



Central Bank of Kenya

# Weekly Bulletin

October 28, 2022



## RECENT MONETARY AND FINANCIAL DEVELOPMENTS

### Exchange Rates

The Kenya Shilling remained stable against major international and regional currencies during the week ending October 27. It exchanged at KSh 121.27 per US dollar on October 27, compared to KSh 121.11 per US dollar on October 19 (**Table 1**).

### Foreign Exchange Reserves

The usable foreign exchange reserves remained adequate at USD 7,286 million (4.11 months of import cover) as at October 27. 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 decreased during the week ending October 27, as tax remittances more than offset government payments. Commercial banks' excess reserves stood at KSh 26.0 billion in relation to the 4.25 percent cash reserves requirement (CRR). Open market operations remained active. The average interbank rate was 5.02 percent on October 27 compared to 5.18 percent on October 19. During the week, the average number of interbank deals increased to 34 from 33 in the previous week, while the average value traded increased to KSh 32.2 billion from KSh 26.8 billion (**Table 3**).

### Government Securities Market

The Treasury bill auction of October 27, received bids totaling KSh 18.2 billion against an advertised amount of KSh 24.0 billion, representing a performance of 75.8 percent. Interest rates remained stable, with 91-day, 182-day and 364-day Treasury bill rates increasing marginally (**Table 4**).

### Equity Market

At the Nairobi Securities Exchange, the NASI, NSE 25 and NSE 20 share price indices, declined by 0.9 percent, 0.3 percent and 0.7 percent, respectively. Market capitalization also declined by 0.9 percent, while equity turnover and total shares traded increased by 204.6 percent and 150.2 percent, respectively, during the week ending October 27 (**Table 6**).

### Bonds Market

Bond turnover in the domestic secondary market increased by 61.0 percent during the week ending October 27 (**Table 6**). In the international market, yields on Kenya's Eurobonds declined by an average of 61.3 basis points, with 2024 maturity declining by 108.8 basis points. The yields on the 10-Year Eurobonds for Angola and Ghana also declined (**Chart 2**).

### Global Trends

Inflationary pressures remained a major concern in advanced economies, with Central Banks continuing to raise policy rates. The European Central Bank raised its key policy rate by 75 basis point to its highest level in more than a decade. In the US, while recession risks remain, GDP growth rebounded in the third quarter to 2.6 percent after contracting in the first half of the year. The index of the US dollar against a basket of major currencies weakened by 2.0 percent during the week ending October 27.

International oil prices increased during the week ending October 27 due to higher demand. Murban oil price rose to USD 94.99 per barrel on October 27 from USD 93.00 per barrel on October 20.

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

	USD	Sterling Pound	Euro	100 Japanese Yen	Uganda Shilling*	Tanzania Shilling*	Rwandese Franc*	Burundi Franc*
14-Oct-22	120.97	134.81	117.35	82.04	31.62	19.28	8.81	17.08
17-Oct-22	121.03	136.13	118.06	81.63	31.64	19.27	8.81	17.07
18-Oct-22	121.07	136.59	117.98	81.36	31.63	19.26	8.80	17.07
19-Oct-22	121.11	137.13	119.18	81.28	31.54	19.26	8.81	17.07
20-Oct-22	<b>Public Holiday</b>							
<b>Oct 14-20</b>	<b>121.05</b>	<b>136.16</b>	<b>118.14</b>	<b>81.58</b>	<b>31.61</b>	<b>19.27</b>	<b>8.81</b>	<b>17.07</b>
21-Oct-22	121.14	136.46	118.69	80.94	31.49	19.25	8.80	17.07
24-Oct-22	121.17	134.99	118.26	79.98	31.40	19.25	8.80	17.06
25-Oct-22	121.19	137.11	119.25	81.38	31.48	19.24	8.80	17.06
26-Oct-22	121.23	137.95	119.99	81.55	31.48	19.24	8.80	17.05
27-Oct-22	121.27	140.33	121.48	82.47	31.46	19.23	8.80	17.05
<b>Oct 21-27</b>	<b>121.20</b>	<b>137.37</b>	<b>119.53</b>	<b>81.26</b>	<b>31.46</b>	<b>19.24</b>	<b>8.80</b>	<b>17.06</b>

\*Units of currency per Kenya Shilling

Source: Central Bank of Kenya

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

	29-Sep-22	6-Oct-22	13-Oct-22	19-Oct-22	27-Oct-22
1. CBK Usable Foreign Exchange Reserves (USD Million)	7,424	7,321	7,294	7,316	7,286
2. CBK Usable Foreign Exchange Reserves (Months of Import Cover)*	4.19	4.13	4.11	4.13	4.11

\*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 (%)
14-Oct-22	24	13,130.00	4.72
17-Oct-22	42	36,440.00	4.87
18-Oct-22	38	25,965.00	5.16
19-Oct-22	29	31,470.00	5.18
20-Oct-22	<b>Public Holiday</b>		
<b>Oct 14-20</b>	<b>33</b>	<b>26,751.25</b>	<b>4.98</b>
21-Oct-22	38	33,030.00	5.18
24-Oct-22	37	36,150.00	5.15
25-Oct-22	27	30,270.00	4.96
26-Oct-22	33	33,720.00	4.91
27-Oct-22	35	27,695.00	5.02
<b>Oct 21-27</b>	<b>34</b>	<b>32,173.00</b>	<b>5.05</b>

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	6-Oct-22	13-Oct-22	19-Oct-22	27-Oct-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	18,087.00	10,151.89	19,518.51	11,992.46
Amount Accepted (KSh M)	8,368.63	2,487.10	10,757.41	10,150.23	13,847.84	11,971.45
Maturities (KSh M)	455.40	4,035.00	11,185.35	13,348.35	13,744.80	14,352.85
Average Interest Rate (%)	8.767	8.952	9.036	9.058	9.100	9.127
182-Day Treasury Bills						
Date of Auction	25-Aug-22	29-Sep-22	6-Oct-22	13-Oct-22	19-Oct-22	27-Oct-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	6,882.60	13,946.23	4,819.96	2,153.68
Amount Accepted (KSh M)	2,225.72	3,039.53	6,880.12	12,944.68	4,672.62	2,067.25
Maturities (KSh M)	4,085.40	3,248.05	4,089.05	2,695.45	9,384.25	9,040.65
Average Interest Rate (%)	9.532	9.631	9.639	9.656	9.664	9.678
364-Day Treasury Bills						
Date of Auction	25-Aug-22	29-Sep-22	6-Oct-22	13-Oct-22	19-Oct-22	27-Oct-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	1,428.21	3,918.82	3,965.45	4,044.29
Amount Accepted (KSh M)	4,408.79	1,124.70	1,421.21	3,918.64	3,965.45	3,590.62
Maturities (KSh M)	4,337.10	1,775.15	2,582.40	6,290.80	5,117.10	6,278.35
Average Interest Rate (%)	9.910	9.905	9.905	9.910	9.928	9.965

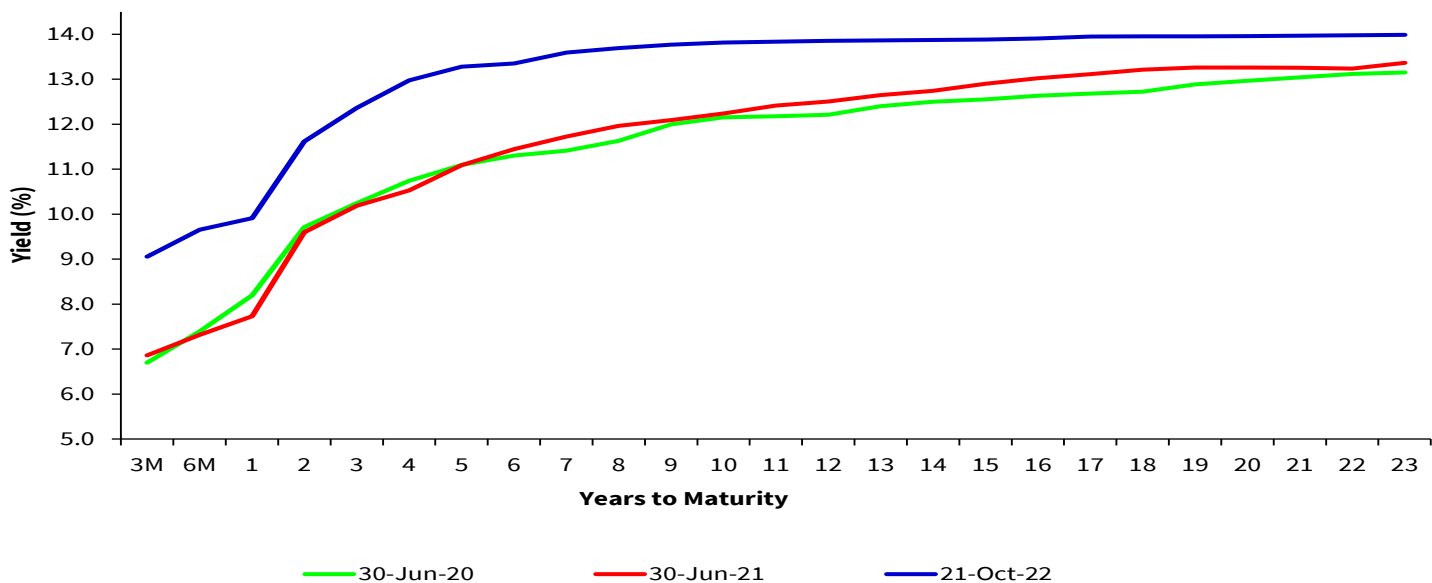
Source: Central Bank of Kenya

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

Date of Auction	17-Aug-22			14-Sep-22		5-Oct-22		19-Oct-22
	RE-OPEN			RE-OPEN		RE-OPEN		
Tenor	FXD1/ 2022/03	FXD2 2019/10	FXD1/ 2021/20	FXD1/ 2022/10	FXD1/ 2022/15	FXD1/ 201710	FXD1/ 2020/15	FXD1/ 2022/25
Amount offered (KSh M)	50,000.00			50,000.00		40,000.00		20,000.00
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	14,894.85
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	13,665.80
Maturities (KSh M)								
Average interest Rate (%)	12.45	13.88	13.96	13.95	13.98	13.37	13.97	14.19

Source: Central Bank of Kenya

### Chart 1: Government Securities Yield Curve



Source: Nairobi Securities Exchange (NSE)

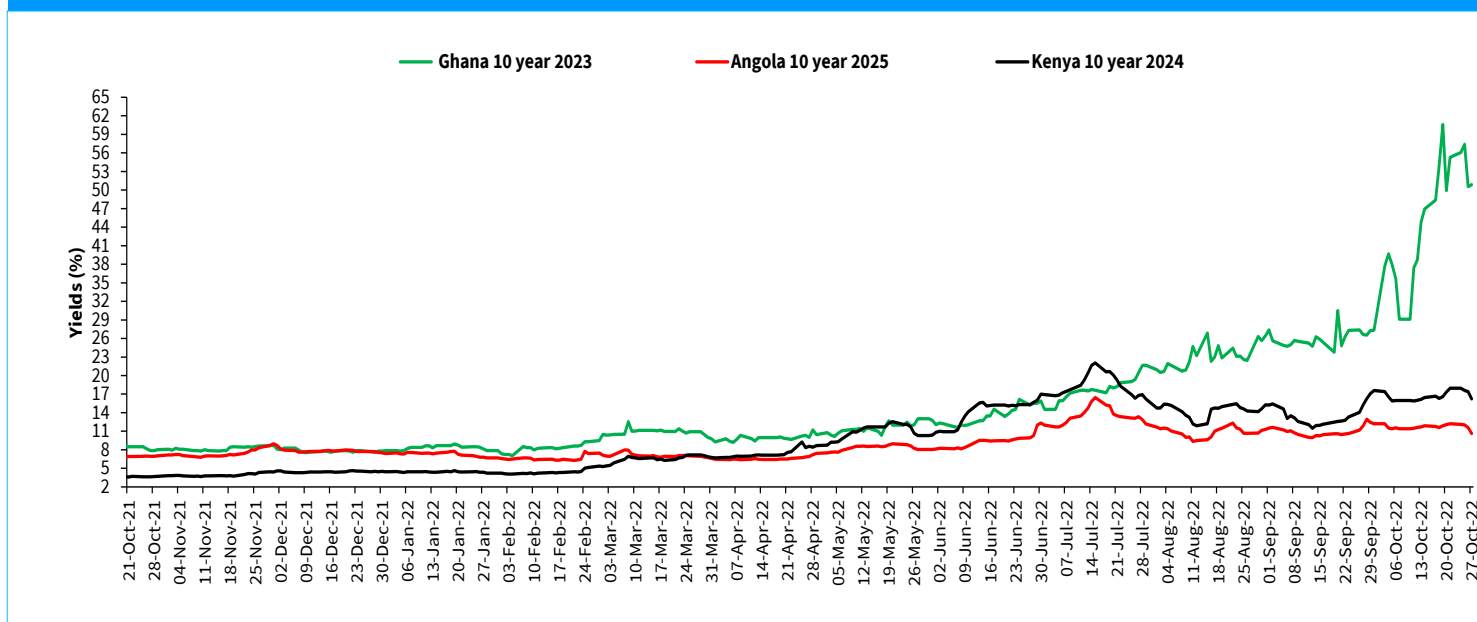
### Table 6: Key Weekly Market Indicators

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
14-Oct-22	129.66	3125.96	1700.22	1,086.00	4.23	156.96	2,023.99	3,394.25	15.31	16.445	14.279	14.386	12.939	13.58
17-Oct-22	129.78	3125.22	1694.7	1,081.00	4.61	126.08	2,022.12	2,179.60	15.482	16.655	14.364	14.454	13.031	13.689
18-Oct-22	129.73	3124.54	1705.02	1,207.00	7.24	155.81	2,021.32	4,517.10	15.322	16.282	14.284	14.389	12.911	13.553
19-Oct-22	129.80	3134.09	1705.28	991.00	4.22	80.33	2,022.44	1,023.55	15.494	16.59	14.329	14.424	12.972	13.607
20-Oct-22	Public Holiday								15.794	17.328	14.755	14.732	13.284	13.771
<b>Oct 14-20</b>	<b>129.80</b>	<b>3134.09</b>	<b>1705.28</b>	<b>4,365.00</b>	<b>20.31</b>	<b>519.18</b>	<b>2,022.44</b>	<b>11,114.50</b>	<b>15.794</b>	<b>17.328</b>	<b>14.755</b>	<b>14.732</b>	<b>13.284</b>	<b>13.771</b>
21-Oct-22	128.3	3108.64	1704.6	1,169.00	8.72	264.69	1,999.00	1,666.05	16.256	17.947	14.928	15.044	13.474	14.053
24-Oct-22	127.77	3120.24	1705.08	993.00	2.46	39.37	1,990.70	2,247.35	16.148	17.965	15.017	15.151	13.539	14.139
25-Oct-22	127.35	3111.05	1699.81	1,233.00	11.41	360.88	1,984.13	3,474.25	16.097	17.579	14.977	15.048	13.445	14.053
26-Oct-22	128.68	3123.99	1694.11	1,153.00	21.41	756.88	2,004.92	4,902.08	15.594	17.396	14.725	14.671	13.198	13.689
27-Oct-22	129.63	3136.79	1692.53	894.00	6.82	159.79	2,019.76	5,605.15	15.05	16.24	14.067	14.405	12.802	13.421
<b>Oct 21-27</b>	<b>128.68</b>	<b>3123.99</b>	<b>1694.11</b>	<b>5,442.00</b>	<b>50.83</b>	<b>1581.60</b>	<b>2,004.92</b>	<b>17,894.88</b>	<b>15.050</b>	<b>16.240</b>	<b>14.067</b>	<b>14.405</b>	<b>12.802</b>	<b>13.421</b>
<b>Weekly Changes (%)</b>	<b>-0.86</b>	<b>-0.32</b>	<b>-0.66</b>	<b>24.67</b>	<b>150.23</b>	<b>204.64</b>	<b>-0.87</b>	<b>61.00</b>	<b>-0.744*</b>	<b>-1.088*</b>	<b>-0.688*</b>	<b>-0.327*</b>	<b>-0.482*</b>	<b>-0.350*</b>

\* Percentage points

Source: Nairobi Securities Exchange (NSE) and Thomson Reuters

## Chart 2: Yields on 10 year Eurobonds for Selected Countries



Source: Thomson Reuters

## Table 7: Government Domestic Debt (KSh Billion)

	30-Jun-20	30-Jun-21	31-Dec-21	29-Jul-22	30-Sep-22	14-Oct-22	21-Oct-22
1. Treasury Bills (Excluding Repos)	887.70	765.37	709.15	646.95	672.28	672.01	677.43
<i>(As % of total securities)</i>	<b>28.56</b>	<b>21.17</b>	<b>17.95</b>	<b>15.29</b>	<b>15.61</b>	<b>15.55</b>	<b>15.77</b>
2. Treasury Bonds	2,220.34	2,849.94	3,242.24	3,585.11	3,634.86	3,650.20	3,619.08
<i>(As % of total securities)</i>	<b>71.44</b>	<b>78.83</b>	<b>82.05</b>	<b>84.71</b>	<b>84.39</b>	<b>84.45</b>	<b>84.23</b>
3. Total Securities (1+2)	3,108.04	3,615.31	3,951.39	4,232.07	4,307.14	4,322.22	4,296.51
4. Overdraft at Central Bank	47.15	59.28	59.31	45.44	27.25	52.56	55.47
5. Other Domestic debt*	23.24	22.50	21.66	33.18	30.90	31.89	31.89
<b>6. Gross Domestic Debt (3+4+5)</b>	<b>3,178.42</b>	<b>3,697.09</b>	<b>4,032.37</b>	<b>4,310.69</b>	<b>4,365.29</b>	<b>4,406.66</b>	<b>4,383.86</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	31-Dec-21	29-Jul-22	30-Sep-22	14-Oct-22	21-Oct-22
Treasury bills (Excluding Repos)	27.93	20.70	17.59	15.01	15.40	15.25	15.42
Treasury bonds	69.86	77.09	80.41	83.17	83.27	82.83	82.60
Overdraft at Central Bank	1.48	1.60	1.47	1.05	0.62	1.19	1.26
Other domestic debt	0.73	0.61	0.54	0.77	0.71	0.72	0.73
<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	31-Dec-21	29-Jul-22	30-Sep-22	14-Oct-22	21-Oct-22
Banking Institutions	54.18	51.24	50.20	48.28	47.60	47.72	47.77
Insurance Companies	6.05	6.66	6.79	7.20	7.32	7.28	7.27
Parastatals	5.73	5.54	5.57	5.96	6.09	6.17	6.20
Pension Funds	29.04	30.60	31.34	32.56	32.75	32.57	32.50
Other Investors	5.00	5.96	6.10	6.01	6.24	6.27	6.26
<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**

	Dec-20	Jun-21	Sep-21	Dec-21	Mar-22	Jun-22*	Jul-22*
Domestic debt (KSh Bn)	3,488.54	3,697.09	3,937.80	4,032.37	4,191.77	4,288.33	4,310.69
Public & Publicly Guaranteed External debt (USD Bn)	34.75	37.08	36.73	36.90	36.82	36.58	36.58
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	4,299.82
Public debt (KSh Bn)	<b>7,281.83</b>	<b>7,696.63</b>	<b>7,996.30</b>	<b>8,206.74</b>	<b>8,401.33</b>	<b>8,579.06</b>	<b>8,610.51</b>

\* Provisional

Source: The National Treasury and Central Bank of Kenya