



Central Bank of Kenya

Weekly Bulletin

November 25, 2022



RECENT MONETARY AND FINANCIAL DEVELOPMENTS

Monetary Policy Committee Meeting

The Monetary Policy Committee met on November 23, 2022 and noted the sustained inflationary pressures, the elevated global risks and their potential impact on the domestic economy. The Committee concluded that there was scope for a further tightening of the monetary policy in order to anchor inflation expectations. In view of these developments, the MPC decided to raise the Central Bank Rate (CBR) from 8.25 percent to 8.75 percent.

Exchange Rates

The Kenya Shilling remained stable against major international and regional currencies during the week ending November 24. It exchanged at KSh 122.23 per US dollar on November 24, compared to KSh 121.98 per US dollar on November 17 (**Table 1**).

Foreign Exchange Reserves

The usable foreign exchange reserves remained adequate at USD 7,045 million (3.95 months of import cover) as at November 24. This meets the CBK's statutory requirement to endeavor to maintain at least 4 months of import cover (**Table 2**).

Money Market

Liquidity in the money market declined during the week ending November 24 as tax remittances more than offset government payments. 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 4.83 percent on November 24 compared to 4.49 percent on November 17. During the week, the average number of interbank deals increased to 29 from 26 in the previous week, while the average value traded increased to KSh 21.5 billion from KSh 17.8 billion (**Table 3**).

Government Securities Market

The Treasury bill auction of November 24 received bids totaling KSh 27.2 billion against an advertised amount of KSh 24.0 billion, representing a performance of 113.4

percent. Interest rates remained stable, with 91-day, 182-day and 364-day Treasury bill rates increasing marginally (**Table 4**).

During the Treasury bond tap sale of November 23, the 14-year fixed rate infrastructure bond received bids totaling KSh 19.1 billion against an advertised amount of KSh 5.0 billion, representing a performance rate of 382.7 percent (**Table 5**).

Equity Market

At the Nairobi Securities Exchange, the NASI, NSE 25 and NSE 20 share price indices declined by 1.1 percent, 0.6 percent and 1.0 percent, respectively, during the week ending November 24. Market capitalization, equity turnover and total shares traded declined by 1.0 percent, 8.9 percent and 23.0 percent, respectively (**Table 6**).

Bonds Market

Bond turnover in the domestic secondary market increased by 15.9 percent during the week ending November 24 (**Table 6**). In the international market, yields on Kenya's Eurobonds increased by an average of 42.93 basis points, with 2024 maturity increasing by 137.90 basis points. The yield on the 10-Year Eurobond for Ghana increased while that of Angola declined (**Chart 2**).

Global Trends

Inflation concerns persisted during the week ending November 24 with several emerging market and developing economies tightening further their monetary policy. The index of the US dollar against a basket of major currencies weakened by 0.8 percent during the week ending November 24.

International oil prices decreased during the week ending November 24, due to US oil inventory build-up, and increased COVID-19 pandemic restrictions in China. Murban oil price decreased to USD 84.23 per barrel on November 24 from USD 91.46 per barrel on November 17.

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

	USD	Sterling Pound	Euro	100 Japanese Yen	Uganda Shilling*	Tanzania Shilling*	Rwandese Franc*	Burundi Franc*
11-Nov-22	121.78	139.92	122.20	85.18	31.04	19.15	8.78	16.99
14-Nov-22	121.83	143.19	125.27	87.30	30.90	19.14	8.78	16.98
15-Nov-22	121.90	143.63	125.65	86.98	30.80	19.13	8.77	16.97
16-Nov-22	121.93	145.21	126.97	87.75	30.76	19.13	8.77	16.97
17-Nov-22	121.98	144.98	126.94	87.37	30.74	19.12	8.62	16.96
Nov 11-17	121.88	143.39	125.40	86.92	30.85	19.13	8.74	16.97
18-Nov-22	122.03	144.84	126.31	86.86	30.65	19.11	8.62	16.96
21-Nov-22	122.08	145.48	126.67	86.94	30.62	19.10	8.85	16.95
22-Nov-22	122.13	144.30	125.32	86.09	30.66	19.10	8.85	16.95
23-Nov-22	122.18	145.21	126.01	86.44	30.65	19.09	8.84	16.94
24-Nov-22	122.23	146.29	126.23	88.09	30.61	19.08	8.84	16.94
Nov 18-24	122.13	145.22	126.11	86.88	30.64	19.10	8.80	16.95

*Units of currency per Kenya Shilling

Table 2: Official Foreign Exchange Reserves (USD Million)

	27-Oct-22	3-Nov-22	10-Nov-22	17-Nov-22	24-Nov-22
1. CBK Usable Foreign Exchange Reserves (USD Million)	7,286	7,213	7,235	7,191	7,045
2. CBK Usable Foreign Exchange Reserves (Months of Import Cover)*	4.11	4.04	4.05	4.03	3.95

*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 (%)
11-Nov-22	13	12,300.00	3.84
14-Nov-22	25	14,860.00	4.30
15-Nov-22	31	22,330.00	4.33
16-Nov-22	33	20,170.00	4.30
17-Nov-22	30	19,285.00	4.49
Nov 11-17	26	17,789.00	4.25
18-Nov-22	36	28,985.00	4.37
21-Nov-22	23	17,050.00	4.47
22-Nov-22	24	12,900.00	4.72
23-Nov-22	31	24,160.00	4.83
24-Nov-22	30	24,260.00	4.83
Nov 18-24	29	21,471.00	4.64

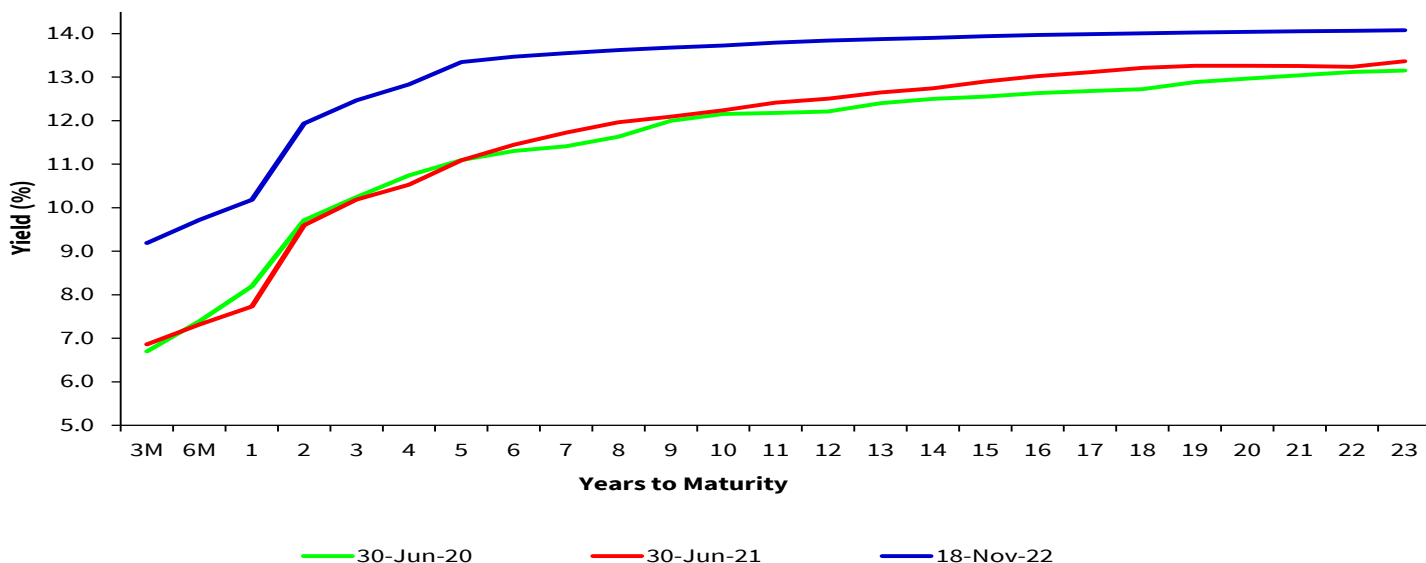
Source: Central Bank of Kenya

Table 4: Performance of Treasury Bill Auctions						
91-Day Treasury Bills						
Date of Auction	19-Oct-22	27-Oct-22	3-Nov-22	10-Nov-22	17-Nov-22	24-Nov-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)	19,518.51	11,992.46	18,550.41	26,513.04	16,252.07	12,673.21
Amount Accepted (KSh M)	13,847.84	11,971.45	16,535.55	18,647.13	12,184.75	11,186.00
Maturities (KSh M)	13,744.80	14,352.85	7,622.45	12,237.60	12,012.80	8,539.25
Average Interest Rate (%)	9.100	9.127	9.139	9.173	9.191	9.237
182-Day Treasury Bills						
Date of Auction	19-Oct-22	27-Oct-22	4-Nov-22	10-Nov-22	17-Nov-22	24-Nov-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)	4,819.96	2,153.68	8,336.78	13,891.83	15,803.05	6,846.75
Amount Accepted (KSh M)	4,672.62	2,067.25	6,400.13	11,010.05	13,227.07	4,463.71
Maturities (KSh M)	9,384.25	9,040.65	3,873.55	8,264.05	8,701.20	2,942.70
Average Interest Rate (%)	9.664	9.678	9.691	9.706	9.721	9.733
364-Day Treasury Bills						
Date of Auction	19-Oct-22	27-Oct-22	4-Nov-22	10-Nov-22	17-Nov-22	24-Nov-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)	3,965.45	4,044.29	16,764.88	8,683.43	8,946.27	7,688.32
Amount Accepted (KSh M)	3,965.45	3,590.62	16,537.96	8,681.53	4,673.31	5,747.65
Maturities (KSh M)	5,117.10	6,278.35	20,896.55	7,966.30	8,993.95	7,129.50
Average Interest Rate (%)	9.928	9.965	10.109	10.186	10.181	10.219

Source: Central Bank of Kenya

Table 5: Performance of Treasury Bond Auctions							
Date of Auction	14-Sep-22		5-Oct-22		19-Oct-22	9-Nov-22	23-Nov-22
	RE-OPEN		RE-OPEN				TAP
Tenor	FXD1/ 2022/10	FXD1/ 2022/15	FXD1/ 2017/10	FXD1/ 2020/15	FXD1/ 2022/25	IFB1/ 2022/14	IFB1/ 2022/14
Amount offered (KSh M)	50,000.00		40,000.00		20,000.00	60,000.00	5,000.00
Bids received (KSh M)	28,516.06	17,617.97	17,256.31	1,543.83	14,894.85	91,849.42	19,136.05
Amount Accepted (KSh M)	25,619.45	13,406.37	14,109.57	1,006.54	13,665.80	75,572.16	19,132.80
Maturities (KSh M)							
Average interest Rate (%)	13.95	13.98	13.37	13.97	14.19	13.94	13.94

Chart 1: Government Securities Yield Curve



Source: Nairobi Securities Exchange (NSE)

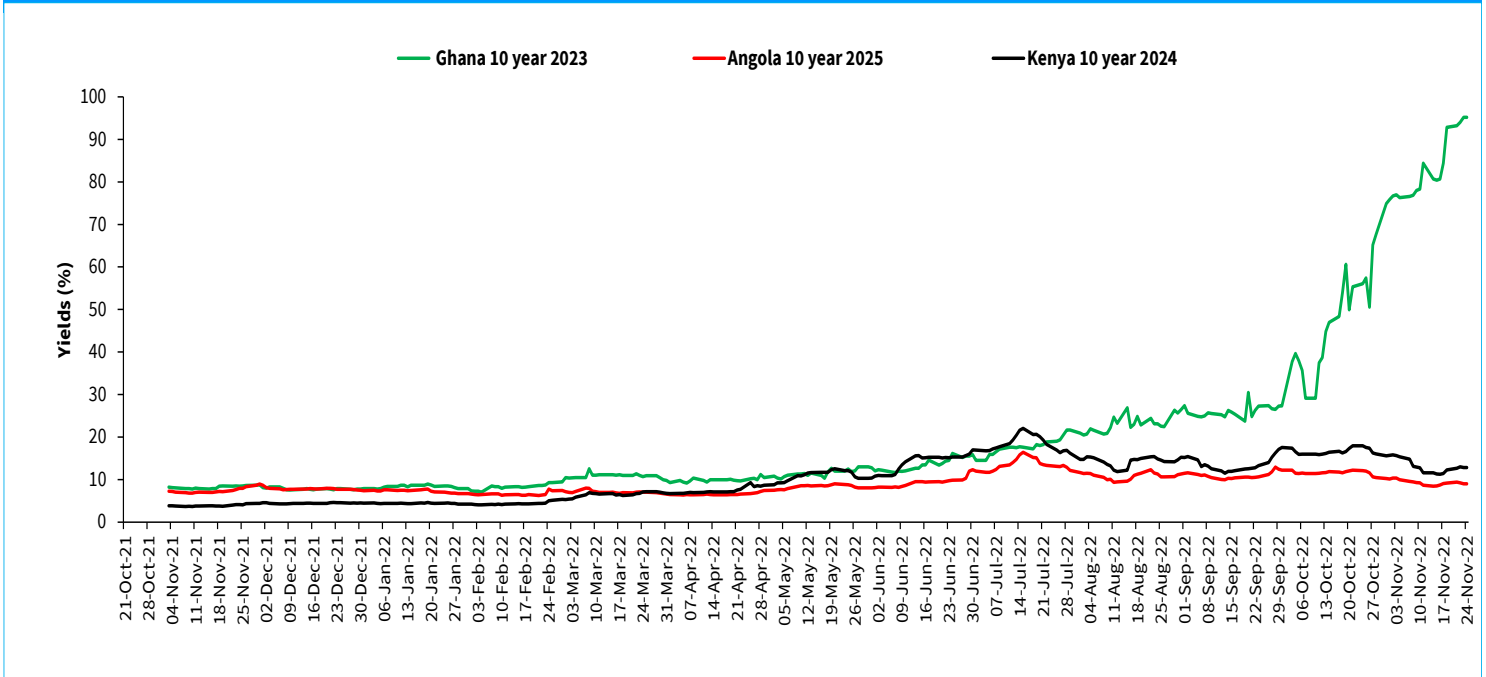
Table 6: Key Market Indicators

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
11-Nov-22	128.09	3088.01	1666.47	960.00	9.77	297.49	1,995.69	1,456.80	10.359	11.583	10.342	10.813	9.914	11.095
14-Nov-22	127.85	3090.15	1655.89	1,013.00	4.92	135.37	1,991.95	1,008.60	10.501	11.592	10.411	10.814	9.869	11.058
15-Nov-22	127.88	3091.99	1658.65	958.00	10.85	275.21	1,992.47	2,880.95	10.41	11.325	10.142	10.587	9.644	10.874
16-Nov-22	129.09	3124	1665.46	977.00	38.50	886.02	2,010.15	5,071.55	10.32	11.242	10.076	10.588	9.578	10.947
17-Nov-22	128.77	3117.73	1659.26	914.00	9.51	289.34	2,006.36	2,230.80	10.468	11.447	10.181	10.59	9.736	10.911
Nov 11-17	128.77	3,117.73	1,659.26	4,822.00	73.56	1,883.42	2,006.36	12,648.70	10.468	11.447	10.181	10.590	9.736	10.911
18-Nov-22	129.02	3129.71	1664.82	859.00	14.56	371.13	2,010.25	3,303.63	10.992	12.293	10.454	10.742	9.896	11.096
21-Nov-22	128.89	3121.83	1659.51	922.00	11.73	369.32	2,008.20	3,140.35	11.528	12.679	10.627	10.871	10.203	11.096
22-Nov-22	127.55	3091.04	1640.56	964.00	5.70	177.15	1,987.28	3,494.85	11.193	12.985	10.664	10.872	10.013	11.152
23-Nov-22	127.79	3099.02	1643.95	893.00	21.44	675.48	1,991.00	2,894.95	11.008	12.826	10.428	10.771	9.854	11.022
24-Nov-22	127.41	3098.61	1643.03	762.00	3.24	122.40	1,986.70	1,822.50	11.008	12.826	10.428	10.771	9.854	11.022
Nov 18-24	127.41	3,098.61	1,643.03	4,400.00	56.67	1,715.48	1,986.70	14,656.28	11.008	12.826	10.428	10.771	9.854	11.022
Weekly Changes (%)	-1.06	-0.61	-0.98	-8.75	-22.95	-8.92	-0.98	15.87	0.540*	1.379*	0.247*	0.181*	0.118*	0.111*

* 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	31-Dec-21	29-Jul-22	30-Sep-22	11-Nov-22	18-Nov-22
1. Treasury Bills (Excluding Repos)	887.70	765.37	709.15	646.95	672.28	670.51	682.19
<i>(As % of total securities)</i>	28.56	21.17	17.95	15.29	15.61	15.58	15.54
2. Treasury Bonds	2,220.34	2,849.94	3,242.24	3,585.11	3,634.86	3,632.71	3,707.94
<i>(As % of total securities)</i>	71.44	78.83	82.05	84.71	84.39	84.42	84.46
3. Total Securities (1+2)	3,108.04	3,615.31	3,951.39	4,232.07	4,307.14	4,303.22	4,390.12
4. Overdraft at Central Bank	47.15	59.28	59.31	45.44	27.25	67.33	34.54
5. Other Domestic debt*	23.24	22.50	21.66	33.18	30.90	31.94	32.38
6. Gross Domestic Debt (3+4+5)	3,178.42	3,697.09	4,032.37	4,310.69	4,365.29	4,402.49	4,457.05

* 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	31-Dec-21	29-Jul-22	30-Sep-22	11-Nov-22	18-Nov-22
Treasury bills (Excluding Repos)	27.93	20.70	17.59	15.01	15.40	15.23	15.31
Treasury bonds	69.86	77.09	80.41	83.17	83.27	82.51	83.19
Overdraft at Central Bank	1.48	1.60	1.47	1.05	0.62	1.53	0.77
Other domestic debt	0.73	0.61	0.54	0.77	0.71	0.73	0.73
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	31-Dec-21	29-Jul-22	30-Sep-22	11-Nov-22	18-Nov-22
Banking Institutions	54.18	51.24	50.20	48.28	47.60	47.55	47.12
Insurance Companies	6.05	6.66	6.79	7.20	7.32	7.32	7.37
Parastatals	5.73	5.54	5.57	5.96	6.09	6.26	6.20
Pension Funds	29.04	30.60	31.34	32.56	32.75	32.66	32.97
Other Investors	5.00	5.96	6.10	6.01	6.24	6.21	6.34
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

	Dec-20	Jun-21	Sep-21	Dec-21	Mar-22	Jun-22	Aug-22	Sep-22
Domestic debt (KSh Bn)	3,488.54	3,697.09	3,937.80	4,032.37	4,191.77	4,288.33	4,335.30	4,366.30
Public & Publicly Guaranteed External debt (USD Bn)	34.75	37.08	36.73	36.90	36.82	36.58	36.23	36.00
Public & Publicly Guaranteed External debt (KSh Bn)	3,793.29	3,999.54	4,058.50	4,174.37	4,209.56	4,290.73	4,327.90	4,334.80
Public debt (KSh Bn)	7,281.83	7,696.63	7,996.30	8,206.74	8,401.33	8,579.06	8,663.20	8,701.10

* Provisional

Source: The National Treasury and Central Bank of Kenya