



Central Bank of Kenya

Weekly Bulletin

February 17, 2023



RECENT MONETARY AND FINANCIAL DEVELOPMENTS

Exchange Rates

The Kenya Shilling remained stable against major international and regional currencies during the week ending February 16. It exchanged at KSh 125.52 per US dollar on February 16, compared to KSh 124.98 per US dollar on February 9 (**Table 1**).

Foreign Exchange Reserves

The usable foreign exchange reserves remained adequate at USD 6,875 million (3.84 months of import cover) as at February 9. 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 increased during the week ending February 16, supported by government payments. Commercial banks' excess reserves stood at KSh 16.1 billion in relation to the 4.25 percent cash reserves requirement (CRR). Open market operations remained active. The average interbank rate was 6.22 percent on February 16 compared to 6.43 percent on February 9. During the week, the average number of interbank deals decreased to 31 from 34 in the previous week, while the average value traded decreased to KSh 20.3 billion from KSh 27.9 billion in the previous week (**Table 3**).

Government Securities Market

The Treasury bills auction of February 16, received bids totaling KSh 45.9 billion against an advertised amount of KSh 24.0 billion, representing a performance of 191.3 percent. Interest rates remained stable, with 91-day, 182-day and 364-day rates increasing marginally (**Table 4**).

Equity Market

At the Nairobi Securities Exchange, the NASI and the NSE 25 share price index declined by 0.75 percent and 0.01 percent, respectively, while the NSE 20 share price index increased by 0.03 percent. Market capitalization and total shares traded declined by 0.74 percent and 2.78 percent, respectively, while equity turnover increased by 10.55 percent, during the week ending February 16 (**Table 6**).

Bonds Market

Bond turnover in the domestic secondary market increased by 23.5 percent during the week ending February 16 (**Table 6**). In the international market, yields on Kenya's Eurobonds increased by an average of 36.3 basis points, with the 2024 maturity increasing by 91.6 basis points. The yields on the 10-Year Eurobonds for Ghana and Angola also increased (**Chart 2**).

Global Trends

Concerns about inflation in major economies continued to ease, with inflation in the US and UK falling to 6.4 percent and 10.1 percent, respectively, in January 2023. The Euro Zone GDP grew by 0.1 percent in the fourth quarter of 2022. The US dollar index strengthened by 0.62 percent against a basket of major currencies during the week ending February 16.

International oil prices increased marginally during the week ending February 16, mainly on account of drawdown of oil inventories and increased global demand. Murban oil price increased to USD 84.77 per barrel on February 16 from USD 84.46 per barrel on February 9.

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

	USD	Sterling Pound	Euro	100 Japanese Yen	Uganda Shilling*	Tanzania Shilling*	Rwandese Franc*	Burundi Franc*
3-Feb-23	124.59	153.19	136.41	96.88	29.58	18.77	8.69	16.66
6-Feb-23	124.66	152.76	136.30	97.08	29.44	18.76	8.68	16.65
7-Feb-23	124.80	150.36	134.56	94.01	29.46	18.74	8.68	16.63
8-Feb-23	124.88	149.90	133.82	94.59	29.43	18.73	8.69	16.62
9-Feb-23	124.98	150.94	134.14	95.26	29.36	18.70	8.67	16.61
Feb 03- Feb 09	124.78	151.43	135.05	95.56	29.45	18.74	8.68	16.63
10-Feb-23	125.08	152.06	134.73	95.86	29.34	18.71	8.67	16.60
13-Feb-23	125.19	151.60	133.89	95.71	29.32	18.68	8.66	16.58
14-Feb-23	125.27	151.23	133.81	94.98	29.26	18.67	8.66	16.57
15-Feb-23	125.38	153.11	134.88	94.90	29.19	18.65	8.65	16.56
16-Feb-23	125.52	151.31	134.43	93.89	29.24	18.63	8.66	16.54
Feb 10- Feb 16	125.29	151.86	134.35	95.07	29.27	18.67	8.66	16.57

*Units of currency per Kenya Shilling

Source: Central Bank of Kenya

Table 2: Official Foreign Exchange Reserves (USD Million)

	19-Jan-23	26-Jan-23	2-Feb-23	9-Feb-23	16-Feb-23
1. CBK Usable Foreign Exchange Reserves (USD Million)	7,382	7,005	6,967	6,969	6,875
2. CBK Usable Foreign Exchange Reserves (Months of Import Cover)*	4.13	3.92	3.90	3.88	3.84

*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 (%)
3-Feb-23	37	29,930.00	6.49
6-Feb-23	21	20,070.00	6.53
7-Feb-23	47	46,608.00	6.55
8-Feb-23	32	19,590.00	6.53
9-Feb-23	35	23,230.00	6.43
Feb 2-9	34	27,885.60	6.51
10-Feb-23	35	16,050.00	6.46
13-Feb-23	37	23,720.00	6.32
14-Feb-23	36	20,330.00	6.14
15-Feb-23	28	24,365.00	6.18
16-Feb-23	19	17,020.00	6.22
Feb 10-16	31	20,297.00	6.26

Source: Central Bank of Kenya

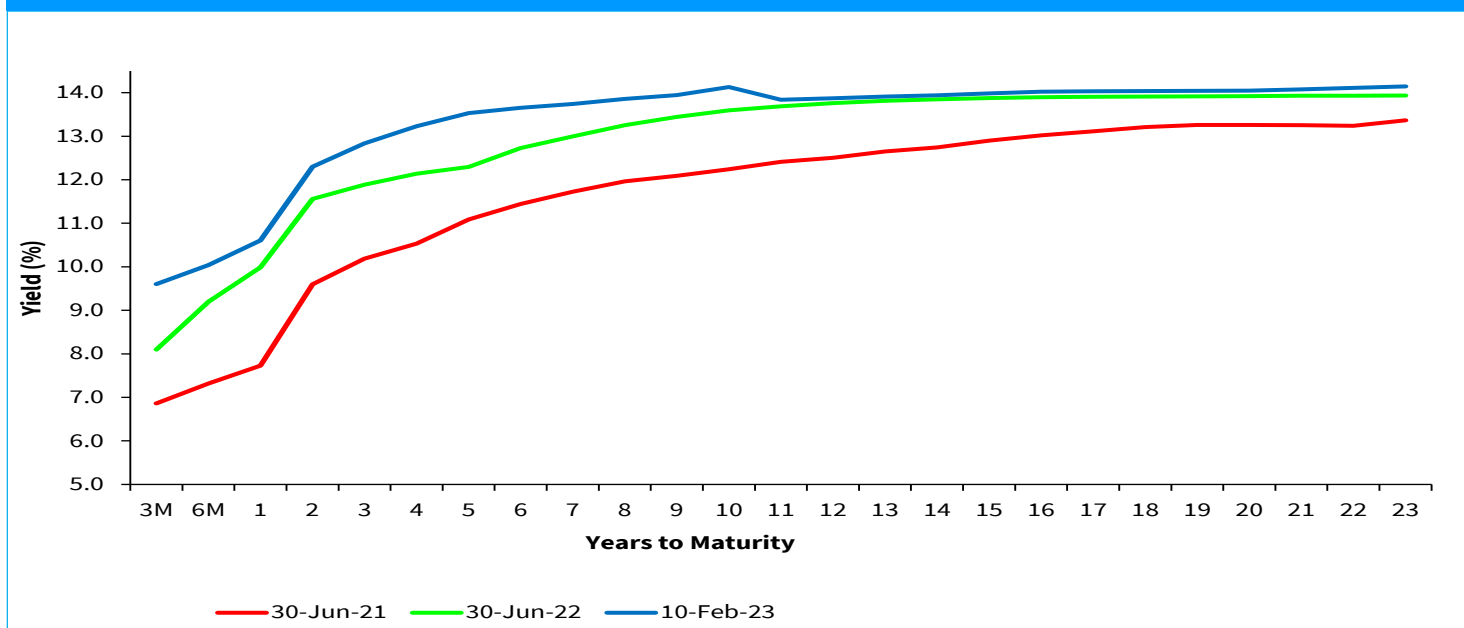
Table 4: Performance of Treasury Bill Auctions						
91-Day Treasury Bills						
Date of Auction	30-Jun-22	29-Sep-22	29-Dec-22	26-Jan-23	9-Feb-23	16-Feb-23
Amount Offered (KSh M)	4,000.00	4,000.00	4,000.00	4,000.00	4,000.00	4,000.00
Bids Received (KSh M)	4,727.43	5,129.43	2,180.21	18,357.67	31,198.60	22,088.75
Amount Accepted (KSh M)	3,959.52	2,487.10	2,120.42	16,154.81	27,030.72	20,899.80
Maturities (KSh M)	1,539.65	4,035.00	2,539.95	12,234.40	19,047.80	12,443.70
Average Interest Rate (%)	8.097	8.952	9.369	9.538	9.601	9.623
182-Day Treasury Bills						
Date of Auction	30-Jun-22	29-Sep-22	29-Dec-22	26-Jan-23	9-Feb-23	16-Feb-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)	1,751.07	3,049.07	434.69	10,264.50	9,326.18	17,527.30
Amount Accepted (KSh M)	1,600.03	3,039.53	434.69	10,263.50	9,231.00	17,522.55
Maturities (KSh M)	2,412.35	3,248.05	1,660.95	1,934.70	4,100.90	7,102.55
Average Interest Rate (%)	9.196	9.631	9.834	9.954	10.042	10.079
364-Day Treasury Bills						
Date of Auction	30-Jun-22	29-Sep-22	29-Dec-22	26-Jan-23	9-Feb-23	16-Feb-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)	2,435.86	1,133.80	1,691.33	5,676.29	4,376.22	6,298.21
Amount Accepted (KSh M)	2,260.74	1,124.70	1,691.33	5,676.29	4,376.13	6,297.05
Maturities (KSh M)	5,888.60	1,775.15	5,396.40	19,296.80	11,760.75	16,077.90
Average Interest Rate (%)	9.985	9.905	10.308	10.504	10.603	10.638

Source: Central Bank of Kenya

Table 5: Performance of Treasury Bond Auctions									
Date of Auction	7-Dec-22		22-Dec-22	11-Jan-23		20-Jan-23		8-Feb-23	
	RE-OPEN		TAP	RE-OPEN		TAP		RE-OPEN	
Tenor	IFB1/ 2008/20	FXD1/ 2022/25	IFB1/ 2022/06	FXD1/ 2020/005	FXD1/ 2022/015	FXD1/ 2020/005	FXD1/ 2022/015	FXD1/ 2017/10	FXD1/ 2023/10
Amount offered (KSh M)	40,000.00		20,000.00	50,000.00		10,000.00		50,000.00	
Bids received (KSh M)	17,322.80	13,239.43	10,814.55	27,620.35	14,011.92	13,902.65	4,119.30	8,030.13	11,514.95
Amount Accepted (KSh M)	17,265.60	7,068.38	10,812.28	24,352.62	7,160.39	13,571.35	4,056.03	7,469.52	9,279.28
Maturities (KSh M)	0.00			0.00		0.00		0.00	
Average interest Rate (%)	13.83	14.44	13.22	12.88	14.19	12.88	14.19	13.88	14.15

Source: Central Bank of Kenya

Chart 1: Government Securities Yield Curve



Source: Nairobi Securities Exchange (NSE)

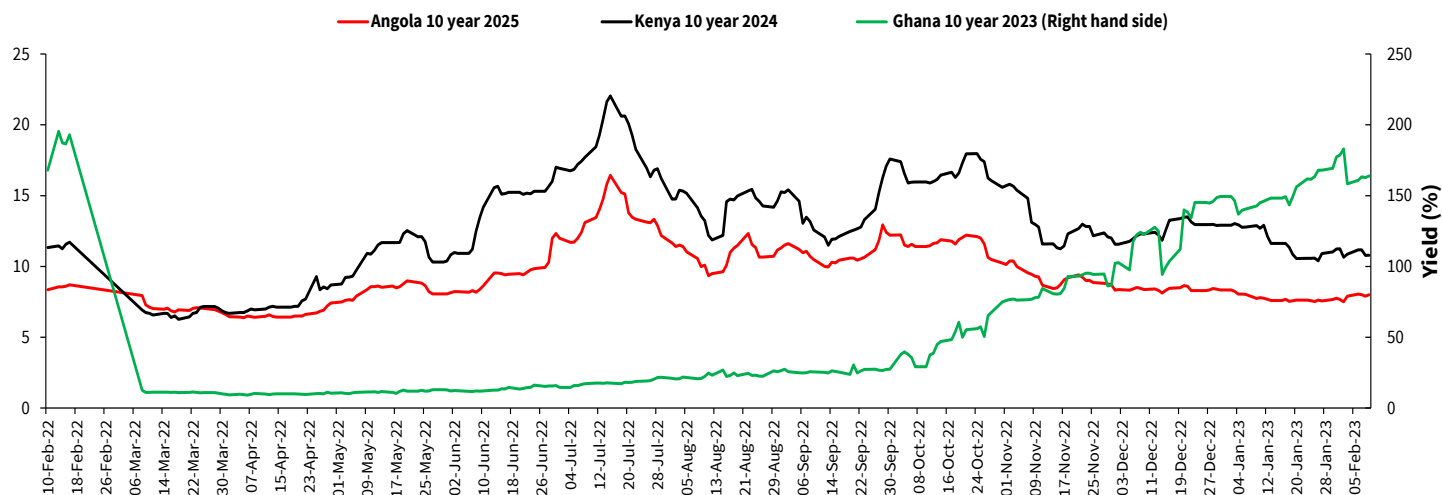
Table 6: Key Market Indicators

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
3-Feb-23	129.24	3179.12	1664.14	835.00	4.7537	149.17	2013.72	2090	10.314	10.859	10.8	10.303	9.786	10.512
6-Feb-23	129.34	3189.7	1671.69	1,013.00	16.6025	475.17	2015.23	1143	10.613	11.178	10.779	10.479	9.878	10.598
7-Feb-23	128.13	3169.51	1671.56	1,070.00	15.7271	322.89	1996.34	2267	10.616	11.178	11.178	10.479	9.879	10.633
8-Feb-23	128.26	3173.77	1678.64	863.00	4.7864	185.28	1998.41	1495	10.322	10.779	11.178	10.279	9.788	10.529
9-Feb-23	128.62	3184.59	1675.92	860.00	4.4213	129.98	2004.03	3165	10.231	10.8	10.859	10.206	9.766	10.478
Feb 2-9	128.62	3184.59	1675.92	4,641.00	46.29	1,262.49	2,004.03	10,159.27	10.231	10.800	10.859	10.206	9.766	10.478
10-Feb-22	128.25	3182.66	1671.86	915.00	8.2946	267.67	1998.33	1926.55	10.679	11.333	10.33	10.558	9.998	10.757
13-Feb-22	127.91	3177.93	1680.96	890.00	3.1676	44.72	1992.92	852.65	10.782	11.449	10.437	10.61	10.022	10.775
14-Feb-22	127.74	3178.22	1671.92	1,090.00	3.8039	115.66	1990.23	3939.65	10.735	11.245	10.298	10.509	10.046	10.722
15-Feb-22	127.85	3183.55	1677.22	1,070.00	10.4892	477.89	1991.94	2067.55	10.738	11.572	10.37	10.611	10.023	10.758
16-Feb-22	127.66	3184.26	1676.47	948.00	19.247	489.78	1989.10	3762.3	10.8	11.716	10.518	10.614	10.073	10.794
Feb 2-9	127.66	3184.26	1676.47	4,913.00	45.00	1,395.71	1,989.10	12,548.70	10.800	11.716	10.518	10.614	10.073	10.794
Weekly Changes (%)	-0.75	-0.01	0.03	5.86	-2.78	10.55	-0.74	23.52	0.569*	0.916*	-0.341*	0.408*	0.307*	0.316*

* 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)

	31-Dec-21	31-Mar-22	24-Jun-22	30-Sep-22	30-Dec-22	27-Jan-23	03-Feb-23	10-Feb-23
1. Treasury Bills (Excluding Repos)	709.15	656.45	620.28	672.28	671.51	658.93	658.92	658.47
<i>(As % of total securities)</i>	17.95	16.02	14.88	15.61	15.32	14.97	14.97	14.96
2. Treasury Bonds	3,242.24	3,440.61	3,549.53	3,634.86	3,710.62	3,744.05	3,744.05	3,744.05
<i>(As % of total securities)</i>	82.05	83.98	85.12	84.39	84.68	85.03	85.03	85.04
3. Total Securities (1+2)	3,951.39	4,097.06	4,169.81	4,307.14	4,382.13	4,402.98	4,402.98	4,402.52
4. Overdraft at Central Bank	59.31	68.40	65.86	27.25	58.50	64.51	66.00	63.26
5. Other Domestic debt*	21.66	26.32	30.55	30.90	32.76	32.21	32.21	32.21
6. Gross Domestic Debt (3+4+5)	4,032.37	4,191.77	4,266.23	4,365.29	4,473.39	4,499.70	4,501.18	4,497.99

* 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-Dec-21	25-Mar-22	24-Jun-22	30-Sep-22	30-Dec-22	27-Jan-23	3-Feb-23	10-Feb-23
Treasury bills (Excluding Repos)	17.59	15.81	14.54	15.40	15.01	14.64	14.64	14.64
Treasury bonds	80.41	82.09	83.20	83.27	82.95	83.21	83.18	83.24
Overdraft at Central Bank	1.47	1.46	1.54	0.62	1.31	1.43	1.47	1.41
Other domestic debt	0.54	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	100.00

Source: Central Bank of Kenya

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

	31-Dec-21	25-Mar-22	24-Jun-22	30-Sep-22	30-Dec-22	27-Jan-23	3-Feb-23	10-Feb-23
Banking Institutions	50.20	49.29	48.74	47.60	46.84	46.83	46.96	46.79
Insurance Companies	6.79	6.87	7.14	7.32	7.37	7.38	7.38	7.38
Parastatals	5.57	5.72	5.84	6.09	6.06	6.01	6.00	6.05
Pension Funds	31.34	31.75	32.39	32.75	33.31	33.27	33.10	33.08
Other Investors	6.10	6.37	5.89	6.24	6.43	6.50	6.57	6.70
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

	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