Central Bank of Kenya

Weekly Bulletin

February 23, 2024



RECENT MONETARY AND FINANCIAL DEVELOPMENTS

Exchange Rates

The Kenya Shilling strengthened against major international and regional currencies during the week ending February 22. It exchanged at KSh 144.15 per US dollar on February 22, compared to KSh 153.20 per US dollar on February 15 **(Table 1).**

Foreign Exchange Reserves

The usable foreign exchange reserves remained adequate at USD 7,221 million (3.9 months of import cover) as of February 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 remained adequate during the week ending February 22, supported by open market operations. Commercial banks' excess reserves stood at KSh 37.4 billion in relation to the 4.25 percent cash reserves requirement (CRR). The average interbank rate was 14.09 percent on February 22 compared to 13.54 percent on February 15. During the week, the average number of interbank deals decreased to 33 from 46 in the previous week, while the average value traded decreased to KSh 25.6 billion from KSh 38.2 billion in the previous week **(Table 3).**

Government Securities Market

The Treasury bills auction of February 22 received bids totaling KSh 37.0 billion against an advertised amount of KSh 24.0 billion, representing a performance of 154.1 percent. Interest rates remained stable, with the 91-day, 182-day and 364-day rates increasing marginally **(Table 4).**

Equity Market

At the Nairobi Securities Exchange, the NASI, NSE 25 and NSE 20 share price indices increased by 1.9 percent, 2.4 percent and 0.9 percent during the week ending February 22. Market capitalization also increased by 1.9 percent while equity turnover and total shares traded declined by 8.5 percent and 7.6 percent, respectively **(Table 6).**

Bond Market

Bond turnover in the domestic secondary market increased by 379.8 percent during the week ending February 22 **(Table 6).** In the international market, yields on Kenya's Eurobonds decreased by an average of 144.3 basis points. The yields on the 10- Year Eurobonds for Angola and Zambia also declined **(Chart 2)**.

Global Trends

Euro Area high frequency composite PMI index for February rose to an eight month high, supported by rebound in service sector. US jobless claims declined below market expectations by 12,000 to 201,000 for the week ending February 17, reflecting resilient employment conditions in US and tight labor market. The US dollar index weakened by 0.33 percent against a basket of major currencies during the week ending February 22.

International oil prices increased during the week ending February 22, largely driven by disruptions from attacks in the Red Sea. Murban oil price increased to USD 82.76 per barrel on February 22 compared to USD 80.79 per barrel on February 15.

Table 1: Kenya Shilling Exchange Rates

	USD	Sterling Pound	Euro	100 Japanese Yen	Uganda Shilling*	Tanzania Shilling*	Rwandese Franc*	Burundi Franc*
9-Feb-24	160.09	202.00	172.43	107.16	23.99	16.14	7.94	17.83
12-Feb-24	159.56	201.39	172.07	106.83	24.18	15.82	7.97	17.89
13-Feb-24	158.66	200.17	170.85	106.28	24.34	16.10	8.02	17.99
14-Feb-24	156.71	197.48	167.90	104.11	24.70	16.24	8.13	18.22
15-Feb-24	153.20	192.55	164.42	102.07	25.26	16.55	8.30	18.64
Feb 9- 15	**157.64**	**198.72**	**169.53**	**105.29**	**24.49**	**16.17**	**8.07**	**18.11**
16-Feb-24	145.86	183.53	156.95	97.05	26.57	17.45	8.73	19.58
19-Feb-24	142.92	179.43	153.52	94.88	27.10	17.77	8.91	19.98
20-Feb-24	142.81	179.89	153.77	95.20	27.19	17.86	8.91	19.99
21-Feb-24	142.78	180.77	154.55	95.33	27.20	17.75	8.93	20.00
22-Feb-24	144.15	182.06	155.84	96.05	27.00	17.64	8.85	19.81
Feb 16- 22	**143.70**	**181.14**	**154.93**	**95.70**	**27.01**	**17.69**	**8.86**	**19.87**

**Units of currency per Kenya Shilling*

Source: Central Bank of Kenya

Table 2: Official Foreign Exchange Reserves (USD Million)

	25-Jan-24	1-Feb-24	8-Feb-24	15-Feb-24	22-Feb-24
1. CBK Usable Foreign Exchange Reserves (USD Million)	7,017	7,134	7,131	7,031	7,221
2. CBK Usable Foreign Exchange Reserves (Months of Import Cover)*	3.8	3.8	3.8	3.8	3.9

**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 (%)
9-Feb-24	42	31,830.00	13.14
12-Feb-24	54	45,320.00	13.23
13-Feb-24	52	35,125.00	13.35
14-Feb-24	39	32,785.00	13.41
15-Feb-24	45	46,000.00	13.54
Feb 9-15	**46**	**38,212.00**	**13.33**
16-Feb-24	38	43,400.00	13.62
19-Feb-24	34	26,523.00	13.90
20-Feb-24	29	22,900.00	14.12
21-Feb-24	23	14,280.00	14.10
22-Feb-24	40	21,080.00	14.09
Feb 16-22	**33**	**25,636.60**	**13.97**

Source: Central Bank of Kenya

Table 4: Performance of Treasury Bill Auctions

91-Day Treasury Bills						
Date of Auction	**29-Jun-23**	**28-Sep-23**	**28-Dec-23**	**25-Jan-24**	**15-Feb-24**	**22-Feb-24**
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)	5,779.97	11,007.63	8,516.51	16,558.38	26,162.76	9,902.87
Amount Accepted (KSh M)	2,705.12	3,303.25	6,986.46	14,027.44	24,944.94	5,604.11
Maturities (KSh M)	2,814.15	2,741.45	3,254.55	8,291.40	34,204.25	22,974.40
Average Interest Rate (%)	**11.904**	**14.821**	**15.983**	**16.290**	**16.554**	**16.590**
182-Day Treasury Bills						
Date of Auction	**29-Jun-23**	**28-Sep-23**	**28-Dec-23**	**25-Jan-24**	**15-Feb-24**	**22-Feb-24**
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)	2,195.96	809.28	322.85	5,243.25	11,229.01	7,420.64
Amount Accepted (KSh M)	1,300.96	542.27	322.85	5,224.77	9,826.43	6,833.68
Maturities (KSh M)	442.15	3,616.00	1,365.20	1,281.40	4,035.80	2,689.85
Average Interest Rate (%)	**11.947**	**14.950**	**15.967**	**16.376**	**16.716**	**16.752**
364-Day Treasury Bills						
Date of Auction	**29-Jun-23**	**28-Sep-23**	**28-Dec-23**	**25-Jan-24**	**15-Feb-24**	**22-Feb-24**
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)	1,514.41	1,841.12	1,661.91	2,672.03	5,278.44	19,651.16
Amount Accepted (KSh M)	1,514.41	670.62	1,661.91	2,657.86	4,879.93	10,646.21
Maturities (KSh M)	2,417.65	1,229.50	1,858.45	6,216.15	6,943.20	4,040.05
Average Interest Rate (%)	**12.157**	**15.054**	**16.100**	**16.523**	**16.919**	**16.919**

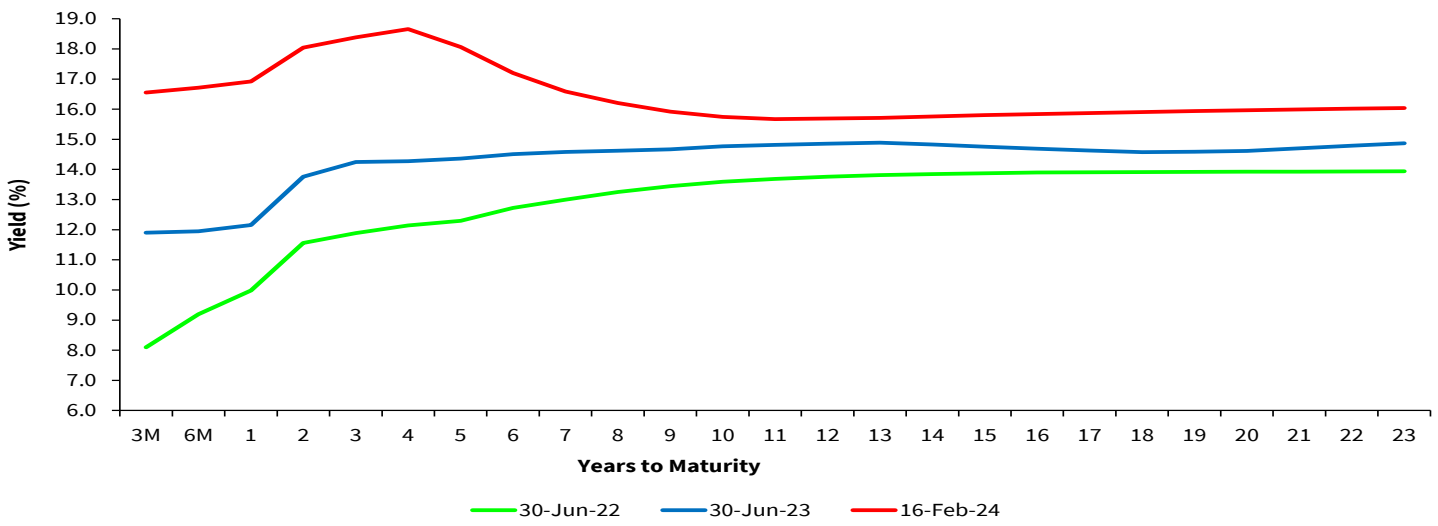
Source: Central Bank of Kenya

Table 5: Performance of Treasury Bond Auctions

Date of Auction	**12-Oct-23**		**8-Nov-23**	**5-Dec-23**	**10-Jan-24**		**18-Jan-24**		**14-Feb-24**
	RE-OPEN			**TAP**			**TAP**		
Tenor	**FXD1/ 2023/002**	**FXD1/ 2023/005**	**IFB1/ 2023/6.5**	**IFB1/ 2023/6.5**	**FXD1/ 2024/003**	**FXD1/ 2023/005**	**FXD1/ 2024/003**	**FXD1/ 2023/005**	**IFB1/ 2024/8.5**
Amount offered (KSh M)	35,000.00		50,000.00	25,000.00	35,000.00		15,000.00		70,000.00
Bids received (KSh M)	6,506.42	5,791.92	88,899.96	47,238.75	29,089.43	8,062.57	9,308.35	2,552.31	288,661.86
Amount Accepted (KSh M)	4,825.11	1,481.78	67,056.07	47,866.93	22,069.44	2,946.74	9,339.89	2,415.58	240,957.57
Maturities (KSh M)	0.00	0.00	0.00	0.00	35,852.15		0.00		70,490.80
Average interest Rate (%)	17.74	17.99	17.93	17.93	18.39	18.77	18.39	16.84	18.46

Source: Central Bank of Kenya

Chart 1: Government Securities Yield Curve



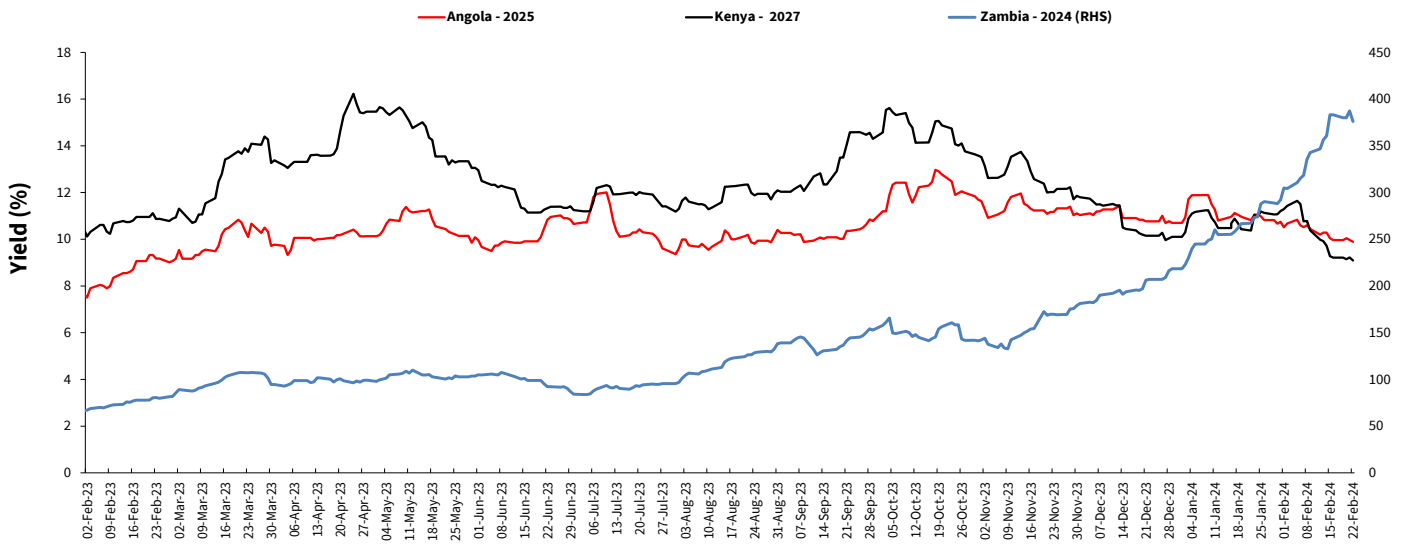
Source: Nairobi Securities Exchange (NSE)

Table 6: Performance of 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 Mil-lion)	Eurobond Yields (%)					
									7-Year 2027	10-Year 2028	6-Year 2031	12-Year 2032	13-Year 2034	30-Year 2048
9-Feb-24	91.18	2415.45	1516.50	799.00	10.65	144.60	1,424.62	6,993.70	10.377	10.255	-	10.476	10.070	10.537
12-Feb-24	91.31	2409.91	1511.62	892.00	2.15	18.77	1,426.65	8,541.10	9.981	10.052	-	10.368	9.997	10.486
13-Feb-24	127.91	3177.93	1680.96	962.00	28.95	468.68	1,429.49	3,392.40	9.918	10.014	-	10.450	10.096	10.590
14-Feb-24	90.82	2404.51	1511.79	865.00	6.28	70.63	1,418.94	2,512.75	9.723	9.772	10.206	10.342	10.023	10.538
15-Feb-24	90.95	2402.80	1517.92	1,045.00	25.79	268.64	1,420.92	6,425.80	9.274	9.458	9.978	10.050	9.807	10.418
Feb 9-15	**90.95**	**2,402.80**	**1,517.92**	**4,563.00**	**73.82**	**971.32**	**1420.922**	**27,865.75**	**9.274**	**9.458**	**9.978**	**10.050**	**9.807**	**10.418**
16-Feb-24	91.08	2402.28	1521.44	1,091.00	18.37	183.28	1422.944	3,157.30	9.212	9.419	9.891	10.024	9.808	10.401
19-Feb-24	91.87	2421.28	1527.84	957.00	5.35	62.39	1435.294	8,707.80	9.212	9.419	9.912	10.024	9.808	10.401
20-Feb-24	92.25	2434.28	1533.05	865.00	7.09	69.48	1441.281	36,318.45	9.149	9.461	9.903	9.998	9.833	10.418
21-Feb-24	92.19	2438.66	1535.94	1,006.00	12.42	202.21	1440.296	41,443.65	9.217	9.462	9.896	9.998	9.833	10.435
22-Feb-24	92.67	2460.28	1531.68	1,082.00	25.00	371.65	1447.904	44,073.60	9.093	9.387	9.785	9.921	9.763	10.334
Feb 16-22	**92.67**	**2,460.28**	**1,531.68**	**5,001.00**	**68.23**	**889.00**	**1447.904**	**133,700.80**	**9.093**	**9.387**	**9.785**	**9.921**	**9.763**	**10.334**
Weekly Changes (%)	**1.89**	**2.39**	**0.91**	**9.60**	**-7.58**	**-8.47**	**1.90**	**379.80**	**-0.181***	**-0.071***	**-0.193***	**-0.129***	**0.044***	**-0.084***

** 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-23	29-Sep-23	30-Nov-23	29-Dec-23	31-Jan-24	2-Feb-24	9-Feb-24	16-Feb-24
1. Treasury Bills (Excluding Repos)	614.73	558.21	555.62	546.90	565.63	565.63	553.50	556.63
(As % of total securities)	***13.28***	***11.86***	***11.62***	***11.35***	***11.7***	***11.7***	***11.5***	***11.5***
2. Treasury Bonds	4,013.89	4,149.81	4,224.91	4,271.82	4,272.25	4,272.25	4,272.25	4,272.25
(As % of total securities)	***86.72***	***88.14***	***88.38***	***88.65***	***88.31***	***88.31***	***88.53***	***88.47***
3. Total Securities (1+2)	4,628.62	4,708.02	4,780.53	4,818.72	4,837.89	4,837.89	4,825.75	4,828.88
4. Overdraft at Central Bank	76.46	75.70	83.94	94.13	83.45	83.45	93.68	93.69
5. Other Domestic debt*	127.04	133.75	126.28	137.26	136.71	136.70	136.71	136.71
of which IMF funds on-lent to Government	**95.52**	**99.52**	**101.87**	**104.24**	**104.24**	**104.24**	**104.24**	**104.24**
6. Gross Domestic Debt (3+4+5)	**4,832.11**	**4,917.47**	**4,990.75**	**5,050.11**	**5,058.04**	**5,058.04**	**5,056.13**	**5,059.29**

** 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-23	29-Sep-23	24-Nov-23	29-Dec-23	31-Jan-24	2-Feb-24	9-Feb-24	16-Feb-24
Treasury bills (Excluding Repos)	12.72	11.35	11.12	10.83	11.18	11.18	10.95	11.00
Treasury bonds	83.07	84.39	84.74	84.59	84.46	84.46	84.50	84.44
Overdraft at Central Bank	1.58	1.54	1.68	1.86	1.65	1.65	1.85	1.85
Other domestic debt	2.63	2.72	2.46	2.72	2.70	2.70	2.70	2.70
of which IMF fund on lent to government	1.98	2.02	1.97	2.06	2.06	2.06	2.06	2.06
TOTAL	**100.00**	**100.00**	**100.00**	**100.00**	**100.00**	**100.00**	**100.00**	**100.00**

Source: Central Bank of Kenya

Table 9: Government Domestic Debt by Holder (Percent)

	30-Jun-23	29-Sep-23	24-Nov-23	3-Jan-24	31-Jan-24	7-Feb-24	9-Feb-24	16-Feb-24
Banking Institutions	46.17	45.18	46.00	45.95	45.84	45.81	45.80	45.64
Insurance Companies	7.31	7.35	7.21	7.25	7.34	7.34	7.35	7.34
Parastatals	5.98	5.95	5.52	5.48	5.56	5.57	5.57	5.69
Pension Funds	33.42	32.23	30.16	29.99	29.89	29.90	29.90	29.81
Other Investors	7.13	9.30	11.10	11.33	11.37	11.38	11.38	11.52
Total	**100.00**	**100.00**	**100.00**	**100.00**	**100.00**	**100.00**	**100.00**	**100.00**

Source: Central Bank of Kenya

Table 10: Government Debt

	Jun-22	Dec-22	Jun-23	Aug-23	Sep-23	Oct-23	Nov-23	Dec-23	Jan-24*
Domestic debt (KSh Bn)	4,288.33	4,472.84	4,832.11	4,912.34	4,917.47	4,913.03	4,990.75	5,050.11	5,058.04
Public & Publicly Guaranteed External debt (USD Bn)	36.58	37.88	38.76	38.61	38.27	38.17	38.50	38.92	38.51
Public & Publicly Guaranteed External debt (KSh Bn)	4,290.73	4,673.14	5,446.56	5,614.09	5,667.80	5,746.32	5,896.50	6,089.58	6,189.97
Public debt (KSh Bn)	**8,579.06**	**9,145.98**	**10,278.67**	**10,526.43**	**10,585.27**	**10,659.35**	**10,887.25**	**11,139.69**	**11,248.01**

** Provisional*
Source: The National Treasury and Central Bank of Kenya