



Central Bank of Kenya

Weekly Bulletin

June 24, 2022



RECENT MONETARY AND FINANCIAL DEVELOPMENTS

Exchange Rates

The Kenya Shilling remained stable against major international and regional currencies during the week ending June 23. It exchanged at KSh 117.57 per US dollar on June 23, compared to KSh 117.29 per US dollar on June 16 (**Table 1**).

Foreign Exchange Reserves

The usable foreign exchange reserves remained adequate at USD 8,028 million (4.77 months of import cover) as of June 23. This meets the CBK's statutory requirement to endeavor to maintain at least 4 months of import cover, and the EAC region's convergence criteria of 4.5 months of import cover (**Table 2**).

Money Market

The money market was relatively liquid during the week ending June 23, reflecting government payments which partly offset tax remittances. Commercial banks' excess reserves stood at KSh 36.8 billion in relation to the 4.25 percent cash reserves requirement (CRR). Open market operations remained active. The average interbank rate was 5.27 percent on June 23 compared to 5.30 percent on June 16. During the week, the average number of interbank deals increased to 27 from 21 in the previous week, while the average value traded increased to KSh 16.2 billion from KSh 12.8 billion in the previous week (**Table 3**).

Government Securities Market

The Treasury bill auction of June 23, received bids totalling KSh 21.2 billion against an advertised amount of KSh 24.0 billion, representing a performance of 88.3 percent. Interest rates remained stable, with all the Treasury bills rates increasing marginally (**Table 4**).

During the Treasury bond tap sale of June 23, the three-year and fifteen-year fixed rate Treasury bonds received bids totalling KSh 19.6 billion against an advertised amount of KSh 25.0 billion, representing a performance rate of 78.4 percent.

Equity Market

At the Nairobi Securities Exchange, NASI, NSE 20 and NSE 25 share price declined by 4.6 percent, 3.7 percent and 4.3 percent, respectively. Similarly, market capitalization declined by 4.6 percent, while total shares traded rose by 4.2 percent, respectively during the week ending June 23 (**Table 6**).

Bonds Market

Bond turnover in the domestic secondary market decline by 18.1 percent during the week ending June 23 (**Table 6**). In the international market, the yields on Kenya's Eurobond rose by an average of 11.7 basis points. The yields on the 10-Year Eurobond for Angola and Ghana also rose (**Chart 3**).

Global Trends

Concerns about inflationary pressures in the major economies increased during the week ending June 23, as the United Kingdom and United States reported record high rates of inflation of 9.1 percent and 8.6 percent in May, respectively. Uncertainties over the global economic outlook have increased in part due to the aggressive pace of monetary policy tightening by major central banks.

International oil prices declined during the week ending June 23, with Murban oil prices falling to USD 112.14 per barrel, compared to USD 118.24 per barrel on June 16.

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

| | USD | Sterling Pound | Euro | 100 Japanese Yen | Uganda Shilling* | Tanzania Shilling* | Rwandese Franc* | Burundi Franc* |
|------------------|---------------|----------------|---------------|------------------|------------------|--------------------|-----------------|----------------|
| 10-Jun-22 | 117.05 | 146.94 | 125.34 | 87.40 | 31.83 | 19.90 | 8.73 | 17.57 |
| 13-Jun-22 | 117.10 | 146.44 | 124.47 | 87.46 | 31.51 | 19.90 | 8.79 | 17.56 |
| 14-Jun-22 | 117.17 | 144.09 | 123.10 | 87.18 | 31.96 | 19.88 | 8.72 | 17.55 |
| 15-Jun-22 | 117.24 | 142.58 | 122.84 | 87.15 | 32.00 | 19.87 | 8.72 | 17.55 |
| 16-Jun-22 | 117.29 | 141.39 | 122.47 | 87.31 | 32.02 | 19.87 | 8.71 | 17.54 |
| Jun 10-16 | 117.17 | 144.29 | 123.64 | 87.30 | 31.86 | 19.88 | 8.73 | 17.55 |
| 17-Jun-22 | 117.33 | 142.18 | 122.42 | 87.57 | 32.18 | 19.86 | 8.71 | 17.53 |
| 20-Jun-22 | 117.40 | 143.82 | 123.20 | 87.24 | 31.82 | 19.85 | 8.70 | 17.52 |
| 21-Jun-22 | 117.44 | 143.68 | 123.45 | 87.01 | 31.63 | 19.85 | 8.71 | 17.52 |
| 22-Jun-22 | 117.51 | 144.22 | 123.88 | 86.27 | 31.57 | 19.85 | 8.70 | 17.51 |
| 23-Jun-22 | 117.57 | 143.93 | 123.68 | 86.52 | 31.81 | 19.85 | 8.69 | 17.50 |
| Jun 17-23 | 117.45 | 143.56 | 123.33 | 86.92 | 31.80 | 19.85 | 8.70 | 17.52 |

*Units of currency per Kenya Shilling

Source: Central Bank of Kenya

Table 2: Official Foreign Exchange Reserves (USD Million)

| | 26-May-22 | 2-Jun-22 | 9-Jun-22 | 16-Jun-22 | 23-Jun-22 |
|---|-----------|----------|----------|-----------|-----------|
| 1. CBK Usable Foreign Exchange Reserves (USD Million) | 8,177 | 8,219 | 8,210 | 8,114 | 8,028 |
| 2. CBK Usable Foreign Exchange Reserves (Months of Import Cover)* | 4.86 | 4.89 | 4.88 | 4.82 | 4.77 |

*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 (%) |
|-------------------|-----------------|------------------|----------------------------|
| 10-Jun-22 | 39 | 24,520.00 | 4.98 |
| 13-Jun-22 | 15 | 10,805.00 | 5.01 |
| 14-Jun-22 | 10 | 6,500.00 | 5.00 |
| 15-Jun-22 | 20 | 13,560.00 | 5.09 |
| 16-Jun-22 | 20 | 8,470.00 | 5.30 |
| Jun 10-16 | 21 | 12,771.00 | 5.08 |
| 17-Jun-22 | 29 | 13,390.00 | 5.22 |
| 20-Jun-22 | 31 | 15,920.00 | 5.30 |
| 21-Jun-22 | 25 | 17,498.00 | 5.15 |
| 22-Jun-22 | 26 | 16,990.00 | 5.25 |
| 23-Jun-22 | 26 | 16,950.00 | 5.27 |
| June 17-23 | 27 | 16,149.60 | 5.24 |

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 | 2-Jun-22 | 9-Jun-22 | 16-Jun-22 | 23-Jun-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 | 8,405.31 | 3,245.06 | 3,070.87 | 8,054.61 |
| Amount Accepted (KSh M) | 2,523.79 | 468.31 | 3,505.97 | 3,243.24 | 3,043.36 | 8,053.64 |
| Maturities (KSh M) | 1,442.85 | 2,021.00 | 10,000.80 | 5,372.35 | 1,735.65 | 2,352.05 |
| Average Interest Rate (%) | 7.758 | 7.744 | 7.811 | 7.866 | 7.925 | 8.013 |
| 182-Day Treasury Bills | | | | | | |
| Date of Auction | 19-May-22 | 26-May-22 | 2-Jun-22 | 9-Jun-22 | 16-Jun-22 | 23-Jun-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 | 7,273.94 | 3,999.76 | 7,323.74 | 4,849.13 |
| Amount Accepted (KSh M) | 8,337.33 | 2,845.42 | 2,495.14 | 3,999.04 | 7,322.40 | 4,847.84 |
| Maturities (KSh M) | 6,804.35 | 2,614.95 | 5,453.70 | 1,738.00 | 9,613.60 | 818.55 |
| Average Interest Rate (%) | 8.832 | 8.901 | 8.974 | 9.037 | 9.096 | 9.163 |
| 364-Day Treasury Bills | | | | | | |
| Date of Auction | 19-May-22 | 26-May-22 | 2-Jun-22 | 9-Jun-22 | 16-Jun-22 | 23-Jun-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 | 5,030.89 | 7,457.07 | 8,998.36 | 8,289.33 |
| Amount Accepted (KSh M) | 12,006.44 | 9,198.39 | 5,011.66 | 6,783.54 | 7,864.12 | 7,379.10 |
| Maturities (KSh M) | 11,778.25 | 15,009.20 | 12,678.75 | 4,100.00 | 5,971.80 | 9,726.30 |
| Average Interest Rate (%) | 9.879 | 9.881 | 9.935 | 9.952 | 9.961 | 9.974 |

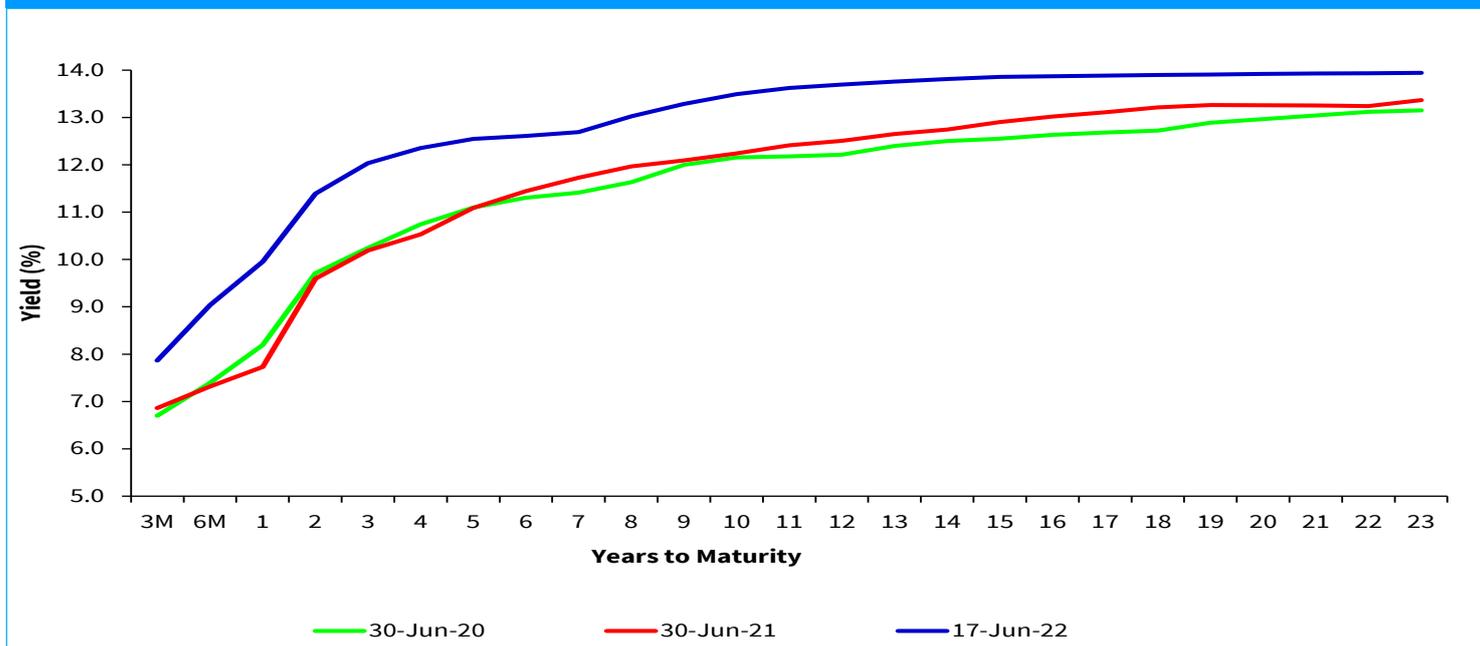
Source: Central Bank of Kenya

Table 5: Performance of Treasury Bond Auctions

| Date of Auction | 11-May-22 | | 20-May-22 | | 8-Jun-22 | 23-Jun-22 | |
|---------------------------|-------------------|-------------------|-------------------|-------------------|-------------------|------------------|-------------------|
| | REOPEN | | TAP | | | TAP | |
| Tenor | FXD1/ 2022/010 | FXD1/ 2021/025 | FXD1/ 2022/010 | FXD1/ 2021/025 | IFB1/ 2022/018 | FXD1/ 2022/03 | FXD1/ 2022/015 |
| Amount offered (KSh M) | 60,000.00 | | 10,000.00 | | 75,000.00 | 25,000.00 | |
| Bids received (KSh M) | 32,893.01 | 10,225.98 | 5,967.65 | 11,044.75 | 76,369.63 | 3,621.30 | 15,985.45 |
| Amount Accepted (KSh M) | 28,675.32 | 3,064.50 | 5,967.17 | 11,003.44 | 73,770.99 | 3,619.82 | 15,976.98 |
| Maturities (KSh M) | | | | | 35,273.70 | 0.00 | |
| Average interest Rate (%) | 13.49 | 13.92 | 13.49 | 13.92 | 13.74 | 11.77 | 13.94 |

Source: Central Bank of Kenya

Chart 1: Government Securities Yield Curve



Source: Nairobi Securities Exchange (NSE)

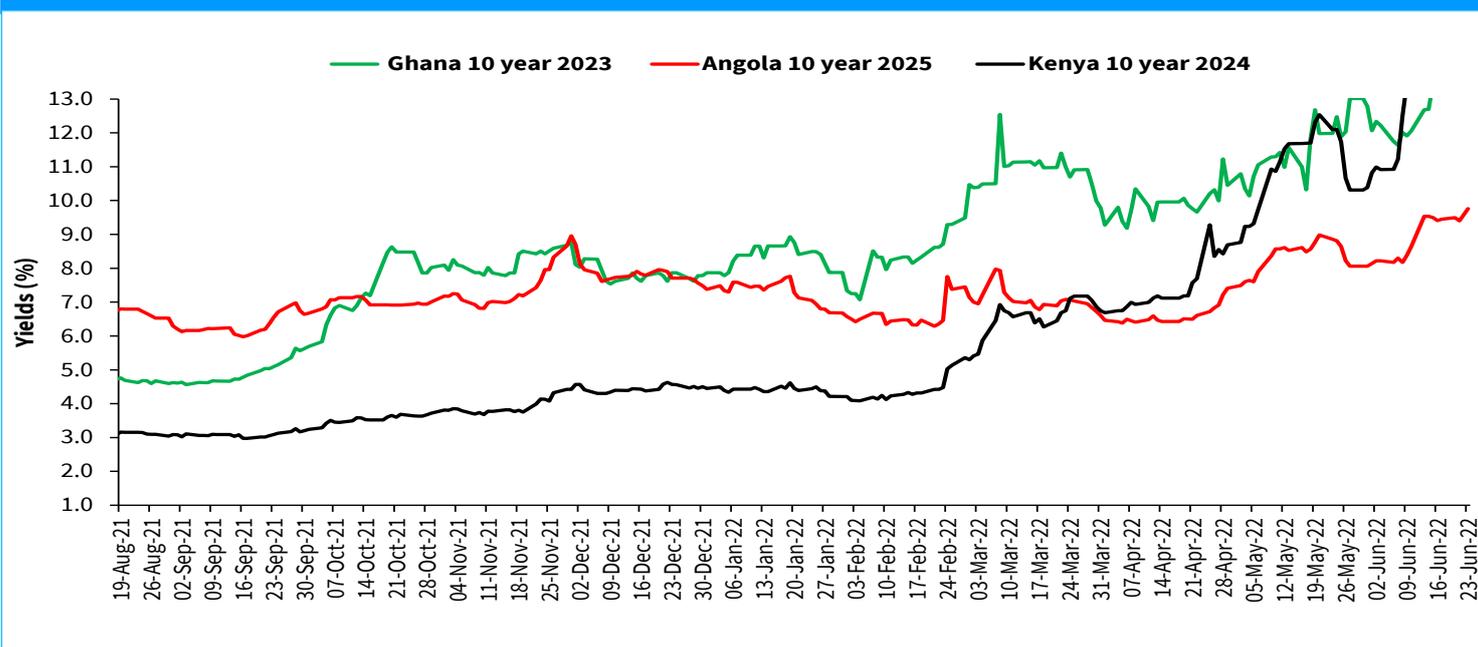
Table 6: Key Weekly Market Indicators

| 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 |
| 10-Jun-22 | 129.89 | 3,043.37 | 1,676.59 | 1,048.00 | 14.76 | 406.45 | 2,023.87 | 2,857.75 | 13.6110 | 14.1790 | 12.392 | 11.966 | 11.251 | 12.070 |
| 13-Jun-22 | 129.00 | 3,014.45 | 1,668.45 | 1,443.00 | 20.68 | 543.27 | 2,010.04 | 1,766.20 | 15.1490 | 15.5680 | 13.130 | 12.899 | 12.062 | 12.875 |
| 14-Jun-22 | 128.23 | 2995.41 | 1657.24 | 1255.00 | 12.07 | 228.80 | 1,997.96 | 1,979.40 | 14.7670 | 15.6610 | 13.704 | 13.137 | 12.018 | 12.924 |
| 15-Jun-22 | 126.15 | 2955.38 | 1644.65 | 1419.00 | 20.10 | 508.01 | 1,965.41 | 5,102.85 | 14.6600 | 15.0980 | 13.361 | 12.901 | 11.753 | 12.683 |
| 16-Jun-22 | 123.98 | 2910.63 | 1629.62 | 1165.00 | 13.62 | 315.48 | 1,931.54 | 4,989.45 | 14.9420 | 15.1430 | 13.333 | 12.846 | 11.861 | 12.779 |
| June 10-16 | 123.98 | 2,910.63 | 1,629.62 | 6,330.00 | 81.22 | 2,002.02 | 1,931.54 | 16,695.65 | 14.942 | 15.143 | 13.333 | 12.846 | 11.861 | 12.779 |
| 17-Jun-22 | 121.81 | 2876.34 | 1626.81 | 1,268.00 | 21.08 | 522.65 | 1,897.65 | 3,944.05 | 14.540 | 15.236 | 13.411 | 12.760 | 11.903 | 12.660 |
| 20-Jun-22 | 121.60 | 2862.63 | 1616.14 | 1,041.00 | 2.96 | 44.51 | 1,894.40 | 3,055.80 | 14.591 | 15.236 | 13.488 | 12.876 | 11.786 | 12.707 |
| 21-Jun-22 | 120.41 | 2839.48 | 1597.02 | 1,466.00 | 22.76 | 537.40 | 1,875.75 | 2,544.40 | 14.393 | 15.083 | 13.414 | 12.703 | 11.688 | 12.590 |
| 22-Jun-22 | 118.62 | 2798.77 | 1580.51 | 1,325.00 | 32.83 | 790.05 | 1,847.79 | 2,355.75 | 14.549 | 15.177 | 13.647 | 12.849 | 11.960 | 12.779 |
| 23-Jun-22 | 118.30 | 2784.96 | 1569.10 | 904.00 | 5.00 | 120.29 | 1,842.85 | 1,766.25 | 14.983 | 15.126 | 13.616 | 13.028 | 12.047 | 12.804 |
| June 17-23 | 118.30 | 2784.96 | 1569.10 | 6004.00 | 84.63 | 2014.90 | 1842.85 | 13666.25 | 14.983 | 15.126 | 13.616 | 13.028 | 12.047 | 12.804 |
| Weekly Changes (%) | -4.58 | -4.32 | -3.71 | -5.15 | 4.19 | 0.64 | -4.59 | -18.14 | 0.041* | -0.017* | 0.283* | 0.182* | 0.186* | 0.025* |

* 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 | 03-Jun-22 | 10-Jun-22 | 17-Jun-22 |
|---------------------------------------|-----------------|-----------------|-----------------|-----------------|-----------------|-----------------|-----------------|
| 1. Treasury Bills (Excluding Repos) | 765.37 | 709.15 | 656.45 | 637.37 | 631.20 | 614.74 | 618.36 |
| <i>(As % of total securities)</i> | 21.17 | 17.95 | 16.02 | 15.24 | 15.12 | 14.78 | 14.60 |
| 2. Treasury Bonds | 2,849.94 | 3,242.24 | 3,440.61 | 3,543.87 | 3,543.87 | 3,543.87 | 3,617.48 |
| <i>(As % of total securities)</i> | 78.83 | 82.05 | 83.98 | 84.76 | 84.88 | 85.22 | 85.40 |
| 3. Total Securities (1+2) | 3,615.31 | 3,951.39 | 4,097.06 | 4,181.24 | 4,175.07 | 4,158.60 | 4,235.84 |
| 4. Overdraft at Central Bank | 59.28 | 59.31 | 68.40 | 55.84 | 54.04 | 69.33 | 66.63 |
| 5. Other Domestic debt* | 22.50 | 21.66 | 26.32 | 26.26 | 26.26 | 26.29 | 30.54 |
| 6. Gross Domestic Debt (3+4+5) | 3,697.09 | 4,032.37 | 4,191.77 | 4,263.34 | 4,255.37 | 4,254.23 | 4,333.00 |

* 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 | 3-Jun-22 | 10-Jun-22 | 17-Jun-22 |
|----------------------------------|---------------|---------------|---------------|---------------|---------------|---------------|---------------|
| Treasury bills (Excluding Repos) | 27.93 | 20.70 | 17.59 | 15.81 | 14.83 | 14.45 | 14.27 |
| Treasury bonds | 69.86 | 77.09 | 80.41 | 82.09 | 83.28 | 83.30 | 83.49 |
| Overdraft at Central Bank | 1.48 | 1.60 | 1.47 | 1.46 | 1.27 | 1.63 | 1.54 |
| Other domestic debt | 0.73 | 0.61 | 0.54 | 0.64 | 0.62 | 0.62 | 0.70 |
| TOTAL | 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 | 3-Jun-22 | 10-Jun-22 | 17-Jun-22 |
|----------------------|---------------|---------------|---------------|---------------|---------------|---------------|---------------|
| Banking Institutions | 54.18 | 51.24 | 50.20 | 49.29 | 48.50 | 48.46 | 48.19 |
| Insurance Companies | 6.05 | 6.66 | 6.79 | 6.87 | 7.07 | 7.09 | 7.17 |
| Parastatals | 5.73 | 5.54 | 5.57 | 5.72 | 5.81 | 5.87 | 5.81 |
| Pension Funds | 29.04 | 30.60 | 31.34 | 31.75 | 32.25 | 32.19 | 32.33 |
| Other Investors | 5.00 | 5.96 | 6.10 | 6.37 | 6.37 | 6.40 | 6.51 |
| Total | 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 | Apr-22 |
|---|-----------------|-----------------|-----------------|-----------------|-----------------|-----------------|-----------------|
| Domestic debt (KSh Bn) | 3,457.11 | 3,488.54 | 3,697.09 | 3,937.80 | 4,032.37 | 4,191.77 | 4,226.84 |
| Public & Publicly Guaranteed External debt (USD Bn) | 33.77 | 34.75 | 37.08 | 36.73 | 36.90 | 36.82 | 36.65 |
| 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 | 4,243.53 |
| Public debt (KSh Bn) | 7,120.60 | 7,281.83 | 7,696.63 | 7,996.30 | 8,206.74 | 8,401.33 | 8,470.37 |

Source: The National Treasury and Central Bank of Kenya