



Central Bank of Kenya

Weekly Bulletin

March 11, 2022



RECENT MONETARY AND FINANCIAL DEVELOPMENTS

Exchange Rates

The Kenya Shilling remained stable against major international and regional currencies during the week ending March 10. It exchanged at KSh 114.14 per US dollar on March 10, compared to KSh 113.89 per US dollar on March 3 (**Table 1**).

Foreign Exchange Reserves

The usable foreign exchange reserves remained adequate at USD 8,011 million (4.90 months of import cover) as at March 10. This meets the CBK's statutory requirement to endeavour 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**).

Current Account

Provisional data on balance of payments shows that the current account deficit was estimated at 5.6 percent of GDP in the 12 months to January 2022, compared to 4.3 percent of GDP in the 12 months to January 2021 (**Chart 1**). The wider deficit reflects a higher import bill, particularly oil, which more than offset increased receipts from agricultural and services exports, and remittances.

Money Market

The money market was liquid during the week ending March 10, partly reflecting government payments, which offset tax remittances. Commercial banks' excess reserves stood at KSh 16.9 billion in relation to the 4.25 percent cash reserves requirement (CRR). Open market operations remained active. The average interbank rate was 4.68 percent on March 10 compared to 5.36 percent on March 3. During the week, the average number of interbank deals increased to 22 from 20 in the previous week, while the average value traded increased to KSh 12.9 billion compared with KSh 10.2 billion in the previous week (**Table 3**).

Government Securities Market

The Treasury bill auction of March 10 received bids totalling KSh 24.5 billion against an advertised amount of KSh

24.0 billion, representing a performance of 102.1 percent. Interest rates on all tenors declined marginally (**Table 4**).

During the Treasury bond auction of March 9, the reopened five, fifteen and twenty five-year fixed rate Treasury bonds issued received bids totalling KSh 40.9 billion against an advertised amount of KSh 50.0 billion, representing a performance rate of 81.9 percent (**Table 5**).

Equity Market

At the Nairobi Securities Exchange, NASI, NSE 25 and NSE 20 share price indices declined by 4.0 percent, 2.3 percent and 1.3 percent, respectively. Market capitalization and total shares traded declined by 4.0 percent and 6.8 percent, respectively, while equity turnover increased by 12.8 percent during the week ending March 10 (**Table 6**).

Bonds Market

Bonds turnover in the domestic secondary market declined by 0.6 percent during the week ending March 10 (**Table 6**). In the international market, yields on Kenya's Eurobonds rose by an average of 63.2 basis points. The yields on the 10-year Eurobond for Ghana increased, while that for Angola declined (**Chart 3**).

Global Trends

The ongoing Russia-Ukraine conflict and discussions aimed at addressing the conflict dominated the week ending March 10. Inflation in the advanced economies remains a major concern, with the US inflation rising to 7.9 percent in February 2022.

International oil prices remained volatile during the week ending March 10, reflecting demand-supply mismatch caused by the ongoing Russia-Ukraine conflict. Murban oil price declined to USD 117.24 per barrel on March 10 from USD 119.23 per barrel on March 3.

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-Feb-22	113.82	152.89	127.76	99.10	31.01	20.33	8.91	17.56
28-Feb-22	113.84	152.68	127.65	98.50	31.16	20.34	8.96	17.56
1-Mar-22	113.84	152.72	127.73	98.97	31.10	20.33	8.91	17.56
2-Mar-22	113.85	152.82	127.73	99.19	31.00	20.33	8.91	17.56
3-Mar-22	113.89	152.25	127.09	98.82	31.17	20.33	8.90	17.56
Feb 25-Mar 3	113.85	152.67	127.59	98.92	31.09	20.33	8.92	17.56
4-Mar-22	113.84	152.68	127.65	98.50	31.16	20.34	8.96	17.56
7-Mar-22	113.95	151.90	125.63	98.76	31.41	20.32	9.04	17.55
8-Mar-22	114.01	150.75	124.59	98.91	31.72	20.31	9.03	17.70
9-Mar-22	114.08	150.19	124.75	98.55	31.63	20.29	9.03	17.53
10-Mar-22	114.14	150.06	124.99	98.45	31.72	20.29	8.89	17.52
Mar 4-10	114.00	151.12	125.52	98.64	31.53	20.31	8.99	17.57

*Units of currency per Kenya Shilling

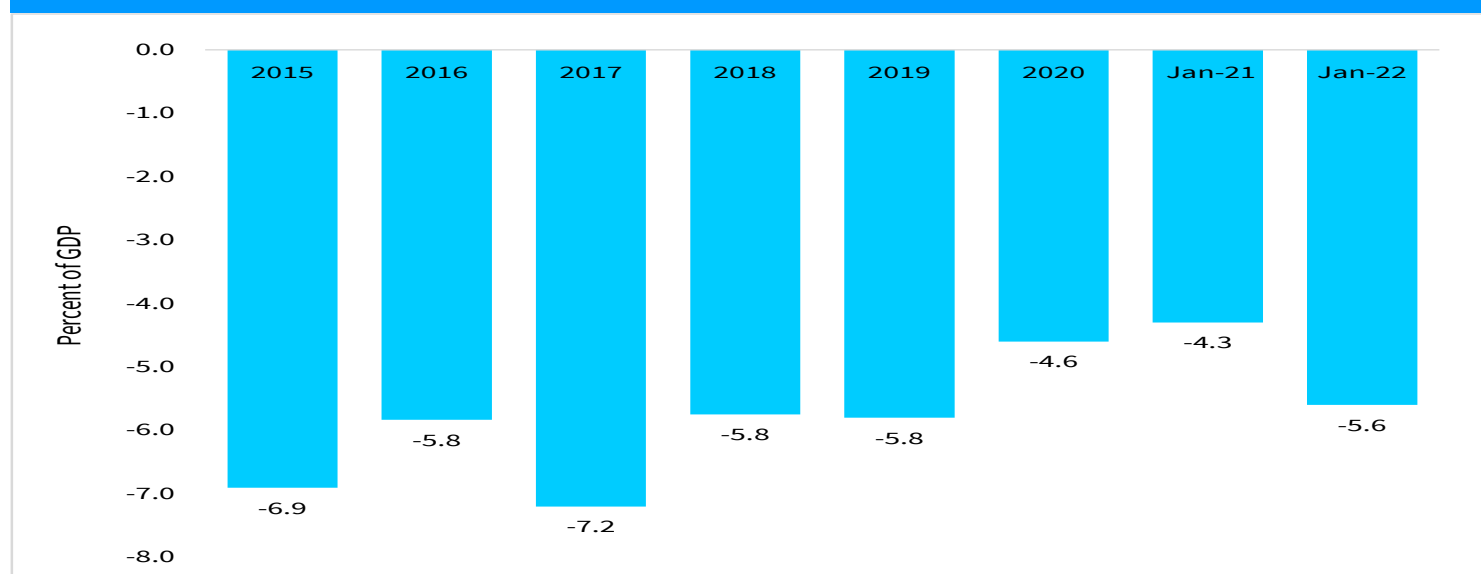
Source: Central Bank of Kenya

Table 2: Official Foreign Exchange Reserves (USD Million)

	10-Feb-22	17-Feb-22	24-Feb-22	3-Mar-22	10-Mar-22
1. CBK Usable Foreign Exchange Reserves (USD Million)	8,196	8,125	8,130	7,913	8,011
2. CBK Usable Foreign Exchange Reserves (Months of Import Cover)*	5.01	4.97	4.97	4.84	4.90

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

Source: Central Bank of Kenya

Chart 1: Current Account

Source: Central Bank of Kenya

Table 3: Money Markets

Date	Number of Deals	Value (KSh M)	Average Interbank Rate (%)
25-Feb-22	16	6,025.00	5.81
28-Feb-22	19	12,020.00	5.58
1-Mar-22	23	13,550.00	5.56
2-Mar-22	21	10,410.00	5.52
3-Mar-22	22	9,000.00	5.36
Feb 25-Mar 3	20	10,201.00	5.57
4-Mar-22	25	15,244.00	5.51
7-Mar-22	33	21,940.00	5.71
8-Mar-22	21	9,780.00	5.55
9-Mar-22	16	7,050.00	5.10
10-Mar-22	16	10,400.00	4.68
Mar 4-10	22	12,882.80	5.31

Source: Central Bank of Kenya

Table 4: Performance of Treasury Bills Auctions

91-Day Treasury Bills						
Date of Auction	3-Feb-22	10-Feb-22	17-Feb-22	24-Feb-22	3-Mar-22	10-Mar-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)	3,385.39	2,890.10	1,489.03	2,011.72	9,841.66	5,295.77
Amount Accepted (KSh M)	3,304.27	2,759.58	1,424.06	1,990.21	9,839.11	5,289.14
Maturities (KSh M)	3,481.85	4,058.25	8,542.30	3,985.10	6,824.55	5,143.20
Average Interest Rate (%)	7.317	7.285	7.250	7.254	7.265	7.206
182-Day Treasury Bills						
Date of Auction	3-Feb-22	10-Feb-22	17-Feb-22	24-Feb-22	3-Mar-22	10-Mar-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)	8,244.05	6,397.70	10,148.65	4,034.77	12,600.76	5,807.85
Amount Accepted (KSh M)	8,243.86	6,397.60	9,962.79	3,929.72	12,307.01	5,807.28
Maturities (KSh M)	14,529.00	3,242.85	15,761.90	2,087.50	10,262.50	7,973.80
Average Interest Rate (%)	8.095	8.108	8.075	8.062	8.063	8.032
364-Day Treasury Bills						
Date of Auction	3-Feb-22	10-Feb-22	17-Feb-22	24-Feb-22	3-Mar-22	10-Mar-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)	16,168.11	10,758.16	15,131.05	9,224.33	6,866.17	13,391.90
Amount Accepted (KSh M)	14,293.17	10,758.07	14,663.79	6,768.66	4,394.92	12,001.35
Maturities (KSh M)	13,421.20	15,300.20	14,651.35	15,793.15	18,826.60	13,288.50
Average Interest Rate (%)	9.594	9.668	9.724	9.764	9.774	9.771

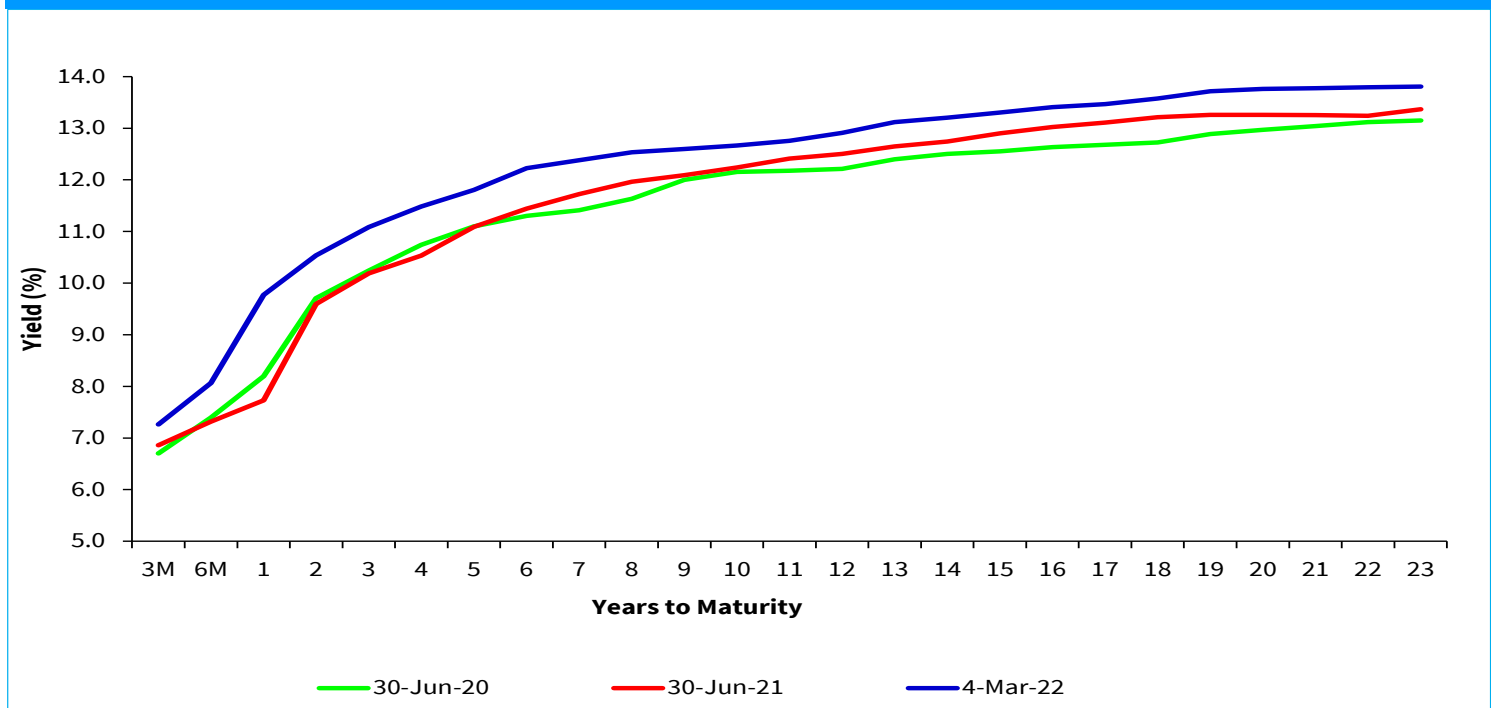
Source: Central Bank of Kenya

Table 5: Performance of Treasury Bond Auctions

Date of Auction	8-Dec-21		5-Jan-22	19-Jan-22		16-Feb-22	9-Mar-22		
	REOPEN		REOPEN	REOPEN			REOPEN		
Tenor	FXD4/ 2019/10	FXD1/ 2018/20	FXD1/ 2021/005	FXD2/ 2018/10	FXD1/ 2021/20	IFB1/ 2022/019	FXD1/2021/ /005	FXD1/2020/ 015	FXD1/2021/ 025
Amount offered (KSh M)	40,000.00		30,000.00	30,000.00		75,000.00	50,000.00		
Bids received (KSh M)	20,269.28	20,906.41	28,393.48	10,434.25	27,978.40	132,257.79	9,212.68	9,136.01	22,601.21
Amount Accepted (KSh M)	20,262.52	17,564.98	27,428.16	7,303.40	27,596.37	98,637.46	8,294.79	6,216.24	3,942.94
Maturities (KSh M)	0.00		0.00	0.00		2,866.08	0.00		
Average interest Rate (%)	12.64	13.37	11.23	12.56	13.72	12.97	11.997	13.73	13.97

Source: Central Bank of Kenya

Chart 2: Government Securities Yield Curve



Source: Nairobi Securities Exchange (NSE)

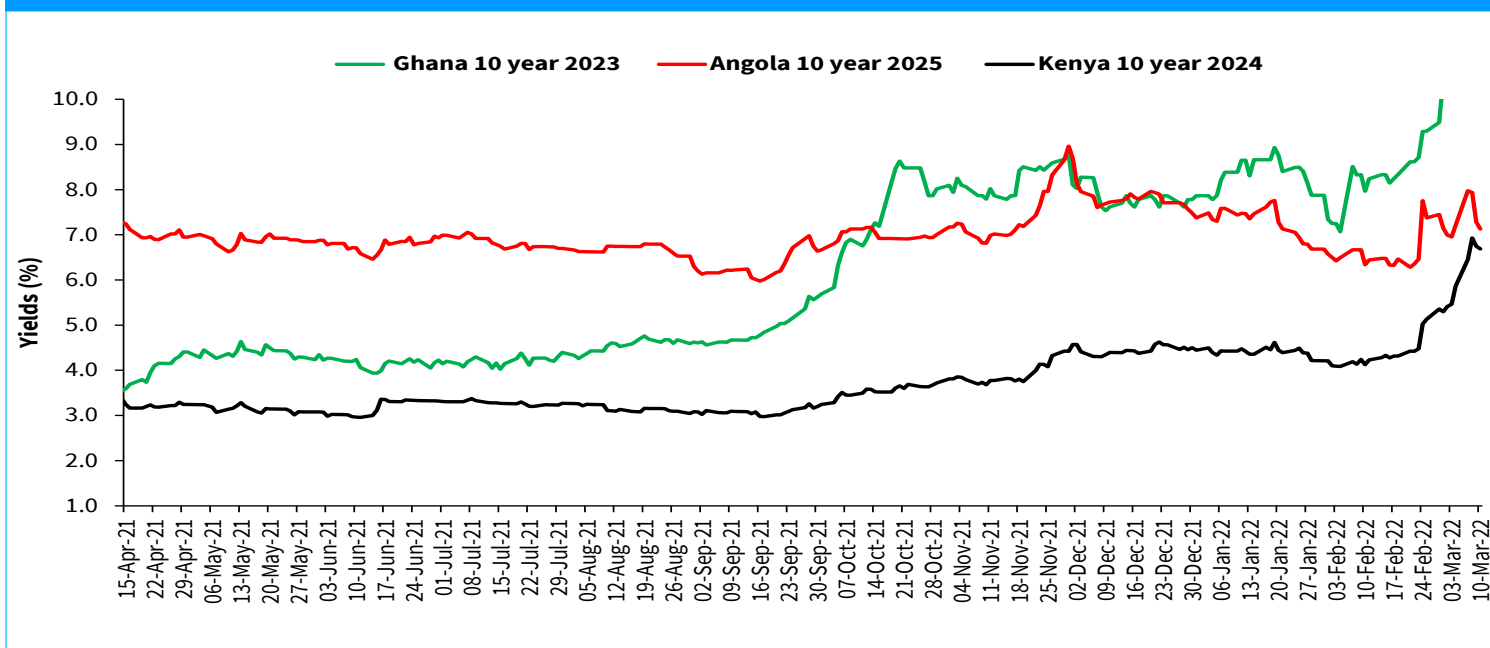
Table 6: Key Weekly Market Indicators

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
25-Feb-22	160.03	3635.88	1,883.33	1,214.00	17.22	545.12	2,492.46	4,356.15	7.810	5.131	8.243	8.926	8.341	9.709
28-Feb-22	160.25	3621.15	1,886.75	1,440.00	19.27	523.65	2,495.89	2,158.65	8.123	5.356	8.133	8.822	8.561	9.619
1-Mar-22	160.53	3620.79	1,882.34	1,155.00	5.62	202.50	2,500.34	3,419.85	8.222	5.297	8.244	8.822	8.542	9.664
2-Mar-22	162.48	3644.99	1,877.02	1,141.00	16.52	701.01	2,530.77	4,078.30	8.309	5.410	8.355	8.927	8.542	9.694
3-Mar-22	164.36	3686.72	1,894.36	1,173.00	12.40	465.15	2,560.02	3,261.65	8.397	5.462	8.440	9.033	8.673	9.739
Feb 25- Mar 3	164.36	3,686.72	1,894.36	6,123.00	71.03	2,437.43	2,560.02	17,274.60	8.397	5.462	8.440	9.033	8.673	9.739
Weekly Changes (%)	164.64	3703.58	1897.90	997.00	13.17	427.53	2,564.49	2,664.90	10.574	5.866	8.752	9.356	9.422	10.374
4-Mar-22	162.37	3662.47	1889.46	1,146.00	6.78	134.74	2,529.07	4,052.95	10.169	6.452	9.751	10.283	9.971	10.526
7-Mar-22	160.44	3631.71	1890.59	1,262.00	16.15	978.81	2,498.90	2,550.20	9.616	6.928	10.336	10.617	9.784	10.824
8-Mar-22	157.92	3595.34	1884.29	1,287.00	10.20	358.29	2,459.49	4,445.65	9.188	6.748	9.966	10.214	9.261	10.561
9-Mar-22	157.85	3601.66	1869.72	1,230.00	19.93	851.05	2,458.44	3,459.55	9.170	6.688	9.218	9.511	8.965	9.985
10-Mar-22	157.85	3,601.66	1,869.72	5,922.00	66.23	2,750.41	2,458.44	17,173.25	9.170	6.688	9.218	9.511	8.965	9.985
Mar 4-Mar 10	-3.96	-2.31	-1.30	-3.28	-6.77	12.84	-3.97	-0.59	0.773*	1.226*	0.778*	0.478*	0.292*	0.246*
Weekly Changes (%)	-3.96	-2.31	-1.30	-3.28	-6.77	12.84	-3.97	-0.59	0.773*	1.226*	0.778*	0.478*	0.292*	0.246*

* 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	30-Sep-21	26-Nov-21	31-Dec-21	28-Jan-22	28-Feb-22	04-Mar-22
1. Treasury Bills (Excluding Repos)	765.37	763.45	716.69	709.15	702.10	679.48	679.48
<i>(As % of total securities)</i>	21.17	19.78	18.28	17.95	17.52	16.65	16.65
2. Treasury Bonds	2,849.94	3,096.84	3,203.90	3,242.24	3,304.90	3,400.35	3,400.35
<i>(As % of total securities)</i>	78.83	80.22	81.72	82.05	82.48	83.35	83.35
3. Total Securities (1+2)	3,615.31	3,860.29	3,920.59	3,951.39	4,007.00	4,079.83	4,079.83
4. Overdraft at Central Bank	59.28	55.11	62.82	59.31	56.26	74.70	55.98
5. Other Domestic debt*	22.50	22.37	23.09	21.66	21.67	25.77	25.77
6. Gross Domestic Debt (3+4+5)	3,697.09	3,937.78	4,006.50	4,032.37	4,084.93	4,180.29	4,161.57

* 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	28-Jan-22	28-Feb-22	4-Mar-22
Treasury bills (Excluding Repos)	27.93	20.70	19.39	17.59	17.19	16.25	16.33
Treasury bonds	69.86	77.09	78.64	80.41	80.90	81.34	81.71
Overdraft at Central Bank	1.48	1.60	1.40	1.47	1.38	1.79	1.35
Other domestic debt	0.73	0.61	0.57	0.54	0.53	0.62	0.62
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-Jun-20	30-Jun-21	30-Sep-21	31-Dec-21	28-Jan-22	28-Feb-22	4-Mar-22
Banking Institutions	54.18	51.24	50.82	50.20	49.94	49.51	49.28
Insurance Companies	6.05	6.66	6.60	6.79	6.87	6.82	6.85
Parastatals	5.73	5.54	5.39	5.57	5.63	5.62	5.65
Pension Funds	29.04	30.60	31.24	31.34	31.39	31.64	31.78
Other Investors	5.00	5.96	5.95	6.10	6.17	6.41	6.44
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

	Jun-20	Sep-20	Dec-20	Mar-21	Jun-21	Sep-21	Dec-21
Domestic debt (KSh Bn)	3,176.97	3,457.11	3,488.54	3,569.84	3,697.09	3,937.80	4,032.37
Public & Publicly Guaranteed External debt (USD Bn)	33.01	33.77	34.75	34.42	37.08	36.73	36.90
Public & Publicly Guaranteed External debt (KSh Bn)	3,515.81	3,663.49	3,793.29	3,769.87	3,999.54	4,058.50	4,174.37
Public debt (KSh Bn)	6,692.78	7,120.60	7,281.83	7,339.71	7,696.63	7,996.30	8,206.74

Source: National Treasury and Central Bank of Kenya