



Central Bank of Kenya

Weekly Bulletin

December 2, 2022



RECENT MONETARY AND FINANCIAL DEVELOPMENTS

Inflation

Overall inflation declined to 9.5 percent in November 2022 from 9.6 percent in October due to easing food prices arising from seasonal factors and declining of international food prices. Food inflation declined to 15.4 percent from 15.8 percent in October. Fuel inflation increased to 13.8 percent from 11.7 percent in October, while Non-food-non-fuel (NFNF) inflation increased to 4.2 percent from 3.8 percent in October (**Chart 1**).

Current Account

Provisional data on balance of payments shows that the current account deficit was estimated at 5.5 percent of GDP in the 12 months to October 2022, from 5.2 percent in a similar period in October 2021 (**Chart 2**). The wider deficit reflects a higher import bill, particularly for oil, which more than offset increased receipts from tea and services exports, and remittances.

Exchange Rates

The Kenya Shilling remained stable against major international and regional currencies during the week ending December 1. It exchanged at KSh 122.50 per US dollar on December 1, compared to KSh 122.23 per US dollar on November 24 (**Table 1**).

Foreign Exchange Reserves

The usable foreign exchange reserves remained adequate at USD 7,070 million (3.96 months of import cover) as at December 1. 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 December 1, as government payments more than offset tax remittances. Commercial banks' excess reserves stood at KSh 13.0 billion in relation to the 4.25 percent cash reserves requirement (CRR). Open market operations remained active. The average interbank rate was 5.08 percent on December 1 compared to 4.83 percent on November 24. During the week, the average number of interbank deals increased to 33 from 29 in the previous week, while the average value traded increased to KSh 22.1 billion from KSh 21.5 billion in the previous week (**Table 3**).

Government Securities Market

The Treasury bill auction of December 1, received bids totaling KSh 19.8 billion against an advertised amount of KSh 24.0 billion, representing a performance of 82.4 percent. Interest rates remained stable, with 91-day, 182-day and 364-day Treasury bill rates increasing marginally (**Table 4**).

During the Treasury bond auction of December 1, the 6-year switch infrastructure bond issued received bids totaling KSh 52.9 billion against an advertised amount of KSh 87.8 billion, representing a performance rate of 60.3 percent (**Table 5**).

Equity Market

At the Nairobi Securities Exchange, the NASI, NSE 25 and NSE 20 Share indices declined by 0.5 percent, 0.1 percent and 0.2 percent, respectively, during the week ending December 1. Market capitalization, equity turnover and total shares traded also declined by 0.5 percent, 32.0 percent and 37.5 percent, respectively (**Table 6**).

Bonds Market

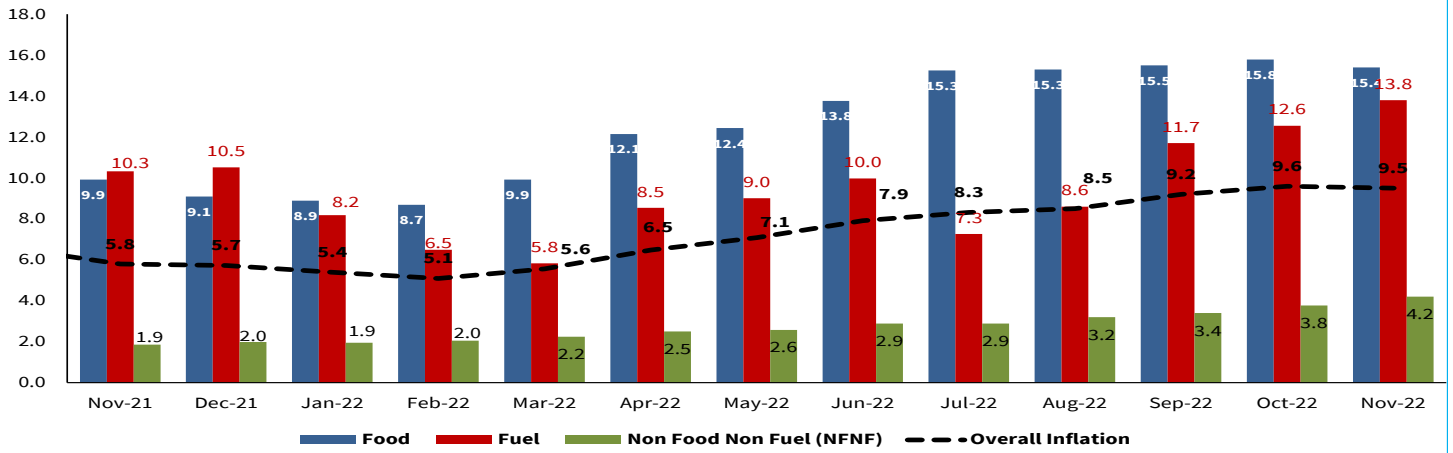
Bond turnover in the domestic secondary market declined by 18.4 percent during the week ending December 1 (**Table 6**). In the international market, yields on Kenya's Eurobonds declined by an average of 67.6 basis points, with 2024 maturity declining by 126.4 basis points. The yield on the 10-Year Eurobond for Ghana rose while that of Angola declined (**Chart 4**).

Global Trends

Concerns about inflation remained during the week ending December 1. The Euro Area inflation rate eased slightly in November to 10.0 percent from 10.6 percent in October. The US economy expanded by 2.9 percent in the third quarter of 2022 from a contraction of 0.6 percent in the previous quarter. The index of the US dollar against a basket of major currencies weakened by 1.0 percent during the week ending December 1.

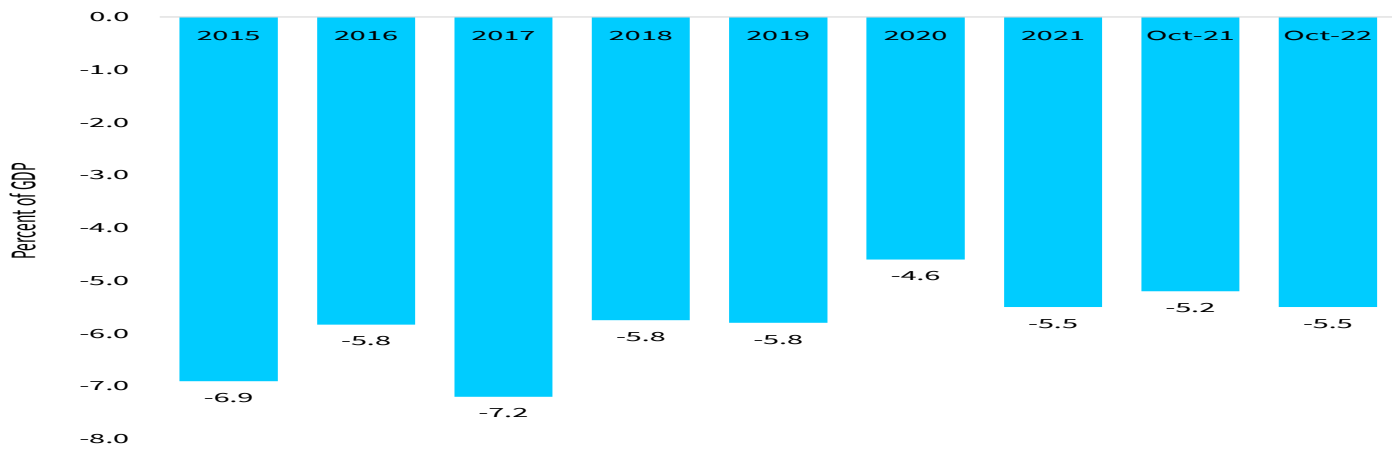
International oil prices increased during the week ending December 1. Murban oil price rose to USD 85.86 per barrel on December 1 from USD 84.23 per barrel on November 24.

Chart 1: Inflation



Source: Central Bank of Kenya

Chart 2: Current Account



Source: Central Bank of Kenya

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-Nov-22	122.03	144.84	126.31	86.86	30.65	19.11	8.62	16.96
21-Nov-22	122.08	145.48	126.67	86.94	30.62	19.10	8.85	16.95
22-Nov-22	122.13	144.30	125.32	86.09	30.66	19.10	8.85	16.95
23-Nov-22	122.18	145.21	126.01	86.44	30.65	19.09	8.84	16.94
24-Nov-22	122.23	146.29	126.23	88.09	30.61	19.08	8.84	16.94
Nov 18-24	122.13	145.22	126.11	86.88	30.64	19.10	8.80	16.95
25-Nov-22	122.28	148.03	127.33	88.46	30.59	19.07	8.84	16.93
28-Nov-22	122.34	147.90	127.08	87.87	30.57	19.08	8.84	16.92
29-Nov-22	122.38	147.97	127.92	88.77	30.52	19.07	8.84	16.92
30-Nov-22	122.45	147.21	127.13	88.41	30.54	19.06	8.83	16.91
1-Dec-22	122.50	146.92	126.97	87.98	30.53	19.04	8.83	16.90
Nov 25-Dec 1	122.39	147.61	127.29	88.30	30.55	19.07	8.84	16.92

*Units of currency per Kenya Shilling

Source: Central Bank of Kenya

Table 2: Official Foreign Exchange Reserves (USD Million)

	3-Nov-22	10-Nov-22	17-Nov-22	24-Nov-22	1-Dec-22
1. CBK Usable Foreign Exchange Reserves (USD Million)	7,213	7,235	7,191	7,045	7,070
2. CBK Usable Foreign Exchange Reserves (Months of Import Cover)*	4.04	4.05	4.03	3.95	3.96

*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-Nov-22	36	28,985.00	4.37
21-Nov-22	23	17,050.00	4.47
22-Nov-22	24	12,900.00	4.72
23-Nov-22	31	24,160.00	4.83
24-Nov-22	30	24,260.00	4.83
Nov 18-24	29	21,471.00	4.64
25-Nov-22	37	26,495.00	4.90
28-Nov-22	40	29,565.00	5.05
29-Nov-22	31	19,380.00	5.11
30-Nov-22	23	15,270.00	5.14
1-Dec-22	32	19,610.00	5.08
Nov 25- Dec 1	33	22,064.00	5.06

Source: Central Bank of Kenya

Table 4: Performance of Treasury Bill Auctions

91-Day Treasury Bills						
Date of Auction	25-Aug-22	29-Sep-22	27-Oct-22	17-Nov-22	24-Nov-22	1-Dec-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)	10,815.66	5,129.43	11,992.46	16,252.07	12,673.21	13,228.98
Amount Accepted (KSh M)	8,368.63	2,487.10	11,971.45	12,184.75	11,186.00	13,228.49
Maturities (KSh M)	455.40	4,035.00	14,352.85	12,012.80	8,539.25	8,593.55
Average Interest Rate (%)	8.767	8.952	9.127	9.191	9.237	9.275
182-Day Treasury Bills						
Date of Auction	25-Aug-22	29-Sep-22	27-Oct-22	17-Nov-22	24-Nov-22	1-Dec-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)	4,162.31	3,049.07	2,153.68	15,803.05	6,846.75	3,916.26
Amount Accepted (KSh M)	2,225.72	3,039.53	2,067.25	13,227.07	4,463.71	3,896.24
Maturities (KSh M)	4,085.40	3,248.05	9,040.65	8,701.20	2,942.70	2,598.30
Average Interest Rate (%)	9.532	9.631	9.678	9.721	9.733	9.752
364-Day Treasury Bills						
Date of Auction	25-Aug-22	29-Sep-22	27-Oct-22	17-Nov-22	24-Nov-22	1-Dec-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)	4,437.52	1,133.80	4,044.29	8,946.27	7,688.32	2,636.66
Amount Accepted (KSh M)	4,408.79	1,124.70	3,590.62	4,673.31	5,747.65	2,536.91
Maturities (KSh M)	4,337.10	1,775.15	6,278.35	8,993.95	7,129.50	8,237.50
Average Interest Rate (%)	9.910	9.905	9.965	10.181	10.219	10.225

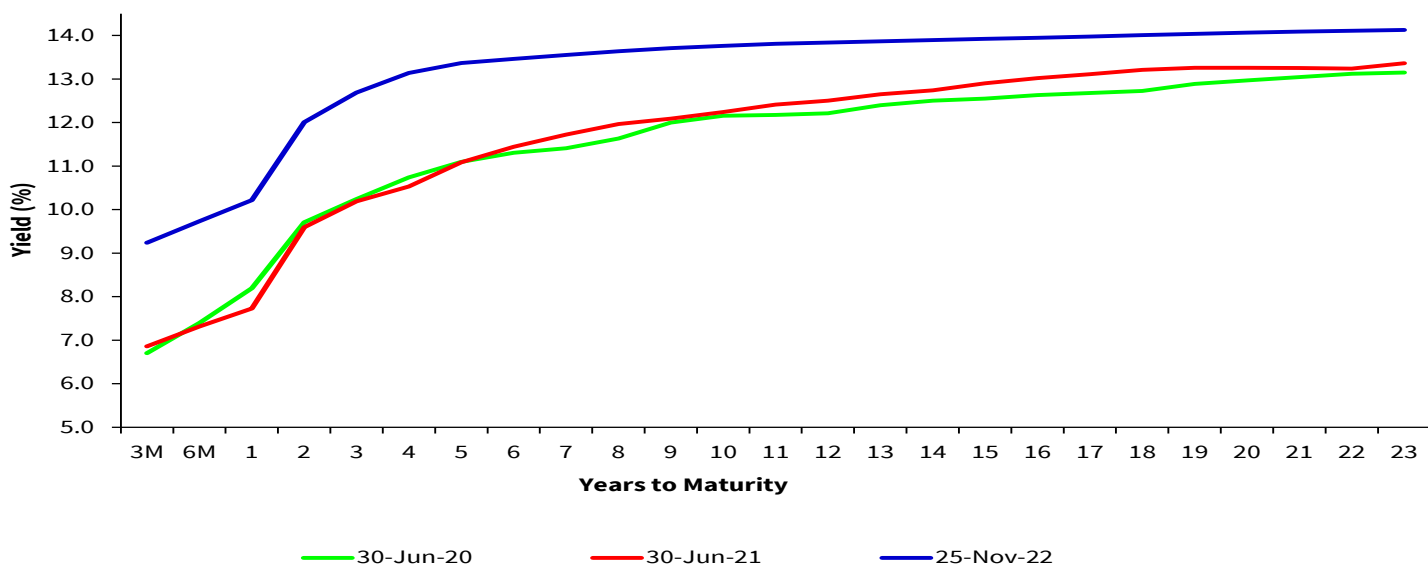
Source: Central Bank of Kenya

Table 5: Performance of Treasury Bond Auctions

Date of Auction	14-Sep-22		5-Oct-22		19-Oct-22	9-Nov-22	23-Nov-22	1-Dec-22
	RE-OPEN		RE-OPEN				TAP	
Tenor	FXD1/ 2022/10	FXD1/ 2022/15	FXD1/ 2017/10	FXD1/ 2020/15	FXD1/ 2022/25	IFB1/ 2022/14	IFB1/ 2022/14	IFB1/ 2022/6
Amount offered (KSh M)	50,000.00		40,000.00		20,000.00	60,000.00	5,000.00	87,800.00
Bids received (KSh M)	28,516.06	17,617.97	17,256.31	1,543.83	14,894.85	91,849.42	19,136.05	52,903.55
Amount Accepted (KSh M)	25,619.45	13,406.37	14,109.57	1,006.54	13,665.80	75,572.16	19,132.80	49,110.22
Maturities (KSh M)								
Average interest Rate (%)	13.95	13.98	13.37	13.97	14.19	13.94	13.94	13.22

Source: Central Bank of Kenya

Chart 3: Government Securities Yield Curve



Source: Nairobi Securities Exchange (NSE)

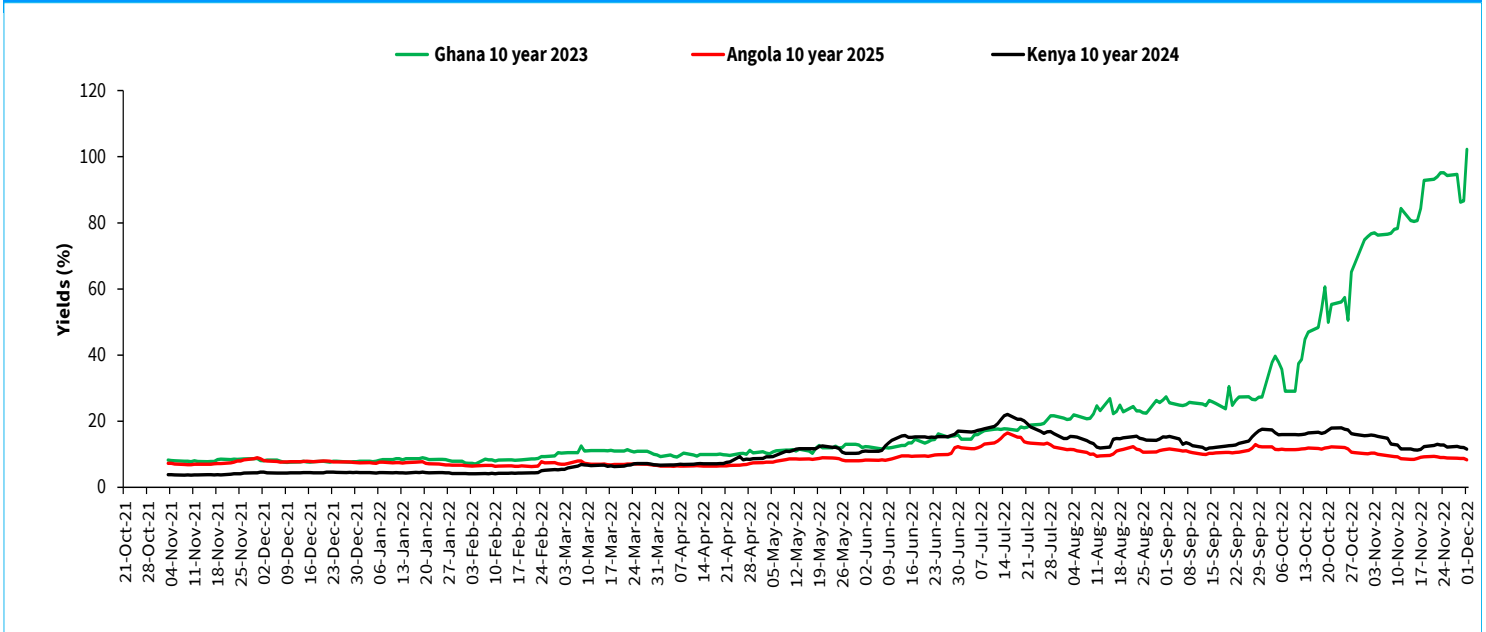
Table 6: Key Market Indicators

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
18-Nov-22	129.02	3129.71	1664.82	859.00	14.56	371.13	2,010.25	3,303.63	10.992	12.293	10.454	10.742	9.896	11.096
21-Nov-22	128.89	3121.83	1659.51	922.00	11.73	369.32	2,008.20	3,140.35	11.528	12.679	10.627	10.871	10.203	11.096
22-Nov-22	127.55	3091.04	1640.56	964.00	5.70	177.15	1,987.28	3,494.85	11.193	12.985	10.664	10.872	10.013	11.152
23-Nov-22	127.79	3099.02	1643.95	893.00	21.44	675.48	1,991.00	2,894.95	11.008	12.826	10.428	10.771	9.854	11.022
24-Nov-22	127.51	3098.61	1643.03	762.00	3.24	122.40	1,986.70	1,822.50	11.008	12.826	10.428	10.771	9.854	11.022
Nov 11-17	127.51	3,098.61	1,643.03	4,400.00	56.67	1,715.48	1,986.70	14,656.28	11.008	12.826	10.428	10.771	9.854	11.022
25-Nov-22	127.28	3,106.90	1652.06	748.00	3.29	62.91	1,983.06	1,918.10	10.915	12.17	10.259	10.544	9.651	10.893
28-Nov-22	127.34	3,099.47	1643.15	952.00	3.50	37.92	1,984.02	1,589.59	10.918	12.369	10.294	10.544	9.697	10.911
29-Nov-22	127.23	3,113.33	1644.73	929.00	11.89	545.42	1,982.30	4,646.95	10.729	12.093	10.126	10.445	9.585	10.821
30-Nov-22	126.48	3,088.98	1637.55	988.00	8.56	290.95	1,970.63	1,411.48	10.731	12.008	10.06	10.42	9.586	10.767
1-Dec-22	126.86	3,096.09	1639.38	988.00	8.16	228.72	1,976.62	2,400.40	10.265	11.562	9.862	10.175	9.345	10.644
Nov 25- Dec 1	126.86	3,096.09	1,639.38	4,605.00	35.40	1,165.91	1,976.62	11,966.52	10.265	11.562	9.862	10.175	9.345	10.644
Weekly Changes (%)	-0.51	-0.08	-0.22	4.66	-37.54	-32.04	-0.51	-18.35	-0.743*	-1.264*	-0.566*	-0.596*	-0.509*	-0.378*

* Percentage points

Source: Nairobi Securities Exchange (NSE) and Thomson Reuters

Chart 4: Yields on 10 year Eurobonds for Selected Countries



Source: Thomson Reuters

Table 7: Government Domestic Debt (KSh Billion)

	30-Jun-21	31-Dec-21	30-Sep-22	28-Oct-22	11-Nov-22	18-Nov-22	25-Nov-22
1. Treasury Bills (Excluding Repos)	765.37	709.15	672.28	672.55	670.51	682.19	683.90
<i>(As % of total securities)</i>	21.17	17.95	15.61	15.62	15.70	15.66	15.76
2. Treasury Bonds	2,849.94	3,242.24	3,634.86	3,632.71	3,599.75	3,674.98	3,654.77
<i>(As % of total securities)</i>	78.83	82.05	84.39	84.38	84.30	84.34	84.24
3. Total Securities (1+2)	3,615.31	3,951.39	4,307.14	4,305.26	4,270.27	4,357.16	4,338.67
4. Overdraft at Central Bank	59.28	59.31	27.25	55.47	67.33	34.54	57.37
5. Other Domestic debt*	22.50	21.66	30.90	31.89	31.94	32.38	32.39
6. Gross Domestic Debt (3+4+5)	3,697.09	4,032.37	4,365.29	4,392.61	4,369.53	4,424.09	4,428.44

* 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	31-Dec-21	30-Sep-22	28-Oct-22	11-Nov-22	18-Nov-22	25-Nov-22
Treasury bills (Excluding Repos)	20.70	17.59	15.40	15.31	15.35	15.42	15.44
Treasury bonds	77.09	80.41	83.27	82.70	82.38	83.07	82.53
Overdraft at Central Bank	1.60	1.47	0.62	1.26	1.54	0.78	1.30
Other domestic debt	0.61	0.54	0.71	0.73	0.73	0.73	0.73
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	31-Dec-21	30-Sep-22	28-Oct-22	11-Nov-22	18-Nov-22	25-Nov-22
Banking Institutions	51.24	50.20	47.60	47.51	47.55	47.12	47.45
Insurance Companies	6.66	6.79	7.32	7.34	7.32	7.37	7.33
Parastatals	5.54	5.57	6.09	6.18	6.26	6.20	6.13
Pension Funds	30.60	31.34	32.75	32.69	32.66	32.97	32.77
Other Investors	5.96	6.10	6.24	6.28	6.21	6.34	6.32
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

	Dec-20	Jun-21	Sep-21	Dec-21	Mar-22	Jun-22	Aug-22	Sep-22
Domestic debt (KSh Bn)	3,488.54	3,697.09	3,937.80	4,032.37	4,191.77	4,288.33	4,335.30	4,366.30
Public & Publicly Guaranteed External debt (USD Bn)	34.75	37.08	36.73	36.90	36.82	36.58	36.23	36.00
Public & Publicly Guaranteed External debt (KSh Bn)	3,793.29	3,999.54	4,058.50	4,174.37	4,209.56	4,290.73	4,327.90	4,334.80
Public debt (KSh Bn)	7,281.83	7,696.63	7,996.30	8,206.74	8,401.33	8,579.06	8,663.20	8,701.10

* Provisional

Source: The National Treasury and Central Bank of Kenya