Central Bank of Kenya

Weekly Bulletin

February 28, 2025

RECENT MONETARY AND FINANCIAL DEVELOPMENTS

Inflation

Headline inflation increased to 3.5 percent in February 2025 from 3.3 percent in January 2025, largely on account of an increase in non-core inflation. Core inflation remained unchanged at 2.0 percent, while non-core inflation increased to 8.2 percent from 7.1 percent in January **(Chart 1).** The increase in non-core inflation was mainly driven by prices of vegetables.

Exchange Rates

The Kenya Shilling remained stable against major international and regional currencies during the week ending February 27. It exchanged at KSh 129.31 per US dollar on February 27, compared to KSh 129.45 per US dollar on February 20 **(Table 1).**

Foreign Exchange Reserves

The usable foreign exchange reserves remained adequate at USD 9,057 million (4.6 months of import cover) as of February 27. This meets the CBK's statutory requirement to endeavour to maintain at least 4 months of import cover **(Table 2).**

Money Market

The money market remained liquid during the week ending February 27. Open market operations remained active. Commercial banks' excess reserves stood at KSh 19.1 billion in relation to the 3.25 percent cash reserves requirement (CRR). The average interbank rate was at 10.75 percent on February 27 compared to 10.68 on February 20. During the week, the average number of interbank deals decreased to 29 from 41 in the previous week, while the average value traded increased to KSh 14.0 billion from KSh 22.7 billion in the previous week **(Table 3).**

Government Securities Market

The Treasury bill auction of February 27 received bids totalling KSh 36.5 billion against an advertised amount of KSh 24.0 billion, representing a performance of 152.3 percent. Interest rate on the 91-day, 182-day and 364-day Treasury bills declined **(Table 4).**

Equity Market

At the Nairobi Securities Exchange, the NASI and NSE 25 share price indices percent, decreased by 1.0 percent and 0.04 percent, respectively, while the NSE 20 share price index increased by 1.7 during the week ending February 27. Market capitalization, equity turnover and total shares traded decreased by 1.0 percent, 12.6 percent and 29.5 percent, respectively **(Table 6).**

Bond Market

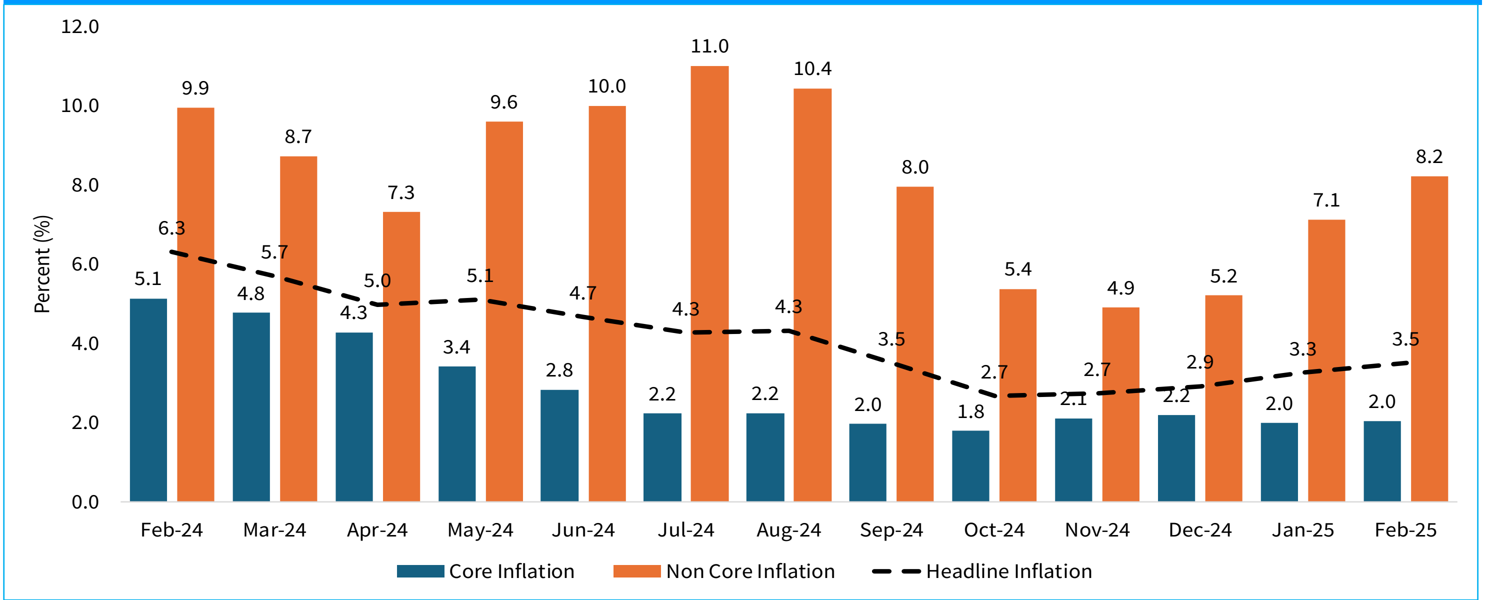
Bond turnover in the domestic secondary market declined by 44.6 percent during the week ending February 27 **(Table 6).** In the international market, yields on Kenya's Eurobonds decreased by 45.5 basis points on average. However, the yields on Angola and Côte d'Ivoire Eurobonds increased **(Chart 3)**.

Global Trends

Inflation concerns remained elevated during the week ending February 27. The South Africa headline inflation rate rose to 3.2 percent in January 2025 from 3.0 percent in December. The US Dollar Index strengthened by 0.8 percent during the week ending February 27.

International oil prices decreased, with Murban oil prices falling to USD 76.70 per barrel on February 27, from USD 78.90 per barrel on February 20, due to elevated uncertainties over the impact of US tariffs on global growth.

Chart 1: Inflation



Source: Central Bank of Kenya

Table 1: Kenya Shilling Exchange Rates

	USD	Sterling Pound	Euro	100 Japanese Yen	Uganda Shilling*	Tanzania Shilling*	Rwandese Franc*	Burundi Franc*
14-Feb-25	129.22	161.14	134.22	84.21	28.48	20.20	10.78	22.91
17-Feb-25	129.22	162.78	135.65	85.19	28.48	20.00	10.79	22.91
18-Feb-25	129.28	163.05	135.52	85.39	28.47	20.17	10.83	22.90
19-Feb-25	129.35	163.24	135.23	85.24	28.49	20.16	10.79	22.89
20-Feb-25	129.45	163.06	135.03	86.14	28.37	20.12	10.79	22.88
Feb 14-20	**129.31**	**162.65**	**135.13**	**85.23**	**28.46**	**20.13**	**10.80**	**22.90**
21-Feb-25	129.58	164.05	136.01	86.16	28.34	20.02	10.78	22.85
24-Feb-25	129.64	164.30	136.28	86.80	28.32	20.01	10.80	22.84
25-Feb-25	129.49	163.61	135.62	86.58	28.39	19.96	10.80	22.87
26-Feb-25	129.38	163.49	135.74	86.49	28.47	20.21	10.81	22.89
27-Feb-25	129.31	163.61	135.28	86.63	28.45	20.06	10.82	22.91
Feb 21-27	**129.48**	**163.81**	**135.79**	**86.53**	**28.39**	**20.05**	**10.80**	**22.87**

**Units of currency per Kenya Shilling*

Source: Central Bank of Kenya

Table 2: Usable Foreign Exchange Reserves (USD Million)

	30-Jan-25	06-Feb-25	13-Feb-25	20-Feb-25	27-Feb-25
1. CBK Usable Foreign Exchange Reserves (USD Million)	8,877	9,219	9,374	9,256	9,057
2. CBK Usable Foreign Exchange Reserves (Months of Import Cover)*	4.5	4.7	4.8	4.7	4.6

**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-Feb-25	41	25,730.00	10.53
17-Feb-25	51	31,865.00	10.58
18-Feb-25	57	32,920.00	10.63
19-Feb-25	28	8,530.00	10.68
20-Feb-25	29	14,290.00	10.68
Feb 14-20	**41**	**22,667.00**	**10.62**
21-Feb-25	24	10,630.00	10.68
24-Feb-25	34	18,650.00	10.66
25-Feb-25	33	20,127.00	10.70
26-Feb-25	27	9,910.00	10.71
27-Feb-25	29	10,800.00	10.75
Feb 21-27	**29**	**14,023.40**	**10.70**

Source: Central Bank of Kenya

Table 4: Performance of Treasury Bill Auctions

91-Day Treasury Bills						
Date of Auction	**27-Jun-24**	**27-Dec-24**	**30-Jan-25**	**13-Feb-25**	**20-Feb-25**	**27-Feb-25**
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)	4,361.03	2,242.28	2,465.23	2,526.20	4,523.86	17,956.38
Amount Accepted (KSh M)	2,745.34	2,208.47	2,450.72	2,504.74	4,518.01	19,934.89
Maturities (KSh M)	3,922.10	3,443.00	7,518.90	3,983.85	13,317.40	16,257.75
Average Interest Rate (%)	**15.977**	**9.895**	**9.522**	**8.970**	**8.948**	**8.937**
182-Day Treasury Bills						
Date of Auction	**27-Jun-24**	**27-Dec-24**	**30-Jan-25**	**13-Feb-25**	**20-Feb-25**	**27-Feb-25**
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)	1,494.42	435.30	2,863.29	23,624.18	12,357.60	6,896.23
Amount Accepted (KSh M)	1,479.67	435.30	2,520.57	10,944.81	12,341.72	6,896.23
Maturities (KSh M)	293.25	1,534.00	8,280.55	11,763.85	4,118.30	4,784.10
Average Interest Rate (%)	**16.764**	**10.022**	**10.028**	**9.410**	**9.312**	**9.240**
364-Day Treasury Bills						
Date of Auction	**27-Jun-24**	**27-Dec-24**	**30-Jan-25**	**13-Feb-25**	**20-Feb-25**	**27-Feb-25**
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)	1,833.64	2,189.12	8,133.60	18,105.46	16,062.76	11,696.07
Amount Accepted (KSh M)	1,828.51	2,189.12	8,117.07	11,694.56	16,045.03	11,681.09
Maturities (KSh M)	1,679.00	1,918.60	4,035.60	5,495.45	12,394.40	10,152.85
Average Interest Rate (%)	**16.791**	**11.410**	**11.313**	**10.594**	**10.526**	**10.500**

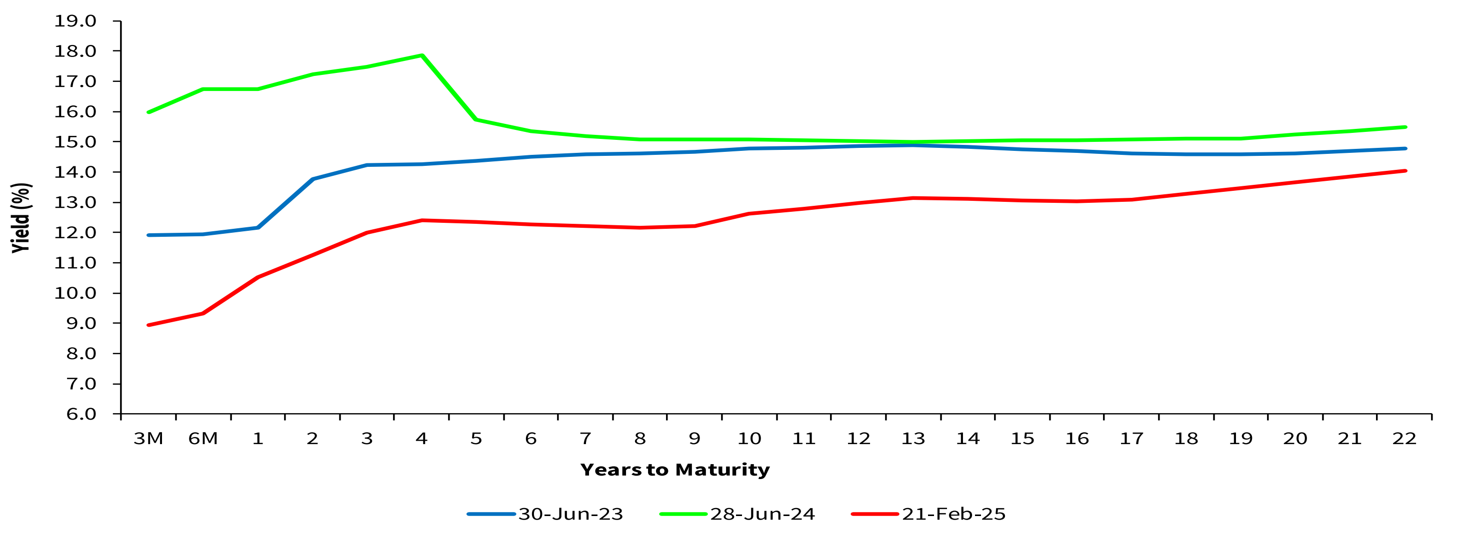
Source: Central Bank of Kenya

Table 5: Performance of Treasury Bond Auctions

Date of Auction	13-Nov-24	04-Dec-24		13-Dec-24	15-Jan-25		12-Feb-25	
	RE-OPEN	RE-OPEN		RE-OPEN	RE-OPEN		RE-OPEN	
Tenor	FXD1/ 2024/010	FXD1/ 2023/010	FXD1/ 2018/020	FXD1/ 2024/10	FXD1/ 2018/015	FXD1/ 2022/025	IFB1/ 2022/014	IFB1/ 2023/017
Amount offered (KSh M)	20,000.00	25,000.00		20,000.00	30,000.00		70,000.00	
Bids received (KSh M)	55,575.58	47,395.28	23,922.30	53,628.95	30,576.60	28,421.50	93,132.02	100,765.93
Amount Accepted (KSh M)	30,515.91	34,922.07	18,488.38	43,448.79	23,753.07	24,728.62	65,255.75	65,553.12
Maturities (KSh M)								
Average interest Rate (%)	15.86	14.69	15.11	14.69	14.21	15.68	13.98	14.28

Source: Central Bank of Kenya

Chart 2: Government Securities Yield Curve



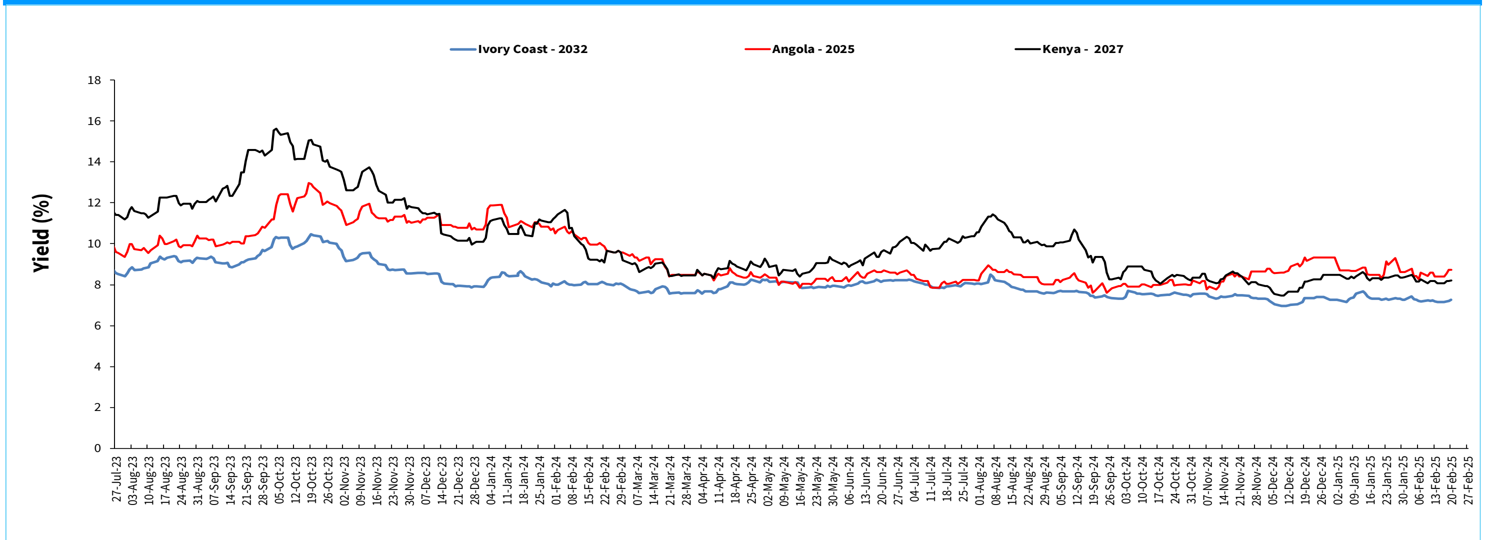
Source: Nairobi Securities Exchange (NSE)

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 Turn-over (KSh Million)	Eurobond Yields (%)					
									7-Year 2027	10-Year 2028	6-Year 2031	12-Year 2032	13-Year 2034	30-Year 2048
14-Feb-25	131.05	3,555.75	2,222.69	2,128	38.6947	760.44	2,058.56	4,832.60	8.071	8.587	9.782	9.71	9.824	10.126
17-Feb-25	131.91	3,561.07	2,224.74	2,312	27.2497	342.38	2,072.13	9,347.55	8.071	8.587	9.782	9.71	9.824	10.126
18-Feb-25	132.73	3,577.81	2,223.99	2,147	17.2474	302.24	2,085.09	36,252.75	8.184	8.539	9.782	9.739	9.85	10.142
19-Feb-25	133.86	3,603.14	2,237.81	2,217	26.7906	489.96	2,102.74	34,246.40	8.186	8.638	9.879	9.797	9.902	10.192
20-Feb-25	133.63	3,597.66	2,255.17	2,016	14.8282	434.61	2,099.21	30,242.83	8.194	8.642	9.879	9.799	9.905	10.192
Feb 14-20	**133.63**	**3597.66**	**2255.17**	**10,820.00**	**124.81**	**2,329.63**	**2,099.21**	**114,922.13**	**8.194**	**8.642**	**9.879**	**9.799**	**9.905**	**10.192**
21-Feb-25	132.81	3566.84	2241.11	1,952.00	22.98	503.80	2086.22	17349.15	8.197	8.594	9.846	9.742	9.828	10.16
24-Feb-25	133.26	3590.24	2265.08	2,150.00	10.17	160.92	2093.33	10761.00	7.534	8.4	9.846	9.771	9.855	10.143
25-Feb-25	133.26	3602.80	2280.56	2,146.00	15.73	301.18	2093.36	10703.50	7.425	8.352	9.813	9.743	9.856	10.143
26-Feb-25	132.64	3597.89	2288.37	2,129.00	22.10	429.53	2084.88	10918.65	7.316	8.062	9.554	9.515	9.628	9.997
27-Feb-25	132.35	3596.05	2293.51	1,964.00	16.97	641.63	2080.31	13967.80	7.208	8.016	9.488	9.489	9.632	10.046
Feb 21-27	**132.35**	**3596.05**	**2293.51**	**10,341.00**	**87.95**	**2,037.06**	**2,080.31**	**63,700.10**	**7.208**	**8.016**	**9.488**	**9.489**	**9.632**	**10.046**
Weekly Changes (%)	**-0.96**	**-0.04**	**1.70**	**-4.43**	**-29.54**	**-12.56**	**-0.90**	**-44.57**	**-0.986***	**-0.626***	**-0.391***	**-0.31***	**-0.273***	**-0.146***

** Percentage points*
Source: Nairobi Securities Exchange (NSE) and Thomson Reuters

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



Source: Bloomberg, London Stock Exchange

Table 7: Government Domestic Debt (KSh Billion)

	29-Dec-23	28-Jun-24	30-Sep-24	31-Dec-24	31-Jan-25	7-Feb-25	14-Feb-25	21-Feb-25
1. Treasury Bills (Excluding Repos)	546.90	615.89	712.45	846.10	856.32	850.45	876.49	881.97
(As % of total securities)	***11.35***	***11.75***	***12.96***	***14.77***	***14.78***	***14.70***	***15.08***	***14.95***
2. Treasury Bonds	4,271.82	4,627.12	4,785.63	4,884.05	4,936.77	4,936.77	4,936.77	5,016.91
(As % of total securities)	***88.65***	***88.25***	***87.04***	***85.23***	***85.22***	***85.30***	***84.92***	***85.05***
3. Total Securities (1+2)	4,818.72	5,243.01	5,498.08	5,730.15	5,793.08	5,787.22	5,813.25	5,898.88
4. Overdraft at Central Bank	94.13	61.02	0.00	37.48	35.24	63.05	107.54	60.57
5. Other Domestic debt*	137.26	106.25	103.64	101.15	100.66	100.65	100.03	100.03
of which IMF funds on-lent to Government	**104.24**	**83.54**	**82.63**	**80.29**	**79.58**	**79.58**	**79.62**	**79.62**
6. Gross Domestic Debt (3+4+5)	**5,050.11**	**5,410.28**	**5,601.71**	**5,868.77**	**5,928.98**	**5,950.92**	**6,020.82**	**6,059.48**

** 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)

	29-Dec-23	28-Jun-24	30-Sep-24	31-Dec-24	31-Jan-25	07-Feb-25	14-Feb-25	21-Feb-25
Treasury bills (Excluding Repos)	10.83	11.38	12.72	14.42	14.44	14.29	14.56	14.56
Treasury bonds	84.59	85.52	85.43	83.22	83.27	82.96	81.99	82.79
Overdraft at Central Bank	1.86	1.13	0.00	0.64	0.59	1.06	1.79	1.00
Other domestic debt	2.72	1.96	1.85	1.72	1.70	1.69	1.66	1.65
of which IMF fund on lent to government	2.06	1.54	1.48	1.37	1.34	1.34	1.32	1.31
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)

	29-Dec-23	28-Jun-24	30-Sep-24	31-Dec-24	31-Jan-25	07-Feb-25	14-Feb-25	21-Feb-25
Banking Institutions	46.07	45.12	44.38	45.05	44.96	45.15	45.91	45.47
Insurance Companies	7.23	7.23	7.22	7.32	7.32	7.30	7.21	7.23
Parastatals	5.47	5.13	5.35	5.60	5.93	5.94	5.87	5.93
Pension Funds*	29.93	29.60	29.44	28.88	28.82	28.70	28.38	28.42
Other Investors	11.30	12.92	13.60	13.16	12.97	12.91	12.62	12.95
Total	**100.00**	**100.00**	**100.00**	**100.00**	**100.00**	**100.00**	**100.00**	**100.00**

** Includes pension funds and custodial/ Nominee Accounts*
Source: Central Bank of Kenya

Table 10: Public Debt

	Dec-22	Jun-23	Sep-23	Dec-23	Mar-24	Jun-24	Jul-24	Aug-24	Sep-24*
Domestic debt (KSh Bn)	4,472.84	4,832.11	4,917.47	5,050.11	5,235.19	5,410.28	5,453.00	5,558.35	5,601.71
Public & Publicly Guaranteed External debt (USD Bn)	37.88	38.76	38.27	38.92	39.18	39.77	39.74	40.07	40.16
Public & Publicly Guaranteed External debt (KSh Bn)	4,673.14	5,446.56	5,667.80	6,089.58	5,163.42	5,150.84	5,162.85	5,176.10	5,188.37
Public debt (KSh Bn)	**9,145.98**	**10,278.67**	**10,585.27**	**11,139.69**	**10,398.61**	**10,561.12**	**10,615.85**	**10,734.45**	**10,790.08**

** Provisional*
Source: The National Treasury and Central Bank of Kenya