



Central Bank of Kenya

# Weekly Bulletin

February 10, 2023



## RECENT MONETARY AND FINANCIAL DEVELOPMENTS

### Exchange Rates

The Kenya Shilling remained stable against major international and regional currencies during the week ending February 9. It exchanged at KSh 124.98 per US dollar on February 9, compared to KSh 124.52 per US dollar on February 2 (**Table 1**).

### Foreign Exchange Reserves

The usable foreign exchange reserves remained adequate at USD 6,939 million (3.88 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**).

### Remittances

Remittance inflows remained strong at USD 349.4 million in January 2023 compared to USD 338.7 million in January 2022, an increase of 3.2 percent (**Chart 1**). The cumulative inflows for the 12 months to January 2023 totaled USD 4,039 million compared to USD 3,778 million in January 2022, an increase of 6.9 percent. The remittance inflows continue to support the current account and the foreign exchange market. The US remains the largest source of remittances into Kenya, accounting for 58.5 percent in January.

### Money Market

Liquidity in the money market increased during the week ending February 9, as government payments were more than offset tax remittances. Commercial banks' excess reserves stood at KSh 12.4 billion in relation to the 4.25 percent cash reserves requirement (CRR). Open market operations remained active. The average interbank rate was 6.43 percent on February 9 compared to 6.47 percent on February 2. During the week, the average number of interbank deals increased to 34 from 31 in the previous week, while the average value traded increased to KSh 27.9 billion from KSh 24.1 billion (**Table 3**).

### Government Securities Market

The Treasury bills auction of February 9, received bids totaling KSh 44.9 billion against an advertised amount

of KSh 24.0 billion, representing a performance of 187.1 percent. Interest rates remained stable, with 91-day, 182-day and 364-day rates increasing marginally (**Table 4**).

During the Treasury bonds auction of February 8, the re-opened 10-year fixed rate and the new 10-year Treasury bonds received bids totaling KSh 19.5 billion against an advertised amount of KSh 50 billion, representing a performance of 39.1 percent (**Table 5**).

### Equity Market

At the Nairobi Securities Exchange, the NASI, the NSE 25 and NSE 20 share price indices increased by 0.8 percent, 1.2 percent and 1.1 percent, respectively, during the week ending February 9. Market capitalization, total shares traded and equity turnover also increased by 0.8 percent, 62.2 percent and 62.7 percent, respectively (**Table 6**).

### Bonds Market

Bond turnover in the domestic secondary market declined by 12.3 percent during the week ending February 9 (**Table 6**). In the international market, yields on Kenya's Eurobonds increased by an average of 28.9 basis points, with the 2024 maturity increasing by 15.4 basis points. The yield on the 10-year Eurobond for Ghana declined while that of Angola increased (**Chart 3**).

### Global Trends

Concerns about inflation in major economies continue to moderate with expectations of a slower pace of monetary tightening by major central banks. The US unemployment rate declined to 3.4 percent in January, the lowest since 1969. The US dollar index strengthened by 1.45 percent against a basket of major currencies during the week ending February 9.

International oil prices increased during the week ending February 9, mainly supported by increased global demand. Murban oil price increased to USD 84.46 per barrel on February 9 from USD 82.26 per barrel on February 2.

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

	USD	Sterling Pound	Euro	100 Japanese Yen	Uganda Shilling*	Tanzania Shilling*	Rwandese Franc*	Burundi Franc*
27-Jan-23	124.35	154.21	135.60	95.81	29.59	18.77	8.68	16.68
30-Jan-23	124.39	154.00	135.33	95.92	29.62	18.80	8.70	16.68
31-Jan-23	124.40	154.00	135.33	95.44	29.65	18.79	8.69	16.68
1-Feb-23	124.48	153.52	134.92	95.43	29.63	18.78	8.68	16.67
2-Feb-23	124.52	153.57	135.56	96.86	29.59	18.77	8.69	16.66
<b>Jan 27- Feb 02</b>	<b>124.43</b>	<b>153.86</b>	<b>135.35</b>	<b>95.89</b>	<b>29.62</b>	<b>18.78</b>	<b>8.69</b>	<b>16.67</b>
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
<b>Feb 03- Feb 09</b>	<b>124.78</b>	<b>151.43</b>	<b>135.05</b>	<b>95.56</b>	<b>29.45</b>	<b>18.74</b>	<b>8.68</b>	<b>16.63</b>

\*Units of currency per Kenya Shilling

Source: Central Bank of Kenya

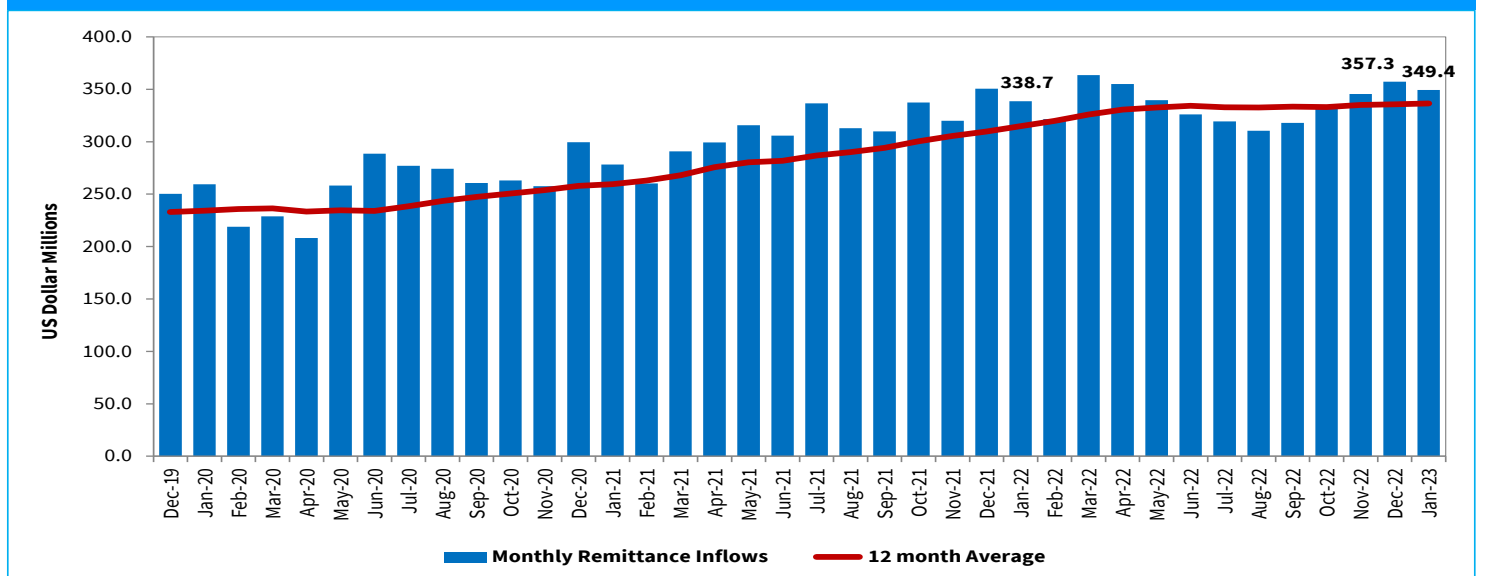
**Table 2: Official Foreign Exchange Reserves (USD Million)**

	12-Jan-23	19-Jan-23	26-Jan-23	2-Feb-23	9-Feb-23
1. CBK Usable Foreign Exchange Reserves (USD Million)	7,415	7,382	7,005	6,967	6,939
2. CBK Usable Foreign Exchange Reserves (Months of Import Cover)*	4.15	4.13	3.92	3.90	3.88

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

Source: Central Bank of Kenya

**Chart 1: Remittances**



Source: Central Bank of Kenya

### Table 3: Money Markets

Date	Number of Deals	Value (KSh M)	Average Interbank Rate (%)
27-Jan-23	27	14,520.00	6.39
30-Jan-23	31	27,100.00	6.39
31-Jan-23	33	23,781.00	6.44
1-Feb-23	36	27,750.00	6.48
2-Feb-23	30	27,390.00	6.47
<b>Jan 27-Feb 2</b>	<b>31</b>	<b>24,108.20</b>	<b>6.43</b>
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
<b>Feb 2-9</b>	<b>34</b>	<b>27,885.60</b>	<b>6.51</b>

Source: Central Bank of Kenya

### Table 4: Performance of Treasury Bill Auctions

91-Day Treasury Bills						
Date of Auction	29-Dec-22	12-Jan-23	19-Jan-23	26-Jan-23	2-Feb-23	9-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)	2,180.21	15,693.69	14,171.56	18,357.67	28,742.76	31,198.60
Amount Accepted (KSh M)	2,120.42	15,690.56	14,167.27	16,154.81	15,332.70	27,030.72
Maturities (KSh M)	2,539.95	10,084.25	14,135.90	12,234.40	16,906.65	19,047.80
<b>Average Interest Rate (%)</b>	<b>9.369</b>	<b>9.425</b>	<b>9.474</b>	<b>9.538</b>	<b>9.581</b>	<b>9.601</b>
182-Day Treasury Bills						
Date of Auction	29-Dec-22	12-Jan-23	19-Jan-23	26-Jan-23	2-Feb-23	9-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)	434.69	5,770.27	13,096.49	10,264.50	10,848.82	9,326.18
Amount Accepted (KSh M)	434.69	5,765.51	13,095.40	10,263.50	6,561.39	9,231.00
Maturities (KSh M)	1,660.95	5,297.85	15,118.95	1,934.70	2,109.15	4,100.90
<b>Average Interest Rate (%)</b>	<b>9.834</b>	<b>9.859</b>	<b>9.891</b>	<b>9.954</b>	<b>9.997</b>	<b>10.042</b>
364-Day Treasury Bills						
Date of Auction	29-Dec-22	12-Jan-23	19-Jan-23	26-Jan-23	2-Feb-23	9-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)	1,691.33	4,667.69	2,189.28	5,676.29	10,533.03	4,376.22
Amount Accepted (KSh M)	1,691.33	4,658.67	2,126.55	5,676.29	10,533.03	4,376.13
Maturities (KSh M)	5,396.40	14,237.95	15,178.95	19,296.80	15,642.95	11,760.75
<b>Average Interest Rate (%)</b>	<b>10.308</b>	<b>10.434</b>	<b>10.470</b>	<b>10.504</b>	<b>10.550</b>	<b>10.603</b>

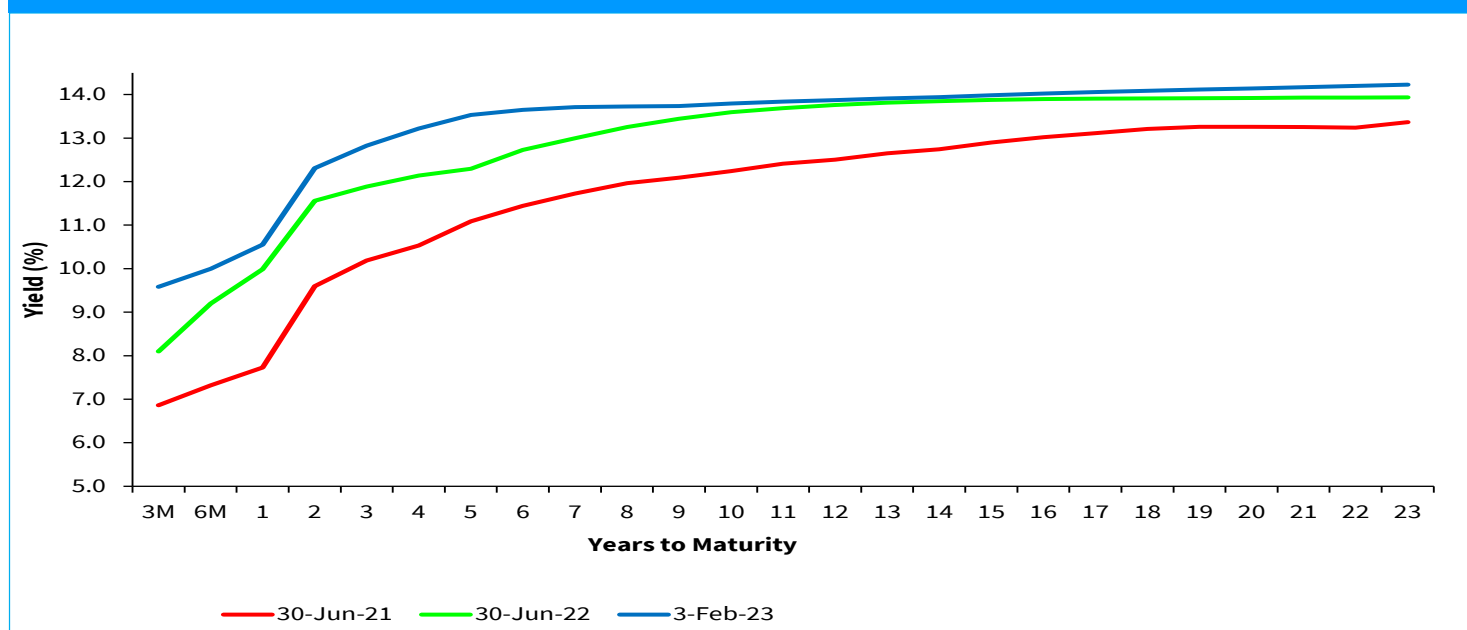
Source: Central Bank of Kenya

**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								
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 2: Government Securities Yield Curve**



Source: Nairobi Securities Exchange (NSE)

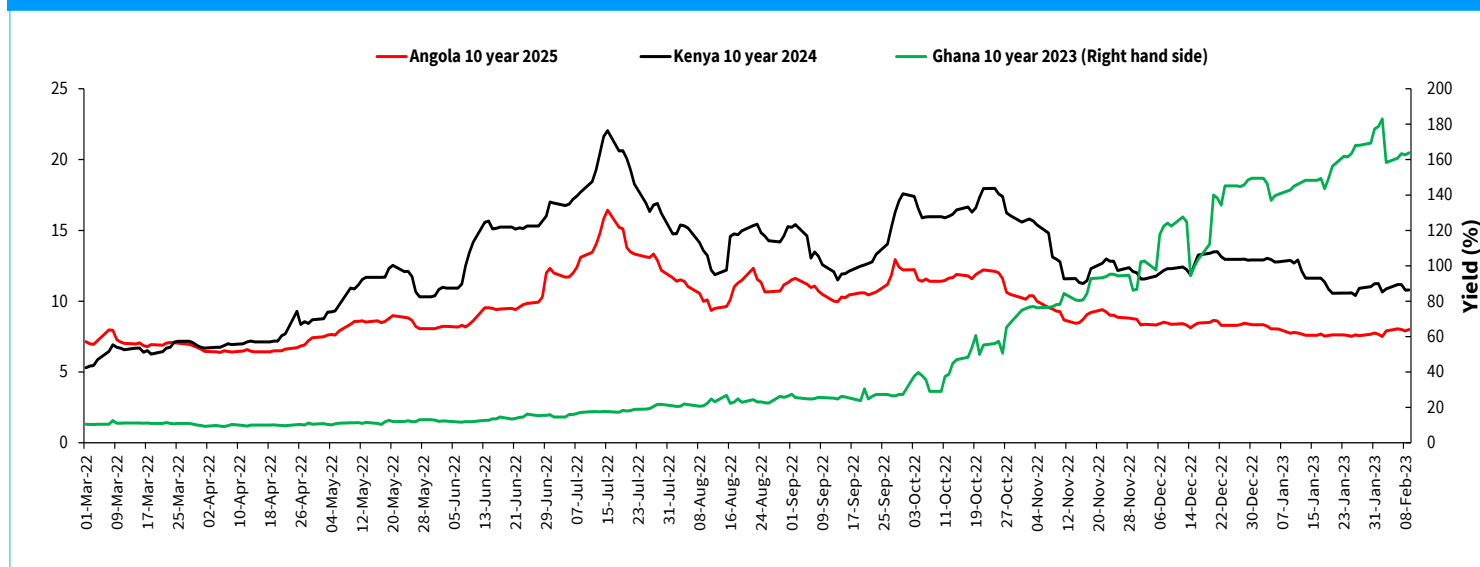
**Table 6: Key Market Indicators**

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 Capitalization (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
27-Jan-23	126.07	3137.01	1674.24	897.00	2.46	71.90	1,964.28	2,232.00	9.814	10.91	9.76	10.028	9.444	10.392
30-Jan-23	125.54	3127.13	1666.03	1,099.00	5.95	86.04	1,955.99	1,889.30	10.008	11.021	9.931	10.102	9.511	10.409
31-Jan-23	125.91	3115.29	1657.32	1,219.00	5.85	152.28	1,961.63	2,641.90	10.351	11.233	10.104	10.35	9.806	10.702
1-Feb-23	127.64	3145.05	1656.2	961.00	8.97	219.74	1,988.69	2,591.85	10.451	11.241	10.175	10.301	9.784	10.597
2-Feb-23	127.66	3146.97	1658.33	848.00	5.30	245.94	1,989.02	2,219.70	10.117	10.646	9.903	10.031	9.536	10.376
<b>Jan 27-Feb 2</b>	<b>127.66</b>	<b>3146.97</b>	<b>1658.33</b>	<b>5,024.00</b>	<b>28.54</b>	<b>775.89</b>	<b>1,989.02</b>	<b>11,574.75</b>	<b>10.117</b>	<b>10.646</b>	<b>9.903</b>	<b>10.031</b>	<b>9.536</b>	<b>10.376</b>
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
<b>Feb 2-Feb 9</b>	<b>128.62</b>	<b>3184.59</b>	<b>1675.92</b>	<b>4,641.00</b>	<b>46.29</b>	<b>1,262.49</b>	<b>2,004.03</b>	<b>10,159.27</b>	<b>10.231</b>	<b>10.800</b>	<b>10.859</b>	<b>10.206</b>	<b>9.766</b>	<b>10.478</b>
<b>Weekly Changes (%)</b>	<b>0.75</b>	<b>1.20</b>	<b>1.06</b>	<b>-7.62</b>	<b>62.21</b>	<b>62.71</b>	<b>0.75</b>	<b>-12.23</b>	<b>0.114*</b>	<b>0.154*</b>	<b>0.956*</b>	<b>0.175*</b>	<b>0.230*</b>	<b>0.102*</b>

\* 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-Dec-21	30-Sep-22	25-Nov-22	30-Dec-22	20-Jan-23	27-Jan-23	03-Feb-23
1. Treasury Bills (Excluding Repos)	709.15	672.28	683.90	671.51	672.89	658.93	658.92
<i>(As % of total securities)</i>	<b>17.95</b>	<b>15.61</b>	<b>15.76</b>	<b>15.32</b>	<b>15.30</b>	<b>14.97</b>	<b>14.97</b>
2. Treasury Bonds	3,242.24	3,634.86	3,654.77	3,710.62	3,726.04	3,744.05	3,744.05
<i>(As % of total securities)</i>	<b>82.05</b>	<b>84.39</b>	<b>84.24</b>	<b>84.68</b>	<b>84.70</b>	<b>85.03</b>	<b>85.03</b>
3. Total Securities (1+2)	3,951.39	4,307.14	4,338.67	4,382.13	4,398.93	4,402.98	4,402.98
4. Overdraft at Central Bank	59.31	27.25	57.37	58.50	34.32	64.51	66.00
5. Other Domestic debt*	21.66	30.90	32.39	32.76	32.22	32.21	32.21
<b>6. Gross Domestic Debt (3+4+5)</b>	<b>4,032.37</b>	<b>4,365.29</b>	<b>4,428.44</b>	<b>4,473.39</b>	<b>4,465.47</b>	<b>4,499.70</b>	<b>4,501.18</b>

\* 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	30-Sep-22	30-Dec-22	13-Jan-23	20-Jan-23	27-Jan-23	3-Feb-23
Treasury bills (Excluding Repos)	17.59	15.40	15.01	15.15	15.07	14.64	14.64
Treasury bonds	80.41	83.27	82.95	82.88	83.44	83.21	83.18
Overdraft at Central Bank	1.47	0.62	1.31	1.25	0.77	1.43	1.47
Other domestic debt	0.54	0.71	0.73	0.72	0.72	0.72	0.72
<b>TOTAL</b>	<b>100.00</b>	<b>100.00</b>	<b>100.00</b>	<b>100.00</b>	<b>100.00</b>	<b>100.00</b>	<b>100.00</b>

Source: Central Bank of Kenya

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

	30-Jun-21	31-Dec-21	30-Dec-22	13-Jan-23	20-Jan-23	27-Jan-23	3-Feb-23
Banking Institutions	51.24	50.20	46.84	46.61	46.62	46.83	46.96
Insurance Companies	6.66	6.79	7.37	7.40	7.40	7.38	7.38
Parastatals	5.54	5.57	6.06	5.97	6.05	6.01	6.00
Pension Funds	30.60	31.34	33.31	33.37	33.46	33.27	33.10
Other Investors	5.96	6.10	6.43	6.65	6.48	6.50	6.57
<b>Total</b>	<b>100.00</b>	<b>100.00</b>	<b>100.00</b>	<b>100.00</b>	<b>100.00</b>	<b>100.00</b>	<b>100.00</b>

Source: Central Bank of Kenya

**Table 10: Government Debt**

	Sep-21	Dec-21	Mar-22	Jun-22	Sep-22	Nov-22	Dec-22
Domestic debt (KSh Bn)	3,937.80	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)	36.73	36.90	36.82	36.58	36.00	36.45	37.88
Public & Publicly Guaranteed External debt (KSh Bn)	4,058.50	4,174.37	4,209.56	4,290.73	4,334.80	4,462.89	4,673.14
Public debt (KSh Bn)	<b>7,996.30</b>	<b>8,206.74</b>	<b>8,401.33</b>	<b>8,579.06</b>	<b>8,701.10</b>	<b>8,898.46</b>	<b>9,145.98</b>

\* Provisional

Source: The National Treasury and Central Bank of Kenya