



Central Bank of Kenya

Weekly Bulletin

March 4, 2022



RECENT MONETARY AND FINANCIAL DEVELOPMENTS

Inflation

Overall inflation declined to 5.1 percent in February 2022 from 5.4 percent in January 2022, due to easing electricity and pump prices following government interventions. Fuel inflation declined to 6.5 percent from 8.2 percent in January. Food inflation remained elevated due to seasonal factors, declining to 8.7 percent from 8.9 percent in January. Meanwhile, NFNF inflation remained low at 2.0 percent in February compared to 1.9 percent in January, reflective of minimal demand pressures in the economy (**Chart 1**).

Exchange rates

The Kenya Shilling remained stable against major international and regional currencies during the week ending March 3. It exchanged at KSh 113.89 per US dollar on March 3, compared to KSh 113.80 per US dollar on February 24 (**Table 1**).

Foreign Exchange Reserves

The usable foreign exchange reserves remained adequate at USD 7,913 million (4.84 months of import cover) as at March 3. 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 liquid during the week ending March 3 partly reflecting government payments, which offset tax remittances. Commercial banks' excess reserves stood at KSh 16.8 billion in relation to the 4.25 percent cash reserves requirement (CRR). Open market operations remained active. The average interbank rate was 5.36 percent on March 3 compared to 5.70 percent on February 24. During the week, the average number of interbank deals increased to 20 from 17 in the previous week, while the average value traded increased to KSh 10.2 billion compared with KSh 7.4 billion in the previous week (**Table 3**).

Government Securities Market

The Treasury bill auction of March 3 received bids totalling KSh 29.3 billion against an advertised amount of KSh 24.0 billion, representing a performance of 122.1 percent. Interest rates remained stable, only increasing marginally (**Table 4**).

Equity Market

At the Nairobi Securities Exchange, NASI, NSE 20 and NSE 25 share price indices rose by 4.3 percent, 0.1 percent and 2.1 percent respectively. Similarly, market capitalization, equity turnover and total shares traded rose by 4.3 percent, 22.2 percent and 16.8 percent, respectively during the week ending March 3 (**Table 6**).

Bonds Market

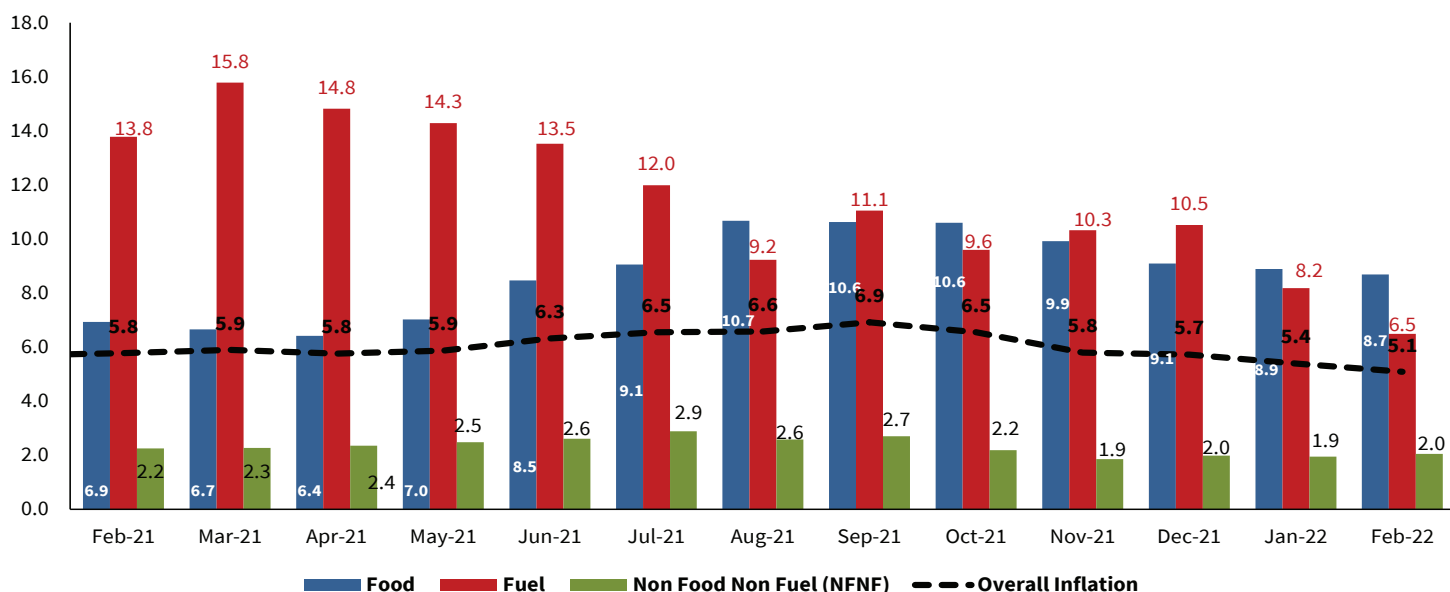
Bonds turnover in the domestic secondary market rose by 144.22 percent during the week ending March 3 (Table 6). In the international market, yields on Kenya's Eurobonds rose by an average of 28.4 basis points. Similarly, the yields on the 10-year Eurobonds for Ghana rose, while for Angola declined (**Chart 3**).

Global Trends

Commodity prices continue to increase due to supply disruptions as a result of the Russia- Ukraine conflict. Yields in major markets increased following assurance by the US Fed about future rate hikes.

International oil prices increased sharply during the week ending March 3. Murban oil prices rose to USD 119.23 per barrel on March 3 compared to USD 100.65 per barrel on February 24.

Chart 1: Inflation



Source: Nairobi Securities Exchange (NSE)

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

	USD	Sterling Pound	Euro	100 Japanese Yen	Uganda Shilling*	Tanzania Shilling*	Rwandese Franc*	Burundi Franc*
18-Feb-22	113.67	154.30	129.22	98.90	30.88	20.36	9.15	17.58
21-Feb-22	113.69	154.40	129.08	98.84	30.85	20.35	9.15	17.58
22-Feb-22	113.69	154.43	128.99	98.98	30.89	20.34	9.15	17.58
23-Feb-22	113.74	154.23	129.04	98.84	30.92	20.34	9.14	17.57
24-Feb-22	113.80	154.71	129.12	99.31	30.89	20.33	9.14	17.57
Feb 18-21	113.72	154.41	129.09	98.98	30.88	20.35	9.14	17.58
25-Feb-22	113.82	152.89	127.76	99.10	31.01	20.33	8.91	17.56
28-Feb-22	113.84	152.68	127.65	98.50	31.16	20.34	8.96	17.56
1-Mar-22	113.84	152.72	127.73	98.97	31.10	20.33	8.91	17.56
2-Mar-22	113.85	152.82	127.73	99.19	31.00	20.33	8.91	17.56
3-Mar-22	113.89	152.25	127.09	98.82	31.17	20.33	8.90	17.56
Feb 25-Mar 3	113.85	152.67	127.59	98.92	31.09	20.33	8.92	17.56

*Units of currency per Kenya Shilling

Source: Central Bank of Kenya

Table 2: Official Foreign Exchange Reserves (USD Million)

	27-Jan-22	3-Feb-22	10-Feb-22	17-Feb-22	24-Feb-22	3-Mar-22
1. CBK Usable Foreign Exchange Reserves (USD Million)	8,287	8,224	8,196	8,125	8,130	7,913
2. CBK Usable Foreign Exchange Reserves (Months of Import Cover)*	5.07	5.03	5.01	4.97	4.97	4.84

*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 (%)
18-Feb-22	27	18,007.00	4.72
21-Feb-22	16	3,760.00	5.00
22-Feb-22	10	1,100.00	5.56
23-Feb-22	12	5,510.00	4.44
24-Feb-22	20	8,800.00	5.70
Feb 18-24	17	7,435.40	5.08
25-Feb-22	16	6,025.00	5.81
28-Feb-22	19	12,020.00	5.58
1-Mar-22	23	13,550.00	5.56
2-Mar-22	21	10,410.00	5.52
3-Mar-22	22	9,000.00	5.36
Feb 25-Mar 3	20	10,201.00	5.57

Source: Central Bank of Kenya

Table 4: Performance of Treasury Bills Auctions

91-Day Treasury Bills					
Date of Auction	3-Feb-22	10-Feb-22	17-Feb-22	24-Feb-22	3-Mar-22
Amount Offered (KSh M)	4,000.00	4,000.00	4,000.00	4,000.00	4,000.00
Bids Received (KSh M)	3,385.39	2,890.10	1,489.03	2,011.72	9,841.66
Amount Accepted (KSh M)	3,304.27	2,759.58	1,424.06	1,990.21	9,839.11
Maturities (KSh M)	3,481.85	4,058.25	8,542.30	3,985.10	6,824.55
Average Interest Rate (%)	7.317	7.285	7.250	7.254	7.265
182-Day Treasury Bills					
Date of Auction	3-Feb-22	10-Feb-22	17-Feb-22	24-Feb-22	3-Mar-22
Amount Offered (KSh M)	10,000.00	10,000.00	10,000.00	10,000.00	10,000.00
Bids Received (KSh M)	8,244.05	6,397.70	10,148.65	4,034.77	12,600.76
Amount Accepted (KSh M)	8,243.86	6,397.60	9,962.79	3,929.72	12,307.01
Maturities (KSh M)	14,529.00	3,242.85	15,761.90	2,087.50	10,262.50
Average Interest Rate (%)	8.095	8.108	8.075	8.062	8.063
364-Day Treasury Bills					
Date of Auction	3-Feb-22	10-Feb-22	17-Feb-22	24-Feb-22	3-Mar-22
Amount Offered (KSh M)	10,000.00	10,000.00	10,000.00	10,000.00	10,000.00
Bids Received (KSh M)	16,168.11	10,758.16	15,131.05	9,224.33	6,866.17
Amount Accepted (KSh M)	14,293.17	10,758.07	14,663.79	6,768.66	4,394.92
Maturities (KSh M)	13,421.20	15,300.20	14,651.35	15,793.15	18,826.60
Average Interest Rate (%)	9.594	9.668	9.724	9.764	9.774

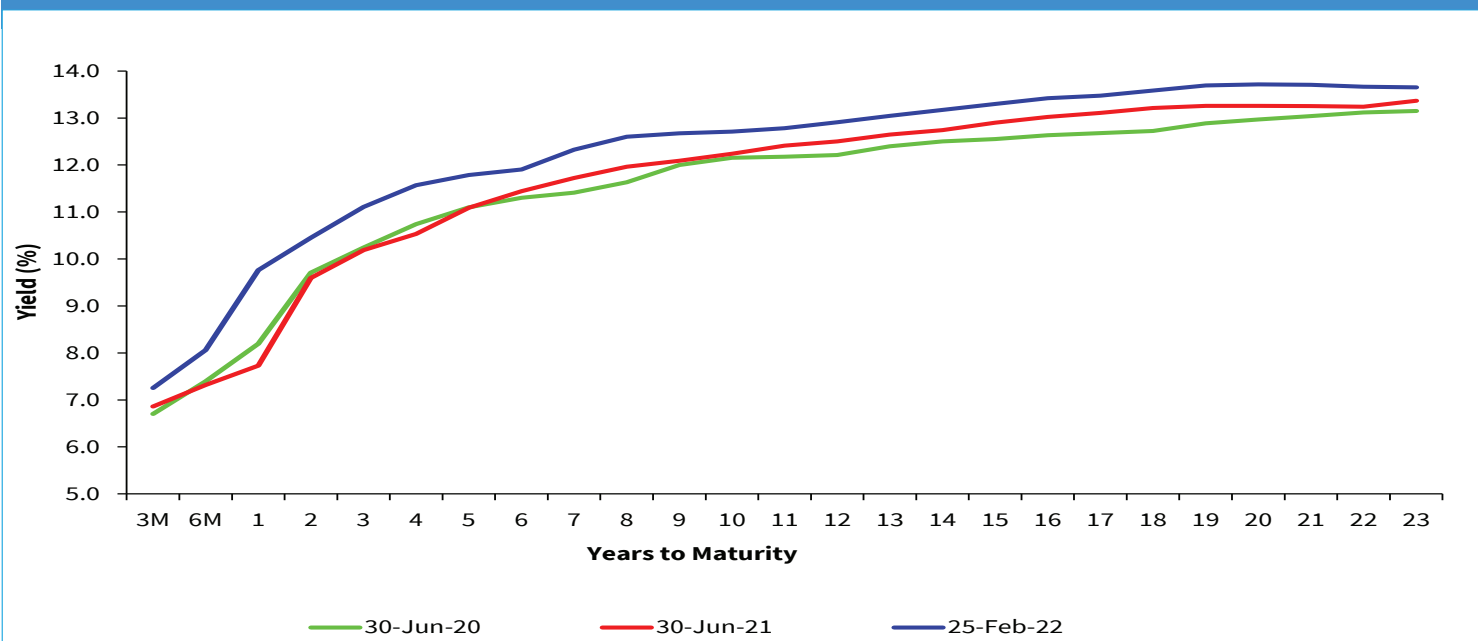
Source: Central Bank of Kenya

Table 5: Performance of Treasury Bond Auctions

Date of Auction	10-Nov-21		8-Dec-21		5-Jan-22	19-Jan-22		16-Feb-22
	REOPEN		REOPEN		REOPEN	REOPEN		
Tenor	FXD1/ 2021/5	FXD1/ 2019/20	FXD4/ 2019/10	FXD1/ 2018/20	FXD1/ 2021/005	FXD2/ 2018/10	FXD1/ 2021/20	IFB1/ 2022/019
Amount offered (KSh M)	50,000.00		40,000.00		30,000.00	30,000.00		75,000.00
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	132,257.79
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	98,637.46
Maturities (KSh M)	0.00		0.00		0.00	0.00		2,866.08
Average interest Rate (%)	11.28	13.41	12.64	13.37	11.23	12.56	13.72	12.97

Source: Central Bank of Kenya

Chart 2: Yield on Government Securities



Source: Nairobi Securities Exchange (NSE)

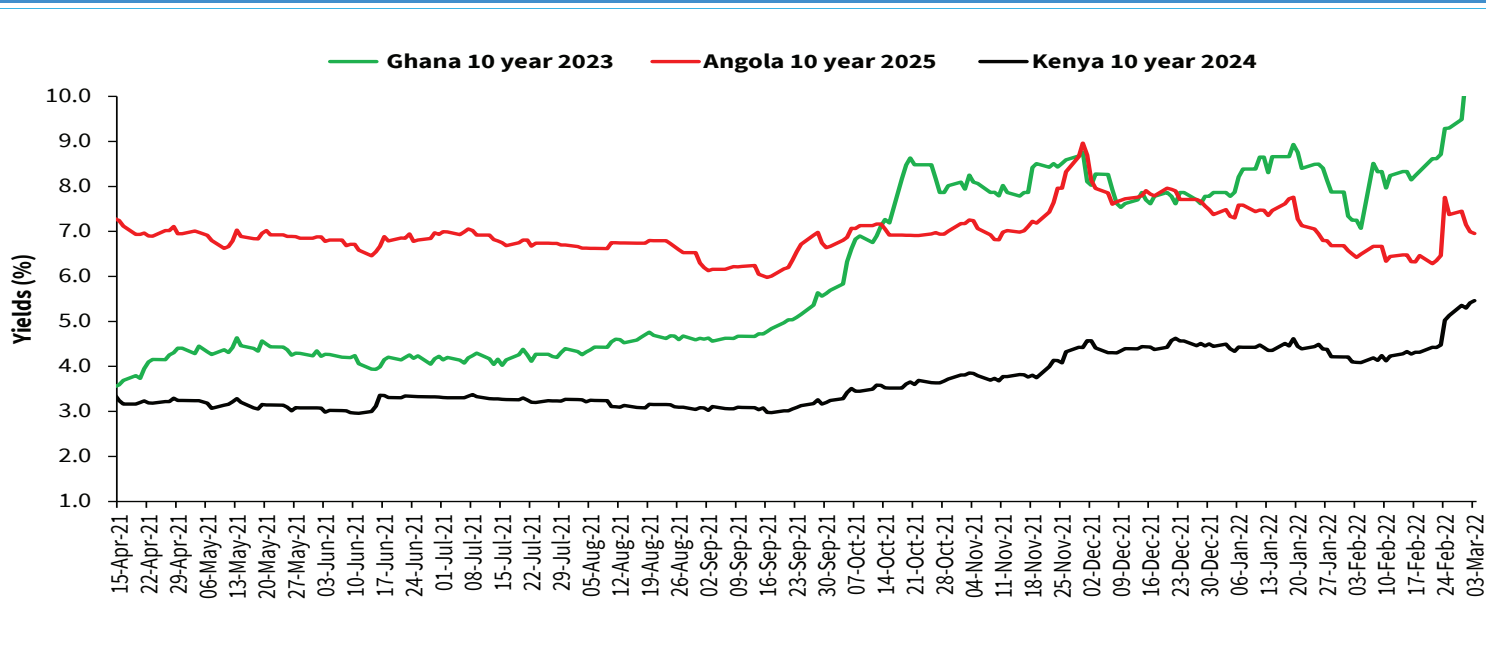
Table 6: Key Weekly Market Indicators

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 Capital- ization (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
18-Feb-22	166.97	3,755.89	1,916.42	883	6.12	205.27	2,600.75	474.15	7.036	4.314	7.094	7.747	7.830	8.882
21-Feb-22	167.04	3,753.41	1,919.21	1,073	5.28	106.16	2,601.87	207.70	7.088	4.424	7.354	8.055	7.869	9.054
22-Feb-22	166.63	3,739.86	1,915.95	1,332	20.46	658.36	2,595.48	990.65	7.226	4.421	7.486	8.173	7.916	9.136
23-Feb-22	163.46	3,704.58	1,913.15	1,123	5.73	217.46	2,546.07	1,285.72	7.463	4.474	7.618	8.212	8.008	9.219
24-Feb-22	157.54	3,610.09	1,892.83	1469.00	23.22	807.74	2,453.65	4,115.05	8.148	5.024	8.132	8.635	8.558	9.546
Feb 18-24	157.54	3,610.09	1,892.83	5,880.00	60.80	1,995.00	2,453.65	7,073.27	8.148	5.024	8.132	8.635	8.558	9.546
25-Feb-22	160.03	3,635.88	1,883.33	1,214.00	17.22	545.12	2,492.46	4,356.15	7.810	5.131	8.243	8.926	8.341	9.709
28-Feb-22	160.25	3,621.15	1,886.75	1,440.00	19.27	523.65	2,495.89	2,158.65	8.123	5.356	8.133	8.822	8.561	9.619
1-Mar-22	160.53	3,620.79	1,882.34	1,155.00	5.62	202.50	2,500.34	3,419.85	8.222	5.297	8.244	8.822	8.542	9.664
2-Mar-22	162.48	3,644.99	1,877.02	1,141.00	16.52	701.01	2,530.77	4,078.30	8.309	5.410	8.355	8.927	8.542	9.694
3-Mar-22	164.36	3,686.72	1,894.36	1,173.00	12.40	465.15	2,560.02	3,261.65	8.397	5.462	8.440	9.033	8.673	9.739
Feb 25-Mar 3	164.36	3,686.72	1,894.36	6,123.00	71.03	2,437.43	2,560.02	17,274.60	8.397	5.462	8.440	9.033	8.673	9.739
Weekly Changes (%)	4.33	2.12	0.08	4.13	16.83	22.18	4.34	144.22	0.249*	0.438*	0.308*	0.398*	0.115*	0.193*

* 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	26-Nov-21	31-Dec-21	28-Jan-22	18-Feb-22	25-Feb-22
1. Treasury Bills (Excluding Repos)	765.37	763.45	716.69	709.15	702.10	699.02	687.93
<i>(As % of total securities)</i>	21.17	19.78	18.28	17.95	17.52	17.46	17.23
2. Treasury Bonds	2,849.94	3,096.84	3,203.90	3,242.24	3,304.90	3,304.90	3,304.90
<i>(As % of total securities)</i>	78.83	80.22	81.72	82.05	82.48	82.54	82.77
3. Total Securities (1+2)	3,615.31	3,860.29	3,920.59	3,951.39	4,007.00	4,003.91	3,992.83
4. Overdraft at Central Bank	59.28	55.11	62.82	59.31	56.26	39.90	52.83
5. Other Domestic debt*	22.50	22.37	23.09	21.66	21.67	25.79	25.76
6. Gross Domestic Debt (3+4+5)	3,697.09	3,937.78	4,006.50	4,032.37	4,084.93	4,069.60	4,071.42

* 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	28-Jan-22	18-Feb-22	25-Feb-22
Treasury bills (Excluding Repos)	27.93	20.70	19.39	17.59	17.19	17.18	16.90
Treasury bonds	69.86	77.09	78.64	80.41	80.90	81.21	81.17
Overdraft at Central Bank	1.48	1.60	1.40	1.47	1.38	0.98	1.30
Other domestic debt	0.73	0.61	0.57	0.54	0.53	0.63	0.63
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	30-Sep-21	31-Dec-21	28-Jan-22	18-Feb-22	25-Feb-22
Banking Institutions	54.18	51.24	50.82	50.20	49.94	49.35	49.37
Insurance Companies	6.05	6.66	6.60	6.79	6.87	6.92	6.91
Parastatals	5.73	5.54	5.39	5.57	5.63	5.74	5.77
Pension Funds	29.04	30.60	31.24	31.34	31.39	31.78	31.72
Other Investors	5.00	5.96	5.95	6.10	6.17	6.21	6.22
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

	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)	6,692.78	7,120.60	7,281.83	7,339.71	7,696.63	7,996.30	8,206.74

Source: National Treasury and Central Bank of Kenya