



Central Bank of Kenya

Weekly Bulletin

March 24, 2023



RECENT MONETARY AND FINANCIAL DEVELOPMENTS

Exchange Rates

The Kenya Shilling remained stable against major international and regional currencies during the week ending March 23. It exchanged at KSh 130.99 per US dollar on March 23, compared to KSh 129.76 per US dollar on March 16 (**Table 1**).

Foreign Exchange Reserves

The usable foreign exchange reserves remained adequate at USD 6,550 million (3.66 months of import cover) as at March 23. This meets the CBK's statutory requirement to endeavor to maintain at least 4 months of import cover (**Table 2**).

Current Account

Provisional data on balance of payments shows that the current account deficit was estimated at 4.9 percent of GDP in the 12 months to January 2023, from 5.6 percent in a similar period in 2022 (**Chart 1**). The narrower deficit reflects slow growth of imports amidst strong performance of exports of goods and services, as well as strong remittance inflows.

Money Market

Liquidity in the money market decreased during the week ending March 23 as tax remittances more than offset government payments. Commercial banks' excess reserves stood at KSh 14.6 billion in relation to the 4.25 percent cash reserves requirement (CRR). Open market operations remained active. The average interbank rate was 7.25 percent on March 23 compared to 6.91 percent on March 16. During the week, the average number of interbank deals increased to 43 from 36 in the previous week, while the average value traded increased to KSh 28.1 billion from KSh 17.9 billion in the previous week (**Table 3**).

Government Securities Market

The Treasury bill auction of March 23, received bids totaling KSh 11.8 billion against an advertised amount of KSh 24.0 billion, representing a performance of 49.2 percent. Interest rates remained stable, with 91-day, 182-day and 364-day rates increasing marginally (**Table 4**).

During the Treasury bond tap sale of March 17, the seventeen-year Infrastructure bond received bids totaling KSh 12.7 billion against an advertised amount of KSh 20 billion, representing a performance rate of 63.6 percent (**Table 5**).

Equity Market

At the Nairobi Securities Exchange, the NASI and NSE 25 share price indices increased by 3.8 percent and 0.9 percent, respectively, during the week ending March 23. Similarly, market capitalization, equity turnover and total shares traded increased by 3.9 percent, 1,558.1 percent and 252.2 percent, respectively. NSE 20 share price index declined by 0.1 percent (**Table 6**).

Bonds Market

Bond turnover in the domestic secondary market increased by 15.6 percent during the week ending March 23 (Table 6). In the international market, yields on Kenya's Eurobonds increased by an average of 3.58 basis points, with 2024 maturity increasing by 22.9 basis points. The yields on the 10-Year Eurobonds for Ghana increased while for Angola declined (**Chart 3**).

Global Trends

Concerns about the banking sector stability in advanced economies remained high. Inflation in the UK increased marginally to 10.4 percent in February from 10.1 percent in January. The US Fed and the Bank of England raised their policy rates by 25 basis points, respectively. The US dollar index weakened by 1.81 percent against a basket of major currencies during the week ending March 23.

International oil prices increased marginally during the week ending March 23, supported by increased global demand and drawdown of oil inventories. Murban oil price increased to USD 77.26 per barrel on March 23 from USD 75.17 per barrel on March 16.

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

	USD	Sterling Pound	Euro	100 Japanese Yen	Uganda Shilling*	Tanzania Shilling*	Rwandese Franc*	Burundi Franc*
10-Mar-23	128.89	153.10	136.09	94.30	28.82	18.16	8.47	16.13
13-Mar-23	129.24	155.05	137.14	94.44	28.78	18.11	8.45	16.09
14-Mar-23	129.45	156.71	138.58	97.58	28.74	18.08	8.41	16.06
15-Mar-23	129.59	157.64	138.86	96.14	28.86	18.06	8.43	16.05
16-Mar-23	129.76	156.63	136.99	97.54	28.86	18.03	8.42	15.99
Mar 10-16	129.39	155.83	137.53	96.00	28.81	18.09	8.44	16.06
17-Mar-23	129.88	156.51	137.77	97.84	28.86	18.02	8.41	16.01
20-Mar-23	130.01	157.84	138.25	98.43	28.82	18.00	8.42	15.96
21-Mar-23	130.32	159.29	139.46	99.30	28.78	17.96	8.40	15.96
22-Mar-23	130.62	159.90	140.72	98.66	28.80	17.91	8.38	15.92
23-Mar-23	130.99	160.78	141.33	98.58	28.82	17.86	8.36	15.88
Mar 17-23	130.36	158.87	139.51	98.56	28.82	17.95	8.40	15.95

*Units of currency per Kenya Shilling

Source: Central Bank of Kenya

Table 2: Official Foreign Exchange Reserves (USD Million)

	23-Feb-23	2-Mar-23	9-Mar-23	16-Mar-23	23-Mar-23
1. CBK Usable Foreign Exchange Reserves (USD Million)	6,860	6,605	6,566	6,560	6,550
2. CBK Usable Foreign Exchange Reserves (Months of Import Cover)*	3.84	3.69	3.67	3.66	3.66

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

Chart 1: Current Account

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

Table 3: Money Markets

Date	Number of Deals	Value (KSh M)	Average Interbank Rate (%)
10-Mar-23	55	31,170.00	6.59
13-Mar-23	36	13,620.00	6.99
14-Mar-23	26	11,855.00	6.76
15-Mar-23	27	12,520.00	6.84
16-Mar-23	37	20,450.00	6.91
Mar 10-16	36	17,923.00	6.82
17-Mar-23	52	29,070.00	6.97
20-Mar-23	36	26,960.00	6.99
21-Mar-23	34	29,340.00	7.04
22-Mar-23	46	27,950.00	7.16
23-Mar-23	47	27,000.00	7.25
Mar 17-23	43	28,064.00	7.08

Source: Central Bank of Kenya

Table 4: Performance of Treasury Bill Auctions

91-Day Treasury Bills						
Date of Auction	16-Feb-23	23-Feb-23	2-Mar-23	9-Mar-23	16-Mar-23	23-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)	22,088.75	11,362.17	22,229.15	20,041.27	7,291.16	7,177.46
Amount Accepted (KSh M)	20,899.80	10,788.16	13,314.59	16,627.93	7,095.88	7,176.90
Maturities (KSh M)	12,443.70	11,427.55	13,474.40	13,978.00	7,813.70	11,222.05
Average Interest Rate (%)	9.623	9.655	9.698	9.742	9.780	9.829
182-Day Treasury Bills						
Date of Auction	16-Feb-23	23-Feb-23	2-Mar-23	9-Mar-23	16-Mar-23	23-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)	17,527.30	4,404.63	6,016.16	7,910.92	17,466.21	3,691.85
Amount Accepted (KSh M)	17,522.55	4,402.73	6,016.07	7,882.37	17,256.71	3,406.42
Maturities (KSh M)	7,102.55	2,275.05	9,706.35	4,511.95	11,900.65	5,546.80
Average Interest Rate (%)	10.079	10.117	10.165	10.216	10.285	10.344
364-Day Treasury Bills						
Date of Auction	16-Feb-23	23-Feb-23	2-Mar-23	9-Mar-23	16-Mar-23	23-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)	6,298.21	3,668.17	4,454.53	7,681.09	4,432.78	930.04
Amount Accepted (KSh M)	6,297.05	3,656.13	4,454.44	7,679.20	4,432.11	920.89
Maturities (KSh M)	16,077.90	7,306.55	4,803.00	9,879.30	9,706.40	7,723.95
Average Interest Rate (%)	10.638	10.676	10.690	10.747	10.777	10.787

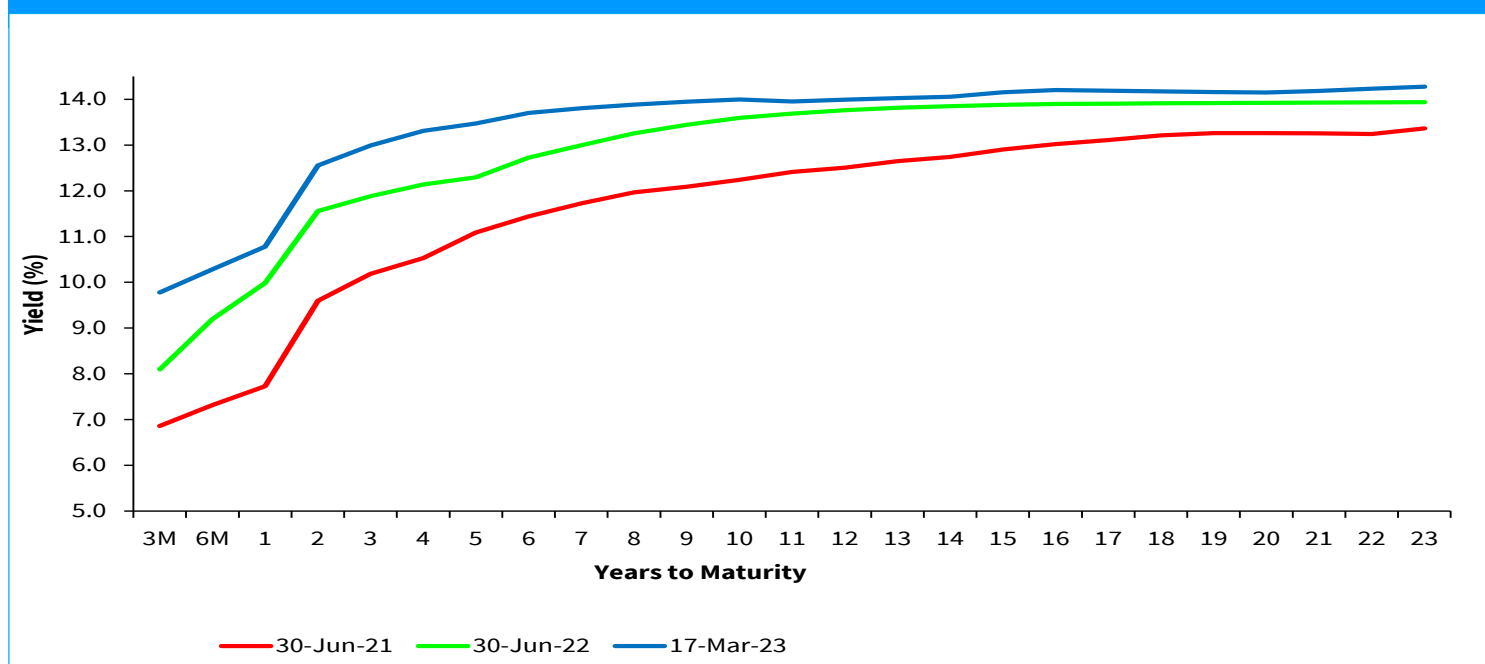
Source: Central Bank of Kenya

Table 5: Performance of Treasury Bond Auctions

Date of Auction	20-Jan-23		8-Feb-23		17-Feb-23		8-Mar-23	17-Mar-23
	TAP		RE-OPEN		TAP		IFB	TAP
Tenor	FXD1/ 2020/005	FXD1/ 2022/015	FXD1/ 2017/10	FXD1/ 2023/10	FXD1/ 2017/10	FXD1/ 2023/10	IFB1/ 2023/017	IFB1/ 2023/017
Amount offered (KSh M)	10,000.00		50,000.00		10,000.00		50,000.00	20,000.00
Bids received (KSh M)	13,902.65	4,119.30	8,030.13	11,514.95	8,855.70	3,607.55	59,772.04	12,712.30
Amount Accepted (KSh M)	13,571.35	4,056.03	7,469.52	9,279.28	8,593.57	3,607.23	50,877.20	12,711.16
Maturities (KSh M)							34,788.90	
Average interest Rate (%)	12.88	14.19	13.88	14.15	13.88	14.15	14.40	14.40

Source: Central Bank of Kenya

Chart 2: Government Securities Yield Curve



Source: Nairobi Securities Exchange (NSE)

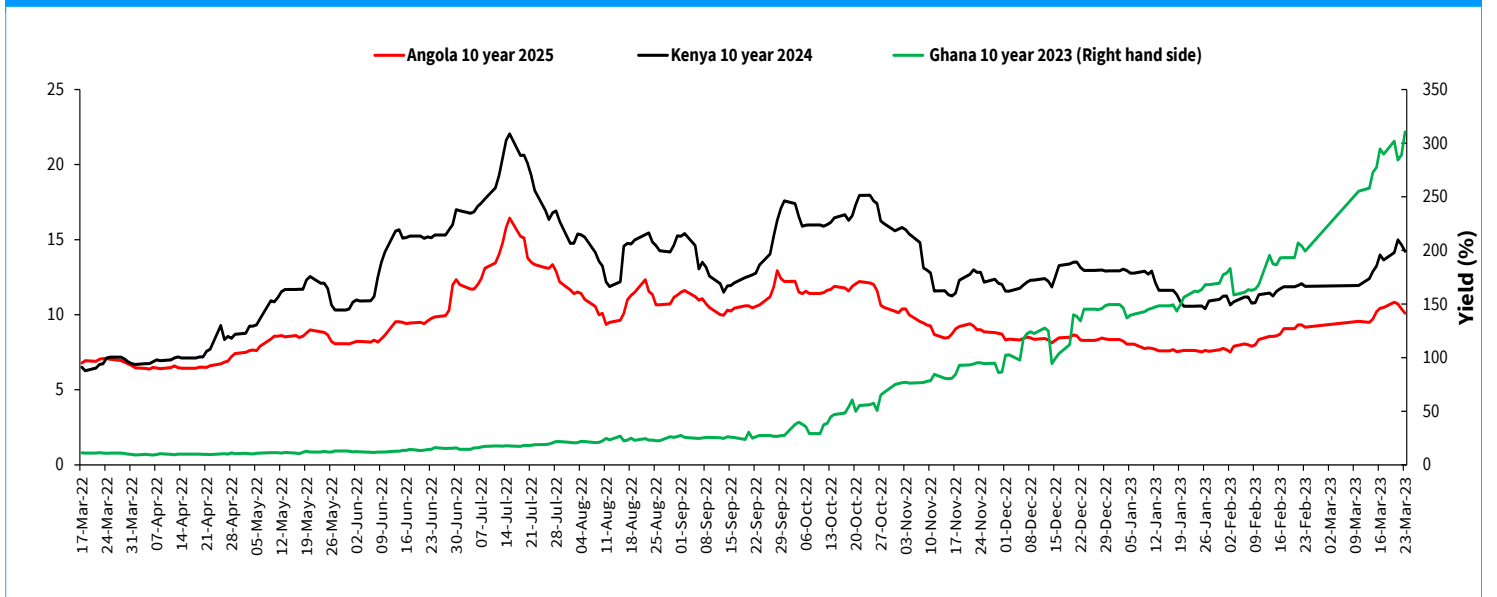
Table 6: Performance of Key Market Indicators

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 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
10-Mar-23	117.89	2,997.25	1,604.44	1,121	3.6	92.2	1836.3	546	11.54	11.947	11.431	11.423	10.645	11.435
13-Mar-23	115.03	2,955.98	1,598.03	1,261	6.1	127.7	1791.8	3714	11.759	12.412	11.508	11.643	10.872	11.514
14-Mar-23	113.75	2,931.28	1,589.52	1,317	5.9	141.5	1771.7	4858	12.46	12.882	11.928	11.84	11.078	11.738
15-Mar-23	110.62	2,880.89	1,590.60	1,388	22.9	393.1	1722.8	3493	12.792	13.242	12.239	12.068	11.314	11.927
16-Mar-23	106.81	2,795.79	1,560.06	1,463	46.6	838.6	1663.2	2888	13.419	13.988	12.839	12.477	11.584	12.253
Mar 10-16	106.81	2795.79	1560.06	6,550.00	85.09	1,593.07	1,663.23	15,498.60	13.419	13.988	12.839	12.477	11.584	12.253
17-Mar-23	103.41	2,706.28	1,530.17	1,611	83.7	1,424	1,610	3502	13.48	13.649	12.842	12.537	11.693	12.209
20-Mar-23	107.03	2,740.56	1,522.34	1,096	22.9	500	1,667	3450	13.77	14.138	13.209	12.838	11.957	12.434
21-Mar-23	109.90	2,781.15	1,526.39	3,084	159.2	23,539	1,712	2533	13.661	14.993	12.968	12.748	11.75	12.411
22-Mar-23	110.86	2,813.28	1,541.26	1,148	19.1	563	1,727	3184	13.895	14.648	13.092	12.541	11.779	12.298
23-Mar-23	110.91	2,821.21	1,558.87	1,380	14.7	390	1,727	5249	13.740	14.217	12.817	12.338	11.672	11.991
Mar 17-23	110.91	2821.21	1558.87	8,319.00	299.73	26,415.39	1,727.29	17,917.71	13.740	14.217	12.817	12.338	11.672	11.991
Weekly Changes (%)	3.84	0.91	-0.08	27.01	252.24	1558.14	3.85	15.61	0.321*	0.229*	-0.022*	-0.139*	0.088*	-0.262*

* 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	17-Mar-23
1. Treasury Bills (Excluding Repos)	656.45	620.28	672.28	671.51	658.93	676.72	677.60
<i>(As % of total securities)</i>	16.02	14.88	15.61	15.32	14.97	15.21	15.17
2. Treasury Bonds	3,440.61	3,549.53	3,634.86	3,710.62	3,744.05	3,773.45	3,789.21
<i>(As % of total securities)</i>	83.98	85.12	84.39	84.68	85.03	84.79	84.83
3. Total Securities (1+2)	4,097.06	4,169.81	4,307.14	4,382.13	4,402.98	4,450.16	4,466.81
4. Overdraft at Central Bank	68.40	65.86	27.25	58.50	64.51	66.55	55.77
5. Other Domestic debt*	26.32	30.55	30.90	32.76	32.21	32.76	33.99
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	4,556.57

* 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	17-Mar-23
Treasury bills (Excluding Repos)	15.81	14.54	15.40	15.01	14.64	14.87	14.87
Treasury bonds	82.09	83.20	83.27	82.95	83.21	82.94	83.16
Overdraft at Central Bank	1.46	1.54	0.62	1.31	1.43	1.46	1.22
Other domestic debt	0.64	0.72	0.71	0.73	0.72	0.72	0.75
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	17-Mar-23
Banking Institutions	49.29	48.74	47.60	46.84	46.83	46.69	46.01
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	5.95
Pension Funds	31.75	32.39	32.75	33.31	33.27	33.16	33.75
Other Investors	6.37	5.89	6.24	6.43	6.50	6.73	6.94
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