



Central Bank of Kenya

# Weekly Bulletin

July 22, 2022



## RECENT MONETARY AND FINANCIAL DEVELOPMENTS

### Exchange Rates

The Kenya Shilling remained stable against major international and regional currencies during the week ending July 21. It exchanged at KSh 118.52 per US dollar on July 21, compared to KSh 118.23 per US dollar on July 14 (**Table 1**).

### Foreign Exchange Reserves

The usable foreign exchange reserves remained adequate at USD 7,727 million (4.46 months of import cover) as of July 21. This meets the CBK's statutory requirement to endeavor to maintain at least 4 months of import cover (**Table 2**).

### Money Market

Liquidity increased in the money market during the week ending July 21, supported by government payments, which partly offset tax remittances. Commercial banks' excess reserves stood at KSh 25.5 billion in relation to the 4.25 percent cash reserves requirement (CRR). Open market operations remained active. The average interbank rate was 5.20 percent on July 21 compared to 5.44 percent on July 14. During the week, the average number of interbank deals increased to 42 from 38 in the previous week, while the average value traded increased to KSh 30.1 billion from KSh 25.5 billion in the previous week (**Table 3**).

### Government Securities Market

The Treasury bill auction of July 21 received bids totalling KSh 34.6 billion against an advertised amount of KSh 24.0 billion, representing a performance of 144.1 percent. Interest rates remained stable, with 364-day Treasury bills rate declining while the 91-day and 182-day Treasury bills rates increased marginally (**Table 4**).

During the Treasury bond auction of July 20, the re-opened fifteen-year Treasury bond received bids totalling KSh 10.6 billion against an advertised amount of KSh 40.0 billion, representing a performance rate of 26.4 percent (**Table 5**).

### Equity Market

At the Nairobi Securities Exchange, NASI, NSE 20 and NSE 25 share price indices declined by 6.6 percent, 1.1 percent and 4.3 percent, respectively. Market capitalization also declined by 6.6 percent while total shares traded and equity turnover rose by 34.8 percent and 39.2 percent during the week ending July 21 (**Table 6**).

### Bonds Market

Bond turnover in the domestic secondary market rose by 70.9 percent during the week ending July 21 (**Table 6**). In the international market, the yields on Kenya's Eurobonds declined by an average of 133.9 basis points, with the largest fall in yields (235.1 bps) for the 2024 maturity. The yield on the 10-Year Eurobond for Angola also declined, but increased for Ghana (**Chart 2**).

### Global Trends

Concerns about global inflation increased during the week ending July 21, as the Euro Area, United Kingdom and South Africa reported record high inflation rates of 8.6 percent, 9.4 percent, and 7.4 percent in June, respectively. The Euro appreciated against the US dollar after the European Central Bank (ECB) raised its policy rate by 50 basis points for the first time since 2011.

International oil prices increased during the week ending July 21, supported by increased oil demand and drawdown on inventories. Murban oil prices increased to USD 106.0 per barrel on July 21, compared to USD 101.3 per barrel on July 14.

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

	USD	Sterling Pound	Euro	100 Japanese Yen	Uganda Shilling*	Tanzania Shilling*	Rwandese Franc*	Burundi Franc*
8-Jul-22	118.07	141.34	120.67	87.01	31.82	19.75	8.67	17.43
11-Jul-22	<b>Holiday</b>							
12-Jul-22	118.13	141.54	119.88	85.99	31.91	19.74	8.66	17.43
13-Jul-22	118.18	140.65	119.09	86.45	31.94	19.74	8.72	17.42
14-Jul-22	118.23	140.55	118.69	85.93	31.84	19.72	8.66	17.41
<b>Jul 8-14</b>	<b>118.15</b>	<b>141.02</b>	<b>119.58</b>	<b>86.35</b>	<b>31.88</b>	<b>19.74</b>	<b>8.68</b>	<b>17.42</b>
15-Jul-22	118.27	140.31	118.63	85.14	31.83	19.72	8.72	17.41
18-Jul-22	118.33	140.05	118.77	85.61	31.86	19.70	8.66	17.40
19-Jul-22	118.39	141.16	119.61	85.54	32.01	19.70	8.71	17.39
20-Jul-22	118.45	141.91	120.66	86.05	32.08	19.69	8.79	17.38
21-Jul-22	118.52	142.07	121.02	85.78	32.13	19.68	8.65	17.38
<b>Jul 15-21</b>	<b>118.39</b>	<b>141.10</b>	<b>119.74</b>	<b>85.62</b>	<b>31.98</b>	<b>19.70</b>	<b>8.71</b>	<b>17.39</b>

\*Units of currency per Kenya Shilling

Source: Central Bank of Kenya

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

	23-Jun-22	30-Jun-22	7-Jul-22	14-Jul-22	21-Jul-22
1. CBK Usable Foreign Exchange Reserves (USD Million)	8,028	7,982	7,997	7,953	7,727
2. CBK Usable Foreign Exchange Reserves (Months of Import Cover)*	4.77	4.74	4.61	4.59	4.46

\*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 (%)
8-Jul-22	32	17,000.00	5.97
11-Jul-22	<b>Public Holiday</b>		
12-Jul-22	32	19,360.00	5.80
13-Jul-22	45	37,260.00	5.67
14-Jul-22	43	28,335.00	5.44
<b>Jul 8-14</b>	<b>38</b>	<b>25,488.75</b>	<b>5.72</b>
15-Jul-22	38	31,856.00	5.34
18-Jul-22	38	28,250.00	5.31
19-Jul-22	42	28,230.00	5.32
20-Jul-22	45	33,210.00	5.38
21-Jul-22	45	28,900.00	5.20
<b>Jul 15-21</b>	<b>42</b>	<b>30,089.20</b>	<b>5.31</b>

Source: Central Bank of Kenya

**Table 4: Performance of Treasury Bill Auctions**

91-Day Treasury Bills						
Date of Auction	19-May-22	26-May-22	30-Jun-22	7-Jul-22	14-Jul-22	21-Jul-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)	5,475.21	494.30	4,727.43	11,039.70	13,191.02	15,534.07
Amount Accepted (KSh M)	2,523.79	468.31	3,959.52	11,036.60	13,141.70	13,475.76
Maturities (KSh M)	1,442.85	2,021.00	1,539.65	2,391.45	4,840.85	8,303.25
<b>Average Interest Rate (%)</b>	<b>7.758</b>	<b>7.744</b>	<b>8.097</b>	<b>8.167</b>	<b>8.248</b>	<b>8.322</b>
182-Day Treasury Bills						
Date of Auction	19-May-22	26-May-22	30-Jun-22	7-Jul-22	14-Jul-22	21-Jul-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)	10,251.80	2,845.90	1,751.07	8,434.11	5,088.16	14,648.62
Amount Accepted (KSh M)	8,337.33	2,845.42	1,600.03	8,433.06	5,088.16	14,457.58
Maturities (KSh M)	6,804.35	2,614.95	2,412.35	6,582.40	14,261.20	12,723.25
<b>Average Interest Rate (%)</b>	<b>8.832</b>	<b>8.901</b>	<b>9.196</b>	<b>9.253</b>	<b>9.305</b>	<b>9.393</b>
364-Day Treasury Bills						
Date of Auction	19-May-22	26-May-22	30-Jun-22	7-Jul-22	14-Jul-22	21-Jul-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)	12,184.59	9,721.48	2,435.86	5,115.42	7,106.54	4,395.18
Amount Accepted (KSh M)	12,006.44	9,198.39	2,260.74	4,736.22	7,096.45	2,822.53
Maturities (KSh M)	11,778.25	15,009.20	5,888.60	4,545.95	5,601.20	3,656.20
<b>Average Interest Rate (%)</b>	<b>9.879</b>	<b>9.881</b>	<b>9.985</b>	<b>9.980</b>	<b>9.986</b>	<b>9.968</b>

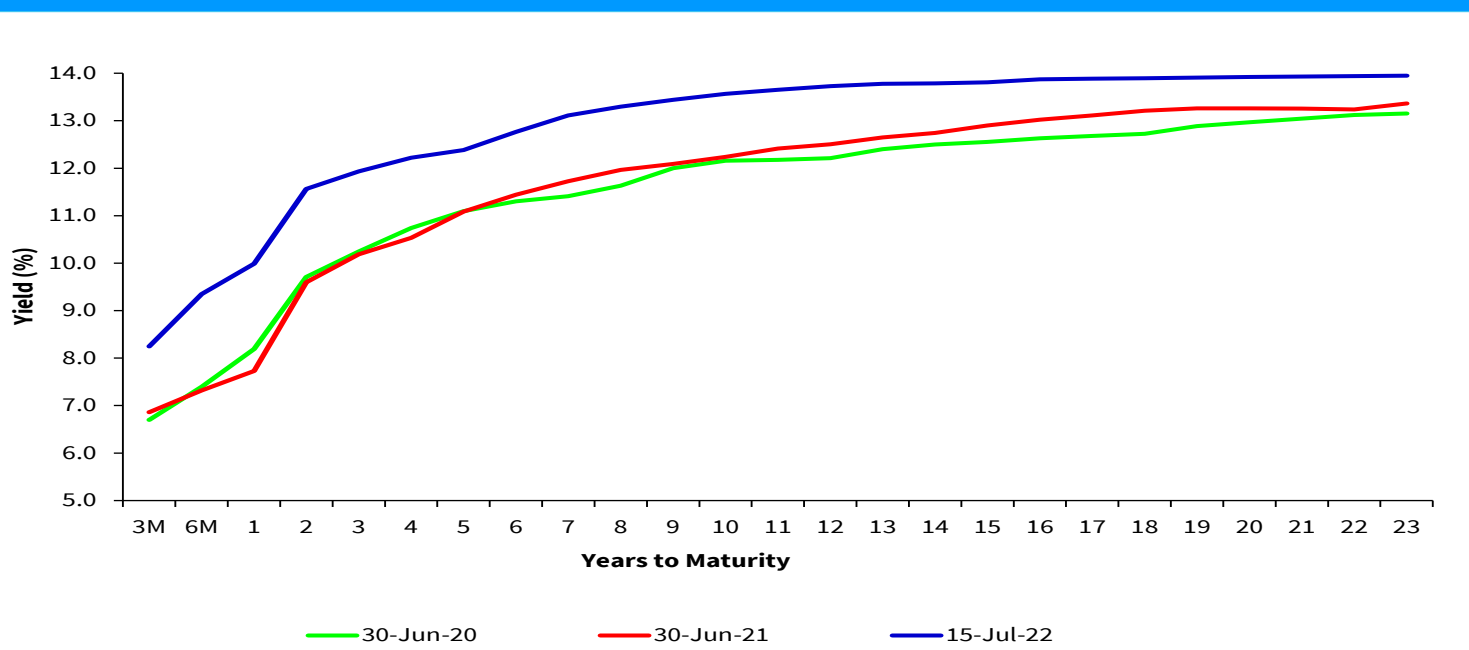
Source: Central Bank of Kenya

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

Date of Auction	20-May-22		8-Jun-22	23-Jun-22		7-Jul-22	20/7/2022	
	TAP			TAP		TAP		
Tenor	FXD1/ 2022/010	FXD1/ 2021/025	IFB1/ 2022/018	FXD1/ 2022/03	FXD1/ 2022/015	IFB1/ 2022/018	FXD2 2013/15	FXD2/ 2018/15
Amount offered (KSh M)	10,000.00		75,000.00	25,000.00		20,000.00	40,000.00	
Bids received (KSh M)	5,967.65	11,044.75	76,369.63	3,621.30	15,985.45	6,418.15	5,449.54	5,121.65
Amount Accepted (KSh M)	5,967.17	11,003.44	73,770.99	3,619.82	15,976.98	6,416.29	5,219.84	4,085.63
Maturities (KSh M)			35,273.70	0.00				
Average interest Rate (%)	13.49	13.92	13.74	11.77	13.94	13.74	13.21	13.89

Source: Central Bank of Kenya

### Chart 1: Government Securities Yield Curve



Source: Nairobi Securities Exchange (NSE)

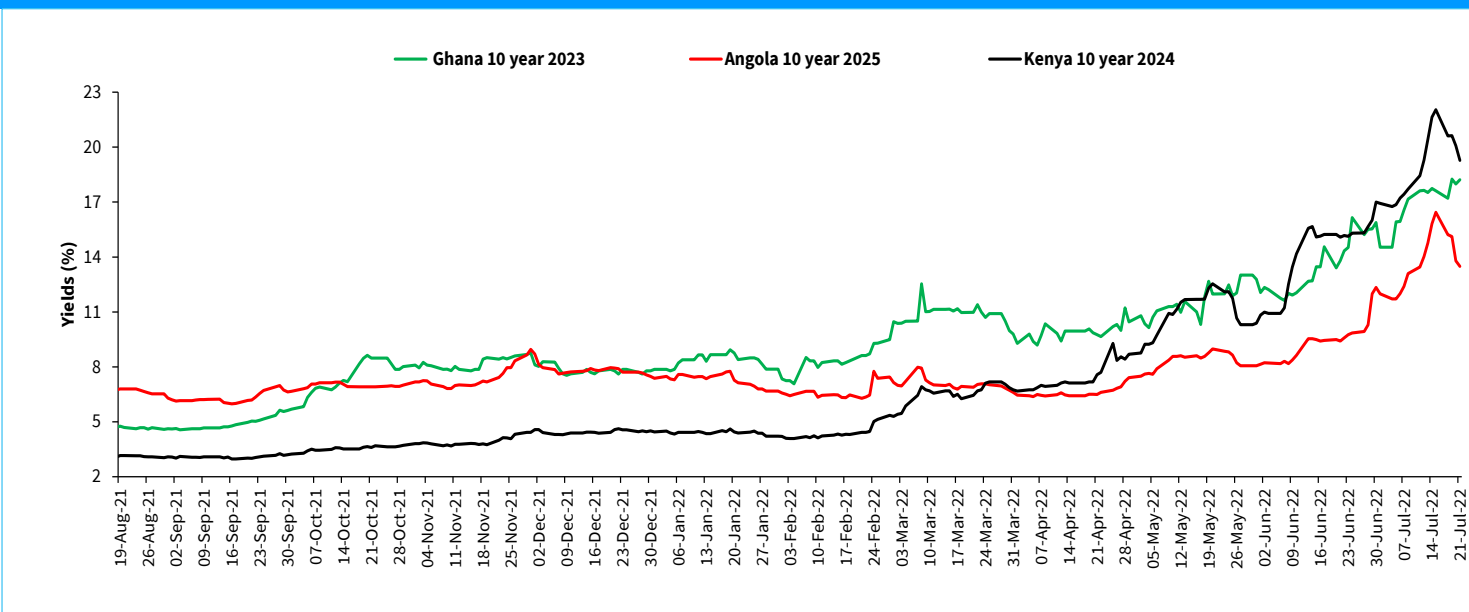
### Table 6: Key Weekly Market Indicators

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 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
8-Jul-22	135.39	3165.46	1691.93	1,178.00	8.64	378.33	2,109.84	1,876.10	17.122	17.712	15.193	14.126	13.437	14.128
11-Jul-22	PUBLIC HOLIDAY								17.236	18.443	15.409	14.421	13.663	14.304
12-Jul-22	138.45	3196.27	1685.90	1,223.00	13.15	364.80	2,157.64	2,214.65	17.987	19.281	15.670	14.689	13.894	14.485
13-Jul-22	139.36	3196.21	1685.59	1,324.00	9.56	234.56	2,171.81	2,396.65	18.658	20.420	16.289	14.997	14.438	14.956
14-Jul-22	144.58	3261.23	1694.28	1,167.00	13.36	308.34	2,253.43	1,596.85	19.474	21.630	16.616	15.279	15.358	15.993
<b>Jul 8-14</b>	<b>144.58</b>	<b>3261.23</b>	<b>1694.28</b>	<b>4892.00</b>	<b>44.72</b>	<b>1286.03</b>	<b>2253.43</b>	<b>8084.25</b>	<b>19.474</b>	<b>21.630</b>	<b>16.616</b>	<b>15.279</b>	<b>15.358</b>	<b>15.993</b>
15-Jul-22	142.33	3213.80	1682.49	1,535.00	17.01	398.39	2,218.30	934.70	19.796	22.042	17.080	16.042	15.269	16.179
18-Jul-22	138.52	3161.18	1674.98	1,100.00	10.97	385.40	2,158.78	2,860.60	19.366	20.607	16.899	15.858	15.052	15.811
19-Jul-22	135.38	3111.76	1671.38	1,053.00	5.09	124.11	2,109.71	4,248.20	19.004	20.625	16.857	15.641	14.955	15.597
20-Jul-22	133.83	3097.43	1671.45	1,030.00	15.22	475.00	2,085.44	2,986.15	18.647	20.073	16.360	15.356	14.744	15.221
21-Jul-22	135.07	3119.82	1675.02	1,039.00	11.99	407.37	2,104.80	2,789.50	17.895	19.279	15.553	14.569	14.744	14.277
<b>Jul 15-21</b>	<b>135.07</b>	<b>3119.82</b>	<b>1675.02</b>	<b>5757.00</b>	<b>60.27</b>	<b>1790.27</b>	<b>2104.80</b>	<b>13819.15</b>	<b>17.895</b>	<b>19.279</b>	<b>15.553</b>	<b>14.569</b>	<b>14.744</b>	<b>14.277</b>
<b>Weekly Changes (%)</b>	<b>-6.58</b>	<b>-4.34</b>	<b>-1.14</b>	<b>17.68</b>	<b>34.78</b>	<b>39.21</b>	<b>-6.60</b>	<b>70.94</b>	<b>-1.579*</b>	<b>-2.351*</b>	<b>-1.063*</b>	<b>-0.710*</b>	<b>-0.614*</b>	<b>-1.716*</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-21	31-Dec-21	31-Mar-22	27-May-22	24-Jun-22	08-Jul-22	15-Jul-22
1. Treasury Bills (Excluding Repos)	765.37	709.15	656.45	637.37	620.28	627.03	638.25
<i>(As % of total securities)</i>	<b>21.17</b>	<b>17.95</b>	<b>16.02</b>	<b>15.24</b>	<b>14.88</b>	<b>14.94</b>	<b>15.15</b>
2. Treasury Bonds	2,849.94	3,242.24	3,440.61	3,543.87	3,549.53	3,569.09	3,575.30
<i>(As % of total securities)</i>	<b>78.83</b>	<b>82.05</b>	<b>83.98</b>	<b>84.76</b>	<b>85.12</b>	<b>85.06</b>	<b>84.85</b>
3. Total Securities (1+2)	3,615.31	3,951.39	4,097.06	4,181.24	4,169.81	4,196.12	4,213.55
4. Overdraft at Central Bank	59.28	59.31	68.40	55.84	65.86	60.72	50.89
5. Other Domestic debt*	22.50	21.66	26.32	26.26	30.55	30.54	29.99
<b>6. Gross Domestic Debt (3+4+5)</b>	<b>3,697.09</b>	<b>4,032.37</b>	<b>4,191.77</b>	<b>4,263.34</b>	<b>4,266.23</b>	<b>4,287.38</b>	<b>4,294.43</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	25-Mar-22	24-Jun-22	8-Jul-22	15-Jul-22
Treasury bills (Excluding Repos)	27.93	20.70	17.59	15.81	14.54	14.62	14.86
Treasury bonds	69.86	77.09	80.41	82.09	83.20	83.25	83.25
Overdraft at Central Bank	1.48	1.60	1.47	1.46	1.54	1.42	1.19
Other domestic debt	0.73	0.61	0.54	0.64	0.72	0.71	0.70
<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	25-Mar-22	24-Jun-22	8-Jul-22	15-Jul-22
Banking Institutions	54.18	51.24	50.20	49.29	48.74	48.43	47.01
Insurance Companies	6.05	6.66	6.79	6.87	7.14	7.18	1.00
Parastatals	5.73	5.54	5.57	5.72	5.84	5.97	18.68
Pension Funds	29.04	30.60	31.34	31.75	32.39	32.45	26.36
Other Investors	5.00	5.96	6.10	6.37	5.89	5.97	6.95
<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**

	Sep-20	Dec-20	Jun-21	Sep-21	Dec-21	Mar-22	May-22
Domestic debt (KSh Bn)	3,457.11	3,488.54	3,697.09	3,937.80	4,032.37	4,191.77	4,268.66
Public & Publicly Guaranteed External debt (USD Bn)	33.77	34.75	37.08	36.73	36.90	36.82	36.71
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	4,295.10
Public debt (KSh Bn)	<b>7,120.60</b>	<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>8,563.76</b>

Source: The National Treasury and Central Bank of Kenya