



Central Bank of Kenya

# Weekly Bulletin

November 4, 2022



## RECENT MONETARY AND FINANCIAL DEVELOPMENTS

### Inflation

Inflation increased to 9.6 percent in October from 9.2 percent in September, on account of elevated food and energy prices. Food inflation increased marginally to 15.8 percent from 15.5 percent in September. Fuel inflation increased to 12.6 percent from 11.7 percent in September due to spill over effects of pump price adjustments on transport **(Chart 1)**.

### Current Account

Provisional data on balance of payments shows that the current account deficit was estimated at 5.3 percent of GDP in the 12 months to September 2022, a similar position recorded in September 2021 **(Chart 2)**. The stable deficit is supported by receipts from service exports and resilient remittances.

### Exchange Rates

The Kenya Shilling remained stable against major international and regional currencies during the week ending November 3. It exchanged at KSh 121.45 per US dollar on November 3, compared to KSh 121.27 per US dollar on October 27 **(Table 1)**.

### Foreign Exchange Reserves

The usable foreign exchange reserves remained adequate at USD 7,213 million (4.04 months of import cover) as at November 3. 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 increased during the week ending November 3, as government payments more than offset tax remittances. Commercial banks' excess reserves stood at KSh 25.0 billion in relation to the 4.25 percent cash reserves requirement (CRR). Open market operations remained active. The average interbank rate was 4.54 percent on November 3 compared to 5.02 percent on October 27. During the week, the average number of interbank deals remained relatively stable at 33 compared to 34 in the previous week, while the average value traded declined to KSh 20.4 billion from KSh 32.2 billion in the previous week **(Table 3)**.

### Government Securities Market

The Treasury bill auction of November 3, received bids totaling KSh 43.7 billion against an advertised amount of KSh 24.0 billion, representing a performance of 181.9 percent. Interest rates remained stable, with 91-day, 182-day and 364-day Treasury bill rates increasing marginally **(Table 4)**.

### Equity Market

At the Nairobi Securities Exchange, the NASI, NSE 25 and NSE 20 share price index declined by 1.4 percent, 1.1 percent and 0.6 percent, respectively. Market capitalization, equity turnover and total shares traded declined by 1.4 percent, 24.9 percent and 7.3 percent, respectively, during the week ending November 3 **(Table 6)**.

### Bonds Market

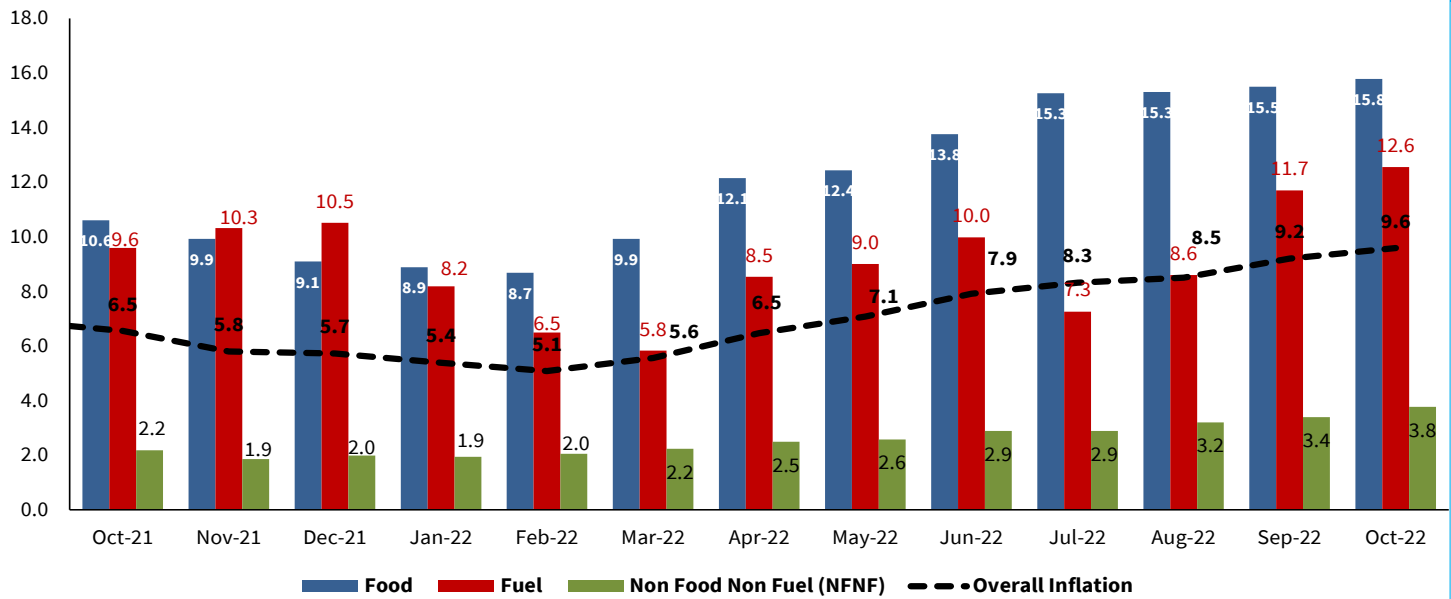
Bond turnover in the domestic secondary market declined by 50 percent during the week ending November 4 **(Table 6)**. In the international market, yields on Kenya's Eurobonds declined by an average of 44.4 basis points, with 2024 maturity declining by 58.2 basis points. The yield on the 10-Year Eurobond for Ghana increased while that of Angola declined **(Chart 3)**.

### Global Trends

Concerns about inflation persisted during the week ending November 3. The US Federal Reserve and the Bank of England raised their benchmark interest rates by 75 basis points. The Euro Area inflation rate increased to 10.7 percent in October from 9.9 percent in September. The index of the US dollar against a basket of major currencies strengthened by 2.1 percent during the week ending November 3.

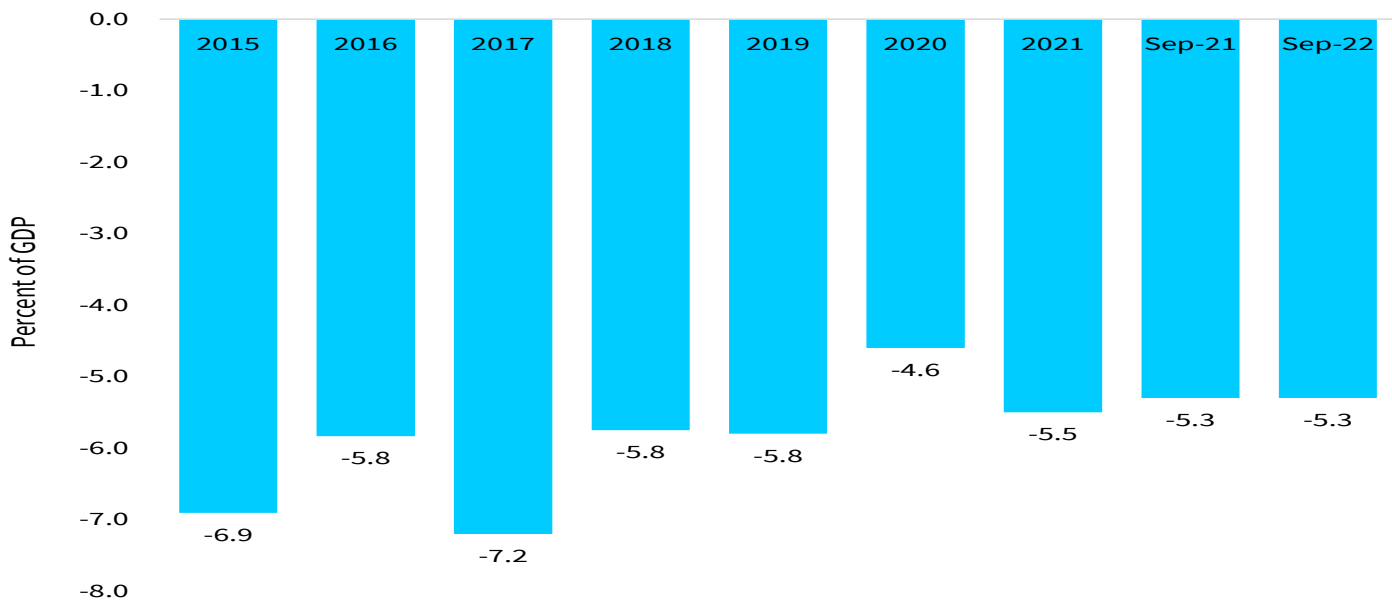
International oil prices decreased during the week ending November 3 due to low demand. Murban oil price declined to USD 93.26 per barrel on November 3 from USD 94.99 per barrel on October 27.

**Chart 1: Inflation**



Source: Kenya National Bureau of Statistics

**Chart 2: Current Account**



Source: Kenya National Bureau of Statistics

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

	USD	Sterling Pound	Euro	100 Japanese Yen	Uganda Shilling*	Tanzania Shilling*	Rwandese Franc*	Burundi Franc*
21-Oct-22	121.14	136.46	118.69	80.94	31.49	19.25	8.80	17.07
24-Oct-22	121.17	134.99	118.26	79.98	31.40	19.25	8.80	17.06
25-Oct-22	121.19	137.11	119.25	81.38	31.48	19.24	8.80	17.06
26-Oct-22	121.23	137.95	119.99	81.55	31.48	19.24	8.80	17.05
27-Oct-22	121.27	140.33	121.48	82.47	31.46	19.23	8.80	17.05
<b>Oct 21-27</b>	<b>121.20</b>	<b>137.37</b>	<b>119.53</b>	<b>81.26</b>	<b>31.46</b>	<b>19.24</b>	<b>8.80</b>	<b>17.06</b>
28-Oct-22	121.31	140.65	121.64	82.94	31.45	19.22	8.79	17.05
31-Oct-22	121.33	140.30	121.09	82.25	31.36	19.22	8.79	17.04
1-Nov-22	121.38	139.79	120.34	81.60	31.22	19.21	8.79	17.04
2-Nov-22	121.41	139.89	120.43	82.29	31.22	19.21	8.79	17.03
3-Nov-22	121.45	139.85	120.34	82.45	31.08	19.20	8.79	17.03
<b>Oct 28-Nov 3</b>	<b>121.38</b>	<b>140.10</b>	<b>120.77</b>	<b>82.31</b>	<b>31.27</b>	<b>19.21</b>	<b>8.79</b>	<b>17.04</b>

\*Units of currency per Kenya Shilling

Source: Central Bank of Kenya

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

	6-Oct-22	13-Oct-22	19-Oct-22	27-Oct-22	3-Nov-22
1. CBK Usable Foreign Exchange Reserves (USD Million)	7,321	7,294	7,316	7,286	7,213
2. CBK Usable Foreign Exchange Reserves (Months of Import Cover)*	4.13	4.11	4.13	4.11	4.04

\*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 (%)
21-Oct-22	38	33,030.00	5.18
24-Oct-22	37	36,150.00	5.15
25-Oct-22	27	30,270.00	4.96
26-Oct-22	33	33,720.00	4.91
27-Oct-22	35	27,695.00	5.02
<b>Oct 21-27</b>	<b>34</b>	<b>32,173.00</b>	<b>5.05</b>
28-Oct-22	30	21,120.00	5.04
31-Oct-22	30	20,200.00	4.80
1-Nov-22	45	23,950.00	4.72
2-Nov-22	27	18,520.00	4.64
3-Nov-22	33	18,320.00	4.54
<b>Oct 28-Nov 3</b>	<b>33</b>	<b>20,422.00</b>	<b>4.75</b>

Source: Central Bank of Kenya

**Table 4: Performance of Treasury Bill Auctions**

91-Day Treasury Bills						
Date of Auction	25-Aug-22	29-Sep-22	13-Oct-22	19-Oct-22	27-Oct-22	3-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)	10,815.66	5,129.43	10,151.89	19,518.51	11,992.46	18,550.41
Amount Accepted (KSh M)	8,368.63	2,487.10	10,150.23	13,847.84	11,971.45	16,535.55
Maturities (KSh M)	455.40	4,035.00	13,348.35	13,744.80	14,352.85	7,622.45
Average Interest Rate (%)	8.767	8.952	9.058	9.100	9.127	9.139
182-Day Treasury Bills						
Date of Auction	25-Aug-22	29-Sep-22	13-Oct-22	19-Oct-22	27-Oct-22	4-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)	4,162.31	3,049.07	13,946.23	4,819.96	2,153.68	8,336.78
Amount Accepted (KSh M)	2,225.72	3,039.53	12,944.68	4,672.62	2,067.25	6,400.13
Maturities (KSh M)	4,085.40	3,248.05	2,695.45	9,384.25	9,040.65	3,873.55
Average Interest Rate (%)	9.532	9.631	9.656	9.664	9.678	9.691
364-Day Treasury Bills						
Date of Auction	25-Aug-22	29-Sep-22	13-Oct-22	19-Oct-22	27-Oct-22	4-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)	4,437.52	1,133.80	3,918.82	3,965.45	4,044.29	16,764.88
Amount Accepted (KSh M)	4,408.79	1,124.70	3,918.64	3,965.45	3,590.62	16,537.96
Maturities (KSh M)	4,337.10	1,775.15	6,290.80	5,117.10	6,278.35	20,896.55
Average Interest Rate (%)	9.910	9.905	9.910	9.928	9.965	10.109

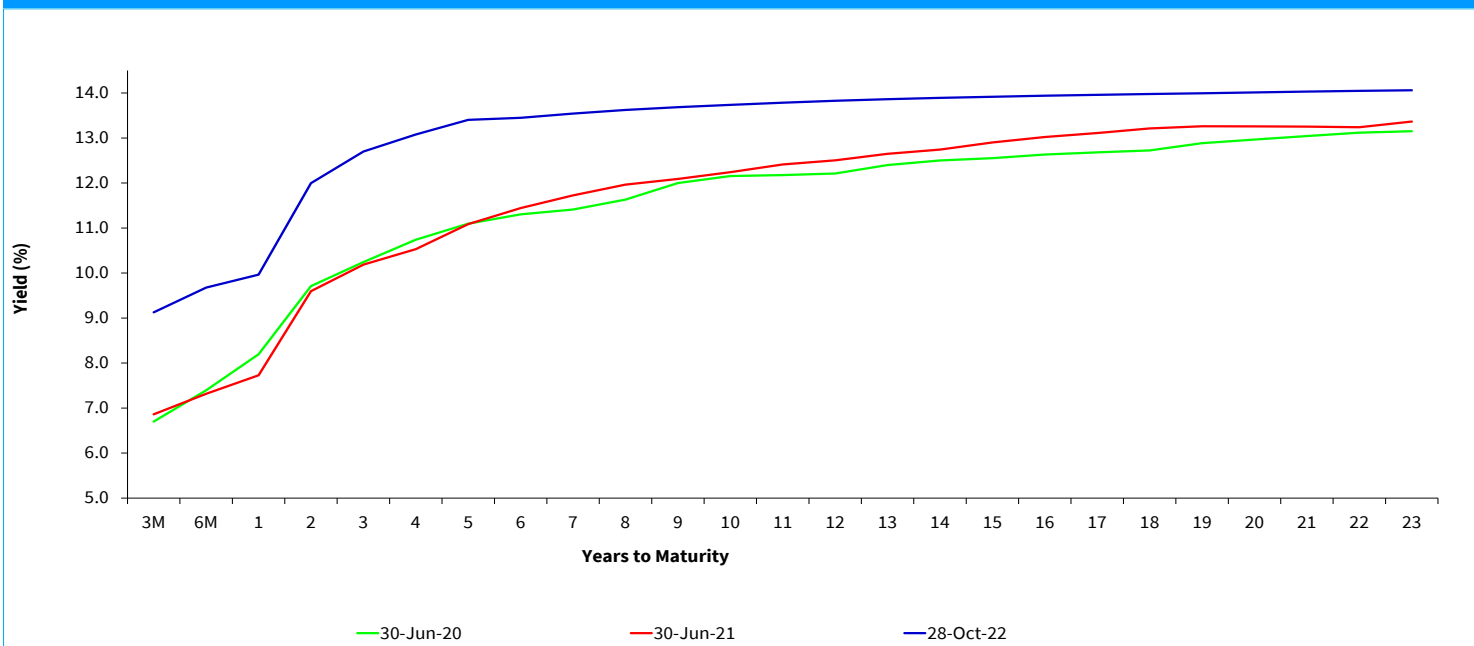
Source: Central Bank of Kenya

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

Date of Auction	17-Aug-22			14-Sep-22		5-Oct-22		19-Oct-22
	RE-OPEN			RE-OPEN		RE-OPEN		
Tenor	FXD1/ 2022/03	FXD2 2019/10	FXD1/ 2021/20	FXD1/ 2022/10	FXD1/ 2022/15	FXD1/ 201710	FXD1/ 2020/15	FXD1/ 2022/25
Amount offered (KSh M)	50,000.00			50,000.00		40,000.00		20,000.00
Bids received (KSh M)	21,817.39	8,961.47	18,347.49	28,516.06	17,617.97	17,256.31	1,543.83	14,894.85
Amount Accepted (KSh M)	21,800.81	8,775.73	7,948.69	25,619.45	13,406.37	14,109.57	1,006.54	13,665.80
Maturities (KSh M)								
Average interest Rate (%)	12.45	13.88	13.96	13.95	13.98	13.37	13.97	14.19

Source: Central Bank of Kenya

### Chart 3: Government Securities Yield Curve



Source: Nairobi Securities Exchange (NSE)

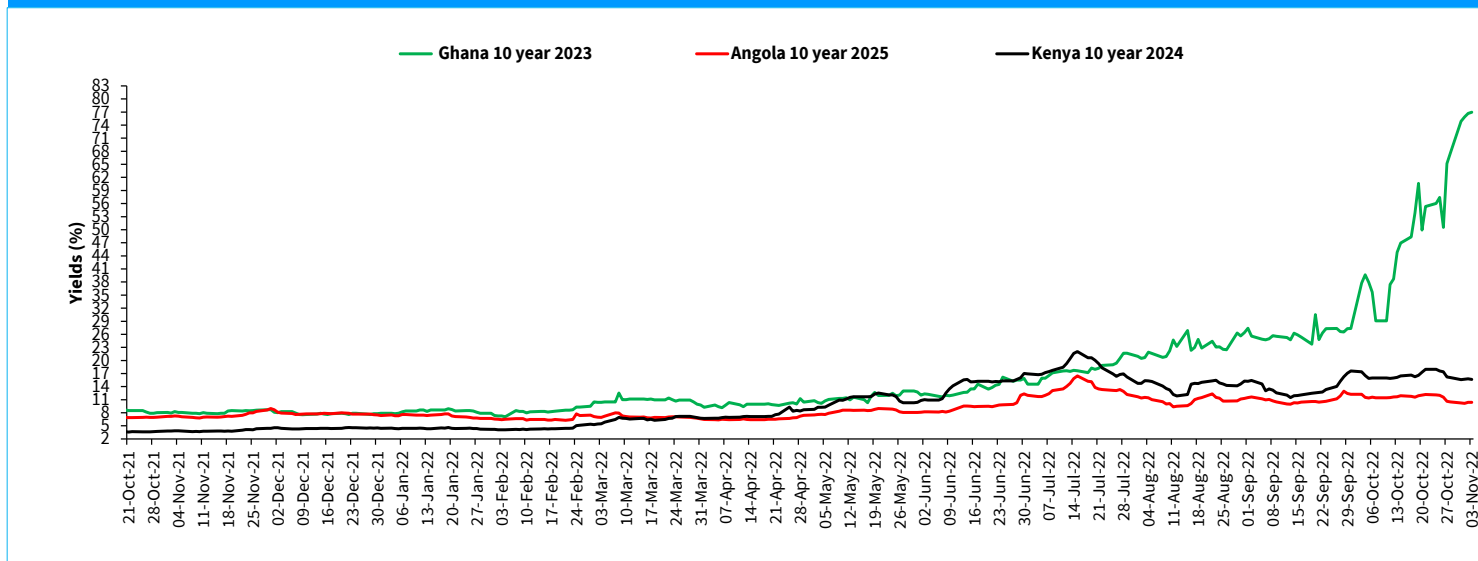
### Table 6: Key Weekly Market Indicators

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-Oct-22	128.3	3108.64	1704.6	1,169.00	8.72	264.69	1,999.00	1,666.05	16.256	17.947	14.928	15.044	13.474	14.053
24-Oct-22	127.77	3120.24	1705.08	993.00	2.46	39.37	1,990.70	2,247.35	16.148	17.965	15.017	15.151	13.539	14.139
25-Oct-22	127.35	3111.05	1699.81	1,233.00	11.41	360.88	1,984.13	3,474.25	16.097	17.579	14.977	15.048	13.445	14.053
26-Oct-22	128.68	3123.99	1694.11	1,153.00	21.41	756.88	2,004.92	4,902.08	15.594	17.396	14.725	14.671	13.198	13.689
27-Oct-22	129.63	3136.79	1692.53	894.00	6.82	159.79	2,019.76	<b>5,605.15</b>	15.05	16.24	14.067	14.405	12.802	13.421
<b>Oct 21-27</b>	<b>129.63</b>	<b>3136.79</b>	<b>1692.53</b>	<b>5,442.00</b>	<b>50.83</b>	<b>1581.60</b>	<b>2,019.76</b>	<b>17,894.88</b>	<b>15.050</b>	<b>16.240</b>	<b>14.067</b>	<b>14.405</b>	<b>12.802</b>	<b>13.421</b>
28-Oct-22	128.43	3121.68	1680.11	1,286.00	12.41	279.10	2,001.01	2,115.05	14.728	16.059	13.947	14.175	12.743	13.317
31-Oct-22	128.8	3122.13	1677.76	1,107.00	5.32	104.44	2,006.85	2,069.95	14.679	15.587	13.869	14.144	12.656	13.24
1-Nov-22	128.6	3117.98	1680.37	1,162.00	20.08	563.46	2,003.74	2,043.30	14.36	15.698	13.71	14.015	12.452	13.214
2-Nov-22	127.94	3105.06	1684.15	982.00	4.39	144.04	1,993.41	987.20	14.312	15.81	13.673	14.082	12.453	13.087
3-Nov-22	127.82	3103.53	1682.55	1,078.00	4.93	96.18	1,991.58	1,730.65	14.436	15.66	13.601	13.892	12.544	13.189
<b>Oct 28- Nov 3</b>	<b>127.82</b>	<b>3103.53</b>	<b>1682.55</b>	<b>5,615.00</b>	<b>47.12</b>	<b>1187.22</b>	<b>1,991.58</b>	<b>8,946.15</b>	<b>14.436</b>	<b>15.658</b>	<b>13.601</b>	<b>13.892</b>	<b>12.544</b>	<b>13.189</b>
<b>Weekly Changes (%)</b>	<b>-1.40</b>	<b>-1.06</b>	<b>-0.59</b>	<b>3.18</b>	<b>-7.28</b>	<b>-24.94</b>	<b>-1.40</b>	<b>-50.01</b>	<b>-0.614*</b>	<b>-0.582*</b>	<b>-0.466*</b>	<b>-0.513*</b>	<b>-0.258*</b>	<b>-0.232*</b>

\* Percentage points

Source: Nairobi Securities Exchange (NSE) and Thomson Reuters

### Chart 4: 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	21-Oct-22	28-Oct-22
1. Treasury Bills (Excluding Repos)	887.70	765.37	709.15	646.95	672.28	677.43	672.55
<i>(As % of total securities)</i>	<b>28.56</b>	<b>21.17</b>	<b>17.95</b>	<b>15.29</b>	<b>15.61</b>	<b>15.77</b>	<b>15.62</b>
2. Treasury Bonds	2,220.34	2,849.94	3,242.24	3,585.11	3,634.86	3,619.08	3,632.71
<i>(As % of total securities)</i>	<b>71.44</b>	<b>78.83</b>	<b>82.05</b>	<b>84.71</b>	<b>84.39</b>	<b>84.23</b>	<b>84.38</b>
3. Total Securities (1+2)	3,108.04	3,615.31	3,951.39	4,232.07	4,307.14	4,296.51	4,305.26
4. Overdraft at Central Bank	47.15	59.28	59.31	45.44	27.25	55.47	55.47
5. Other Domestic debt*	23.24	22.50	21.66	33.18	30.90	31.89	31.89
<b>6. Gross Domestic Debt (3+4+5)</b>	<b>3,178.42</b>	<b>3,697.09</b>	<b>4,032.37</b>	<b>4,310.69</b>	<b>4,365.29</b>	<b>4,383.86</b>	<b>4,392.61</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-20	30-Jun-21	31-Dec-21	29-Jul-22	30-Sep-22	21-Oct-22	28-Oct-22
Treasury bills (Excluding Repos)	27.93	20.70	17.59	15.01	15.40	15.45	15.31
Treasury bonds	69.86	77.09	80.41	83.17	83.27	82.55	82.70
Overdraft at Central Bank	1.48	1.60	1.47	1.05	0.62	1.27	1.26
Other domestic debt	0.73	0.61	0.54	0.77	0.71	0.73	0.73
<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-20	30-Jun-21	31-Dec-21	29-Jul-22	30-Sep-22	21-Oct-22	28-Oct-22
Banking Institutions	54.18	51.24	50.20	48.28	47.60	47.77	47.51
Insurance Companies	6.05	6.66	6.79	7.20	7.32	7.27	7.34
Parastatals	5.73	5.54	5.57	5.96	6.09	6.20	6.18
Pension Funds	29.04	30.60	31.34	32.56	32.75	32.50	32.69
Other Investors	5.00	5.96	6.10	6.01	6.24	6.26	6.28
<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**

	Dec-20	Jun-21	Sep-21	Dec-21	Mar-22	Jun-22*	Jul-22*
Domestic debt (KSh Bn)	3,488.54	3,697.09	3,937.80	4,032.37	4,191.77	4,288.33	4,310.69
Public & Publicly Guaranteed External debt (USD Bn)	34.75	37.08	36.73	36.90	36.82	36.58	36.58
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	4,299.82
Public debt (KSh Bn)	<b>7,281.83</b>	<b>7,696.63</b>	<b>7,996.30</b>	<b>8,206.74</b>	<b>8,401.33</b>	<b>8,579.06</b>	<b>8,610.51</b>

\* Provisional

Source: The National Treasury and Central Bank of Kenya