



Central Bank of Kenya

Weekly Bulletin

February 2, 2024



RECENT MONETARY AND FINANCIAL DEVELOPMENTS

Inflation

Overall inflation increased to 6.9 percent in January 2024 from 6.6 percent in December 2023. Food inflation increased to 7.9 percent compared to 7.7 percent in December, driven by higher prices of select food items due to seasonal factors. Fuel inflation also increased to 14.3 percent from 13.7 percent in December, on account of higher electricity costs which outweighed downward adjustment of pump prices in January 2024. Non-food-non-fuel (NFNF) inflation increased marginally to 3.6 percent from 3.4 percent in December (**Chart 1**).

Exchange Rates

The Kenya Shilling remained stable against major international and regional currencies during the week ending February 1. It exchanged at KSh 160.67 per US dollar on February 1, compared to KSh 160.80 per US dollar on January 25 (**Table 1**).

Foreign Exchange Reserves

The usable foreign exchange reserves remained adequate at USD 7,134 million (3.8 months of import cover) as at February 1. 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 1, supported by open market operations. Commercial banks' excess reserves stood at KSh 22.7 billion in relation to the 4.25 percent cash reserves requirement (CRR). The average interbank rate was 13.22 percent on February 1 compared to 13.76 percent on January 25. During the week, the average number of interbank deals increased to 30 from 26 in the previous week, while the average value traded increased to KSh 15.3 billion from KSh 14.9 billion in the previous week (**Table 3**).

Government Securities Market

The Treasury bills auction of February 1 received bids totaling KSh 25.8 billion against an advertised amount of KSh 24.0 billion, representing a performance of 107.5 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 and NSE 25 share price indices declined by 0.1 percent and 0.2 percent while the NSE 20 increased by 0.4 percent during the week ending February 1. Market capitalization declined by 0.1 percent, while equity turnover and total shares traded increased by 15.3 percent and 1.1 percent, respectively (**Table 6**).

Bond Market

Bond turnover in the domestic secondary market increased by 5.3 percent during the week ending February 1 (**Table 6**). In the international market, yields on Kenya's Eurobonds increased by an average of 13.7 basis points, with the 2024 maturity increasing by 29.8 basis points. The yield on the 10-year Eurobond for Angola declined while that of Zambia increased (**Chart 3**).

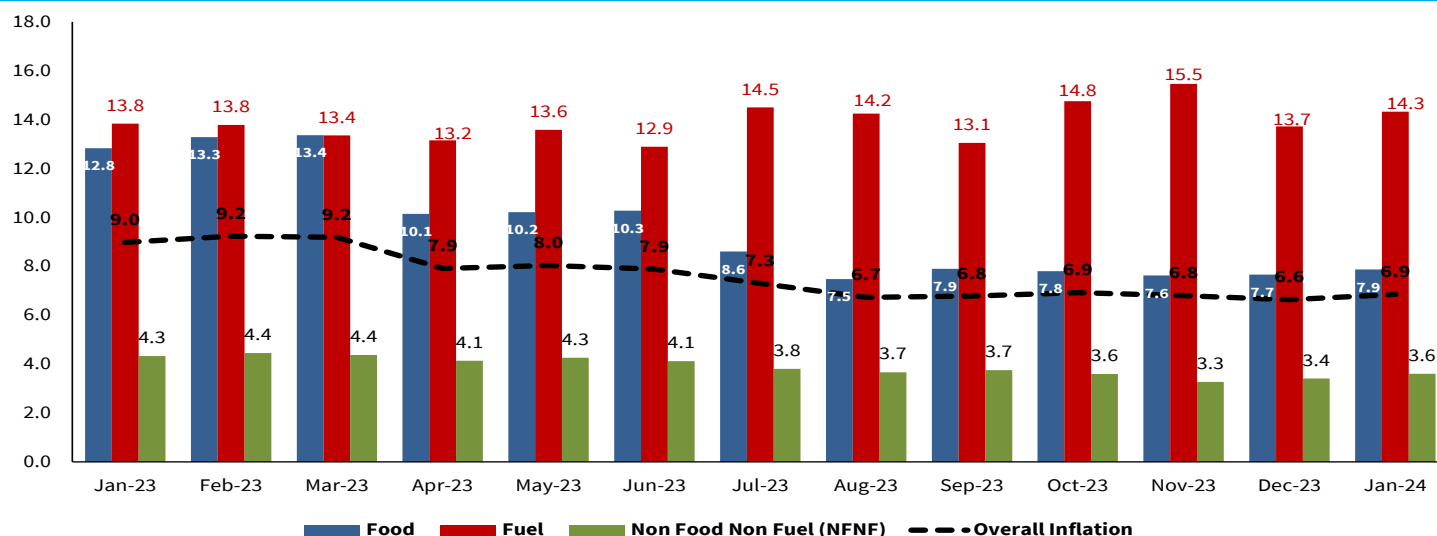
Global Trends

The IMF's World Economic Outlook (WEO) update for January 2024, projects global output to grow by 3.1 percent in 2024 the same level as in 2023, and to increase to 3.2 percent in 2025. The outlook for 2024 is 0.2 percentage points higher compared with the October 2023 WEO, reflecting greater than expected resilience in the U.S and several large emerging market and developing economies. However, the forecast for 2024–25 remains below the historical (2000–19) annual average of 3.8 percent.

Concerns about inflation in advanced economies eased with the Euro Area headline inflation falling to 2.8 percent in January from 2.9 percent in December 2023. The U.S Fed Reserve and the Bank of England kept their policy rates unchanged during the week. The U.S dollar index weakened by 0.5 percent against a basket of major currencies during the week ending February 1.

International oil prices declined during the week ending February 1, largely attributed to a ceasefire proposal that could put an end to the geopolitical tension between Israel and Hamas. Murban oil price declined to USD 80.47 per barrel on February 1 from USD 80.72 per barrel on January 25.

Chart 1: Inflation (Percent)



Source: Central Bank of Kenya and Kenya National Bureau of Statistics

Table 1: Kenya Shilling Exchange Rates

	USD	Sterling Pound	Euro	100 Japanese Yen	Uganda Shilling*	Tanzania Shilling*	Rwandese Franc*	Burundi Franc*
19-Jan-24	160.35	203.62	174.47	107.87	23.73	15.72	7.90	17.78
22-Jan-24	160.25	203.21	174.43	108.23	23.75	15.69	8.03	17.80
23-Jan-24	161.36	205.39	175.81	109.17	23.64	15.62	7.86	17.67
24-Jan-24	160.19	203.65	174.11	108.19	23.82	15.76	7.92	17.80
25-Jan-24	160.80	205.32	175.69	109.57	23.73	15.67	7.89	17.73
Jan 19-25	160.59	204.24	174.90	108.61	23.73	15.69	7.92	17.76
26-Jan-24	160.62	204.23	174.43	109.06	23.74	15.88	7.91	17.76
29-Jan-24	160.70	204.63	174.60	108.54	23.72	15.84	7.90	17.75
30-Jan-24	160.75	203.96	173.85	108.66	23.73	15.80	7.92	17.74
31-Jan-24	160.75	203.79	173.95	108.80	23.73	15.83	7.90	17.75
1-Feb-24	160.67	204.18	174.49	108.94	23.76	15.84	7.93	17.76
Jan 26-Feb 1	160.70	204.16	174.26	108.80	23.74	15.84	7.91	17.75

*Units of currency per Kenya Shilling

Source: Central Bank of Kenya

Table 2: Official Foreign Exchange Reserves (USD Million)

	28-Dec-23	11-Jan-24	18-Jan-24	25-Jan-24	1-Feb-24
1. CBK Usable Foreign Exchange Reserves (USD Million)	6,612	6,829	6,814	7,017	7,134
2. CBK Usable Foreign Exchange Reserves (Months of Import Cover)*	3.54	3.65	3.64	3.75	3.81

*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 (%)
19-Jan-24	32	13,880.00	13.76
22-Jan-24	25	15,660.00	13.61
23-Jan-24	25	19,330.00	13.64
24-Jan-24	26	12,920.00	13.70
25-Jan-24	24	12,700.00	13.76
Jan 19-25	26	14,898.00	13.69
26-Jan-24	30	18,810.00	13.66
29-Jan-24	33	15,015.00	13.62
30-Jan-24	24	16,220.00	13.48
31-Jan-24	28	11,870.00	13.38
1-Feb-24	37	14,570.00	13.22
Jan 26- Feb 1	30	15,297.00	13.47

Source: Central Bank of Kenya

Table 4: Performance of Treasury Bill Auctions

91-Day Treasury Bills						
Date of Auction	30-Mar-23	29-Jun-23	28-Sep-23	28-Dec-23	25-Jan-24	1-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)	2,904.04	5,779.97	11,007.63	8,516.51	16,558.38	20,627.93
Amount Accepted (KSh M)	2,765.00	2,705.12	3,303.25	6,986.46	14,027.44	20,627.93
Maturities (KSh M)	2,158.40	2,814.15	2,741.45	3,254.55	8,291.40	22,021.20
Average Interest Rate (%)	9.907	11.904	14.821	15.983	16.290	16.375
182-Day Treasury Bills						
Date of Auction	30-Mar-23	29-Jun-23	28-Sep-23	28-Dec-23	25-Jan-24	1-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)	3,547.05	2,195.96	809.28	322.85	5,243.25	1,662.38
Amount Accepted (KSh M)	3,457.80	1,300.96	542.27	322.85	5,224.77	1,662.38
Maturities (KSh M)	3,176.30	442.15	3,616.00	1,365.20	1,281.40	4,550.30
Average Interest Rate (%)	10.399	11.947	14.950	15.967	16.376	16.506
364-Day Treasury Bills						
Date of Auction	30-Mar-23	29-Jun-23	28-Sep-23	28-Dec-23	25-Jan-24	1-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)	1,810.42	1,514.41	1,841.12	1,661.91	2,672.03	3,509.05
Amount Accepted (KSh M)	1,810.42	1,514.41	670.62	1,661.91	2,657.86	3,509.05
Maturities (KSh M)	2,660.05	2,417.65	1,229.50	1,858.45	6,216.15	11,637.25
Average Interest Rate (%)	10.800	12.157	15.054	16.100	16.523	16.680

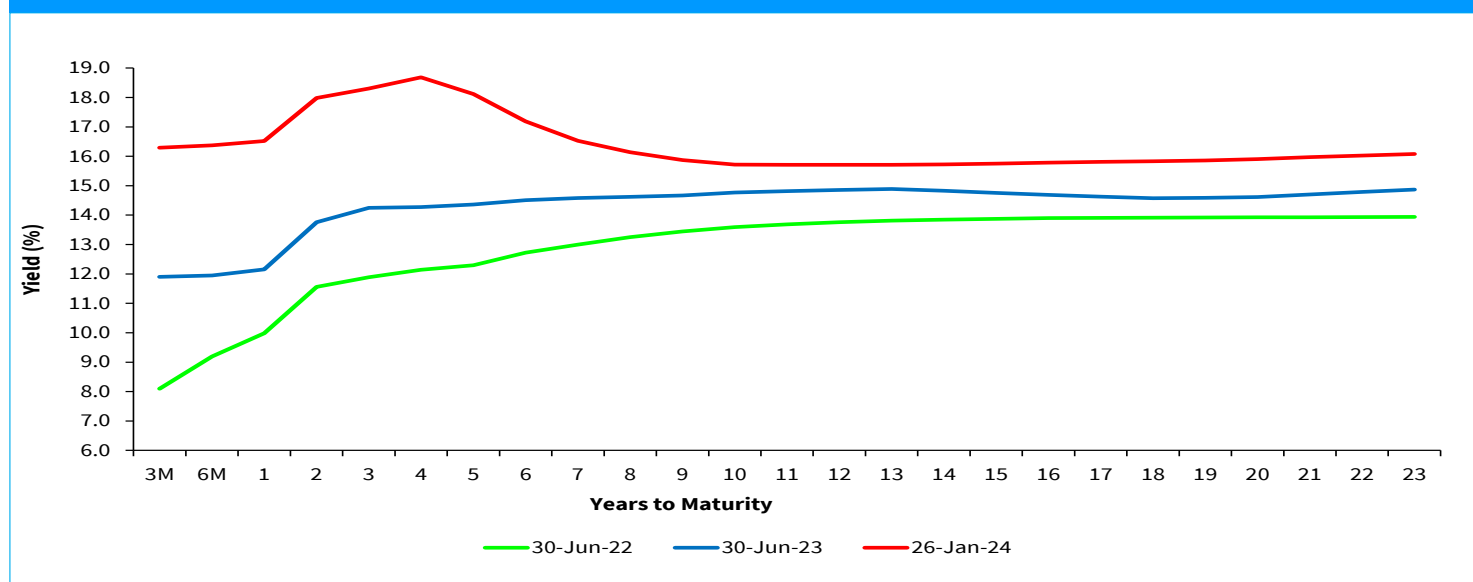
Source: Central Bank of Kenya

Table 5: Performance of Treasury Bond Auctions

Date of Auction	28-Sep-23		12-Oct-23		8-Nov-23	5-Dec-23	10-Jan-23		18-Jan-23	
	TAP		RE-OPEN			TAP			TAP	
Tenor	FXD1/ 2023/002	FXD1/ 2016/010	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
Amount offered (KSh M)	15,000.00		35,000.00		50,000.00	25,000.00	35,000.00		15,000.00	
Bids received (KSh M)	2,631.25	814.90	6,506.42	5,791.92	88,899.96	47,238.75	29,089.43	8,062.57	9,308.35	2,552.31
Amount Accepted (KSh M)	2,609.97	763.17	4,825.11	1,481.78	67,056.07	47,866.93	22,069.44	2,946.74	9,339.89	2,415.58
Maturities (KSh M)	0.00	0.00	0.00	0.00	0.00	0.00	35,852.15		0.00	0.00
Average interest Rate (%)	17.45	17.93	17.74	17.99	17.93	17.93	18.39	18.77	18.39	16.84

Source: Central Bank of Kenya

Chart 2: Government Securities Yield Curve



Source: Nairobi Securities Exchange (NSE)

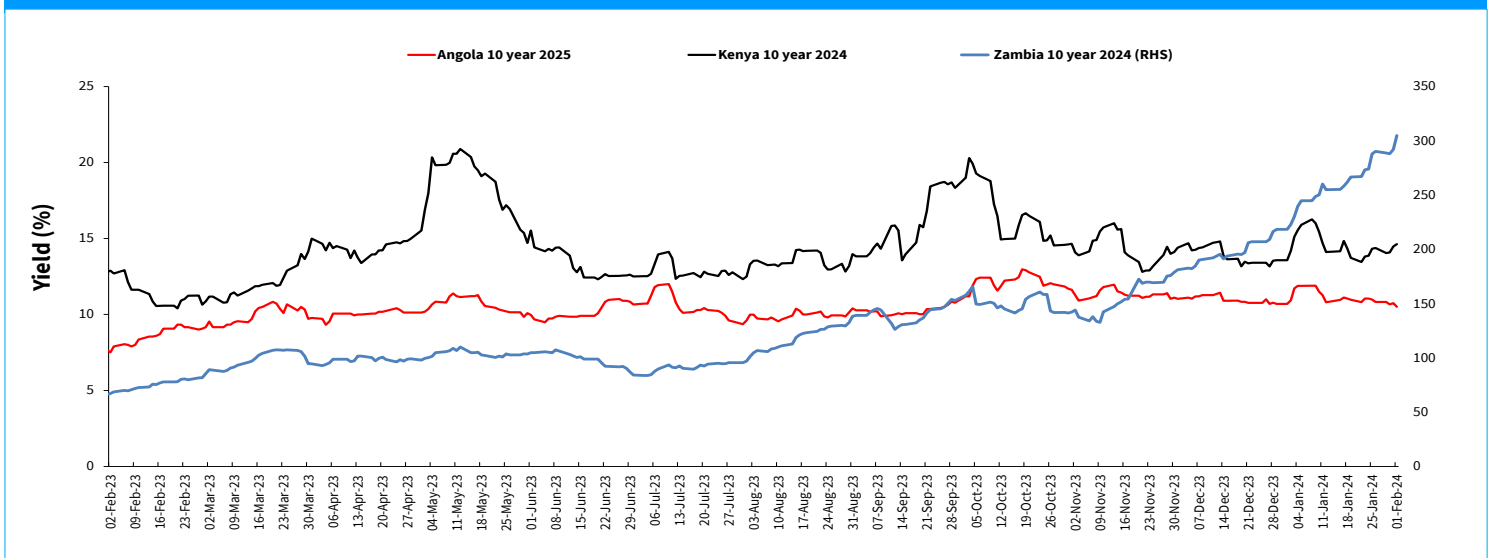
Table 6: Performance of Key Market Indicators

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 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
19-Jan-24	93.37	2429.23	1516.75	982.00	16.93	236.49	1,458.76	5,241.10	10.434	13.733	9.975	10.008	9.599	10.297
22-Jan-24	93.00	2422.00	1510.60	923.00	6.95	120.07	1,452.94	2,412.90	10.372	13.451	9.937	9.983	9.576	10.28
23-Jan-24	92.54	2410.13	1502.01	816.00	3.39	48.02	1,445.89	4,028.72	11.039	13.818	10.343	10.329	9.863	10.5
24-Jan-24	92.07	2403.69	1503.75	870.00	7.39	184.31	1,438.42	4,944.75	10.977	13.861	10.345	10.329	9.863	10.5
25-Jan-24	91.97	2412.49	1506.65	944.00	6.15	102.31	1,436.84	4,183.90	11.192	14.329	10.433	10.385	9.938	10.552
Jan 19-25	91.97	2412.49	1506.65	4535.00	40.80	691.20	1,436.84	20,811.37	11.192	14.329	10.433	10.385	9.938	10.552
26-Jan-24	90.37	2370.80	1497.97	1,051.00	3.63	93.07	1,411.90	3,666.76	11.129	14.377	10.353	10.332	9.866	10.518
29-Jan-24	90.10	2364.29	1487.89	1,001.00	9.81	252.57	1,407.72	2,705.25	11.062	14.04	10.312	10.278	9.842	10.449
30-Jan-24	91.71	2393.66	1499.31	858.00	11.63	211.54	1,432.84	5,461.11	11.066	14.086	10.314	10.305	9.842	10.432
31-Jan-24	92.18	2409.30	1508.86	821.00	8.56	131.62	1,440.14	7,173.90	11.206	14.475	10.521	10.468	10.013	10.57
1-Feb-24	91.91	2406.78	1511.89	1,016.00	7.62	107.84	1,436.02	2,911.60	11.289	14.627	10.569	10.498	10.064	10.606
Jan 26- Feb 1	91.91	2406.78	1511.89	4,747.00	41.25	796.65	1,436.02	21,918.63	11.289	14.627	10.569	10.498	10.064	10.606
Weekly Changes (%)	-0.07	-0.24	0.35	4.67	1.09	15.3	-0.1	5.32	0.097*	0.298*	0.136*	0.113*	0.126*	0.054*

* 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-Jun-23	31-Aug-23	29-Sep-23	31-Oct-23	30-Nov-23	29-Dec-23	19-Jan-24	26-Jan-24
1. Treasury Bills (Excluding Repos)	614.73	567.70	558.21	557.23	555.62	546.90	556.47	558.43
<i>(As % of total securities)</i>	13.28	12.06	11.86	11.81	11.62	11.35	11.55	11.6
2. Treasury Bonds	4,013.89	4,139.72	4,149.81	4,159.08	4,224.91	4,271.82	4,261.04	4,272.25
<i>(As % of total securities)</i>	86.72	87.94	88.14	88.19	88.38	88.65	88.45	88.44
3. Total Securities (1+2)	4,628.62	4,707.42	4,708.02	4,716.31	4,780.53	4,818.72	4,817.51	4,830.68
4. Overdraft at Central Bank	76.46	72.05	75.70	73.93	83.94	94.13	89.18	89.24
5. Other Domestic debt*	127.04	132.86	133.75	122.79	126.28	126.28	125.73	125.73
of which IMF funds on-lent to Government	95.52	98.82	99.52	98.28	101.87	101.87	101.87	101.87
6. Gross Domestic Debt (3+4+5)	4,832.11	4,912.34	4,917.47	4,913.03	4,990.75	5,039.13	5,032.42	5,045.65

* 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)

	31-Aug-23	29-Sep-23	31-Oct-23	24-Nov-23	22-Dec-23	29-Dec-23	19-Jan-24	26-Jan-24
Treasury bills (Excluding Repos)	11.56	11.35	11.34	11.12	10.83	10.85	11.06	11.07
Treasury bonds	84.27	84.39	84.65	84.74	84.79	84.77	84.67	84.67
Overdraft at Central Bank	1.47	1.54	1.50	1.68	1.87	1.87	1.77	1.77
Other domestic debt	2.70	2.72	2.50	2.46	2.51	2.51	2.50	2.49
of which IMF fund on lent to government	2.01	2.02	2.00	1.97	2.02	2.02	2.02	2.02
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-Dec-22	31-Mar-23	30-Jun-23	29-Sep-23	24-Nov-23	29-Dec-23	19-Jan-24	26-Jan-24
Banking Institutions	46.84	46.13	46.17	45.18	46.00	45.95	45.85	45.88
Insurance Companies	7.37	7.39	7.31	7.35	7.21	7.25	7.29	7.36
Parastatals	6.06	6.04	5.98	5.95	5.52	5.48	5.61	5.56
Pension Funds	33.31	33.42	33.42	32.23	30.16	29.99	29.91	29.85
Other Investors	6.43	7.01	7.13	9.30	11.10	11.33	11.35	11.35
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

	Apr-22	Jun-22	Dec-22	May-23	Jun-23	Jul-23	Aug-23	Sep-23*
Domestic debt (KSh Bn)	4,226.84	4,288.33	4,472.84	4,549.65	4,832.11	4,873.53	4,912.34	4,917.47
Public & Publicly Guaranteed External debt (USD Bn)	36.65	36.58	37.88	37.09	38.76	38.93	38.61	38.27
Public & Publicly Guaranteed External debt (KSh Bn)	4,243.53	4,290.73	4,673.14	5,137.16	5,446.56	5,542.64	5,614.09	5,667.80
Public debt (KSh Bn)	8,470.37	8,579.06	9,145.98	9,686.81	10,278.67	10,416.17	10,526.43	10,585.27

* Provisional

Source: The National Treasury and Central Bank of Kenya