



Central Bank of Kenya

# Weekly Bulletin

October 14, 2022



## RECENT MONETARY AND FINANCIAL DEVELOPMENTS

### GDP Growth

The economy recorded strong performance in the second quarter of 2022 supported by the non-agriculture sectors. It grew by 5.2 percent, supported by strong activity in financial and insurance, transportation and storage, wholesale and retail trade, real estate, and construction sectors. However, performance of the agriculture sector remained subdued due to unfavorable weather conditions (**Table 1**).

### Exchange Rates

The Kenya Shilling remained stable against major international and regional currencies during the week ending October 13. It exchanged at KSh 120.94 per US dollar on October 13, compared to KSh 120.82 per US dollar on October 6 (**Table 2**).

### Foreign Exchange Reserves

The usable foreign exchange reserves remained adequate at USD 7,294 million (4.11 months of import cover) as at October 13. This meets the CBK's statutory requirement to endeavor to maintain at least 4 months of import cover (**Table 3**).

### Remittances

Remittance inflows totaled USD 318.0 million in September 2022 compared to USD 309.8 million in September 2021, an increase of 2.6 percent (**Chart 1**). The cumulative inflows for the 12 months to September 2022 totaled USD 4,001 million compared to USD 3,530 million in the same period in 2021, an increase of 13.3 percent. The strong remittance inflows continue to support the current account and the foreign exchange market. The US remains the largest source of remittances into Kenya, accounting for 59 percent in September 2022.

### Money Market

Liquidity in the money market decreased during the week ending October 13, as tax remittances more than offset government payments. Commercial banks' excess reserves stood at KSh 23.6 billion in relation to the 4.25 percent cash reserves requirement (CRR). Open market operations remained active. The average interbank rate was 4.89 percent on October 13 compared to 5.11 percent on October 6. During the week, the average number of

interbank deals increased to 30 from 25 in the previous week, while the average value traded increased to KSh 16.1 billion from KSh 14.4 billion in the previous week (**Table 4**).

### Government Securities Market

The Treasury bill auction of October 13 received bids totaling KSh 28.0 billion against an advertised amount of KSh 24.0 billion, representing a performance of 116.7 percent. Interest rates remained stable, only increasing marginally (**Table 5**).

### Equity Market

At the Nairobi Securities Exchange, the NASI and NSE 25 share price index increased by 4.2 percent and 2.1 percent, respectively, while the NSE 20 share price index declined by 0.1 percent. Market capitalization increased by 4.2 percent, while equity turnover and total shares traded declined by 24.0 percent and 12.6 percent, respectively, during the week ending October 13 (**Table 7**).

### Bonds Market

Bond turnover in the domestic secondary market increased by 2.6 percent during the week ending October 13 (**Table 7**). In the international market, yields on Kenya's Eurobonds increased by an average of 35.6 basis points. The yields on the 10-Year Eurobonds for Angola and Ghana also increased (**Chart 3**).

### Global Trends

The IMF's World Economic Outlook (WEO) for October 2022, projects the global growth to slow down from an estimated 6.0 percent in 2021 to 3.2 percent in 2022 and 2.7 percent in 2023. The slowdown reflects significant weakness in the economic activities in the US, Euro Area, and China. The US inflation remained little changed at 8.2 percent in September compared to 8.3 percent in August. The index of the US dollar against a basket of major currencies strengthened by 0.09 percent during the week ending October 13.

International oil prices decreased during the week ending October 13, on account of weakening global oil demand and US oil inventory build-up. Murban oil price decreased to USD 93.96 per barrel on October 13 from USD 95.21 per barrel on October 6.

**Table 1: Real GDP Growth (percent)**

	2020				Annual	2021				Annual	2022	
	Q1	Q2	Q3	Q4	2020	Q1	Q2	Q3	Q4	2021	Q1	Q2
<b>1. Agriculture</b>	4.5	8.0	-4.3	9.8	4.6	0.4	-0.5	0.6	-1.2	-0.2	-0.7	-2.1
<b>2. Non-Agriculture (o/w)</b>	4.3	-7.3	-3.3	0.8	-1.4	3.2	14.4	11.1	9.2	9.4	8.7	7.2
<b>2.1 Industry</b>	3.9	-1.2	2.6	7.7	3.3	4.3	9.2	8.8	6.6	7.2	5.5	5.6
Mining & Quarrying	6.5	3.9	5.6	6.0	5.5	10.7	10.9	16.4	34.5	18.0	23.8	22.6
Manufacturing	1.4	-5.4	-2.2	4.3	-0.4	2.1	11.3	10.2	4.9	6.9	3.7	3.6
Electricity & water supply	1.5	-4.5	0.8	4.6	0.6	3.6	7.2	6.4	2.8	5.0	1.9	5.0
Construction	8.9	6.0	10.2	15.2	10.1	6.8	6.8	6.7	6.0	6.6	6.4	5.8
<b>2.2 Services</b>	4.3	-7.0	-4.3	0.0	-1.8	3.1	15.6	11.7	9.2	9.8	9.2	7.7
Wholesale & Retail Trade	5.5	-3.8	-5.1	1.4	-0.5	7.5	9.2	6.4	8.4	7.9	8.7	8.2
Accommodation & Food Services	-14.1	-57.2	-62.0	-57.7	-47.7	-33.0	90.1	127.5	118.6	52.5	56.2	22.0
Transport & Storage	2.1	-16.8	-10.2	-6.2	-7.8	-7.9	18.6	14.2	6.5	7.2	7.8	7.1
Information & Communication	7.8	4.9	4.9	7.5	6.3	10.1	17.1	4.1	5.3	8.8	6.1	6.6
Financial & Insurance	6.2	3.2	3.3	10.6	6.0	11.8	17.3	11.8	9.9	12.5	14.7	11.6
Public administration	4.7	4.5	8.3	10.2	7.0	6.8	7.6	4.8	3.3	5.6	6.4	4.2
Professional, Administration & Support Services	2.7	-25.5	-18.4	-12.5	-13.7	-13.0	18.3	13.4	8.1	5.7	14.9	11.2
Real estate	4.1	3.6	3.8	4.8	4.1	6.7	7.4	7.1	5.7	6.7	6.1	5.5
Education	4.8	-21.1	-16.1	-4.8	-9.3	11.5	31.6	28.3	18.0	21.4	6.2	6.7
Health	7.1	9.0	4.4	2.9	5.7	5.8	6.2	4.1	7.8	6.0	5.0	4.8
Other services	-3.6	-23.9	-13.9	-17.2	-14.6	-8.4	28.8	17.7	16.8	12.6	10.8	6.7
FISIM	-3.8	-0.2	-2.2	-1.1	-1.8	4.9	2.8	5.1	8.7	5.5	6.5	4.9
<b>2.3 Taxes on products</b>	5.5	-20.5	-8.5	-7.4	-8.1	1.8	18.5	12.5	15.7	11.9	11.7	7.3
<b>Real GDP Growth</b>	4.4	-4.1	-3.5	2.3	-0.3	2.7	11.0	9.3	7.4	7.5	6.8	5.2

Source: Kenya National Bureau of Statistics (KNBS)

**Table 2: Kenya Shilling Exchange Rates (Indicative Mean Rates)**

	USD	Sterling Pound	Euro	100 Japanese Yen	Uganda Shilling*	Tanzania Shilling*	Rwandese Franc*	Burundi Franc*
30-Sep-22	120.73	130.66	117.13	83.48	31.97	19.32	8.77	17.11
3-Oct-22	120.78	134.61	118.25	83.35	31.92	19.31	8.77	17.10
4-Oct-22	120.79	135.37	118.34	83.58	31.79	19.31	8.77	17.10
5-Oct-22	120.81	136.46	119.03	83.86	31.95	19.30	8.81	17.10
6-Oct-22	120.82	137.49	119.92	83.58	31.66	19.30	8.81	17.10
<b>Sep 30 - Oct 06</b>	<b>120.79</b>	<b>134.92</b>	<b>118.54</b>	<b>83.57</b>	<b>31.86</b>	<b>19.31</b>	<b>8.78</b>	<b>17.10</b>
7-Oct-22	120.85	136.71	119.51	83.36	31.61	19.30	8.81	17.10
10-Oct-22	<b>Public Holiday</b>							
11-Oct-22	120.91	133.21	117.53	82.94	31.72	19.29	8.81	17.09
12-Oct-22	120.91	133.21	117.53	82.94	31.72	19.29	8.81	17.09
13-Oct-22	120.94	133.45	117.40	82.34	31.71	19.28	8.81	17.08
<b>Oct 07-13</b>	<b>120.89</b>	<b>134.44</b>	<b>118.14</b>	<b>82.96</b>	<b>31.67</b>	<b>19.29</b>	<b>8.81</b>	<b>17.09</b>

\*Units of currency per Kenya Shilling

Source: Central Bank of Kenya

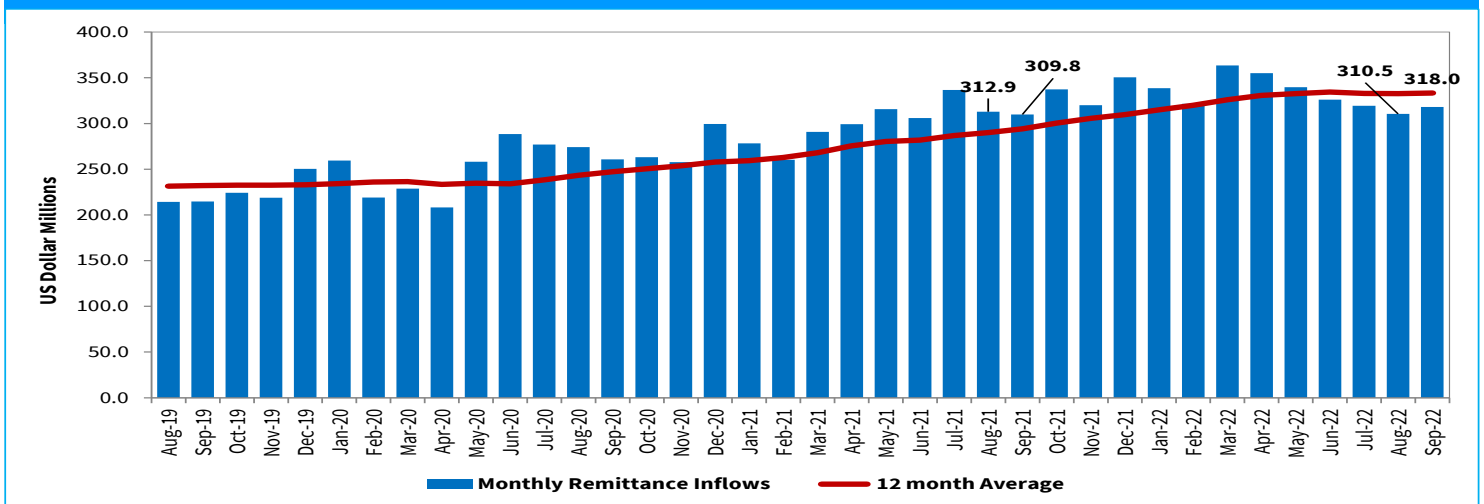
**Table 3: Official Foreign Exchange Reserves (USD Million)**

	15-Sep-22	22-Sep-22	29-Sep-22	6-Oct-22	13-Oct-22
1. CBK Usable Foreign Exchange Reserves (USD Million)	7,372	7,448	7,424	7,321	7,294
2. CBK Usable Foreign Exchange Reserves (Months of Import Cover)*	4.20	4.24	4.19	4.13	4.11

\*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 4: Money Markets**

Date	Number of Deals	Value (KSh M)	Average Interbank Rate (%)
30-Sep-22	20	8,690.00	5.68
3-Oct-22	31	15,050.00	5.60
4-Oct-22	26	16,040.00	5.39
5-Oct-22	24	15,880.00	5.20
6-Oct-22	25	16,400.00	5.11
<b>Sept 30- Oct 6</b>	<b>25</b>	<b>14,412.00</b>	<b>5.40</b>
7-Oct-22	36	24,430.00	5.10
10-Oct-22	<b>Public Holiday</b>		
11-Oct-22	46	20,630.00	5.40
12-Oct-22	17	9,720.00	4.81
13-Oct-22	19	9,590.00	4.89
<b>Oct 7- 13</b>	<b>30</b>	<b>16,092.50</b>	<b>5.05</b>

Source: Central Bank of Kenya

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

91-Day Treasury Bills						
Date of Auction	30-Jun-22	28-Jul-22	25-Aug-22	29-Sep-22	6-Oct-22	13-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)	4,727.43	14,077.49	10,815.66	5,129.43	18,087.00	10,151.89
Amount Accepted (KSh M)	3,959.52	14,076.51	8,368.63	2,487.10	10,757.41	10,150.23
Maturities (KSh M)	1,539.65	10,361.10	455.40	4,035.00	11,185.35	13,348.35
Average Interest Rate (%)	8.097	8.399	8.767	8.952	9.036	9.058
182-Day Treasury Bills						
Date of Auction	30-Jun-22	28-Jul-22	25-Aug-22	29-Sep-22	6-Oct-22	13-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)	1,751.07	3,250.20	4,162.31	3,049.07	6,882.60	13,946.23
Amount Accepted (KSh M)	1,600.03	1,856.22	2,225.72	3,039.53	6,880.12	12,944.68
Maturities (KSh M)	2,412.35	5,258.45	4,085.40	3,248.05	4,089.05	2,695.45
Average Interest Rate (%)	9.196	9.392	9.532	9.631	9.639	9.656
364-Day Treasury Bills						
Date of Auction	30-Jun-22	28-Jul-22	25-Aug-22	29-Sep-22	6-Oct-22	13-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)	2,435.86	2,379.39	4,437.52	1,133.80	1,428.21	3,918.82
Amount Accepted (KSh M)	2,260.74	2,377.03	4,408.79	1,124.70	1,421.21	3,918.64
Maturities (KSh M)	5,888.60	2,968.30	4,337.10	1,775.15	2,582.40	6,290.80
Average Interest Rate (%)	9.985	9.946	9.910	9.905	9.905	9.910

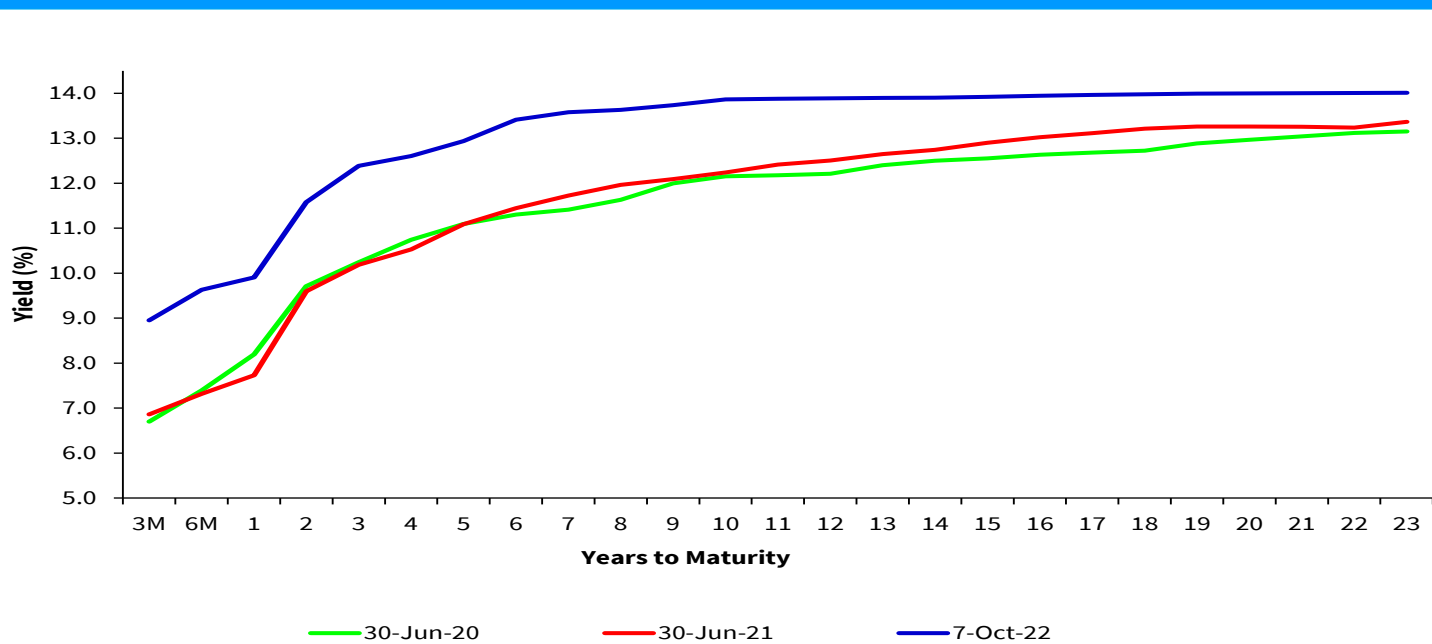
Source: Central Bank of Kenya

**Table 6: Performance of Treasury Bond Auctions**

Date of Auction	17-Aug-22			14-Sep-22		5-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
Amount offered (KSh M)	50,000.00			50,000.00		40,000.00	
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
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
Maturities (KSh M)							
Average interest Rate (%)	12.45	13.88	13.96	13.95	13.98	13.37	13.97

Source: Central Bank of Kenya

### Chart 2: Government Securities Yield Curve



Source: Nairobi Securities Exchange (NSE)

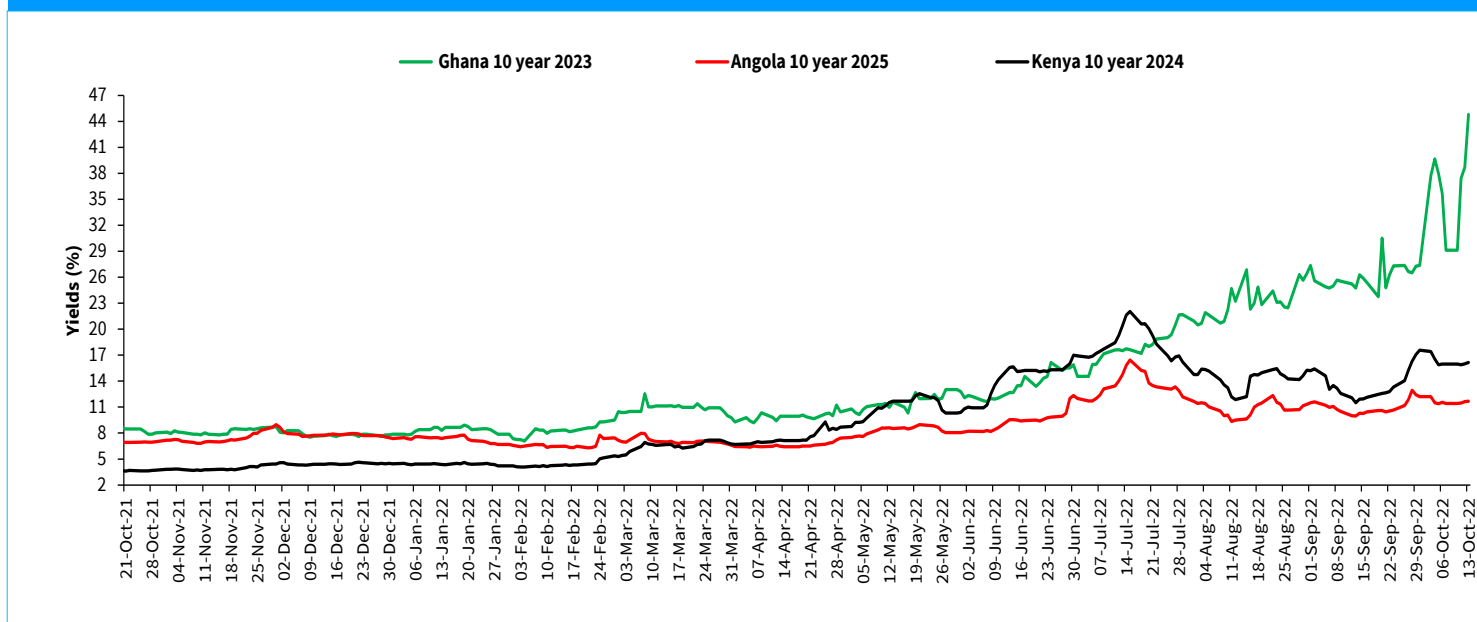
### Table 7: Key Weekly Market Indicators

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
30-Sep-22	128.41	3102.05	1717.68	1384.00	12.29	342.87	2,000.82	3,245.50	15.612	17.581	14.737	14.667	13.168	13.995
3-Oct-22	127.92	3095.69	1699.23	1201.00	4.22	95.48	1,993.15	1,616.70	15.674	17.403	14.782	14.77	13.169	13.966
4-Oct-22	126.66	3065.42	1698.97	1524.00	14.05	316.23	1,973.46	2,151.35	14.966	16.551	14.286	14.269	12.776	13.607
5-Oct-22	124.29	3019.67	1681.27	1320.00	13.53	299.70	1,936.36	3,354.05	15.08	15.9	14.044	14.075	12.599	13.394
6-Oct-22	123.63	2994.90	1677.36	1601.00	43.67	1,077.87	1,926.03	3,339.95	14.832	15.957	13.692	13.823	12.458	13.086
<b>Sept 30- Oct 6</b>	<b>123.63</b>	<b>2994.90</b>	<b>1677.36</b>	<b>7030.00</b>	<b>87.76</b>	<b>2,132.16</b>	<b>1,926.03</b>	<b>13,707.55</b>	<b>14.832</b>	<b>15.957</b>	<b>13.692</b>	<b>13.823</b>	<b>12.458</b>	<b>13.086</b>
7-Oct-22	126.32	3034.74	1676.77	1534.00	25.85	709.23	1,968.08	3,122.10	14.837	15.972	13.936	13.953	12.517	13.162
10-Oct-22	<b>Public Holiday</b>								14.837	15.972	13.936	13.953	12.517	13.162
11-Oct-22	129.13	3061.04	1667.75	1270.00	20.30	298.62	2,012.01	2,358.15	14.843	15.891	13.938	13.922	12.547	13.213
12-Oct-22	130.35	3083.39	1682.58	1506.00	22.44	409.51	2,031.01	3,542.25	14.957	16.000	13.941	13.955	12.548	13.239
13-Oct-22	128.79	3056.40	1674.95	1153.00	8.16	203.52	2,006.70	5,034.35	15.193	16.140	14.030	14.057	13.240	13.316
<b>Oct 7-13</b>	<b>128.79</b>	<b>3056.40</b>	<b>1674.95</b>	<b>5,463.00</b>	<b>76.75</b>	<b>1,620.88</b>	<b>2,006.70</b>	<b>14,056.85</b>	<b>15.193</b>	<b>16.140</b>	<b>14.030</b>	<b>14.057</b>	<b>13.240</b>	<b>13.316</b>
<b>Weekly Changes (%)</b>	<b>4.17</b>	<b>2.05</b>	<b>-0.14</b>	<b>-22.29</b>	<b>-12.55</b>	<b>-23.98</b>	<b>4.19</b>	<b>2.55</b>	<b>0.361*</b>	<b>0.183*</b>	<b>0.338*</b>	<b>0.234*</b>	<b>0.782*</b>	<b>0.230*</b>

\* Percentage points

Source: Nairobi Securities Exchange (NSE) and Thomson Reuters

**Chart 3: Yields on 10 year Eurobonds for Selected Countries**



Source: Thomson Reuters

**Table 8: Government Domestic Debt (KSh Billion)**

	30-Jun-20	30-Jun-21	31-Dec-21	29-Jul-22	23-Sep-22	30-Sep-22	07-Oct-22
1. Treasury Bills (Excluding Repos)	887.70	765.37	709.15	646.95	674.73	672.28	670.17
<i>(As % of total securities)</i>	<b>28.56</b>	<b>21.17</b>	<b>17.95</b>	<b>15.29</b>	<b>15.66</b>	<b>15.61</b>	<b>15.57</b>
2. Treasury Bonds	2,220.34	2,849.94	3,242.24	3,585.11	3,634.86	3,634.86	3,634.86
<i>(As % of total securities)</i>	<b>71.44</b>	<b>78.83</b>	<b>82.05</b>	<b>84.71</b>	<b>84.34</b>	<b>84.39</b>	<b>84.43</b>
3. Total Securities (1+2)	3,108.04	3,615.31	3,951.39	4,232.07	4,309.59	4,307.14	4,305.03
4. Overdraft at Central Bank	47.15	59.28	59.31	45.44	37.84	27.25	29.67
5. Other Domestic debt*	23.24	22.50	21.66	30.01	30.89	30.90	30.90
<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>4,307.52</b>	<b>4,378.32</b>	<b>4,365.29</b>	<b>4,365.60</b>

\* Other domestic debt includes clearing items in transit, advances from commercial banks and Pre-1997 Government Overdraft .

Source: Central Bank of Kenya

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

	30-Jun-20	30-Jun-21	31-Dec-21	29-Jul-22	23-Sep-22	30-Sep-22	7-Oct-22
Treasury bills (Excluding Repos)	27.93	20.70	17.59	15.02	15.41	15.40	15.35
Treasury bonds	69.86	77.09	80.41	83.23	83.02	83.27	83.26
Overdraft at Central Bank	1.48	1.60	1.47	1.05	0.86	0.62	0.68
Other domestic debt	0.73	0.61	0.54	0.70	0.71	0.71	0.71
<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: Composition of Government Domestic Debt by Holder (Percent)**

	30-Jun-21	31-Dec-21	29-Jul-22	9-Sep-22	23-Sep-22	30-Sep-22	7-Oct-22
Banking Institutions	51.24	50.20	48.28	48.09	47.82	47.60	47.62
Insurance Companies	6.66	6.79	7.20	7.22	7.30	7.32	7.32
Parastatals	5.54	5.57	5.96	6.15	6.07	6.09	6.08
Pension Funds	30.60	31.34	32.56	32.25	32.56	32.75	32.73
Other Investors	5.96	6.10	6.01	6.28	6.24	6.24	6.25
<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 11: 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)	<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>8,579.06</b>

\* Provisional

Source: The National Treasury and Central Bank of Kenya