



Central Bank of Kenya

# Weekly Bulletin

January 14, 2022



## RECENT MONETARY AND FINANCIAL DEVELOPMENTS

### Exchange Rates

The Kenya Shilling remained stable against major international and regional currencies during the week ending January 13. It exchanged at KSh 113.33 per US dollar on January 13, compared to KSh 113.19 per US dollar on January 6 (**Table 1**).

### Foreign Exchange Reserves

The usable foreign exchange reserves remained adequate at USD 8,764 million (5.36 months of import cover) as at January 13. 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**).

### Remittances

Remittance inflows in December 2021 was an all-time record of USD 350.6 million, compared to USD 299.6 million in December 2020, a 17.0 percent increase (**Chart 1**). The inflows were higher by 9.5 percent compared to the USD 320.1 million in November, in line with seasonal factors. The cumulative inflows in 2021 were a record of USD 3,718 million from USD 3,094 million in 2020, a 20.2 percent increase. The US remains the largest source of remittances into Kenya, accounting for 63.2 percent in 2021.

### Money Market

The money market was liquid during the week ending January 13, supported by government payments, which partly 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 3.65 percent on January 13 compared to 4.38 percent on January 6. During the week, the average number of interbank deals increased marginally to 27 from 24 in the previous week, while the average value traded increased to KSh 15.6 billion from KSh 13.8 billion in the previous week (**Table 3**).

### Government Securities Market

The Treasury bill auction of January 13 received bids totalling KSh 37.5 billion against an advertised amount

of KSh 24.0 billion, representing a performance of 156.4 percent. Interest rates remained stable, with the 91-day Treasury bill declining marginally, while the 182-day and 364-day Treasury bill rates increased slightly (**Table 4**).

### Equity Market

At the Nairobi Securities Exchange, the NASI, NSE 20 and NSE 25 share price indices declined by 4.0 percent, 1.8 percent and 3.9 percent, respectively. Similarly, market capitalization, equity turnover and total shares traded declined by 4.1 percent, 16.6 percent and 13.2 percent, respectively during the week ending January 13 (**Table 6**).

### Bonds Market

Bonds turnover in the domestic secondary market rose by 353.5 percent during the week ending January 13 (**Table 6**). In the international market, yields on Kenya's Eurobonds rose marginally by an average of 8.8 basis points. The yield on the 10-year Eurobond for Ghana rose, while that of Angola declined (**Chart 3**).

### Global Trends

Concerns about inflation in the advanced economies, and especially the US, have increased. US data showed the 12-month inflation at 7.0 percent, the highest since June 1982. Similarly, the producer price index (PPI) rose by a record 9.7 percent. Other advanced economies have also experienced sharp rise in inflation, on account of increased prices of energy and food. The November 2021 inflation in the OECD countries and United Kingdom surged by 5.8 percent and 5.1 percent, respectively. The significant rise of inflation continues to put pressure on major central banks to raise policy rates.

International oil prices increased during the week ending January 13, largely supported by drawdown of inventories amid uncertainty over near-term demand as Omicron variant continues to spread widely. Murban oil prices rose to USD 84.59 per barrel on January 13 compared to USD 80.30 per barrel on January 6.

**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*
31-Dec-21	113.14	152.05	127.99	98.30	31.31	20.37	9.17	17.63
3-Jan-22	113.14	152.34	128.09	98.13	31.33	20.37	9.17	17.63
4-Jan-22	113.16	152.49	128.27	97.73	31.43	20.37	9.17	17.63
5-Jan-22	113.17	152.52	127.88	97.50	31.28	20.37	9.17	17.63
6-Jan-22	113.19	152.99	128.07	97.60	31.29	20.32	9.17	17.63
<b>Dec 31, 2021-Jan 6, 2022</b>	<b>113.16</b>	<b>152.48</b>	<b>128.06</b>	<b>97.85</b>	<b>31.33</b>	<b>20.36</b>	<b>9.17</b>	<b>17.63</b>
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
<b>Jan 7-13, 2022</b>	<b>113.28</b>	<b>153.63</b>	<b>128.30</b>	<b>98.07</b>	<b>31.20</b>	<b>20.33</b>	<b>9.16</b>	<b>17.61</b>

\*Units of currency per Kenya Shilling

Source: Central Bank of Kenya

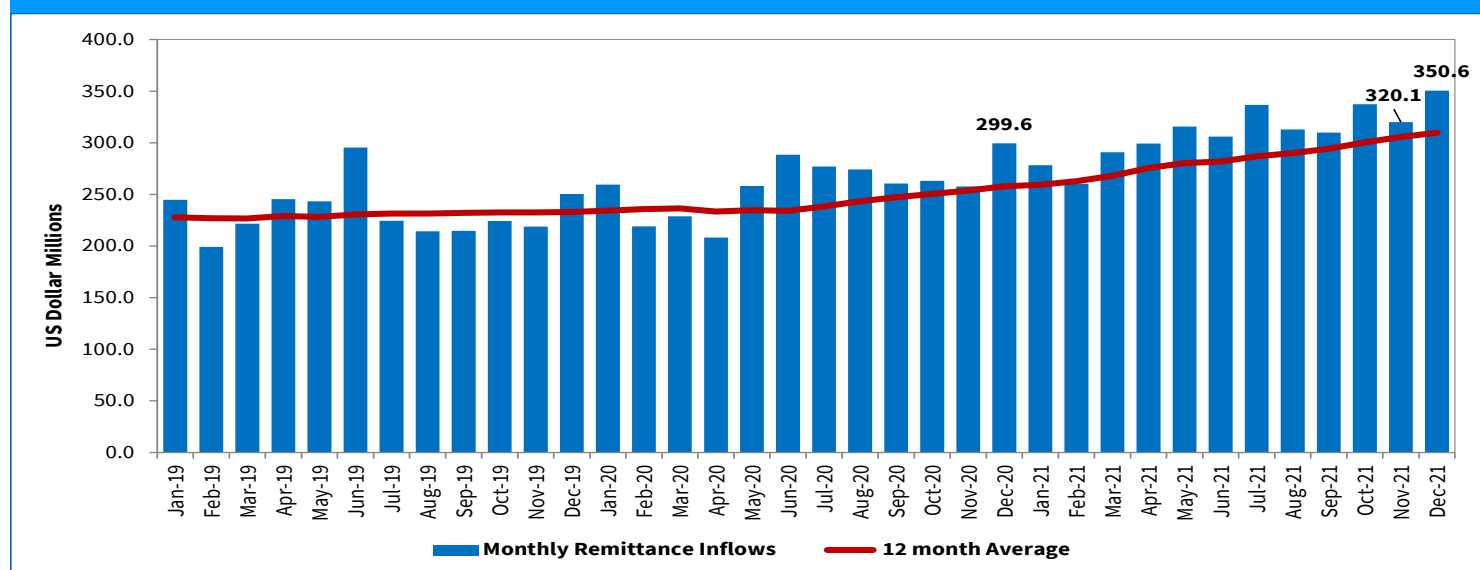
**Table 2: Official Foreign Exchange Reserves (USD Million)**

	16-Dec-21	23-Dec-21	30-Dec-21	6-Jan-22	13-Jan-22
1. CBK Usable Foreign Exchange Reserves (USD Million)	8,643	8,556	8,817	8,765	8,764
2. CBK Usable Foreign Exchange Reserves (Months of Import Cover)*	5.28	5.23	5.39	5.36	5.36

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

Source: Central Bank of Kenya

**Chart 1: Monthly Remittance Inflows**



Source: Central Bank of Kenya

<b>Table 3: Money Markets</b>			
<b>Date</b>	<b>Number of Deals</b>	<b>Value (KSh M)</b>	<b>Average Interbank Rate (%)</b>
31-Dec-21	15	13,000.00	4.95
3-Jan-22	18	9,770.00	4.58
4-Jan-22	25	12,670.00	4.56
5-Jan-22	29	18,720.00	4.38
6-Jan-22	32	15,050.00	4.38
<b>Dec 31, 2021-Jan 6, 2022</b>	<b>24</b>	<b>13,842.00</b>	<b>4.57</b>
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
<b>Jan 7-13, 2022</b>	<b>27</b>	<b>15,584.00</b>	<b>4.19</b>

Source: Central Bank of Kenya

<b>Table 4: Performance of Treasury Bills Auctions</b>						
<b>91-Day Treasury Bills</b>						
<b>Date of Auction</b>	<b>9-Dec-21</b>	<b>16-Dec-21</b>	<b>23-Dec-21</b>	<b>30-Dec-21</b>	<b>6-Jan-22</b>	<b>13-Jan-22</b>
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	5,653.08	4,404.16
Amount Accepted (KSh M)	5,073.63	3,545.63	1,583.72	572.80	5,652.69	4,325.22
Maturities (KSh M)	7,009.80	3,398.40	4,857.05	2,670.95	3,439.20	3,063.15
<b>Average Interest Rate (%)</b>	<b>7.280</b>	<b>7.265</b>	<b>7.264</b>	<b>7.271</b>	<b>7.345</b>	<b>7.309</b>
<b>182-Day Treasury Bills</b>						
<b>Date of Auction</b>	<b>9-Dec-21</b>	<b>16-Dec-21</b>	<b>23-Dec-21</b>	<b>30-Dec-21</b>	<b>6-Jan-22</b>	<b>13-Jan-22</b>
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	6,333.52	13,722.28
Amount Accepted (KSh M)	1,676.98	9,255.41	796.64	2,320.06	6,332.76	13,715.36
Maturities (KSh M)	8,165.85	7,489.65	5,753.85	14,403.60	12,067.20	11,685.45
<b>Average Interest Rate (%)</b>	<b>7.984</b>	<b>7.977</b>	<b>7.982</b>	<b>8.095</b>	<b>8.041</b>	<b>8.081</b>
<b>364-Day Treasury Bills</b>						
<b>Date of Auction</b>	<b>9-Dec-21</b>	<b>16-Dec-21</b>	<b>23-Dec-21</b>	<b>30-Dec-21</b>	<b>6-Jan-22</b>	<b>13-Jan-22</b>
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	11,199.53	19,399.66
Amount Accepted (KSh M)	5,164.77	5,131.79	3,995.48	4,936.06	11,167.33	13,011.14
Maturities (KSh M)	5,586.20	5,362.50	2,194.20	4,283.05	10,832.40	14,387.20
<b>Average Interest Rate (%)</b>	<b>9.091</b>	<b>9.164</b>	<b>9.265</b>	<b>9.367</b>	<b>9.444</b>	<b>9.474</b>

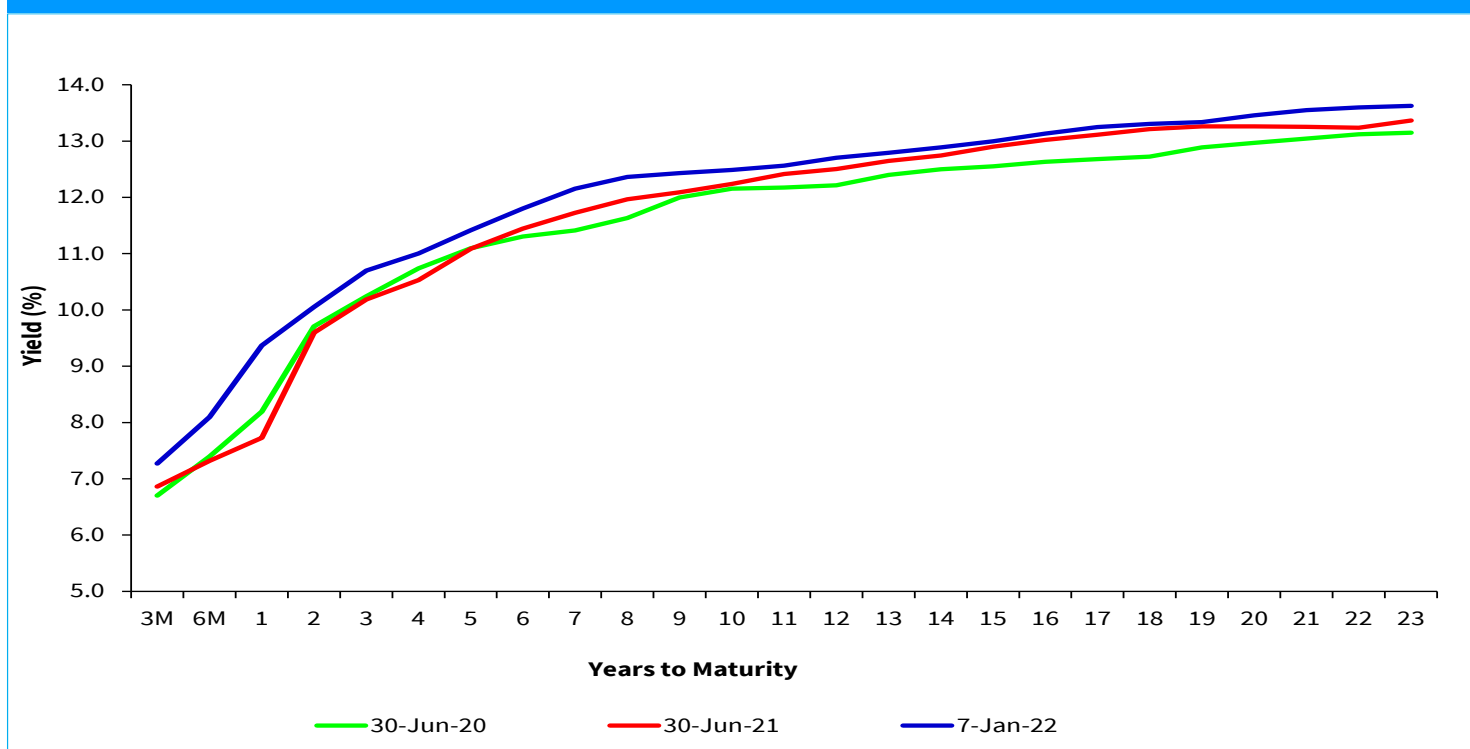
Source: Central Bank of Kenya

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

Date of Auction	10-Nov-21		8-Dec-21		5-Jan-22
	REOPEN		REOPEN		REOPEN
Tenor	FXD1/ 2021/5	FXD1/ 2019/20	FXD4/ 2019/10	FXD1/ 2018/20	FXD1/2021/005
Amount offered (KSh M)	50,000.00		40,000.00		30,000.00
Bids received (KSh M)	66,603.14	17,567.66	20,269.28	20,906.41	28,393.48
Amount Accepted (KSh M)	53,661.88	15,845.49	20,262.52	17,564.98	27,428.16
Maturities (KSh M)	0.00		0.00		0.00
Average interest Rate (%)	11.28	13.41	12.64	13.37	11.23

Source: Central Bank of Kenya

**Chart 2: Government Securities Yield Curve**



Source: Nairobi Securities Exchange (NSE)

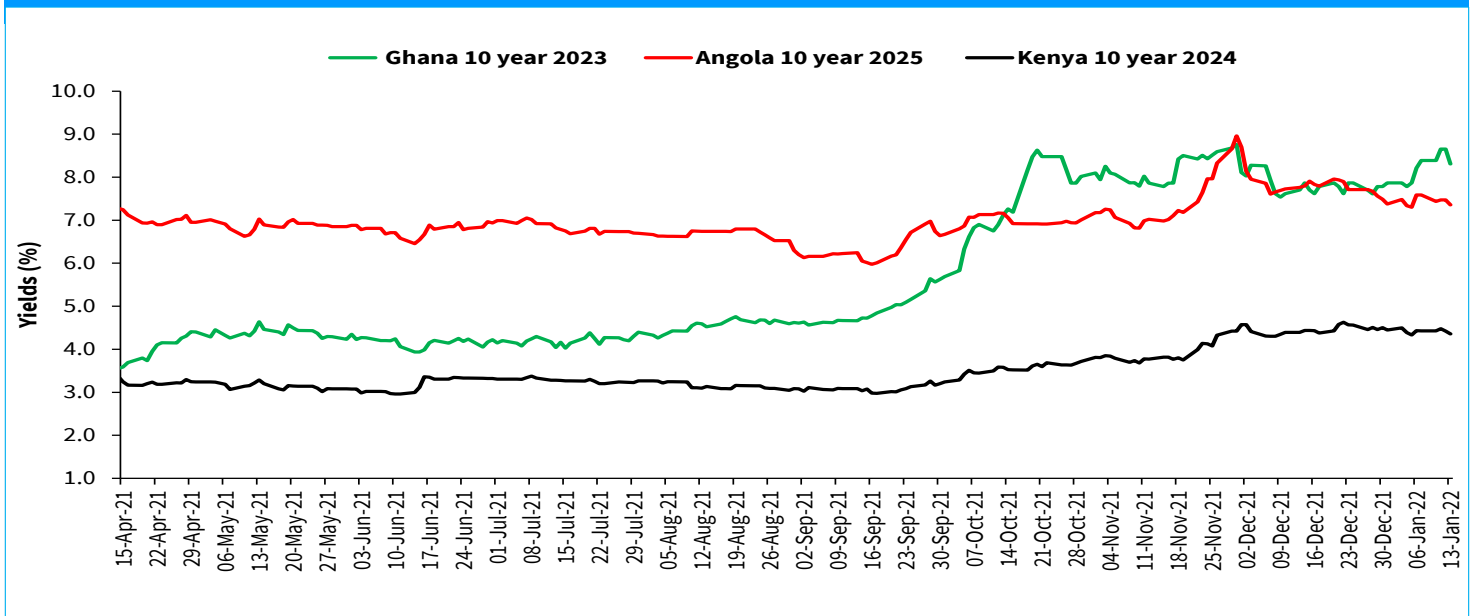
**Table 6: Key Weekly Market Indicators**

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
31-Dec-21	166.46	3743.90	1902.57	793.00	10.19	344.61	2,592.92	1,380.90	5.574	4.446	5.758	6.706	6.580	8.132
3-Jan-22	167.10	3756.21	1914.29	763.00	17.57	630.46	2,601.45	486.15	5.600	4.496	5.734	6.704	6.581	8.144
4-Jan-22	169.24	3788.20	1917.50	799.00	9.53	382.54	2,636.24	209.05	5.554	4.389	5.710	6.654	6.533	8.098
5-Jan-22	170.67	3801.94	1915.73	995.00	10.53	344.10	2,658.54	708.55	5.574	4.334	5.733	6.654	6.486	8.098
6-Jan-22	171.80	3814.87	1919.79	890.00	6.87	314.89	2,676.24	810.55	5.726	4.431	5.920	6.774	6.677	8.248
<b>Dec 31, 2021-Jan 6, 2022</b>	<b>171.80</b>	<b>3814.87</b>	<b>1919.79</b>	<b>4240.00</b>	<b>54.68</b>	<b>2016.61</b>	<b>2,676.24</b>	<b>3,595.20</b>	<b>5.726</b>	<b>4.431</b>	<b>5.920</b>	<b>6.774</b>	<b>6.677</b>	<b>8.248</b>
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	5.834	4.357	6.107	6.929	6.791	8.343
<b>Jan 7-13, 2022</b>	<b>164.86</b>	<b>3667.16</b>	<b>1885.63</b>	<b>5136.00</b>	<b>47.46</b>	<b>1681.18</b>	<b>2,567.94</b>	<b>16,302.70</b>	<b>5.834</b>	<b>4.357</b>	<b>6.107</b>	<b>6.929</b>	<b>6.791</b>	<b>8.343</b>
<b>Weekly Changes (%)</b>	<b>-4.04</b>	<b>-3.87</b>	<b>-1.78</b>	<b>21.13</b>	<b>-13.20</b>	<b>-16.63</b>	<b>-4.05</b>	<b>353.46</b>	<b>0.077*</b>	<b>-0.074*</b>	<b>0.187*</b>	<b>0.155*</b>	<b>0.089*</b>	<b>0.095*</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 7: Government Domestic Debt (KSh Billion)**

	30-Sep-20	31-Dec-20	31-Mar-21	30-Jun-21	30-Sep-21	31-Dec-21	7-Jan-22
1. Treasury Bills (Excluding Repos)	894.73	855.71	761.90	765.37	763.45	709.15	696.18
(As % of total securities)	26.50	25.04	21.79	21.17	19.78	17.95	17.68
2. Treasury Bonds	2,482.24	2,561.33	2,734.47	2,849.94	3,096.84	3,242.24	3,242.24
(As % of total securities)	73.50	74.96	78.21	78.83	80.22	82.05	82.32
3. Total Securities (1+2)	3,376.98	3,417.05	3,496.37	3,615.31	3,860.29	3,951.39	3,938.42
4. Overdraft at Central Bank	56.21	47.60	49.28	59.28	55.11	59.31	57.08
5. Other Domestic debt*	23.92	23.90	24.19	22.50	22.37	23.91	23.92
<b>6. Gross Domestic Debt (3+4+5)</b>	<b>3,457.11</b>	<b>3,488.54</b>	<b>3,569.84</b>	<b>3,697.09</b>	<b>3,937.78</b>	<b>4,034.61</b>	<b>4,019.42</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-Sep-20	31-Dec-20	31-Mar-21	30-Jun-21	30-Sep-21	31-Dec-21	7-Jan-22
Treasury bills (Excluding Repos)	25.88	24.53	21.34	20.70	19.39	17.58	17.32
Treasury bonds	71.80	73.42	76.60	77.09	78.64	80.36	80.66
Overdraft at Central Bank	1.63	1.36	1.38	1.60	1.40	1.47	1.42
Other domestic debt	0.69	0.69	0.68	0.61	0.57	0.59	0.60
<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-Sep-20	31-Dec-20	31-Mar-21	30-Jun-21	30-Sep-21	31-Dec-21	7-Jan-22
Banking Institutions	54.55	52.83	51.75	51.24	50.82	50.20	50.24
Insurance Companies	6.16	6.44	6.57	6.66	6.60	6.79	6.81
Parastatals	5.47	5.69	5.62	5.54	5.39	5.57	5.59
Pension Funds	28.53	30.32	30.46	30.60	31.24	31.34	31.25
Other Investors	5.30	4.73	5.59	5.96	5.95	6.10	6.11
<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	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)	<b>7,120.60</b>	<b>7,281.83</b>	<b>7,339.71</b>	<b>7,411.05</b>	<b>7,485.91</b>	<b>7,696.64</b>	<b>7,996.20</b>

Source: National Treasury and Central Bank of Kenya