



Central Bank of Kenya

Weekly Bulletin

August 26, 2022



RECENT MONETARY AND FINANCIAL DEVELOPMENTS

Exchange Rates

The Kenya Shilling remained stable against major international and regional currencies during the week ending August 25. It exchanged at KSh 119.86 per US dollar on August 25, compared to KSh 119.47 per US dollar on August 18 (**Table 1**).

Foreign Exchange Reserves

The usable foreign exchange reserves remained adequate at USD 7,608 million (4.39 months of import cover) as at August 25. This meets the CBK's statutory requirement to endeavor to maintain at least 4 months of import cover (**Table 2**).

Money Market

Liquidity in the money market decreased during the week ending August 25, as tax remittances more than offset government payments. Commercial banks' excess reserves stood at KSh 40.1 billion in relation to the 4.25 percent cash reserves requirement (CRR). Open market operations remained active. The average interbank rate was 5.04 percent on August 25 compared to 5.53 percent on August 18. During the week, the average number of interbank deals declined to 31 from 33 in the previous week, while the average value traded decreased to KSh 20.9 billion from KSh 21.4 billion in the previous week (**Table 3**).

Government Securities Market

The Treasury bill auction of August 25 received bids totalling KSh 19.4 billion against an advertised amount of KSh 24.0 billion, representing a performance of 80.9 percent. Interest rates remained stable, with 91-day, 182-day and 364-day Treasury bill rates increasing marginally (**Table 4**).

Equity Market

At the Nairobi Securities Exchange, NASI, NSE 25 and NSE 20 share price indices declined by 5.3 percent, 4.0 percent and 2.1 percent, respectively. Similarly, market capitalization, total shares traded and equity turnover also declined by 5.3 percent, 13.4 percent and 1.8 percent, respectively, for the week ending August 25 (**Table 6**).

Bonds Market

Bond turnover in the domestic secondary market rose by 119.8 percent during the week ending August 25 (**Table 6**). In the international market, yields on Kenya's Eurobonds rose by an average of 11.6 basis points, but declined by 9.7 basis points for the 2024 maturity. The yield on the 10-Year Eurobond for Angola and Ghana declined (**Chart 3**).

Global Trends

Concerns about inflation in the advanced economies remained during the week ending August 25 amid some signs of US economic recovery as reflected in the improvement in US futures. China rolled out a fiscal stimulus of USD 146 billion aimed at supporting economic growth which had slowed down because of recent COVID-19 pandemic infections and an underperforming property market. The index of the US dollar against a basket of major currencies strengthened by 0.4 percent during the week.

International oil prices rose during the week ending August 25, supported by increased oil demand and inventory draw down. Murban oil prices increased to USD 101.89 per barrel on August 25 from USD 94.43 per barrel on August 18.

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

	USD	Sterling Pound	Euro	100 Japanese Yen	Uganda Shilling*	Tanzania Shilling*	Rwandese Franc*	Burundi Franc*
12-Aug-22	119.31	145.42	122.89	89.64	31.93	19.55	8.63	17.28
15-Aug-22	119.36	144.80	122.59	89.36	31.59	19.54	8.69	17.27
16-Aug-22	119.41	144.51	122.05	89.97	31.46	19.53	8.74	17.26
17-Aug-22	119.45	144.01	121.35	89.03	31.48	19.52	8.62	17.26
18-Aug-22	119.47	144.01	121.35	88.44	31.81	19.52	8.62	17.26
Aug 12-18	119.40	144.55	122.04	89.29	31.65	19.53	8.66	17.27
19-Aug-22	119.57	144.15	121.58	87.74	32.01	19.50	8.62	17.24
22-Aug-22	119.63	142.27	120.62	87.34	32.02	19.49	8.62	17.24
23-Aug-22	119.72	141.45	119.85	87.27	32.23	19.48	8.61	17.22
24-Aug-22	119.80	141.21	119.25	87.83	32.05	19.47	8.61	17.21
25-Aug-22	119.86	141.28	119.13	87.69	31.79	19.46	8.61	17.21
Aug 19-25	119.72	142.07	120.08	87.57	32.02	19.48	8.61	17.22

*Units of currency per Kenya Shilling

Source: Central Bank of Kenya

Table 2: Official Foreign Exchange Reserves (USD Million)

	28-Jul-22	4-Aug-22	11-Aug-22	18-Aug-22	25-Aug-22
1. CBK Usable Foreign Exchange Reserves (USD Million)	7,740	7,721	7,682	7,621	7,608
2. CBK Usable Foreign Exchange Reserves (Months of Import Cover)*	4.46	4.45	4.43	4.39	4.39

*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 (%)
12-Aug-22	40	20,195.00	5.70
15-Aug-22	26	20,196.00	5.56
16-Aug-22	35	25,637.64	5.55
17-Aug-22	36	24,780.47	5.60
18-Aug-22	28	16,003.00	5.53
August 12- 18	33	21,362.42	5.59
19-Aug-22	32	17,655.00	5.26
22-Aug-22	29	23,010.00	5.11
23-Aug-22	30	23,650.00	5.09
24-Aug-22	33	23,655.00	5.02
25-Aug-22	29	16,310.00	5.04
August 19-25	31	20,856.00	5.10

Source: Central Bank of Kenya

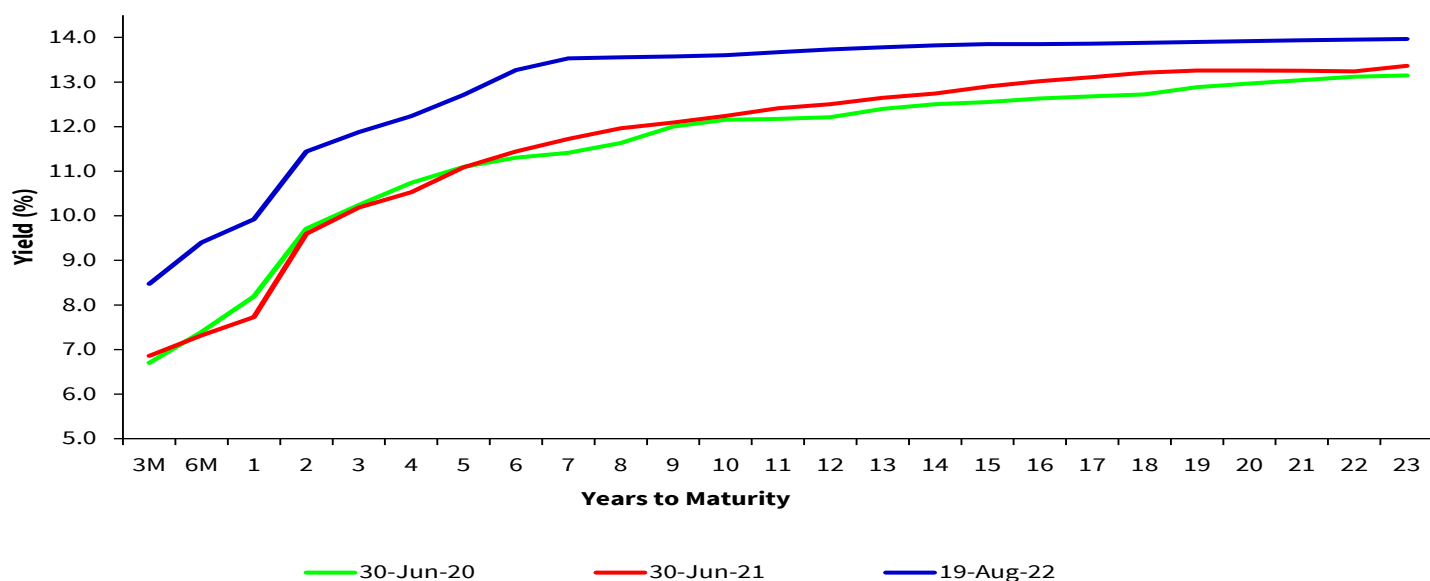
Table 4: Performance of Treasury Bill Auctions						
91-Day Treasury Bills						
Date of Auction	21-Jul-22	28-Jul-22	4-Aug-22	11-Aug-22	18-Aug-22	25-Aug-22
Amount Offered (KSh M)	4,000.00	4,000.00	4,000.00	4,000.00	4,000.00	4,000.00
Bids Received (KSh M)	15,534.07	14,077.49	7,474.80	11,990.35	11,770.10	10,815.66
Amount Accepted (KSh M)	13,475.76	14,076.51	7,473.82	11,990.35	11,769.12	8,368.63
Maturities (KSh M)	8,303.25	10,361.10	5,344.65	5,373.10	2,541.00	455.40
Average Interest Rate (%)	8.322	8.399	8.473	8.565	8.669	8.767
182-Day Treasury Bills						
Date of Auction	21-Jul-22	28-Jul-22	4-Aug-22	11-Aug-22	18-Aug-22	25-Aug-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)	14,648.62	3,250.20	2,064.66	3,927.85	6,801.41	4,162.31
Amount Accepted (KSh M)	14,457.58	1,856.22	2,015.19	3,927.85	6,801.13	2,225.72
Maturities (KSh M)	12,723.25	5,258.45	8,564.50	6,651.50	10,349.65	4,085.40
Average Interest Rate (%)	9.393	9.392	9.400	9.433	9.492	9.532
364-Day Treasury Bills						
Date of Auction	21-Jul-22	28-Jul-22	4-Aug-22	11-Aug-22	18-Aug-22	25-Aug-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)	4,395.18	2,379.39	2,046.30	1,448.52	1,143.77	4,437.52
Amount Accepted (KSh M)	2,822.53	2,377.03	1,933.84	1,393.84	1,132.49	4,408.79
Maturities (KSh M)	3,656.20	2,968.30	3,016.55	1,163.45	1,072.45	4,337.10
Average Interest Rate (%)	9.968	9.946	9.920	9.922	9.909	9.910

Source: Central Bank of Kenya

Table 5: Performance of Treasury Bond Auctions								
Date of Auction	20-May-22		7-Jul-22	20-Jul-22		17-Aug-22		
	TAP		TAP	RE-OPEN		RE-OPEN		
Tenor	FXD1/ 2022/010	FXD1/ 2021/025	IFB1/ 2022/018	FXD2 2013/15	FXD2/ 2018/15	FXD1/ 2022/03	FXD2/ 2019/10	FXD1/ 2021/20
Amount offered (KSh M)	10,000.00		20,000.00	40,000.00		50,000.00		
Bids received (KSh M)	5,967.65	11,044.75	6,418.15	5,449.54	5,121.65	21,817.39	8,961.47	18,347.49
Amount Accepted (KSh M)	5,967.17	11,003.44	6,416.29	5,219.84	4,085.63	21,800.81	8,775.73	7,948.69
Maturities (KSh M)								
Average interest Rate (%)	13.49	13.92	13.74	13.21	13.89	12.45	13.88	13.96

Source: Central Bank of Kenya

Chart 2: Government Securities Yield Curve



Source: Central Bank of Kenya

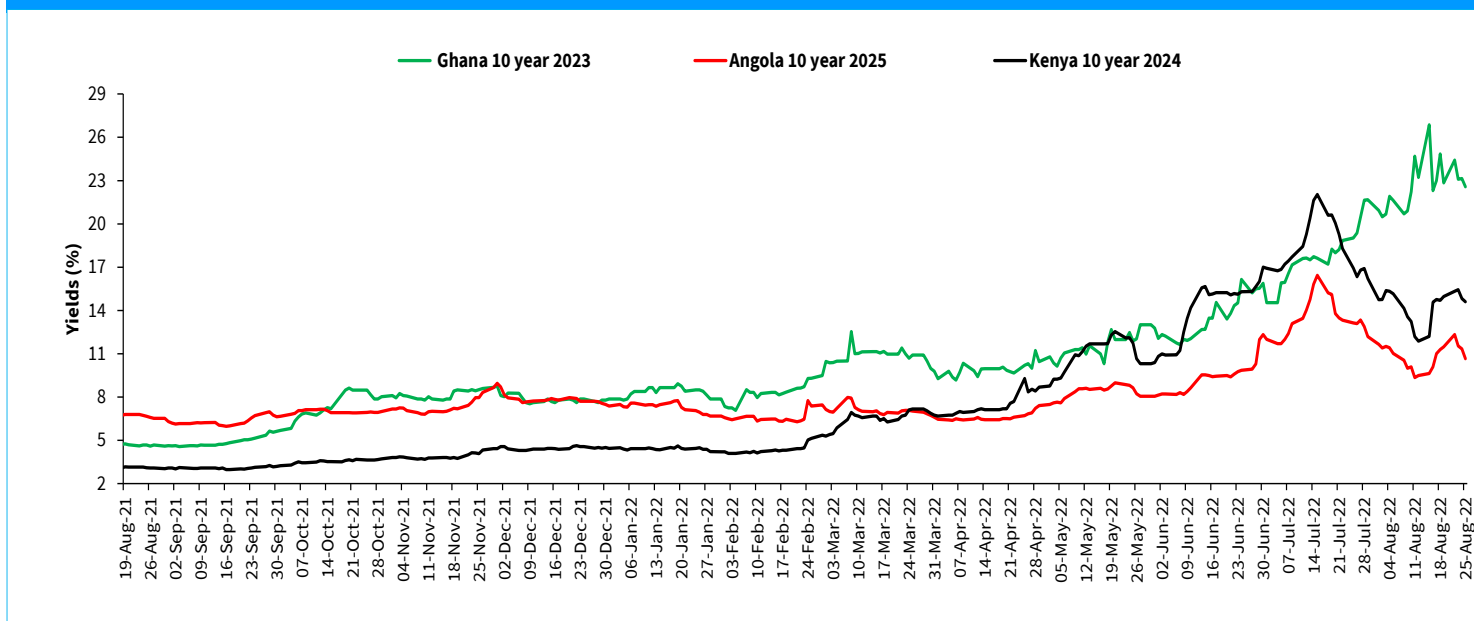
Table 6: Key Weekly Market Indicators

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
12-Aug-22	146.9	3,417.4	1,799.5	978.0	5.7	89.1	2289.34	1,988.3	12.54	11.869	11.802	11.501	10.16	11.243
15-Aug-22	147.0	3,426.8	1,794.2	831.0	9.1	222.3	2291.71	712.2	12.64	12.203	12.054	11.716	10.263	11.282
16-Aug-22	147.2	3,439.2	1,785.3	1,068.0	7.5	194.8	2294.44	2,313.0	13.28	14.571	12.421	12.324	10.794	11.7
17-Aug-22	146.8	3,422.8	1,792.9	934.0	10.2	272.5	2288.20	1,498.0	13.684	14.756	12.534	12.353	10.896	11.741
18-Aug-22	146.6	3,410.2	1,789.5	959.0	4.2	100.0	2284.25	2,456.1	14.105	14.701	12.764	12.555	10.789	11.867
August 12-18	146.55	3410.21	1789.45	4,770.00	36.61	878.65	2284.25	8,967.40	14.105	14.701	12.764	12.555	10.789	11.867
19-Aug-22	146.3	3,382.5	1,779.2	996.0	8.5	285.3	2280.64	2,624.3	13.905	14.976	12.729	12.556	11.078	11.952
22-Aug-22	143.6	3,355.9	1,770.5	942.0	6.1	141.2	2237.52	2,892.0	14.529	15.339	12.92	12.76	11.446	12.016
23-Aug-22	142.4	3,323.9	1,753.6	975.0	5.5	137.4	2218.88	3,757.6	14.586	15.441	13.266	12.968	11.28	12.235
24-Aug-22	140.6	3,295.8	1,758.8	928.0	8.7	227.9	2190.63	4,923.5	14.279	14.834	12.963	12.792	11.341	12.104
25-Aug-22	138.8	3,274.8	1,752.1	867.0	2.9	71.2	2163.00	5,514.6	14.242	14.604	12.894	12.678	11.022	12.039
August 19-25	138.79	3274.77	1752.11	4,708.00	31.71	862.86	2163.00	19,711.85	14.242	14.604	12.894	12.678	11.022	12.039
Weekly Changes (%)	-5.30	-3.97	-2.09	-1.30	-13.39	-1.80	-5.31	119.82	0.137*	-0.097*	0.130*	0.123*	0.233*	0.172*

* 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	12-Aug-22	19-Aug-22
1. Treasury Bills (Excluding Repos)	887.70	765.37	709.15	656.45	646.95	642.16	646.84
<i>(As % of total securities)</i>	28.56	21.17	17.95	16.02	15.29	15.19	15.28
2. Treasury Bonds	2,220.34	2,849.94	3,242.24	3,440.61	3,585.11	3,585.11	3,585.11
<i>(As % of total securities)</i>	71.44	78.83	82.05	83.98	84.71	84.81	84.72
3. Total Securities (1+2)	3,108.04	3,615.31	3,951.39	4,097.06	4,232.07	4,227.28	4,231.95
4. Overdraft at Central Bank	47.15	59.28	59.31	68.40	45.44	51.73	47.90
5. Other Domestic debt*	23.24	22.50	21.66	26.32	30.01	29.97	33.17
6. Gross Domestic Debt (3+4+5)	3,178.42	3,697.09	4,032.37	4,191.77	4,307.52	4,308.98	4,313.02

* 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	12-Aug-22	19-Aug-22
Treasury bills (Excluding Repos)	27.93	20.70	17.59	15.81	15.02	14.90	15.00
Treasury bonds	69.86	77.09	80.41	82.09	83.23	83.20	83.12
Overdraft at Central Bank	1.48	1.60	1.47	1.46	1.05	1.20	1.11
Other domestic debt	0.73	0.61	0.54	0.64	0.70	0.70	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	12-Aug-22	19-Aug-22
Banking Institutions	54.18	51.24	50.20	49.29	48.28	47.73	48.24
Insurance Companies	6.05	6.66	6.79	6.87	7.20	7.41	7.19
Parastatals	5.73	5.54	5.57	5.72	5.96	6.12	5.93
Pension Funds	29.04	30.60	31.34	31.75	32.56	32.64	32.53
Other Investors	5.00	5.96	6.10	6.37	6.01	6.10	6.11
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	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)	7,120.60	7,281.83	7,696.63	7,996.30	8,206.74	8,401.33	8,563.76

Source: The National Treasury and Central Bank of Kenya