



Central Bank of Kenya

Weekly Bulletin

December 24, 2021



RECENT MONETARY AND FINANCIAL DEVELOPMENTS

Exchange Rates

The Kenya Shilling remained stable against major international and regional currencies during the week ending December 23. It exchanged at KSh 113.06 per US dollar on December 23, compared to KSh 112.86 per US dollar on December 16 (**Table 1**).

Foreign Exchange Reserves

The usable foreign exchange reserves remained adequate at USD 8,556 million (5.23 months of import cover) as at December 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 tight during the week ending December 23 partly reflecting tax remittances, which offset government payments. Commercial banks' excess reserves stood at KSh 10.5 billion in relation to the 4.25 percent cash reserves requirement (CRR). Open market operations remained active. The average interbank rate was 5.65 percent on December 23 compared to 4.62 percent on December 16. During the week, the average number of interbank deals remained relatively stable at 30 compared with 31 in the previous week, while the average value traded decreased to KSh 11.8 billion from KSh 18.1 billion in the previous week (**Table 3**).

Government Securities Market

The Treasury bill auction of December 23 received bids totaling KSh 6.4 billion against an advertised amount of KSh 24.0 billion, representing a performance of 26.6 percent. Interest rates on the Treasury bills remained stable with marginal increase in the 182-day and 364-day Treasury bills rates and a decrease in the 91-day Treasury bill rate (**Table 4**).

Equity Market

At the Nairobi Securities Exchange, the NASI, NSE 20 and NSE 25 share price indices increased by 4.2 percent, 1.5 percent and 3.3 percent, respectively. Similarly, market

capitalization increased by 4.2 percent. However, equity turnover and total shares traded declined by 8.7 percent and 17.7 percent, respectively during the week ending December 23 (**Table 6**).

Bonds Market

Bonds turnover in the domestic secondary market rose by 61.0 percent during the week ending December 23 (**Table 6**). In the international market, yields on Kenya's Eurobonds marginally rose by an average of 3.4 basis points. The yield on the 10-year Eurobonds for Ghana rose while for Angola declined (**Chart 2**).

Global Trends

Global financial markets sentiment rose during the week ending December 23, as markets closed ahead of the festive season. However, market expectations remain uncertain in the near term due to elevated concerns of the spread of the Omicron variant of COVID-19 and its effect on global economic activity.

International oil prices increased during the week ending December 23, due to a drawdown of oil inventories. Murban oil prices increased to USD 75.18 per barrel on December 23, compared to USD 74.70 per barrel on December 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-Dec-21	112.89	149.03	127.70	99.48	31.49	20.37	9.18	17.65
13-Dec-21	PUBLIC HOLIDAY							
14-Dec-21	112.91	149.14	127.49	99.41	31.56	20.40	9.18	17.65
15-Dec-21	112.92	149.37	127.57	99.29	31.53	20.41	9.18	17.65
16-Dec-21	112.96	149.60	127.38	99.21	31.55	20.41	9.18	17.65
December 10-16	112.92	149.29	127.53	99.35	31.53	20.40	9.18	17.65
17-Dec-21	113.01	150.41	127.87	99.56	31.54	20.35	9.17	17.64
20-Dec-21	113.03	150.38	127.97	99.74	31.45	20.40	9.17	17.64
21-Dec-21	113.04	149.70	127.53	99.52	31.40	20.38	9.17	17.64
22-Dec-21	113.05	149.80	127.63	99.06	31.40	20.39	9.17	17.64
23-Dec-21	113.06	150.23	127.68	99.00	31.40	20.39	9.17	17.63
December 17-23	113.04	150.10	127.74	99.37	31.44	20.38	9.17	17.64

*Units of currency per Kenya Shilling

Source: Central Bank of Kenya

Table 2: Official Foreign Exchange Reserves (USD Million)

	4-Nov-21	18-Nov-21	18-Nov-21	25-Nov-21	2-Dec-21	9-Dec-21	16-Dec-21	23-Dec-21
1. CBK Usable Foreign Exchange Reserves (USD Million)	9,068	9,094	8,873	8,773	8,737	8,730	8,643	8,556
2. CBK Usable Foreign Exchange Reserves (Months of Import Cover)*	5.54	5.56	5.42	5.36	5.34	5.34	5.28	5.23

*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-Dec-21	29	13,070.00	4.13
13-Dec-21	PUBLIC HOLIDAY		
14-Dec-21	32	16,870.00	3.92
15-Dec-21	37	26,090.00	4.37
16-Dec-21	25	16,170.00	4.62
December 10-16	31	18,050.00	4.26
17-Dec-21	30	17,630.00	4.92
20-Dec-21	32	16,350.00	4.96
21-Dec-21	50	17,400.00	5.22
22-Dec-21	17	3,910.00	5.57
23-Dec-21	19	3,870.00	5.65
December 17-23	30	11,832.00	5.26

Source: Central Bank of Kenya

Table 4: Performance of Treasury Bills Auctions

91-Day Treasury Bills						
Date of Auction	18-Nov-21	25-Nov-21	2-Dec-21	9-Dec-21	16-Dec-21	23-Dec-21
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)	8,397.66	3,936.66	8,692.10	5,073.82	4,532.99	1,590.99
Amount Accepted (KSh M)	8,395.70	3,936.28	6,708.43	5,073.63	3,545.63	1,583.72
Maturities (KSh M)	12,315.45	1,779.40	4,047.60	7,009.80	3,398.40	4,857.05
Average Interest Rate (%)	7.114	7.181	7.232	7.280	7.265	7.264
182-Day Treasury Bills						
Date of Auction	18-Nov-21	25-Nov-21	2-Dec-21	9-Dec-21	16-Dec-21	23-Dec-21
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)	8,475.80	2,520.43	5,252.36	5,517.39	11,215.31	796.64
Amount Accepted (KSh M)	6,551.96	2,520.19	5,252.36	1,676.98	9,255.41	796.64
Maturities (KSh M)	7,182.90	4,586.90	10,257.55	8,165.85	7,489.65	5,753.85
Average Interest Rate (%)	7.683	7.747	7.835	7.854	7.977	7.982
364-Day Treasury Bills						
Date of Auction	18-Nov-21	25-Nov-21	2-Dec-21	9-Dec-21	16-Dec-21	23-Dec-21
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)	9,199.67	9,034.51	8,898.88	5,165.86	5,226.07	3,996.40
Amount Accepted (KSh M)	8,306.67	6,547.11	7,587.92	5,164.77	5,131.79	3,995.48
Maturities (KSh M)	13,064.10	4,285.40	5,086.50	5,586.20	5,362.50	2,194.20
Average Interest Rate (%)	8.745	8.840	8.944	9.016	9.091	9.265

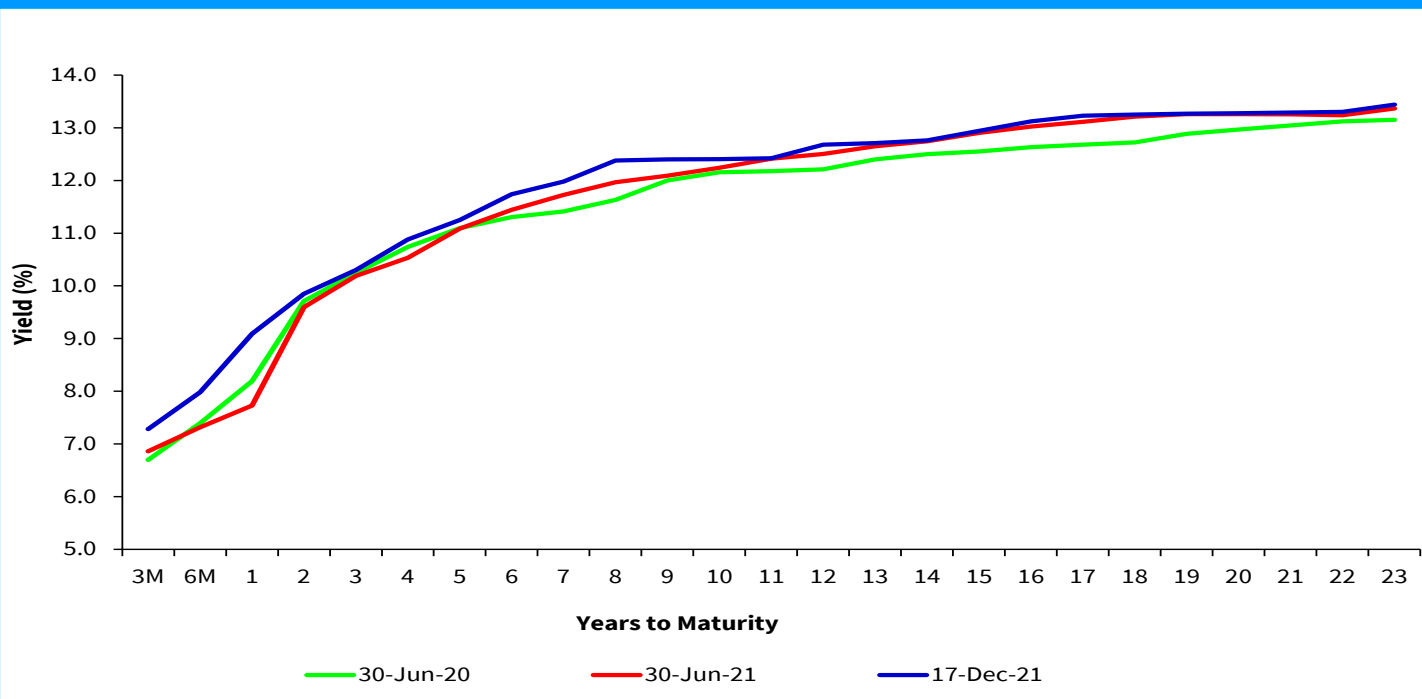
Source: Central Bank of Kenya

Table 5: Performance of Treasury Bond Auctions

Date of Auction	6-Oct-21			10-Nov-21		8-Dec-21	
	REOPEN			REOPEN		REOPEN	
	FXD1/ 2013/15	FXD3/ 2019/15	FXD1/ 2021/25	FXD1/ 2021/5	FXD1/ 2019/20	FXD4/ 2019/10	FXD1/ 2018/20
Amount offered (KSh M)	60,000.00			50,000.00		40,000.00	
Bids received (KSh M)	23,414.98	3,390.35	28,669.87	66,603.14	17,567.66	20,269.28	20,906.41
Amount Accepted (KSh M)	22,876.63	3,267.29	25,904.96	53,661.88	15,845.49	20,262.52	17,564.98
Maturities (KSh M)	0.00			0.00		0.00	
Average interest Rate (%)	11.88	12.85	13.82	11.28	13.41	12.64	13.37

Source: Central Bank of Kenya

Chart 1: Government Securities Yield Curve



Source: Nairobi Securities Exchange (NSE)

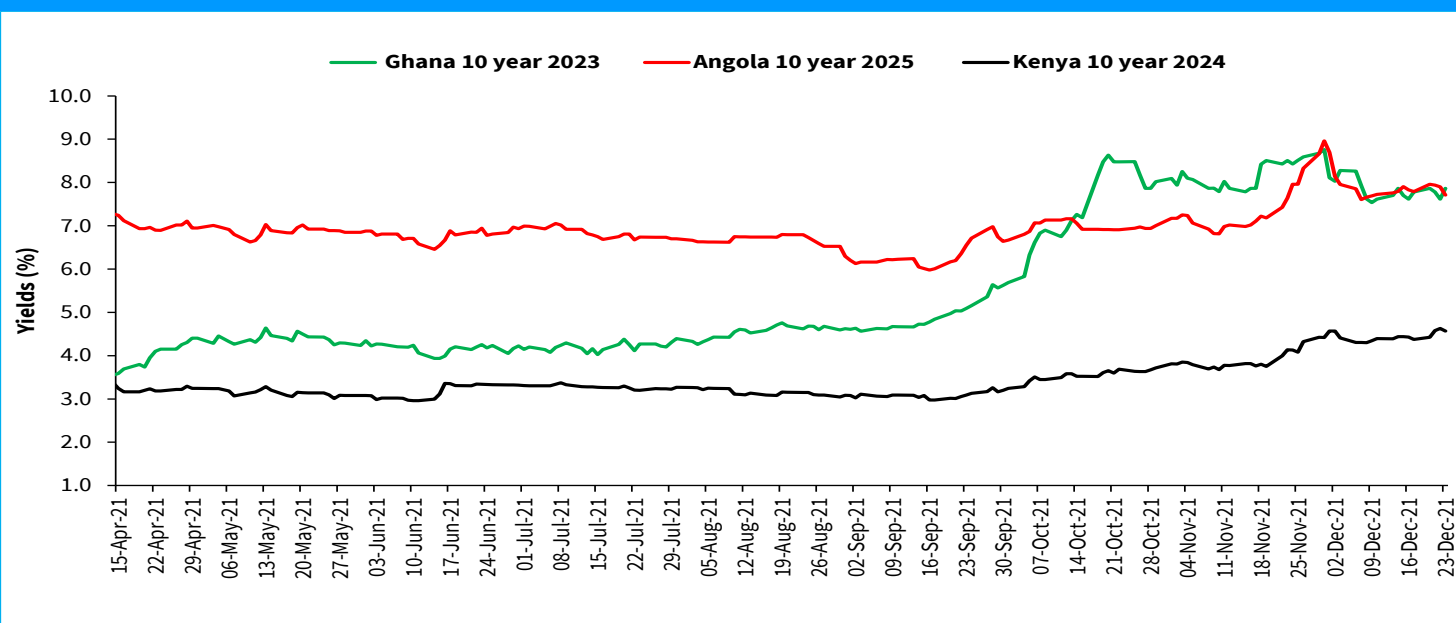
Table 6: Key Weekly Market Indicators

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-Dec-21	162.77	3594.17	1856.45	819.00	18.50	702.89	2,535.19	1,783.75	5.710	4.393	5.885	6.747	6.595	8.132
13-Dec-21	PUBLIC HOLIDAY								5.716	4.391	5.884	6.781	6.626	8.155
14-Dec-21	163.11	3611.70	1863.18	1,053.00	12.43	487.83	2,540.65	3,832.85	5.754	4.439	5.931	6.781	6.658	8.167
15-Dec-21	163.13	3617.10	1869.49	1,123.00	16.54	505.79	2,540.92	2,026.10	5.775	4.437	5.954	6.850	6.690	8.190
16-Dec-21	163.31	3623.44	1862.44	1,010.00	16.95	619.72	2,543.63	1,765.55	5.749	4.430	5.882	6.814	6.643	8.167
December 10-16	163.31	3623.44	1862.44	4005.00	64.42	2,316.23	2543.63	9,408.25	5.749	4.430	5.882	6.814	6.643	8.167
17-Dec-21	163.64	3,625.08	1,854.55	1,139.00	14.59	696.90	2,548.84	1,788.35	5.769	4.376	5.858	6.814	6.659	8.190
20-Dec-21	164.09								5.893	4.425	5.951	6.813	6.675	8.190
21-Dec-21	164.92	3,670.42	1,871.02	916.00	6.75	230.03	2,568.89	3,397.90	5.822	4.577	5.974	6.865	6.739	8.236
22-Dec-21	166.79	3698.61	1872.60	916.00	8.85	331.63	2,598.02	4,185.30	5.804	4.627	5.975	6.848	6.723	8.213
23-Dec-21	170.12	3,741.95	1,890.21	800.00	9.86	334.09	2,650.06	4,441.00	5.742	4.568	5.903	6.812	6.675	8.190
December 17-23	170.12	3741.95	1890.21	4669.00	53.04	2,115.71	2650.06	15,144.65	5.742	4.568	5.903	6.812	6.675	8.190
Weekly Changes (%)	4.17	3.27	1.49	16.58	(17.67)	(8.66)	4.18	60.97	0.007*	0.138*	0.021*	-0.002*	0.032*	0.023*

* 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)

	31-Dec-20	30-Jun-21	24-Sep-21	29-Oct-21	26-Nov-21	10-Dec-21	17-Dec-21
1. Treasury Bills (Excluding Repos)	855.71	765.37	763.00	734.65	716.69	720.89	712.63
<i>(As % of total securities)</i>	25.04	21.17	19.77	18.96	18.28	18.37	18.02
2. Treasury Bonds	2,561.33	2,849.94	3,096.84	3,139.42	3,203.90	3,203.90	3,242.24
<i>(As % of total securities)</i>	74.96	78.83	80.23	81.04	81.72	81.63	81.98
3. Total Securities (1+2)	3,417.05	3,615.31	3,859.84	3,874.07	3,920.59	3,924.80	3,954.88
4. Overdraft at Central Bank	47.60	59.28	55.26	62.35	62.82	60.38	67.28
5. Other Domestic debt*	23.90	22.50	23.91	22.39	23.09	23.08	23.91
6. Gross Domestic Debt (3+4+5)	3,488.54	3,697.09	3,939.01	3,958.81	4,006.50	4,008.26	4,046.07

* 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)

	31-Dec-20	30-Jun-21	24-Sep-21	29-Oct-21	26-Nov-21	10-Dec-21	17-Dec-21
Treasury bills (Excluding Repos)	24.53	20.70	19.37	18.56	17.89	17.99	17.61
Treasury bonds	73.42	77.09	78.62	79.30	79.97	79.93	80.13
Overdraft at Central Bank	1.36	1.60	1.40	1.57	1.57	1.51	1.66
Other domestic debt	0.69	0.61	0.61	0.57	0.58	0.58	0.59
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)

	31-Dec-20	30-Jun-21	24-Sep-21	29-Oct-21	26-Nov-21	10-Dec-21	17-Dec-21
Banking Institutions	52.83	51.24	50.83	50.34	50.25	50.19	50.34
Insurance Companies	6.44	6.66	6.60	6.68	6.70	6.70	6.77
Parastatals	5.69	5.54	5.38	5.38	5.56	5.57	5.49
Pension Funds	30.32	30.60	31.24	31.44	31.40	31.45	31.26
Other Investors	4.73	5.96	5.95	6.15	6.09	6.08	6.14
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

	Jun-20	Sep-20	Dec-20	Mar-21	Apr-21	May-21	Jun-21
Domestic debt (KSh Bn)	3,176.97	3,457.11	3,488.54	3,569.84	3,632.91	3,686.89	3,697.09
Public & Publicly Guaranteed External debt (USD Bn)	33.01	33.77	34.75	34.42	35.13	35.31	37.23
Public & Publicly Guaranteed External debt (KSh Bn)	3,515.81	3,663.49	3,793.29	3,769.87	3,778.13	3,799.02	4,015.30
Public debt (KSh Bn)	6,692.78	7,120.60	7,281.83	7,339.71	7,411.05	7,485.91	7,712.39

Source: National Treasury and Central Bank of Kenya