



Central Bank of Kenya

Weekly Bulletin

March 25, 2022



RECENT MONETARY AND FINANCIAL DEVELOPMENTS

Exchange Rates

The Kenya Shilling remained stable against major international and regional currencies during the week ending March 24. It exchanged at KSh 114.60 per US dollar on March 24, compared to KSh 114.31 per US dollar on March 17 (**Table 1**).

Foreign Exchange Reserves

The usable foreign exchange reserves remained adequate at USD 7,856 million (4.80 months of import cover) as of March 24. 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 5.6 percent of GDP in the 12 months to February 2022, compared to 4.3 percent of GDP in the 12 months to February 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

Liquidity in the money market was relatively tight during the week ending March 24, mainly due to higher government receipts compared to payments. Commercial banks' excess reserves stood at KSh 17.6 billion in relation to the 4.25 percent cash reserves requirement (CRR). Open market operations remained active. The average interbank rate was 4.38 percent on March 24 compared to 4.35 percent on March 17. During the week, the average number of interbank deals decreased to 18 from 23 in the previous week, while the average value traded declined to KSh 13.0 billion from KSh 16.0 billion in the previous week (**Table 3**).

Government Securities Market

The Treasury bill auction of March 24 received bids totalling KSh 13.4 billion against an advertised amount of KSh 24.0 billion, representing a performance of 55.8 percent. Interest

rates on all the Treasury bills remained stable, only rising marginally (**Table 4**).

The March 18 tap sale for the 5-year, 15-year and 25-year Treasury bonds received bids totalling KSh 24.9 billion against an advertised amount of KSh 31.5 billion, representing a performance of 79.0 percent (**Table 5**).

Equity Market

At the Nairobi Securities Exchange, NASI and NSE 25 share price indices rose by 1.1 percent and 0.6 percent, respectively. Similarly, market capitalization, equity turnover and total shares traded rose by 1.1 percent, 35.1 percent, and 15.8 percent, respectively. The NSE 20 Share price Index was stable, declining marginally by 0.02 percent during the week ending March 24 (**Table 6**).

Bonds Market

Bonds turnover in the domestic secondary market declined by 31.0 percent during the week ending March 24 (**Table 6**). In the international market, yields on Kenya's Eurobonds rose by an average of 44.73 basis points. Similarly, the yield on the 10-year Eurobond for Angola rose, while that for Ghana declined (**Chart 3**).

Global Trends

Concerns continued regarding the ongoing Russian-Ukraine conflict. European gas prices increased by up to 60 percent intraday after Russia announced that it would demand payment in rubles for natural gas supplies to certain countries. In the United Kingdom, inflation increased to 6.2 percent from 5.5 percent.

International oil prices rose during the week ending March 24, owing to inventory drawdowns. Murban oil price rose to USD 116.86 per barrel on March 24 compared to USD 102.76 per barrel on March 17.

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*
11-Mar-22	114.18	150.41	126.10	98.46	31.71	20.28	8.98	17.95
14-Mar-22	114.19	150.56	126.20	97.67	31.65	20.28	8.89	17.95
15-Mar-22	114.23	150.04	125.81	96.84	31.51	20.27	8.89	17.95
16-Mar-22	114.29	149.71	125.84	96.69	31.41	20.26	8.88	17.94
17-Mar-22	114.31	149.83	125.95	96.71	31.33	20.27	8.88	17.94
Mar 11-17	114.24	150.11	125.98	97.28	31.53	20.27	8.91	17.95
18-Mar-22	114.38	150.45	126.40	96.35	31.30	20.26	8.94	17.93
21-Mar-22	114.40	150.32	126.26	96.01	31.30	20.25	8.94	17.93
22-Mar-22	114.44	150.64	126.38	96.01	31.32	20.27	8.88	17.92
23-Mar-22	114.50	151.33	126.01	94.56	31.41	20.26	8.88	17.91
24-Mar-22	114.60	151.50	125.97	94.79	31.54	20.23	8.87	17.90
Mar 18-24	114.46	150.85	126.20	95.54	31.37	20.25	8.90	17.92

*Units of currency per Kenya Shilling

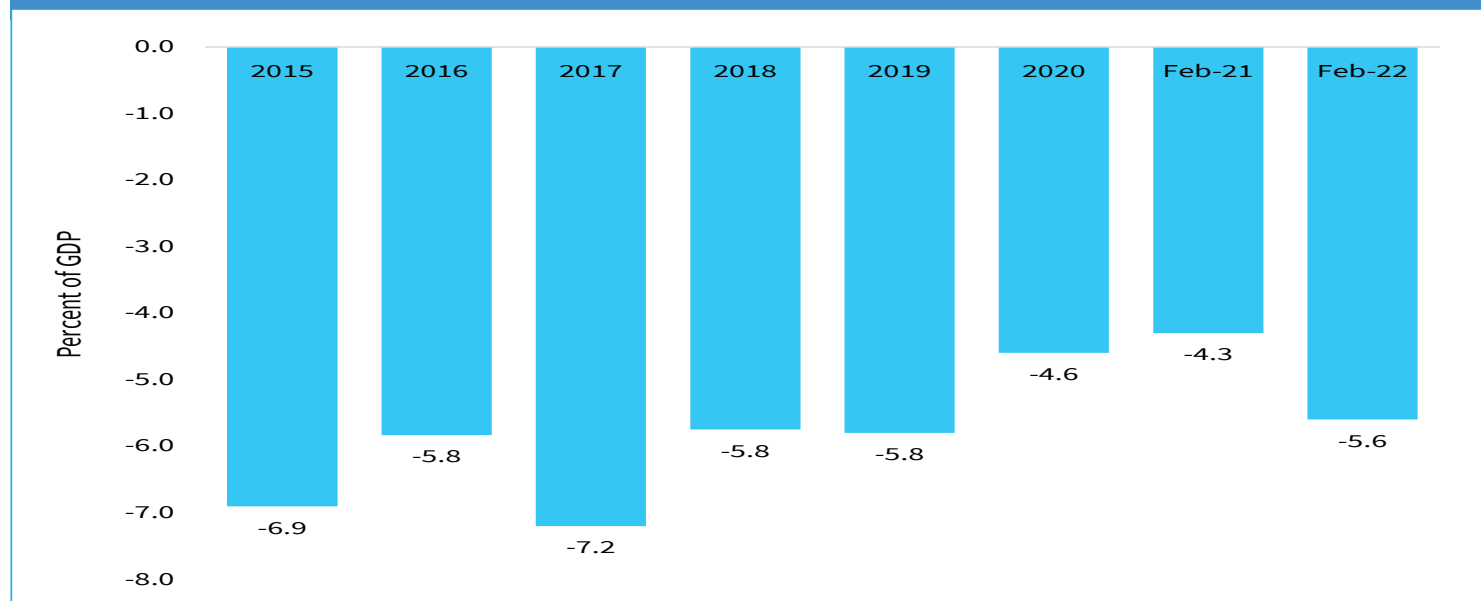
Source: Central Bank of Kenya

Table 2: Official Foreign Exchange Reserves (USD Million)

	24-Feb-22	3-Mar-22	10-Mar-22	17-Mar-22	24-Mar-22
1. CBK Usable Foreign Exchange Reserves (USD Million)	8,130	7,913	8,011	7,979	7,856
2. CBK Usable Foreign Exchange Reserves (Months of Import Cover)*	4.97	4.84	4.90	4.88	4.80

*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 (%)
11-Mar-22	20	12,300.00	4.48
14-Mar-22	21	15,370.00	4.35
15-Mar-22	25	19,860.00	4.28
16-Mar-22	26	18,000.00	4.37
17-Mar-22	25	14,620.00	4.35
Mar 11-17	23	16,030.00	4.37
18-Mar-22	27	18,320.00	4.16
21-Mar-22	33	25,920.00	4.27
22-Mar-22	13	9,550.00	4.22
23-Mar-22	9	6,900.00	4.26
24-Mar-22	8	4,100.00	4.38
Mar 18-24	18	12,958.00	4.26

Source: Central Bank of Kenya

Table 4: Performance of Treasury Bills Auctions

91-Day Treasury Bills						
Date of Auction	27-Jan-22	10-Feb-22	17-Feb-22	24-Feb-22	17-Mar-22	24-Mar-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)	1,506.72	2,890.10	1,489.03	2,011.72	1,978.39	2,319.78
Amount Accepted (KSh M)	1,505.25	2,759.58	1,424.06	1,990.21	1,755.26	2,319.68
Maturities (KSh M)	2,676.75	4,058.25	8,542.30	3,985.10	3,591.35	1,605.00
Average Interest Rate (%)	7.343	7.285	7.250	7.254	7.252	7.283
182-Day Treasury Bills						
Date of Auction	27-Jan-22	10-Feb-22	17-Feb-22	24-Feb-22	17-Mar-22	24-Mar-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)	5,344.77	6,397.70	10,148.65	4,034.77	8,238.10	3,842.26
Amount Accepted (KSh M)	5,344.67	6,397.60	9,962.79	3,929.72	8,235.99	3,842.12
Maturities (KSh M)	6,662.90	3,242.85	15,761.90	2,087.50	7,030.85	4,812.40
Average Interest Rate (%)	8.112	8.108	8.075	8.062	8.093	8.134
364-Day Treasury Bills						
Date of Auction	27-Jan-22	10-Feb-22	17-Feb-22	24-Feb-22	17-Mar-22	24-Mar-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)	19,054.94	10,758.16	15,131.05	9,224.33	9,662.16	7,219.36
Amount Accepted (KSh M)	17,623.48	10,758.07	14,663.79	6,768.66	8,857.28	7,082.09
Maturities (KSh M)	14,547.35	15,300.20	14,651.35	15,793.15	12,810.30	13,805.10
Average Interest Rate (%)	9.544	9.668	9.724	9.764	9.763	9.767

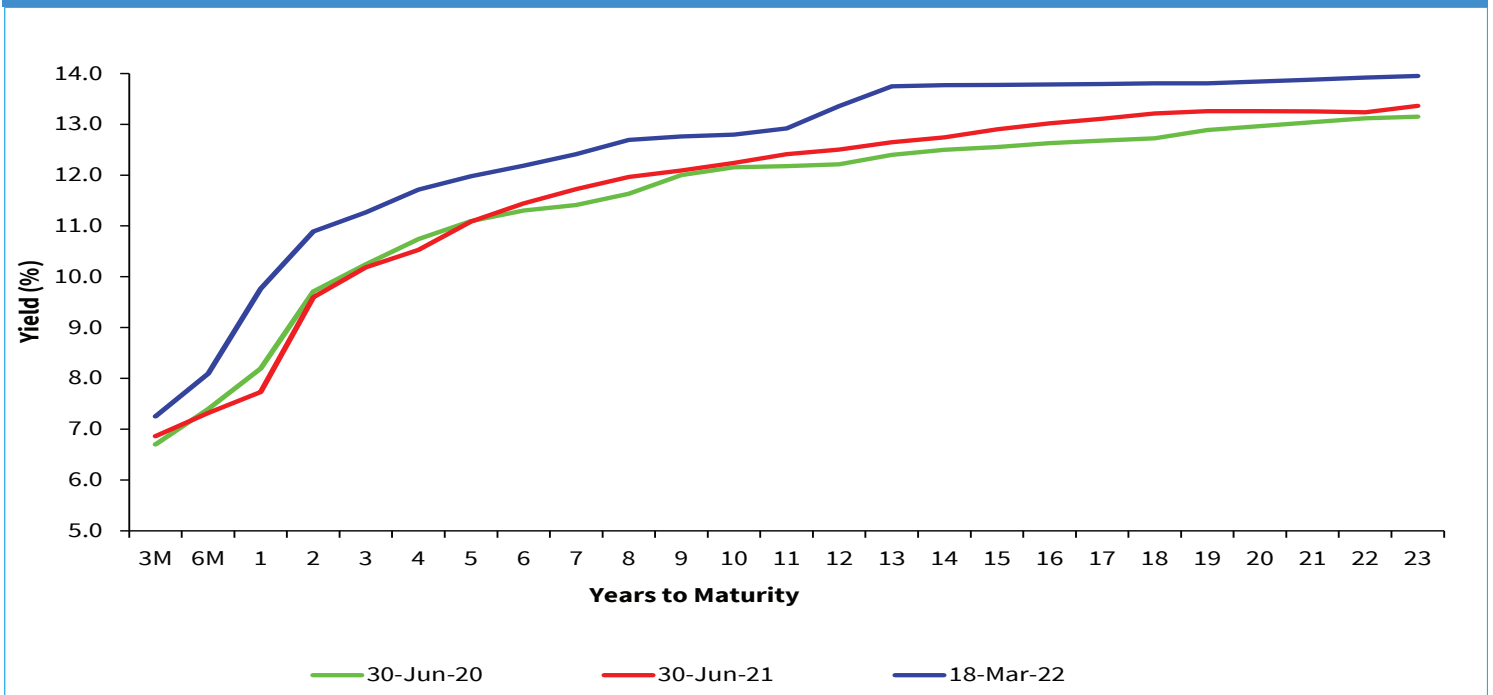
Source: Central Bank of Kenya

Table 5: Performance of Treasury Bond Auctions

Date of Auction	19-Jan-22		16-Feb-22	9-Mar-22			18-Mar-22		
	REOPEN			REOPEN			TAP		
Tenor	FXD2/ 2018/10	FXD1/ 2021/20	IFB1/ 2022/019	FXD1/ 2021/005	FXD1/ 2020/015	FXD1/ 2021/025	FXD1/ 2021/005	FXD1/ 2020/015	FXD1/ 2021/025
Amount offered (KSh M)	30,000.00		75,000.00	50,000.00			31,500.00		
Bids received (KSh M)	10,434.25	27,978.40	132,257.79	9,212.68	9,136.01	22,601.21	3,934.30	15,563.15	5,394.15
Amount Accepted (KSh M)	7,303.40	27,596.37	98,637.46	8,294.79	6,216.24	3,942.94	3,834.09	14,651.62	5,373.44
Maturities (KSh M)	0.00		2,866.08	0.00			0.00		
Average interest Rate (%)	12.56	13.72	12.97	11.997	13.73	13.97	11.277	12.76	13.92

Source: Central Bank of Kenya

Chart 2: Government Securities Yield Curve



Source: Nairobi Securities Exchange (NSE)

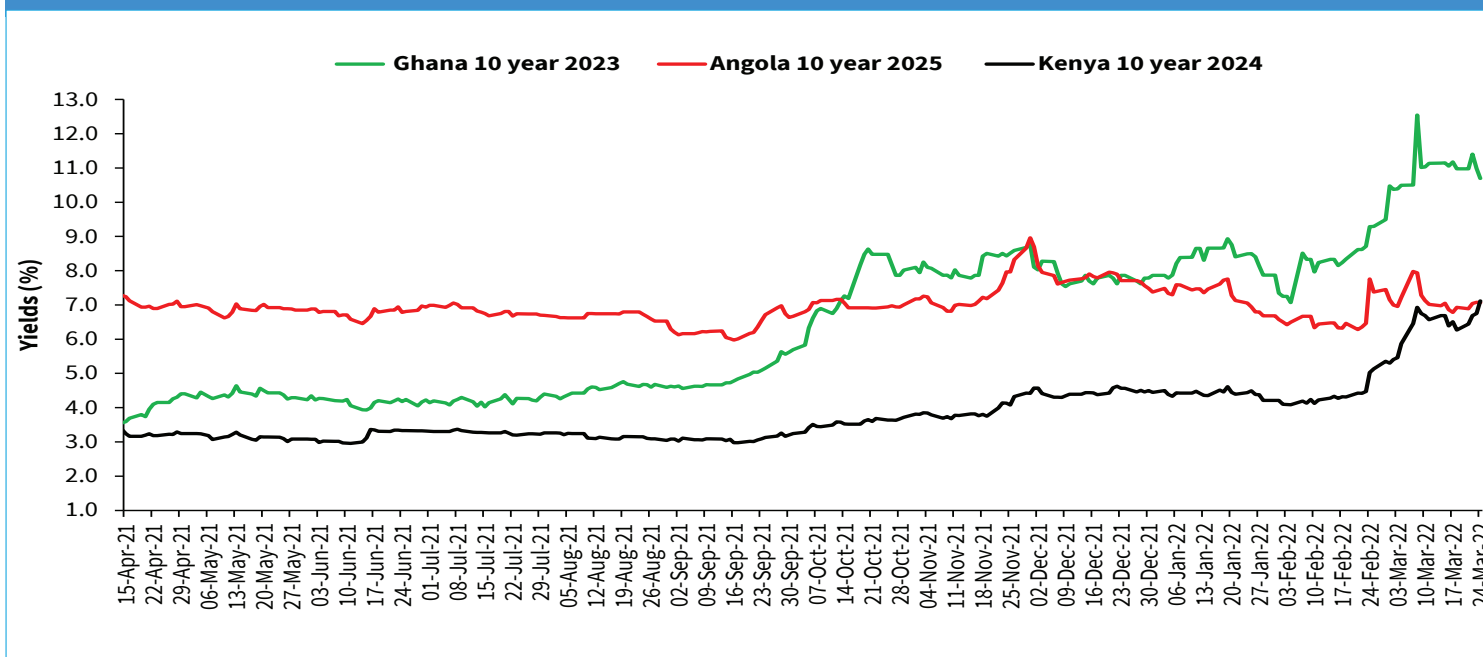
Table 6: Key Weekly Market Indicators

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
11-Mar-22	159.05	3613.10	1,864.58	872.00	4.57	118.66	2,477.15	2,385.30	9.136	6.568	9.219	9.467	8.965	9.954
14-Mar-22	159.21	3612.02	1,866.30	1,068.00	6.38	178.03	2,479.67	6,407.90	8.979	6.688	9.073	9.358	8.905	9.861
15-Mar-22	159.48	3619.04	1,867.76	1,191.00	11.49	343.38	2,483.94	6,112.05	8.815	6.687	8.929	9.228	8.804	9.845
16-Mar-22	159.18	3628.96	1,864.92	481.00	10.48	376.34	2,479.30	6,722.55	8.409	6.388	8.671	8.951	8.450	9.709
17-Mar-22	157.68	3598.99	1,861.13	1,186.00	13.18	417.39	2,455.77	5,227.60	8.306	6.506	8.194	8.701	8.418	9.401
Mar 11-17	157.68	3,598.99	1,861.13	4,798.00	46.11	1,433.80	2,455.77	26,855.40	8.306	6.506	8.194	8.701	8.418	9.401
18-Mar-22	156.89	3594.25	1,860.52	969.00	6.38	208.40	2,443.49	4,824.25	8.250	6.266	8.194	8.722	8.355	9.430
21-Mar-22	159.09	3618.42	1,868.07	1,008.00	4.99	199.06	2,477.86	4,588.25	8.444	6.445	8.278	8.722	8.413	9.473
22-Mar-22	160.86	3639.07	1,861.67	1,142.00	18.03	754.27	2,505.44	3,673.21	8.493	6.686	8.446	8.910	8.549	9.634
23-Mar-22	160.11	3620.27	1,858.80	993.00	14.37	473.78	2,493.70	3,424.45	8.735	6.746	8.532	8.974	8.688	9.724
24-Mar-22	159.36	3621.88	1,860.75	993.00	9.62	301.32	2,481.97	2,016.40	8.771	7.113	8.618	9.059	8.804	9.845
Mar 18-24	159.36	3,621.88	1,860.75	5,105.00	53.39	1,936.84	2,481.97	18,526.56	8.771	7.113	8.618	9.059	8.804	9.845
Weekly Changes (%)	1.07	0.64	-0.02	6.40	15.79	35.08	1.07	-31.01	0.465*	0.607*	0.424*	0.358*	0.386*	0.444*

* 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-Jan-22	28-Feb-22	11-Mar-22	18-Mar-22
1. Treasury Bills (Excluding Repos)	765.37	763.45	709.15	704.29	679.48	671.15	666.02
<i>(As % of total securities)</i>	21.17	19.78	17.95	17.57	16.65	16.50	16.32
2. Treasury Bonds	2,849.94	3,096.84	3,242.24	3,304.90	3,400.35	3,396.69	3,415.73
<i>(As % of total securities)</i>	78.83	80.22	82.05	82.43	83.35	83.50	83.68
3. Total Securities (1+2)	3,615.31	3,860.29	3,951.39	4,009.19	4,079.83	4,067.84	4,081.75
4. Overdraft at Central Bank	59.28	55.11	59.31	75.15	74.70	55.20	61.53
5. Other Domestic debt*	22.50	22.37	21.66	25.78	25.77	25.79	25.78
6. Gross Domestic Debt (3+4+5)	3,697.09	3,937.78	4,032.37	4,110.12	4,180.29	4,148.83	4,169.06

* 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	31-Jan-22	28-Feb-22	11-Mar-22	18-Mar-22
Treasury bills (Excluding Repos)	20.70	19.39	17.59	17.14	16.25	16.18	15.98
Treasury bonds	77.09	78.64	80.41	80.41	81.34	81.87	81.93
Overdraft at Central Bank	1.60	1.40	1.47	1.83	1.79	1.33	1.48
Other domestic debt	0.61	0.57	0.54	0.63	0.62	0.62	0.62
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-21	30-Sep-21	31-Dec-21	31-Jan-22	28-Feb-22	11-Mar-22	18-Mar-22
Banking Institutions	51.24	50.82	50.20	50.15	49.51	49.20	49.20
Insurance Companies	6.66	6.60	6.79	6.83	6.82	6.84	6.82
Parastatals	5.54	5.39	5.57	5.61	5.62	5.67	5.75
Pension Funds	30.60	31.24	31.34	31.26	31.64	31.85	31.84
Other Investors	5.96	5.95	6.10	6.14	6.41	6.44	6.39
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