



Central Bank of Kenya

Weekly Bulletin

March 1, 2024



RECENT MONETARY AND FINANCIAL DEVELOPMENTS

Inflation

Overall inflation declined to 6.3 percent in February 2024, from 6.9 percent in January mainly driven by a significant drop in food prices. Food inflation declined to 6.9 percent from 7.9 percent in January, supported by easing prices of key food items following favourable weather conditions. Fuel inflation remained elevated but eased to 13.4 percent from 14.3 percent in January 2024 on account of a decline in electricity costs. Non-food-non-fuel (NFnF) inflation remained stable at 3.6 percent, reflecting muted demand pressures and continued impact of monetary policy actions (**Chart 1**).

Exchange Rates

The Kenya Shilling remained stable against major international and regional currencies during the week ending February 29. It exchanged at KSh 143.59 per US dollar on February 29, compared to KSh 144.15 per US dollar on February 22 (**Table 1**).

Foreign Exchange Reserves

The usable foreign exchange reserves remained adequate at USD 6,962 million (3.7 months of import cover) as of February 29. 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 remained adequate during the week ending February 29, supported by open market operations. Commercial banks' excess reserves stood at KSh 27.4 billion in relation to the 4.25 percent cash reserves requirement (CRR). The average interbank rate was 14.06 percent on February 29 compared to 14.09 percent on February 22. During the week, the average number of interbank deals increased marginally to 35 from 33 in the previous week, while the average value traded decreased to KSh 19.9 billion from KSh 25.6 billion in the previous week (**Table 3**).

Government Securities Market

The Treasury bill auction of February 29 received bids totaling KSh 23.8 billion against an advertised amount of KSh 24.0 billion, representing a performance of 99.5 percent. Interest rates remained stable, with the 91-day, 182-day and 364-day rates increasing marginally (**Table 4**).

Equity Market

At the Nairobi Securities Exchange, the NASI declined by 0.2 percent, while NSE 25 and NSE 20 share price indices increased by 0.6 percent and 0.3 percent, respectively, during the week ending February 29. Market capitalization also declined by 0.2 percent while equity turnover and total shares traded increased by 84.5 percent and 12.9 percent, respectively (**Table 6**).

Bond Market

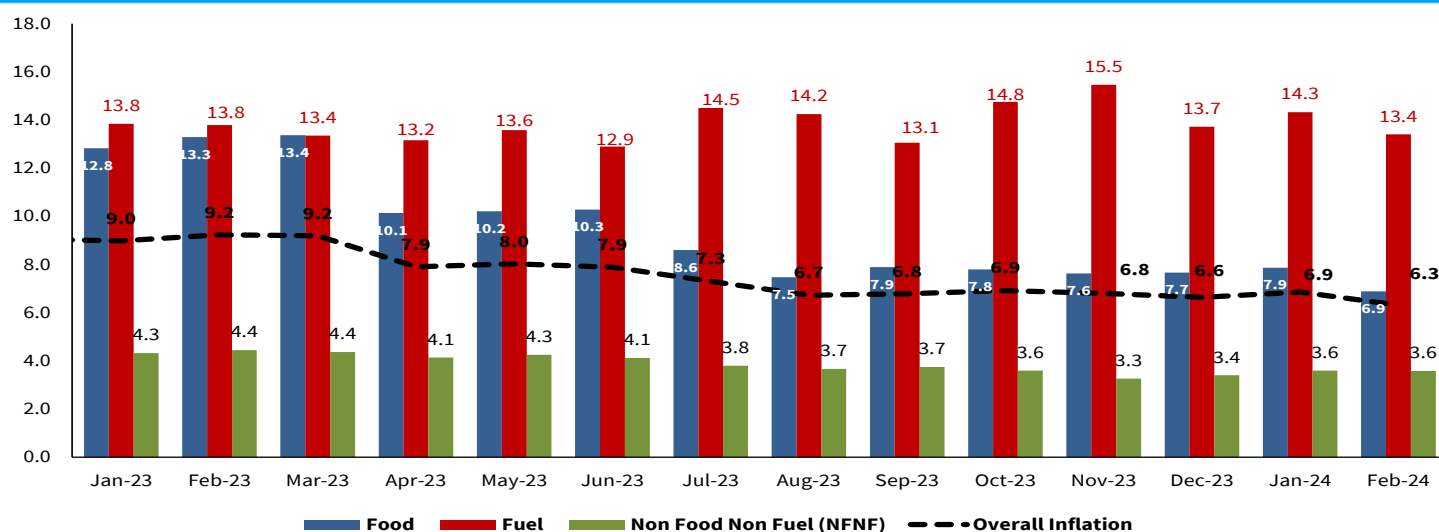
Bond turnover in the domestic secondary market declined by 36.4 percent during the week ending February 29 (**Table 6**). In the international market, yields on Kenya's Eurobonds remained stable. The yields on the 10-Year Eurobonds for Angola declined, while that of Zambia increased (**Chart 3**).

Global Trends

Concerns about inflation in advanced economies continued to ease in the week ending February 29. The January, Personal Consumption Expenditures (PCE) Price Index for US declined to 2.4 percent while preliminary inflation data in the Euro Area showed a moderation of inflation in France (3.1 percent) and Spain (2.9 percent), in line with market expectations despite core inflation remaining sticky. The US dollar index strengthened by 0.19 percent against a basket of major currencies during the week ending February 29.

International oil prices remained stable during the week ending February 29, largely driven by advanced economies better-than-expected economic data outturn. Murban oil prices remained stable at USD 82.39 per barrel on February 29, compared to USD 82.76 per barrel on February 22.

Chart 1: Inflation (Percent)



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

Table 1: Kenya Shilling Exchange Rates

	USD	Sterling Pound	Euro	100 Japanese Yen	Uganda Shilling*	Tanzania Shilling*	Rwandese Franc*	Burundi Franc*
16-Feb-24	145.86	183.53	156.95	97.05	26.57	17.45	8.73	19.58
19-Feb-24	142.92	179.43	153.52	94.88	27.10	17.77	8.91	19.98
20-Feb-24	142.81	179.89	153.77	95.20	27.19	17.86	8.91	19.99
21-Feb-24	142.78	180.77	154.55	95.33	27.20	17.75	8.93	20.00
22-Feb-24	144.15	182.06	155.84	96.05	27.00	17.64	8.85	19.81
Feb 16- 22	143.70	181.14	154.93	95.70	27.01	17.69	8.86	19.87
23-Feb-24	144.06	181.75	155.73	95.66	27.15	17.67	8.85	19.83
26-Feb-24	143.85	182.45	155.65	95.62	27.35	17.73	8.87	19.86
27-Feb-24	144.16	183.02	156.45	95.71	27.38	17.69	9.00	19.82
28-Feb-24	143.62	181.81	155.50	95.36	27.40	17.72	8.89	19.89
29-Feb-24	143.59	181.88	155.59	95.78	27.44	17.76	8.89	19.90
Feb 23- 29	143.86	182.18	155.79	95.62	27.35	17.71	8.90	19.86

*Units of currency per Kenya Shilling

Source: Central Bank of Kenya

Table 2: Official Foreign Exchange Reserves (USD Million)

	1-Feb-24	8-Feb-24	15-Feb-24	22-Feb-24	29-Feb-24
1. CBK Usable Foreign Exchange Reserves (USD Million)	7,134	7,131	7,031	7,221	6,962
2. CBK Usable Foreign Exchange Reserves (Months of Import Cover)*	3.8	3.8	3.8	3.9	3.7

*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 (%)
16-Feb-24	38	43,400.00	13.62
19-Feb-24	34	26,523.00	13.90
20-Feb-24	29	22,900.00	14.12
21-Feb-24	23	14,280.00	14.10
22-Feb-24	40	21,080.00	14.09
Feb 16-22	33	25,636.60	13.97
23-Feb-24	50	33,300.00	13.96
26-Feb-24	24	11,670.00	14.14
27-Feb-24	38	21,290.00	14.18
28-Feb-24	31	18,290.00	14.10
29-Feb-24	30	15,040.00	14.06
Feb 23-29	35	19,918.00	14.09

Source: Central Bank of Kenya

Table 4: Performance of Treasury Bill Auctions

91-Day Treasury Bills						
Date of Auction	29-Jun-23	28-Sep-23	28-Dec-23	25-Jan-24	22-Feb-24	29-Feb-24
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)	5,779.97	11,007.63	8,516.51	16,558.38	9,902.87	12,259.85
Amount Accepted (KSh M)	2,705.12	3,303.25	6,986.46	14,027.44	5,604.11	12,221.39
Maturities (KSh M)	2,814.15	2,741.45	3,254.55	8,291.40	22,974.40	18,879.90
Average Interest Rate (%)	11.904	14.821	15.983	16.290	16.590	16.622
182-Day Treasury Bills						
Date of Auction	29-Jun-23	28-Sep-23	28-Dec-23	25-Jan-24	22-Feb-24	29-Feb-24
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)	2,195.96	809.28	322.85	5,243.25	7,420.64	2,035.88
Amount Accepted (KSh M)	1,300.96	542.27	322.85	5,224.77	6,833.68	1,952.90
Maturities (KSh M)	442.15	3,616.00	1,365.20	1,281.40	2,689.85	928.35
Average Interest Rate (%)	11.947	14.950	15.967	16.376	16.752	16.785
364-Day Treasury Bills						
Date of Auction	29-Jun-23	28-Sep-23	28-Dec-23	25-Jan-24	22-Feb-24	29-Feb-24
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)	1,514.41	1,841.12	1,661.91	2,672.03	19,651.16	9,575.99
Amount Accepted (KSh M)	1,514.41	670.62	1,661.91	2,657.86	10,646.21	8,719.18
Maturities (KSh M)	2,417.65	1,229.50	1,858.45	6,216.15	4,040.05	4,903.65
Average Interest Rate (%)	12.157	15.054	16.100	16.523	16.919	16.972

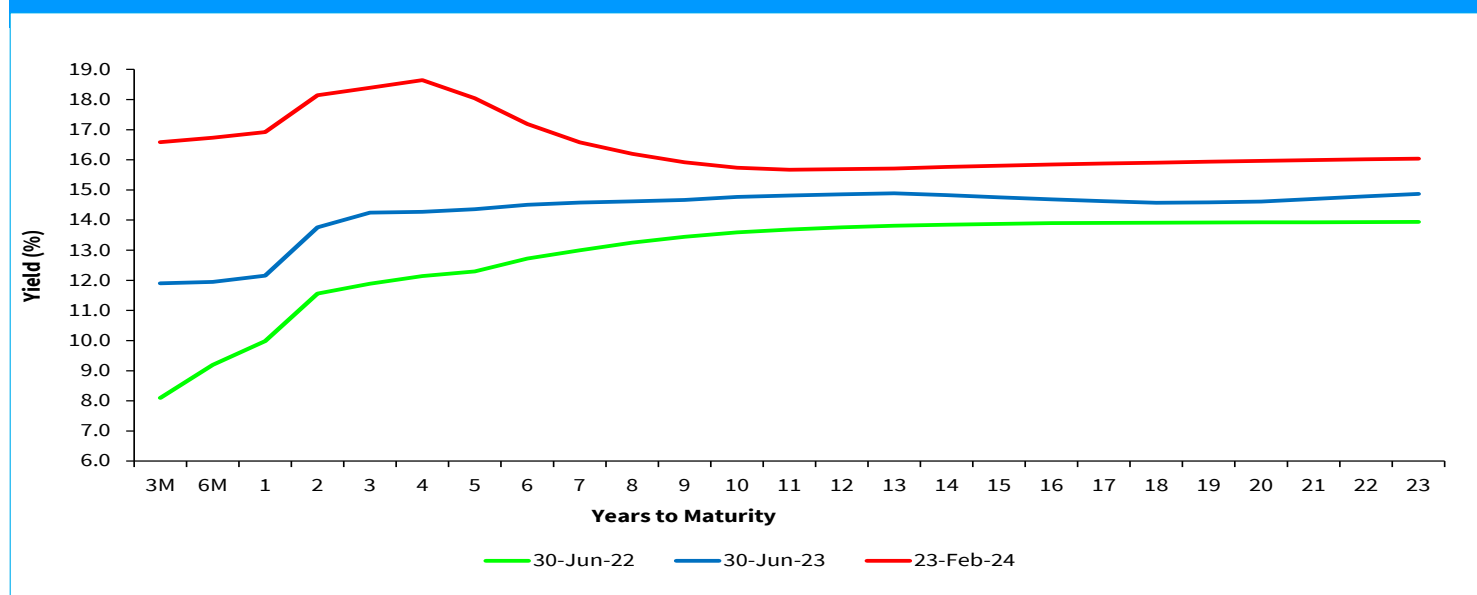
Source: Central Bank of Kenya

Table 5: Performance of Treasury Bond Auctions

Date of Auction	12-Oct-23		8-Nov-23	5-Dec-23	10-Jan-24		18-Jan-24		14-Feb-24
	RE-OPEN			TAP			TAP		
Tenor	FXD1/ 2023/002	FXD1/ 2023/005	IFB1/ 2023/6.5	IFB1/ 2023/6.5	FXD1/ 2024/003	FXD1/ 2023/005	FXD1/ 2024/003	FXD1/ 2023/005	IFB1/ 2024/8.5
Amount offered (KSh M)	35,000.00		50,000.00	25,000.00	35,000.00		15,000.00		70,000.00
Bids received (KSh M)	6,506.42	5,791.92	88,899.96	47,238.75	29,089.43	8,062.57	9,308.35	2,552.31	288,661.86
Amount Accepted (KSh M)	4,825.11	1,481.78	67,056.07	47,866.93	22,069.44	2,946.74	9,339.89	2,415.58	240,957.57
Maturities (KSh M)	0.00	0.00	0.00	0.00	35,852.15		0.00		70,490.80
Average interest Rate (%)	17.74	17.99	17.93	17.93	18.39	18.77	18.39	16.84	18.46

Source: Central Bank of Kenya

Chart 2: Government Securities Yield Curve



Source: Nairobi Securities Exchange (NSE)

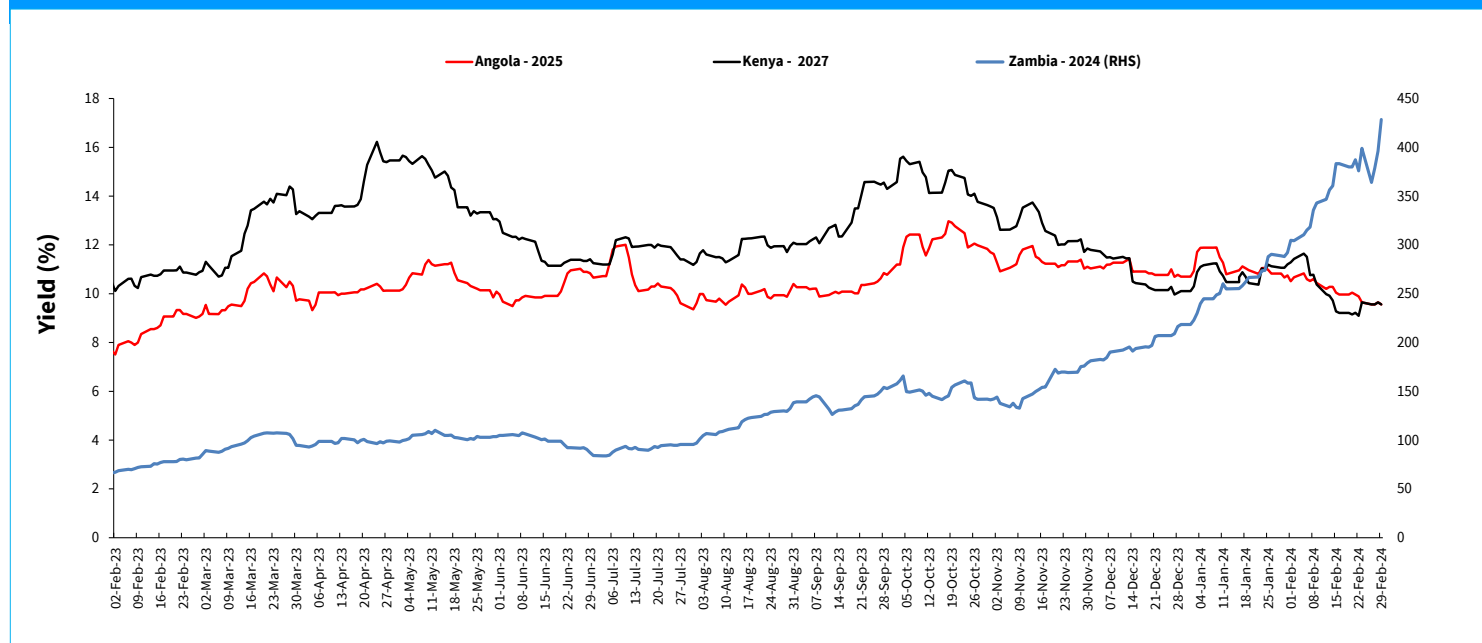
Table 6: Performance of Key Market Indicators

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 Capitaliza- tion (KSh Billion)	Bonds Turnover (KSh Mil- lion)	Eurobond Yields (%)					
									7-Year 2027	10-Year 2028	6-Year 2031	12-Year 2032	13-Year 2034	30-Year 2048
16-Feb-24	91.08	2402.28	1521.44	1,091.00	18.37	183.28	1422.944	3,157.30	9.965	9.419	9.891	10.024	9.808	10.401
19-Feb-24	91.87	2421.28	1527.84	957.00	5.35	62.39	1435.294	8,707.80	9.965	9.419	9.912	10.024	9.808	10.401
20-Feb-24	92.25	2434.28	1533.05	865.00	7.09	69.48	1441.281	36,318.45	10.047	9.461	9.903	9.998	9.833	10.418
21-Feb-24	92.19	2438.66	1535.94	1,006.00	12.42	202.21	1440.296	41,443.65	9.967	9.462	9.896	9.998	9.833	10.435
22-Feb-24	92.67	2460.28	1531.68	1,082.00	25.00	371.65	1447.904	44,073.60	9.888	9.387	9.785	9.921	9.763	10.334
Feb 16-22	92.67	2,460.28	1,531.68	5,001.00	68.23	889.00	1447.904	133,700.80	9.888	9.387	9.785	9.921	9.763	10.334
23-Feb-24	92.83	2,475.86	1,536.69	983.00	16.80	537.89	1450.399	39,953.30	9.645	9.269	9.685	9.764	9.645	10.235
26-Feb-24	93.83	2,491.20	1,544.69	1,028.00	8.78	105.83	1466.005	17,866.35	9.564	9.31	9.685	9.791	9.669	10.251
27-Feb-24	93.31	2,474.42	1,540.23	1,046.00	14.99	335.81	1457.797	7,808.38	9.564	9.431	9.793	9.87	9.765	10.301
28-Feb-24	93.14	2,485.42	1,544.56	1,178.00	24.40	424.38	1455.145	10,870.20	9.646	9.433	9.782	9.871	9.815	10.318
29-Feb-24	92.49	2,475.03	1,535.89	929.00	12.08	236.20	1445.062	8,577.74	9.565	9.557	9.827	9.952	9.841	10.368
Feb 23-29	92.49	2,475.03	1,535.89	5,164.00	77.06	1,640.12	1445.062	85,075.97	9.565	9.557	9.827	9.952	9.841	10.368
Weekly Changes (%)	-0.19	0.60	0.27	3.26	12.94	84.49	-0.20	-36.37	-0.323*	-0.170*	0.042*	0.031*	0.078*	0.034*

* 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)

	30-Dec-22	30-Jun-23	29-Sep-23	30-Nov-23	29-Dec-23	31-Jan-24	16-Feb-24	23-Feb-24
1. Treasury Bills (Excluding Repos)	671.51	614.73	558.21	555.62	546.90	565.63	556.63	553.28
<i>(As % of total securities)</i>	15.32	13.28	11.86	11.62	11.35	11.7	11.5	11.1
2. Treasury Bonds	3,710.62	4,013.89	4,149.81	4,224.91	4,271.82	4,272.25	4,272.25	4,442.10
<i>(As % of total securities)</i>	84.68	86.72	88.14	88.38	88.65	88.31	88.47	88.92
3. Total Securities (1+2)	4,382.13	4,628.62	4,708.02	4,780.53	4,818.72	4,837.89	4,828.88	4,995.38
4. Overdraft at Central Bank	58.50	76.46	75.70	83.94	94.13	83.45	93.69	87.52
5. Other Domestic debt*	32.76	127.04	133.75	126.28	137.26	136.71	136.71	136.71
<i>of which IMF funds on-lent to Government</i>		95.52	99.52	101.87	104.24	104.24	104.24	104.24
6. Gross Domestic Debt (3+4+5)	4,473.39	4,832.11	4,917.47	4,990.75	5,050.11	5,058.04	5,059.29	5,219.61

* 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)

	30-Dec-22	30-Jun-23	29-Sep-23	24-Nov-23	29-Dec-23	31-Jan-24	16-Feb-24	23-Feb-24
Treasury bills (Excluding Repos)	15.01	12.72	11.35	11.12	10.83	11.18	11.00	10.60
Treasury bonds	82.95	83.07	84.39	84.74	84.59	84.46	84.44	85.10
Overdraft at Central Bank	1.31	1.58	1.54	1.68	1.86	1.65	1.85	1.68
Other domestic debt	0.73	2.63	2.72	2.46	2.72	2.70	2.70	2.62
<i>of which IMF fund on lent to government</i>		1.98	2.02	1.97	2.06	2.06	2.06	2.00
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-Mar-23	30-Jun-23	29-Sep-23	24-Nov-23	3-Jan-24	31-Jan-24	16-Feb-24	23-Feb-24
Banking Institutions	46.13	46.17	45.18	46.00	45.95	45.84	45.64	46.25
Insurance Companies	7.39	7.31	7.35	7.21	7.25	7.34	7.34	7.16
Parastatals	6.04	5.98	5.95	5.52	5.48	5.56	5.69	5.29
Pension Funds	33.42	33.42	32.23	30.16	29.99	29.89	29.81	29.06
Other Investors	7.01	7.13	9.30	11.10	11.33	11.37	11.52	12.24
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

	Jun-22	Dec-22	Jun-23	Aug-23	Sep-23	Oct-23	Nov-23	Dec-23	Jan-24*
Domestic debt (KSh Bn)	4,288.33	4,472.84	4,832.11	4,912.34	4,917.47	4,913.03	4,990.75	5,050.11	5,058.04
Public & Publicly Guaranteed External debt (USD Bn)	36.58	37.88	38.76	38.61	38.27	38.17	38.50	38.92	38.51
Public & Publicly Guaranteed External debt (KSh Bn)	4,290.73	4,673.14	5,446.56	5,614.09	5,667.80	5,746.32	5,896.50	6,089.58	6,189.97
Public debt (KSh Bn)	8,579.06	9,145.98	10,278.67	10,526.43	10,585.27	10,659.35	10,887.25	11,139.69	11,248.01

* Provisional

Source: The National Treasury and Central Bank of Kenya