



Central Bank of Kenya

# Weekly Bulletin

December 10, 2021



## RECENT MONETARY AND FINANCIAL DEVELOPMENTS

### Exchange Rates

The Kenya Shilling remained stable against major international and regional currencies during the week ending December 9. It exchanged at KSh 112.86 per US dollar on December 9, compared to KSh 112.56 per US dollar on December 2 (**Table 1**).

### Foreign Exchange Reserves

The usable foreign exchange reserves remained adequate at USD 8,730 million (5.34 months of import cover) as at December 9. This meets the CBK's statutory requirement to endeavour 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 totaled USD 320.1 million in November 2021 compared to USD 257.7 million in November 2020, a 24.2 percent increase (**Chart 1**). The inflows were lower by 5.1 percent in November compared to the USD 337.4 million in October in line with seasonal factors. The cumulative inflows for the 12 months to November totaled USD 3,667 million compared to USD 3,045 million in the same period in 2020, a 20.4 percent increase. The United States remains the largest source of remittances into Kenya, accounting for 67.3 percent in November.

### Money Market

The money market was liquid during the week ending December 9, supported by government payments. Commercial banks' excess reserves stood at KSh 14.2 billion in relation to the 4.25 percent cash reserves requirement (CRR). Open market operations remained active. The average interbank rate was 4.60 percent on December 9 compared to 5.23 percent on December 2. During the week, the average number of interbank deals per day decreased to 18 from 23 in the previous week, while the average value traded decreased to KSh 5.0 billion from KSh 7.1 billion in the previous week (**Table 3**).

### Government Securities Market

The Treasury bill auction of December 9 received bids totaling KSh 15.8 billion against an advertised amount of KSh 24.0 billion, representing a performance of 65.7 percent. Interest rates on the Treasury bills remained stable with only marginal increases (**Table 4**).

During the Treasury bond auction of December 8, the two re-opened ten year and twenty-year Treasury bonds issued received bids totalling KSh 41.2 billion against an advertised amount of KSh 40.0 billion, representing a performance rate of 102.9 percent (**Table 5**).

### Equity Market

At the Nairobi Securities Exchange, NASI, NSE 25, NSE 20 share indices, total shares traded, equity turnover and market capitalization declined by 1.4 percent, 0.6 percent, 0.3 percent, 31.8 percent, 27.0 percent and 1.4 percent, respectively, during the week ending December 9 (**Table 6**).

### Bonds Market

Bonds turnover in the domestic secondary market declined by 2.9 percent during the week ending December 9 (**Table 6**). In the international market, yields on Kenya's Eurobonds declined by an average of 13.3 basis points. Similarly, yields on the 10-year Eurobonds for Angola and Ghana declined (**Chart 3**).

### Global Trends

Global financial markets sentiment rebounded during the week ending December 9, as investors became less concerned about the COVID-19 Omicron variant. However, concerns about inflation in the advanced economies persist.

International oil prices increased during the week ending December 9, on account of demand and supply mismatch. Murban oil prices increased to USD 75.78 per barrel on December 9, compared to USD 70.07 per barrel on December 2.

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

	USD	Sterling Pound	Euro	100 Japanese Yen	Uganda Shilling*	Tanzania Shilling*	Rwandese Franc*	Burundi Franc*
26-Nov-21	112.39	149.97	126.15	97.43	31.66	20.49	9.21	17.72
29-Nov-21	112.44	149.90	126.66	98.73	31.70	20.47	9.21	17.71
30-Nov-21	112.49	150.11	126.96	99.13	31.69	20.46	9.21	17.71
1-Dec-21	112.52	150.05	127.49	99.54	31.68	20.47	9.20	17.70
2-Dec-21	112.56	149.99	127.45	99.30	31.67	20.45	9.20	17.70
<b>Nov 26-Dec 2</b>	<b>112.48</b>	<b>150.00</b>	<b>126.94</b>	<b>98.83</b>	<b>31.68</b>	<b>20.47</b>	<b>9.21</b>	<b>17.71</b>
3-Dec-21	112.63	149.91	127.54	99.88	31.65	20.45	9.20	17.69
6-Dec-21	112.67	149.67	127.40	99.46	31.67	20.44	9.19	17.68
7-Dec-21	112.71	149.59	127.32	99.55	31.66	20.43	9.19	17.68
8-Dec-21	112.81	149.53	127.08	99.37	31.53	20.42	9.19	17.66
9-Dec-21	112.86	149.14	127.26	99.32	31.63	20.38	9.18	17.66
<b>December 3-9</b>	<b>112.73</b>	<b>149.56</b>	<b>127.32</b>	<b>99.52</b>	<b>31.63</b>	<b>20.42</b>	<b>9.19</b>	<b>17.67</b>

\*Units of currency per Kenya Shilling

Source: Central Bank of Kenya

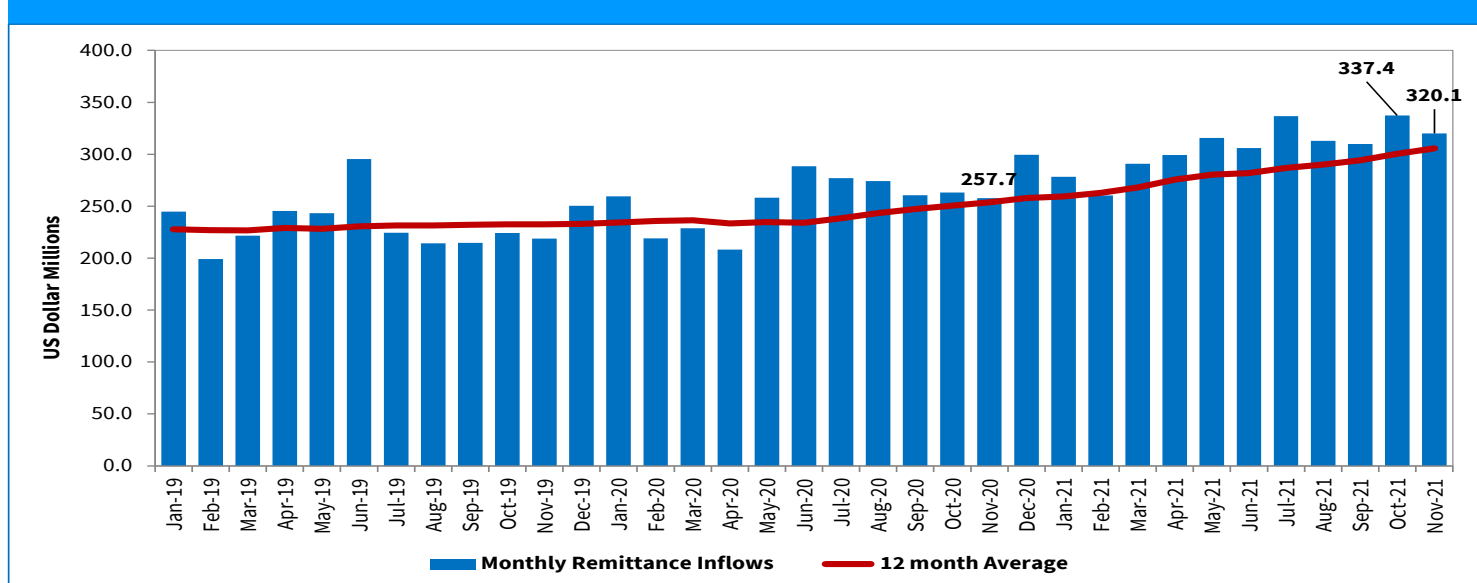
**Table 2: Official Foreign Exchange Reserves (USD Million)**

	11-Nov-21	18-Nov-21	25-Nov-21	2-Dec-21	9-Dec-21
1. CBK Usable Foreign Exchange Reserves (USD Million)*	9,094	8,873	8,773	8,737	8,730
2. CBK Usable Foreign Exchange Reserves (Months of Import Cover)**	5.56	5.42	5.36	5.34	5.34

\*\*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

**Table 3: Money Markets**

Date	Number of Deals	Value (KSh M)	Average Interbank Rate (%)
26-Nov-21	31	7,830.00	5.30
29-Nov-21	17	4,330.00	5.25
30-Nov-21	14	5,350.00	4.90
1-Dec-21	20	5,100.00	5.23
2-Dec-21	32	13,050.00	5.23
<b>Nov 26-Dec 2</b>	<b>23</b>	<b>7,132.00</b>	<b>5.18</b>
3-Dec-21	19	5,600.00	5.51
6-Dec-21	15	5,400.00	5.30
7-Dec-21	22	6,520.00	5.10
8-Dec-21	20	4,370.00	4.96
9-Dec-21	14	3,100.00	4.60
<b>December 3-9</b>	<b>18</b>	<b>4,998.00</b>	<b>5.09</b>

Source: Central Bank of Kenya

**Table 4: Performance of Treasury Bills Auctions**

91-Day Treasury Bills						
Date of Auction	28-Oct-21	11-Nov-21	18-Nov-21	25-Nov-21	2-Dec-21	9-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)	2,638.83	3,990.32	8,397.66	3,936.66	8,692.10	5,073.82
Amount Accepted (KSh M)	2,117.68	3,990.32	8,395.70	3,936.28	6,708.43	5,073.63
Maturities (KSh M)	8,621.10	2,772.55	12,315.45	1,779.40	4,047.60	7,009.80
<b>Average Interest Rate (%)</b>	<b>7.040</b>	<b>7.070</b>	<b>7.114</b>	<b>7.181</b>	<b>7.232</b>	<b>7.280</b>
182-Day Treasury Bills						
Date of Auction	28-Oct-21	11-Nov-21	18-Nov-21	25-Nov-21	2-Dec-21	9-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)	7,416.10	5,201.79	8,475.80	2,520.43	5,252.36	5,517.39
Amount Accepted (KSh M)	5,169.24	5,201.79	6,551.96	2,520.19	5,252.36	1,676.98
Maturities (KSh M)	2,901.75	2,942.75	7,182.90	4,586.90	10,257.55	8,165.85
<b>Average Interest Rate (%)</b>	<b>7.486</b>	<b>7.683</b>	<b>7.747</b>	<b>7.835</b>	<b>7.854</b>	<b>7.984</b>
364-Day Treasury Bills						
Date of Auction	28-Oct-21	11-Nov-21	18-Nov-21	25-Nov-21	2-Dec-21	9-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)	5,790.32	7,433.54	9,199.67	9,034.51	8,898.88	5,165.86
Amount Accepted (KSh M)	2,628.17	7,330.05	8,306.67	6,547.11	7,587.92	5,164.77
Maturities (KSh M)	11,503.85	14,109.70	13,064.10	4,285.40	5,086.50	5,586.20
<b>Average Interest Rate (%)</b>	<b>8.489</b>	<b>8.745</b>	<b>8.840</b>	<b>8.944</b>	<b>9.016</b>	<b>9.091</b>

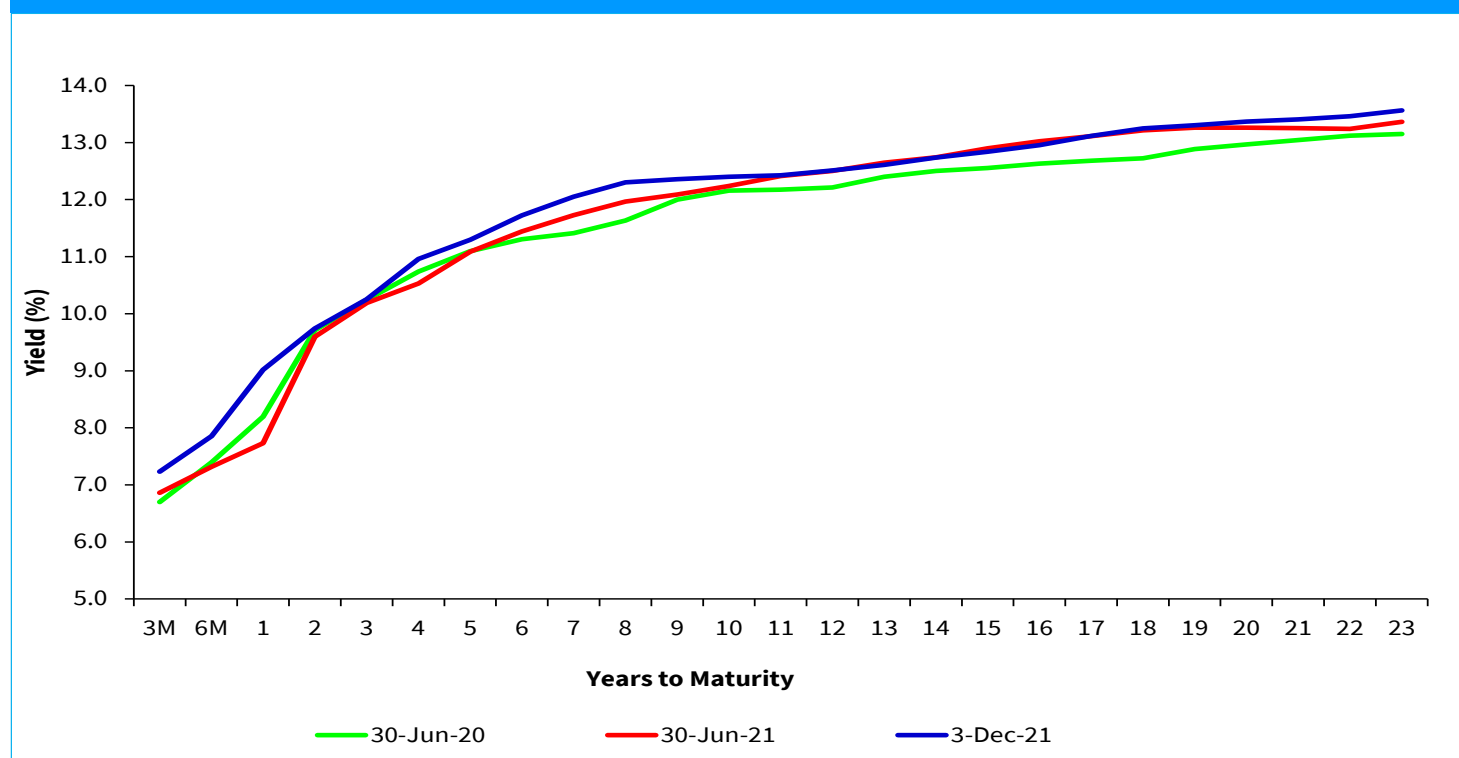
Source: Central Bank of Kenya

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

Date of Auction	6-Oct-21			10-Nov-21		8-Dec-21	
	REOPEN			REOPEN		REOPEN	
Tenor	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 2: Government Securities Yield Curve**



Source: Nairobi Securities Exchange (NSE)

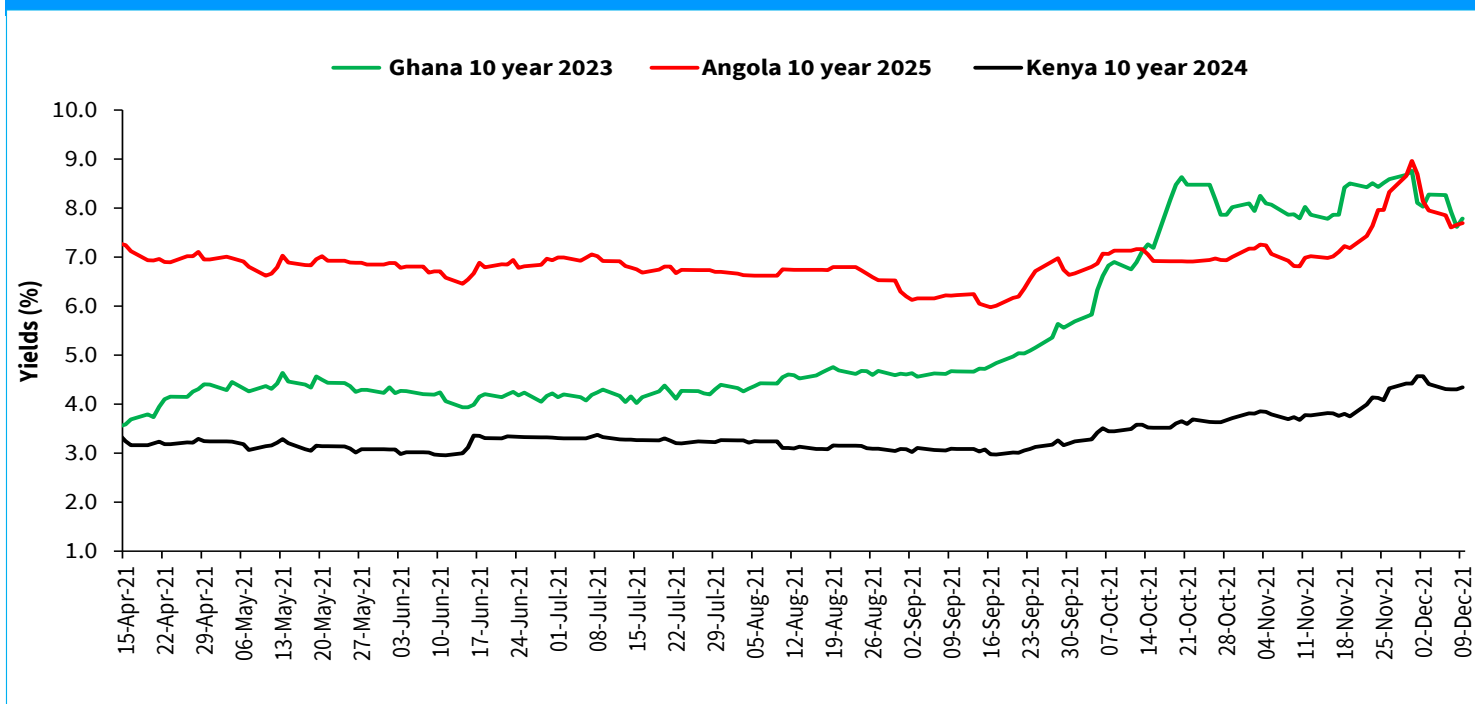
**Table 6: Key Weekly Market Indicators**

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
26-Nov-21	164.77	3668.11	1888.35	1,273.00	68.02	2,501.34	2,566.45	5,570.95	5.827	4.326	6.031	7.011	6.935	8.190
29-Nov-21	164.77	3664.47	1888.29	1,256.00	23.95	645.71	2,566.45	1,822.05	5.926	4.424	6.149	7.099	6.915	8.272
30-Nov-21	163.90	3633.46	1871.31	1,412.00	28.28	1,128.98	2,552.93	1,858.45	6.005	4.422	6.195	7.134	6.964	8.366
1-Dec-21	163.20	3605.51	1866.08	1,164.00	16.05	570.29	2,542.03	2,187.55	5.878	4.571	6.148	7.081	6.899	8.354
2-Dec-21	162.24	3569.30	1844.03	1,412.00	16.90	532.26	2,527.03	2,469.80	5.480	4.412	6.099	7.062	6.876	8.319
<b>Nov 26-Dec 2</b>	<b>162.24</b>	<b>3569.30</b>	<b>1844.03</b>	<b>6,517.00</b>	<b>153.20</b>	<b>5,378.57</b>	<b>2,527.03</b>	<b>13,908.80</b>	<b>5.480</b>	<b>4.412</b>	<b>6.099</b>	<b>7.062</b>	<b>6.876</b>	<b>8.319</b>
3-Dec-21	160.03	3533.74	1839.46	1209.00	16.68	679.04	2492.52	894.300	5.818	4.410	5.981	6.887	6.786	8.236
6-Dec-21	159.06	3499.54	1822.26	1148.00	10.34	333.97	2477.39	2179.500	5.813	4.306	5.934	6.869	6.753	8.213
7-Dec-21	157.53	3478.41	1822.72	1262.00	33.85	1289.38	2453.52	2334.000	5.743	4.304	5.910	6.783	6.674	8.140
8-Dec-21	158.96	3529.61	1830.85	1072.00	20.22	718.86	2475.84	3051.150	5.715	4.301	5.910	6.800	6.658	8.144
9-Dec-21	160.03	3548.33	1838.69	1069.00	23.33	905.90	2492.51	5052.606	5.710	4.345	5.862	6.764	6.626	8.144
<b>December 3-9</b>	<b>160.03</b>	<b>3548.33</b>	<b>1838.69</b>	<b>5760.00</b>	<b>104.42</b>	<b>3,927.15</b>	<b>2492.51</b>	<b>13,511.56</b>	<b>5.710</b>	<b>4.345</b>	<b>5.862</b>	<b>6.764</b>	<b>6.626</b>	<b>8.144</b>
<b>Weekly Changes (%)</b>	<b>(1.36)</b>	<b>(0.59)</b>	<b>(0.29)</b>	<b>(11.62)</b>	<b>(31.84)</b>	<b>(26.99)</b>	<b>(1.37)</b>	<b>(2.86)</b>	<b>0.230*</b>	<b>-0.067*</b>	<b>-0.237*</b>	<b>-0.298*</b>	<b>-0.250*</b>	<b>-0.175*</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	24-Sep-21	26-Nov-21	3-Dec-21
1. Treasury Bills (Excluding Repos)	894.73	855.71	761.90	765.37	763.00	716.69	719.77
<i>(As % of total securities)</i>	<b>26.50</b>	<b>25.04</b>	<b>21.79</b>	<b>21.17</b>	<b>19.77</b>	<b>18.28</b>	<b>18.34</b>
2. Treasury Bonds	2,482.24	2,561.33	2,734.47	2,849.94	3,096.84	3,203.90	3,203.90
<i>(As % of total securities)</i>	<b>73.50</b>	<b>74.96</b>	<b>78.21</b>	<b>78.83</b>	<b>80.23</b>	<b>81.72</b>	<b>81.66</b>
3. Total Securities (1+2)	3,376.98	3,417.05	3,496.37	3,615.31	3,859.84	3,920.59	3,923.67
4. Overdraft at Central Bank	56.21	47.60	49.28	59.28	55.26	62.82	60.49
5. Other Domestic debt*	23.92	23.90	24.19	22.50	23.91	23.09	23.10
<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>3,939.01</b>	<b>4,006.50</b>	<b>4,007.26</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	24-Sep-21	26-Nov-21	3-Dec-21
Treasury bills (Excluding Repos)	25.88	24.53	21.34	20.70	19.37	17.89	17.96
Treasury bonds	71.80	73.42	76.60	77.09	78.62	79.97	79.95
Overdraft at Central Bank	1.63	1.36	1.38	1.60	1.40	1.57	1.51
Other domestic debt	0.69	0.69	0.68	0.61	0.61	0.58	0.58
<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	24-Sep-21	26-Nov-21	3-Dec-21
Banking Institutions	54.55	52.83	51.75	51.24	50.83	50.25	50.26
Insurance Companies	6.16	6.44	6.57	6.66	6.60	6.70	6.70
Parastatals	5.47	5.69	5.62	5.54	5.38	5.56	5.56
Pension Funds	28.53	30.32	30.46	30.60	31.24	31.40	31.39
Other Investors	5.30	4.73	5.59	5.96	5.95	6.09	6.08
<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**

	<b>Jun-20</b>	<b>Sep-20</b>	<b>Dec-20</b>	<b>Mar-21</b>	<b>Apr-21</b>	<b>May-21</b>	<b>Jun-21</b>
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)	<b>6,692.78</b>	<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>7,712.39</b>

Source: National Treasury and Central Bank of Kenya