



Central Bank of Kenya

Weekly Bulletin

February 24, 2023



RECENT MONETARY AND FINANCIAL DEVELOPMENTS

Exchange Rates

The Kenya Shilling remained stable against major international and regional currencies during the week ending February 23. It exchanged at KSh 126.27 per US dollar on February 23, compared to KSh 125.52 per US dollar on February 16 (**Table 1**).

Foreign Exchange Reserves

The usable foreign exchange reserves remained adequate at USD 6,860 million (3.84 months of import cover) as at February 23. 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 decreased during the week ending February 23 as tax remittances more than offset government payments. Commercial banks' excess reserves stood at KSh 15.4 billion in relation to the 4.25 percent cash reserves requirement (CRR). Open market operations remained active. The average interbank rate was 6.47 percent on February 23 compared to 6.22 percent on February 16. During the week, the average number of interbank deals decreased to 29 from 31 in the previous week, while the average value traded increased to KSh 24.1 billion from KSh 20.3 (**Table 3**).

Government Securities Market

The Treasury bill auction of February 23, received bids totaling KSh 19.4 billion against an advertised amount of KSh 24.0 billion, representing a performance of 81.0 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 February 17, the 10-year fixed rate Treasury bonds received bids totaling KSh 12.5 billion against an advertised amount of KSh 10 billion, representing a performance rate of 124.6 percent (**Table 5**).

Equity Market

At the Nairobi Securities Exchange, the NASI, NSE 25 and NSE 20 share price indices declined by 0.9 percent, 1.0 percent and 1.4 percent, respectively, during the week ending February 23. Similarly, market capitalization, equity turnover and total shares traded declined by 0.9 percent, 42.2 percent, and 19.2 percent, respectively (**Table 6**).

Bonds Market

Bond turnover in the domestic secondary market declined by 2.6 percent during the week ending February 23 (**Table 6**). In the international market, yields on Kenya's Eurobonds increased by an average of 16.1 basis points, with 2024 maturity increasing by 16.7 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 eased during the week ending February 23. The US GDP grew by 2.7 percent in the fourth quarter of 2022. The US dollar index strengthened by 0.71 percent against a basket of major currencies during the week ending February 23.

International oil prices decreased during the week ending February 23, mainly on account of crude oil inventory buildup. Murban oil price decreased to USD 82.73 per barrel on February 23 from USD 84.77 per barrel on February 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-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
17-Feb-23	125.63	151.12	134.35	93.26	29.21	18.62	8.65	16.53
20-Feb-23	125.77	150.26	133.61	93.33	29.18	18.60	8.64	16.51
21-Feb-23	125.94	151.52	134.56	93.91	29.22	18.57	8.64	16.49
22-Feb-23	126.08	152.63	134.46	93.56	29.27	18.55	8.63	16.48
23-Feb-23	126.27	152.60	134.29	93.71	29.38	18.52	8.73	16.45
Feb 17- Feb 23	125.94	151.62	134.25	93.55	29.25	18.57	8.66	16.49

*Units of currency per Kenya Shilling

Source: Central Bank of Kenya

Table 2: Official Foreign Exchange Reserves (USD Million)

	26-Jan-23	2-Feb-23	9-Feb-23	16-Feb-23	23-Feb-23
1. CBK Usable Foreign Exchange Reserves (USD Million)	7,005	6,967	6,969	6,875	6,860
2. CBK Usable Foreign Exchange Reserves (Months of Import Cover)*	3.92	3.90	3.88	3.84	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 (%)
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
17-Feb-23	26	22,048.00	6.23
20-Feb-23	30	27,260.00	6.27
21-Feb-23	31	26,705.00	6.30
22-Feb-23	31	22,705.00	6.38
23-Feb-23	29	21,620.00	6.47
Feb 17-23	29	24,067.60	6.33

Source: Central Bank of Kenya

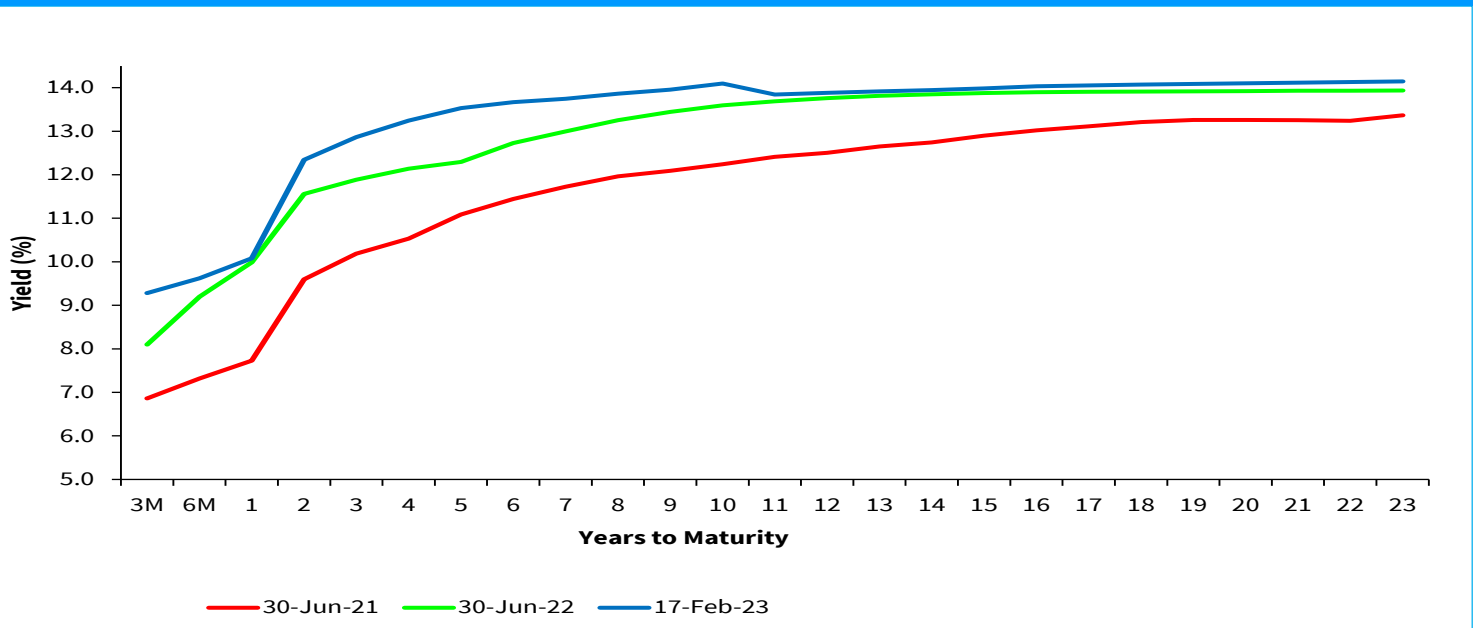
Table 4: Performance of Treasury Bill Auctions						
91-Day Treasury Bills						
Date of Auction	30-Jun-22	29-Sep-22	29-Dec-22	26-Jan-23	16-Feb-23	23-Feb-23
Amount Offered (KSh M)	4,000.00	4,000.00	4,000.00	4,000.00	4,000.00	4,000.00
Bids Received (KSh M)	4,727.43	5,129.43	2,180.21	18,357.67	22,088.75	11,362.17
Amount Accepted (KSh M)	3,959.52	2,487.10	2,120.42	16,154.81	20,899.80	10,788.16
Maturities (KSh M)	1,539.65	4,035.00	2,539.95	12,234.40	12,443.70	11,427.55
Average Interest Rate (%)	8.097	8.952	9.369	9.538	9.623	9.655
182-Day Treasury Bills						
Date of Auction	30-Jun-22	29-Sep-22	29-Dec-22	26-Jan-23	16-Feb-23	23-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	17,527.30	4,404.63
Amount Accepted (KSh M)	1,600.03	3,039.53	434.69	10,263.50	17,522.55	4,402.73
Maturities (KSh M)	2,412.35	3,248.05	1,660.95	1,934.70	7,102.55	2,275.05
Average Interest Rate (%)	9.196	9.631	9.834	9.954	10.079	10.117
364-Day Treasury Bills						
Date of Auction	30-Jun-22	29-Sep-22	29-Dec-22	26-Jan-23	16-Feb-23	23-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	6,298.21	3,668.17
Amount Accepted (KSh M)	2,260.74	1,124.70	1,691.33	5,676.29	6,297.05	3,656.13
Maturities (KSh M)	5,888.60	1,775.15	5,396.40	19,296.80	16,077.90	7,306.55
Average Interest Rate (%)	9.985	9.905	10.308	10.504	10.638	10.676

Source: Central Bank of Kenya

Table 5: Performance of Treasury Bond Auctions									
Date of Auction	22-Dec-22	11-Jan-23		20-Jan-23		8-Feb-23		17-Feb-23	
	TAP	RE-OPEN		TAP		RE-OPEN		TAP	
Tenor	IFB1/ 2022/06	FXD1/ 2020/005	FXD1/ 2022/015	FXD1/ 2020/005	FXD1/ 2022/015	FXD1/ 2017/10	FXD1/ 2023/10	FXD1/ 2017/10	FXD1/ 2023/10
Amount offered (KSh M)	20,000.00	50,000.00		10,000.00		50,000.00		10,000.00	
Bids received (KSh M)	10,814.55	27,620.35	14,011.92	13,902.65	4,119.30	8,030.13	11,514.95	8,855.70	3,607.55
Amount Accepted (KSh M)	10,812.28	24,352.62	7,160.39	13,571.35	4,056.03	7,469.52	9,279.28	8,593.57	3,607.23
Maturities (KSh M)		0.00		0.00		0.00			
Average interest Rate (%)	13.22	12.88	14.19	12.88	14.19	13.88	14.15	13.88	14.15

Source: Central Bank of Kenya

Chart 1: Government Securities Yield Curve



Source: Nairobi Securities Exchange (NSE)

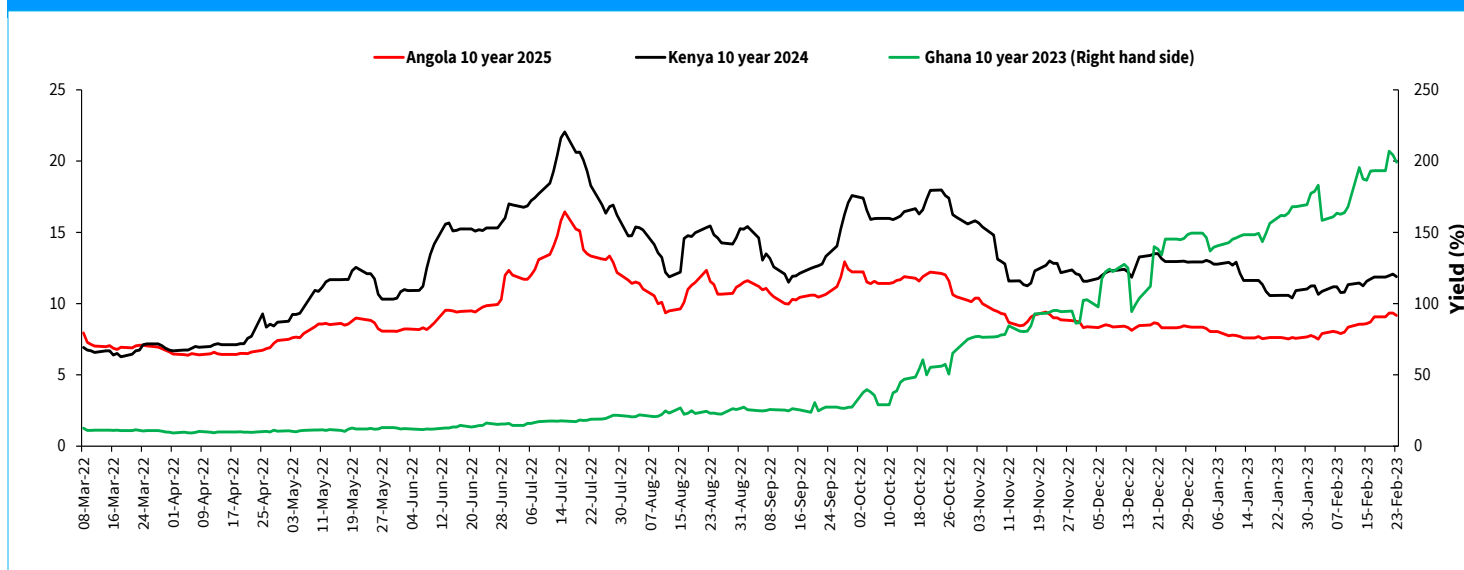
Table 6: Key Market Indicators

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
10-Feb-23	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-23	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-23	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-23	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-23	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 10-16	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
17-Feb-23	128.02	3190.07	1680.5	868.00	6.1688	190.33	1994.64	2326.9	10.954	11.859	10.626	10.743	10.192	10.903
20-Feb-23	127.11	3164.81	1671.2	856.00	4.2534	97.89	1980.50	1746.1	10.954	11.859	10.626	10.743	10.192	10.903
21-Feb-23	127.12	3168.48	1673.78	957.00	5.1275	99.28	1980.63	3223.6	10.957	11.952	10.735	10.847	10.288	10.976
22-Feb-23	127.04	3160.6	1683.59	936.00	14.8021	326.05	1979.31	2323.85	11.113	12.071	10.881	10.979	10.409	11.107
23-Feb-23	126.58	3151.66	1653.1	884.00	6.0221	93.64	1972.21	2606.2	10.868	11.883	10.706	10.824	10.243	10.958
Feb 17-23	126.58	3151.66	1653.10	4,501.00	36.37	807.19	1,972.21	12,226.65	10.868	11.883	10.706	10.824	10.243	10.958
Weekly Changes (%)	-0.85	-1.02	-1.39	-8.39	-19.17	-42.17	-0.85	-2.57	0.068*	0.167*	0.188*	0.210*	0.170*	0.164*

* 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	10-Feb-23	17-Feb-23
1. Treasury Bills (Excluding Repos)	709.15	656.45	620.28	672.28	671.51	658.93	658.47	665.62
<i>(As % of total securities)</i>	17.95	16.02	14.88	15.61	15.32	14.97	14.96	15.04
2. Treasury Bonds	3,242.24	3,440.61	3,549.53	3,634.86	3,710.62	3,744.05	3,744.05	3,760.99
<i>(As % of total securities)</i>	82.05	83.98	85.12	84.39	84.68	85.03	85.04	84.96
3. Total Securities (1+2)	3,951.39	4,097.06	4,169.81	4,307.14	4,382.13	4,402.98	4,402.52	4,426.61
4. Overdraft at Central Bank	59.31	68.40	65.86	27.25	58.50	64.51	63.26	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	4,497.99	4,522.08

* 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	10-Feb-23	17-Feb-23
Treasury bills (Excluding Repos)	17.59	15.81	14.54	15.40	15.01	14.64	14.64	14.72
Treasury bonds	80.41	82.09	83.20	83.27	82.95	83.21	83.24	83.17
Overdraft at Central Bank	1.47	1.46	1.54	0.62	1.31	1.43	1.41	1.40
Other domestic debt	0.54	0.64	0.72	0.71	0.73	0.72	0.72	0.71
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)

	31-Dec-21	25-Mar-22	24-Jun-22	30-Sep-22	30-Dec-22	27-Jan-23	10-Feb-23	17-Feb-23
Banking Institutions	50.20	49.29	48.74	47.60	46.84	46.83	46.79	46.58
Insurance Companies	6.79	6.87	7.14	7.32	7.37	7.38	7.38	7.39
Parastatals	5.57	5.72	5.84	6.09	6.06	6.01	6.05	6.05
Pension Funds	31.34	31.75	32.39	32.75	33.31	33.27	33.08	33.21
Other Investors	6.10	6.37	5.89	6.24	6.43	6.50	6.70	6.77
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