



Central Bank of Kenya

Weekly Bulletin

April 5, 2024



RECENT MONETARY AND FINANCIAL DEVELOPMENTS

Monetary Policy Committee Meeting

The Monetary Policy Committee (MPC) retained the Central Bank Rate (CBR) at 13.0 percent at its meeting on April 3, 2024. The MPC noted that the previous measures have lowered inflation, addressed the exchange rate pressures, and anchored inflationary expectations. In addition, overall inflation is expected to continue declining in the near term, supported by lower food and fuel prices, and pass-through effects of the recent exchange rate appreciation. The current monetary policy stance would ensure that overall inflation continues to decline towards the 5.0 percent mid-point of the target range.

Inflation

Overall inflation declined in March 2024, mainly driven by significant decreases in food and fuel prices. It declined to 5.7 percent, the lowest level in over two years, from 6.3 percent in February. Food inflation declined further to 5.8 percent from 6.9 percent in February, following continued favorable weather conditions. Fuel inflation declined to 12.3 percent from 13.4 percent in February 2024, mainly driven by a significant reduction in pump and electricity prices. NFNF inflation remained stable at 3.6 percent reflecting continued muted demand pressures and impact of monetary policy tightening (**Chart 1**).

Exchange Rates

The Kenya Shilling remained stable against major international and regional currencies during the week ending April 4. It exchanged at KSh 131.17 per US dollar on April 4 compared to KSh 131.80 per US dollar on March 28 (**Table 1**).

Foreign Exchange Reserves

The usable foreign exchange reserves remained adequate at USD 7,148 million (3.8 months of import cover) as of April 4. 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 April 4, supported by open market operations. Commercial banks' excess reserves stood at KSh 17.5 billion in relation to the 4.25 percent cash

reserves requirement (CRR). The average interbank rate remained stable at 13.78 percent on April 4, compared to 13.75 percent on March 28. During the week, the average number of interbank deals increased to 43 compared to 37 recorded the previous week, while the average value traded increased to KSh 26.0 billion from KSh 23.79 billion in the previous week (**Table 3**).

Government Securities Market

The Treasury bills auction of April 4 received bids totaling KSh 28.5 billion against an advertised amount of KSh 24.0 billion, representing a performance of 118.7 percent. Interest rates on the 364-day Treasury bill remained stable while the 91-day and 182-day rates decreased marginally (**Table 4**).

Equity Market

At the Nairobi Securities Exchange, the NASI and NSE 25 share price indices increased by 0.3 percent and 0.6 percent, respectively. NSE 20 share price index declined by 0.3 percent during the week ending April 4. Market capitalization increased by 0.3 percent, while equity turnover and total shares traded declined by 63.7 percent and 75.7 percent, respectively (**Table 6**).

Bond Market

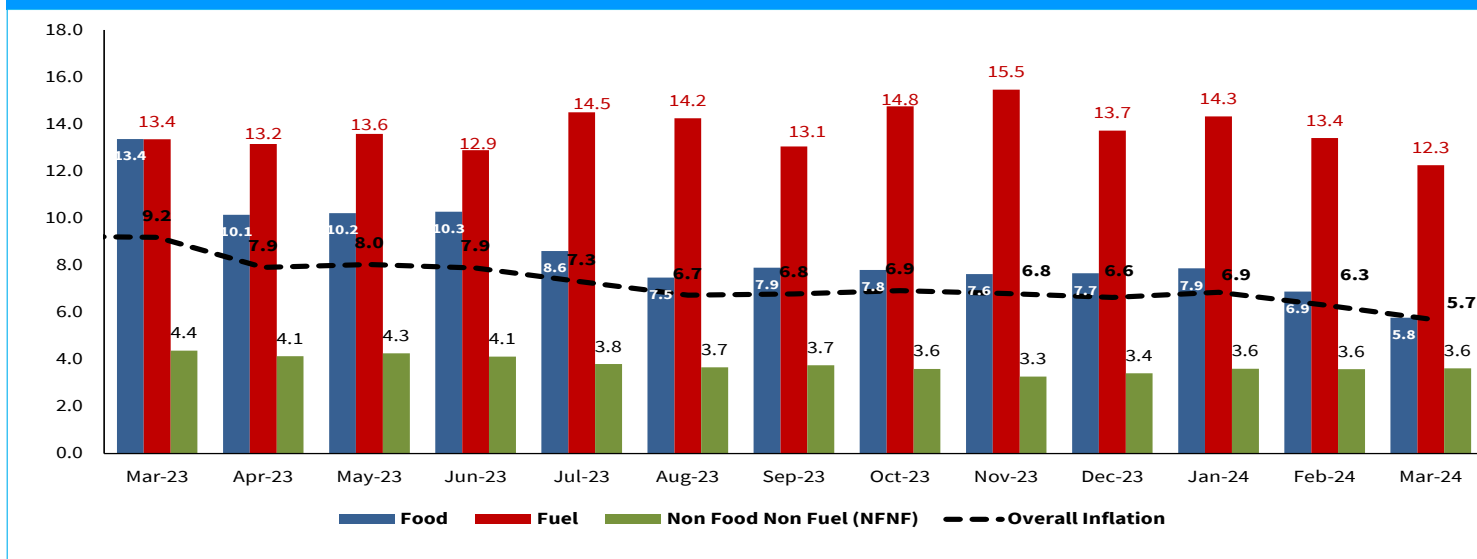
Bond turnover in the domestic secondary market decreased by 71.3 percent during the week ending April 4 (**Table 6**). In the international market, yields on Kenya's Eurobonds remained stable. The yield on the 10-year Eurobond for Angola declined while that of Zambia increased (**Chart 3**).

Global Trends

Concerns about inflation in advanced economies eased with Eurozone inflation slowing down to 2.4 percent in March from 2.6 percent in February. Inflation in France also declined to 2.3 percent from 3 percent in February. The US dollar index strengthened by 0.32 percent against a basket of major currencies during the week ending April 4.

International oil prices increased during the week ending April 4, as United Arab Emirates (UAE) cut diplomatic ties with Israel. Murban oil price increased to USD 89.83 per barrel on April 4 compared to USD 86.33 on March 28.

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*
22-Mar-24	132.92	167.96	144.03	87.72	29.23	19.20	9.66	21.52
25-Mar-24	132.67	167.31	143.49	87.69	29.40	19.26	9.68	21.56
26-Mar-24	132.43	167.43	143.59	87.50	29.37	19.29	9.71	21.61
27-Mar-24	132.06	166.58	142.99	87.01	29.38	19.35	9.74	21.67
28-Mar-24	131.80	166.55	142.67	87.11	29.48	19.36	9.76	21.71
Mar 22-28	132.38	167.17	143.36	87.41	29.37	19.29	9.71	21.62
29-Mar-24	Holiday							
1-Apr-24	Holiday							
2-Apr-24	131.56	166.23	142.09	87.00	29.51	19.61	9.77	21.76
3-Apr-24	131.49	165.13	141.42	86.72	29.45	19.62	9.78	21.77
4-Apr-24	131.17	164.92	141.50	86.36	29.43	19.63	9.81	21.83
Mar 29-Apr 4	131.41	165.42	141.67	86.69	29.46	19.62	9.79	21.78

*Units of currency per Kenya Shilling

Source: Central Bank of Kenya

Table 2: Official Foreign Exchange Reserves (USD Million)

	7-Mar-24	14-Mar-24	21-Mar-24	28-Mar-24	4-Apr-24
1. CBK Usable Foreign Exchange Reserves (USD Million)	6,919	6,974	7,022	7,088	7,148
2. CBK Usable Foreign Exchange Reserves (Months of Import Cover)*	3.7	3.7	3.7	3.8	3.8

*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 (%)
22-Mar-24	43	23,430.00	13.57
25-Mar-24	29	25,230.00	13.59
26-Mar-24	44	29,650.00	13.64
27-Mar-24	42	25,150.00	13.70
28-Mar-24	29	15,480.00	13.75
Mar 22-28	37	23,788.00	13.65
2-Apr-24	49	24,500.00	13.81
3-Apr-24	43	28,350.00	13.83
4-Apr-24	37	25,150.00	13.78
Apr 2-4	43	26,000.00	13.81

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	29-Feb-24	28-Mar-24	4-Apr-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	12,259.85	5,380.72	8,691.44
Amount Accepted (KSh M)	2,705.12	3,303.25	6,986.46	12,221.39	3,867.98	7,850.56
Maturities (KSh M)	2,814.15	2,741.45	3,254.55	18,879.90	7,215.65	26,143.55
Average Interest Rate (%)	11.904	14.821	15.983	16.622	16.729	16.724
182-Day Treasury Bills						
Date of Auction	29-Jun-23	28-Sep-23	28-Dec-23	29-Feb-24	28-Mar-24	4-Apr-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	2,035.88	2,702.14	5,870.42
Amount Accepted (KSh M)	1,300.96	542.27	322.85	1,952.90	2,049.15	4,941.07
Maturities (KSh M)	442.15	3,616.00	1,365.20	928.35	552.85	985.55
Average Interest Rate (%)	11.947	14.950	15.967	16.785	16.888	16.874
364-Day Treasury Bills						
Date of Auction	29-Jun-23	28-Sep-23	28-Dec-23	29-Feb-24	28-Mar-24	4-Apr-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	9,575.99	7,753.83	13,914.27
Amount Accepted (KSh M)	1,514.41	670.62	1,661.91	8,719.18	7,596.50	13,402.19
Maturities (KSh M)	2,417.65	1,229.50	1,858.45	4,903.65	1,915.90	6,658.10
Average Interest Rate (%)	12.157	15.054	16.100	16.972	16.990	16.990

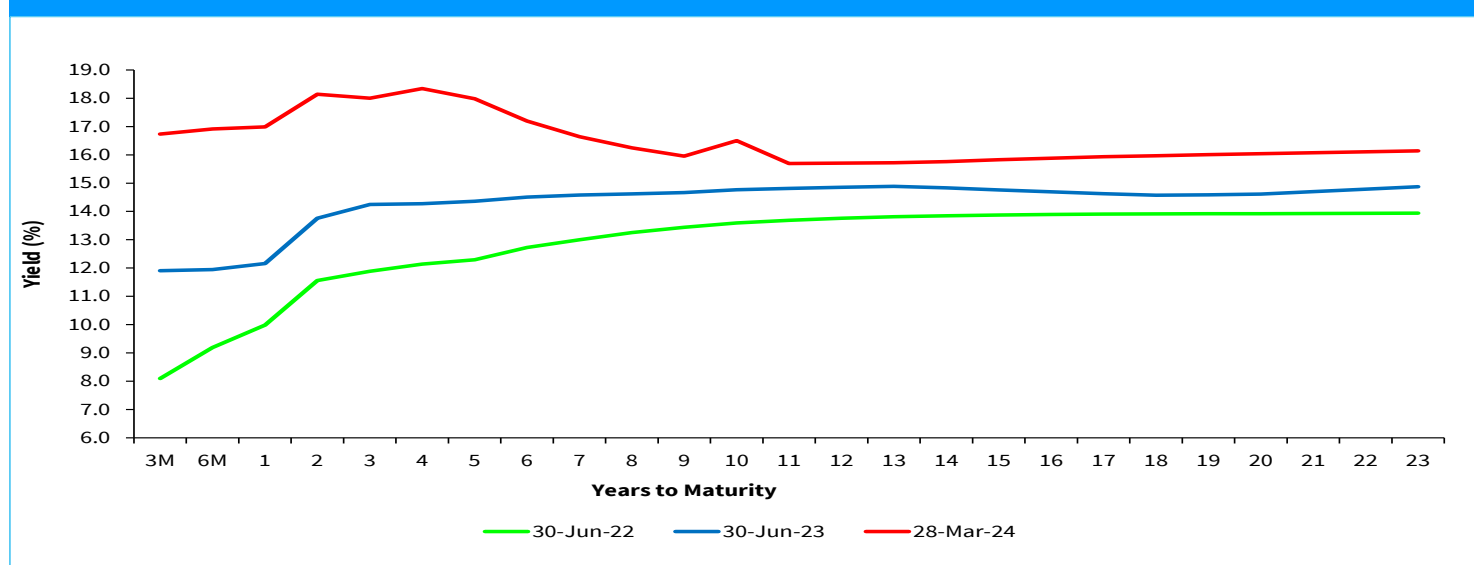
Source: Central Bank of Kenya

Table 5: Performance of Treasury Bond Auctions

Date of Auction	10-Jan-23		18-Jan-24		14-Feb-24	6-Mar-24	20-Mar-24	
Tenor	FXD1/ 2024/003	FXD1/ 2023/005	FXD1/ 2024/003	FXD1/ 2023/005	IFB1/ 2024/8.5	FXD1/ 2024/03	FXD1/ 2023/005	FXD1/ 2024/010
Amount offered (KSh M)	35,000.00		15,000.00		70,000.00	40,000.00	40,000.00	
Bids received (KSh M)	29,089.43	8,062.57	9,308.35	2,552.31	288,661.86	43,074.61	35,848.61	23,885.31
Amount Accepted (KSh M)	22,069.44	2,946.74	9,339.89	2,415.58	240,957.57	34,271.36	17,766.82	4,838.59
Maturities (KSh M)	35,852.15		0.00		70,490.80	0.00	0.00	
Average interest Rate (%)	18.39	18.77	18.39	16.84	18.46	18.42	18.41	16.52

Source: Central Bank of Kenya

Chart 2: Government Securities Yield Curve



Source: Nairobi Securities Exchange (NSE)

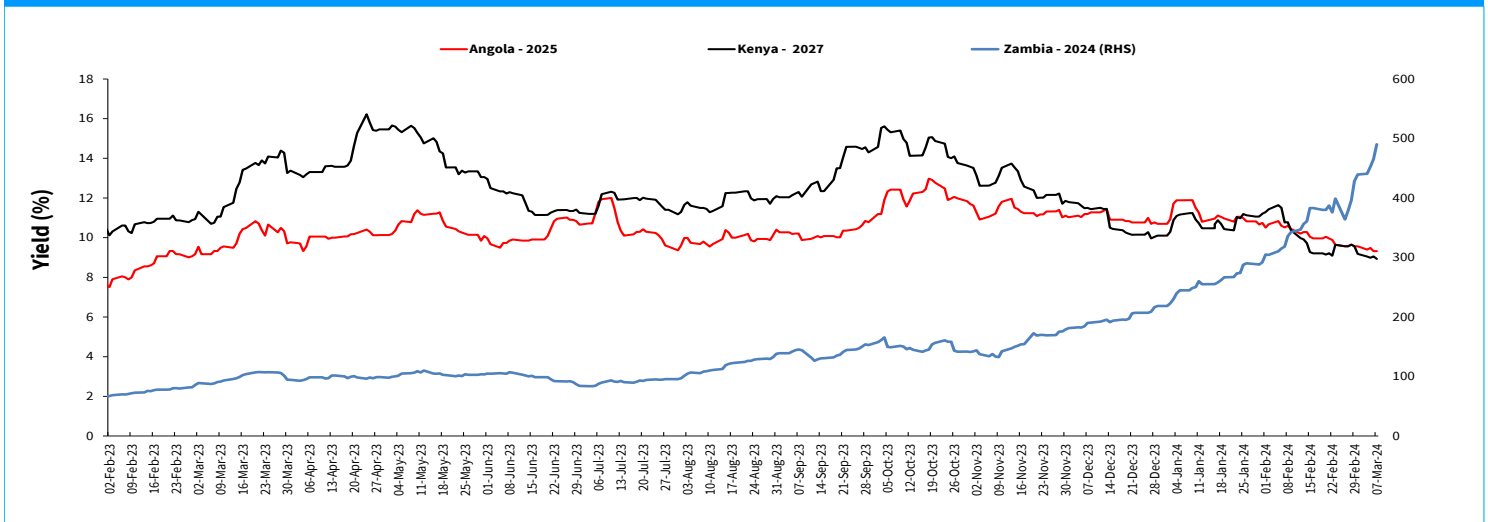
Table 6: Performance of Key Market Indicators

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
22-Mar-24	107.66	2,840.97	1,687.17	1,601.00	45.73	921.15	1682.052	2,481.45	8.431	8.742	9.295	9.339	9.311	9.865
25-Mar-24	111.11	2,919.80	1,712.76	1,697.00	141.26	3,014.64	1735.933	5,459.75	8.499	8.703	9.295	9.314	9.335	9.85
26-Mar-24	117.22	3,051.84	1,748.15	1,533.00	66.01	482.77	1831.458	5,793.90	8.434	8.704	9.239	9.289	9.289	9.803
27-Mar-24	117.78	3,063.31	1,753.02	1,916.00	26.05	687.12	1840.116	5,309.25	8.442	8.668	9.238	9.29	9.292	9.803
28-Mar-24	113.09	2,975.42	1,752.43	1,758.00	51.76	556.07	1766.954	6,180.80	8.443	8.708	9.238	9.265	9.316	9.803
Mar 22 -28	113.09	2,975.42	1,752.43	1,758.00	330.82	5,661.74	1,766.95	25,225.15	8.443	8.708	9.238	9.265	9.316	9.803
29-Mar-24	Holiday								8.443	8.708	9.238	9.265	9.316	9.316
1-Apr-24	Holiday								8.443	8.708	9.238	9.265	9.316	9.316
2-Apr-24	112.8	2976.8	1758.6	1,806.00	17.06	295.67	1,763.05	3,947.35	8.715	8.988	9.49	9.497	9.551	9.551
3-Apr-24	114.1	3000.2	1751.5	2,035.00	27.43	465.76	1,781.88	1,377.15	8.582	8.829	9.405	9.446	9.481	9.481
4-Apr-24	113.4	2994.3	1747.9	1,457.00	35.81	1,291.53	1,772.27	1,911.65	8.453	8.672	9.292	9.319	9.389	9.389
Mar 29 -Apr 4	113.43	2,994.27	1,747.85	1,457.00	80.31	2,052.96	1,772.27	7,236.15	8.453	8.672	9.292	9.319	9.389	9.389
Weekly Changes (%)	0.30	0.63	-0.26	-17.12	-75.72	-63.74	0.30	-71.31	0.010*	-0.036*	0.054*	0.054*	0.073*	-0.414*

* 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	29-Dec-23	31-Jan-24	23-Feb-24	22-Mar-24	28-Mar-24
1. Treasury Bills (Excluding Repos)	671.51	614.73	558.21	546.90	565.63	553.28	554.15	557.01
<i>(As % of total securities)</i>	15.32	13.28	11.86	11.35	11.69	11.08	11.06	11.06
2. Treasury Bonds	3,710.62	4,013.89	4,149.81	4,271.82	4,272.25	4,442.10	4,455.07	4,478.54
<i>(As % of total securities)</i>	84.68	86.72	88.14	88.65	88.31	88.92	88.94	88.94
3. Total Securities (1+2)	4,382.13	4,628.62	4,708.02	4,818.72	4,837.89	4,995.38	5,009.22	5,035.54
4. Overdraft at Central Bank	58.50	76.46	75.70	94.13	83.45	87.52	93.00	92.18
5. Other Domestic debt*	32.76	127.04	133.75	137.26	136.71	136.71	129.10	129.11
of which IMF funds on-lent to Government		95.52	99.52	104.24	104.24	104.24	106.49	106.49
6. Gross Domestic Debt (3+4+5)	4,473.39	4,832.11	4,917.47	5,050.11	5,058.04	5,219.61	5,231.32	5,256.83

* 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	29-Dec-23	31-Jan-24	23-Feb-24	22-Mar-24	28-Mar-24
Treasury bills (Excluding Repos)	15.01	12.72	11.35	10.83	11.18	10.60	10.59	10.60
Treasury bonds	82.95	83.07	84.39	84.59	84.46	85.10	85.16	85.19
Overdraft at Central Bank	1.31	1.58	1.54	1.86	1.65	1.68	1.78	1.75
Other domestic debt	0.73	2.63	2.72	2.72	2.70	2.62	2.47	2.46
of which IMF fund on lent to government		1.98	2.02	2.06	2.06	2.00	2.04	2.03
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)

	30-Dec-22	30-Jun-23	29-Sep-23	29-Dec-23	31-Jan-24	23-Feb-24	22-Mar-24	28-Mar-24
Banking Institutions	46.84	46.17	45.18	46.07	45.84	46.25	45.89	45.78
Insurance Companies	7.37	7.31	7.35	7.23	7.34	7.16	7.11	7.13
Parastatals	6.06	5.98	5.95	5.47	5.56	5.29	5.26	5.25
Pension Funds	33.31	33.42	32.23	29.93	29.89	29.06	29.31	29.34
Other Investors	6.43	7.13	9.30	11.30	11.37	12.24	12.42	12.49
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