



Central Bank of Kenya

Weekly Bulletin

May 13, 2022



RECENT MONETARY AND FINANCIAL DEVELOPMENTS

Exchange Rates

The Kenya Shilling remained stable against major international and regional currencies during the week ending May 12. It exchanged at KSh 116.10 per US dollar on May 12, compared to KSh 115.84 per US dollar on May 5 (**Table 1**).

Foreign Exchange Reserves

The usable foreign exchange reserves remained adequate at USD 8,372 million (4.98 months of import cover) as of May 12. 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 liquid during the week ending May 12, supported by government payments, which offset tax remittances. Commercial banks' excess reserves stood at KSh 25.3 billion in relation to the 4.25 percent cash reserves requirement (CRR). Open market operations remained active. The average interbank rate was 4.64 percent on May 12 compared to 4.76 percent on May 5. During the week, the average number of interbank deals decreased to 27 from 35 in the previous week, while the average value traded decreased to KSh 15.3 billion from KSh 17.3 billion (**Table 3**).

Government Securities Market

The Treasury bills auction of May 12, received bids totalling KSh 24.5 billion against an advertised amount of KSh 24.0 billion, representing a performance rate of 102.3 percent. Interest rates remained stable, with the 91-day, 182-day and 364-day Treasury bill rates increasing marginally (**Table 4**).

During the Treasury bonds auction of May 11, the new 10-year and re-opened 25-year bonds issued, received bids totalling KSh 43.1 billion against an advertised amount of KSh 60.0 billion, representing a performance rate of 71.9 percent (**Table 5**).

Equity Market

At the Nairobi Securities Exchange, NASI, NSE 25 and NSE 20 share price indices declined by 2.7 percent, 2.6 percent and 1.8 percent, respectively. Market capitalization declined by 2.7 percent, while total shares traded and equity turnover increased by 423.9 percent and 457.6 percent, respectively during the week ending May 12 (**Table 6**).

Bonds Market

Bond turnover in the domestic secondary market rose by 181.1 percent during the week ending May 12 (**Table 6**). In the international market, the yields on Kenya's Eurobonds increased by an average of 109.9 basis points. Similarly, the yield on the 10-Year Eurobonds for Angola and Ghana also increased (**Chart 3**).

Global Trends

Concerns about inflation in the advanced economies persisted during the week ending May 12. The US inflation in April was 8.3 percent. The major financial markets were characterised by elevated volatility in the week ending May 12.

International oil prices declined during the week ending May 12 after USA Energy Information Administration reported inventories had risen by 8.5 million barrels. Murban oil prices decreased to USD 105.45 per barrel on May 12 compared to USD 109.07 per barrel on May 5.

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

	USD	Sterling Pound	Euro	100 Japanese Yen	Uganda Shilling*	Tanzania Shilling*	Rwandese Franc*	Burundi Franc*
29-Apr-22	Public Holiday-State Funeral							
2-May-22	Labour Day							
3-May-22	Eid al-Fitr Holiday							
4-May-22	115.81	145.35	122.14	88.98	30.56	20.08	8.79	17.74
5-May-22	115.84	145.51	122.04	89.57	30.69	20.07	8.79	17.73
Apr 29- May 5	115.83	145.43	122.09	89.28	30.62	20.07	8.79	17.73
6-May-22	115.90	144.92	122.53	89.03	30.63	20.05	8.79	17.72
9-May-22	115.95	143.97	122.36	89.06	30.73	20.05	8.82	17.72
10-May-22	116.00	143.90	122.24	88.92	30.91	20.04	8.78	17.71
11-May-22	116.07	143.75	122.52	89.16	30.89	20.03	8.78	17.70
12-May-22	116.10	143.66	122.36	89.05	30.97	20.03	8.78	17.69
May 6-12	116.00	144.04	122.40	89.04	30.82	20.04	8.79	17.71

*Units of currency per Kenya Shilling

Source: Central Bank of Kenya

Table 2: Official Foreign Exchange Reserves (USD Million)

	14-Apr-22	21-Apr-22	28-Apr-22	5-May-22	12-May-22
1. CBK Usable Foreign Exchange Reserves (USD Million)	8,284	8,500	8,427	8,401	8,372
2. CBK Usable Foreign Exchange Reserves (Months of Import Cover)*	4.92	5.05	5.01	4.99	4.98

*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 (%)
29-Apr-22	Public Holiday-State Funeral		
2-May-22	Labour Day		
3-May-22	Eid al-Fitr Holiday		
4-May-22	34	16,030.00	4.84
5-May-22	36	18,615.00	4.76
Apr 29- May 5	35	17,322.50	4.80
6-May-22	42	24,240.00	4.67
9-May-22	30	19,950.00	4.67
10-May-22	17	13,744.00	4.66
11-May-22	27	12,150.00	4.73
12-May-22	19	6,450.00	4.64
May 6-12	27	15,306.80	4.67

Source: Central Bank of Kenya

Table 4: Performance of Treasury Bill Auctions

91-Day Treasury Bills						
Date of Auction	7-Apr-22	13-Apr-22	21-Apr-22	28-Apr-22	5-May-22	12-May-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)	2,384.49	4,800.04	8,180.05	10,183.46	5,252.72	5,278.68
Amount Accepted (KSh M)	2,382.72	4,799.21	8,171.92	10,182.29	5,252.72	5,278.19
Maturities (KSh M)	5,747.85	4,386.05	1,718.35	1,528.15	3,355.25	2,779.75
Average Interest Rate (%)	7.377	7.424	7.448	7.497	7.580	7.683
182-Day Treasury Bills						
Date of Auction	7-Apr-22	13-Apr-22	21-Apr-22	28-Apr-22	5-May-22	12-May-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)	3,932.29	2,601.49	9,018.64	8,700.64	3,716.18	7,926.39
Amount Accepted (KSh M)	3,931.23	2,601.40	9,018.64	8,700.64	3,716.18	7,924.77
Maturities (KSh M)	4,102.45	8,278.40	4,775.35	5,695.65	9,123.45	5,396.75
Average Interest Rate (%)	8.219	8.315	8.373	8.458	8.542	8.722
364-Day Treasury Bills						
Date of Auction	7-Apr-22	13-Apr-22	21-Apr-22	28-Apr-22	5-May-22	12-May-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)	8,173.05	4,252.21	6,537.28	9,394.85	7,879.90	11,341.10
Amount Accepted (KSh M)	8,122.32	4,161.11	6,535.46	9,285.89	7,879.45	9,897.73
Maturities (KSh M)	15,850.30	11,395.00	8,490.30	17,297.30	16,610.55	17,684.05
Average Interest Rate (%)	9.743	9.745	9.755	9.776	9.840	9.860

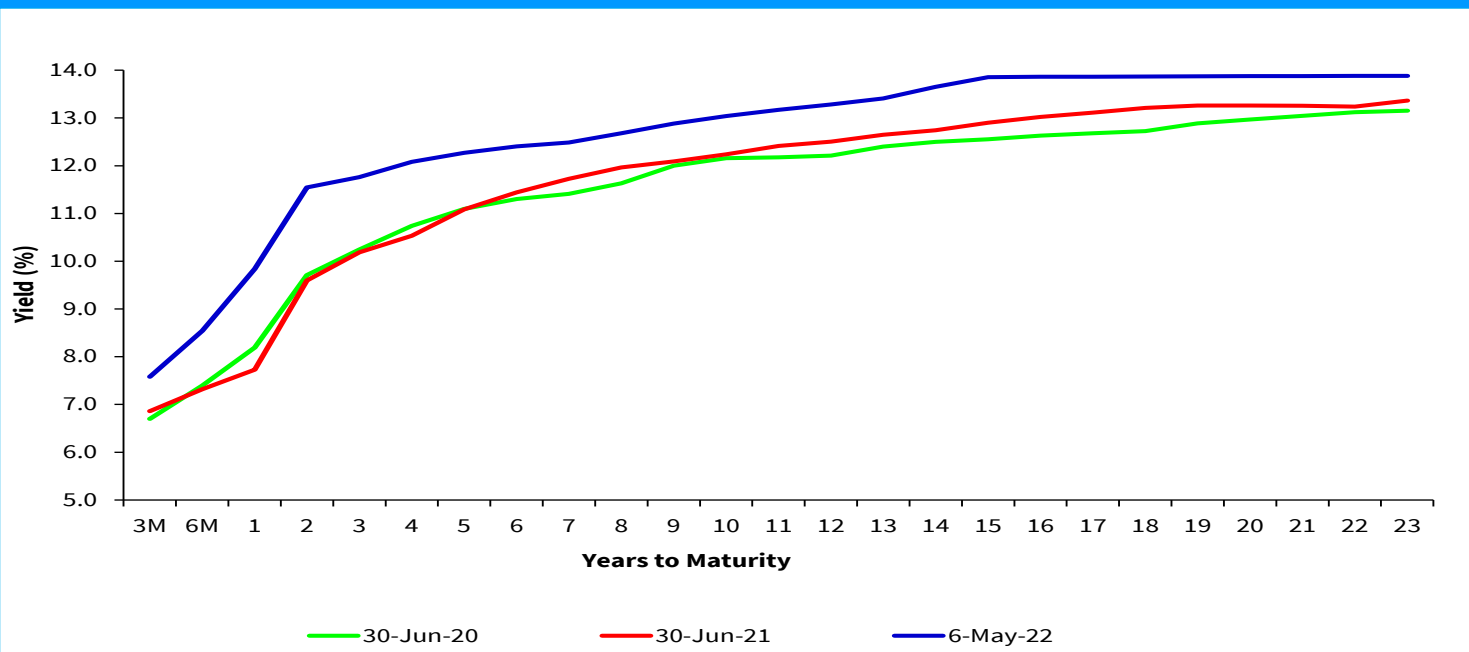
Source: Central Bank of Kenya

Table 5: Performance of Treasury Bond Auctions

Date of Auction	9-Mar-22	18-Mar-22			6-Apr-22	20-Apr-22	11-May-22	
	REOPEN	TAP					REOPEN	
Tenor	FXD1/ 2021/005	FXD1/ 2021/005	FXD1/ 2020/015	FXD1/ 2021/025	FXD1/ 2022/03	FXD1/ 2022/015	FXD1/ 2022/010	FXD1/ 2021/025
Amount offered (KSh M)	50,000.00	31,500.00			40,000.00	30,000.00	60,000.00	
Bids received (KSh M)	9,212.68	3,934.30	15,563.15	5,394.15	34,045.50	32,545.90	32,893.01	10,225.98
Amount Accepted (KSh M)	8,294.79	3,834.09	14,651.62	5,373.44	33,137.89	27,637.05	28,675.32	3,064.50
Maturities (KSh M)	0.00	0.00			2,866.08	0.00		
Average interest Rate (%)	11.997	11.277	12.76	13.92	11.78	13.94	13.49	13.92

Source: Central Bank of Kenya

Chart 1: Government Securities Yield Curve



Source: Nairobi Securities Exchange (NSE)

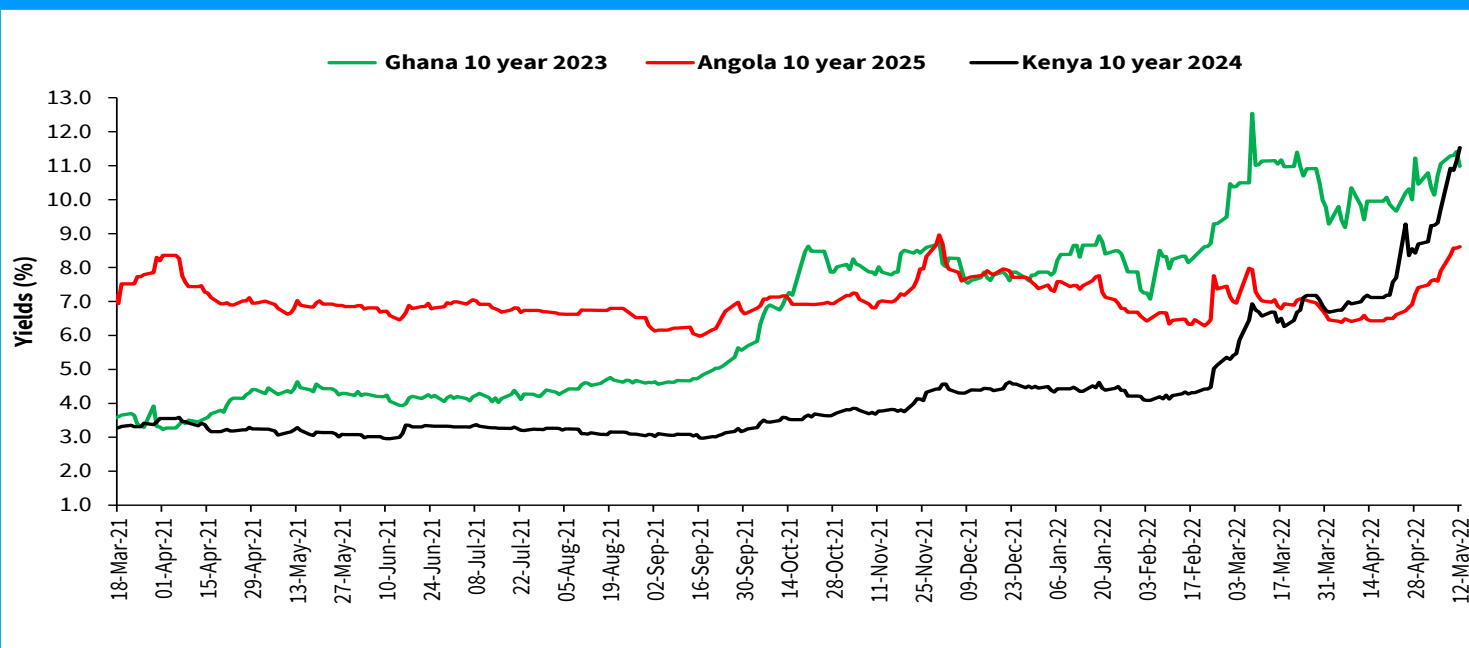
Table 6: Key Weekly Market Indicators

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
29-Apr-22	Public Holiday-State Funeral								10.505	8.693	10.016	10.431	10.000	10.989
2-May-22	Labour Day								10.491	8.763	10.048	10.840	10.160	11.062
3-May-22	Eid al-Fitr Holiday								10.821	9.236	10.238	10.650	10.300	11.195
4-May-22	149.30	3360.73	1781.32	1,153.00	14.32	497.71	2,327.09	1,415.15	10.818	9.239	10.366	10.724	10.430	11.271
5-May-22	147.58	3329.25	1766.12	1,121.00	3.11	43.84	2,300.22	4,331.60	11.055	9.316	10.243	10.702	10.34	11.252
April 29- May 5	147.58	3329.25	1766.12	2274.00	17.43	541.55	2300.22	5746.75	11.055	9.316	10.243	10.702	10.340	11.252
6-May-22	144.73	3279.85	1755.57	1,338.00	23.31	858.56	2,255.74	2,139.25	11.316	9.731	10.531	11	10.717	11.487
9-May-22	144.98	3279.67	1754.02	1,145.00	26.88	909.81	2,259.64	4,449.50	11.596	10.926	10.825	11.255	11.034	11.729
10-May-22	144.60	3254.10	1748.62	1,182.00	18.22	620.60	2,253.70	3,733.91	11.914	10.86	11.024	11.333	11.131	11.896
11-May-22	145.18	3269.92	1754.47	1,043.00	12.58	394.70	2,262.85	3,507.55	11.916	11.15	11.059	11.49	11.082	12.025
12-May-22	143.60	3241.75	1733.89	1,244.00	10.31	235.79	2,238.05	2,323.50	12.15	11.528	11.196	11.518	11.084	12.025
May 6-12	143.60	3241.75	1733.89	5952.00	91.31	3019.46	2238.05	16153.71	12.150	11.528	11.196	11.518	11.084	12.025
Weekly Changes (%)	-2.70	-2.63	-1.82	161.74	423.85	457.56	-2.70	181.09	1.095*	2.212*	0.953*	0.816*	0.744*	0.773*

* 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	30-Sep-21	31-Dec-21	28-Feb-22	25-Mar-22	28-Apr-22	06-May-22
1. Treasury Bills (Excluding Repos)	765.37	763.45	709.15	679.48	662.60	640.60	645.64
<i>(As % of total securities)</i>	21.17	19.78	17.95	16.65	16.15	15.47	15.57
2. Treasury Bonds	2,849.94	3,096.84	3,242.24	3,400.35	3,440.61	3,501.35	3,501.35
<i>(As % of total securities)</i>	78.83	80.22	82.05	83.35	83.85	84.53	84.43
3. Total Securities (1+2)	3,615.31	3,860.29	3,951.39	4,079.83	4,103.21	4,141.95	4,146.98
4. Overdraft at Central Bank	59.28	55.11	59.31	74.70	61.36	58.63	55.05
5. Other Domestic debt*	22.50	22.37	21.66	25.77	26.89	26.32	26.31
6. Gross Domestic Debt (3+4+5)	3,697.09	3,937.78	4,032.37	4,180.29	4,191.46	4,226.89	4,228.34

* 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	30-Sep-21	31-Dec-21	28-Feb-22	25-Mar-22	28-Apr-22	6-May-22
Treasury bills (Excluding Repos)	20.70	19.39	17.59	16.25	15.81	15.16	15.27
Treasury bonds	77.09	78.64	80.41	81.34	82.09	82.83	82.81
Overdraft at Central Bank	1.60	1.40	1.47	1.79	1.46	1.39	1.30
Other domestic debt	0.61	0.57	0.54	0.62	0.64	0.62	0.62
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	30-Sep-21	31-Dec-21	28-Feb-22	25-Mar-22	28-Apr-22	6-May-22
Banking Institutions	51.24	50.82	50.20	49.51	49.29	49.03	49.00
Insurance Companies	6.66	6.60	6.79	6.82	6.87	6.96	6.96
Parastatals	5.54	5.39	5.57	5.62	5.72	5.77	5.78
Pension Funds	30.60	31.24	31.34	31.64	31.75	31.92	31.93
Other Investors	5.96	5.95	6.10	6.41	6.37	6.32	6.32
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	Jun-21	Sep-21	Dec-21
Domestic debt (KSh Bn)	3,176.97	3,457.11	3,488.54	3,569.84	3,697.09	3,937.80	4,032.37
Public & Publicly Guaranteed External debt (USD Bn)	33.01	33.77	34.75	34.42	37.08	36.73	36.90
Public & Publicly Guaranteed External debt (KSh Bn)	3,515.81	3,663.49	3,793.29	3,769.87	3,999.54	4,058.50	4,174.37
Public debt (KSh Bn)	6,692.78	7,120.60	7,281.83	7,339.71	7,696.63	7,996.30	8,206.74

Source: National Treasury and Central Bank of Kenya