



Central Bank of Kenya

# Weekly Bulletin

June 17, 2022



## RECENT MONETARY AND FINANCIAL DEVELOPMENTS

### Exchange Rates

The Kenya Shilling remained stable against major international and regional currencies during the week ending June 9. It exchanged at KSh 117.29 per US dollar on June 16, compared to KSh 117.01 per US dollar on June 9 (**Table 1**).

### Foreign Exchange Reserves

The usable foreign exchange reserves remained adequate at USD 8,114 million (4.82 months of import cover) as of June 16. 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**).

### Remittances

Remittance inflows in May 2022 totalled USD 339.7 million compared to USD 315.8 million in May 2021, a 7.6 percent increase (**Chart 1**). The cumulative inflows for the 12 months to May 2022 totalled USD 3,992 million compared to USD 3,365 million in the same period in 2021, an increase of 18.6 percent. The strong remittances inflows continue to support the current account and the stability of the exchange rate. The US remains the largest source of remittances into Kenya, accounting for 57 percent in May 2022.

### Money Market

The money market was relatively liquid during the week ending June 16, partly reflecting government payments which offset tax remittances. Commercial banks' excess reserves stood at KSh 45.2 billion in relation to the 4.25 percent cash reserves requirement (CRR). Open market operations remained active. The average interbank rate was 5.30 percent on June 16 compared to 4.94 percent on June 9. During the week, the average number of interbank deals decreased to 21 from 38 in the previous week, while the average value traded decreased to KSh 12.8 billion from KSh 28.3 billion in the previous week (**Table 3**).

### Government Securities Market

The Treasury bill auction of June 16, received bids totalling KSh 19.4 billion against an advertised amount of KSh 24.0 billion, representing a performance of 80.8 percent. Interest rates remained stable, with all the Treasury bills rates increasing marginally (**Table 4**).

### Equity Market

At the Nairobi Securities Exchange, NASI, NSE 25 and NSE 20 share price indices declined by 4.5 percent, 4.7 percent and 3.2 percent, respectively. Market capitalization declined by 4.6 percent, while total shares traded and equity turnover increased by 0.3 percent and 1.1 percent, respectively, during the week ending June 16 (**Table 6**).

### Bonds Market

Bond turnover in the domestic secondary market increased by 44.1 percent during the week ending June 16 (**Table 6**). In the international market, the yields on Kenya's Eurobonds increased by an average of 114.2 basis points. Similarly, the yield on the 10-Year Eurobonds for Angola and Ghana also increased (**Chart 3**).

### Global Trends

Inflationary pressure persisted in the week ending June 16. The US Federal reserve and the Bank of England raised their benchmark interest rates by 75 basis points and 25 basis points, respectively during the week. Major financial markets remained volatile.

International oil prices declined during the week ending June 16. Murban oil prices fell to USD 118.24 per barrel, compared to USD 122.39 per barrel on June 9.

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

	USD	Sterling Pound	Euro	100 Japanese Yen	Uganda Shilling*	Tanzania Shilling*	Rwandese Franc*	Burundi Franc*
3-Jun-22	116.83	146.91	124.97	89.98	31.97	19.93	8.73	17.60
6-Jun-22	116.85	146.98	125.27	89.42	31.96	19.91	8.75	17.60
7-Jun-22	116.90	146.94	125.40	89.34	32.12	19.92	8.75	17.59
8-Jun-22	116.95	146.50	124.92	88.07	31.94	19.92	8.79	17.58
9-Jun-22	117.01	147.07	125.32	87.34	31.83	19.91	8.86	17.58
<b>Jun 3-9</b>	<b>116.91</b>	<b>146.88</b>	<b>125.17</b>	<b>88.83</b>	<b>31.97</b>	<b>19.92</b>	<b>8.78</b>	<b>17.59</b>
10-Jun-22	117.05	146.94	125.34	87.40	31.83	19.90	8.73	17.57
13-Jun-22	117.10	146.44	124.47	87.46	31.51	19.90	8.79	17.56
14-Jun-22	117.17	144.09	123.10	87.18	31.96	19.88	8.72	17.55
15-Jun-22	117.24	142.58	122.84	87.15	32.00	19.87	8.72	17.55
16-Jun-22	117.29	141.39	122.47	87.31	32.02	19.87	8.71	17.54
<b>Jun 10-16</b>	<b>117.17</b>	<b>144.29</b>	<b>123.64</b>	<b>87.30</b>	<b>31.86</b>	<b>19.88</b>	<b>8.73</b>	<b>17.55</b>

\*Units of currency per Kenya Shilling

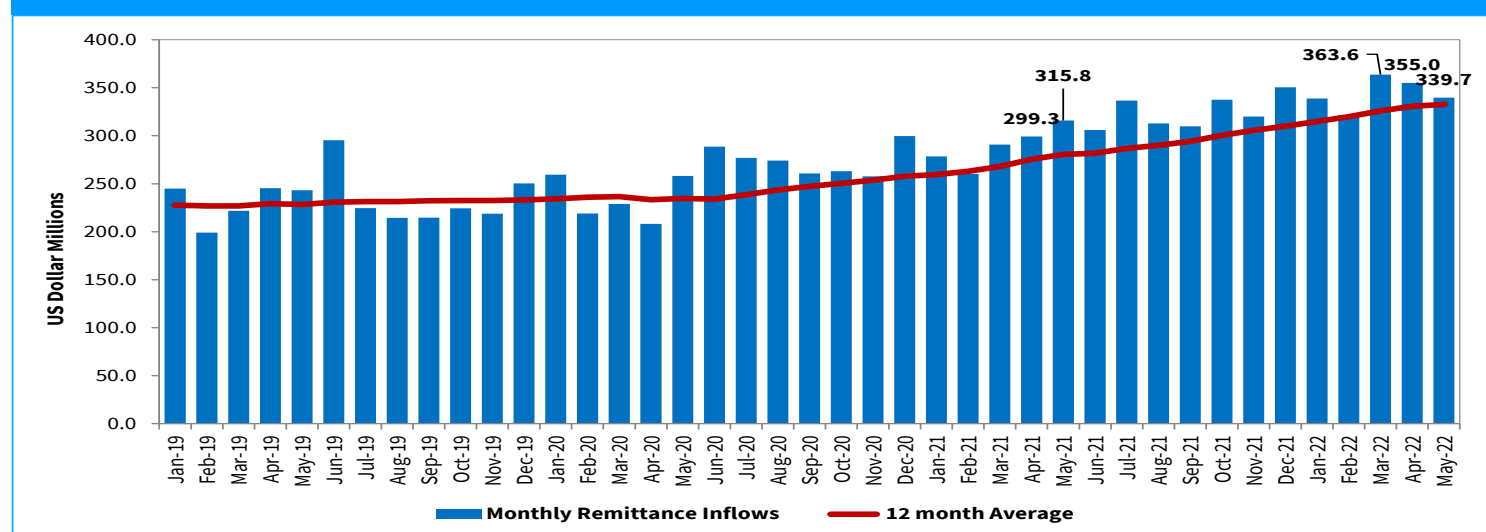
Source: Central Bank of Kenya

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

	19-May-22	26-May-22	2-Jun-22	9-Jun-22	16-Jun-22
1. CBK Usable Foreign Exchange Reserves (USD Million)	8,294	8,177	8,219	8,210	8,114
2. CBK Usable Foreign Exchange Reserves (Months of Import Cover)*	4.93	4.86	4.89	4.88	4.82

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

Source: Central Bank of Kenya

**Chart 1: Remittances**

Source: Central Bank of Kenya

**Table 3: Money Markets**

Date	Number of Deals	Value (KSh M)	Average Interbank Rate (%)
3-Jun-22	28	26,250.00	4.67
6-Jun-22	26	26,670.00	4.64
7-Jun-22	55	36,850.00	4.70
8-Jun-22	42	27,110.00	4.90
9-Jun-22	40	24,420.00	4.94
<b>Jun 3-9</b>	<b>38</b>	<b>28,260.00</b>	<b>4.77</b>
10-Jun-22	39	24,520.00	4.98
13-Jun-22	15	10,805.00	5.01
14-Jun-22	10	6,500.00	5.00
15-Jun-22	20	13,560.00	5.09
16-Jun-22	20	8,470.00	5.30
<b>Jun 10-16</b>	<b>21</b>	<b>12,771.00</b>	<b>5.08</b>

Source: Central Bank of Kenya

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

91-Day Treasury Bills						
Date of Auction	12-May-22	19-May-22	26-May-22	2-Jun-22	9-Jun-22	16-Jun-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)	5,278.68	5,475.21	494.30	8,405.31	3,245.06	3,070.87
Amount Accepted (KSh M)	5,278.19	2,523.79	468.31	3,505.97	3,243.24	3,043.36
Maturities (KSh M)	2,779.75	1,442.85	2,021.00	10,000.80	5,372.35	1,735.65
<b>Average Interest Rate (%)</b>	<b>7.683</b>	<b>7.758</b>	<b>7.744</b>	<b>7.811</b>	<b>7.866</b>	<b>7.925</b>
182-Day Treasury Bills						
Date of Auction	12-May-22	19-May-22	26-May-22	2-Jun-22	9-Jun-22	16-Jun-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)	7,926.39	10,251.80	2,845.90	7,273.94	3,999.76	7,323.74
Amount Accepted (KSh M)	7,924.77	8,337.33	2,845.42	2,495.14	3,999.04	7,322.40
Maturities (KSh M)	5,396.75	6,804.35	2,614.95	5,453.70	1,738.00	9,613.60
<b>Average Interest Rate (%)</b>	<b>8.722</b>	<b>8.832</b>	<b>8.901</b>	<b>8.974</b>	<b>9.037</b>	<b>9.096</b>
364-Day Treasury Bills						
Date of Auction	12-May-22	19-May-22	26-May-22	2-Jun-22	9-Jun-22	16-Jun-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)	11,341.10	12,184.59	9,721.48	5,030.89	7,457.07	8,998.36
Amount Accepted (KSh M)	9,897.73	12,006.44	9,198.39	5,011.66	6,783.54	7,864.12
Maturities (KSh M)	17,684.05	11,778.25	15,009.20	12,678.75	4,100.00	5,971.80
<b>Average Interest Rate (%)</b>	<b>9.860</b>	<b>9.879</b>	<b>9.881</b>	<b>9.935</b>	<b>9.952</b>	<b>9.961</b>

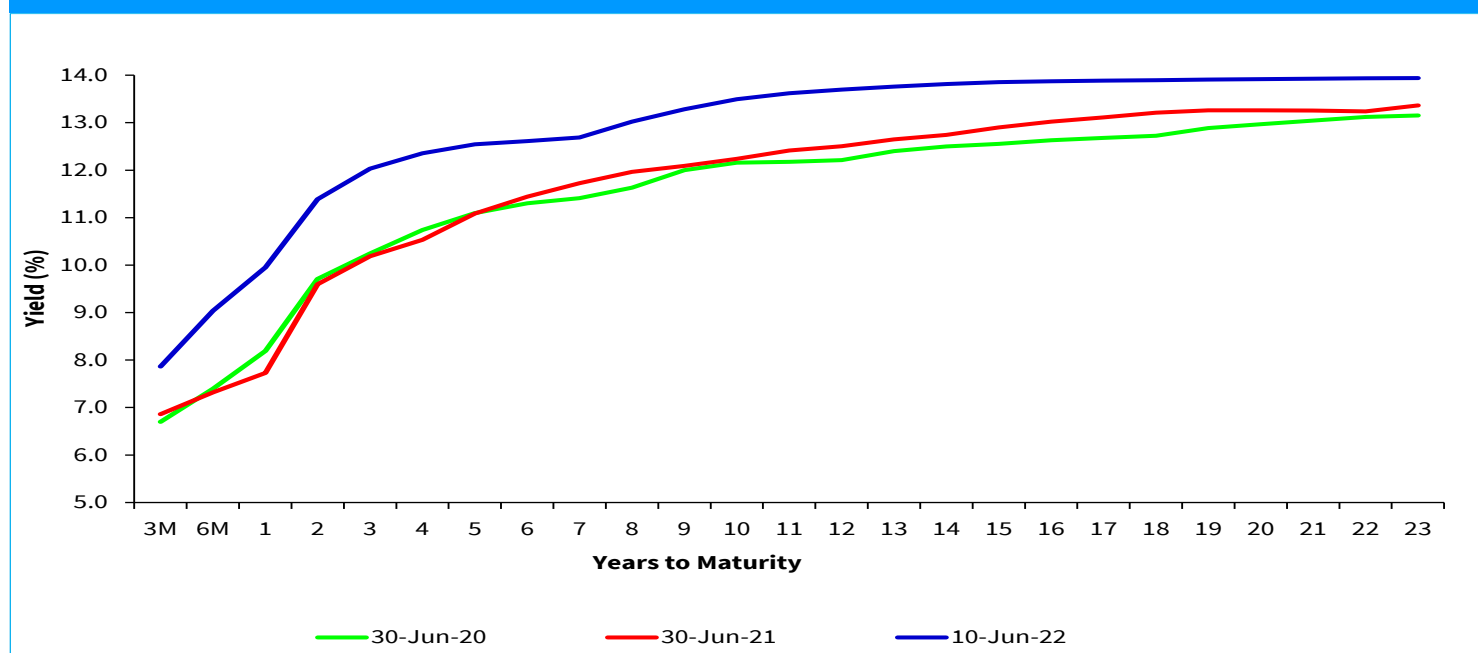
Source: Central Bank of Kenya

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

Date of Auction	6-Apr-22	20-Apr-22	11-May-22		20-May-22		8-Jun-22
Tenor	FXD1/ 2022/03	FXD1/ 2022/015	FXD1/ 2022/010	FXD1/ 2021/025	FXD1/ 2022/010	FXD1/ 2021/025	IFB1/ 2022/018
Amount offered (KSh M)	40,000.00	30,000.00	60,000.00		10,000.00		75,000.00
Bids received (KSh M)	34,045.50	32,545.90	32,893.01	10,225.98	5,967.65	11,044.75	76,369.63
Amount Accepted (KSh M)	33,137.89	27,637.05	28,675.32	3,064.50	5,967.17	11,003.44	73,770.99
Maturities (KSh M)	2,866.08	0.00					35,273.70
Average interest Rate (%)	11.78	13.94	13.49	13.92	13.49	13.92	13.74

Source: Central Bank of Kenya

**Chart 2: Government Securities Yield Curve**



Source: Nairobi Securities Exchange (NSE)

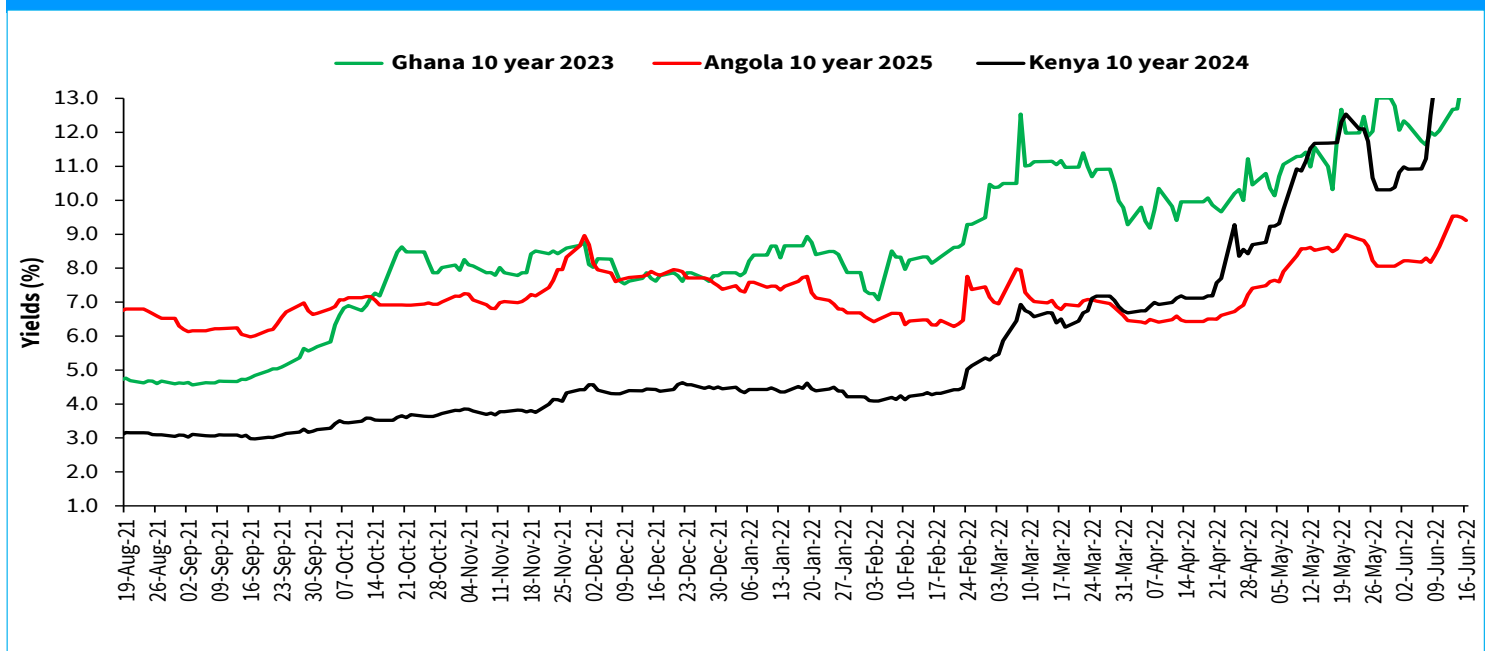
**Table 6: Key Weekly Market Indicators**

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
3-Jun-22	129.41	3066.15	1699.83	1,291.00	12.80	317.65	2,016.43	1,792.00	10.661	10.918	10.307	10.497	9.924	10.954
6-Jun-22	129.74	3070.19	1696.18	1,466.00	16.42	402.36	2,021.53	2,112.55	10.706	10.923	10.341	10.473	9.856	10.900
7-Jun-22	129.88	3071.04	1699.66	1,448.00	17.03	481.25	2,023.79	2,656.65	11.655	11.224	10.601	10.571	10.308	11.047
8-Jun-22	130.02	3073.70	1703.35	1,202.00	14.02	340.22	2,025.87	3,894.68	12.462	12.507	11.437	11.146	10.674	11.549
9-Jun-22	129.88	3054.59	1683.41	1,240.00	20.75	438.61	2,023.75	1,127.30	13.250	13.459	12.175	11.993	11.147	12.027
<b>June 3-9</b>	<b>129.88</b>	<b>3,054.59</b>	<b>1,683.41</b>	<b>6,647.00</b>	<b>81.01</b>	<b>1,980.08</b>	<b>2,023.75</b>	<b>11,583.18</b>	<b>13.250</b>	<b>13.459</b>	<b>12.175</b>	<b>11.993</b>	<b>11.147</b>	<b>12.027</b>
10-Jun-22	129.89	3,043.37	1,676.59	1,048.00	14.76	406.45	2,023.87	2,857.75	13.6110	14.1790	12.392	11.966	11.251	12.070
13-Jun-22	129.00	3,014.45	1,668.45	1,443.00	20.68	543.27	2,010.04	1,766.20	15.1490	15.5680	13.130	12.899	12.062	12.875
14-Jun-22	128.23	2995.41	1657.24	1255.00	12.07	228.80	1,997.96	1,979.40	14.7670	15.6610	13.704	13.137	12.018	12.924
15-Jun-22	126.15	2955.38	1644.65	1419.00	20.10	508.01	1,965.41	5,102.85	14.6600	15.0980	13.361	12.901	11.753	12.683
16-Jun-22	123.98	2910.63	1629.62	1165.00	13.62	315.48	1,931.54	4,989.45	14.9420	15.1430	13.333	12.846	11.861	12.779
<b>June 10-16</b>	<b>123.98</b>	<b>2,910.63</b>	<b>1,629.62</b>	<b>6,330.00</b>	<b>81.22</b>	<b>2,002.02</b>	<b>1,931.54</b>	<b>16,695.65</b>	<b>14.942</b>	<b>15.143</b>	<b>13.333</b>	<b>12.846</b>	<b>11.861</b>	<b>12.779</b>
<b>Weekly Changes (%)</b>	<b>-4.54</b>	<b>-4.71</b>	<b>-3.20</b>	<b>-4.77</b>	<b>0.26</b>	<b>1.11</b>	<b>-4.56</b>	<b>44.14</b>	<b>1.692*</b>	<b>1.684*</b>	<b>1.158*</b>	<b>0.853*</b>	<b>0.714*</b>	<b>0.752*</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-20	30-Jun-21	30-Sep-21	31-Dec-21	31-Mar-22	03-Jun-22	10-Jun-22
1. Treasury Bills (Excluding Repos)	887.70	765.37	763.45	709.15	656.45	631.20	614.74
<i>(As % of total securities)</i>	<b>28.56</b>	<b>21.17</b>	<b>19.78</b>	<b>17.95</b>	<b>16.02</b>	<b>15.12</b>	<b>14.78</b>
2. Treasury Bonds	2,220.34	2,849.94	3,096.84	3,242.24	3,440.61	3,543.87	3,543.87
<i>(As % of total securities)</i>	<b>71.44</b>	<b>78.83</b>	<b>80.22</b>	<b>82.05</b>	<b>83.98</b>	<b>84.88</b>	<b>85.22</b>
3. Total Securities (1+2)	3,108.04	3,615.31	3,860.29	3,951.39	4,097.06	4,175.07	4,158.60
4. Overdraft at Central Bank	47.15	59.28	55.11	59.31	68.40	54.04	69.33
5. Other Domestic debt*	23.24	22.50	22.37	21.66	26.32	26.26	26.29
<b>6. Gross Domestic Debt (3+4+5)</b>	<b>3,178.42</b>	<b>3,697.09</b>	<b>3,937.78</b>	<b>4,032.37</b>	<b>4,191.77</b>	<b>4,255.37</b>	<b>4,254.23</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	30-Sep-21	31-Dec-21	25-Mar-22	3-Jun-22	10-Jun-22
Treasury bills (Excluding Repos)	27.93	20.70	19.39	17.59	15.81	14.83	14.45
Treasury bonds	69.86	77.09	78.64	80.41	82.09	83.28	83.30
Overdraft at Central Bank	1.48	1.60	1.40	1.47	1.46	1.27	1.63
Other domestic debt	0.73	0.61	0.57	0.54	0.64	0.62	0.62
<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	30-Sep-21	31-Dec-21	25-Mar-22	3-Jun-22	10-Jun-22
Banking Institutions	54.18	51.24	50.82	50.20	49.29	48.50	48.46
Insurance Companies	6.05	6.66	6.60	6.79	6.87	7.07	7.09
Parastatals	5.73	5.54	5.39	5.57	5.72	5.81	5.87
Pension Funds	29.04	30.60	31.24	31.34	31.75	32.25	32.19
Other Investors	5.00	5.96	5.95	6.10	6.37	6.37	6.40
<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	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)	<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>	<b>8,401.33</b>

Source: The National Treasury and Central Bank of Kenya