



Central Bank of Kenya

# Weekly Bulletin

February 11, 2022



## RECENT MONETARY AND FINANCIAL DEVELOPMENTS

### Exchange Rates

The Kenya Shilling remained stable against major international and regional currencies during the week ending February 10. It exchanged at KSh 113.63 per US dollar on February 10, compared to KSh 113.59 per US dollar on February 3 (**Table 1**).

### Foreign Exchange Reserves

The usable foreign exchange reserves remained adequate at USD 8,196 million (5.01 months of import cover) as at February 10. 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 10, partly reflecting government payments, which offset tax remittances. Commercial banks' excess reserves stood at KSh 11.1 billion in relation to the 4.25 percent cash reserves requirement (CRR). Open market operations remained active. The average interbank rate was 4.85 percent on February 10 compared to 3.88 percent on February 3. During the week, the average number of interbank deals increased to 26 from 21 in the previous week, while the average value traded decreased to KSh 11.8 billion compared to KSh 12.3 billion in the previous week (**Table 3**).

### Government Securities Market

The Treasury bills auctions of February 10 received bids totalling KSh 20.0 billion against an advertised amount of KSh 24.0 billion, representing a performance of 83.5 percent. Interest rates remained stable, with the 182-day and 364-day Treasury bills rates increasing marginally while the 91-day Treasury bill rate decreased (**Table 4**).

### Equity Market

At the Nairobi Securities Exchange, NASI and NSE 25 share price indices increased by 1.2 percent and 0.5 percent, respectively. Similarly, market capitalization increased by 1.2 percent. However, equity turnover, total shares traded and the NSE 20 share index declined by 32.7 percent, 26.0 percent and 0.3 percent, respectively during the week ending February 10 (**Table 6**).

### Bonds Market

Bonds turnover in the domestic secondary market rose by 64.3 percent during the week ending February 10 (**Table 6**). In the international market, yields on Kenya's Eurobonds increased by an average of 23.4 basis points. Similarly, the yields on the 10-year Eurobonds for Ghana increased but declined for Angola (**Chart 2**).

### Global Trends

Inflation in the advanced economies remains a major concern, with the US inflation rising to 7.5 percent in January 2022. This was the highest annual increase in nearly 40 years.

International oil prices increased during the week ending February 10 due to increasing demand and constrained global supply. Murban oil prices rose to USD 92.74 per barrel on February 10 compared to USD 90.14 per barrel on February 3.

**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*
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>
4-Feb-22	113.60	153.65	128.08	98.92	30.80	20.35	9.15	17.58
7-Feb-22	113.61	153.79	129.31	98.49	30.81	20.36	9.04	17.67
8-Feb-22	113.62	153.56	129.27	98.85	30.89	20.36	9.04	17.67
9-Feb-22	113.63	153.79	129.56	98.54	30.94	20.34	9.15	17.58
10-Feb-22	113.63	153.89	129.56	98.41	31.01	20.35	9.15	17.58
<b>Feb 4-10</b>	<b>113.62</b>	<b>153.73</b>	<b>129.16</b>	<b>98.64</b>	<b>30.89</b>	<b>20.35</b>	<b>9.10</b>	<b>17.62</b>

\*Units of currency per Kenya Shilling

Source: Central Bank of Kenya

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

	13-Jan-22	20-Jan-22	27-Jan-22	3-Feb-22	10-Feb-22
1. CBK Usable Foreign Exchange Reserves (USD Million)	8,764	8,715	8,287	8,224	8,196
2. CBK Usable Foreign Exchange Reserves (Months of Import Cover)*	5.36	5.33	5.07	5.03	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 (%)
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>
4-Feb-22	28	16,605.00	4.88
7-Feb-22	25	13,480.00	4.23
8-Feb-22	25	11,790.00	4.38
9-Feb-22	20	5,485.00	4.44
10-Feb-22	33	11,880.00	4.85
<b>Feb 4-10</b>	<b>26</b>	<b>11,848.00</b>	<b>4.56</b>

Source: Central Bank of Kenya

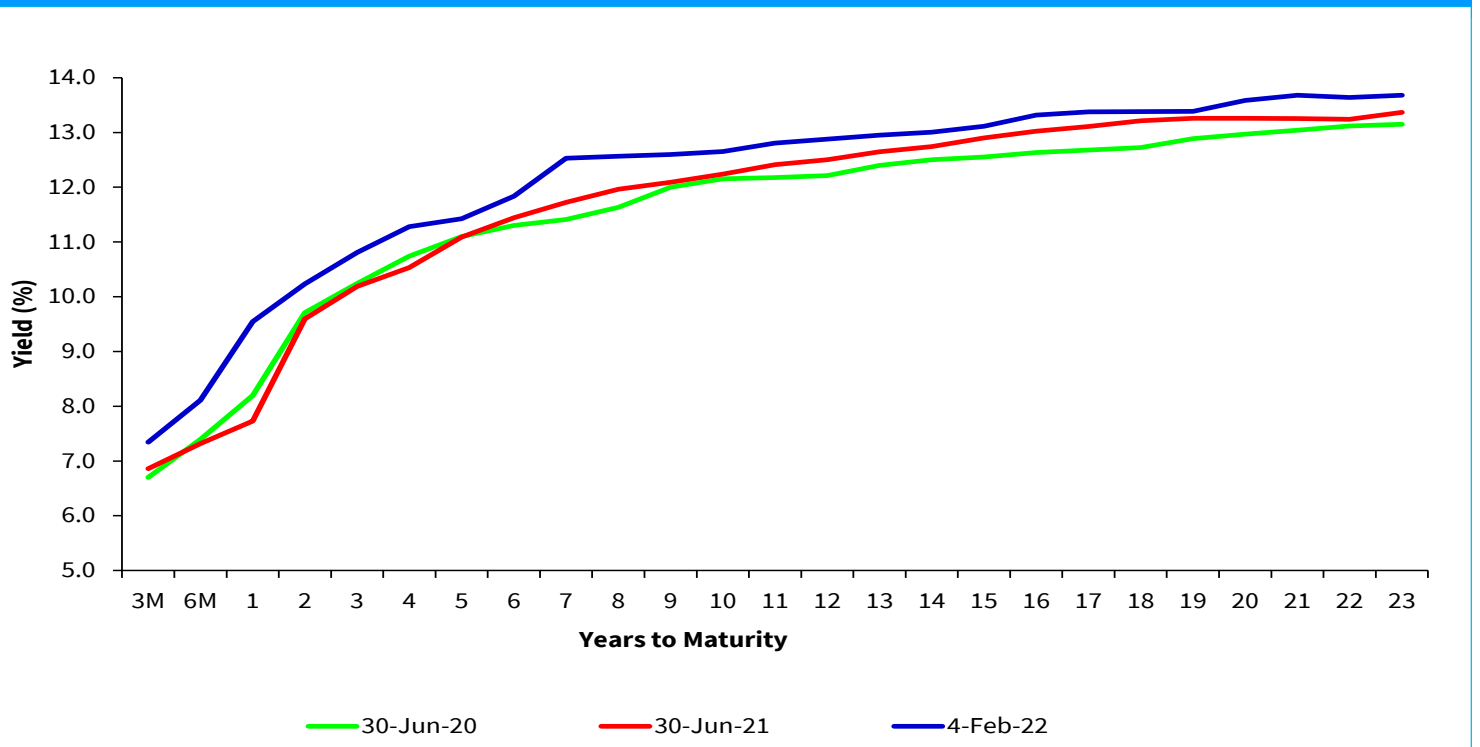
<b>Table 4: Performance of Treasury Bills Auctions</b>						
<b>91-Day Treasury Bills</b>						
<b>Date of Auction</b>	<b>6-Jan-22</b>	<b>13-Jan-22</b>	<b>20-Jan-22</b>	<b>27-Jan-22</b>	<b>3-Feb-22</b>	<b>10-Feb-22</b>
Amount Offered (KSh M)	4,000.00	4,000.00	4,000.00	4,000.00	4,000.00	4,000.00
Bids Received (KSh M)	5,653.08	4,404.16	1,925.63	1,506.72	3,385.39	2,890.10
Amount Accepted (KSh M)	5,652.69	4,325.22	1,689.28	1,505.25	3,304.27	2,759.58
Maturities (KSh M)	3,439.20	3,063.15	6,617.45	2,676.75	3,481.85	4,058.25
<b>Average Interest Rate (%)</b>	<b>7.345</b>	<b>7.309</b>	<b>7.331</b>	<b>7.343</b>	<b>7.317</b>	<b>7.285</b>
<b>182-Day Treasury Bills</b>						
<b>Date of Auction</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>	<b>10-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)	6,333.52	13,722.28	12,313.24	5,344.77	8,244.05	6,397.70
Amount Accepted (KSh M)	6,332.76	13,715.36	12,241.14	5,344.67	8,243.86	6,397.60
Maturities (KSh M)	12,067.20	11,685.45	3,316.25	6,662.90	14,529.00	3,242.85
<b>Average Interest Rate (%)</b>	<b>8.041</b>	<b>8.081</b>	<b>8.069</b>	<b>8.112</b>	<b>8.095</b>	<b>8.108</b>
<b>364-Day Treasury Bills</b>						
<b>Date of Auction</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>	<b>10-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)	11,199.53	19,399.66	14,429.44	19,054.94	16,168.11	10,758.16
Amount Accepted (KSh M)	11,167.33	13,011.14	14,006.88	17,623.48	14,293.17	10,758.07
Maturities (KSh M)	10,832.40	14,387.20	15,695.35	14,547.35	13,421.20	15,300.20
<b>Average Interest Rate (%)</b>	<b>9.444</b>	<b>9.474</b>	<b>9.510</b>	<b>9.544</b>	<b>9.594</b>	<b>9.668</b>

Source: Central Bank of Kenya

<b>Table 5: Performance of Treasury Bond Auctions</b>							
<b>Date of Auction</b>	<b>10-Nov-21</b>		<b>8-Dec-21</b>		<b>5-Jan-22</b>	<b>19-Jan-22</b>	
	<b>REOPEN</b>		<b>REOPEN</b>		<b>REOPEN</b>	<b>REOPEN</b>	
<b>Tenor</b>	<b>FXD1/ 2021/5</b>	<b>FXD1/ 2019/20</b>	<b>FXD4/ 2019/10</b>	<b>FXD1/ 2018/20</b>	<b>FXD1/ 2021/005</b>	<b>FXD2/ 2018/10</b>	<b>FXD1/ 2021/007</b>
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 1: Government Securities Yield Curve**



Source: Nairobi Securities Exchange (NSE)

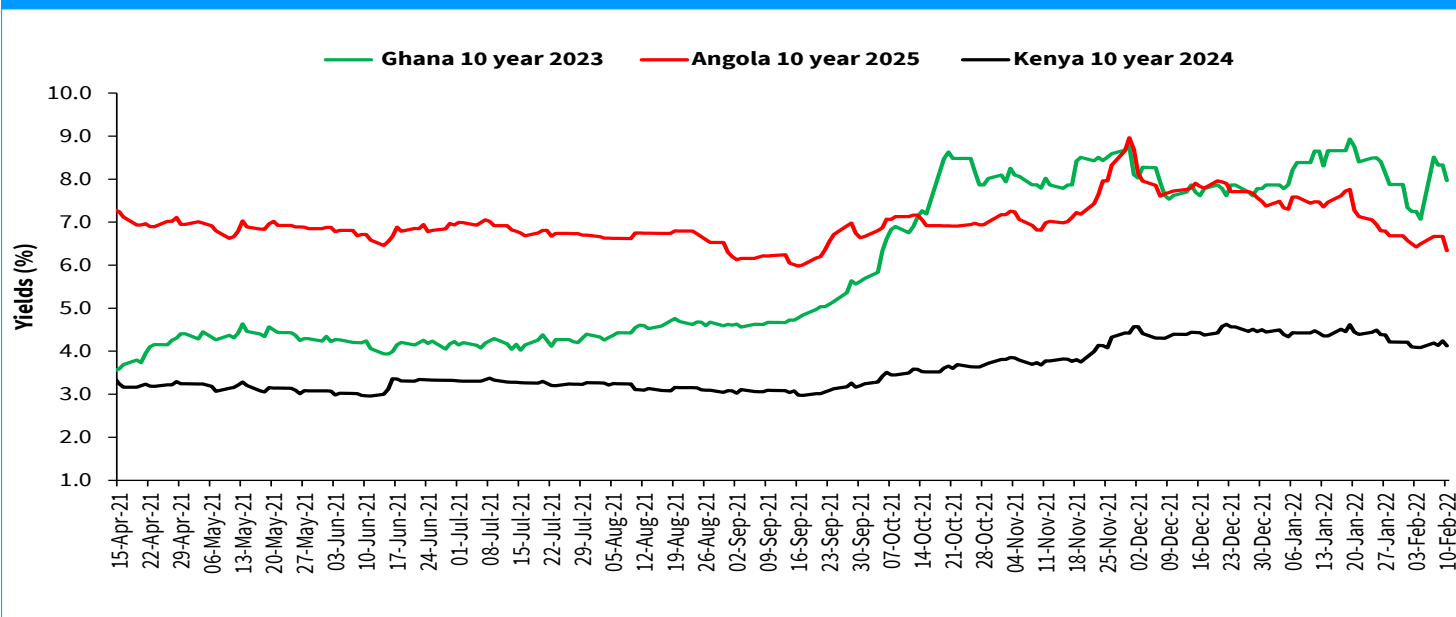
**Table 6: Key Weekly Market Indicators**

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 Capitalization (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
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>
4-Feb-22	167.02	3757.61	1901.18	912.00	7.78	192.11	2,601.59	3,920.05	6.316	4.087	6.540	7.175	7.112	8.538
7-Feb-22	166.84	3747.73	1894.48	1099.00	6.00	217.56	2,598.82	6,045.35	6.384	4.192	6.564	7.283	7.157	8.625
8-Feb-22	168.83	3769.34	1887.55	1269.00	19.38	728.93	2,629.91	2,741.10	6.501	4.135	6.714	7.375	7.278	8.650
9-Feb-22	167.48	3753.53	1889.30	970.00	15.60	676.10	2,608.84	2186.03	6.461	4.240	6.789	7.467	7.276	8.638
10-Feb-22	168.62	3773.17	1896.76	1063.00	19.82	753.33	2,626.58	1,149.00	6.561	4.125	6.789	7.466	7.379	8.663
<b>Feb 4-10</b>	<b>168.62</b>	<b>3773.17</b>	<b>1896.76</b>	<b>5313.00</b>	<b>68.58</b>	<b>2568.03</b>	<b>2,626.58</b>	<b>16,041.53</b>	<b>6.561</b>	<b>4.125</b>	<b>6.789</b>	<b>7.466</b>	<b>7.379</b>	<b>8.663</b>
<b>Weekly Changes (%)</b>	<b>1.20</b>	<b>0.46</b>	<b>-0.25</b>	<b>-2.46</b>	<b>-25.97</b>	<b>-32.72</b>	<b>1.20</b>	<b>64.26</b>	<b>0.337*</b>	<b>0.035*</b>	<b>0.274*</b>	<b>0.309*</b>	<b>0.323*</b>	<b>0.125*</b>

\* 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-21	30-Sep-21	29-Oct-21	26-Nov-21	31-Dec-21	28-Jan-22	04-Feb-22
1. Treasury Bills (Excluding Repos)	765.37	763.45	734.65	716.69	709.15	702.10	704.29
<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>17.52</b>	<b>17.57</b>
2. Treasury Bonds	2,849.94	3,096.84	3,139.42	3,203.90	3,242.24	3,304.90	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>82.48</b>	<b>82.43</b>
3. Total Securities (1+2)	3,615.31	3,860.29	3,874.07	3,920.59	3,951.39	4,007.00	4,009.19
4. Overdraft at Central Bank	59.28	55.11	62.35	62.82	59.31	56.26	55.98
5. Other Domestic debt*	22.50	22.37	22.39	23.09	21.66	21.67	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>4,032.37</b>	<b>4,084.93</b>	<b>4,086.84</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	28-Jan-22	4-Feb-22
Treasury bills (Excluding Repos)	20.70	19.39	18.56	17.89	17.58	17.19	17.23
Treasury bonds	77.09	78.64	79.30	79.97	80.36	80.90	80.87
Overdraft at Central Bank	1.60	1.40	1.57	1.57	1.47	1.38	1.37
Other domestic debt	0.61	0.57	0.57	0.58	0.59	0.53	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	28-Jan-22	4-Feb-22
Banking Institutions	51.24	50.82	50.34	50.25	50.20	49.94	49.89
Insurance Companies	6.66	6.60	6.68	6.70	6.79	6.87	6.87
Parastatals	5.54	5.39	5.38	5.56	5.57	5.63	5.64
Pension Funds	30.60	31.24	31.44	31.40	31.34	31.39	31.44
Other Investors	5.96	5.95	6.15	6.09	6.10	6.17	6.16
<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**

	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)	<b>6,692.78</b>	<b>7,120.60</b>	<b>7,281.83</b>	<b>7,339.71</b>	<b>7,696.63</b>	<b>7,996.30</b>	<b>8,206.74</b>

Source: National Treasury and Central Bank of Kenya