



Central Bank of Kenya

Weekly Bulletin

January 28, 2022



RECENT MONETARY AND FINANCIAL DEVELOPMENTS

Monetary Policy Committee Statement

The Monetary Policy Committee (MPC) meeting on January 26 noted that inflation expectations remain well anchored within the target range, and leading economic indicators showed continued robust economic performance. The MPC also noted the elevated global risks, and their potential impact on the domestic economy. The Committee concluded that the current accommodative monetary policy stance remains appropriate, and therefore decided to retain the Central Bank Rate (CBR) at 7.00 percent.

Exchange Rates

The Kenya Shilling remained stable against major international and regional currencies during the week ending January 27. It exchanged at KSh 113.55 per US dollar on January 27, compared to KSh 113.50 per US dollar on January 20 (**Table 1**).

Foreign Exchange Reserves

The usable foreign exchange reserves remained adequate at USD 8,287 million (5.07 months of import cover) as at January 27. 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**).

Current Account

Provisional data on balance of payments shows that the current account deficit is estimated at 5.4 percent of GDP in 2021 compared to 4.6 percent of GDP in 2020 (**Chart 1**). This reflects a higher import bill, particularly oil, which more than offset increased receipts from agricultural and services exports, and remittances.

Money Market

The money market was relatively liquid during the week ending January 27, supported by government payments, which partly offset tax remittances. Commercial banks' excess reserves stood at KSh 8.0 billion in relation to the 4.25 percent cash reserves requirement (CRR). Open market operations remained active. The average interbank rate was 4.83 percent on January 27 compared to 4.30 percent

on January 20. During the week, the average number of interbank deals decreased to 25 from 31 in the previous week, while the average value traded decreased to KSh 11.6 billion from KSh 18.7 billion in the previous week (**Table 3**).

Government Securities Market

The Treasury bills auctions of January 27 received bids totalling KSh 25.9 billion against an advertised amount of KSh 24.0 billion, representing a performance of 107.9 percent. Interest rates remained stable, with the 91-day, 182-day and 364-day Treasury bills rates rising marginally (**Table 4**).

Equity Market

At the Nairobi Securities Exchange, the NASI, NSE 20 and NSE 25 share price indices declined by 2.8 percent, 1.9 percent and 0.4 percent, respectively. Market capitalization declined by 2.8 percent, while equity turnover and total shares traded increased by 43.5 percent and 23.1 percent, respectively, during the week ending January 27 (**Table 6**).

Bonds Market

Bonds turnover in the domestic secondary market declined by 18.7 percent during the week ending January 27 (**Table 6**). In the international market, yields on Kenya's Eurobonds increased by an average of 2.6 basis points. However, yield on the 10-year Eurobonds for Ghana and Angola declined (**Chart 3**).

Global Trends

The recently released IMF World Economic Outlook (WEO) projects a weaker growth in the global economy of 4.4 percent in 2022, with weaker growth in the US and China. Uncertainties have also increased reflecting oil price volatility, supply chain disruptions, the evolution of COVID-19, geopolitical tensions and policy responses in the advanced economies.

International oil prices increased during the week ending January 27. Murban oil prices rose to USD 89.59 per barrel on January 27 compared to USD 87.95 per barrel on January 20.

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*
14-Jan-22	113.37	155.13	129.49	99.04	31.09	20.36	9.16	17.60
17-Jan-22	113.39	155.06	129.51	99.85	31.09	20.28	9.05	17.69
18-Jan-22	113.41	154.65	129.29	98.75	31.08	20.28	9.15	17.59
19-Jan-22	113.47	154.32	129.21	99.01	31.06	20.34	9.15	17.58
20-Jan-22	113.50	154.57	128.70	99.16	31.04	20.26	9.15	17.59
Jan 14-20, 2022	113.43	154.75	129.24	99.16	31.07	20.31	9.13	17.61
21-Jan-22	113.52	154.30	128.74	99.29	31.01	20.35	9.15	17.58
24-Jan-22	113.53	154.00	128.71	99.63	31.01	20.35	9.15	17.58
25-Jan-22	113.54	153.54	128.52	99.78	31.05	20.35	9.15	17.58
26-Jan-22	113.55	153.08	128.26	99.69	31.04	20.34	9.15	17.58
27-Jan-22	113.55	153.16	128.11	99.02	31.04	20.34	9.15	17.59
Jan 21-27, 2022	113.54	153.61	128.47	99.48	31.03	20.35	9.15	17.58

*Units of currency per Kenya Shilling

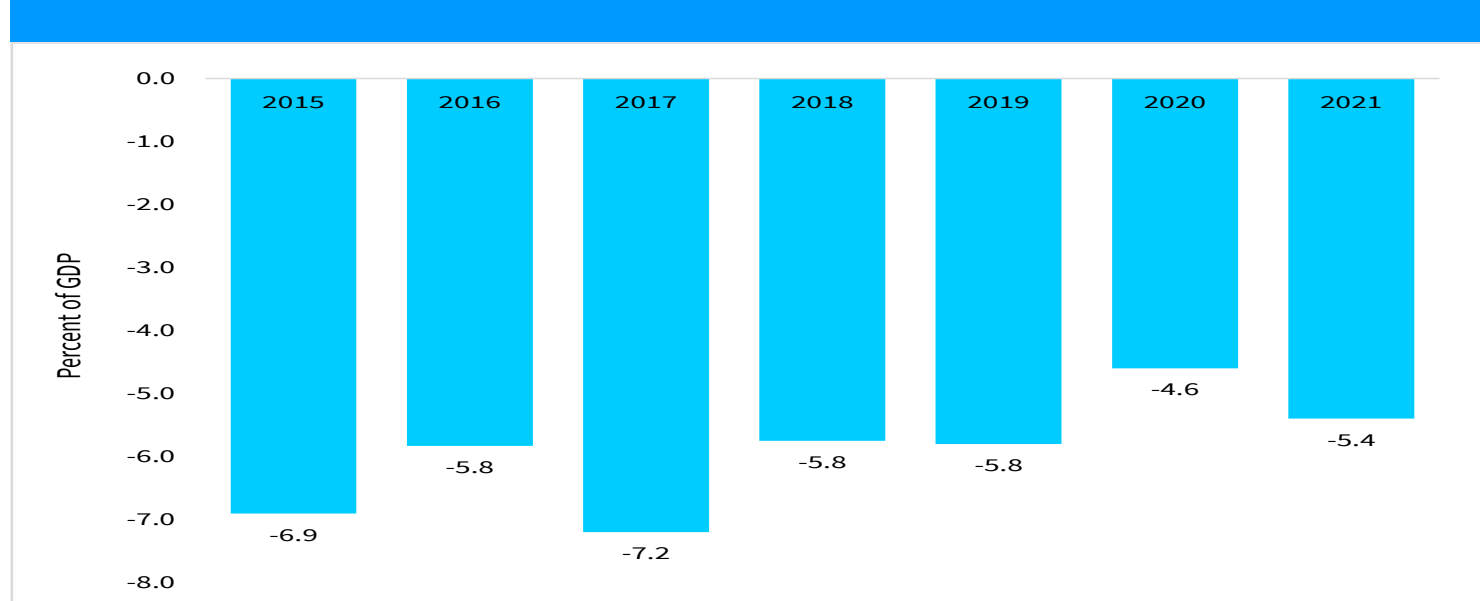
Source: Central Bank of Kenya

Table 2: Official Foreign Exchange Reserves (USD Million)

	30-Dec-21	6-Jan-22	13-Jan-22	20-Jan-22	27-Jan-22
1. CBK Usable Foreign Exchange Reserves (USD Million)	8,817	8,765	8,764	8,715	8,287
2. CBK Usable Foreign Exchange Reserves (Months of Import Cover)*	5.39	5.36	5.36	5.33	5.07

*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 (%)
14-Jan-22	21	13,965.00	3.44
17-Jan-22	26	19,240.45	3.73
18-Jan-22	37	20,365.00	3.84
19-Jan-22	40	23,110.00	4.24
20-Jan-22	30	16,980.00	4.30
Jan 6 -13, 2022	31	18,732.09	3.91
21-Jan-22	36	14,135.00	4.52
24-Jan-22	25	11,305.00	4.57
25-Jan-22	27	14,655.00	4.61
26-Jan-22	21	10,845.00	4.65
27-Jan-22	16	6,855.00	4.83
Jan 21-27, 2022	25	11,559.00	4.64

Source: Central Bank of Kenya

Table 4: Performance of Treasury Bills Auctions						
91-Day Treasury Bills						
Date of Auction	23-Dec-21	30-Dec-21	6-Jan-22	13-Jan-22	20-Jan-22	27-Jan-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)	1,590.99	572.28	5,653.08	4,404.16	1,925.63	1,506.72
Amount Accepted (KSh M)	1,583.72	572.80	5,652.69	4,325.22	1,689.28	1,505.25
Maturities (KSh M)	4,857.05	2,670.95	3,439.20	3,063.15	6,617.45	2,676.75
Average Interest Rate (%)	7.264	7.271	7.345	7.309	7.331	7.343
182-Day Treasury Bills						
Date of Auction	23-Dec-21	30-Dec-21	6-Jan-22	13-Jan-22	20-Jan-22	27-Jan-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)	796.64	2,320.06	6,333.52	13,722.28	12,313.24	5,344.77
Amount Accepted (KSh M)	796.64	2,320.06	6,332.76	13,715.36	12,241.14	5,344.67
Maturities (KSh M)	5,753.85	14,403.60	12,067.20	11,685.45	3,316.25	6,662.90
Average Interest Rate (%)	7.982	8.095	8.041	8.081	8.069	8.112
364-Day Treasury Bills						
Date of Auction	23-Dec-21	30-Dec-21	6-Jan-22	13-Jan-22	20-Jan-22	27-Jan-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)	3,996.40	4,936.06	11,199.53	19,399.66	14,429.44	19,054.94
Amount Accepted (KSh M)	3,995.48	4,936.06	11,167.33	13,011.14	14,006.88	17,623.48
Maturities (KSh M)	2,194.20	4,283.05	10,832.40	14,387.20	15,695.35	14,547.35
Average Interest Rate (%)	9.265	9.367	9.444	9.474	9.510	9.544

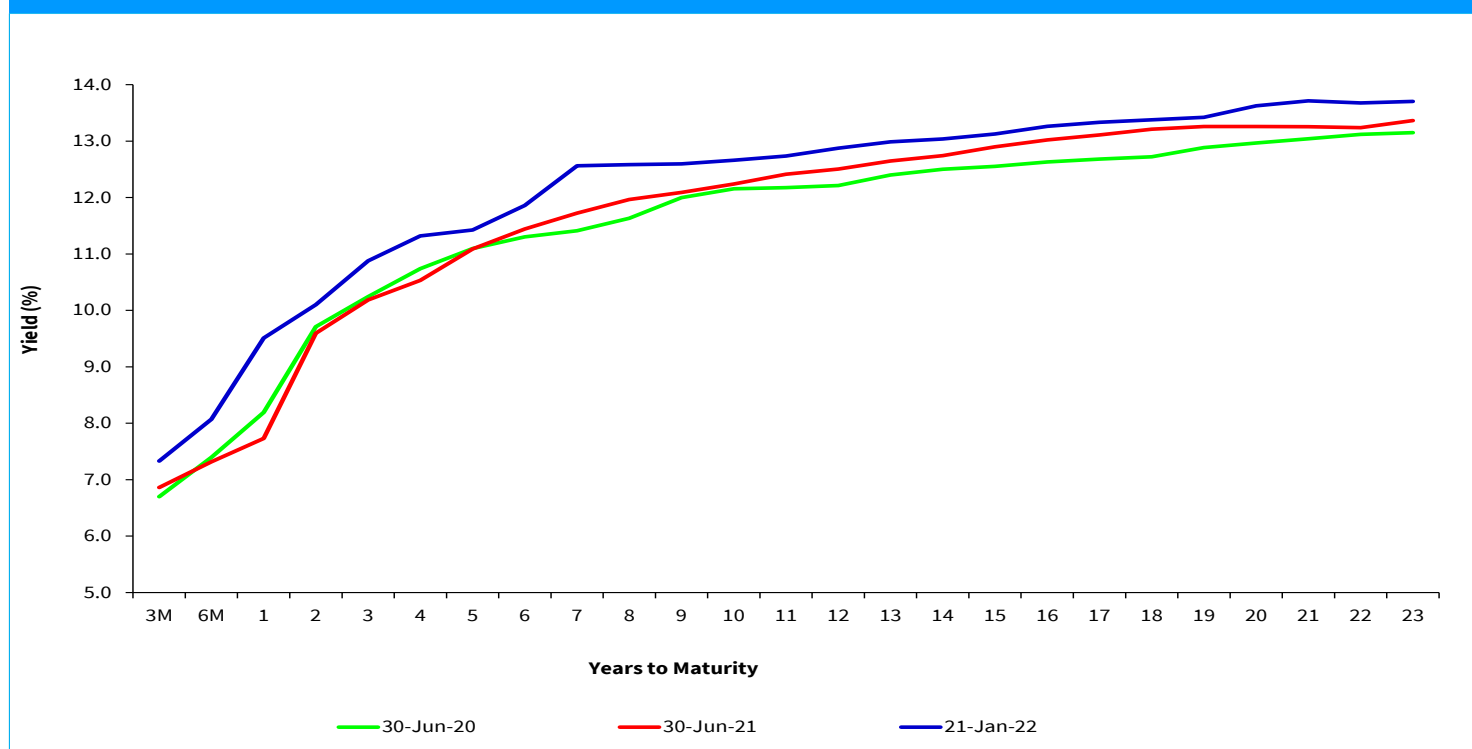
Source: Central Bank of Kenya

Table 5: Performance of Treasury Bond Auctions

Date of Auction	10-Nov-21		8-Dec-21		5-Jan-22	19-Jan-22	
	REOPEN		REOPEN		REOPEN	REOPEN	
Tenor	FXD1/ 2021/5	FXD1/ 2019/20	FXD4/ 2019/10	FXD1/ 2018/20	FXD1/ 2021/005	FXD2/ 2018/10	FXD1/ 2021/007
Amount offered (KSh M)	50,000.00		40,000.00		30,000.00	30,000.00	
Bids received (KSh M)	66,603.14	17,567.66	20,269.28	20,906.41	28,393.48	10,434.25	27,978.40
Amount Accepted (KSh M)	53,661.88	15,845.49	20,262.52	17,564.98	27,428.16	7,303.40	27,596.37
Maturities (KSh M)	0.00		0.00		13.41	0.00	
Average interest Rate (%)	11.28	13.41	12.64	13.37	11.23	12.56	13.72

Source: Central Bank of Kenya

Chart 2: Government Securities Yield Curve



Source: Nairobi Securities Exchange (NSE)

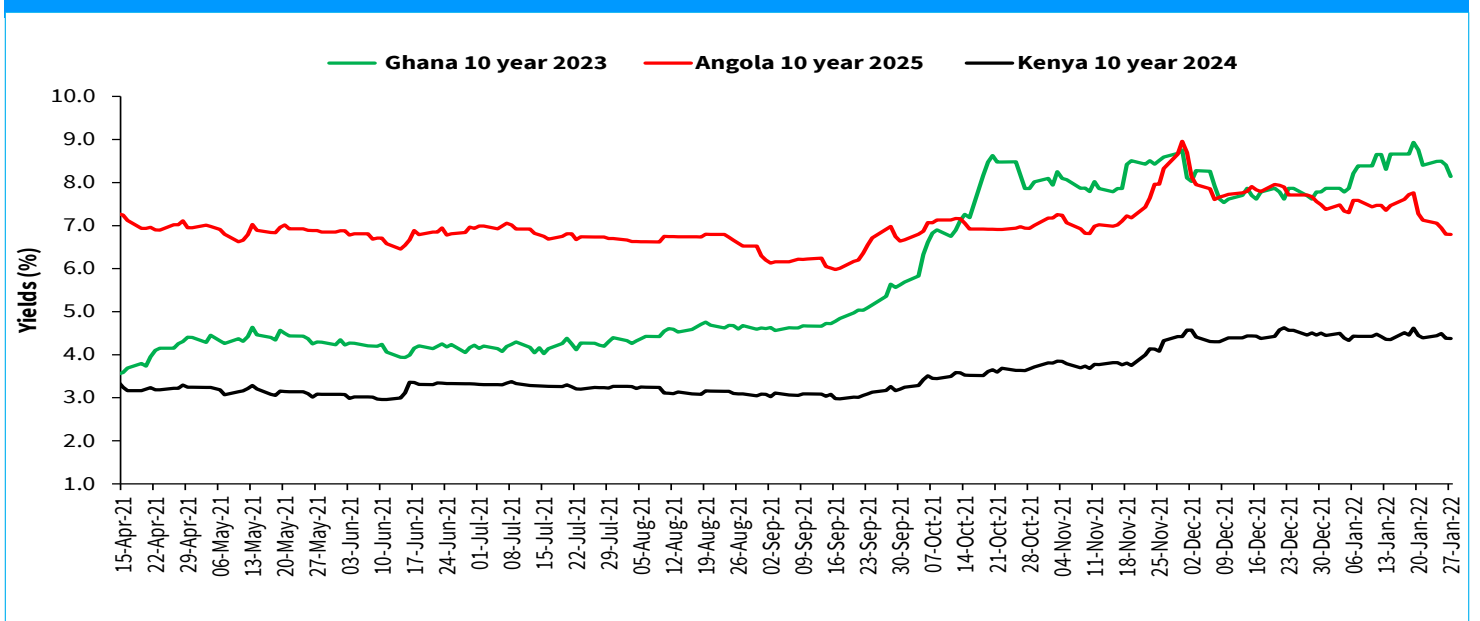
Table 6: Key Weekly Market Indicators

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
14-Jan-22	165.09	3,685.87	1,899.79	964.00	5.29	134.11	2,571.50	3,797.90	5.988	4.354	6.130	6.929	6.867	8.355
17-Jan-22	164.48	3,673.13	1,890.59	1,005.00	6.56	218.00	2,561.99	860.55	6.086	4.513	6.299	7.053	6.921	8.439
18-Jan-22	164.30	3,675.30	1,890.28	894.00	8.81	281.03	2,559.11	3,172.05	6.199	4.458	6.445	7.124	7.054	8.464
19-Jan-22	163.07	3,663.09	1,889.69	985.00	14.25	459.16	2,539.95	2,236.15	6.187	4.615	6.420	7.160	7.054	8.587
20-Jan-22	164.58	3,688.16	1,886.66	845.00	9.13	322.70	2,563.46	2,504.95	6.228	4.447	6.518	7.231	7.155	8.649
Jan 14-20	164.58	3688.16	1886.66	4693.00	44.03	1415.01	2,563.46	12571.60	6.228	4.447	6.518	7.231	7.155	8.649
21-Jan-22	164.66	3,695.95	1,892.54	896.00	10.32	270.32	2,564.71	823.50	6.209	4.391	6.444	7.231	7.105	8.675
24-Jan-22	164.13	3,686.12	1,886.43	1,054.00	11.80	450.39	2,556.43	1,171.90	6.338	4.442	6.542	7.267	7.229	8.713
25-Jan-22	161.95	3,649.64	1,881.42	1,168.00	11.59	413.09	2,522.48	2,394.90	6.388	4.493	6.616	7.358	7.219	8.726
26-Jan-22	160.34	3,623.29	1,882.94	1,052.00	10.17	361.12	2,497.34	3,475.30	6.399	4.383	6.616	7.376	7.207	8.764
27-Jan-22	160.02	3,618.76	1,879.15	1,128.00	10.35	535.37	2,492.39	2,366.80	6.321	4.378	6.566	7.303	7.139	8.675
Jan 21-27	160.02	3618.76	1879.15	5298.00	54.22	2030.28	2,492.39	10232.40	6.321	4.378	6.566	7.303	7.139	8.675
Weekly Changes (%)	-2.77	-1.88	-0.40	12.89	23.14	43.48	-2.77	-18.61	0.093*	-0.069*	0.048*	0.072*	-0.016*	0.026*

* 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-21	29-Oct-21	26-Nov-21	31-Dec-21	07-Jan-22	14-Jan-22	21-Jan-22
1. Treasury Bills (Excluding Repos)	763.45	734.65	716.69	709.15	696.18	694.36	698.11
<i>(As % of total securities)</i>	19.78	18.96	18.28	17.95	17.68	17.52	17.60
2. Treasury Bonds	3,096.84	3,139.42	3,203.90	3,242.24	3,242.24	3,269.35	3,269.35
<i>(As % of total securities)</i>	80.22	81.04	81.72	82.05	82.32	82.48	82.40
3. Total Securities (1+2)	3,860.29	3,874.07	3,920.59	3,951.39	3,938.42	3,963.71	3,967.46
4. Overdraft at Central Bank	55.11	62.35	62.82	59.31	57.08	60.31	58.42
5. Other Domestic debt*	22.37	22.39	23.09	23.91	21.67	21.69	21.69
6. Gross Domestic Debt (3+4+5)	3,937.78	3,958.81	4,006.50	4,034.61	4,017.17	4,045.70	4,047.56

* 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-21	29-Oct-21	26-Nov-21	31-Dec-21	7-Jan-22	14-Jan-22	21-Jan-22
Treasury bills (Excluding Repos)	19.39	18.56	17.89	17.58	17.33	17.16	17.25
Treasury bonds	78.64	79.30	79.97	80.36	80.71	80.81	80.77
Overdraft at Central Bank	1.40	1.57	1.57	1.47	1.42	1.49	1.44
Other domestic debt	0.57	0.57	0.58	0.59	0.54	0.54	0.54
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-Sep-21	29-Oct-21	26-Nov-21	31-Dec-21	7-Jan-22	14-Jan-22	21-Jan-22
Banking Institutions	50.82	50.34	50.25	50.20	50.24	50.37	50.24
Insurance Companies	6.60	6.68	6.70	6.79	6.81	6.77	6.77
Parastatals	5.39	5.38	5.56	5.57	5.59	5.57	5.63
Pension Funds	31.24	31.44	31.40	31.34	31.25	31.19	31.25
Other Investors	5.95	6.15	6.09	6.10	6.11	6.10	6.11
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	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)	7,120.60	7,281.83	7,339.71	7,411.05	7,485.91	7,696.64	7,996.20

Source: National Treasury and Central Bank of Kenya