97.11	32.59	20.75	9.13	17.93
22-Oct-21	111.06	153.32	129.32	97.37	32.33	20.76	9.17	17.91
25-Oct-21	111.09	153.22	129.29	97.80	32.18	20.75	9.17	17.90
26-Oct-21	111.13	152.96	129.10	97.76	32.11	20.74	9.16	17.90
27-Oct-21	111.15	153.28	129.09	97.54	31.98	20.74	9.16	17.90
28-Oct-21	111.15	152.90	129.08	97.89	31.98	20.74	9.16	17.90
October 22-28	111.11	153.14	129.18	97.67	32.12	20.74	9.16	17.90

*Units of currency per Kenya Shilling

Source: Central Bank of Kenya

Table 2: Official Foreign Exchange Reserves (USD Million)

	29-Jul-21	26-Aug-21	2-Sep-21	9-Sep-21	16-Sep-21	23-Sep-21	30-Sep-21	7-Oct-21	14-Oct-21	21-Oct-21	28-Oct-21
1. CBK Usable Foreign Exchange Reserves (USD Million)*	9,341	8,986	8,883	9,629	9,619	9,521	9,437	9,365	9,261	9,228	9,175
2. CBK Usable Foreign Exchange Reserves (Months of Import Cover)**	5.71	5.49	5.43	5.89	5.88	5.82	5.77	5.73	5.66	5.64	5.61

Source: Central Bank of Kenya

Table 3: Money Markets

Date	Number of Deals	Value (KSh M)	Average Interbank Rate (%)
15-Oct-21	26	8,800.00	4.25
18-Oct-21	16	12,300.00	4.28
19-Oct-21	28	17,460.00	4.48
20-Oct-21	Public Holiday		
21-Oct-21	24	8,920.00	4.77
October 15-21	24	11,870.00	4.45
22-Oct-21	32	7,830.00	4.99
25-Oct-21	19	14,330.00	5.02
26-Oct-21	17	13,510.00	4.98
27-Oct-21	14	11,550.00	4.90
28-Oct-21	10	5,000.00	4.82
October 22-28	18	10,444.00	4.94

Source: Central Bank of Kenya

Table 4: Performance of Treasury Bills Auctions

91-Day Treasury Bills							
Date of Auction	16-Sep-21	23-Sep-21	30-Sep-21	07-Oct-21	14-Oct-21	21-Oct-21	28-Oct-21
Amount Offered (KSh M)	4,000.00	4,000.00	4,000.00	4,000.00	4,000.00	4,000.00	4,000.00
Bids Received (KSh M)	3,351.69	4,793.79	2,640.16	3,422.23	3,015.78	6,520.29	2,638.83
Amount Accepted (KSh M)	3,351.59	4,787.65	2,633.47	3,422.23	3,015.68	6,520.29	2,117.68
Maturities (KSh M)	4,563.45	2,030.15	6,149.15	11,420.35	2,696.50	10,234.55	8,621.10
Average Interest Rate (%)	6.870	6.896	6.895	6.935	6.952	7.020	7.040
182-Day Treasury Bills							
Date of Auction	16-Sep-21	23-Sep-21	30-Sep-21	07-Oct-21	14-Oct-21	21-Oct-21	28-Oct-21
Amount Offered (KSh M)	10,000.00	10,000.00	10,000.00	10,000.00	10,000.00	10,000.00	10,000.00
Bids Received (KSh M)	6,795.95	4,670.80	5,337.45	3,961.63	9,007.05	6,532.62	7,416.10
Amount Accepted (KSh M)	6,792.11	4,670.80	5,337.45	3,961.63	8,044.21	4,609.24	5,169.24
Maturities (KSh M)	6,362.50	3,171.05	783.95	2,519.90	3,743.30	2,071.30	2,901.75
Average Interest Rate (%)	7.250	7.282	7.282	7.316	7.428	7.417	7.486
364-Day Treasury Bills							
Date of Auction	16-Sep-21	23-Sep-21	30-Sep-21	07-Oct-21	14-Oct-21	21-Oct-21	28-Oct-21
Amount Offered (KSh M)	10,000.00	10,000.00	10,000.00	10,000.00	10,000.00	10,000.00	10,000.00
Bids Received (KSh M)	2,950.02	695.06	2,155.42	2,438.75	5,815.22	4,762.89	5,790.32
Amount Accepted (KSh M)	2,950.02	694.87	1,647.36	2,392.50	5,815.13	4,724.45	2,628.17
Maturities (KSh M)	9,481.25	4,763.40	2,518.70	15,167.45	16,966.50	8,765.65	11,503.85
Average Interest Rate (%)	7.845	7.890	7.949	8.028	8.225	8.355	8.489

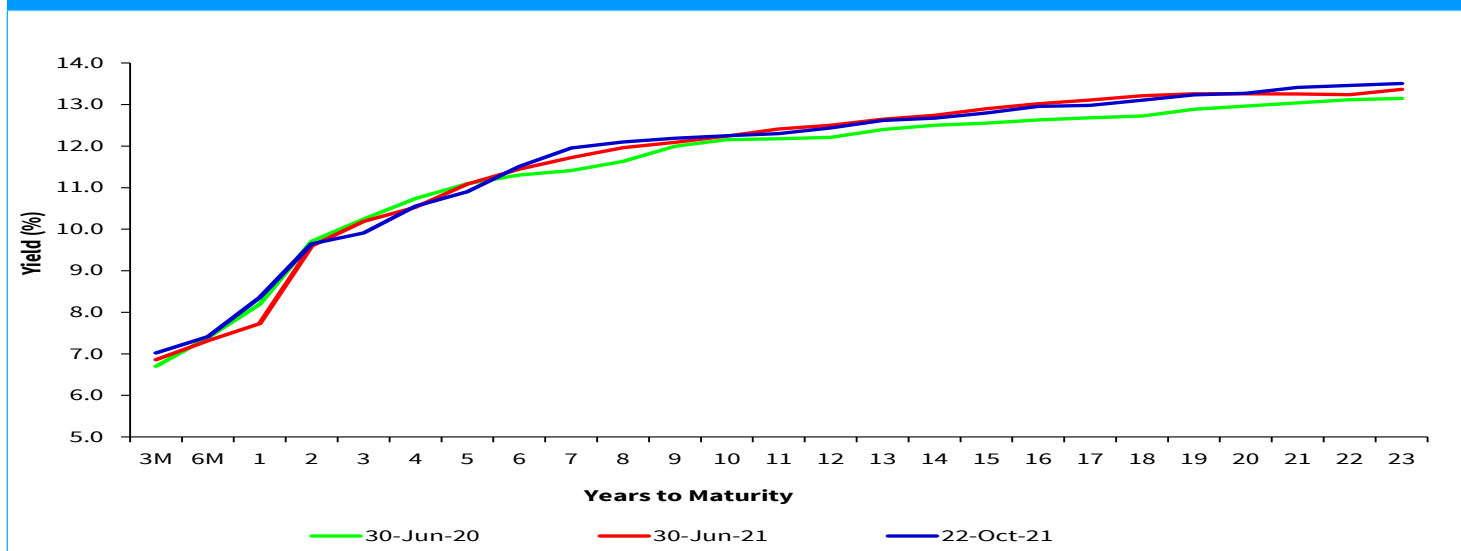
Source: Central Bank of Kenya

Table 5: Performance of Treasury Bond Auctions

Date of Auction	11-Aug-21			8-Sep-21	6-Oct-21		
	REOPEN				REOPEN		
Tenor	FXD3/ 2019/10	FXD1/ 2018/20	FXD1/ 2021/20	IFB1/ 2021/21	FXD1/ 2013/15	FXD3/ 2019/15	FXD1/ 2021/25
Amount offered (KSh M)	60,000.00			75,000.00	60,000.00		
Bids received (KSh M)	38,313.49	22,818.80	43,504.73	151,256.13	23,414.98	3,390.35	28,669.87
Amount Accepted (KSh M)	22,968.26	17,783.62	39,539.41	106,752.53	22,876.63	3,267.29	25,904.96
Maturities (KSh M)	0.00			0.00	0.00		
Average interest Rate (%)	12.17	13.19	13.44	12.74	11.88	12.85	13.82

Source: Central Bank of Kenya

Chart 2: Government Securities Yield Curve



Source: Nairobi Stock Exchange (NSE)

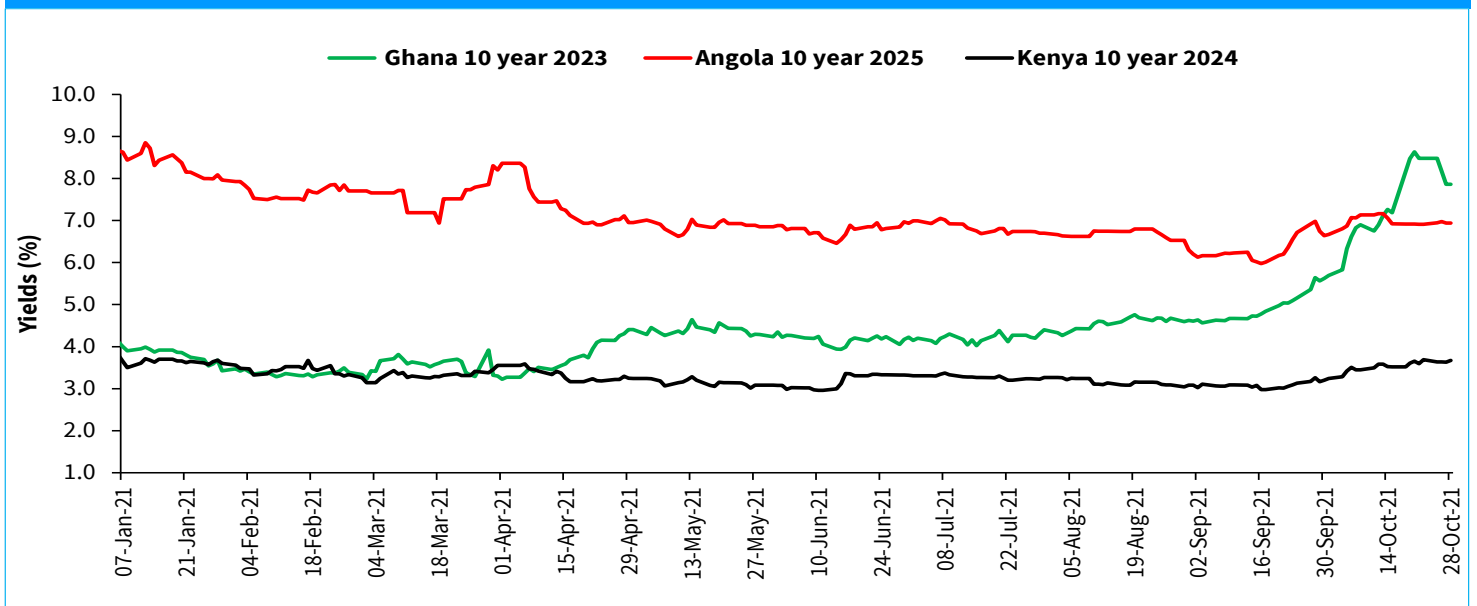
Table 6: Key Weekly Market Indicators

INDICATOR	NASI Share Index 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
15-Oct-21	178.86	3,867.27	1,940.44	1,189.00	23.01	968.27	2,786.84	2,067.50	5.429	3.521	5.706	6.692	6.607	7.864
18-Oct-21	178.36	3,857.89	1,962.74	990.00	12.43	389.80	2,778.96	5,736.73	5.470	3.518	5.751	6.760	6.638	7.864
19-Oct-21	176.35	3,831.25	1,959.67	1,313.00	23.65	780.81	2,747.60	3,731.03	5.481	3.609	5.773	6.777	6.638	7.853
20-Oct-21	PUBLIC HOLIDAY								5.507	3.653	5.773	6.776	6.638	7.886
21-Oct-21	177.39	3,848.81	1,961.32	1,268.00	25.14	1,609.12	2,763.82	3,525.96	5.540	3.597	5.771	6.793	6.638	7.886
October 15-21	179.39	3,848.81	1,961.32	4,760.00	84.23	3,748.00	2,763.82	15,061.22	5.54	3.60	5.77	6.79	6.64	7.89
22-Oct-21	178.54	3,865.42	1,960.75	1,120.00	11.99	430.38	2,781.74	2,315.20	5.492	3.688	5.771	6.793	6.639	7.908
25-Oct-21	176.59	3,830.60	1,945.20	997.00	12.86	488.87	2,755.66	3,059.68	5.512	3.638	5.793	6.809	6.654	7.908
26-Oct-21	175.77	3,821.81	1,946.97	1,238.00	9.19	333.04	2,742.83	6,120.45	5.487	3.635	5.815	6.792	6.639	7.930
27-Oct-21	175.82	3,825.51	1,955.23	1,163.00	12.64	458.57	2,744.00	4,678.85	5.444	3.632	5.746	6.741	6.607	7.875
28-Oct-21	177.85	3,849.53	1,960.30	870.00	7.93	425.09	2,775.31	6,098.80	5.466	3.673	5.745	6.757	6.607	7.864
October 22-28	177.85	3,849.53	1,960.30	5,388.00	54.62	2,135.94	2,775.31	22,272.98	5.47	3.67	5.75	6.76	6.61	7.86
Weekly Changes (%)	0.26	0.02	-0.05	13.19	-35.16	-43.01	0.42	47.88	-0.074*	0.076*	-0.026*	-0.036*	-0.031*	-0.022*

* 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-20	30-Sep-20	31-Dec-20	31-Mar-21	30-Jun-21	24-Sep-21	15-Oct-21	22-Oct-21
1. Treasury Bills (Excluding Repos)	887.70	894.73	855.71	761.90	765.37	763.00	744.99	739.22
<i>(As % of total securities)</i>	28.56	26.50	25.04	21.79	21.17	19.77	19.13	19.06
2. Treasury Bonds	2,220.34	2,482.24	2,561.33	2,734.47	2,849.94	3,096.84	3,149.44	3,139.42
<i>(As % of total securities)</i>	71.44	73.50	74.96	78.21	78.83	80.23	80.87	80.94
3. Total Securities (1+2)	3,108.04	3,376.98	3,417.05	3,496.37	3,615.31	3,859.84	3,894.43	3,878.64
4. Overdraft at Central Bank	47.15	56.21	47.60	49.28	59.28	55.26	62.47	64.40
5. Other Domestic debt*	23.24	23.92	23.90	24.19	22.50	23.91	23.91	23.92
6. Gross Domestic Debt (3+4+5)	3,178.42	3,457.11	3,488.54	3,569.84	3,697.09	3,939.01	3,980.81	3,966.96

* 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-Sep-20	31-Dec-20	31-Mar-21	30-Jun-21	24-Sep-21	15-Oct-21	22-Oct-21
Treasury bills (Excluding Repos)	27.93	25.88	24.53	21.34	20.70	19.37	18.71	18.63
Treasury bonds	69.86	71.80	73.42	76.60	77.09	78.62	79.12	79.14
Overdraft at Central Bank	1.48	1.63	1.36	1.38	1.60	1.40	1.57	1.62
Other domestic debt	0.73	0.69	0.69	0.68	0.61	0.61	0.60	0.60
TOTAL	100.00	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-Jun-20	30-Sep-20	31-Dec-20	31-Mar-21	30-Jun-21	24-Sep-21	15-Oct-21	22-Oct-21
Banking Institutions	54.18	54.55	52.83	51.75	51.24	50.83	50.60	50.63
Insurance Companies	6.05	6.16	6.44	6.57	6.66	6.60	6.67	6.67
Parastatals	5.73	5.47	5.69	5.62	5.54	5.38	5.34	5.37
Pension Funds	29.04	28.53	30.32	30.46	30.60	31.24	31.34	31.31
Other Investors	5.00	5.30	4.73	5.59	5.96	5.95	6.05	6.02
Total	100.00	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

	Jun-19	Jun-20	Sep-20	Dec-20	Mar-21	Apr-21	May-21	Jun-21
Domestic debt (KSh Bn)	2,785.94	3,176.97	3,457.11	3,488.54	3,569.84	3,632.91	3,686.89	3,697.09
Public & Publicly Guaranteed External debt (USD Bn)	29.55	33.01	33.77	34.75	34.42	35.13	35.31	37.23
Public & Publicly Guaranteed External debt (KSh Bn)	3,023.14	3,515.81	3,663.49	3,793.29	3,769.87	3,778.13	3,799.02	4,015.30
Public debt (KSh Bn)	5,809.08	6,692.78	7,120.60	7,281.83	7,339.71	7,411.05	7,485.91	7,712.39

Source: National Treasury and Central Bank of Kenya