



Central Bank of Kenya

# Weekly Bulletin

May 5, 2023



## RECENT MONETARY AND FINANCIAL DEVELOPMENTS

### GDP Growth

The economy remained resilient in 2022 and expanded by 4.8 percent compared to 7.6 percent in 2021, despite the multiple shocks and a weak agricultural sector. Growth was supported by the strong performance of the services sector, which grew by 7.0 percent compared to 9.8 percent in 2021. The robust performance was reflected across all service sectors, particularly transport and storage, financial and insurance, information and communication, and accommodation and food services. Growth of the industrial sector slowed to 3.9 percent from 7.5 percent in 2021, mainly on account of a deceleration in manufacturing sector growth to 2.7 percent from 7.3 percent in 2021. The agriculture sector contracted further by 1.6 percent from contraction of 0.4 percent in 2021, due to adverse weather conditions experienced in the country **(Table 1)**.

### Exchange Rates

The Kenya Shilling remained relatively stable against major international and regional currencies during the week ending May 4. It exchanged at KSh 136.26 per US dollar on May 4, compared to KSh 135.83 per US dollar on April 27 **(Table 2)**.

### Foreign Exchange Reserves

The usable foreign exchange reserves remained adequate at USD 6,492 million (3.61 months of import cover) as at May 4. This meets the CBK's statutory requirement to endeavor to maintain at least 4 months of import cover **(Table 3)**.

### Money Market

Liquidity in the money market increased during the week ending May 4 supported by government payments. Commercial banks' excess reserves stood at KSh 17.3 billion in relation to the 4.25 percent cash reserves requirement (CRR). Open market operations remained active. The average interbank rate was 9.73 percent on May 4 compared to 9.28 percent on April 27. During the week, the average number of interbank deals decreased to 26 from 32 in the previous week, while the average value traded decreased to KSh 15.6 billion from KSh 18.1

billion in the previous week. **(Table 4)**.

### Government Securities Market

The Treasury bills auction of May 4, received bids totaling KSh 26.6 billion against an advertised amount of KSh 24.0 billion, representing a performance of 110.7 percent. Interest rates remained stable, with 91-day, 182-day and 364-day rates increasing marginally **(Table 5)**.

### Equity Market

At the Nairobi Securities Exchange, the NASI, NSE 25 and NSE 20 share price indices decreased by 3.8 percent, 4.9 percent and 4.0 percent, respectively, during the week ending May 4. Similarly, market capitalization declined by 3.8 percent, while equity turnover and total shares traded increased by 21.5 percent and 60.2 percent, respectively **(Table 7)**.

### Bond Market

Bond turnover in the domestic secondary market increased by 45.5 percent during the week ending May 4 **(Table 7)**. In the international market, yields on Kenya's Eurobonds declined by an average of 15.4 basis points, with 2024 maturity declining by 23.3 basis points. The yield on the 10- Year Eurobond for Angola declined while that for Ghana increased **(Chart 3)**.

### Global Trends

Concerns about banking sector stability in advanced economies remained elevated. Nevertheless, the US Fed and the European Central Bank both raised their policy rates by 25 basis points, signaling a moderate pace of monetary policy tightening. The US dollar index weakened by 0.26 percent against a basket of major currencies during the week ending May 4.

International oil prices decreased during the week, on account of build-up of oil inventories and concerns over weaker global economic activity. Murban oil price declined to USD 73.26 per barrel on May 4 from USD 77.99 per barrel on April 27.

**Table 1: Real GDP Growth (percent)**

	2021				2022				Annual	
	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	2021	2022
<b>1. Agriculture</b>	-0.6	-1.8	-0.6	2.1	-1.7	-2.4	-1.3	-0.9	-0.4	-1.6
<b>2. Non-Agriculture (o/w)</b>	3.1	14.0	11.4	10.0	8.2	7.1	5.3	4.7	9.5	6.3
<b>2.1 Industry</b>	4.1	9.2	9.0	7.7	5.6	5.0	2.6	2.4	7.5	3.9
Mining & Quarrying	10.4	10.6	16.0	35.5	23.8	16.6	-4.5	1.6	18.0	9.3
Manufacturing	2.0	11.1	10.5	6.2	3.8	3.6	1.8	1.8	7.3	2.7
Electricity & water supply	3.9	7.7	7.1	3.8	3.2	5.6	6.0	4.9	5.6	4.9
Construction	6.2	6.9	6.7	7.0	6.0	4.5	3.5	2.4	6.7	4.1
<b>2.2 Services</b>	2.9	14.9	12.0	10.1	8.9	8.0	5.9	5.3	9.8	7.0
Wholesale & Retail Trade	8.8	10.3	6.6	6.7	4.9	4.1	3.6	2.7	8.0	3.8
Accommodation & restaurant	-28.3	69.7	145.1	120.8	40.1	44.0	16.9	14.9	52.6	26.2
Transport & Storage	-7.9	18.5	14.6	7.0	7.5	7.0	4.8	3.2	7.4	5.6
Information & Communication	5.1	11.8	1.4	6.9	9.0	11.2	11.8	8.0	6.1	9.9
Financial & Insurance	10.1	13.2	10.6	11.8	17.0	16.1	9.6	9.4	11.5	12.8
Public administration	7.2	8.2	5.3	3.6	6.2	3.8	3.4	4.7	6.0	4.5
Professional, Administration & Support Services	-12.3	20.0	15.3	9.6	13.4	10.9	8.9	5.2	7.1	9.4
Real estate	6.0	6.8	7.1	6.8	6.0	5.0	4.0	2.9	6.7	4.5
Education	12.0	34.4	30.9	18.4	4.7	4.4	3.8	6.0	22.8	4.8
Health	7.9	9.5	7.1	10.8	5.7	4.4	3.7	4.3	8.9	4.5
Other services	-8.5	28.6	17.5	16.9	8.9	4.3	5.7	4.0	12.5	5.7
FISIM	5.9	3.6	5.0	6.5	0.7	1.3	2.3	1.6	5.3	1.5
<b>2.3 Taxes on products</b>	2.4	19.2	12.5	14.6	9.5	6.1	7.1	5.4	11.9	7.0
<b>Real GDP Growth</b>	2.4	10.3	9.4	8.6	6.3	5.2	4.3	3.8	7.6	4.8

Source: Kenya National Bureau Of Statistics

**Table 2: Kenya Shilling Exchange Rates (Indicative Mean Rates)**

	USD	Sterling Pound	Euro	100 Japanese Yen	Uganda Shilling*	Tanzania Shilling*	Rwandese Franc*	Burundi Franc*
21-Apr-23	<b>Public Holiday</b>							
24-Apr-23	135.31	168.45	148.48	100.89	27.60	17.34	8.21	15.39
25-Apr-23	135.48	168.58	149.21	100.90	27.61	17.31	8.20	15.37
26-Apr-23	135.66	168.34	149.19	101.26	27.59	17.32	8.21	15.35
27-Apr-23	135.83	169.56	150.29	101.60	27.66	17.29	8.18	15.33
<b>April 21-27</b>	<b>135.57</b>	<b>168.73</b>	<b>149.29</b>	<b>101.16</b>	<b>27.61</b>	<b>17.31</b>	<b>8.20</b>	<b>15.36</b>
28-Apr-23	135.91	169.37	149.72	101.41	27.48	17.29	8.20	15.32
1-May-23	<b>PUBLIC HOLIDAY (LABOUR DAY)</b>							
2-May-23	136.02	170.05	149.64	98.79	27.46	17.28	8.18	15.31
3-May-23	136.15	169.71	149.34	100.15	27.47	17.30	8.18	15.30
4-May-23	136.26	170.55	150.46	101.28	27.34	17.25	8.18	15.29
<b>April 28-May 4</b>	<b>136.09</b>	<b>169.92</b>	<b>149.79</b>	<b>100.41</b>	<b>27.44</b>	<b>17.28</b>	<b>8.19</b>	<b>15.31</b>

\*Units of currency per Kenya Shilling

Source: Central Bank of Kenya

**Table 3: Official Foreign Exchange Reserves (USD Million)**

	6-Apr-23	13-Apr-23	20-Apr-23	27-Apr-23	4-May-23
1. CBK Usable Foreign Exchange Reserves (USD Million)	6,446	6,376	6,539	6,508	6,492
2. CBK Usable Foreign Exchange Reserves (Months of Import Cover)*	3.60	3.56	3.64	3.62	3.61

\*Based on 36 months average of imports of goods and non –factor services

Source: Central Bank of Kenya

**Table 4: Money Markets**

Date	Number of Deals	Value (KSh M)	Average Interbank Rate (%)
21-Apr-23	PUBLIC HOLIDAY (EID)		
24-Apr-23	35	19,690.00	8.98
25-Apr-23	35	18,900.00	9.08
26-Apr-23	32	17,780.00	9.21
27-Apr-23	25	16,150.00	9.28
<b>April 21-27</b>	<b>32</b>	<b>18,130.00</b>	<b>9.14</b>
28-Apr-23	28	12,870.00	9.37
1-May-23	PUBLIC HOLIDAY (LABOUR DAY)		
2-May-23	17	10,320.00	9.50
3-May-23	30	21,950.00	9.58
4-May-23	29	17,200.00	9.73
<b>April 28-May 4</b>	<b>26</b>	<b>15,585.00</b>	<b>9.54</b>

Source: Central Bank of Kenya

**Table 5: Performance of Treasury Bill Auctions**

91-Day Treasury Bills						
Date of Auction	29-Sep-22	29-Dec-22	26-Jan-23	30-Mar-23	27-Apr-23	4-May-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)	5,129.43	2,180.21	18,357.67	2,904.04	6,687.26	20,320.24
Amount Accepted (KSh M)	2,487.10	2,120.42	16,154.81	2,765.00	6,635.51	19,294.50
Maturities (KSh M)	4,035.00	2,539.95	12,234.40	2,158.40	16,506.35	15,678.05
<b>Average Interest Rate (%)</b>	<b>8.952</b>	<b>9.369</b>	<b>9.538</b>	<b>9.907</b>	<b>10.275</b>	<b>10.318</b>
182-Day Treasury Bills						
Date of Auction	29-Sep-22	29-Dec-22	26-Jan-23	30-Mar-23	27-Apr-23	4-May-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)	3,049.07	434.69	10,264.50	3,547.05	872.19	5,335.90
Amount Accepted (KSh M)	3,039.53	434.69	10,263.50	3,457.80	870.76	5,335.42
Maturities (KSh M)	3,248.05	1,660.95	1,934.70	3,176.30	2,142.40	6,667.55
<b>Average Interest Rate (%)</b>	<b>9.631</b>	<b>9.834</b>	<b>9.954</b>	<b>10.399</b>	<b>10.511</b>	<b>10.678</b>
364-Day Treasury Bills						
Date of Auction	29-Sep-22	29-Dec-22	26-Jan-23	30-Mar-23	27-Apr-23	4-May-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)	1,133.80	1,691.33	5,676.29	1,810.42	1,444.18	916.81
Amount Accepted (KSh M)	1,124.70	1,691.33	5,676.29	1,810.42	1,439.24	914.57
Maturities (KSh M)	1,775.15	5,396.40	19,296.80	2,660.05	10,155.10	8,639.60
<b>Average Interest Rate (%)</b>	<b>9.905</b>	<b>10.308</b>	<b>10.504</b>	<b>10.800</b>	<b>11.124</b>	<b>11.170</b>

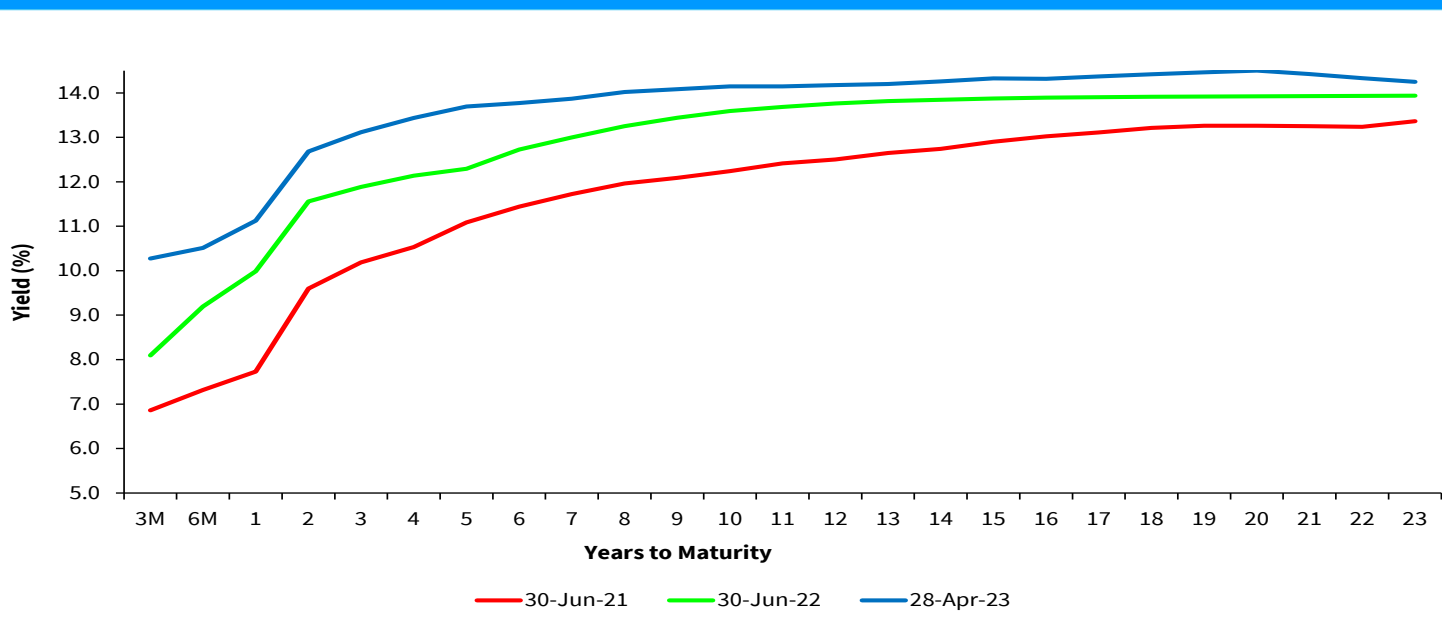
Source: Central Bank of Kenya

**Table 6: Performance of Treasury Bond Auctions**

Date of Auction	20-Jan-23		17-Feb-23		17-Mar-23	17-Apr-23	19-Apr-23
	TAP		TAP		TAP	TAP	RE-OPEN
Tenor	FXD1/ 2020/005	FXD1/ 2022/015	FXD1/ 2017/10	FXD1/ 2023/10	IFB1/ 2023/017	IFB1/ 2023/17	FXD1/ 2022/03
Amount offered (KSh M)	10,000.00		10,000.00		20,000.00	<b>2018/10</b>	30,000.00
Bids received (KSh M)	13,902.65	4,119.30	8,855.70	3,607.55	12,712.30	5,119.00	7,328.96
Amount Accepted (KSh M)	13,571.35	4,056.03	8,593.57	3,607.23	12,711.16	5,117.00	1,757.09
Maturities (KSh M)							
Average interest Rate (%)	12.88	14.19	13.88	14.15	14.40	14.40	13.47

Source: Central Bank of Kenya

### Chart 2: Government Securities Yield Curve



Source: Nairobi Securities Exchange (NSE)

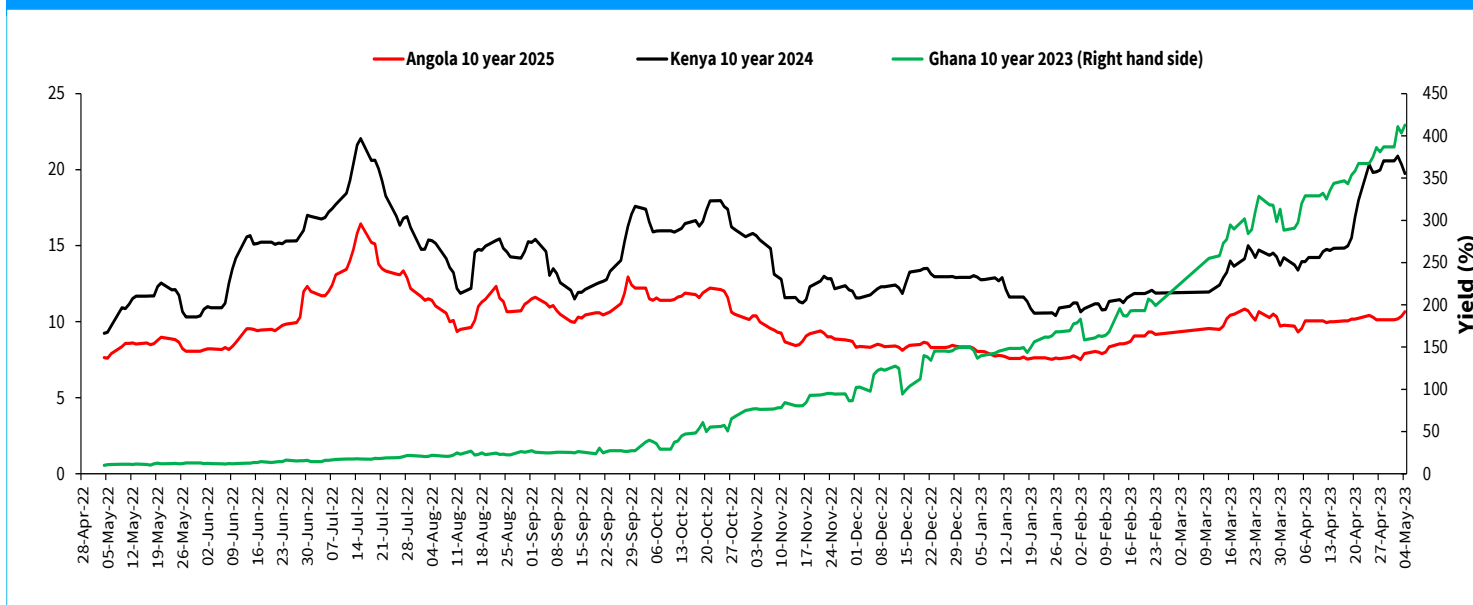
### Table 7: Performance of Key Market Indicators

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 Capital- ization (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
21-Apr-23	<b>PUBLIC HOLIDAY (EID)</b>								15.28	17.982	14.017	13.25	12.958	12.715
24-Apr-23	108.44	2882.45	1593.73	1,139	5.65	140.65	1688.77	1,746.90	16.222	20.345	14.764	13.6	12.976	13.106
25-Apr-23	107.69	2869.38	1590.83	1,356	17.49	375.70	1676.98	3,553.00	15.79	19.819	14.458	13.41	12.674	12.908
26-Apr-23	108.49	2887.34	1593.37	1,087	7.43	179.54	1690.29	2,078.95	15.425	19.85	14.07	13.16	12.41	12.691
27-Apr-23	108.57	2884.33	1604.74	1,117	4.84	103.95	1690.74	2,909.92	15.393	19.976	14.083	13.166	12.414	12.715
<b>April 21-27</b>	<b>108.57</b>	<b>2884.33</b>	<b>1604.74</b>	<b>4,699.00</b>	<b>35.42</b>	<b>799.85</b>	<b>1,690.74</b>	<b>10,288.77</b>	<b>15.393</b>	<b>19.976</b>	<b>14.083</b>	<b>13.166</b>	<b>12.414</b>	<b>12.715</b>
28-Apr-23	107.63	2,855.03	1,578.88	1,410	15.02	230.57	1676.09	2636.65	15.462	20.575	14.086	13.167	12.415	12.692
1-May-23	<b>PUBLIC HOLIDAY (LABOUR DAY)</b>								15.462	20.575	14.086	13.167	12.415	12.692
2-May-23	106.52	2,806.86	1,564.02	1,166	4.21	89.77	1658.82	3559.25	15.657	20.895	14.175	13.231	12.446	12.787
3-May-23	104.30	2,747.91	1,546.78	1,405	15.59	267.61	1624.13	4874.55	15.602	20.357	14.092	13.17	12.447	12.715
4-May-23	104.47	2,742.92	1,540.51	1,360	21.93	384.27	1626.68	3902.60	15.438	19.743	13.716	13.019	12.334	12.574
<b>April 28-May 4</b>	<b>104.47</b>	<b>2742.92</b>	<b>1540.51</b>	<b>5,341.00</b>	<b>56.74</b>	<b>972.23</b>	<b>1,626.68</b>	<b>14,973.05</b>	<b>15.438</b>	<b>19.743</b>	<b>13.716</b>	<b>13.019</b>	<b>12.334</b>	<b>12.574</b>
<b>Weekly Changes (%)</b>	<b>-3.78</b>	<b>-4.90</b>	<b>-4.00</b>	<b>13.66</b>	<b>60.22</b>	<b>21.55</b>	<b>-3.79</b>	<b>45.53</b>	<b>0.045*</b>	<b>-0.233*</b>	<b>-0.367*</b>	<b>-0.147*</b>	<b>-0.080*</b>	<b>-0.141*</b>

\* Percentage points

Source: Nairobi Securities Exchange (NSE) and Thomson Reuters

### Chart 3: Yields on 10-Year Eurobonds for Selected Countries



\*Published yields data on Ghana is 10 year 2023 Euro bond, were last updated on 5th April 2023.

Source: Thomson Reuters

### Table 8: Government Domestic Debt (KSh Billion)

	24-Jun-22	30-Sep-22	30-Dec-22	28-Feb-23	31-Mar-23	20-Apr-23	28-Apr-23
1. Treasury Bills (Excluding Repos)	620.28	672.28	671.51	675.41	665.86	658.19	665.88
<i>(As % of total securities)</i>	<b>14.88</b>	<b>15.61</b>	<b>15.32</b>	<b>15.18</b>	<b>15.01</b>	<b>14.83</b>	<b>14.97</b>
2. Treasury Bonds	3,549.53	3,634.86	3,710.62	3,773.45	3,771.03	3,779.66	3,781.43
<i>(As % of total securities)</i>	<b>85.12</b>	<b>84.39</b>	<b>84.68</b>	<b>84.82</b>	<b>84.99</b>	<b>85.17</b>	<b>85.03</b>
3. Total Securities (1+2)	4,169.81	4,307.14	4,382.13	4,448.85	4,436.89	4,437.85	4,447.31
4. Overdraft at Central Bank	65.86	27.25	58.50	68.73	69.94	60.50	69.60
5. Other Domestic debt*	30.55	30.90	32.76	33.98	33.97	24.72	24.73
<b>6. Gross Domestic Debt (3+4+5)</b>	<b>4,266.23</b>	<b>4,365.29</b>	<b>4,473.39</b>	<b>4,551.56</b>	<b>4,540.80</b>	<b>4,523.07</b>	<b>4,541.64</b>

\* Other domestic debt includes clearing items in transit, advances from commercial banks and Pre-1997 Government Overdraft.

Source: Central Bank of Kenya

**Table 9: Composition of Government Domestic Debt by Instrument (Percent)**

	24-Jun-22	30-Sep-22	30-Dec-22	28-Feb-23	31-Mar-23	20-Apr-23	28-Apr-23
Treasury bills (Excluding Repos)	14.54	15.40	15.01	14.84	14.66	14.55	14.66
Treasury bonds	83.20	83.27	82.95	82.90	83.05	83.56	83.26
Overdraft at Central Bank	1.54	0.62	1.31	1.51	1.54	1.34	1.53
Other domestic debt	0.72	0.71	0.73	0.75	0.75	0.55	0.54
<b>TOTAL</b>	<b>100.00</b>	<b>100.00</b>	<b>100.00</b>	<b>100.00</b>	<b>100.00</b>	<b>100.00</b>	<b>100.00</b>

Source: Central Bank of Kenya

**Table 10: Government Domestic Debt by Holder (Percent)**

	24-Jun-22	30-Sep-22	30-Dec-22	28-Feb-23	31-Mar-23	20-Apr-23	28-Apr-23
Banking Institutions	48.74	47.60	46.84	46.79	46.13	45.64	45.65
Insurance Companies	7.14	7.32	7.37	7.35	7.39	7.53	7.50
Parastatals	5.84	6.09	6.06	6.05	6.04	6.08	6.14
Pension Funds	32.39	32.75	33.31	33.10	33.42	33.63	33.64
Other Investors	5.89	6.24	6.43	6.70	7.01	7.13	7.08
<b>Total</b>	<b>100.00</b>	<b>100.00</b>	<b>100.00</b>	<b>100.00</b>	<b>100.00</b>	<b>100.00</b>	<b>100.00</b>

Source: Central Bank of Kenya

**Table 11: Government Debt**

	Dec-21	Mar-22	Jun-22	Sep-22	Dec-22	Jan-23	Feb-23	Mar-23
Domestic debt (KSh Bn)	4,032.37	4,191.77	4,288.33	4,366.30	4,472.84	4,501.71	4,551.56	4,539.59
Public & Publicly Guaranteed External debt (USD Bn)	36.90	36.82	36.58	36.00	37.88	37.63	37.13	36.66
Public & Publicly Guaranteed External debt (KSh Bn)	4,174.37	4,209.56	4,290.73	4,334.80	4,673.14	4,681.12	4,709.72	4,851.09
Public debt (KSh Bn)	<b>8,206.74</b>	<b>8,401.33</b>	<b>8,579.06</b>	<b>8,701.10</b>	<b>9,145.98</b>	<b>9,182.83</b>	<b>9,261.28</b>	<b>9,390.69</b>

\* Provisional

Source: The National Treasury and Central Bank of Kenya