



Central Bank of Kenya

Weekly Bulletin

September 9, 2022



RECENT MONETARY AND FINANCIAL DEVELOPMENTS

Exchange Rates

The Kenya Shilling remained stable against major international and regional currencies during the week ending September 8. It exchanged at KSh 120.28 per US dollar on September 8, compared to KSh 120.05 per US dollar on September 1 (**Table 1**).

Foreign Exchange Reserves

The usable foreign exchange reserves remained adequate at USD 7,346 million (4.19 months of import cover) as at September 8. This meets the CBK's statutory requirement to endeavor to maintain at least 4 months of import cover (**Table 2**).

Current Account

Provisional data on balance of payments shows that the current account deficit was estimated at 5.1 percent of GDP in the 12 months to July 2022, compared to 5.2 percent of GDP in the 12 months to July 2021 (**Chart 1**). The narrower deficit reflects improved receipts from service exports and remittances.

Money Market

Liquidity in the money market increased during the week ending September 8, partly reflecting government payments which offset tax remittances. Commercial banks' excess reserves stood at KSh 42.8 billion in relation to the 4.25 percent cash reserves requirement (CRR). Open market operations remained active. The average interbank rate was 4.16 percent on September 8 compared to 4.90 percent on September 1. During the week, the average number of interbank deals declined to 26 from 30 in the previous week, while the average value traded decreased to KSh 13.1 billion from KSh 16.9 billion (**Table 3**).

Government Securities Market

The Treasury bills auction of September 8, received bids totalling KSh 36.7 billion against an advertised amount

of KSh 24.0 billion, representing a performance of 153.0 percent. Interest rates on all tenors remained stable, only increasing marginally (**Table 4**).

Equity Market

At the Nairobi Securities Exchange, NASI, NSE 25 and NSE 20 share price indices increased by 4.6 percent, 3.4 percent, and 1.9 percent, respectively, during the week ending September 8. Market capitalization and total shares traded increased by 4.6 percent and 13.7 percent, respectively, while equity turnover declined by 2.9 percent (**Table 6**).

Bonds Market

Bond turnover in the domestic secondary market increased by 71.7 percent during the week ending September 8 (**Table 6**). In the international market, yields on Kenya's Eurobonds declined by an average of 102.2 basis points with 2024 maturity declining by 204.8 basis points. The yields on the 10-Year Eurobonds for Angola and Ghana also declined (**Chart 3**).

Global Trends

Concerns about inflation in advanced economies persisted during the week ending September 8 with the European Central Bank raising its policy rate by an unprecedented 75 basis points.

International oil prices fell during the week ending September 8, due to weaker demand and renewed restrictions in China to curb COVID-19. Murban oil price declined to USD 88.64 per barrel on September 8 from USD 94.93 per barrel on September 1.

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-Aug-22	119.91	141.71	119.59	87.67	31.61	19.45	8.60	17.20
29-Aug-22	119.93	141.78	119.81	87.73	31.77	19.44	8.62	17.20
30-Aug-22	119.98	140.85	119.89	86.62	31.92	19.44	8.60	17.19
31-Aug-22	120.01	140.50	120.09	86.54	31.79	19.43	8.62	17.19
1-Sep-22	120.05	139.88	120.08	86.50	31.65	19.42	8.60	17.18
Aug 26-Sep 1	119.98	140.94	119.89	87.01	31.75	19.44	8.61	17.19
2-Sep-22	120.12	139.06	120.02	85.75	31.72	19.41	8.60	17.17
5-Sep-22	120.18	138.92	120.13	85.76	31.83	19.40	8.65	17.17
6-Sep-22	120.22	138.24	119.31	85.54	31.77	19.40	8.60	17.16
7-Sep-22	120.26	138.90	119.50	83.55	31.72	19.39	8.60	17.16
8-Sep-22	120.28	138.24	119.27	83.04	31.69	19.39	8.60	17.16
Sep 2- 8	120.21	138.67	119.65	84.73	31.75	19.40	8.61	17.17

*Units of currency per Kenya Shilling

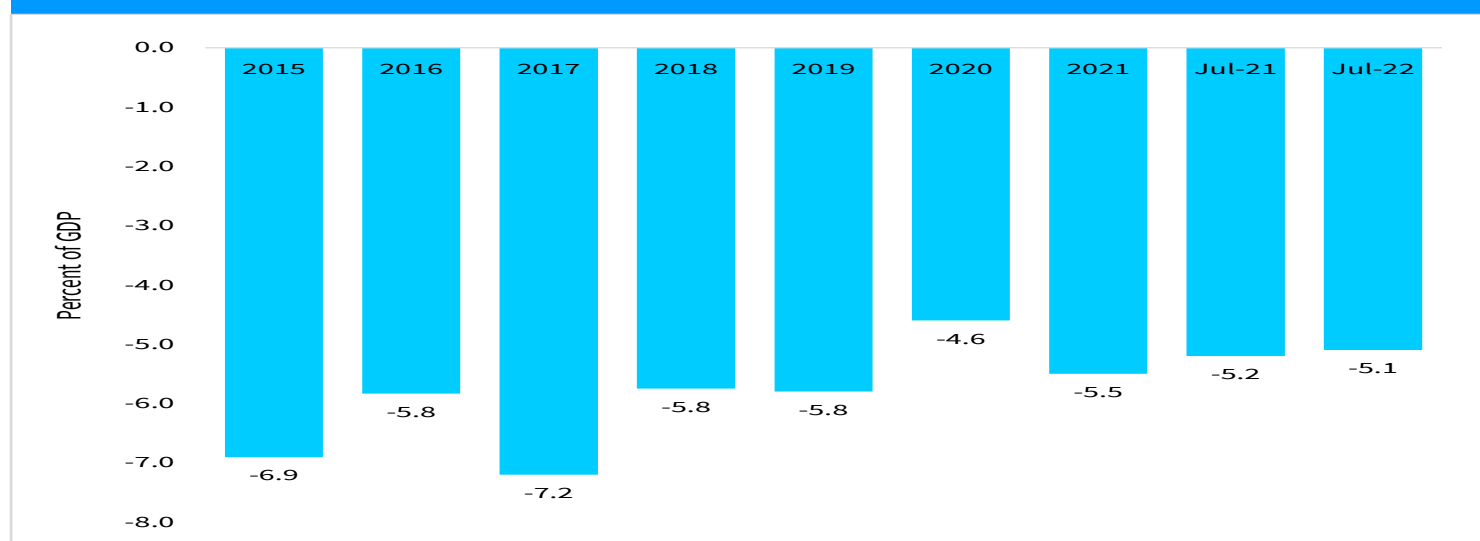
Source: Central Bank of Kenya

Table 2: Official Foreign Exchange Reserves (USD Million)

	11-Aug-22	18-Aug-22	25-Aug-22	1-Sep-22	8-Sep-22
1. CBK Usable Foreign Exchange Reserves (USD Million)	7,682	7,621	7,608	7,375	7,346
2. CBK Usable Foreign Exchange Reserves (Months of Import Cover)*	4.43	4.39	4.39	4.20	4.19

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

Source: Central Bank of Kenya

Chart 1: Current Account

Source: Central Bank of Kenya

Table 3: Money Markets

Date	Number of Deals	Value (KSh M)	Average Interbank Rate (%)
26-Aug-22	38	23,335.00	5.16
29-Aug-22	31	15,125.00	5.16
30-Aug-22	35	19,985.00	5.13
31-Aug-22	21	12,570.00	5.00
1-Sep-22	27	13,370.00	4.90
Aug 26-Sep 1	30	16,877.00	5.07
2-Sep-22	30	14,020.00	4.59
5-Sep-22	23	10,535.00	4.64
6-Sep-22	29	14,545.00	4.30
7-Sep-22	22	8,520.00	4.46
8-Sep-22	28	17,970.00	4.16
Sep 2- 8	26	13,118.00	4.43

Source: Central Bank of Kenya

Table 4: Performance of Treasury Bill Auctions

91-Day Treasury Bills						
Date of Auction	4-Aug-22	11-Aug-22	18-Aug-22	25-Aug-22	1-Sep-22	8-Sep-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)	7,474.80	11,990.35	11,770.10	10,815.66	16,262.43	27,014.78
Amount Accepted (KSh M)	7,473.82	11,990.35	11,769.12	8,368.63	8,438.55	20,157.23
Maturities (KSh M)	5,344.65	5,373.10	2,541.00	455.40	3,562.40	3,277.45
Average Interest Rate (%)	8.473	8.565	8.669	8.767	8.860	8.910
182-Day Treasury Bills						
Date of Auction	4-Aug-22	11-Aug-22	18-Aug-22	25-Aug-22	1-Sep-22	8-Sep-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)	2,064.66	3,927.85	6,801.41	4,162.31	11,226.78	6,227.02
Amount Accepted (KSh M)	2,015.19	3,927.85	6,801.13	2,225.72	9,292.97	4,318.03
Maturities (KSh M)	8,564.50	6,651.50	10,349.65	4,085.40	12,779.95	6,028.40
Average Interest Rate (%)	9.400	9.433	9.492	9.532	9.576	9.599
364-Day Treasury Bills						
Date of Auction	4-Aug-22	11-Aug-22	18-Aug-22	25-Aug-22	1-Sep-22	8-Sep-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)	2,046.30	1,448.52	1,143.77	4,437.52	3,411.53	3,475.66
Amount Accepted (KSh M)	1,933.84	1,393.84	1,132.49	4,408.79	3,411.44	3,475.48
Maturities (KSh M)	3,016.55	1,163.45	1,072.45	4,337.10	10,634.95	3,046.70
Average Interest Rate (%)	9.920	9.922	9.909	9.910	9.876	9.915

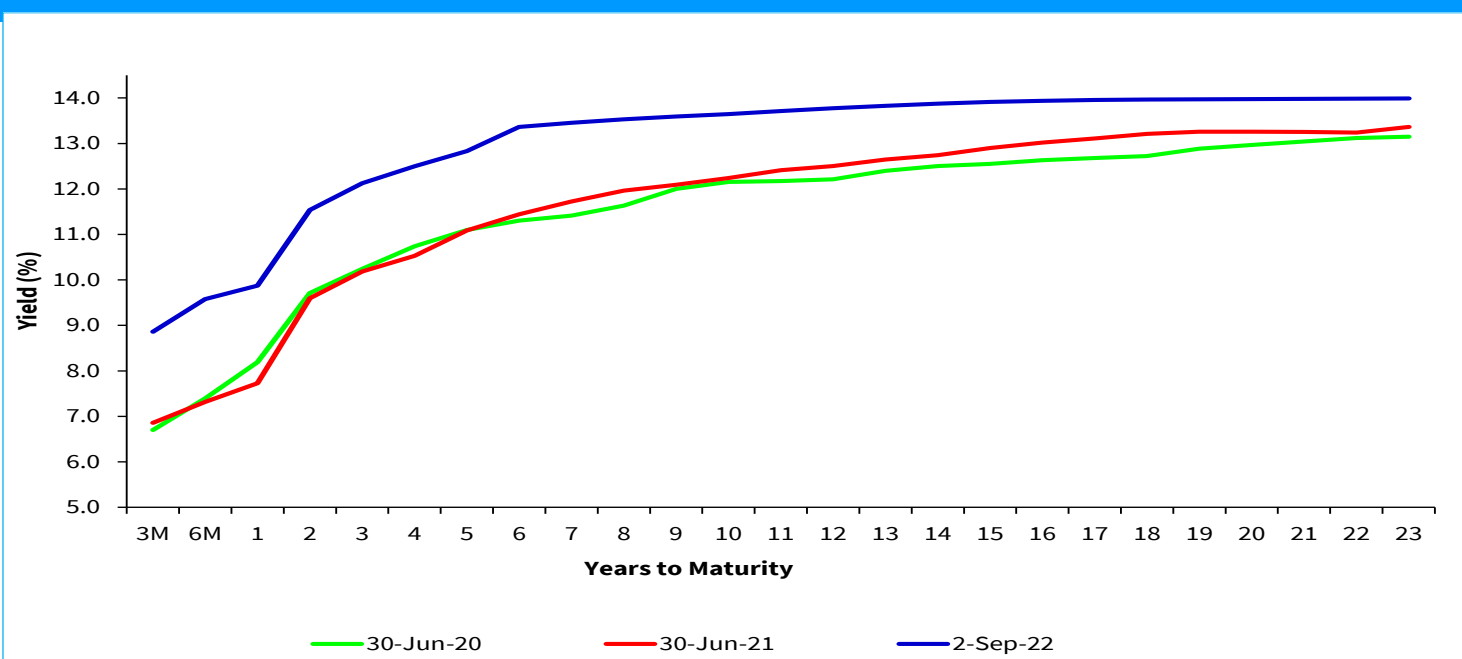
Source: Central Bank of Kenya

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

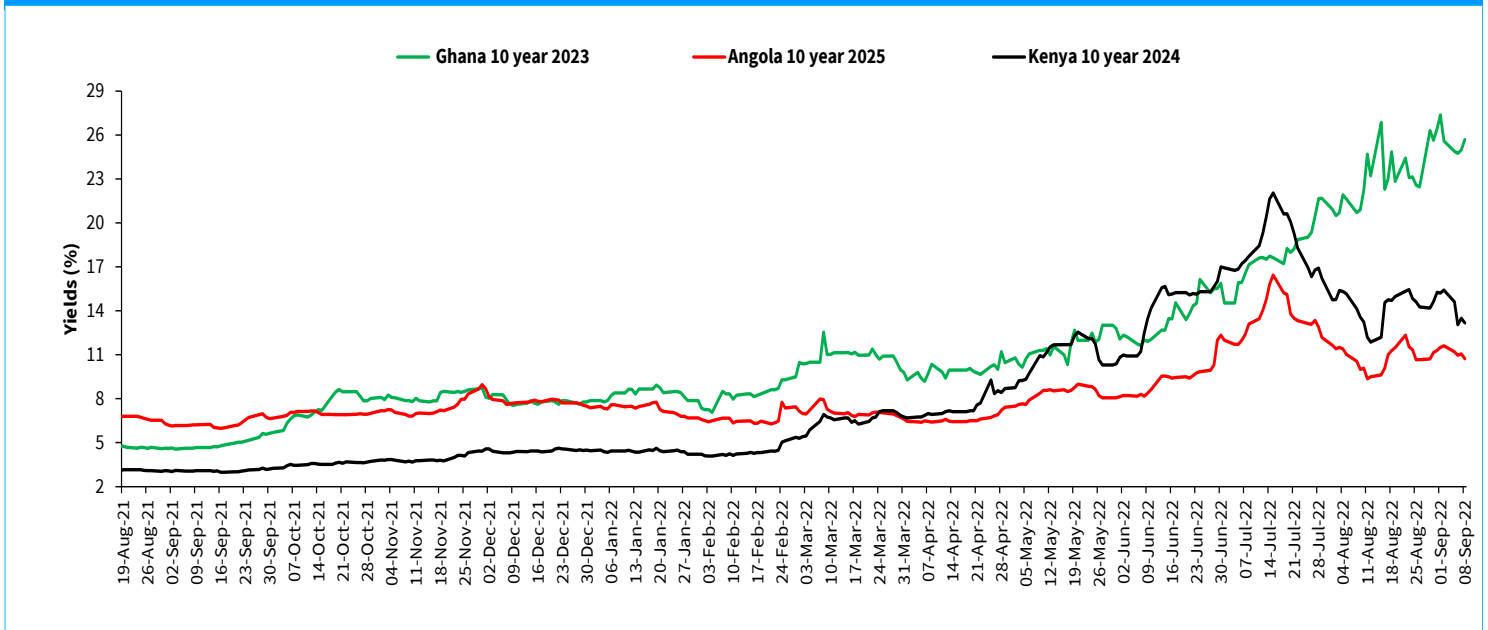
Table 6: Key Weekly Market Indicators

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
26-Aug-22	137.9	3,266.6	1,749.2	1,030.0	6.4	182.5	2149.16	2,579.8	14.04	14.265	12.708	12.65	11.06	11.932
29-Aug-22	138.3	3,265.2	1,750.5	1,167.0	4.1	127.9	2154.52	2,691.4	14.195	14.178	12.821	12.737	11.118	11.996
30-Aug-22	138.1	3,265.3	1,750.1	1,169.0	10.1	259.5	2152.67	2,259.3	14.2	14.626	12.936	12.768	11.421	12.017
31-Aug-22	137.5	3,254.2	1,751.2	1,012.0	14.6	408.9	2142.12	4,247.6	14.517	15.258	13.206	13.065	11.509	12.439
1-Sep-22	137.4	3,257.1	1,758.9	1,113.0	23.0	732.4	2140.76	2,751.7	14.537	15.217	13.331	13.19	11.592	12.508
Aug 26- Sep 1	137.37	3257.14	1758.91	5,491.00	58.16	1,711.27	2140.76	14,529.60	14.537	15.217	13.331	13.190	11.592	12.508
2-Sep-22	138.01	3,268.91	1,763.40	912	11	287	2150.68	4,599	14.542	15.41	13.295	13.221	11.593	12.508
5-Sep-22	140.69	3,307.30	1,771.36	1,158	20	488	2192.70	5,085	14.022	14.606	13.025	13.1	11.434	12.325
6-Sep-22	147.27	3,433.05	1,807.36	1,604	14	338	2295.39	6,909	13.115	13.047	12.65	12.514	10.972	11.906
7-Sep-22	144.05	3,387.26	1,807.36	1,375	11	261	2245.04	3,256	13.369	13.487	12.614	12.601	11.048	11.91
8-Sep-22	143.63	3,368.92	1,792.42	1,145	10	288	2238.48	5,099	13.332	13.169	12.471	12.489	10.975	11.805
Sep 2- 8	143.63	3368.92	1792.42	6,194.00	66.11	1,662.03	2238.48	24,948.75	13.332	13.169	12.471	12.489	10.975	11.805
Weekly Changes (%)	4.56	3.43	1.91	12.80	13.66	-2.88	4.56	71.71	-1.205*	-2.048*	-0.860*	-0.701*	-0.617*	-0.703*

* 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	26-Aug-22	02-Sep-22
1. Treasury Bills (Excluding Repos)	887.70	765.37	709.15	656.45	646.95	653.21	659.97
<i>(As % of total securities)</i>	28.56	21.17	17.95	16.02	15.29	15.38	15.51
2. Treasury Bonds	2,220.34	2,849.94	3,242.24	3,440.61	3,585.11	3,595.25	3,595.25
<i>(As % of total securities)</i>	71.44	78.83	82.05	83.98	84.71	84.62	84.49
3. Total Securities (1+2)	3,108.04	3,615.31	3,951.39	4,097.06	4,232.07	4,248.46	4,255.22
4. Overdraft at Central Bank	47.15	59.28	59.31	68.40	45.44	65.01	49.15
5. Other Domestic debt*	23.24	22.50	21.66	26.32	30.01	33.16	33.15
6. Gross Domestic Debt (3+4+5)	3,178.42	3,697.09	4,032.37	4,191.77	4,307.52	4,346.62	4,337.52

* 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	26-Aug-22	2-Sep-22
Treasury bills (Excluding Repos)	27.93	20.70	17.59	15.81	15.02	15.03	15.22
Treasury bonds	69.86	77.09	80.41	82.09	83.23	82.71	82.89
Overdraft at Central Bank	1.48	1.60	1.47	1.46	1.05	1.50	1.13
Other domestic debt	0.73	0.61	0.54	0.64	0.70	0.76	0.76
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	26-Aug-22	2-Sep-22
Banking Institutions	54.18	51.24	50.20	49.29	48.28	48.26	48.19
Insurance Companies	6.05	6.66	6.79	6.87	7.20	7.17	7.19
Parastatals	5.73	5.54	5.57	5.72	5.96	6.11	6.14
Pension Funds	29.04	30.60	31.34	31.75	32.56	32.31	32.31
Other Investors	5.00	5.96	6.10	6.37	6.01	6.15	6.17
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