



Central Bank of Kenya

Weekly Bulletin

May 27, 2022



RECENT MONETARY AND FINANCIAL DEVELOPMENTS

Exchange Rates

The Kenya Shilling remained stable against major international and regional currencies during the week ending May 26. It exchanged at KSh 116.62 per US dollar on May 26, compared to KSh 116.37 per US dollar on May 19 (**Table 1**).

Foreign Exchange Reserves

The usable foreign exchange reserves remained adequate at USD 8,177 million (4.86 months of import cover) as of May 26. 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**).

Current Account

Provisional data on balance of payments shows that the current account deficit was estimated at 5.1 percent of GDP in the 12 months to April 2022, compared to 4.8 percent of GDP in the 12 months to April 2021 (**Chart 1**). The wider deficit reflects a higher import bill, particularly for oil, which more than offset increased receipts from agricultural and services exports, and remittances.

Money Market

The money market was relatively tight during the week ending May 26, as tax remittances more than offset government payments. Commercial banks' excess reserves stood at KSh 15.1 billion in relation to the 4.25 percent cash reserves requirement (CRR). Open market operations remained active. The average interbank rate was 4.63 percent on May 26 compared to 4.45 percent on May 19. During the week, the average number of interbank deals decreased to 27 from 30 in the previous week, while the average value traded decreased to KSh 14.8 billion from KSh 16.9 billion. (**Table 3**).

Government Securities Market

The Treasury bills auction of May 26, received bids totalling KSh 13.1 billion against an advertised amount of KSh 24.0 billion, representing a performance of 54.4 percent. Interest

rates remained stable, with the 91-day Treasury bill rate declining while the 182-day and 364-day Treasury bills rates increased marginally (**Table 4**).

The May 20 tap sale for the 10-year and 25-year Treasury bonds received bids totalling KSh 17.0 billion against an advertised amount of KSh 10 billion, representing a performance of 170.1 percent (**Table 5**).

Equity Market

At the Nairobi Securities Exchange, NASI, NSE 25 and NSE 20 share price indices declined by 2.4 percent, 1.8 percent and 1.3 percent, respectively. Market capitalization declined by 2.5 percent, while total shares traded and equity turnover increased by 83.8 percent and 148.4 percent, respectively, during the week ending May 26 (**Table 6**).

Bonds Market

Bonds turnover in the domestic secondary market declined by 15.0 percent during the week ending May 26 (**Table 6**). In the international market, the yields on Kenya's Eurobonds declined by an average of 143.0 basis points. Similarly, the yields on the 10-Year Eurobonds for Angola and Ghana also declined (**Chart 3**).

Global Trends

The financial markets conditions remained relatively volatile in the week ending May 26, after advanced economies' monetary policy authorities showed intent of raising their benchmark policy rates in the near-term in order to rein in the recent inflationary pressures.

International oil prices rose during the week ending May 26, on account of unbalanced oil demand and supply market and increased drawdown of oil inventories. Murban oil price increased to USD 111.19 per barrel on May 26 compared to USD 107.98 per barrel on May 19.

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

	USD	Sterling Pound	Euro	100 Japanese Yen	Uganda Shilling*	Tanzania Shilling*	Rwandese Franc*	Burundi Franc*
13-May-22	116.12	142.97	121.77	90.14	31.04	20.02	8.78	17.69
16-May-22	116.17	142.61	121.11	89.91	31.07	20.01	8.77	17.68
17-May-22	116.24	142.99	121.21	90.06	31.21	20.01	8.77	17.67
18-May-22	116.32	144.78	121.96	89.97	31.47	19.99	8.76	17.67
19-May-22	116.37	144.92	122.34	90.05	31.54	19.99	8.82	17.66
May 13-19	116.25	143.65	121.68	90.03	31.27	20.00	8.78	17.67
20-May-22	116.47	145.68	123.16	91.35	31.36	19.97	8.76	17.65
23-May-22	116.47	145.68	123.16	91.35	31.36	19.97	8.76	17.65
24-May-22	116.52	146.55	123.87	91.15	31.39	19.96	8.76	17.64
25-May-22	116.58	146.16	124.58	91.52	31.44	19.97	8.81	17.63
26-May-22	116.62	146.28	124.44	91.67	31.63	19.95	8.75	17.63
May 20-26	116.53	146.07	123.84	91.41	31.44	19.97	8.77	17.64

*Units of currency per Kenya Shilling

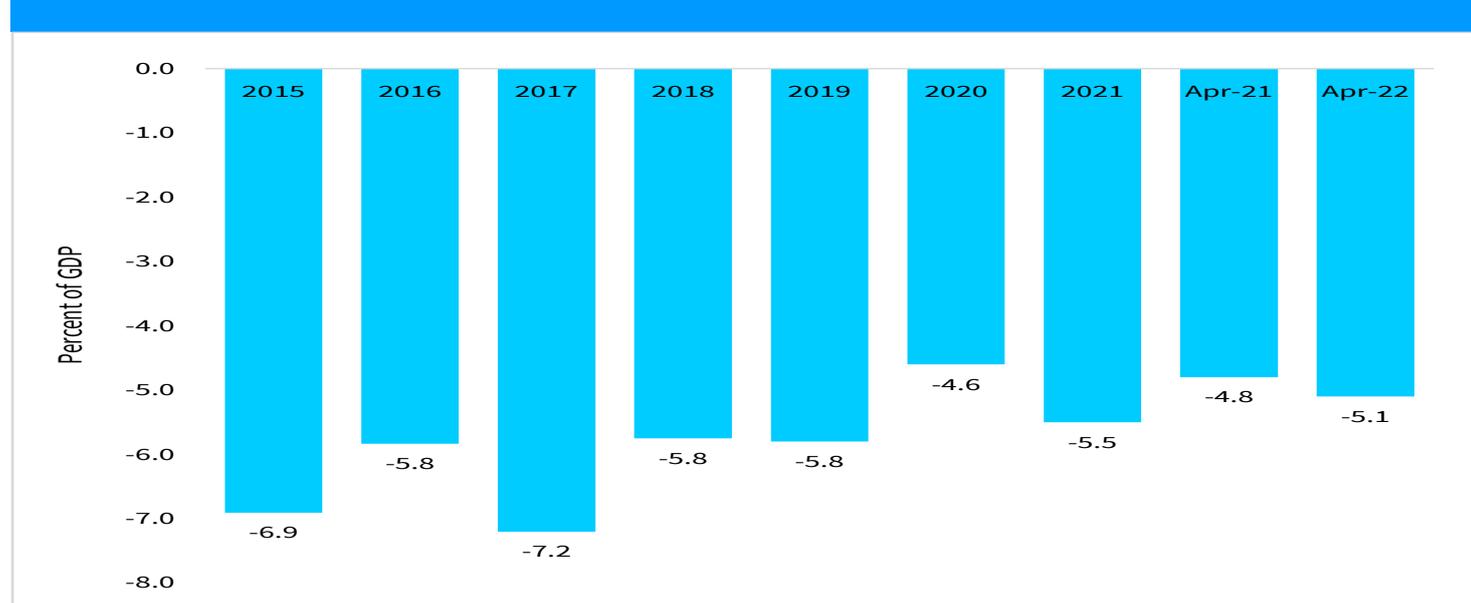
Source: Central Bank of Kenya

Table 2: Official Foreign Exchange Reserves (USD Million)

	28-Apr-22	5-May-22	12-May-22	19-May-22	26-May-22
1. CBK Usable Foreign Exchange Reserves (USD Million)	8,427	8,401	8,372	8,294	8,177
2. CBK Usable Foreign Exchange Reserves (Months of Import Cover)*	5.01	4.99	4.98	4.93	4.86

*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 (%)
13-May-22	28	10,320.00	4.34
16-May-22	33	19,010.00	4.49
17-May-22	42	22,655.00	4.51
18-May-22	21	15,180.00	4.38
19-May-22	26	17,120.00	4.45
May 13-19	30	16,857.00	4.43
20-May-22	27	17,400.00	4.35
23-May-22	19	14,210.00	4.38
24-May-22	28	18,600.00	4.40
25-May-22	32	11,915.00	4.64
26-May-22	27	11,725.00	4.63
May 20-26	27	14,770.00	4.48

Source: Central Bank of Kenya

Table 4: Performance of Treasury Bill Auctions

91-Day Treasury Bills						
Date of Auction	21-Apr-22	28-Apr-22	5-May-22	12-May-22	19-May-22	26-May-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)	8,180.05	10,183.46	5,252.72	5,278.68	5,475.21	494.30
Amount Accepted (KSh M)	8,171.92	10,182.29	5,252.72	5,278.19	2,523.79	468.31
Maturities (KSh M)	1,718.35	1,528.15	3,355.25	2,779.75	1,442.85	2,021.00
Average Interest Rate (%)	7.448	7.497	7.580	7.683	7.758	7.744
182-Day Treasury Bills						
Date of Auction	21-Apr-22	28-Apr-22	5-May-22	12-May-22	19-May-22	26-May-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)	9,018.64	8,700.64	3,716.18	7,926.39	10,251.80	2,845.90
Amount Accepted (KSh M)	9,018.64	8,700.64	3,716.18	7,924.77	8,337.33	2,845.42
Maturities (KSh M)	4,775.35	5,695.65	9,123.45	5,396.75	6,804.35	2,614.95
Average Interest Rate (%)	8.373	8.458	8.542	8.722	8.832	8.901
364-Day Treasury Bills						
Date of Auction	21-Apr-22	28-Apr-22	5-May-22	12-May-22	19-May-22	26-May-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)	6,537.28	9,394.85	7,879.90	11,341.10	12,184.59	9,721.48
Amount Accepted (KSh M)	6,535.46	9,285.89	7,879.45	9,897.73	12,006.44	9,198.39
Maturities (KSh M)	8,490.30	17,297.30	16,610.55	17,684.05	11,778.25	15,009.20
Average Interest Rate (%)	9.755	9.776	9.840	9.860	9.879	9.881

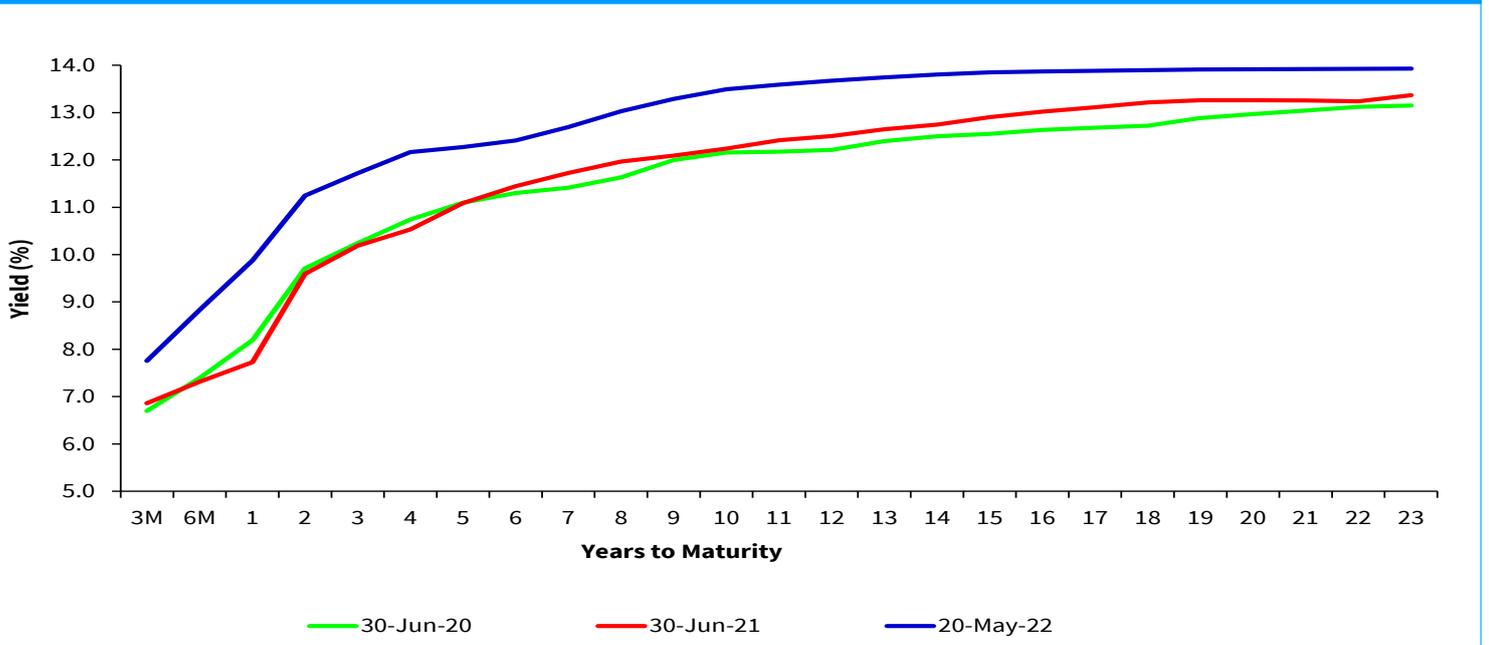
Source: Central Bank of Kenya

Table 5: Performance of Treasury Bond Auctions

Date of Auction	18-Mar-22		6-Apr-22	20-Apr-22	11-May-22		20-May-22	
	TAP				REOPEN		TAP	
Tenor	FXD1/ 2020/015	FXD1/ 2021/025	FXD1/ 2022/03	FXD1/ 2022/015	FXD1/ 2022/10	FXD1/ 2021/025	FXD1/ 2022/010	FXD1/ 2021/025
Amount offered (KSh M)	31,500.00		40,000.00	30,000.00	60,000.00		10,000.00	
Bids received (KSh M)	15,563.15	5,394.15	34,045.50	32,545.90	32,893.01	10,225.98	5,967.65	11,044.75
Amount Accepted (KSh M)	14,651.62	5,373.44	33,137.89	27,637.05	28,675.32	3,064.50	5,967.17	11,003.44
Maturities (KSh M)	0.00		2,866.08	0.00				
Average interest Rate (%)	12.76	13.92	11.78	13.94	13.49	13.92	13.49	13.92

Source: Central Bank of Kenya

Chart 2: Government Securities Yield Curve



Source: Nairobi Securities Exchange (NSE)

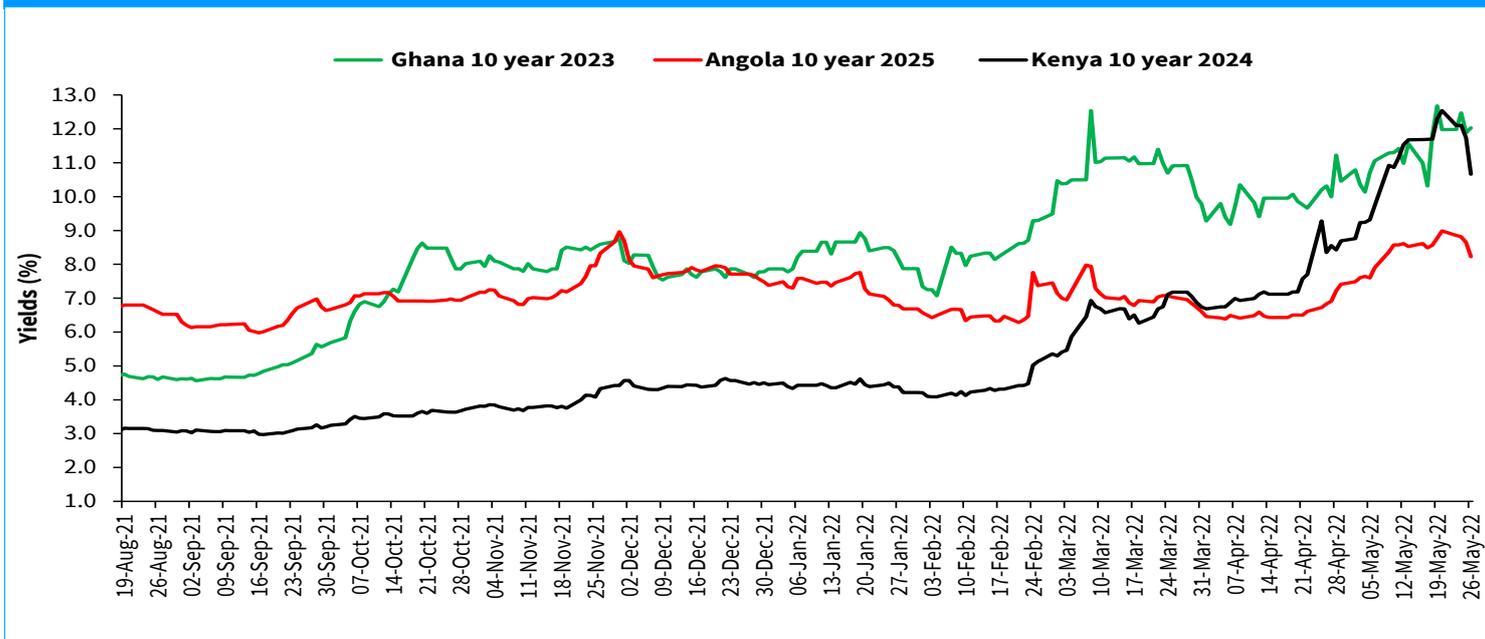
Table 6: Key Weekly Market Indicators

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
13-May-22	139.65	3199.15	1747.22	982.00	9.88	314.91	2176.36	2,636.00	11.994	11.679	11.366	11.598	11.110	12.046
16-May-22	139.97	3205.02	1744.37	935.00	16.08	537.89	2181.35	2,390.55	12.118	11.685	11.300	11.546	10.827	11.982
17-May-22	140.35	3215.39	1737.09	1,029.00	7.33	184.16	2187.28	4,199.00	12.161	11.691	11.201	11.469	10.813	11.855
18-May-22	137.26	3162.08	1711.83	1,350.00	11.26	327.03	2138.99	3,297.20	12.189	11.698	11.270	11.496	10.789	11.855
19-May-22	133.44	3106.64	1700.88	1,204.00	12.17	317.60	2079.37	2,685.15	12.422	12.308	11.580	11.709	11.064	12.004
May 13-19	133.44	3106.64	1700.88	5,500.00	56.73	1,681.59	2,079.37	15,207.90	12.42	12.31	11.58	11.71	11.06	12.00
20-May-22	132.52	3087.10	1680.53	1,137.00	7.95	272.70	2064.95	1,242.60	12.596	12.539	11.548	11.710	10.940	11.982
23-May-22	129.06	3020.44	1672.27	1,077.00	13.06	446.62	2010.96	4,268.75	12.157	12.099	11.379	11.499	10.620	11.855
24-May-22	128.34	3012.96	1669.94	1,596.00	39.72	2,310.22	1999.67	3,193.35	11.827	12.105	11.245	11.343	10.599	11.649
25-May-22	129.02	3023.77	1677.03	1,163.00	16.33	580.76	2010.33	2,611.70	11.337	11.741	10.979	11.164	10.188	11.428
26-May-22	130.18	3052.16	1678.69	1,192.00	27.20	567.16	2028.38	1,607.20	10.543	10.663	10.363	10.326	9.659	10.954
May 20-26	130.18	3052.16	1678.69	6,165.00	104.26	4,177.46	2,028.38	12,923.60	10.54	10.66	10.36	10.33	9.66	10.95
Weekly Changes (%)	-2.44	-1.75	-1.30	12.09	83.80	148.42	-2.45	-15.02	-1.880*	-1.645*	-1.217*	-1.383*	-1.405*	-1.050*

* 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	31-Mar-22	28-Apr-22	13-May-22	20-May-22
1. Treasury Bills (Excluding Repos)	765.37	763.45	709.15	656.45	640.60	634.40	633.02
<i>(As % of total securities)</i>	21.17	19.78	17.95	16.02	15.47	15.36	15.22
2. Treasury Bonds	2,849.94	3,096.84	3,242.24	3,440.61	3,501.35	3,495.35	3,526.89
<i>(As % of total securities)</i>	78.83	80.22	82.05	83.98	84.53	84.64	84.78
3. Total Securities (1+2)	3,615.31	3,860.29	3,951.39	4,097.06	4,141.95	4,129.75	4,159.92
4. Overdraft at Central Bank	59.28	55.11	59.31	68.40	58.63	63.72	58.59
5. Other Domestic debt*	22.50	22.37	21.66	26.32	26.32	26.28	26.27
6. Gross Domestic Debt (3+4+5)	3,697.09	3,937.78	4,032.37	4,191.77	4,226.89	4,219.75	4,244.78

* 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	25-Mar-22	28-Apr-22	13-May-22	20-May-22
Treasury bills (Excluding Repos)	20.70	19.39	17.59	15.81	15.16	15.03	14.91
Treasury bonds	77.09	78.64	80.41	82.09	82.83	82.83	83.09
Overdraft at Central Bank	1.60	1.40	1.47	1.46	1.39	1.51	1.38
Other domestic debt	0.61	0.57	0.54	0.64	0.62	0.62	0.62
TOTAL	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	25-Mar-22	28-Apr-22	13-May-22	20-May-22
Banking Institutions	51.24	50.82	50.20	49.29	49.03	48.99	48.85
Insurance Companies	6.66	6.60	6.79	6.87	6.96	6.98	7.01
Parastatals	5.54	5.39	5.57	5.72	5.77	5.78	5.79
Pension Funds	30.60	31.24	31.34	31.75	31.92	31.94	31.97
Other Investors	5.96	5.95	6.10	6.37	6.32	6.31	6.38
Total	100.00						

Source: Central Bank of Kenya

Table 10: Indicators of Government Debt

	Sep-20	Dec-20	Mar-21	Jun-21	Sep-21	Dec-21	Mar-22
Domestic debt (KSh Bn)	3,457.11	3,488.54	3,569.84	3,697.09	3,937.80	4,032.37	4,191.77
Public & Publicly Guaranteed External debt (USD Bn)	33.77	34.75	34.42	37.08	36.73	36.90	36.82
Public & Publicly Guaranteed External debt (KSh Bn)	3,663.49	3,793.29	3,769.87	3,999.54	4,058.50	4,174.37	4,209.56
Public debt (KSh Bn)	7,120.60	7,281.83	7,339.71	7,696.63	7,996.30	8,206.74	8,401.33

Source: National Treasury and Central Bank of Kenya