



Central Bank of Kenya

Weekly Bulletin

April 28, 2022



RECENT MONETARY AND FINANCIAL DEVELOPMENTS

Inflation

Overall inflation increased to 6.5 percent in April 2022 from 5.6 percent in March, due to higher fuel and food prices. Food inflation increased to 12.1 percent from 9.9 percent in March, on account of seasonal factors and global supply chain disruptions. In addition, fuel inflation increased to 8.5 percent from 5.8 percent in March, driven by elevated international oil prices arising from the Russia-Ukraine conflict. Meanwhile, non-food non-fuel inflation remained low and stood at 2.5 percent compared to 2.2 percent in March, reflective of minimal demand pressures in the economy (**Chart 1**).

Exchange Rates

The Kenya Shilling remained stable against major international and regional currencies during the week ending April 28. It exchanged at KSh 115.77 per US dollar on April 28, compared to KSh 115.54 per US dollar on April 21 (**Table 1**).

Foreign Exchange Reserves

The usable foreign exchange reserves remained adequate at USD 8,427 million (5.01 months of import cover) as of April 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 liquidity was relatively tight during the week ending April 27, reflecting tax remittances. Commercial banks' excess reserves stood at KSh 25.3 billion in relation to the 4.25 percent cash reserves requirement (CRR). Open market operations remained active. The average interbank rate was 4.72 percent on April 27 compared to 4.60 percent on April 21. During the week, the average number of interbank deals decreased to 26 from 33 in the previous week, while the average value traded decreased to KSh 22.2 billion from KSh 25.9 billion in the previous week (**Table 3**).

Government Securities Market

The Treasury bill auction of April 21, received bids totalling KSh 23.7 billion against an advertised amount of KSh 24.0 billion, representing a performance of 98.9 percent. Interest rates remained stable, with the 91-day, 182-day and 364-day Treasury bills rates increasing marginally (**Table 4**).

Equity Market

At the Nairobi Securities Exchange, NASI, NSE 25 and NSE 20 share price indices declined by 3.5 percent, 4.3 percent, and 2.3 percent, respectively. Market capitalization, equity turnover and total shares traded declined by 3.5 percent, 41.1 percent and 49.6 percent, respectively, during the week ending April 27 (**Table 6**).

Bonds Market

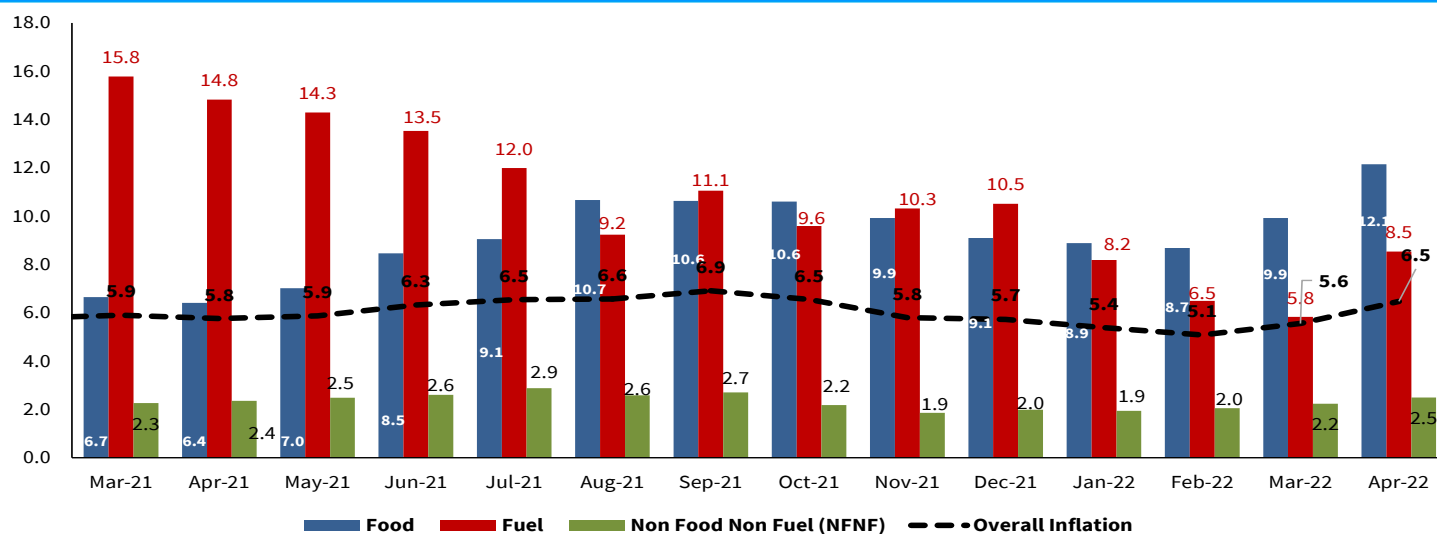
Bonds turnover in the domestic secondary market increased by 73.4 percent during the week ending April 27 (**Table 6**). In the international market, yields on Kenya's Eurobonds rose by an average of 68.5 basis points. The yield on the 10-year Eurobond for Angola also rose, while that for Ghana declined (**Chart 3**).

Global Trends

The impact of the war in Ukraine escalated as Russia halted gas supply to Poland and Bulgaria. US equities fell along with a sharp rise in equity volatility on poor earnings mostly attributed to the Russia-Ukraine war.

International oil prices declined during the week ending April 28 after the US Energy Information Administration reported a modest crude oil inventory build-up. Murban oil prices decreased to USD 104.68 per barrel on April 21 compared to USD 108.30 per barrel on April 14.

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*	Rwan-dese Franc*	Burundi Franc*
15-Apr-22	Good Friday							
18-Apr-22	Easter Monday							
19-Apr-22	115.48	151.38	125.48	91.99	30.48	20.12	8.82	17.77
20-Apr-22	115.51	150.62	124.94	89.79	30.47	20.12	8.83	17.77
21-Apr-22	115.54	150.88	125.26	90.43	30.59	20.10	8.81	17.77
Apr 15-21	115.51	150.96	125.23	90.74	30.52	20.11	8.82	17.77
22-Apr-22	115.60	150.89	125.66	90.24	30.54	20.09	8.81	17.76
25-Apr-22	115.65	149.46	125.09	89.95	30.44	20.08	8.81	17.63
26-Apr-22	115.70	148.06	124.43	90.48	30.47	20.08	8.80	17.74
27-Apr-22	115.74	147.34	123.81	90.90	30.64	20.08	8.86	17.74
28-Apr-22	115.77	146.09	122.83	89.14	30.79	20.08	8.80	17.74
Apr 22-28	115.69	148.37	124.36	90.14	30.57	20.08	8.82	17.72

*Units of currency per Kenya Shilling

Source: Central Bank of Kenya

Table 2: Official Foreign Exchange Reserves (USD Million)

	31-Mar-22	7-Apr-22	14-Apr-22	21-Apr-22	28-Apr-22
1. CBK Usable Foreign Exchange Reserves (USD Million)	7,840	8,373	8,284	8,499	8,427
2. CBK Usable Foreign Exchange Reserves (Months of Import Cover)*	4.66	4.98	4.92	5.05	5.01

*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 (%)
15-Apr-22	Good Friday		
18-Apr-22	Easter Monday		
19-Apr-22	31	24,545.00	4.41
20-Apr-22	36	27,750.00	4.58
21-Apr-22	31	25,320.00	4.60
April 15-21	33	25,871.67	4.53
22-Apr-22	36	27,120.00	4.66
25-Apr-22	26	27,630.00	4.74
26-Apr-22	24	20,850.00	4.68
27-Apr-22	18	13,030.00	4.72
April 22-27	26	22,157.50	4.70

Source: Central Bank of Kenya

Table 4: Performance of Treasury Bill Auctions

91-Day Treasury Bills						
Date of Auction	17-Mar-22	24-Mar-22	31-Mar-22	7-Apr-22	13-Apr-22	21-Apr-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)	1,978.39	2,319.78	1,522.59	2,384.49	4,800.04	8,180.05
Amount Accepted (KSh M)	1,755.26	2,319.68	1,522.59	2,382.72	4,799.21	8,171.92
Maturities (KSh M)	3,591.35	1,605.00	576.15	5,747.85	4,386.05	1,718.35
Average Interest Rate (%)	7.252	7.283	7.302	7.377	7.424	7.448
182-Day Treasury Bills						
Date of Auction	17-Mar-22	24-Mar-22	31-Mar-22	7-Apr-22	13-Apr-22	21-Apr-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)	8,238.10	3,842.26	3,131.62	3,932.29	2,601.49	9,018.64
Amount Accepted (KSh M)	8,235.99	3,842.12	3,131.62	3,931.23	2,601.40	9,018.64
Maturities (KSh M)	7,030.85	4,812.40	5,526.25	4,102.45	8,278.40	4,775.35
Average Interest Rate (%)	8.093	8.134	8.164	8.219	8.315	8.373
364-Day Treasury Bills						
Date of Auction	17-Mar-22	24-Mar-22	31-Mar-22	7-Apr-22	13-Apr-22	21-Apr-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)	9,662.16	7,219.36	2,470.75	8,173.05	4,252.21	6,537.28
Amount Accepted (KSh M)	8,857.28	7,082.09	2,446.61	8,122.32	4,161.11	6,535.46
Maturities (KSh M)	12,810.30	13,805.10	4,749.75	15,850.30	11,395.00	8,490.30
Average Interest Rate (%)	9.763	9.767	9.752	9.743	9.745	9.755

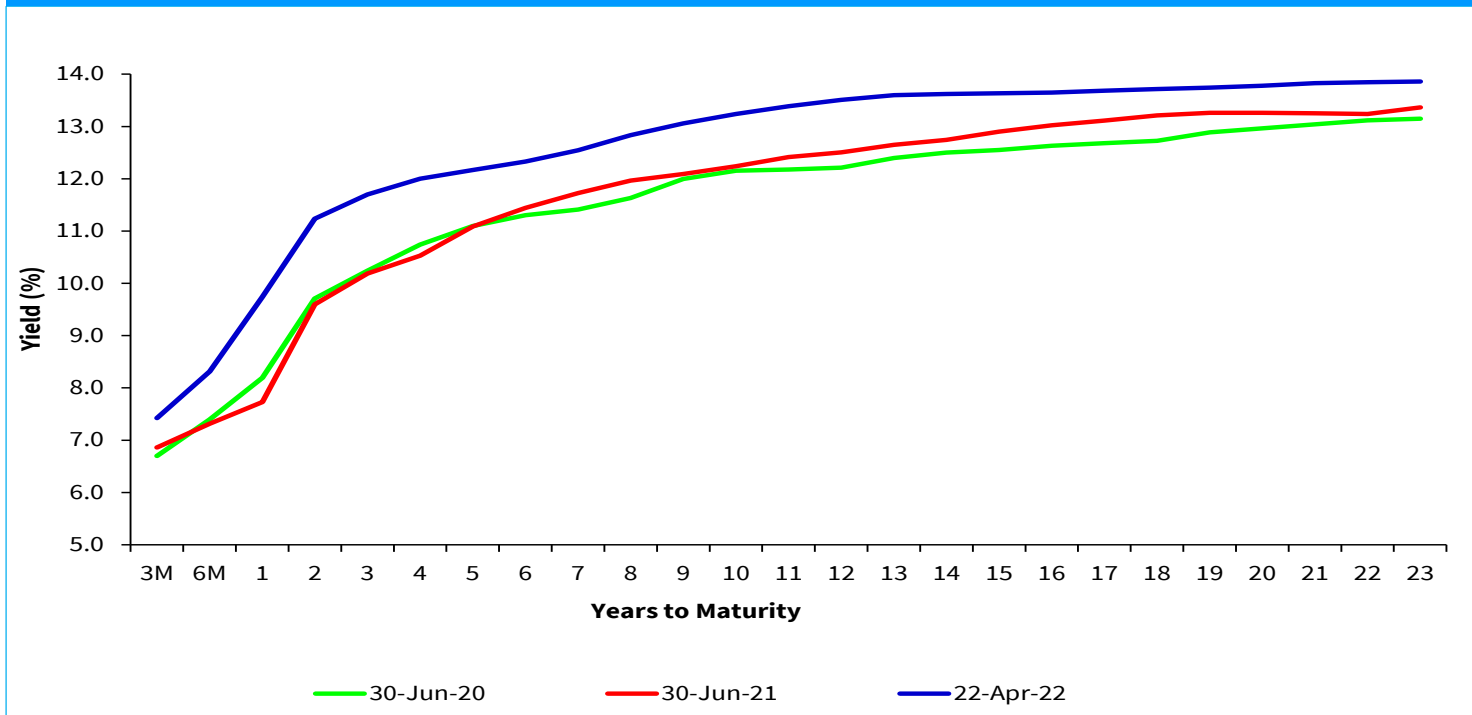
Source: Central Bank of Kenya

Table 5: Performance of Treasury Bond Auctions

Date of Auction	9-Mar-22			18-Mar-22			6-Apr-22	20-Apr-22
	REOPEN			TAP				
Tenor	FXD1/ 2021/005	FXD1/ 2020/015	FXD1/ 2021/025	FXD1/ 2021/005	FXD1/ 2020/015	FXD1/ 2021/025	FXD1/ 2022/03	FXD1/ 2022/015
Amount offered (KSh M)	50,000.00			31,500.00			40,000.00	30,000.00
Bids received (KSh M)	9,212.68	9,136.01	22,601.21	3,934.30	15,563.15	5,394.15	34,045.50	32,545.90
Amount Accepted (KSh M)	8,294.79	6,216.24	3,942.94	3,834.09	14,651.62	5,373.44	33,137.89	27,637.05
Maturities (KSh M)	0.00			0.00			2,866.08	0.00
Average interest Rate (%)	11.997	13.73	13.97	11.277	12.76	13.92	11.78	13.94

Source: Central Bank of Kenya

Chart 2: Government Securities Yield Curve



Source: Nairobi Securities Exchange (NSE)

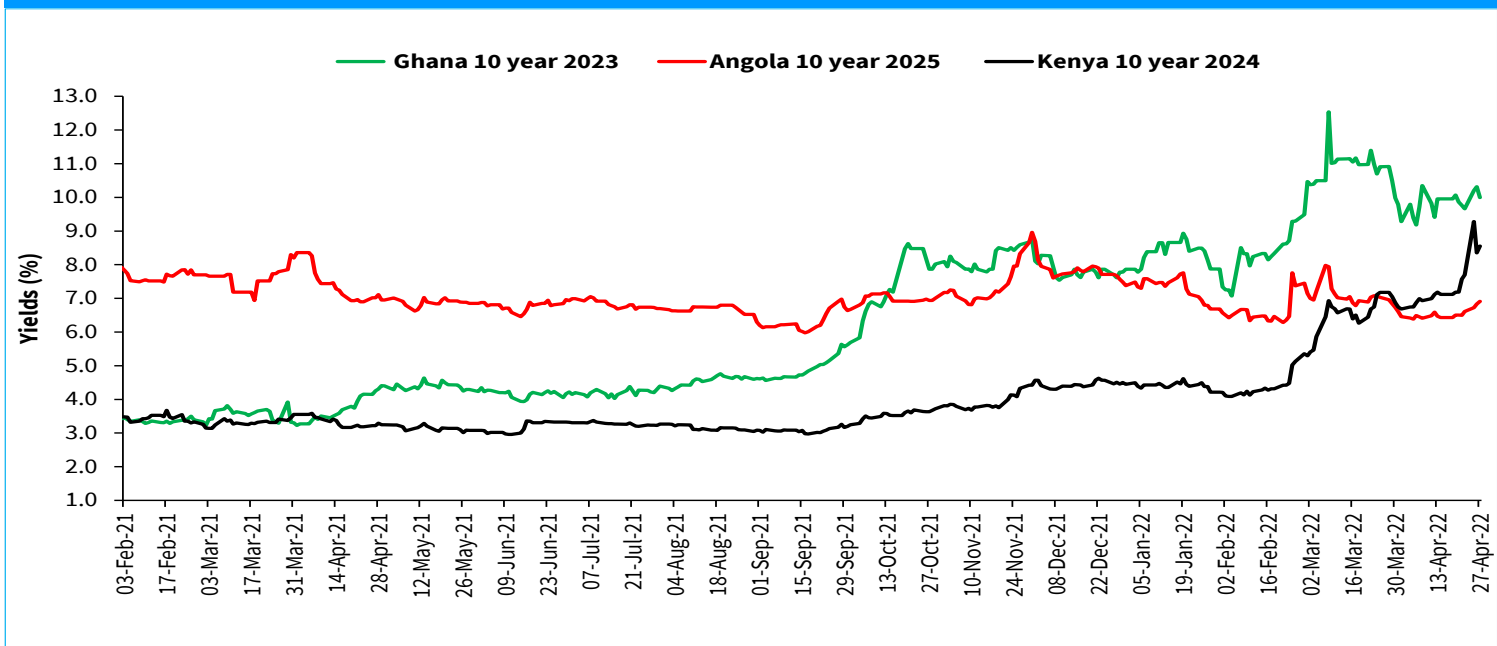
Table 6: Key Weekly Market Indicators

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
15-Apr-22	Good Friday								8.977	7.121	8.773	9.369	9.157	10.080
18-Apr-22	Easter Monday								8.993	7.121	8.773	9.369	9.375	10.080
19-Apr-22	157.23	3568.79	1857.36	1,116.00	20.01	648.37	2,451.02	1,480.40	9.310	7.184	8.861	9.458	9.375	10.080
20-Apr-22	157.29	3567.21	1857.16	1,177.00	9.35	242.39	2,451.92	4,605.70	9.255	7.185	8.920	9.436	9.387	10.161
21-Apr-22	156.69	3565.47	1857.76	1,204.00	26.20	799.37	2,442.63	1,896.95	9.248	7.569	9.127	9.593	9.274	10.324
April 15- 21	156.69	3565.47	1857.76	3,497.00	55.57	1,690.13	2,442.63	7,983.05	9.248	7.569	9.127	9.593	9.274	10.324
22-Apr-22	154.85	3528.49	1853.74	991.00	6.63	251.27	2,413.88	3,865.12	9.417	7.698	9.217	9.660	9.337	10.358
25-Apr-22	153.98	3515.44	1848.31	1,041.00	6.68	222.83	2,400.32	1,128.80	10.255	9.281	9.917	10.285	9.928	10.843
26-Apr-22	152.35	3459.58	1827.90	1,154.00	9.48	366.41	2,374.78	4,358.26	9.907	8.352	9.763	10.027	9.684	10.718
27-Apr-22	151.23	3412.65	1815.03	1,096.00	5.23	154.71	2,357.33	4,492.38	10.231	8.552	9.764	10.144	9.818	10.736
April 22- 27	151.23	3412.65	1815.03	4,282.00	28.03	995.21	2,357.33	13,844.55	10.231	8.552	9.764	10.144	9.818	10.736
Weekly Changes (%)	-3.48	-4.29	-2.30	22.45	-49.56	-41.12	-3.49	73.42	0.983*	0.983*	0.637*	0.551*	0.544*	0.412*

* 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	31-Dec-21	28-Feb-22	25-Mar-22	14-Apr-22	22-Apr-22
1. Treasury Bills (Excluding Repos)	765.37	763.45	709.15	679.48	662.60	642.73	630.73
<i>(As % of total securities)</i>	21.17	19.78	17.95	16.65	16.15	15.61	15.37
2. Treasury Bonds	2,849.94	3,096.84	3,242.24	3,400.35	3,440.61	3,473.72	3,473.72
<i>(As % of total securities)</i>	78.83	80.22	82.05	83.35	83.85	84.39	84.63
3. Total Securities (1+2)	3,615.31	3,860.29	3,951.39	4,079.83	4,103.21	4,116.45	4,104.46
4. Overdraft at Central Bank	59.28	55.11	59.31	74.70	61.36	54.74	67.34
5. Other Domestic debt*	22.50	22.37	21.66	25.77	26.89	26.89	26.93
6. Gross Domestic Debt (3+4+5)	3,697.09	3,937.78	4,032.37	4,180.29	4,191.46	4,198.09	4,198.72

* 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	30-Sep-21	31-Dec-21	28-Feb-22	25-Mar-22	14-Apr-22	22-Apr-22
Treasury bills (Excluding Repos)	20.70	19.39	17.59	16.25	15.81	15.31	15.02
Treasury bonds	77.09	78.64	80.41	81.34	82.09	82.75	82.73
Overdraft at Central Bank	1.60	1.40	1.47	1.79	1.46	1.30	1.60
Other domestic debt	0.61	0.57	0.54	0.62	0.64	0.64	0.64
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-21	30-Sep-21	31-Dec-21	28-Feb-22	25-Mar-22	14-Apr-22	22-Apr-22
Banking Institutions	51.24	50.82	50.20	49.51	49.29	49.20	49.31
Insurance Companies	6.66	6.60	6.79	6.82	6.87	6.89	6.89
Parastatals	5.54	5.39	5.57	5.62	5.72	5.71	5.61
Pension Funds	30.60	31.24	31.34	31.64	31.75	31.78	31.84
Other Investors	5.96	5.95	6.10	6.41	6.37	6.42	6.35
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