



Central Bank of Kenya

Weekly Bulletin

March 10, 2023



RECENT MONETARY AND FINANCIAL DEVELOPMENTS

Exchange Rates

The Kenya Shilling remained stable against major international and regional currencies during the week ending March 9. It exchanged at KSh 128.59 per US dollar on March 9, compared to KSh 127.29 per US dollar on March 2 (**Table 1**).

Foreign Exchange Reserves

The usable foreign exchange reserves remained adequate at USD 6,566 million (3.67 months of import cover) as at March 9. This meets the CBK's statutory requirement to endeavour to maintain at least 4 months of import cover (**Table 2**).

Money Market

Liquidity in the money market increased during the week ending March 9, as government payments more than offset tax remittances. Commercial banks' excess reserves stood at KSh 14.9 billion in relation to the 4.25 percent cash reserves requirement (CRR). Open market operations remained active. The average interbank rate was 6.54 percent on March 9 compared to 6.76 percent on March 2. During the week, the average number of interbank deals decreased to 28 from 29 in the previous week, while the average value traded decreased to KSh 17.3 billion from KSh 23.5 billion (**Table 3**).

Government Securities Market

The Treasury bill auction of March 9, received bids totaling KSh 35.6 billion against an advertised amount of KSh 24.0 billion, representing a performance of 148.5 percent. Interest rates remained stable, with 91-day, 182-day and 364-day rates increasing marginally (**Table 4**).

During the Treasury bond auction of March 8, the 17-year Infrastructure bond received bids totaling KSh 59.8 billion

against an advertised amount of KSh 50 billion, representing a performance rate of 119.5 percent (**Table 5**).

Equity Market

At the Nairobi Securities Exchange, the NASI, NSE 25 and NSE 20 share price indices declined by 6.0 percent, 4.0 percent and 1.0 percent, respectively, during the week ending March 9. Similarly, market capitalization declined by 6.0 percent, while equity turnover and total shares traded increased by 56.3 percent and 101.5 percent, respectively (**Table 6**).

Bonds Market

Bond turnover in the domestic secondary market declined by 14.8 percent during the week ending March 9 (**Table 6**). In the international market, yields on Kenya's Eurobonds increased by an average of 0.67 basis points, with 2024 maturity declining by 59.8 basis points. The yields on the 10-Year Eurobonds for Ghana and Angola declined (**Chart 2**).

Global Trends

Concerns about inflation in major economies continue to moderate. Global equity markets gained during the week, amid lingering uncertainty about the pace of monetary policy tightening by major central banks. The US dollar index strengthened by 0.75 percent against a basket of major currencies during the week ending March 9.

International oil prices decreased during the week ending March 9, on account of build-up of oil inventories. Murban oil price decreased to USD 82.71 per barrel on March 9 from USD 83.66 per barrel on March 2.

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

	USD	Sterling Pound	Euro	100 Japanese Yen	Uganda Shilling*	Tanzania Shilling*	Rwandese Franc*	Burundi Franc*
24-Feb-23	126.43	152.12	133.97	93.69	29.47	18.50	8.61	16.43
27-Feb-23	126.61	151.74	133.89	93.15	29.38	18.48	8.60	16.41
28-Feb-23	126.85	151.87	133.93	93.08	29.33	18.43	8.59	16.33
1-Mar-23	127.08	153.70	134.83	92.91	29.31	18.41	8.57	16.35
2-Mar-23	127.29	153.54	135.88	93.21	29.22	18.37	8.55	16.33
Feb 24- Mar 2	126.85	152.59	134.50	93.21	29.34	18.44	8.59	16.37
3-Mar-23	127.54	152.57	135.39	93.25	29.09	18.35	8.54	16.29
6-Mar-23	127.76	153.24	135.67	94.17	29.04	18.32	8.52	16.27
7-Mar-23	128.11	153.88	136.46	94.35	28.92	18.27	8.52	16.22
8-Mar-23	128.36	154.14	136.94	94.41	28.84	18.23	8.49	16.19
9-Mar-23	128.59	152.26	135.60	93.74	28.82	18.20	8.48	16.17
March 3 - 9	128.07	153.22	136.01	93.99	28.94	18.27	8.51	16.23

*Units of currency per Kenya Shilling

Source: Central Bank of Kenya

Table 2: Official Foreign Exchange Reserves (USD Million)

	9-Feb-23	16-Feb-23	23-Feb-23	2-Mar-23	9-Mar-23
1. CBK Usable Foreign Exchange Reserves (USD Million)	6,969	6,875	6,860	6,605	6,566
2. CBK Usable Foreign Exchange Reserves (Months of Import Cover)*	3.88	3.84	3.84	3.69	3.67

*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 (%)
24-Feb-23	32	24,060.00	6.56
27-Feb-23	29	30,530.00	6.58
28-Feb-23	26	20,580.00	6.64
1-Mar-23	30	22,000.00	6.69
2-Mar-23	29	20,430.00	6.76
Feb 24-Mar 2	29	23,520.00	6.65
3-Mar-23	23	11,610.00	6.88
6-Mar-23	24	16,070.00	6.84
7-Mar-23	30	17,760.00	6.76
8-Mar-23	24	15,100.00	6.74
9-Mar-23	38	26,170.00	6.54
Mar 3 - 9	28	17,342.00	6.75

Source: Central Bank of Kenya

Table 4: Performance of Treasury Bill Auctions

91-Day Treasury Bills						
Date of Auction	26-Jan-23	9-Feb-23	16-Feb-23	23-Feb-23	2-Mar-23	9-Mar-23
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)	18,357.67	31,198.60	22,088.75	11,362.17	22,229.15	20,041.27
Amount Accepted (KSh M)	16,154.81	27,030.72	20,899.80	10,788.16	13,314.59	16,627.93
Maturities (KSh M)	12,234.40	19,047.80	12,443.70	11,427.55	13,474.40	13,978.00
Average Interest Rate (%)	9.538	9.601	9.623	9.655	9.698	9.742
182-Day Treasury Bills						
Date of Auction	26-Jan-23	9-Feb-23	16-Feb-23	23-Feb-23	2-Mar-23	9-Mar-23
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)	10,264.50	9,326.18	17,527.30	4,404.63	6,016.16	7,910.92
Amount Accepted (KSh M)	10,263.50	9,231.00	17,522.55	4,402.73	6,016.07	7,882.37
Maturities (KSh M)	1,934.70	4,100.90	7,102.55	2,275.05	9,706.35	4,511.95
Average Interest Rate (%)	9.954	10.042	10.079	10.117	10.165	10.216
364-Day Treasury Bills						
Date of Auction	26-Jan-23	9-Feb-23	16-Feb-23	23-Feb-23	2-Mar-23	9-Mar-23
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)	5,676.29	4,376.22	6,298.21	3,668.17	4,454.53	7,681.09
Amount Accepted (KSh M)	5,676.29	4,376.13	6,297.05	3,656.13	4,454.44	7,679.20
Maturities (KSh M)	19,296.80	11,760.75	16,077.90	7,306.55	4,803.00	9,879.30
Average Interest Rate (%)	10.504	10.603	10.638	10.676	10.690	10.747

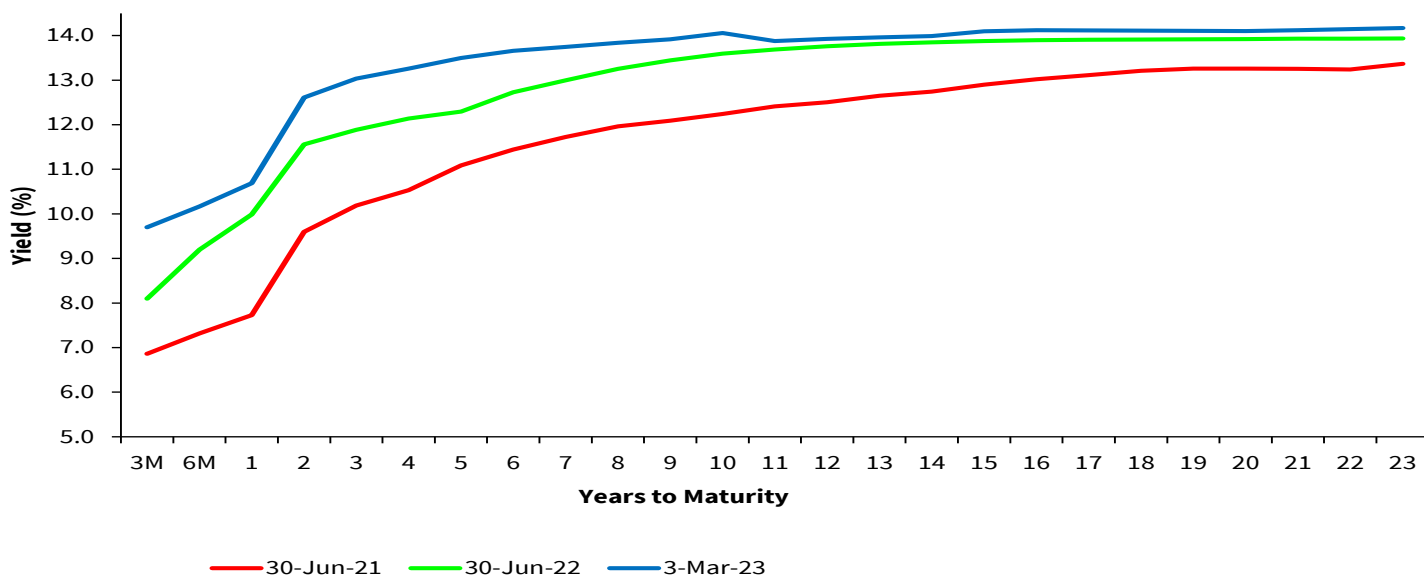
Source: Central Bank of Kenya

Table 5: Performance of Treasury Bond Auctions

Date of Auction	11-Jan-23		20-Jan-23		8-Feb-23		17-Feb-23		8-Mar-23
	RE-OPEN		TAP		RE-OPEN		TAP		IFB
Tenor	FXD1/ 2020/005	FXD1/ 2022/015	FXD1/ 2020/005	FXD1/ 2022/015	FXD1/ 2017/10	FXD1/ 2023/10	FXD1/ 2017/10	FXD1/ 2023/10	IFB1/ 2023/017
Amount offered (KSh M)	50,000.00		10,000.00		50,000.00		10,000.00		50,000.00
Bids received (KSh M)	27,620.35	14,011.92	13,902.65	4,119.30	8,030.13	11,514.95	8,855.70	3,607.55	59,772.04
Amount Accepted (KSh M)	24,352.62	7,160.39	13,571.35	4,056.03	7,469.52	9,279.28	8,593.57	3,607.23	50,877.20
Maturities (KSh M)	0.00		0.00		0.00				34,788.90
Average interest Rate (%)	12.88	14.19	12.88	14.19	13.88	14.15	13.88	14.15	14.40

Source: Central Bank of Kenya

Chart 2: Government Securities Yield Curve



Source: Nairobi Securities Exchange (NSE)

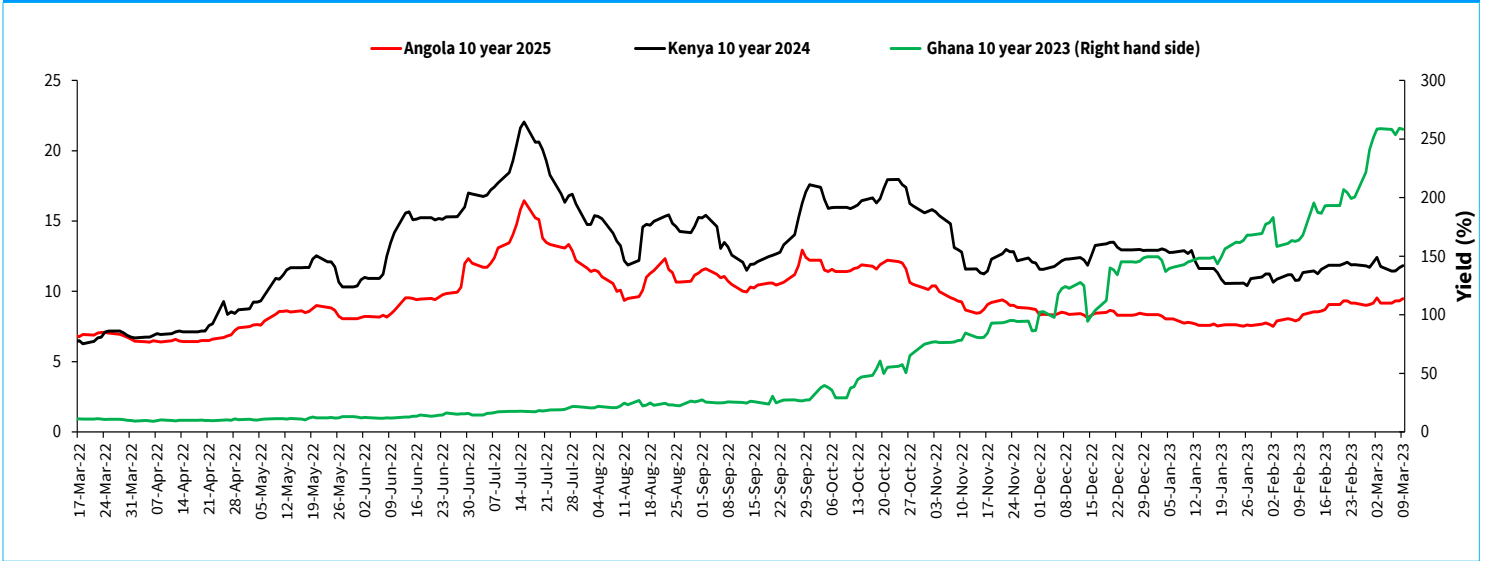
Table 6: Performance of Key Market Indicators

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 Million)	Eurobond Yields (%)					
									7-Year 2027	10-Year 2024	10-Year 2028	12-Year 2032	13-Year 2034	30- Year 2048
24-Feb-23	126.27	3150.31	1655.14	831.00	7,708.80	194.88	1,970.51	2,412.45	10.871	11.893	10.672	10.824	10.172	10.94
27-Feb-23	125.36	3130	1648.54	958.00	11,720.80	267.79	1,963.04	3,310.60	10.779	11.814	10.605	10.646	10.103	10.885
28-Feb-23	125.98	3136.26	1646.56	1,132.00	8,244.70	208.64	1,962.73	1,144.30	10.883	11.714	10.678	10.724	10.127	10.94
1-Mar-23	125.88	3129.83	1638.17	940.00	5,387.00	115.24	1,961.21	2,271.15	10.937	12.056	10.715	10.776	10.199	10.977
2-Mar-23	126.21	3132.97	1632.77	934.00	7,617.00	235.76	1,966.34	1,508.85	11.307	12.423	11.01	10.961	10.369	11.107
Feb 24- Mar 2	126.21	3132.97	1632.77	4,795.00	40,678.30	1,022.31	1,966.34	10,647.35	11.307	12.423	11.010	10.961	10.369	11.107
3-Mar-23	126.17	3133.32	1634.09	781.00	12,234.70	175.54	1,965.78	1,224.25	11.155	11.763	10.939	10.779	10.226	10.94
6-Mar-23	125.79	3148.26	1644.92	967.00	6,502.80	143.80	1,959.78	1,234.15	10.698	11.44	10.615	10.573	10.037	10.671
7-Mar-23	123.68	3093.54	1629.45	1,078.00	7,010.30	139.45	1,926.93	2,586.46	10.752	11.45	10.724	10.702	10.108	10.759
8-Mar-23	119.19	3022.55	1605.63	1,359.00	37,677.90	728.15	1,856.67	2,850.15	11.062	11.682	11.017	10.911	10.276	10.977
9-Mar-23	118.7	3008.16	1615.95	1,158.00	18,540.40	410.59	1,850.18	1,181.10	11.062	11.825	11.206	11.313	10.513	11.298
Mar 3-9	118.70	3008.16	1615.95	5,343.00	81,966.10	1,597.54	1,850.18	9,076.10	11.062	11.825	11.206	11.313	10.513	11.298
Weekly Changes (%)	-5.95	-3.98	-1.03	11.43	101.50	56.27	-5.91	-14.76	-0.245*	-0.598*	0.196*	0.352*	0.144*	0.191*

* 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)

	31-Mar-22	24-Jun-22	30-Sep-22	30-Dec-22	27-Jan-23	24-Feb-23	03-Mar-23
1. Treasury Bills (Excluding Repos)	656.45	620.28	672.28	671.51	658.93	676.72	675.41
<i>(As % of total securities)</i>	<i>16.02</i>	<i>14.88</i>	<i>15.61</i>	<i>15.32</i>	<i>14.97</i>	<i>15.21</i>	<i>15.18</i>
2. Treasury Bonds	3,440.61	3,549.53	3,634.86	3,710.62	3,744.05	3,773.45	3,773.45
<i>(As % of total securities)</i>	<i>83.98</i>	<i>85.12</i>	<i>84.39</i>	<i>84.68</i>	<i>85.03</i>	<i>84.79</i>	<i>84.82</i>
3. Total Securities (1+2)	4,097.06	4,169.81	4,307.14	4,382.13	4,402.98	4,450.16	4,448.85
4. Overdraft at Central Bank	68.40	65.86	27.25	58.50	64.51	66.55	68.73
5. Other Domestic debt*	26.32	30.55	30.90	32.76	32.21	32.76	32.75
6. Gross Domestic Debt (3+4+5)	4,191.77	4,266.23	4,365.29	4,473.39	4,499.70	4,549.47	4,550.33

* 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)

	25-Mar-22	24-Jun-22	30-Sep-22	30-Dec-22	27-Jan-23	24-Feb-23	3-Mar-23
Treasury bills (Excluding Repos)	15.81	14.54	15.40	15.01	14.64	14.87	14.84
Treasury bonds	82.09	83.20	83.27	82.95	83.21	82.94	82.93
Overdraft at Central Bank	1.46	1.54	0.62	1.31	1.43	1.46	1.51
Other domestic debt	0.64	0.72	0.71	0.73	0.72	0.72	0.72
TOTAL	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)

	25-Mar-22	24-Jun-22	30-Sep-22	30-Dec-22	27-Jan-23	24-Feb-23	3-Mar-23
Banking Institutions	49.29	48.74	47.60	46.84	46.83	46.69	46.77
Insurance Companies	6.87	7.14	7.32	7.37	7.38	7.36	7.35
Parastatals	5.72	5.84	6.09	6.06	6.01	6.05	6.06
Pension Funds	31.75	32.39	32.75	33.31	33.27	33.16	33.11
Other Investors	6.37	5.89	6.24	6.43	6.50	6.73	6.70
Total	100.00	100.00	100.00	100.00	100.00	100.00	100.00

Source: Central Bank of Kenya

Table 10: Government Debt

	Dec-21	Mar-22	Jun-22	Sep-22	Nov-22	Dec-22
Domestic debt (KSh Bn)	4,032.37	4,191.77	4,288.33	4,366.30	4,435.57	4,472.84
Public & Publicly Guaranteed External debt (USD Bn)	36.90	36.82	36.58	36.00	36.45	37.88
Public & Publicly Guaranteed External debt (KSh Bn)	4,174.37	4,209.56	4,290.73	4,334.80	4,462.89	4,673.14
Public debt (KSh Bn)	8,206.74	8,401.33	8,579.06	8,701.10	8,898.46	9,145.98

* Provisional

Source: The National Treasury and Central Bank of Kenya