



Central Bank of Kenya

Weekly Bulletin

September 16, 2022



RECENT MONETARY AND FINANCIAL DEVELOPMENTS

Exchange Rates

The Kenya Shilling remained stable against major international and regional currencies during the week ending September 15. It exchanged at KSh 120.41 per US dollar on September 15, compared to KSh 120.28 per US dollar on September 8 (**Table 1**).

Foreign Exchange Reserves

The usable foreign exchange reserves remained adequate at USD 7,372 million (4.2 months of import cover) as at September 15. This meets the CBK's statutory requirement to endeavor to maintain at least 4 months of import cover (**Table 2**).

Remittances

Remittance inflows in August 2022 totaled USD 310.5 million compared to USD 312.9 million in August 2021, a decline of 0.8 percent (**Chart 1**). The cumulative inflows for the 12 months to August 2022 totaled USD 3,992 million compared to USD 3,481 million in the same period in 2021, an increase of 14.7 percent. The strong remittances inflows continue to support the current account and the stability of the exchange rate. The US remains the largest source of remittances into Kenya, accounting for 58 percent in August 2022.

Money Market

Liquidity in the money market decreased during the week ending September 15, as tax remittances more than offset government payments. Commercial banks' excess reserves stood at KSh 20.0 billion in relation to the 4.25 percent cash reserves requirement (CRR). Open market operations remained active. The average interbank rate was 3.99 percent on September 15 compared to 4.16 percent on September 8. During the week, the average number of interbank deals increased to 34 from 26 in the previous week, while the average value traded increased to KSh 21.8 billion from KSh 13.1 billion in the previous week (**Table 3**).

Government Securities Market

The Treasury bill auction of September 16, received bids totaling KSh 23.3 billion against an advertised amount of KSh 24.0 billion, representing a performance of 97.0 percent. Interest rates remained stable, with 91-day and 182-day

Treasury bill rates increasing while the 364-day Treasury bill rate declined marginally (**Table 4**).

During the Treasury bond auction of September 14, the re-opened 10-year, and 15-year fixed rate Treasury bonds received bids totaling KSh 46.1 billion against an advertised amount of KSh 50.0 billion, representing a performance rate of 92.3 percent (**Table 5**).

Equity Market

At the Nairobi Securities Exchange, NASI, NSE 25 and NSE 20 share price indices declined by 6.6 percent, 4.9 percent and 0.9 percent, respectively. Market capitalization declined by 6.6 percent, total shares traded and equity turnover increased 36.5 percent and 32.0 percent, respectively during the week ending September 15 (**Table 6**).

Bonds Market

Bond turnover in the domestic secondary market decreased by 70.9 percent during the week ending September 15 (**Table 6**). In the international market, yields on Kenya's Eurobonds declined by an average of 36.67 basis points with 2024 maturity declining by 122.6 basis points. The yields on the 10-Year Eurobond for Angola and Ghana also declined (**Chart 3**).

Global Trends

Concerns about inflation in advanced economies persisted during the week ending September 15. Inflation in the United States continued to remain elevated at 8.3 percent in August despite declining for the second consecutive month, leading to a sharp drop in global equity markets. Inflation in the United Kingdom also remained high at 9.9 percent in August. The index of the US dollar against a basket of major currencies strengthened by 0.03 percent during the week.

International oil prices rose during the week ending September 15, reflecting an increase in US commercial crude oil inventories. Murban oil price increased to USD 94.92 per barrel on September 15 from USD 88.64 per barrel on September 8.

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

	USD	Sterling Pound	Euro	100 Japanese Yen	Uganda Shilling*	Tanzania Shilling*	Rwandese Franc*	Burundi Franc*
2-Sep-22	120.12	139.06	120.02	85.75	31.72	19.41	8.60	17.17
5-Sep-22	120.18	138.92	120.13	85.76	31.83	19.40	8.65	17.17
6-Sep-22	120.22	138.24	119.31	85.54	31.77	19.40	8.60	17.16
7-Sep-22	120.26	138.90	119.50	83.55	31.72	19.39	8.60	17.16
8-Sep-22	120.28	138.24	119.27	83.04	31.69	19.39	8.60	17.16
Sep 2-8	120.21	138.67	119.65	84.73	31.75	19.40	8.61	17.17
9-Sep-22	120.31	138.75	120.10	83.81	31.71	19.38	8.60	17.16
12-Sep-22	120.34	139.10	120.64	84.06	31.74	19.38	8.60	17.15
13-Sep-22	Public Holiday							
14-Sep-22	120.37	140.43	121.77	84.44	31.64	19.37	8.60	17.15
15-Sep-22	120.41	139.27	120.71	83.81	31.68	19.37	8.61	17.15
Sep 8-15	120.36	139.39	120.81	84.03	31.70	19.38	8.60	17.15

*Units of currency per Kenya Shilling

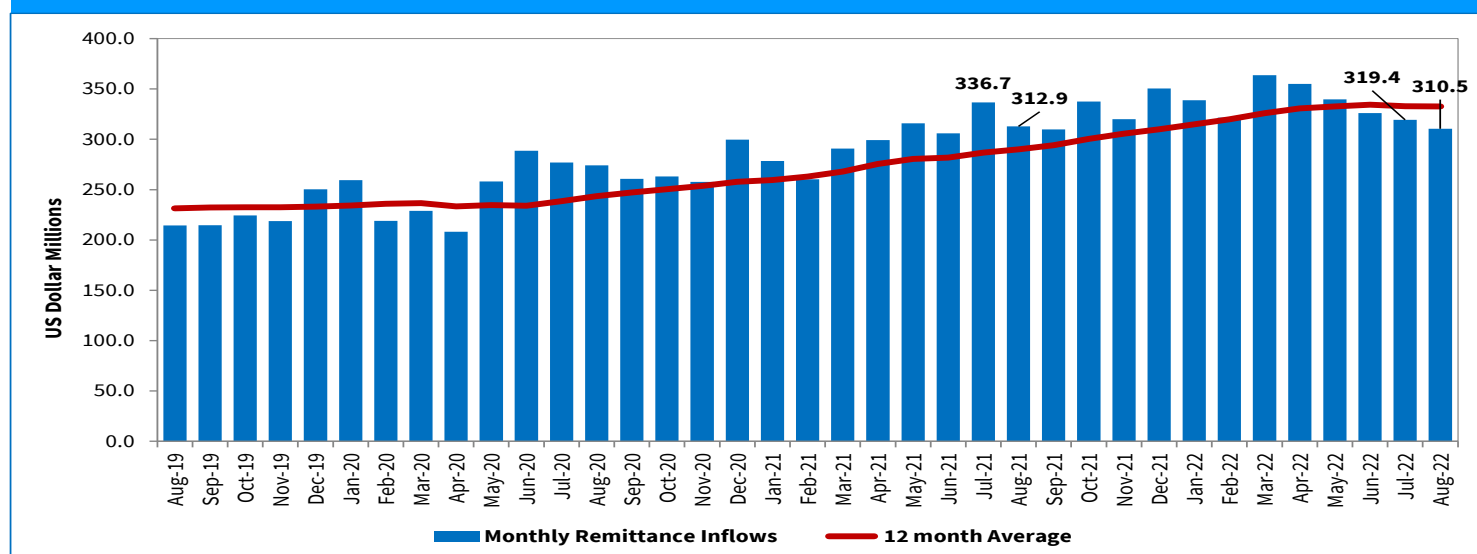
Source: Central Bank of Kenya

Table 2: Official Foreign Exchange Reserves (USD Million)

	18-Aug-22	25-Aug-22	1-Sep-22	8-Sep-22	15-Sep-22
1. CBK Usable Foreign Exchange Reserves (USD Million)	7,621	7,608	7,375	7,346	7,372
2. CBK Usable Foreign Exchange Reserves (Months of Import Cover)*	4.39	4.39	4.20	4.19	4.20

*Based on 36 months average of imports of goods and non-factor services

Source: Central Bank of Kenya

Chart 1: Remittances

Source: Central Bank of Kenya

Table 3: Money Markets

Date	Number of Deals	Value (KSh M)	Average Interbank Rate (%)
2-Sep-22	30	14,020.00	4.59
5-Sep-22	23	10,535.00	4.64
6-Sep-22	29	14,545.00	4.30
7-Sep-22	22	8,520.00	4.46
8-Sep-22	28	17,970.00	4.16
Sep 2- 8	26	13,118.00	4.43
9-Sep-22	30	15,740.00	4.07
12-Sep-22	33	21,275.00	4.02
13-Sep-22	Public Holiday		
14-Sep-22	39	26,280.00	3.98
15-Sep-22	35	23,840.00	3.99
Sep 8-15	34	21,783.75	4.02

Source: Central Bank of Kenya

Table 4: Performance of Treasury Bill Auctions

91-Day Treasury Bills						
Date of Auction	11-Aug-22	18-Aug-22	25-Aug-22	1-Sep-22	8-Sep-22	15-Sep-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)	11,990.35	11,770.10	10,815.66	16,262.43	27,014.78	9,936.20
Amount Accepted (KSh M)	11,990.35	11,769.12	8,368.63	8,438.55	20,157.23	4,066.08
Maturities (KSh M)	5,373.10	2,541.00	455.40	3,562.40	3,277.45	3,098.00
Average Interest Rate (%)	8.565	8.669	8.767	8.860	8.910	8.950
182-Day Treasury Bills						
Date of Auction	11-Aug-22	18-Aug-22	25-Aug-22	1-Sep-22	8-Sep-22	15-Sep-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)	3,927.85	6,801.41	4,162.31	11,226.78	6,227.02	11,391.78
Amount Accepted (KSh M)	3,927.85	6,801.13	2,225.72	9,292.97	4,318.03	11,363.17
Maturities (KSh M)	6,651.50	10,349.65	4,085.40	12,779.95	6,028.40	8,568.15
Average Interest Rate (%)	9.433	9.492	9.532	9.576	9.599	9.615
364-Day Treasury Bills						
Date of Auction	11-Aug-22	18-Aug-22	25-Aug-22	1-Sep-22	8-Sep-22	15-Sep-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)	1,448.52	1,143.77	4,437.52	3,411.53	3,475.66	1,957.38
Amount Accepted (KSh M)	1,393.84	1,132.49	4,408.79	3,411.44	3,475.48	1,938.83
Maturities (KSh M)	1,163.45	1,072.45	4,337.10	10,634.95	3,046.70	3,180.20
Average Interest Rate (%)	9.922	9.909	9.910	9.876	9.915	9.913

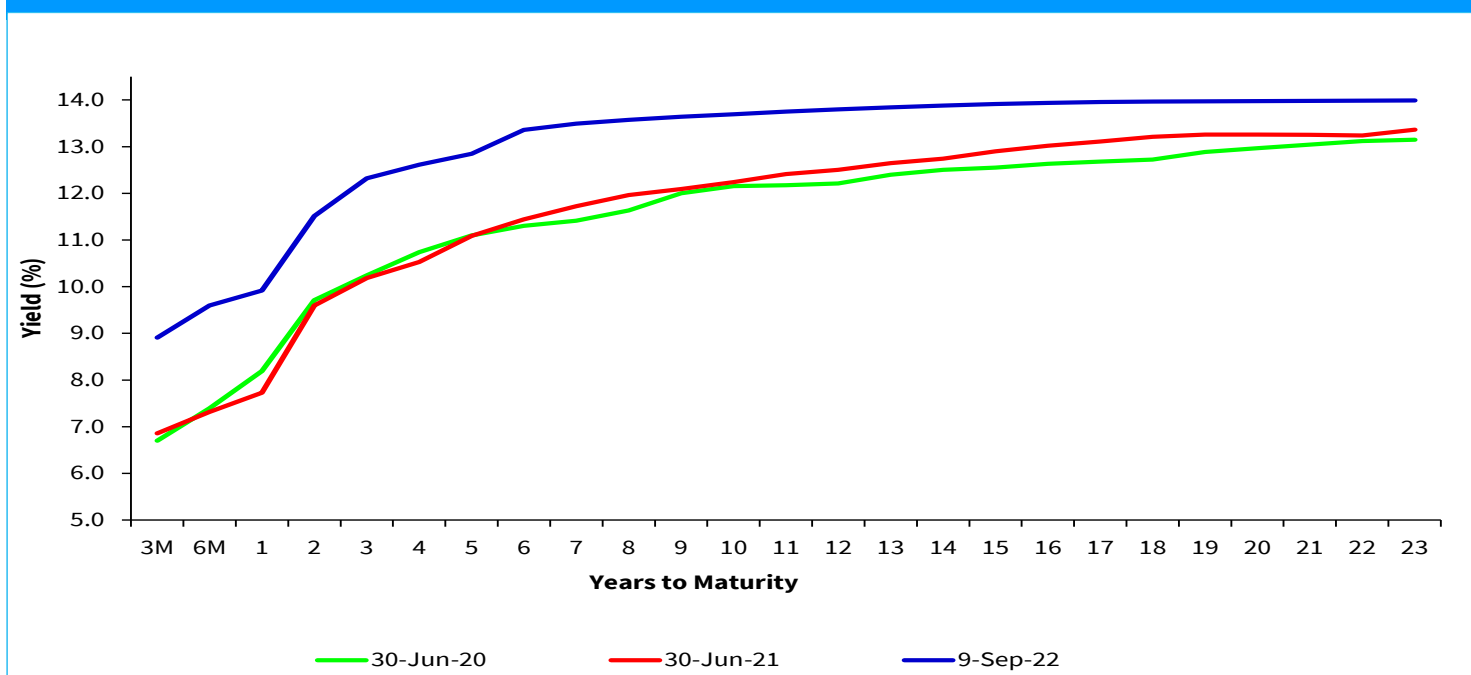
Source: Central Bank of Kenya

Table 5: Performance of Treasury Bond Auctions

Date of Auction	7-Jul-22	20-Jul-22		17-Aug-22			14-Sep-22	
	TAP	RE-OPEN		RE-OPEN			RE-OPEN	
Tenor	IFB1/ 2022/018	FXD2 2013/15	FXD2/ 2018/15	FXD1/ 2022/03	FXD2/ 2019/10	FXD1/ 2021/20	FXD1/ 2022/10	FXD1/ 2022/15
Amount offered (KSh M)	20,000.00	40,000.00		50,000.00			50,000.00	
Bids received (KSh M)	6,418.15	5,449.54	5,121.65	21,817.39	8,961.47	18,347.49	28,516.06	17,617.97
Amount Accepted (KSh M)	6,416.29	5,219.84	4,085.63	21,800.81	8,775.73	7,948.69	25,619.45	13,406.37
Maturities (KSh M)								
Average interest Rate (%)	13.74	13.21	13.89	12.45	13.88	13.96	13.95	13.98

Source: Central Bank of Kenya

Chart 2: Government Securities Yield Curve



Source: Central Bank of Kenya

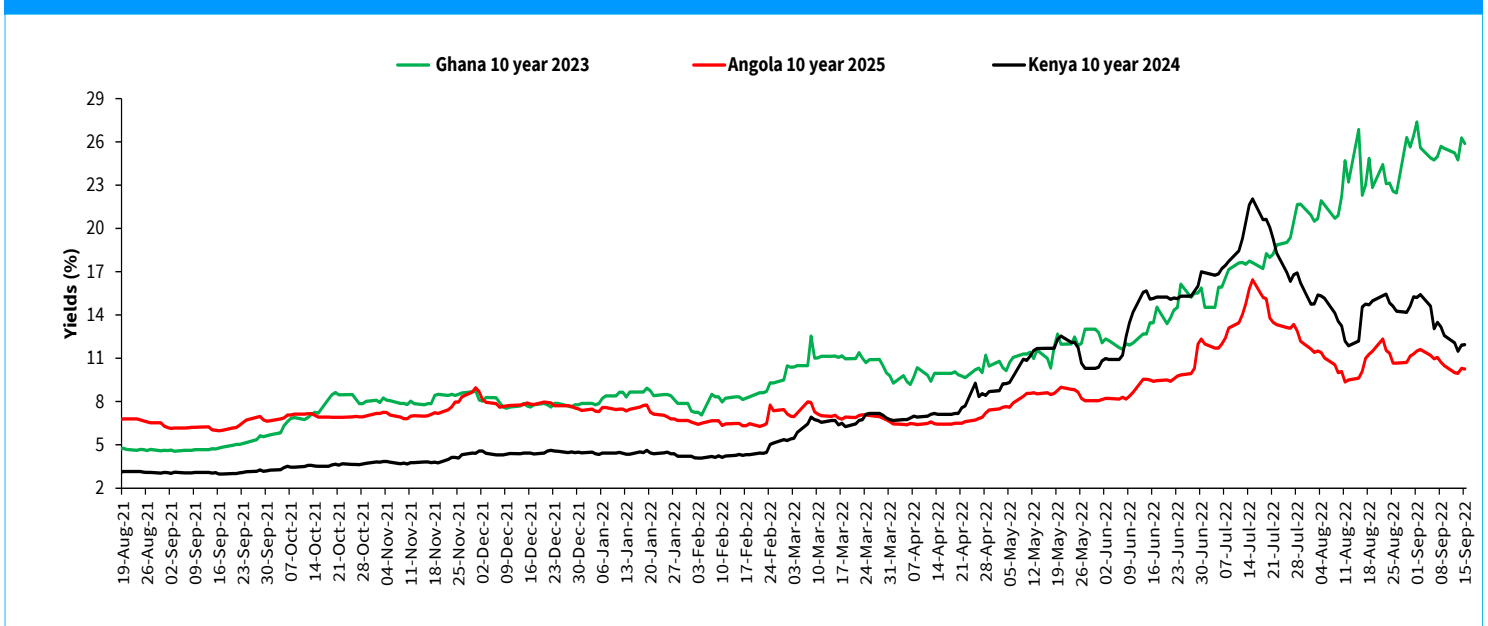
Table 6: Key Weekly Market Indicators

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
2-Sep-22	138.01	3,268.91	1,763.40	912	11	287	2150.68	4,599	14.542	15.41	13.295	13.221	11.593	12.508
5-Sep-22	140.69	3,307.30	1,771.36	1,158	20	488	2192.70	5,085	14.022	14.606	13.025	13.1	11.434	12.325
6-Sep-22	147.27	3,433.05	1,807.36	1,604	14	338	2295.39	6,909	13.115	13.047	12.65	12.514	10.972	11.906
7-Sep-22	144.05	3,387.26	1,807.36	1,375	11	261	2245.04	3,256	13.369	13.487	12.614	12.601	11.048	11.91
8-Sep-22	143.63	3,368.92	1,792.42	1,145	10	288	2238.48	5,099	13.332	13.169	12.471	12.489	10.975	11.805
Sep 2- 8	143.63	3368.92	1792.42	6,194.00	66.11	1,662.03	2238.48	24,948.75	13.332	13.169	12.471	12.489	10.975	11.805
9-Sep-22	141.64	3,337.35	1,787.48	1,120	10	243	2207.43	2,135	13.286	12.576	12.325	12.461	10.853	11.743
12-Sep-22	139.82	3,299.81	1,787.30	1,540	34	852	2179.03	1,068	12.547	12.073	11.675	11.902	10.386	11.361
13-Sep-22	PUBLIC HOLIDAY (SWEARING IN CEREMONY)								12.259	11.492	11.748	11.82	10.509	11.342
14-Sep-22	138.23	3,266.57	1,790.01	1,612	13	351	2154.17	998	12.751	11.919	12.074	12.265	10.924	11.661
15-Sep-22	134.18	3,204.80	1,776.99	1,773	32	748	2090.83	3,070	12.763	11.943	12.226	12.382	10.88	11.847
Sep 8-15	134.18	3204.80	1776.99	6,045.00	90.23	2,193.76	2090.83	7,270.90	12.763	11.943	12.226	12.382	10.880	11.847
Weekly Changes (%)	-6.58	-4.87	-0.86	-2.41	36.50	31.99	-6.60	-70.86	-0.569*	-1.226*	-0.245*	-0.107*	-0.095*	-0.042*

* 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-20	30-Jun-21	31-Dec-21	31-Mar-22	29-Jul-22	02-Sep-22	09-Sep-22
1. Treasury Bills (Excluding Repos)	887.70	765.37	709.15	656.45	646.95	659.97	654.86
<i>(As % of total securities)</i>	28.56	21.17	17.95	16.02	15.29	15.51	15.41
2. Treasury Bonds	2,220.34	2,849.94	3,242.24	3,440.61	3,585.11	3,595.25	3,595.25
<i>(As % of total securities)</i>	71.44	78.83	82.05	83.98	84.71	84.49	84.59
3. Total Securities (1+2)	3,108.04	3,615.31	3,951.39	4,097.06	4,232.07	4,255.22	4,250.11
4. Overdraft at Central Bank	47.15	59.28	59.31	68.40	45.44	49.15	45.20
5. Other Domestic debt*	23.24	22.50	21.66	26.32	30.01	33.15	33.16
6. Gross Domestic Debt (3+4+5)	3,178.42	3,697.09	4,032.37	4,191.77	4,307.52	4,337.52	4,328.47

* 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	25-Mar-22	29-Jul-22	2-Sep-22	9-Sep-22
Treasury bills (Excluding Repos)	27.93	20.70	17.59	15.81	15.02	15.22	15.13
Treasury bonds	69.86	77.09	80.41	82.09	83.23	82.89	83.06
Overdraft at Central Bank	1.48	1.60	1.47	1.46	1.05	1.13	1.04
Other domestic debt	0.73	0.61	0.54	0.64	0.70	0.76	0.77
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	25-Mar-22	29-Jul-22	2-Sep-22	9-Sep-22
Banking Institutions	54.18	51.24	50.20	49.29	48.28	48.19	48.09
Insurance Companies	6.05	6.66	6.79	6.87	7.20	7.19	7.22
Parastatals	5.73	5.54	5.57	5.72	5.96	6.14	6.15
Pension Funds	29.04	30.60	31.34	31.75	32.56	32.31	32.25
Other Investors	5.00	5.96	6.10	6.37	6.01	6.17	6.28
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							
	Sep-20	Dec-20	Jun-21	Sep-21	Dec-21	Mar-22	Jun-22*
Domestic debt (KSh Bn)	3,457.11	3,488.54	3,697.09	3,937.80	4,032.37	4,191.77	4,288.33
Public & Publicly Guaranteed External debt (USD Bn)	33.77	34.75	37.08	36.73	36.90	36.82	36.58
Public & Publicly Guaranteed External debt (KSh Bn)	3,663.49	3,793.29	3,999.54	4,058.50	4,174.37	4,209.56	4,290.73
Public debt (KSh Bn)	7,120.60	7,281.83	7,696.63	7,996.30	8,206.74	8,401.33	8,579.06

Source: The National Treasury and Central Bank of Kenya