



Central Bank of Kenya

Weekly Bulletin

April 28, 2023



RECENT MONETARY AND FINANCIAL DEVELOPMENTS

Inflation

Overall inflation declined significantly to 7.9 percent in April 2023 from 9.2 percent in March, mainly driven by decreased prices of fast-growing vegetable items, due to the favourable long rains. Food inflation declined to 10.1 percent from 13.4 percent in March, reflecting lower vegetable prices. Fuel inflation remained elevated, declining marginally to 13.2 percent from 13.4 percent in March, mainly driven by electricity prices. Meanwhile, non-food-non-fuel (NFNF) inflation declined to 4.1 percent from 4.4 percent in March (**Chart 1**).

Exchange Rates

The Kenya Shilling remained relatively stable against major international and regional currencies during the week ending April 27. It exchanged at KSh 135.83 per US dollar on April 27, compared to KSh 135.19 per US dollar on April 20 (**Table 1**).

Foreign Exchange Reserves

The usable foreign exchange reserves remained adequate at USD 6,508 million (3.62 months of import cover) as at April 27. 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 April 27, as government receipts were higher than payments. Commercial banks' excess reserves stood at KSh 22.1 billion in relation to the 4.25 percent cash reserves requirement (CRR). Open market operations remained active. The average interbank rate was 9.28 percent on April 27 compared to 8.81 percent on April 20. During the week, the average number of interbank deals increased to 32 from 28 in the previous week, while the average value

traded decreased to KSh 18.1 billion from KSh 26.7 billion in the previous week (**Table 3**).

Government Securities Market

The Treasury bill auction of April 27, received bids totaling KSh 9.0 billion against an advertised amount of KSh 24.0 billion, representing a performance of 37.5 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, NSE 25 and NSE 20 share price indices increased by 0.7 percent, 0.6 percent and 0.7 percent, respectively, during the week ending April 27. Similarly, market capitalization and equity turnover increased by 0.7 percent and 8.2 percent, respectively, while total shares traded declined by 17.4 percent (**Table 6**).

Bond Market

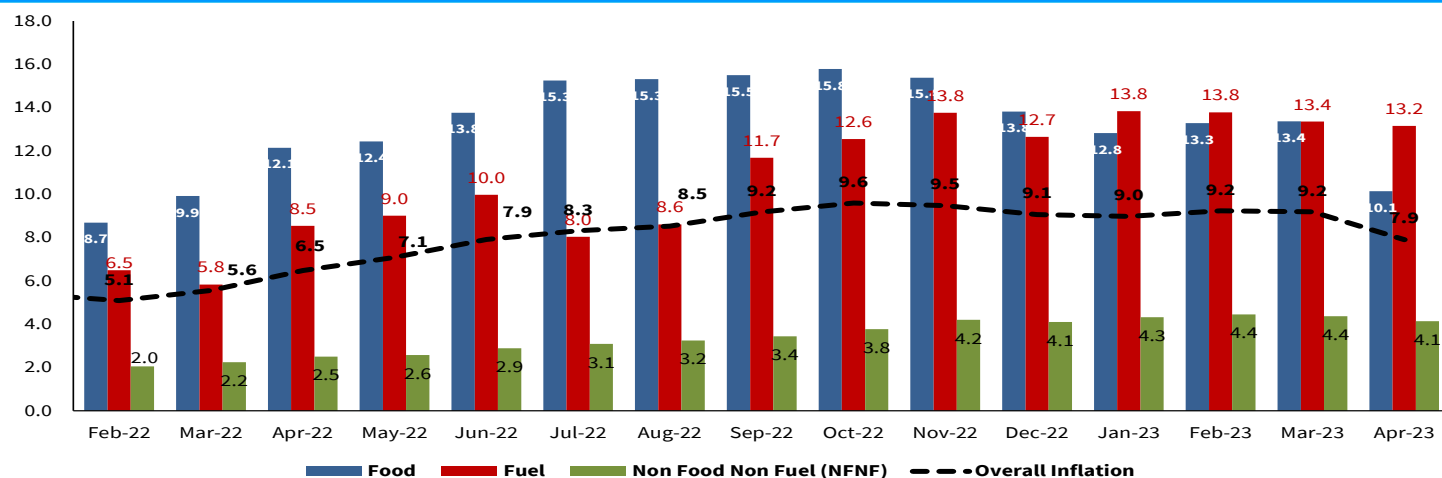
Bond turnover in the domestic secondary market declined by 27.7 percent during the week ending April 27 (**Table 6**). In the international market, yields on Kenya's Eurobonds increased by an average of 85.7 basis points, with 2024 maturity rising by 308.7 basis points. The yields on the 10-Year Eurobonds for Angola declined while that for Ghana increased (**Chart 3**).

Global Trends

Inflation concerns in major economies have continued to moderate. The US dollar index weakened by 0.33 percent against a basket of major currencies during the week ending April 27.

International oil prices decreased during the week, mainly due to fears of a recession in the US. Murban oil price declined to USD 77.99 per barrel on April 27 from USD 81.93 per barrel on April 20.

Chart 1: Inflation



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

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

	USD	Sterling Pound	Euro	100 Japanese Yen	Uganda Shilling*	Tanzania Shilling*	Rwandese Franc*	Burundi Franc*
14-Apr-23	134.35	168.23	148.52	101.36	27.76	17.45	8.24	15.49
17-Apr-23	134.57	167.88	148.45	101.10	27.72	17.43	8.23	15.47
18-Apr-23	134.74	166.91	147.42	100.15	27.76	17.43	8.26	15.45
19-Apr-23	134.97	167.77	147.96	100.46	27.64	17.37	8.22	15.43
20-Apr-23	135.19	168.28	148.16	100.32	27.66	17.35	8.21	15.40
April 14-20	134.50	167.48	147.67	100.59	27.77	17.44	8.23	15.48
21-Apr-23	Public Holiday (Eid)							
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
April 21-27	135.57	168.73	149.29	101.16	27.61	17.31	8.20	15.36

*Units of currency per Kenya Shilling

Source: Central Bank of Kenya

Table 2: Official Foreign Exchange Reserves (USD Million)

	30-Mar-23	6-Apr-23	13-Apr-23	20-Apr-23	27-Apr-23
1. CBK Usable Foreign Exchange Reserves (USD Million)	6,426	6,446	6,376	6,539	6,508
2. CBK Usable Foreign Exchange Reserves (Months of Import Cover)*	3.59	3.60	3.56	3.64	3.62

*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 (%)
14-Apr-23	27	24,630.00	8.53
17-Apr-23	32	39,520.00	8.62
18-Apr-23	24	25,850.00	8.67
19-Apr-23	27	28,820.00	8.73
20-Apr-23	28	14,590.00	8.81
April 14-20	28	26,682.00	8.67
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
April 21-27	32	18,130.00	9.14

Source: Central Bank of Kenya

Table 4: Performance of Treasury Bill Auctions

91-Day Treasury Bills						
Date of Auction	29-Sep-22	29-Dec-22	26-Jan-23	30-Mar-23	20-Apr-23	27-Apr-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	31,984.78	6,687.26
Amount Accepted (KSh M)	2,487.10	2,120.42	16,154.81	2,765.00	30,532.02	6,635.51
Maturities (KSh M)	4,035.00	2,539.95	12,234.40	2,158.40	14,455.20	16,506.35
Average Interest Rate (%)	8.952	9.369	9.538	9.907	10.159	10.275
182-Day Treasury Bills						
Date of Auction	29-Sep-22	29-Dec-22	26-Jan-23	30-Mar-23	20-Apr-23	27-Apr-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	2,149.19	872.19
Amount Accepted (KSh M)	3,039.53	434.69	10,263.50	3,457.80	1,818.64	870.76
Maturities (KSh M)	3,248.05	1,660.95	1,934.70	3,176.30	4,884.05	2,142.40
Average Interest Rate (%)	9.631	9.834	9.954	10.399	10.477	10.511
364-Day Treasury Bills						
Date of Auction	29-Sep-22	29-Dec-22	26-Jan-23	30-Mar-23	20-Apr-23	27-Apr-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	1,017.77	1,444.18
Amount Accepted (KSh M)	1,124.70	1,691.33	5,676.29	1,810.42	927.69	1,439.24
Maturities (KSh M)	1,775.15	5,396.40	19,296.80	2,660.05	7,162.75	10,155.10
Average Interest Rate (%)	9.905	10.308	10.504	10.800	11.059	11.124

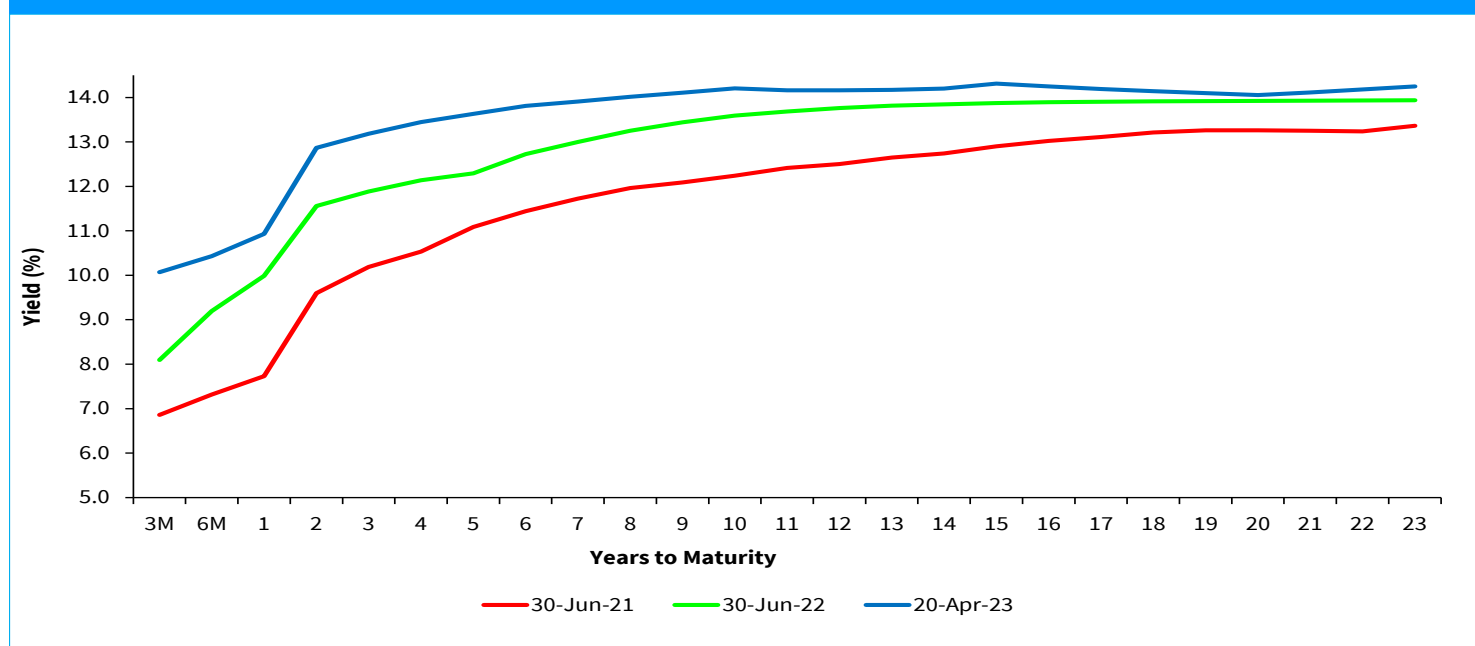
Source: Central Bank of Kenya

Table 5: Performance of Treasury Bond Auctions

Date of Auction	22-Dec-22	20-Jan-23		17-Feb-23		17-Mar-23	5-Apr-23	19-Apr-23
	TAP	TAP		TAP		TAP		RE-OPEN
Tenor	IFB1/ 2022/06	FXD1/ 2020/005	FXD1/ 2022/015	FXD1/ 2017/10	FXD1/ 2023/10	IFB1/ 2023/017	FXD2/ 2018/10	FXD1/ 2022/03
Amount offered (KSh M)	20,000.00	10,000.00		10,000.00		20,000.00	20,000.00	30,000.00
Bids received (KSh M)	10,814.55	13,902.65	4,119.30	8,855.70	3,607.55	12,712.30	3,570.55	7,328.96
Amount Accepted (KSh M)	10,812.28	13,571.35	4,056.03	8,593.57	3,607.23	12,711.16	3,360.37	1,757.09
Maturities (KSh M)								
Average interest Rate (%)	13.22	12.88	14.19	13.88	14.15	14.40	14.37	13.47

Source: Central Bank of Kenya

Chart 2: Government Securities Yield Curve



Source: Nairobi Securities Exchange (NSE)

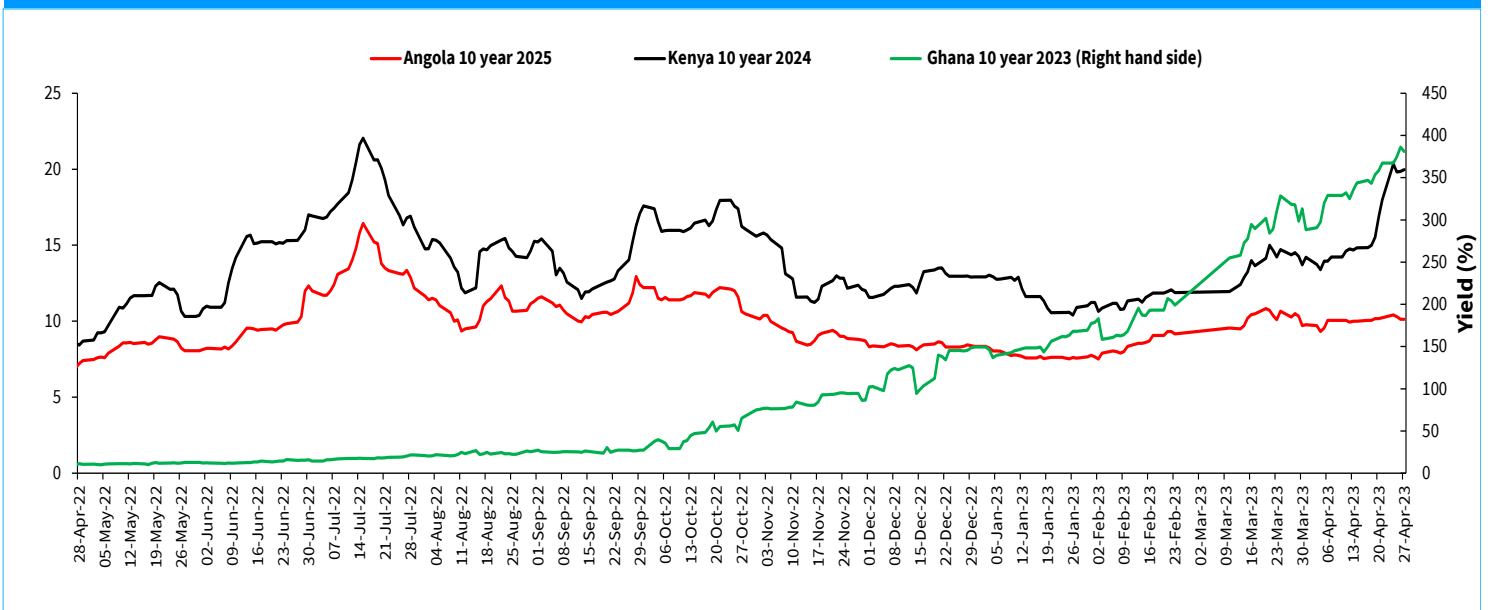
Table 6: Performance of Key Market Indicators

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
14-Apr-23	111.56	2920.59	1613.85	1,050	6.50	108.48	1737.57	2,953.85	13.571	14.823	12.668	12.071	11.529	11.739
17-Apr-23	109.74	2904.57	1608.22	1,232	6.29	114.22	1709.11	1,062.12	13.577	14.841	12.751	12.159	11.584	11.801
18-Apr-23	109.24	2899.51	1607.75	1,180	7.58	95.72	1701.26	1,716.85	13.64	14.987	12.794	12.247	11.639	11.864
19-Apr-23	108.65	2887.59	1602.60	1,189	9.05	190.71	1692.03	4,540.85	13.879	15.519	13	12.424	11.833	12.035
20-Apr-23	107.84	2867.96	1594.06	1,373	13.44	230.07	1679.43	3,948.35	14.607	16.889	13.589	12.847	12.26	12.412
April 14-20	107.84	2867.96	1594.06	6,024.00	42.86	739.19	1,679.43	14,222.02	14.607	16.889	13.589	12.847	12.260	12.412
21-Apr-23	Public Holiday (Eid)								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
April 21-27	108.57	2884.33	1604.74	4,699.00	35.42	799.85	1,690.74	10,288.77	15.393	19.976	14.083	13.166	12.414	12.715
Weekly Changes (%)	0.68	0.57	0.67	-22.00	-17.37	8.21	0.67	-27.66	0.786*	3.087*	0.494*	0.319*	0.154*	0.303*

* Percentage points

Source: Nairobi Securities Exchange (NSE) and Thomson Reuters

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



Source: Thomson Reuters

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

Table 7: Government Domestic Debt (KSh Billion)

	24-Jun-22	30-Sep-22	30-Dec-22	28-Feb-23	31-Mar-23	14-Apr-23	20-Apr-23
1. Treasury Bills (Excluding Repos)	620.28	672.28	671.51	675.41	665.86	663.99	658.19
<i>(As % of total securities)</i>	14.88	15.61	15.32	15.18	15.01	14.96	14.83
2. Treasury Bonds	3,549.53	3,634.86	3,710.62	3,773.45	3,771.03	3,774.64	3,779.66
<i>(As % of total securities)</i>	85.12	84.39	84.68	84.82	84.99	85.04	85.17
3. Total Securities (1+2)	4,169.81	4,307.14	4,382.13	4,448.85	4,436.89	4,438.62	4,437.85
4. Overdraft at Central Bank	65.86	27.25	58.50	68.73	69.94	60.50	60.50
5. Other Domestic debt*	30.55	30.90	32.76	33.98	33.97	24.72	24.72
6. Gross Domestic Debt (3+4+5)	4,266.23	4,365.29	4,473.39	4,551.56	4,540.80	4,523.85	4,523.07

* 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)

	24-Jun-22	30-Sep-22	30-Dec-22	28-Feb-23	31-Mar-23	14-Apr-23	20-Apr-23
Treasury bills (Excluding Repos)	14.54	15.40	15.01	14.84	14.66	14.68	14.55
Treasury bonds	83.20	83.27	82.95	82.90	83.05	83.44	83.56
Overdraft at Central Bank	1.54	0.62	1.31	1.51	1.54	1.34	1.34
Other domestic debt	0.72	0.71	0.73	0.75	0.75	0.55	0.55
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)

	24-Jun-22	30-Sep-22	30-Dec-22	28-Feb-23	31-Mar-23	14-Apr-23	20-Apr-23
Banking Institutions	48.74	47.60	46.84	46.79	46.13	45.94	45.64
Insurance Companies	7.14	7.32	7.37	7.35	7.39	7.48	7.53
Parastatals	5.84	6.09	6.06	6.05	6.04	6.04	6.08
Pension Funds	32.39	32.75	33.31	33.10	33.42	33.47	33.63
Other Investors	5.89	6.24	6.43	6.70	7.01	7.06	7.13
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	Jan-23
Domestic debt (KSh Bn)	4,032.37	4,191.77	4,288.33	4,366.30	4,435.57	4,472.84	4,501.71
Public & Publicly Guaranteed External debt (USD Bn)	36.90	36.82	36.58	36.00	36.45	37.88	37.63
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	4,681.12
Public debt (KSh Bn)	8,206.74	8,401.33	8,579.06	8,701.10	8,898.46	9,145.98	9,182.83

* Provisional

Source: The National Treasury and Central Bank of Kenya