



Central Bank of Kenya

# Weekly Bulletin

February 4, 2022



## RECENT MONETARY AND FINANCIAL DEVELOPMENTS

### Inflation

Overall inflation declined to 5.4 percent in January 2022 from 5.7 percent in December 2021, due to easing electricity and pump prices following government interventions. Fuel inflation declined to 8.2 percent from 10.5 percent in December 2021. Food inflation also declined to 8.9 percent from 9.1 percent in December 2021, following increased supply of food crops due to seasonal factors. Meanwhile, Non-food non-fuel inflation remained low and stable at 2.0 percent in December 2021 and January 2022, reflecting 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 February 3. It exchanged at KSh 113.59 per US dollar on February 3, compared to KSh 113.55 per US dollar on January 27 (**Table 1**).

### Foreign Exchange Reserves

The usable foreign exchange reserves remained adequate at USD 8,224 million (5.03 months of import cover) as at February 3. 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 relatively liquid during the week ending February 3 partly reflecting government payments, which offset tax remittances. Commercial banks' excess reserves stood at KSh 11.3 billion in relation to the 4.25 percent cash reserves requirement (CRR). Open market operations remained active. The average interbank rate was 3.88 percent on February 3 compared to 4.83 percent on January 27. During the week, the average number of interbank deals decreased to 21 from 25 in the previous week, while the average value traded increased to KSh 12.2 billion compared to KSh 11.6 billion in the previous week (**Table 3**).

### Government Securities Market

The Treasury bill auction of February 3 received bids totalling KSh 27.8 billion against an advertised amount of KSh 24.0 billion, representing a performance of 115.8 percent. Interest rates remained stable, with the 91-day and 182-day Treasury bill rates declining while the 364-day Treasury bill rate increased marginally (**Table 4**).

### Equity Market

At the Nairobi Securities Exchange, the NSE 20, NASI and NSE 25 share price indices increased by 1.2 percent, 4.1 percent and 3.8 percent respectively. Similarly, market capitalization, equity turnover and total shares traded increased by 4.1 percent, 88.1 percent and 70.9 percent, respectively, during the week ending February 3 (**Table 6**).

### Bonds Market

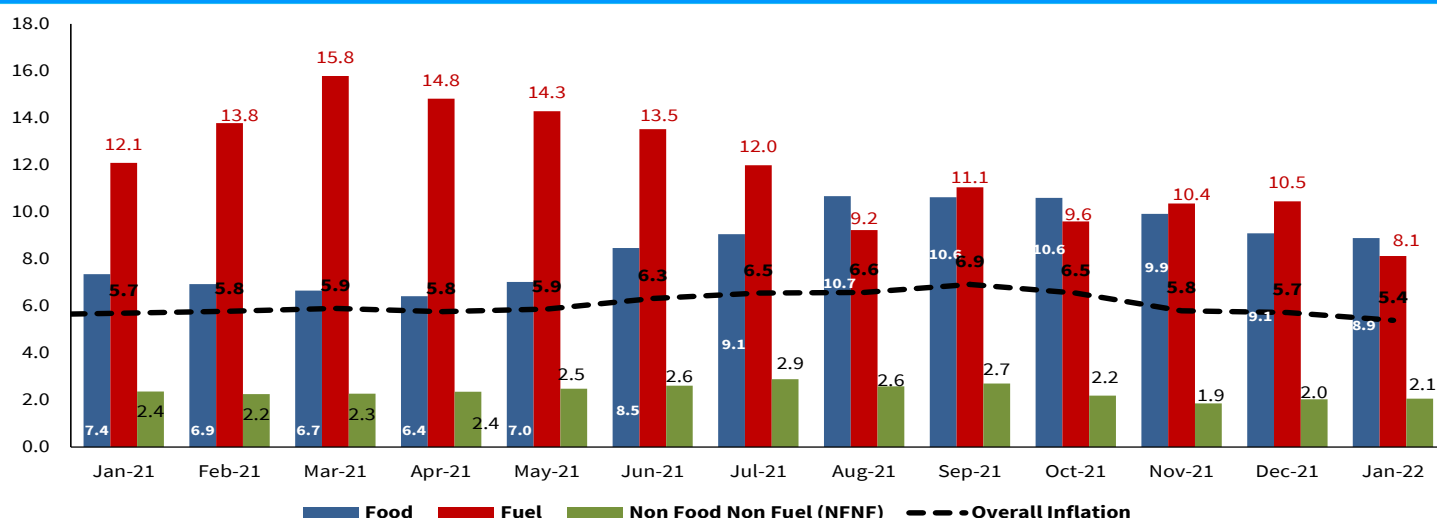
Bonds turnover in the domestic secondary market declined by 4.6 percent during the week ending February 3 (**Table 6**). In the international market, yields on Kenya's Eurobonds declined by an average of 13.4 basis points. Similarly, the yields on the 10-year Eurobonds for Ghana and Angola declined (**Chart 2**).

### Global Trends

Concerns about inflation in the advanced economies remain elevated. Eurozone consumer prices rose by 5.1 percent in January, driven by strong consumer demand, high energy prices and global supply chain disruptions.

International oil prices increased further during the week ending February 3. Murban oil prices rose to USD 90.14 per barrel on February 3 compared to USD 89.59 per barrel on January 27.

### Chart 1: Inflation



Source: Kenya National Bureau of Statistics (KNBS) and CBK Staff Calculations

### 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*
21-Jan-22	113.52	154.30	128.74	99.29	31.01	20.35	9.15	17.58
24-Jan-22	113.53	154.00	128.71	99.63	31.01	20.35	9.15	17.58
25-Jan-22	113.54	153.54	128.52	99.78	31.05	20.35	9.15	17.58
26-Jan-22	113.55	153.08	128.26	99.69	31.04	20.34	9.15	17.58
27-Jan-22	113.55	153.16	128.11	99.02	31.04	20.34	9.15	17.59
<b>January 21-27</b>	<b>113.54</b>	<b>153.61</b>	<b>128.47</b>	<b>99.48</b>	<b>31.03</b>	<b>20.35</b>	<b>9.15</b>	<b>17.58</b>
28-Jan-22	113.57	152.60	127.37	98.38	30.97	20.34	9.15	17.58
31-Jan-22	113.57	152.55	127.22	98.40	30.90	20.34	9.15	17.58
1-Feb-22	113.58	152.58	127.10	98.39	30.90	20.34	9.15	17.58
2-Feb-22	113.58	152.88	127.64	98.96	30.79	20.36	9.15	17.58
3-Feb-22	113.59	153.34	128.05	99.18	30.77	20.34	9.15	17.58
<b>Jan 28 -Feb 3</b>	<b>113.58</b>	<b>152.79</b>	<b>127.48</b>	<b>98.66</b>	<b>30.87</b>	<b>20.34</b>	<b>9.15</b>	<b>17.58</b>

\*Units of currency per Kenya Shilling

Source: Central Bank of Kenya

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

	6-Jan-22	13-Jan-22	20-Jan-22	27-Jan-22	3-Feb-22
1. CBK Usable Foreign Exchange Reserves (USD Million)	8,765	8,764	8,715	8,287	8,224
2. CBK Usable Foreign Exchange Reserves (Months of Import Cover)*	5.36	5.36	5.33	5.07	5.03

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

Source: Central Bank of Kenya

<b>Table 3: Money Markets</b>			
<b>Date</b>	<b>Number of Deals</b>	<b>Value (KSh M)</b>	<b>Average Interbank Rate (%)</b>
21-Jan-22	36	14,135.00	4.52
24-Jan-22	25	11,305.00	4.57
25-Jan-22	27	14,655.00	4.61
26-Jan-22	21	10,845.00	4.65
27-Jan-22	16	6,855.00	4.83
<b>Jan 21 -27</b>	<b>25</b>	<b>11,559.00</b>	<b>4.64</b>
28-Jan-22	21	10,345.00	4.98
31-Jan-22	17	5,770.00	5.05
1-Feb-22	19	13,345.00	4.76
2-Feb-22	18	16,110.00	4.11
3-Feb-22	28	15,620.00	3.88
<b>Jan 28 -Feb 3</b>	<b>21</b>	<b>12,238.00</b>	<b>4.56</b>

Source: Central Bank of Kenya

<b>Table 4: Performance of Treasury Bills Auctions</b>						
<b>91-Day Treasury Bills</b>						
<b>Date of Auction</b>	<b>30-Dec-21</b>	<b>6-Jan-22</b>	<b>13-Jan-22</b>	<b>20-Jan-22</b>	<b>27-Jan-22</b>	<b>3-Feb-22</b>
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)	572.28	5,653.08	4,404.16	1,925.63	1,506.72	3,385.39
Amount Accepted (KSh M)	572.80	5,652.69	4,325.22	1,689.28	1,505.25	3,304.27
Maturities (KSh M)	2,670.95	3,439.20	3,063.15	6,617.45	2,676.75	3,481.85
<b>Average Interest Rate (%)</b>	<b>7.271</b>	<b>7.345</b>	<b>7.309</b>	<b>7.331</b>	<b>7.343</b>	<b>7.317</b>
<b>182-Day Treasury Bills</b>						
<b>Date of Auction</b>	<b>30-Dec-21</b>	<b>6-Jan-22</b>	<b>13-Jan-22</b>	<b>20-Jan-22</b>	<b>27-Jan-22</b>	<b>3-Feb-22</b>
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)	2,320.06	6,333.52	13,722.28	12,313.24	5,344.77	8,244.05
Amount Accepted (KSh M)	2,320.06	6,332.76	13,715.36	12,241.14	5,344.67	8,243.86
Maturities (KSh M)	14,403.60	12,067.20	11,685.45	3,316.25	6,662.90	14,529.00
<b>Average Interest Rate (%)</b>	<b>8.095</b>	<b>8.041</b>	<b>8.081</b>	<b>8.069</b>	<b>8.112</b>	<b>8.095</b>
<b>364-Day Treasury Bills</b>						
<b>Date of Auction</b>	<b>30-Dec-21</b>	<b>6-Jan-22</b>	<b>13-Jan-22</b>	<b>20-Jan-22</b>	<b>27-Jan-22</b>	<b>3-Feb-22</b>
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)	4,936.06	11,199.53	19,399.66	14,429.44	19,054.94	16,168.11
Amount Accepted (KSh M)	4,936.06	11,167.33	13,011.14	14,006.88	17,623.48	14,293.17
Maturities (KSh M)	4,283.05	10,832.40	14,387.20	15,695.35	14,547.35	13,421.20
<b>Average Interest Rate (%)</b>	<b>9.367</b>	<b>9.444</b>	<b>9.474</b>	<b>9.510</b>	<b>9.544</b>	<b>9.594</b>

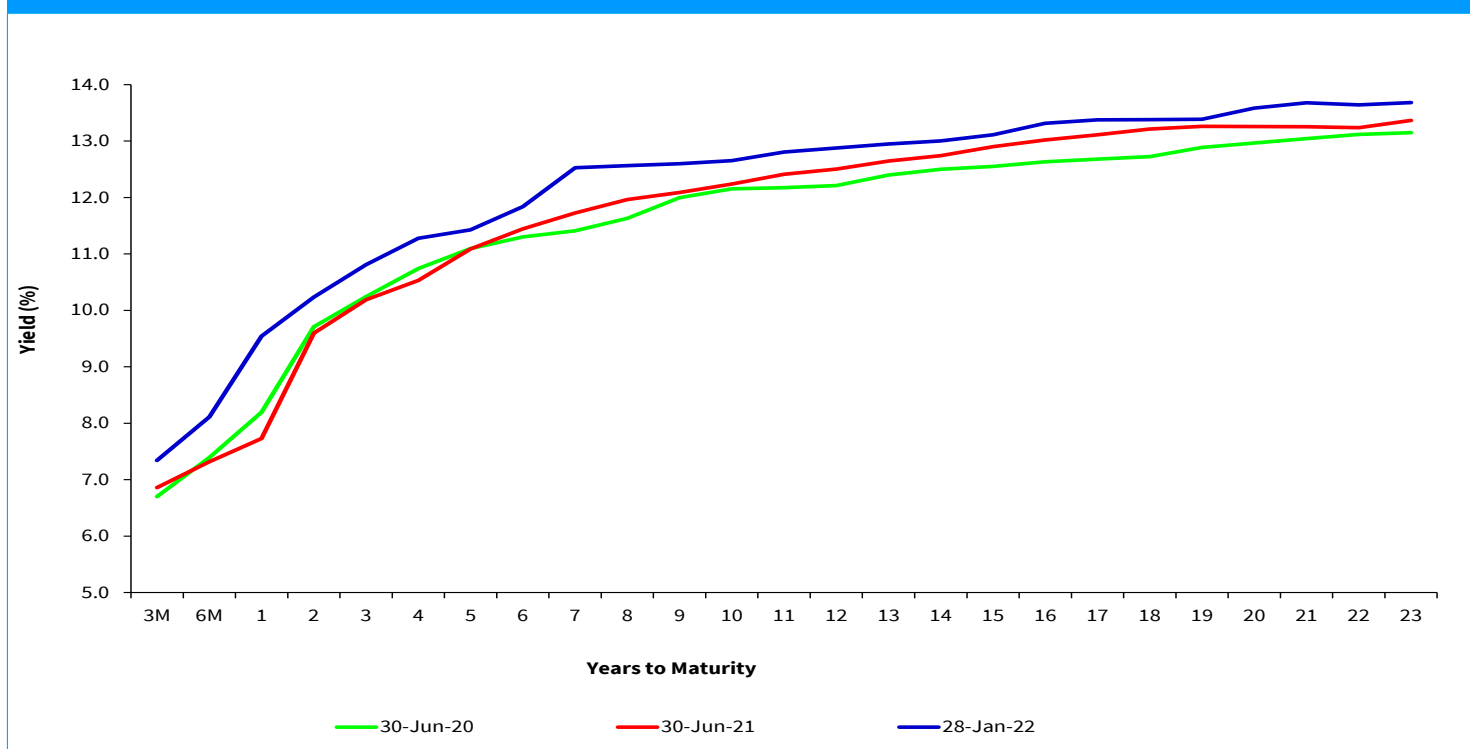
Source: Central Bank of Kenya

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

Date of Auction	10-Nov-21		8-Dec-21		5-Jan-22	19-Jan-22	
	REOPEN		REOPEN		REOPEN	REOPEN	
Tenor	FXD1/ 2021/5	FXD1/ 2019/20	FXD4/ 2019/10	FXD1/ 2018/20	FXD1/ 2021/005	FXD2/ 2018/10	FXD1/ 2021/007
Amount offered (KSh M)	50,000.00		40,000.00		30,000.00	30,000.00	
Bids received (KSh M)	66,603.14	17,567.66	20,269.28	20,906.41	28,393.48	10,434.25	27,978.40
Amount Accepted (KSh M)	53,661.88	15,845.49	20,262.52	17,564.98	27,428.16	7,303.40	27,596.37
Maturities (KSh M)	0.00		0.00		0.00	0.00	
Average interest Rate (%)	11.28	13.41	12.64	13.37	11.23	12.56	13.72

Source: Central Bank of Kenya

**Chart 2: Government Securities Yield Curve**



Source: Nairobi Securities Exchange (NSE)

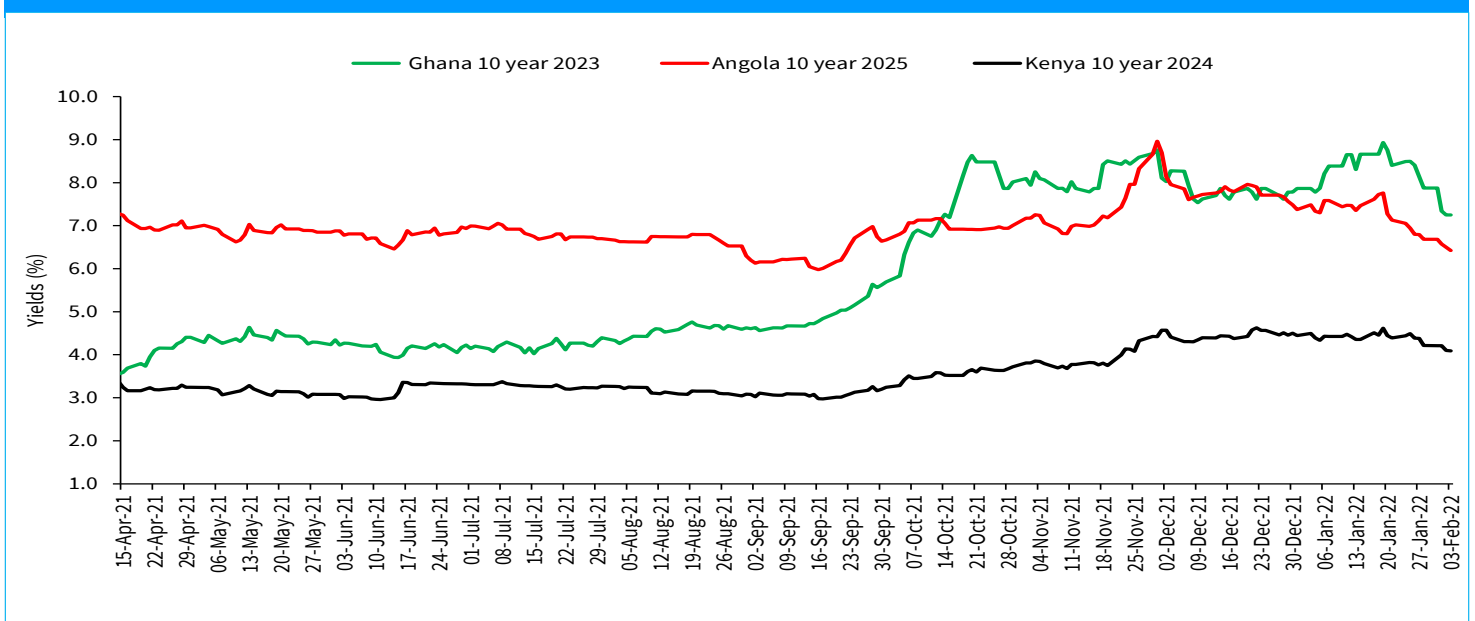
**Table 6: Key Weekly Market Indicators**

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
21-Jan-22	164.66	3,695.95	1,892.54	896.00	10.32	270.32	2,564.71	823.50	6.209	4.391	6.444	7.231	7.105	8.675
24-Jan-22	164.13	3,686.12	1,886.43	1,054.00	11.80	450.39	2,556.43	1,171.90	6.338	4.442	6.542	7.267	7.229	8.713
25-Jan-22	161.95	3,649.64	1,881.42	1,168.00	11.59	413.09	2,522.48	2,394.90	6.388	4.493	6.616	7.358	7.219	8.726
26-Jan-22	160.34	3,623.29	1,882.94	1,052.00	10.17	361.12	2,497.34	3,475.30	6.399	4.383	6.616	7.376	7.207	8.764
27-Jan-22	160.02	3,618.76	1,879.15	1,128.00	10.35	535.37	2,492.39	2,366.80	6.321	4.378	6.566	7.303	7.139	8.675
<b>Jan 21-27</b>	<b>160.02</b>	<b>3618.76</b>	<b>1879.15</b>	<b>5298.00</b>	<b>54.22</b>	<b>2030.28</b>	<b>2,492.39</b>	<b>10232.40</b>	<b>6.321</b>	<b>4.378</b>	<b>6.566</b>	<b>7.303</b>	<b>7.139</b>	<b>8.675</b>
28-Jan-22	161.04	3639.37	1875.33	1243.00	18.06	863.75	2,508.32	3,124.80	6.298	4.215	6.566	7.285	7.156	8.662
31-Jan-22	163.29	3680.19	1889.33	961.00	11.96	582.50	2,543.44	2,365.80	6.278	4.212	6.566	7.248	7.123	8.662
1-Feb-22	165.25	3723.54	1889.37	1201.00	18.62	750.31	2,573.93	1,541.05	6.256	4.209	6.565	7.266	7.123	8.637
2-Feb-22	165.93	3743.84	1892.89	1030.00	13.20	510.61	2,584.60	1,234.85	6.188	4.099	6.516	7.248	6.979	8.625
3-Feb-22	166.62	3756.02	1901.48	1012.00	30.81	1110.00	2,595.43	1499.15	6.224	4.090	6.515	7.157	7.056	8.538
<b>Jan 28- Feb 3</b>	<b>166.62</b>	<b>3756.02</b>	<b>1901.48</b>	<b>5447.00</b>	<b>92.64</b>	<b>3817.16</b>	<b>2,595.43</b>	<b>9,765.65</b>	<b>6.224</b>	<b>4.090</b>	<b>6.515</b>	<b>7.157</b>	<b>7.056</b>	<b>8.538</b>
<b>Weekly Changes (%)</b>	<b>4.12</b>	<b>3.79</b>	<b>1.19</b>	<b>2.81</b>	<b>70.86</b>	<b>88.01</b>	<b>4.13</b>	<b>-4.56</b>	<b>-0.097*</b>	<b>-0.288*</b>	<b>-0.051*</b>	<b>0.146*</b>	<b>-0.083*</b>	<b>-0.137*</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	30-Sep-21	29-Oct-21	26-Nov-21	31-Dec-21	21-Jan-22	28-Jan-22
1. Treasury Bills (Excluding Repos)	765.37	763.45	734.65	716.69	709.15	698.11	702.10
<i>(As % of total securities)</i>	<b>21.17</b>	<b>19.78</b>	<b>18.96</b>	<b>18.28</b>	<b>17.95</b>	<b>17.60</b>	<b>17.52</b>
2. Treasury Bonds	2,849.94	3,096.84	3,139.42	3,203.90	3,242.24	3,269.35	3,304.90
<i>(As % of total securities)</i>	<b>78.83</b>	<b>80.22</b>	<b>81.04</b>	<b>81.72</b>	<b>82.05</b>	<b>82.40</b>	<b>82.48</b>
3. Total Securities (1+2)	3,615.31	3,860.29	3,874.07	3,920.59	3,951.39	3,967.46	4,007.00
4. Overdraft at Central Bank	59.28	55.11	62.35	62.82	59.31	58.42	56.26
5. Other Domestic debt*	22.50	22.37	22.39	23.09	23.91	21.69	21.67
<b>6. Gross Domestic Debt (3+4+5)</b>	<b>3,697.09</b>	<b>3,937.78</b>	<b>3,958.81</b>	<b>4,006.50</b>	<b>4,034.61</b>	<b>4,047.56</b>	<b>4,084.93</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-21	30-Sep-21	29-Oct-21	26-Nov-21	31-Dec-21	21-Jan-22	28-Jan-22
Treasury bills (Excluding Repos)	20.70	19.39	18.56	17.89	17.58	17.25	17.19
Treasury bonds	77.09	78.64	79.30	79.97	80.36	80.77	80.90
Overdraft at Central Bank	1.60	1.40	1.57	1.57	1.47	1.44	1.38
Other domestic debt	0.61	0.57	0.57	0.58	0.59	0.54	0.53
<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-21	30-Sep-21	29-Oct-21	26-Nov-21	31-Dec-21	21-Jan-22	28-Jan-22
Banking Institutions	51.24	50.82	50.34	50.25	50.20	50.24	49.94
Insurance Companies	6.66	6.60	6.68	6.70	6.79	6.77	6.87
Parastatals	5.54	5.39	5.38	5.56	5.57	5.63	5.63
Pension Funds	30.60	31.24	31.44	31.40	31.34	31.25	31.39
Other Investors	5.96	5.95	6.15	6.09	6.10	6.11	6.17
<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	Apr-21	May-21	Jun-21	Sep-21
Domestic debt (KSh Bn)	3,457.11	3,488.54	3,569.84	3,632.91	3,686.89	3,697.09	3,937.80
Public & Publicly Guaranteed External debt (USD Bn)	33.77	34.75	34.42	35.13	35.31	37.08	36.73
Public & Publicly Guaranteed External debt (KSh Bn)	3,663.49	3,793.29	3,769.87	3,778.13	3,799.02	3,999.54	4,058.50
Public debt (KSh Bn)	<b>7,120.60</b>	<b>7,281.83</b>	<b>7,339.71</b>	<b>7,411.05</b>	<b>7,485.91</b>	<b>7,696.64</b>	<b>7,996.20</b>

Source: National Treasury and Central Bank of Kenya