



Central Bank of Kenya

Weekly Bulletin

December 16, 2022



RECENT MONETARY AND FINANCIAL DEVELOPMENTS

Exchange Rates

The Kenya Shilling remained stable against major international and regional currencies during the week ending December 15. It exchanged at KSh 122.94 per US dollar on December 15, compared to KSh 122.74 per US dollar on December 8 (**Table 1**).

Foreign Exchange Reserves

The usable foreign exchange reserves remained adequate at USD 7,075 million (3.96 months of import cover) as at December 15. 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 December 15 as tax remittances more than offset government payments. Commercial banks' excess reserves stood at KSh 13.0 billion in relation to the 4.25 percent cash reserves requirement (CRR). Open market operations remained active. The average interbank rate was 5.06 percent on December 15 compared to 5.19 percent on December 8. During the week, the average number of interbank deals increased to 33 from 24 in the previous week, while the average value traded increased to KSh 30.0 billion from KSh 19.1 billion in the previous week (**Table 3**).

Government Securities Market

The Treasury bill auction of December 15, received bids totaling KSh 29.2 billion against an advertised amount of KSh 24.0 billion, representing a performance of 121.8 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, the NASI, NSE 25 and NSE 20 Share indices increased by 1.4 percent, 0.7 and 0.8 percent, respectively. Market capitalization also increased by 1.4 percent, while equity turnover and total shares traded declined by 36.4 percent and 42.1 percent, respectively, during the week ending December 15 (**Table 6**).

Bonds Market

Bond turnover in the domestic secondary market declined by 4.3 percent during the week ending December 15 (**Table 6**). In the international market, yields on Kenya's Eurobonds rose by an average of 8.6 basis points, with 2024 maturity increasing by 26.6 basis points. The yields on the 10-Year Eurobonds for Ghana and Angola declined (**Chart 2**).

Global Trends

Concerns on inflation in advanced economies remained during the week ending December 15. The Fed and Bank of England increased their interest rates by 50 basis points. The US dollar index against a basket of major currencies weakened by 0.21 percent during the week ending December 15.

International oil prices increased during the week ending December 15, supported by increased demand and drawdown of oil inventories. Murban oil price increased to USD 80.66 per barrel on December 15 from USD 76.13 per barrel on December 8.

Table 1: Kenya Shilling Exchange Rates (Indicative Mean Rates)								
	USD	Sterling Pound	Euro	100 Japanese Yen	Uganda Shilling*	Tanzania Shilling*	Rwandese Franc*	Burundi Franc*
2-Dec-22	122.53	149.36	128.33	89.92	30.56	19.04	8.83	16.90
5-Dec-22	122.59	150.51	129.21	90.17	30.41	19.04	8.83	16.89
6-Dec-22	122.63	150.73	129.65	90.63	30.25	19.03	8.83	16.89
7-Dec-22	122.69	149.71	128.91	89.96	30.12	19.02	8.85	16.88
8-Dec-22	122.74	149.64	129.07	89.85	30.06	19.01	8.85	16.87
Dec 02-08	122.64	149.99	129.03	90.11	30.28	19.03	8.84	16.88
9-Dec-22	122.79	149.71	129.11	89.88	30.03	19.01	8.83	16.86
12-Dec-22	Public Holiday							
13-Dec-22	122.84	150.68	129.63	90.45	30.04	18.98	8.73	16.86
14-Dec-22	122.90	151.89	130.70	91.12	30.11	18.99	8.64	16.85
15-Dec-22	122.94	152.04	130.83	91.07	30.06	18.98	8.64	16.85
Dec 09-15	122.87	151.08	130.07	90.63	30.06	18.99	8.71	16.86

*Units of currency per Kenya Shilling

Source: Central Bank of Kenya

Table 2: Official Foreign Exchange Reserves (USD Million)					
	17-Nov-22	24-Nov-22	1-Dec-22	8-Dec-22	15-Dec-22
1. CBK Usable Foreign Exchange Reserves (USD Million)	7,191	7,045	7,070	7,103	7,075
2. CBK Usable Foreign Exchange Reserves (Months of Import Cover)*	4.03	3.95	3.95	3.98	3.96

*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 (%)
2-Dec-22	28	24,640.00	5.11
5-Dec-22	29	20,580.00	5.20
6-Dec-22	21	16,300.00	5.17
7-Dec-22	23	18,580.00	5.06
8-Dec-22	20	15,180.00	5.19
Dec 2-8	24	19,056.00	5.14
9-Dec-22	26	19,350.00	5.25
12-Dec-22	Public Holiday		
13-Dec-22	27	26,850.00	5.16
14-Dec-22	43	34,050.00	5.04
15-Dec-22	34	39,870.00	5.06
Dec 9-15	33	30,030.00	5.13

Source: Central Bank of Kenya

Table 4: Performance of Treasury Bill Auctions

91-Day Treasury Bills						
Date of Auction	29-Sep-22	27-Oct-22	24-Nov-22	1-Dec-22	8-Dec-22	15-Dec-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)	5,129.43	11,992.46	12,673.21	13,228.98	16,653.58	19,509.82
Amount Accepted (KSh M)	2,487.10	11,971.45	11,186.00	13,228.49	13,681.55	7,702.48
Maturities (KSh M)	4,035.00	14,352.85	8,539.25	8,593.55	20,584.00	4,134.75
Average Interest Rate (%)	8.952	9.127	9.237	9.275	9.327	9.356
182-Day Treasury Bills						
Date of Auction	29-Sep-22	27-Oct-22	24-Nov-22	1-Dec-22	8-Dec-22	15-Dec-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)	3,049.07	2,153.68	6,846.75	3,916.26	4,490.69	6,720.69
Amount Accepted (KSh M)	3,039.53	2,067.25	4,463.71	3,896.24	3,536.37	6,720.69
Maturities (KSh M)	3,248.05	9,040.65	2,942.70	2,598.30	4,134.15	7,647.70
Average Interest Rate (%)	9.631	9.678	9.733	9.752	9.796	9.821
364-Day Treasury Bills						
Date of Auction	29-Sep-22	27-Oct-22	24-Nov-22	1-Dec-22	8-Dec-22	15-Dec-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)	1,133.80	4,044.29	7,688.32	2,636.66	2,148.44	2,989.64
Amount Accepted (KSh M)	1,124.70	3,590.62	5,747.65	2,536.91	1,847.36	2,989.46
Maturities (KSh M)	1,775.15	6,278.35	7,129.50	8,237.50	5,622.10	5,588.25
Average Interest Rate (%)	9.905	9.965	10.219	10.225	10.245	10.299

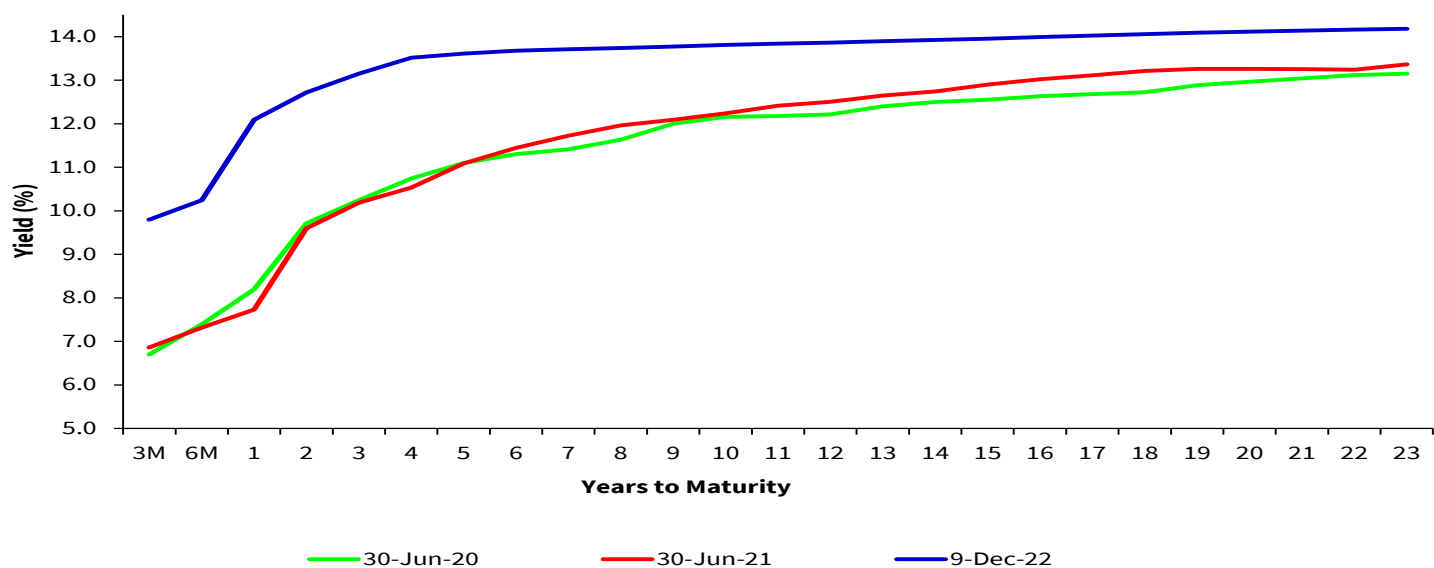
Source: Central Bank of Kenya

Table 5: Performance of Treasury Bond Auctions

Date of Auction	5-Oct-22		19-Oct-22	9-Nov-22	23-Nov-22	1-Dec-22	7-Dec-22	
	RE-OPEN				TAP		RE-OPEN	
Tenor	FXD1/ 2017/10	FXD1/ 2020/15	FXD1/ 2022/25	FXD1/ 2022/14	FXD1/ 2022/6	IFB1/ 2022/14	FXD1/ 2008/20	FXD1/ 2022/25
Amount offered (KSh M)	40,000.00		20,000.00	60,000.00	5,000.00	87,800.00	40,000.00	
Bids received (KSh M)	17,256.31	1,543.83	14,894.85	91,849.42	19,136.05	52,903.55	17,322.80	13,239.43
Amount Accepted (KSh M)	14,109.57	1,006.54	13,665.80	75,572.16	19,132.80	49,110.22	17,265.60	7,068.38
Maturities (KSh M)							0.00	
Average interest Rate (%)	13.37	13.97	14.19	13.94	13.94	13.22	13.83	14.44

Source: Central Bank of Kenya

Chart 1: Government Securities Yield Curve



Source: Nairobi Securities Exchange (NSE)

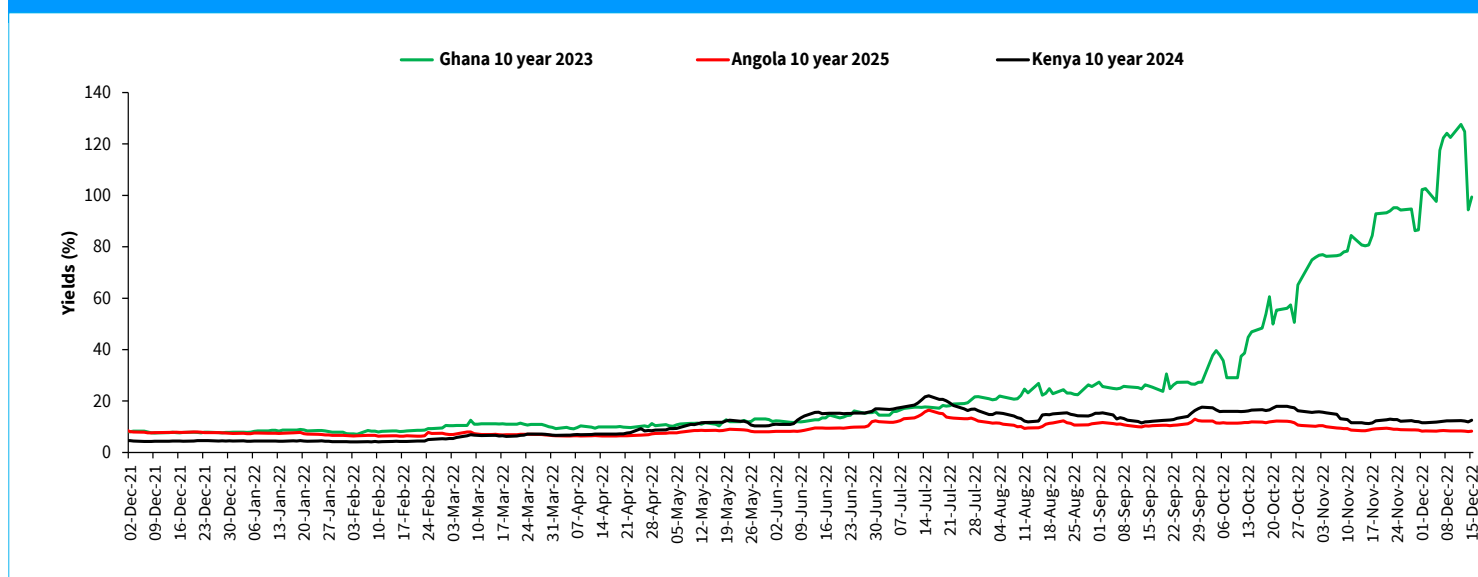
Table 6: Key Market Indicators

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
2-Dec-22	126.42	3082.19	1649.99	957	7.44	178.77	1,969.60	4,364.60	10.314	11.569	9.763	10.103	9.281	10.506
5-Dec-22	124.42	3051.31	1637.19	1,008	6.86	204.29	1,938.40	2,526.00	10.222	11.767	9.798	10.127	9.281	10.523
6-Dec-22	125.19	3066.1	1639.19	957	8.54	358.24	1,950.41	3,373.85	10.319	11.967	9.832	10.176	9.325	10.557
7-Dec-22	126.08	3085.41	1640.54	1,187	9.16	278.63	1,964.36	1,724.25	10.558	12.168	9.867	10.201	9.457	10.609
8-Dec-22	126.33	3094.63	1642.72	799	8.05	185.05	1,968.30	2,754.05	10.28	12.294	9.87	10.178	9.393	10.61
Dec 2- Dec 8	126.33	3094.63	1642.72	4,908.00	40.05	1,204.98	1,968.30	14,742.75	10.280	12.294	9.870	10.178	9.393	10.610
9-Dec-22	126.46	3087.3	1646.41	822	3.75	85.15	1,970.24	1,749.50	10.235	12.303	9.871	10.203	9.372	10.575
12-Dec-22	Public Holiday								10.238	12.41	9.906	10.228	9.373	10.61
13-Dec-22	127.81	3117.79	1642.12	576	3.39	165.22	1,991.46	2,226.35	10.098	12.227	9.774	10.179	9.286	10.506
14-Dec-22	128.21	3107.05	1644.37	1,218	5.88	166.80	1,997.69	4,281.70	10.148	11.849	9.708	10.107	9.2	10.455
15-Dec-22	128.07	3116.06	1656.31	1,068	10.15	349.53	1,995.46	5,849.30	10.391	12.56	9.879	10.279	9.441	10.593
Dec 9-15	128.07	3116.06	1656.31	3,684.00	23.18	766.70	1,995.46	14,106.85	10.391	12.560	9.879	10.279	9.441	10.593
Weekly Changes (%)	1.38	0.69	0.83	-24.94	-42.13	-36.37	1.38	-4.31	0.111*	0.266*	0.009*	0.101*	0.048*	-0.017*

* 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)

	30-Jun-21	31-Dec-21	30-Sep-22	31-Oct-22	25-Nov-22	02-Dec-22	09-Dec-22
1. Treasury Bills (Excluding Repos)	765.37	709.15	672.28	661.17	683.90	687.68	679.58
<i>(As % of total securities)</i>	21.17	17.95	15.61	15.40	15.76	15.77	15.60
2. Treasury Bonds	2,849.94	3,242.24	3,634.86	3,632.71	3,654.77	3,673.80	3,675.52
<i>(As % of total securities)</i>	78.83	82.05	84.39	84.60	84.24	84.23	84.40
3. Total Securities (1+2)	3,615.31	3,951.39	4,307.14	4,293.88	4,338.67	4,361.48	4,355.09
4. Overdraft at Central Bank	59.28	59.31	27.25	59.82	57.37	41.70	50.44
5. Other Domestic debt*	22.50	21.66	30.90	32.40	32.39	32.38	32.40
6. Gross Domestic Debt (3+4+5)	3,697.09	4,032.37	4,365.29	4,386.09	4,428.44	4,435.56	4,437.93

* 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-21	31-Dec-21	30-Sep-22	28-Oct-22	25-Nov-22	2-Dec-22	9-Dec-22
Treasury bills (Excluding Repos)	20.70	17.59	15.40	15.07	15.44	15.50	15.31
Treasury bonds	77.09	80.41	83.27	82.82	82.53	82.83	82.82
Overdraft at Central Bank	1.60	1.47	0.62	1.36	1.30	0.94	1.14
Other domestic debt	0.61	0.54	0.71	0.74	0.73	0.73	0.73
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-21	31-Dec-21	30-Sep-22	28-Oct-22	25-Nov-22	2-Dec-22	9-Dec-22
Banking Institutions	51.24	50.20	47.60	47.51	47.45	47.07	47.27
Insurance Companies	6.66	6.79	7.32	7.34	7.33	7.32	7.32
Parastatals	5.54	5.57	6.09	6.18	6.13	6.17	6.10
Pension Funds	30.60	31.34	32.75	32.69	32.77	32.96	32.91
Other Investors	5.96	6.10	6.24	6.28	6.32	6.48	6.39
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-21	Sep-21	Dec-21	Mar-22	Jun-22	Aug-22	Sep-22	Oct-22
Domestic debt (KSh Bn)	3,697.09	3,937.80	4,032.37	4,191.77	4,288.33	4,335.30	4,366.30	4,386.09
Public & Publicly Guaranteed External debt (USD Bn)	37.08	36.73	36.90	36.82	36.58	36.23	36.00	35.93
Public & Publicly Guaranteed External debt (KSh Bn)	3,999.54	4,058.50	4,174.37	4,209.56	4,290.73	4,327.90	4,334.80	4,359.67
Public debt (KSh Bn)	7,696.63	7,996.30	8,206.74	8,401.33	8,579.06	8,663.20	8,701.10	8,745.76

* Provisional

Source: The National Treasury and Central Bank of Kenya