



Central Bank of Kenya

Weekly Bulletin

January 21, 2022



RECENT MONETARY AND FINANCIAL DEVELOPMENTS

Exchange Rates

The Kenya Shilling remained stable against major international and regional currencies during the week ending January 20. It exchanged at KSh 113.50 per US dollar on January 20, compared to KSh 113.33 per US dollar on January 13 (**Table 1**).

Foreign Exchange Reserves

The usable foreign exchange reserves remained adequate at USD 8,715 million (5.33 months of import cover) as at January 20. 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**).

Current Account

Provisional data on balance of payments shows that the current account deficit was 5.2 percent of GDP in the 12 months to November 2021, compared to 4.7 percent of GDP in the 12 months to November 2020 (**Chart 1**). The wider deficit was due to a higher import bill, particularly oil, which more than offset increased receipts from agricultural and services exports, and remittances.

Money Market

The money market was liquid during the week ending January 20, partly reflecting government payments, which offset tax remittances. Commercial banks' excess reserves stood at KSh 17.1 billion in relation to the 4.25 percent cash reserves requirement (CRR). Open market operations remained active. The average interbank rate was 4.30 percent on January 20, compared to 3.65 percent on January 13. During the week, the average number of interbank deals increased to 31 from 27 in the previous week, while the average value traded increased to KSh 18.7 billion from KSh 15.6 billion in the previous week (**Table 3**).

Government Securities Market

The Treasury bill auction of January 20 received bids totalling KSh 28.7 billion against an advertised amount of KSh 24.0 billion, representing a performance of 119.5 percent. Interest rates remained stable, with the 91-day

and 364-day Treasury bills rising marginally, while that of 182-day Treasury bills decreased slightly (**Table 4**).

During the Treasury Bond Auction of January 19, the two re-opened ten and twenty-year Treasury bonds issued received bids totalling KSh 38.4 billion against an advertised amount of KSh 30.0 billion, representing a performance of 128 percent.

Equity Market

At the Nairobi Securities Exchange, the NSE 25 and NSE 20 share price indices increased marginally by 0.6 percent and 0.1 percent, respectively, while the NASI declined by 0.2 percent. Market capitalization, equity turnover and total shares traded declined by 0.2 percent, 15.8 percent and 7.2 percent, respectively, during the week ending January 20 (**Table 6**).

Bonds Market

Bonds turnover in the domestic secondary market declined by 22.9 percent during the week ending January 20 (**Table 6**). In the international market, yields on Kenya's Eurobonds rose marginally by an average of 30.3 basis points. The yield on the 10-year Eurobond for Ghana and Angola also increased (**Chart 3**).

Global Trends

Concerns about inflation in the advanced economies remain, with German producer prices rising by 24 percent. The latest US jobless claims were much higher than expected with the Fed expected to begin rate hikes in March and quantitative tightening later in the year. The Covid-19 pandemic persists with infection rates in the US and Europe remaining high.

International oil prices increased during the week ending January 20, largely due to an inventory buildup as well as geopolitical tensions. Murban oil prices rose to USD 87.95 per barrel on January 20, compared to USD 84.59 per barrel on January 13.

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

	USD	Sterling Pound	Euro	100 Japanese Yen	Uganda Shilling*	Tanzania Shilling*	Rwan-dese Franc*	Burundi Franc*
7-Jan-22	113.22	153.11	128.04	97.68	31.29	20.38	9.16	17.62
10-Jan-22	113.24	153.25	128.02	97.78	31.26	20.38	9.16	17.62
11-Jan-22	113.28	153.68	128.25	98.31	31.16	20.30	9.16	17.61
12-Jan-22	113.31	153.81	128.42	98.25	31.16	20.30	9.16	17.61
13-Jan-22	113.33	154.27	128.76	98.31	31.11	20.29	9.16	17.61
Jan 7-13, 2022	113.28	153.63	128.30	98.07	31.20	20.33	9.16	17.61
14-Jan-22	113.37	155.13	129.49	99.04	31.09	20.36	9.16	17.60
17-Jan-22	113.39	155.06	129.51	99.85	31.09	20.28	9.05	17.69
18-Jan-22	113.41	154.65	129.29	98.75	31.08	20.28	9.15	17.59
19-Jan-22	113.47	154.32	129.21	99.01	31.06	20.34	9.15	17.58
20-Jan-22	113.50	154.57	128.70	99.16	31.04	20.26	9.15	17.59
Jan 14-20, 2022	113.43	154.75	129.24	99.16	31.07	20.31	9.13	17.61

*Units of currency per Kenya Shilling

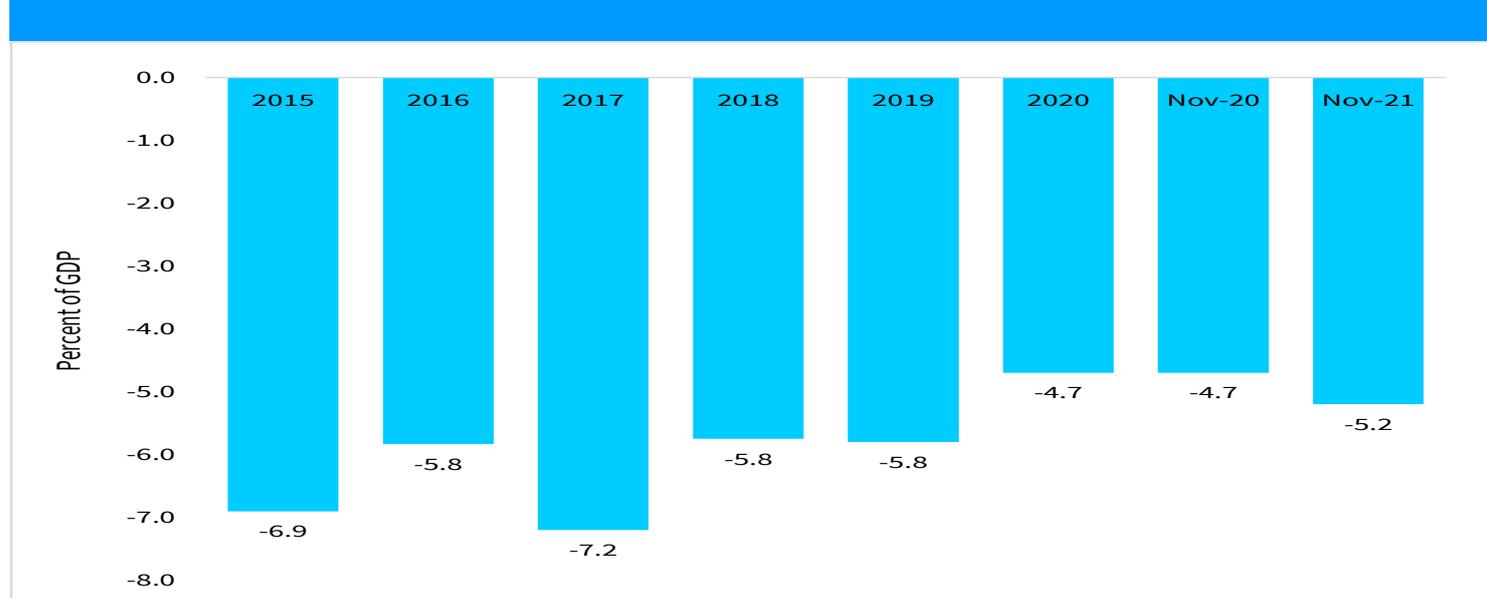
Source: Central Bank of Kenya

Table 2: Official Foreign Exchange Reserves (USD Million)

	16-Dec-21	23-Dec-21	30-Dec-21	13-Jan-22	20-Jan-22
1. CBK Usable Foreign Exchange Reserves (USD Million)	8,643	8,556	8,817	8,764	8,715
2. CBK Usable Foreign Exchange Reserves (Months of Import Cover)*	5.28	5.23	5.39	5.36	5.33

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

Source: Central Bank of Kenya

Chart 1: Current Account

Source: Central Bank of Kenya

Table 3: Money Markets

Date	Number of Deals	Value (KSh M)	Average Interbank Rate (%)
7-Jan-22	27	13,450.00	4.41
10-Jan-22	30	18,885.00	4.45
11-Jan-22	28	23,150.00	4.22
12-Jan-22	29	14,980.00	4.21
13-Jan-22	20	7,455.00	3.65
Jan 7-13, 2022	27	15,584.00	4.19
14-Jan-22	21	13,965.00	3.44
17-Jan-22	26	19,240.45	3.73
18-Jan-22	37	20,365.00	3.84
19-Jan-22	40	23,110.00	4.24
20-Jan-22	30	16,980.00	4.30
Jan 14-20, 2022	31	18,732.09	3.91

Source: Central Bank of Kenya

Table 4: Performance of Treasury Bills Auctions

91-Day Treasury Bills						
Date of Auction	9-Dec-21	16-Dec-21	23-Dec-21	30-Dec-21	13-Jan-22	20-Jan-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)	5,073.82	4,532.99	1,590.99	572.28	4,404.16	1,925.63
Amount Accepted (KSh M)	5,073.63	3,545.63	1,583.72	572.80	4,325.22	1,689.28
Maturities (KSh M)	7,009.80	3,398.40	4,857.05	2,670.95	3,063.15	6,617.45
Average Interest Rate (%)	7.280	7.265	7.264	7.271	7.309	7.331
182-Day Treasury Bills						
Date of Auction	9-Dec-21	16-Dec-21	23-Dec-21	30-Dec-21	13-Jan-22	20-Jan-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)	5,517.39	11,215.31	796.64	2,320.06	13,722.28	12,313.24
Amount Accepted (KSh M)	1,676.98	9,255.41	796.64	2,320.06	13,715.36	12,241.14
Maturities (KSh M)	8,165.85	7,489.65	5,753.85	14,403.60	11,685.45	3,316.25
Average Interest Rate (%)	7.984	7.977	7.982	8.095	8.081	8.069
364-Day Treasury Bills						
Date of Auction	9-Dec-21	16-Dec-21	23-Dec-21	30-Dec-21	13-Jan-22	20-Jan-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)	5,165.86	5,226.07	3,996.40	4,936.06	19,399.66	14,429.44
Amount Accepted (KSh M)	5,164.77	5,131.79	3,995.48	4,936.06	13,011.14	14,006.88
Maturities (KSh M)	5,586.20	5,362.50	2,194.20	4,283.05	14,387.20	15,695.35
Average Interest Rate (%)	9.091	9.164	9.265	9.367	9.474	9.510

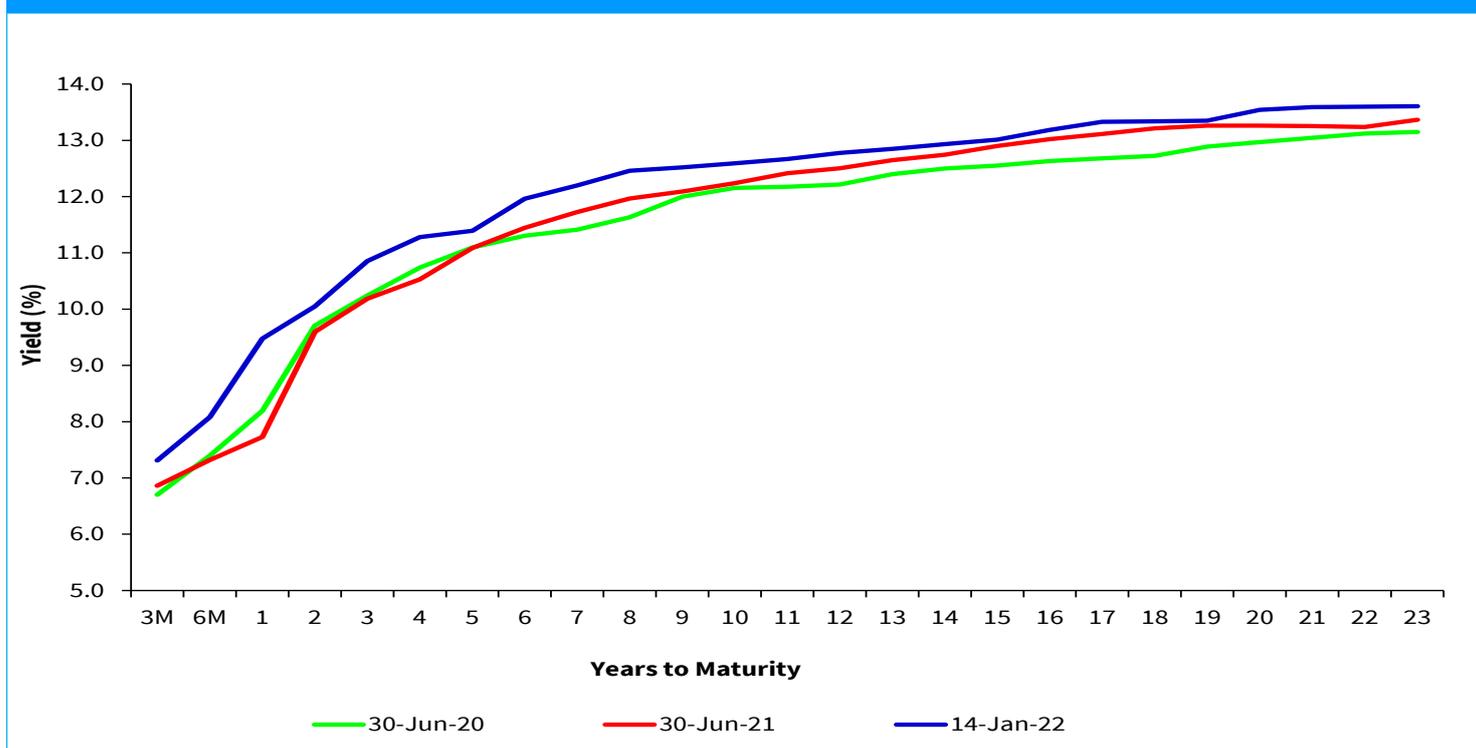
Source: Central Bank of Kenya

Table 5: Performance of Treasury Bond Auctions

Date of Auction	8-Dec-21		5-Jan-22	19-Jan-22	
	REOPEN		REOPEN	REOPEN	
Tenor	FXD4/ 2019/10	FXD1/ 2018/20	FXD1/2021/005	FXD2/2018/10	FXD1/2021/007
Amount offered (KSh M)	40,000.00		30,000.00	30,000.00	
Bids received (KSh M)	20,269.28	20,906.41	28,393.48	10,434.25	27,978.40
Amount Accepted (KSh M)	20,262.52	17,564.98	27,428.16	7,303.40	27,596.37
Maturities (KSh M)	0.00		0.00	0.00	
Average interest Rate (%)	12.64	13.37	11.23	12.56	13.72

Source: Central Bank of Kenya

Chart 2: Government Securities Yield Curve



Source: Nairobi Securities Exchange (NSE)

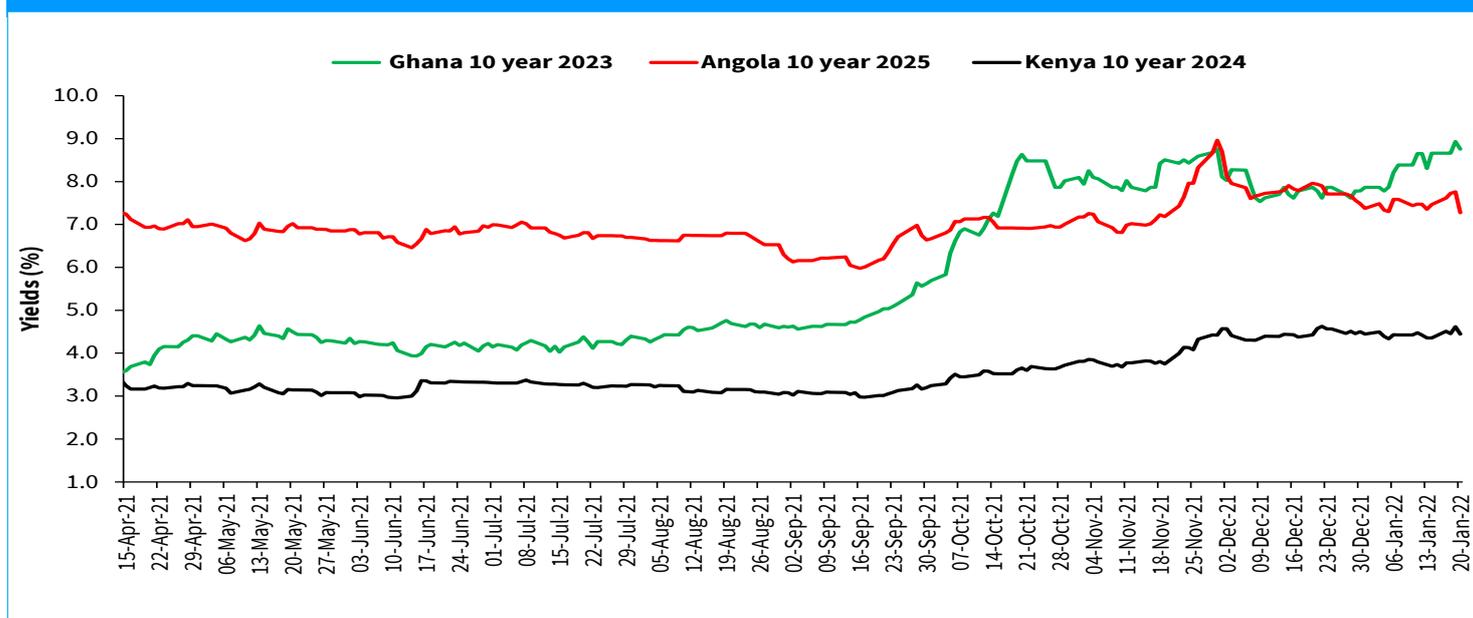
Table 6: Key Weekly Market Indicators

INDICATOR	NASI	NSE 25 Share Index	NSE 20 Share Index	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
7-Jan-22	171.74	3820.04	1920.38	995.00	7.53	242.86	2,675.26	871.60	5.704	4.428	5.966	6.826	6.677	8.237
10-Jan-22	168.10	3768.91	1912.54	1,103.00	9.04	273.57	2,618.47	1,949.15	5.837	4.426	6.037	6.843	6.693	8.272
11-Jan-22	167.58	3748.00	1904.81	951.00	12.26	459.91	2,610.35	3,156.95	5.819	4.476	6.085	6.913	6.758	8.296
12-Jan-22	165.94	3706.55	1896.07	1,060.00	10.44	355.46	2,583.16	4,668.00	5.856	4.420	6.108	6.912	6.758	8.319
13-Jan-22	164.86	3667.16	1885.63	1,027.00	8.20	349.38	2,567.94	5,657.00	5.811	4.357	6.107	6.929	6.791	8.343
Jan 7-13, 2022	164.86	3667.16	1885.63	5136.00	47.46	1681.18	2,567.94	16,302.70	5.811	4.357	6.107	6.929	6.791	8.343
14-Jan-22	165.09	3,685.87	1,899.79	964.00	5.29	134.11	2,571.50	3,797.90	5.988	4.354	6.130	6.929	6.867	8.355
17-Jan-22	164.48	3,673.13	1,890.59	1,005.00	6.56	218.00	2,561.99	860.55	6.086	4.513	6.299	7.053	6.921	8.439
18-Jan-22	164.30	3,675.30	1,890.28	894.00	8.81	281.03	2,559.11	3,172.05	6.199	4.458	6.445	7.124	7.054	8.464
19-Jan-22	163.07	3,663.09	1,889.69	985.00	14.25	459.16	2,539.95	2,236.15	6.187	4.615	6.420	7.160	7.054	8.587
20-Jan-22	164.58	3,688.16	1,886.66	845.00	9.13	322.70	2,563.46	2,504.95	6.228	4.447	6.444	7.231	7.155	8.649
Jan 14-20, 2022	164.58	3688.16	1886.66	4693.00	44.03	1415.01	2,563.46	12571.60	6.228	4.447	6.444	7.231	7.155	8.649
Weekly Changes (%)	-0.17	0.57	0.05	-8.63	-7.22	-15.83	-0.17	-22.89	0.417*	0.090*	0.337*	0.302*	0.364*	0.306*

* 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-Sep-20	31-Dec-20	31-Mar-21	30-Jun-21	30-Sep-21	31-Dec-21	14-Jan-22
1. Treasury Bills (Excluding Repos)	894.73	855.71	761.90	765.37	763.45	709.15	694.36
(As % of total securities)	26.50	25.04	21.79	21.17	19.78	17.95	17.52
2. Treasury Bonds	2,482.24	2,561.33	2,734.47	2,849.94	3,096.84	3,242.24	3,269.35
(As % of total securities)	73.50	74.96	78.21	78.83	80.22	82.05	82.48
3. Total Securities (1+2)	3,376.98	3,417.05	3,496.37	3,615.31	3,860.29	3,951.39	3,963.71
4. Overdraft at Central Bank	56.21	47.60	49.28	59.28	55.11	59.31	60.31
5. Other Domestic debt*	23.92	23.90	24.19	22.50	22.37	23.91	21.69
6. Gross Domestic Debt (3+4+5)	3,457.11	3,488.54	3,569.84	3,697.09	3,937.78	4,034.61	4,045.70

* 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-Sep-20	31-Dec-20	31-Mar-21	30-Jun-21	30-Sep-21	31-Dec-21	14-Jan-22
Treasury bills (Excluding Repos)	25.88	24.53	21.34	20.70	19.39	17.58	17.16
Treasury bonds	71.80	73.42	76.60	77.09	78.64	80.36	80.81
Overdraft at Central Bank	1.63	1.36	1.38	1.60	1.40	1.47	1.49
Other domestic debt	0.69	0.69	0.68	0.61	0.57	0.59	0.54
TOTAL	100.00						

Source: Central Bank of Kenya

Table 9: Composition of Government Domestic Debt by Holder (Percent)

	30-Sep-20	31-Dec-20	31-Mar-21	30-Jun-21	30-Sep-21	31-Dec-21	14-Jan-22
Banking Institutions	54.55	52.83	51.75	51.24	50.82	50.20	50.37
Insurance Companies	6.16	6.44	6.57	6.66	6.60	6.79	6.77
Parastatals	5.47	5.69	5.62	5.54	5.39	5.57	5.57
Pension Funds	28.53	30.32	30.46	30.60	31.24	31.34	31.19
Other Investors	5.30	4.73	5.59	5.96	5.95	6.10	6.10
Total	100.00						

Source: Central Bank of Kenya

Table 10: Indicators of Government Debt

	Sep-20	Dec-20	Mar-21	Apr-21	May-21	Jun-21	Sep-21
Domestic debt (KSh Bn)	3,457.11	3,488.54	3,569.84	3,632.91	3,686.89	3,697.09	3,937.80
Public & Publicly Guaranteed External debt (USD Bn)	33.77	34.75	34.42	35.13	35.31	37.08	36.73
Public & Publicly Guaranteed External debt (KSh Bn)	3,663.49	3,793.29	3,769.87	3,778.13	3,799.02	3,999.54	4,058.50
Public debt (KSh Bn)	7,120.60	7,281.83	7,339.71	7,411.05	7,485.91	7,696.64	7,996.20

Source: National Treasury and Central Bank of Kenya