



Central Bank of Kenya

Weekly Bulletin

October 7, 2022



RECENT MONETARY AND FINANCIAL DEVELOPMENTS

Exchange rates

The Kenya Shilling remained stable against major international and regional currencies during the week ending October 6. It exchanged at KSh 120.82 per US dollar on October 6, compared to KSh 120.70 per US dollar on September 29 (**Table 1**).

Foreign Exchange Reserves

The usable foreign exchange reserves remained adequate at USD 7,321 million (4.13 months of import cover) as at October 6. 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 October 6, partly reflecting government payments which offset tax remittances. Commercial banks' excess reserves stood at KSh 26.2 billion in relation to the 4.25 percent cash reserves requirement (CRR). Open market operations remained active. The average interbank rate was 5.11 percent on October 6 compared to 5.50 percent on September 29. During the week, the average number of interbank deals increased slightly to 25 from 24 in the previous week, while the average value traded increased to KSh 14.4 billion from KSh 10.9 billion in the previous week (**Table 3**).

Government Securities Market

The Treasury bill auction of October 6, received bids totalling KSh 26.4 billion against an advertised amount of KSh 24.0 billion, representing a performance of 110.0 percent. Interest rates remained stable, with 91-day and 182-day Treasury bill rates increasing marginally while the 364-day Treasury bill rate remained unchanged (**Table 4**).

During the Treasury bond auction of October 5, the re-opened ten-year and fifteen-year fixed rate Treasury bonds received bids totalling KSh 18.8 billion against an advertised amount of KSh 40.0 billion, representing a performance rate of 47.0 percent (**Table 5**).

Equity Market

At the Nairobi Securities Exchange, NASI, NSE 25 and NSE 20 share price indices declined by 4.2 percent, 3.7 percent, and 2.3 percent, respectively. Market capitalization and total equity turnover declined by 4.2 percent and 2.2 percent while total shares traded rose by 12.9 percent, respectively during the week ending October 6 (**Table 6**).

Bonds Market

Bond turnover in the domestic secondary market declined by 8.0 percent during the week ending October 6 (**Table 6**). In the international market, yields on Kenya's Eurobonds declined by an average of 90.3 basis points with 2024 maturity declining by 112.4 basis points. The yield on the 10-Year Eurobond for Angola also declined while that for Ghana rose (**Chart 2**).

Global Trends

Concerns about inflation persisted during the week ending October 6. Emerging markets and developing economies tightened monetary policy further to rein in inflation. The global manufacturing sector PMI weakened from 50.3 in August to 49.8 in September, largely attributed to the deterioration of global trade flows and subdued demand. The index of the US dollar against a basket of major currencies strengthened by 0.01 percent during the week.

International oil prices increased during the week ending October 6, after the OPEC+ members agreed to reduce production by 2 million barrels per day from November. Murban oil price increased to USD 95.21 per barrel on October 6 from USD 88.54 per barrel on September 29.

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

| | USD | Sterling Pound | Euro | 100 Japanese Yen | Uganda Shilling* | Tanzania Shilling* | Rwandese Franc* | Burundi Franc* |
|------------------------|---------------|----------------|---------------|------------------|------------------|--------------------|-----------------|----------------|
| 23-Sep-22 | 120.56 | 136.51 | 119.23 | 85.79 | 31.72 | 19.34 | 8.77 | 17.13 |
| 26-Sep-22 | 120.60 | 134.58 | 118.21 | 84.27 | 31.72 | 19.34 | 8.77 | 17.12 |
| 27-Sep-22 | 120.62 | 129.98 | 116.45 | 83.64 | 31.92 | 19.33 | 8.77 | 17.12 |
| 28-Sep-22 | 120.67 | 130.47 | 116.38 | 83.63 | 31.96 | 19.32 | 8.77 | 17.11 |
| 29-Sep-22 | 120.70 | 128.15 | 115.63 | 83.39 | 32.06 | 19.32 | 8.76 | 17.13 |
| September 23-29 | 120.63 | 131.94 | 117.18 | 84.14 | 31.88 | 19.33 | 8.77 | 17.12 |
| 30-Sep-22 | 120.73 | 130.66 | 117.13 | 83.48 | 31.97 | 19.32 | 8.77 | 17.11 |
| 03-Oct-22 | 120.78 | 134.61 | 118.25 | 83.35 | 31.92 | 19.31 | 8.77 | 17.10 |
| 04-Oct-22 | 120.79 | 135.37 | 118.34 | 83.58 | 31.79 | 19.31 | 8.77 | 17.10 |
| 05-Oct-22 | 120.81 | 136.46 | 119.03 | 83.86 | 31.95 | 19.30 | 8.81 | 17.10 |
| 06-Oct-22 | 120.82 | 137.49 | 119.92 | 83.58 | 31.66 | 19.30 | 8.81 | 17.10 |
| Sep 30-Oct 06 | 120.79 | 134.92 | 118.54 | 83.57 | 31.86 | 19.31 | 8.78 | 17.10 |

*Units of currency per Kenya Shilling

Source: Central Bank of Kenya

Table 2: Official Foreign Exchange Reserves (USD Million)

| | 18-Aug-22 | 25-Aug-22 | 01-Sep-22 | 08-Sep-22 | 15-Sep-22 | 22-Sep-22 | 29-Sep-22 | 06-Oct-22 |
|--|-----------|-----------|-----------|-----------|-----------|-----------|-----------|-----------|
| 1. CBK Usable Foreign Exchange Reserves (USD Million)* | 7,621 | 7,608 | 7,375 | 7,346 | 7,372 | 7,448 | 7,424 | 7,321 |
| 2. CBK Usable Foreign Exchange Reserves (Months of Import Cover)** | 4.39 | 4.39 | 4.20 | 4.19 | 4.20 | 4.24 | 4.19 | 4.13 |

Source: Central Bank of Kenya

Table 3: Money Markets

| Date | Number of Deals | Value (KSh M) | Average Interbank Rate (%) |
|------------------------|-----------------|------------------|----------------------------|
| 23-Sep-22 | 21 | 4,625.00 | 5.43 |
| 26-Sep-22 | 33 | 10,440.00 | 5.54 |
| 27-Sep-22 | 23 | 9620.00 | 5.62 |
| 28-Sep-22 | 19 | 13,520.00 | 5.51 |
| 29-Sep-22 | 25 | 16,520.00 | 5.50 |
| September 23-29 | 24 | 10,945.00 | 5.52 |
| 30-Sep-22 | 20 | 8,690.00 | 5.68 |
| 3-Oct-22 | 31 | 15,050.00 | 5.60 |
| 4-Oct-22 | 26 | 16040.00 | 5.39 |
| 5-Oct-22 | 24 | 15,880.00 | 5.20 |
| 6-Oct-22 | 25 | 16,400.00 | 5.11 |
| Sept 30- Oct 6 | 25 | 14,412.00 | 5.40 |

Source: Central Bank of Kenya

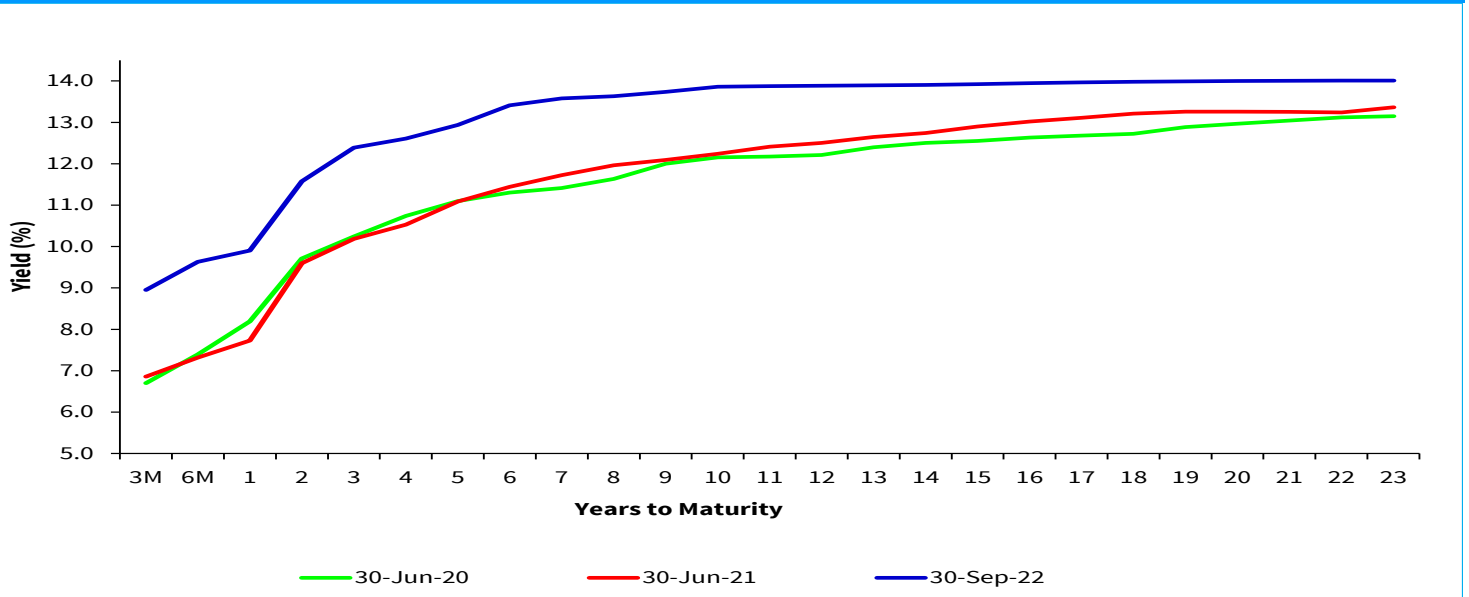
| Table 4: Performance of Treasury Bills Auctions | | | | | | | |
|---|--------------|--------------|--------------|--------------|--------------|--------------|--------------|
| 91-Day Treasury Bills | | | | | | | |
| Date of Auction | 28-Apr-22 | 19-May-22 | 30-Jun-22 | 28-Jul-22 | 25-Aug-22 | 29-Sep-22 | 06-Oct-22 |
| Amount Offered (KSh M) | 4,000.00 | 4,000.00 | 4,000.00 | 4,000.00 | 4,000.00 | 4,000.00 | 4,000.00 |
| Bids Received (KSh M) | 10,183.46 | 5,475.21 | 4,727.43 | 14,077.49 | 10,815.66 | 5,129.43 | 18,087.00 |
| Amount Accepted (KSh M) | 10,182.29 | 2,523.79 | 3,959.52 | 14,076.51 | 8,368.63 | 2,487.10 | 10,757.41 |
| Maturities (KSh M) | 1,528.15 | 1,442.85 | 1,539.65 | 10,361.10 | 455.40 | 4,035.00 | 11,185.35 |
| Average Interest Rate (%) | 7.497 | 7.758 | 8.097 | 8.399 | 8.767 | 8.952 | 9.036 |
| 182-Day Treasury Bills | | | | | | | |
| Date of Auction | 28-Apr-22 | 19-May-22 | 30-Jun-22 | 28-Jul-22 | 25-Aug-22 | 29-Sep-22 | 06-Oct-22 |
| Amount Offered (KSh M) | 10,000.00 | 10,000.00 | 10,000.00 | 10,000.00 | 10,000.00 | 10,000.00 | 10,000.00 |
| Bids Received (KSh M) | 8,700.64 | 10,251.80 | 1,751.07 | 3,250.20 | 4,162.31 | 3,049.07 | 6,882.60 |
| Amount Accepted (KSh M) | 8,700.64 | 8,337.33 | 1,600.03 | 1,856.22 | 2,225.72 | 3,039.53 | 6,880.12 |
| Maturities (KSh M) | 5,695.65 | 6,804.35 | 2,412.35 | 5,258.45 | 4,085.40 | 3,248.05 | 4,089.05 |
| Average Interest Rate (%) | 8.458 | 8.832 | 9.196 | 9.392 | 9.532 | 9.631 | 9.639 |
| 364-Day Treasury Bills | | | | | | | |
| Date of Auction | 28-Apr-22 | 19-May-22 | 30-Jun-22 | 28-Jul-22 | 25-Aug-22 | 29-Sep-22 | 06-Oct-22 |
| Amount Offered (KSh M) | 10,000.00 | 10,000.00 | 10,000.00 | 10,000.00 | 10,000.00 | 10,000.00 | 10,000.00 |
| Bids Received (KSh M) | 9,394.85 | 12,184.59 | 2,435.86 | 2,379.39 | 4,437.52 | 1,133.80 | 1,428.21 |
| Amount Accepted (KSh M) | 9,285.89 | 12,006.44 | 2,260.74 | 2,377.03 | 4,408.79 | 1,124.70 | 1,421.21 |
| Maturities (KSh M) | 17,297.30 | 11,778.25 | 5,888.60 | 2,968.30 | 4,337.10 | 1,775.15 | 2,582.40 |
| Average Interest Rate (%) | 9.776 | 9.879 | 9.985 | 9.946 | 9.910 | 9.905 | 9.905 |

Source: Central Bank of Kenya

| Table 5: Performance of Treasury Bond Auctions | | | | | | | |
|--|------------------|------------------|------------------|------------------|------------------|------------------|------------------|
| Date of Auction | 17-Aug-22 | | | 14-Sep-22 | | 05-Oct-22 | |
| | REOPEN | | | REOPEN | | REOPEN | |
| Tenor | FXD1/ 2022/03 | FXD2/ 2019/10 | FXD1/ 2021/20 | FXD1/ 2022/10 | FXD1/ 2022/15 | FXD1/ 2017/10 | FXD1/ 2020/15 |
| Amount offered (KSh M) | 50,000.00 | | | 50,000.00 | | 40,000.00 | |
| 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 |
| 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 |
| Maturities (KSh M) | | | | | | | |
| Average interest Rate (%) | 12.45 | 13.88 | 13.96 | 13.95 | 13.98 | 13.37 | 13.97 |

Source: Central Bank of Kenya

Chart 1: Government Securities Yield



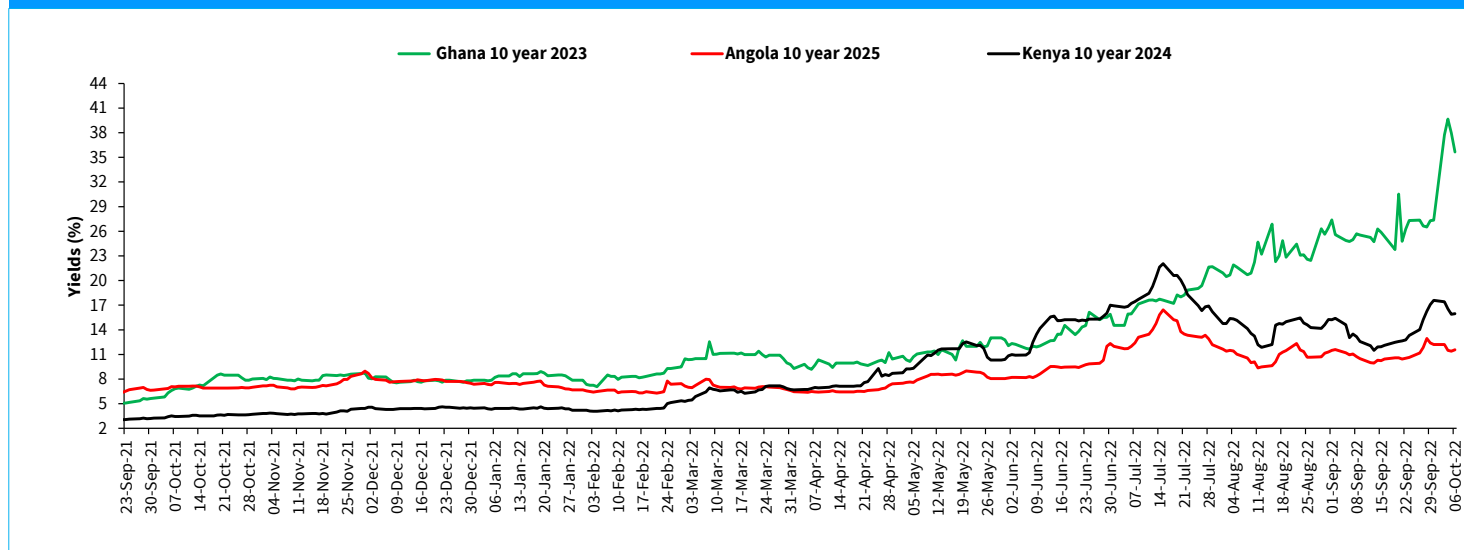
Source: Central Bank of Kenya

Table 6: Key Weekly Market Indicators

| INDICATOR | NASI Share Index 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 |
| 23-Sep-22 | 134.86 | 3192.29 | 1,746.03 | 1152 | 33.42 | 1,034.55 | 2,101.53 | 3,038.95 | 13.246 | 13.312 | 12.765 | 12.884 | 11.372 | 12.192 |
| 26-Sep-22 | 133.92 | 3179.06 | 1,747.27 | 1244 | 17.66 | 487.67 | 2,086.85 | 1,286.55 | 13.761 | 14.036 | 13.189 | 13.338 | 12.11 | 12.624 |
| 27-Sep-22 | 131.48 | 3132.75 | 1,723.78 | 1395 | 10.16 | 241.48 | 2,048.74 | 1,518.35 | 14.287 | 15.232 | 13.582 | 13.618 | 12.436 | 12.767 |
| 28-Sep-22 | 131.11 | 3142.47 | 1,733.77 | 948 | 10.97 | 296.87 | 2,042.96 | 2,680.85 | 15.81 | 16.272 | 14.228 | 14.56 | 12.829 | 13.213 |
| 29-Sep-22 | 129.02 | 3110.34 | 1,717.41 | 1484 | 5.51 | 118.44 | 2,010.24 | 6,373.75 | 15.662 | 17.081 | 14.692 | 14.733 | 13.167 | 14.052 |
| September 23-29 | 129.02 | 3110.34 | 1717.41 | 6223 | 77.72 | 2,179.02 | 2,010.24 | 14,898.45 | 15.662 | 17.081 | 14.692 | 14.733 | 13.167 | 14.052 |
| 30-Sep-22 | 128.41 | 3102.05 | 1,717.68 | 1384 | 12.29 | 342.87 | 2,000.82 | 3,245.50 | 15.612 | 17.581 | 14.737 | 14.667 | 13.168 | 13.995 |
| 3-Oct-22 | 127.92 | 3095.69 | 1,699.23 | 1201 | 4.22 | 95.48 | 1,993.15 | 1,616.70 | 15.674 | 17.403 | 14.782 | 14.77 | 13.169 | 13.966 |
| 4-Oct-22 | 126.66 | 3065.42 | 1,698.97 | 1524 | 14.05 | 316.23 | 1,973.46 | 2,151.35 | 14.966 | 16.551 | 14.286 | 14.269 | 12.776 | 13.607 |
| 5-Oct-22 | 124.29 | 3019.67 | 1,681.27 | 1320 | 13.53 | 299.70 | 1,936.36 | 3,354.05 | 15.08 | 15.9 | 14.044 | 14.075 | 12.599 | 13.394 |
| 6-Oct-22 | 123.63 | 2994.9 | 1,677.36 | 1601 | 43.67 | 1,077.87 | 1,926.03 | 3,339.95 | 14.832 | 15.957 | 13.692 | 13.823 | 12.581 | 13.086 |
| Sept 30-October 6 | 123.63 | 2994.9 | 1677.36 | 7030 | 87.76 | 2,132.16 | 1,926.03 | 13,707.55 | 14.832 | 15.957 | 13.692 | 13.823 | 12.581 | 13.086 |
| Weekly Changes (%) | -4.18 | -3.71 | -2.33 | 12.97 | 12.93 | -2.15 | -4.19 | -7.99 | -0.830* | -1.124* | -1.00* | -0.910* | -0.586* | -0.966* |

Source: Nairobi Securities Exchange (NSE) and Thomson Reuters

Chart 2: Yields on 10 year Eurobonds for Selected Countries



Source: Nairobi Stock Exchange (NSE)

Table 7: Government Domestic Debt (KSh Billion)

| | 30-Jun-20 | 30-Jun-21 | 31-Dec-21 | 29-Jul-22 | 16-Sep-22 | 23-Sep-22 | 30-Sep-22 |
|---------------------------------------|-----------------|-----------------|-----------------|-----------------|-----------------|-----------------|-----------------|
| 1. Treasury Bills (Excluding Repos) | 887.70 | 765.37 | 709.15 | 646.95 | 671.42 | 674.73 | 672.28 |
| <i>(As % of total securities)</i> | 28.56 | 21.17 | 17.95 | 15.29 | 15.74 | 15.66 | 15.61 |
| 2. Treasury Bonds | 2,220.34 | 2,849.94 | 3,242.24 | 3,585.11 | 3,595.25 | 3,634.86 | 3,634.86 |
| <i>(As % of total securities)</i> | 71.44 | 78.83 | 82.05 | 84.71 | 84.26 | 84.34 | 84.39 |
| 3. Total Securities (1+2) | 3,108.04 | 3,615.31 | 3,951.39 | 4,232.07 | 4,266.67 | 4,309.59 | 4,307.14 |
| 4. Overdraft at Central Bank | 47.15 | 59.28 | 59.31 | 45.44 | 42.24 | 37.84 | 27.25 |
| 5. Other Domestic debt* | 23.24 | 22.50 | 21.66 | 30.01 | 33.17 | 30.89 | 30.90 |
| 6. Gross Domestic Debt (3+4+5) | 3,178.42 | 3,697.09 | 4,032.37 | 4,307.52 | 4,342.08 | 4,378.32 | 4,365.29 |

* 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 | 16-Sep-22 | 23-Sep-22 | 30-Sep-22 |
|----------------------------------|---------------|---------------|---------------|---------------|---------------|---------------|---------------|
| Treasury bills (Excluding Repos) | 27.93 | 20.70 | 17.59 | 15.02 | 15.46 | 15.41 | 15.40 |
| Treasury bonds | 69.86 | 77.09 | 80.41 | 83.23 | 82.80 | 83.02 | 83.27 |
| Overdraft at Central Bank | 1.48 | 1.60 | 1.47 | 1.05 | 0.97 | 0.86 | 0.62 |
| Other domestic debt | 0.73 | 0.61 | 0.54 | 0.70 | 0.76 | 0.71 | 0.71 |
| 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 | 31-Dec-21 | 29-Jul-22 | 09-Sep-22 | 16-Sep-22 | 23-Sep-22 | 30-Sep-22 |
|----------------------|---------------|---------------|---------------|---------------|---------------|---------------|---------------|---------------|
| Banking Institutions | 54.18 | 51.24 | 50.20 | 48.28 | 48.09 | 48.30 | 47.82 | 47.60 |
| Insurance Companies | 6.05 | 6.66 | 6.79 | 7.20 | 7.22 | 7.20 | 7.30 | 7.32 |
| Parastatals | 5.73 | 5.54 | 5.57 | 5.96 | 6.15 | 6.15 | 6.07 | 6.09 |
| Pension Funds | 29.04 | 30.60 | 31.34 | 32.56 | 32.25 | 32.09 | 32.56 | 32.75 |
| Other Investors | 5.00 | 5.96 | 6.10 | 6.01 | 6.28 | 6.26 | 6.24 | 6.24 |
| Total | 100.00 | 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 | Jun-21 | Sep-21 | Dec-21 | Mar-22 | Jun-22* |
|---|-----------------|-----------------|-----------------|-----------------|-----------------|-----------------|-----------------|-----------------|
| Domestic debt (KSh Bn) | 2,785.94 | 3,176.97 | 3,457.11 | 3,488.54 | 3,569.84 | 3,632.91 | 3,686.89 | 3,697.09 |
| Public & Publicly Guaranteed External debt (USD Bn) | 29.55 | 33.01 | 33.77 | 34.75 | 34.42 | 35.13 | 35.31 | 37.23 |
| Public & Publicly Guaranteed External debt (KSh Bn) | 3,023.14 | 3,515.81 | 3,663.49 | 3,793.29 | 3,769.87 | 3,778.13 | 3,799.02 | 4,015.30 |
| Public debt (KSh Bn) | 5,809.08 | 6,692.78 | 7,120.60 | 7,281.83 | 7,339.71 | 7,411.05 | 7,485.91 | 7,712.39 |

Source: National Treasury and Central Bank of Kenya