



Central Bank of Kenya

Weekly Bulletin

February 9, 2024



RECENT MONETARY AND FINANCIAL DEVELOPMENTS

Monetary Policy Committee Meeting

During its Meeting on February 6, 2024, the Monetary Policy Committee (MPC) raised the Central Bank Rate (CBR) from 12.5 percent to 13.0 percent. The MPC noted that overall inflation had remained sticky in the upper bound of the target range. The Committee further observed that all key components of inflation—fuel, food, and NFNF— had increased in January. In addition, the MPC noted the continued, albeit reduced pressures on the exchange rate and, therefore, concluded that further action was needed to stabilise prices. The proposed action was to ensure that inflationary expectations remain anchored, while setting inflation on a firm downward path towards the 5.0 percent mid-point of the target range, as well as addressing residual pressures on the exchange rate.

Exchange Rates

The Kenya Shilling remained relatively stable against major international and regional currencies during the week ending February 8. It exchanged at KSh 160.09 per US dollar on February 8, compared to KSh 160.67 per US dollar on February 1 (**Table 1**).

Foreign Exchange Reserves

The usable foreign exchange reserves remained adequate at USD 7,131 million (3.8 months of import cover) as of February 8. 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 8, supported by open market operations. Commercial banks' excess reserves stood at KSh 16.2 billion in relation to the 4.25 percent cash reserves requirement (CRR). The average interbank rate remained stable at 13.22 percent. During the week, the average number of interbank deals increased to 40 from 30 in the previous week, while the average value traded increased to KSh 22.5 billion from KSh 15.3 billion in the previous week (**Table 3**).

Government Securities Market

The Treasury bill auction of February 8 received bids totaling KSh 51.1 billion against an advertised amount of KSh 24.0 billion, representing a performance of 213.0 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, NSE 25 and NSE 20 share price indices increased by 0.1 percent, 1.0 percent and 1.0 percent during the week ending February 8. Market capitalization also increased by 0.1 percent, while equity turnover and total shares traded increased by 24.6 percent and 19.5 percent, respectively (**Table 6**).

Bond Market

Bond turnover in the domestic secondary market decreased by 2.2 percent during the week ending February 8 (**Table 6**). In the international market, yields on Kenya's Eurobonds decreased by an average of 67.3 basis points, with the 2024 maturity decreasing by 430.9 basis points. The yield on the 10- Year Eurobonds for Angola and Zambia increased (**Chart 2**).

Global Trends

Concerns about inflation in advanced economies continued to ease in the week ending February 8. China's consumer prices fell at their steepest pace in more than 14 years in January while producer prices also dropped, ramping up pressure on policymakers to do more to revive an economy low on confidence and facing deflationary risks. The US dollar index strengthened by 1.1 percent against a basket of major currencies during the week ending February 8.

International oil prices declined during the week ending February 8. Murban oil prices declined to USD 79.41 per barrel on February 8 compared to USD 80.47 per barrel on February 1.

Table 1: Kenya Shilling Exchange Rates								
	USD	Sterling Pound	Euro	100 Japanese Yen	Uganda Shilling*	Tanzania Shilling*	Rwandese Franc*	Burundi Franc*
26-Jan-24	160.62	204.23	174.43	109.06	23.74	15.88	7.91	17.76
29-Jan-24	160.70	204.63	174.60	108.54	23.72	15.84	7.90	17.75
30-Jan-24	160.75	203.96	173.85	108.66	23.73	15.80	7.92	17.74
31-Jan-24	160.75	203.79	173.95	108.80	23.73	15.83	7.90	17.75
1-Feb-24	160.67	204.18	174.49	108.94	23.76	15.84	7.93	17.76
Jan 26-Feb 1	160.70	204.16	174.26	108.80	23.74	15.84	7.91	17.75
2-Feb-24	160.57	203.30	173.66	109.47	23.78	15.85	7.91	17.76
5-Feb-24	160.51	202.39	172.99	108.14	23.78	15.76	7.92	17.78
6-Feb-24	160.36	201.34	172.25	107.99	23.84	15.75	7.93	17.80
7-Feb-24	160.32	201.37	172.06	107.88	23.85	15.87	7.99	17.80
8-Feb-24	160.09	202.00	172.43	107.16	23.99	16.14	7.94	17.83
Feb 2-8	160.37	202.08	172.68	108.13	23.85	15.87	7.94	17.80

*Units of currency per Kenya Shilling

Source: Central Bank of Kenya

Table 2: Official Foreign Exchange Reserves (USD Million)					
	11-Jan-24	18-Jan-24	25-Jan-24	1-Feb-24	8-Feb-24
1. CBK Usable Foreign Exchange Reserves (USD Million)	6,829	6,814	7,017	7,134	7,131
2. CBK Usable Foreign Exchange Reserves (Months of Import Cover)*	3.65	3.64	3.75	3.81	3.81

*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 (%)
26-Jan-24	30	18,810.00	13.66
29-Jan-24	33	15,015.00	13.62
30-Jan-24	24	16,220.00	13.48
31-Jan-24	28	11,870.00	13.38
1-Feb-24	37	14,570.00	13.22
Jan 26-Feb 1	30	15,297.00	13.47
2-Feb-24	46	20,020.00	13.26
5-Feb-24	44	23,720.00	13.34
6-Feb-24	34	20,450.00	13.32
7-Feb-24	36	23,600.00	13.31
8-Feb-24	42	24,800.00	13.22
Feb 2-8	40	22,518.00	13.29

Source: Central Bank of Kenya

Table 4: Performance of Treasury Bill Auctions

91-Day Treasury Bills						
Date of Auction	30-Mar-23	29-Jun-23	28-Sep-23	28-Dec-23	1-Feb-24	8-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)	2,904.04	5,779.97	11,007.63	8,516.51	20,627.93	34,704.71
Amount Accepted (KSh M)	2,765.00	2,705.12	3,303.25	6,986.46	20,627.93	33,258.15
Maturities (KSh M)	2,158.40	2,814.15	2,741.45	3,254.55	22,021.20	38,239.20
Average Interest Rate (%)	9.907	11.904	14.821	15.983	16.375	16.504
182-Day Treasury Bills						
Date of Auction	30-Mar-23	29-Jun-23	28-Sep-23	28-Dec-23	1-Feb-24	8-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)	3,547.05	2,195.96	809.28	322.85	1,662.38	9,447.34
Amount Accepted (KSh M)	3,457.80	1,300.96	542.27	322.85	1,662.38	9,385.86
Maturities (KSh M)	3,176.30	442.15	3,616.00	1,365.20	4,550.30	5,494.40
Average Interest Rate (%)	10.399	11.947	14.950	15.967	16.506	16.633
364-Day Treasury Bills						
Date of Auction	30-Mar-23	29-Jun-23	28-Sep-23	28-Dec-23	1-Feb-24	8-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)	1,810.42	1,514.41	1,841.12	1,661.91	3,509.05	6,968.07
Amount Accepted (KSh M)	1,810.42	1,514.41	670.62	1,661.91	3,509.05	6,113.03
Maturities (KSh M)	2,660.05	2,417.65	1,229.50	1,858.45	11,637.25	4,740.05
Average Interest Rate (%)	10.800	12.157	15.054	16.100	16.680	16.857

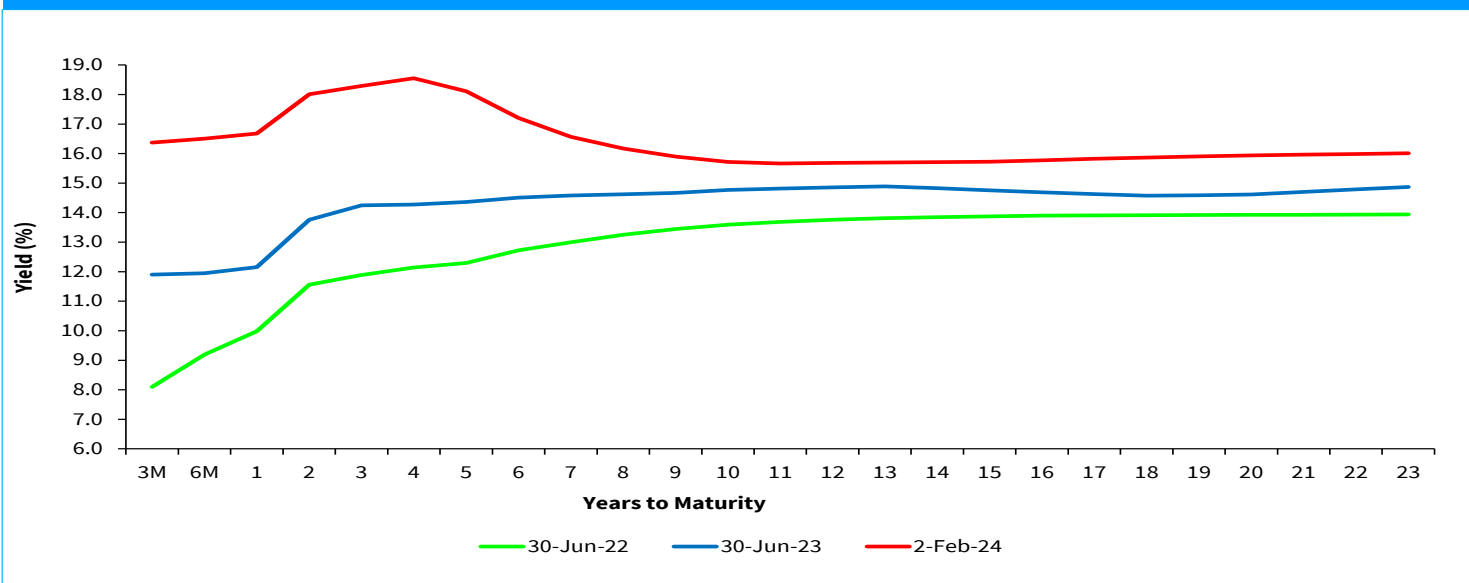
Source: Central Bank of Kenya

Table 5: Performance of Treasury Bond Auctions

Date of Auction	28-Sep-23		12-Oct-23		8-Nov-23	5-Dec-23	10-Jan-23		18-Jan-23	
	TAP		RE-OPEN			TAP			TAP	
Tenor	FXD1/ 2023/002	FXD1/ 2016/010	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
Amount offered (KSh M)	15,000.00		35,000.00		50,000.00	25,000.00	35,000.00		15,000.00	
Bids received (KSh M)	2,631.25	814.90	6,506.42	5,791.92	88,899.96	47,238.75	29,089.43	8,062.57	9,308.35	2,552.31
Amount Accepted (KSh M)	2,609.97	763.17	4,825.11	1,481.78	67,056.07	47,866.93	22,069.44	2,946.74	9,339.89	2,415.58
Maturities (KSh M)	0.00	0.00	0.00	0.00	0.00	0.00	35,852.15		0.00	0.00
Average interest Rate (%)	17.45	17.93	17.74	17.99	17.93	17.93	18.39	18.77	18.39	16.84

Source: Central Bank of Kenya

Chart 1: Government Securities Yield Curve



Source: Nairobi Securities Exchange (NSE)

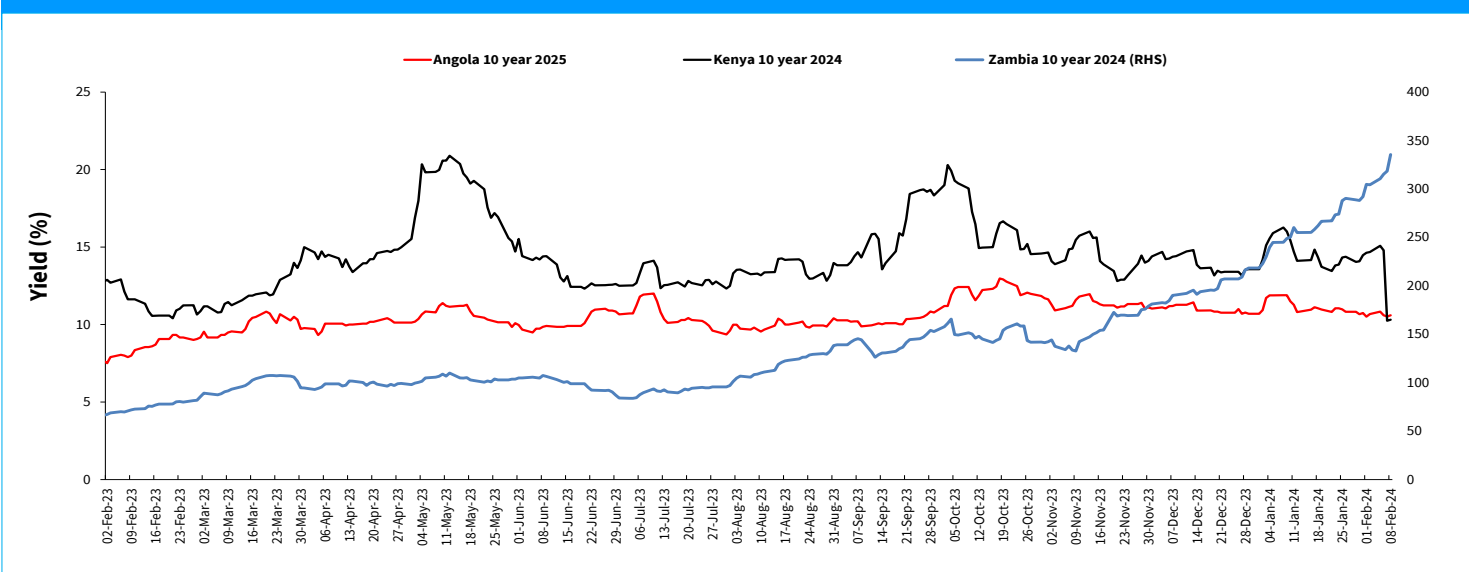
Table 6: Performance of Key Market Indicators

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
26-Jan-24	90.37	2370.80	1497.97	1,051.00	3.63	93.07	1,411.90	3,666.76	11.129	14.377	10.353	10.332	9.866	10.518
29-Jan-24	90.10	2364.29	1487.89	1,001.00	9.81	252.57	1,407.72	2,705.25	11.062	14.04	10.312	10.278	9.842	10.449
30-Jan-24	91.71	2393.66	1499.31	858.00	11.63	211.54	1,432.84	5,461.11	11.066	14.086	10.314	10.305	9.842	10.432
31-Jan-24	92.18	2409.30	1508.86	821.00	8.56	131.62	1,440.14	7,173.90	11.206	14.475	10.521	10.468	10.013	10.57
1-Feb-24	91.91	2406.78	1511.89	1,016.00	7.62	107.84	1,436.02	2,911.60	11.289	14.627	10.569	10.498	10.064	10.606
Jan 26- Feb 1	91.91	2406.78	1511.89	4,747.00	41.25	796.65	1,436.02	21,918.63	11.289	14.627	10.569	10.498	10.064	10.606
2-Feb-24	92.37	2425.69	1512.56	772.00	8.96	135.75	1443.19	5015.25	11.43	14.68	10.65	10.61	10.19	10.69
5-Feb-24	92.48	2433.61	1522.92	926.00	13.97	318.81	1444.83	6294.40	11.64	15.09	10.82	10.80	10.31	10.80
6-Feb-24	92.52	2432.14	1522.45	960.00	17.34	367.10	1445.48	2775.45	11.51	14.79	10.74	10.78	10.29	10.77
7-Feb-24	91.89	2430.50	1523.02	851.00	4.08	89.27	1435.65	3495.06	10.76	10.25	10.70	10.80	10.34	10.82
8-Feb-24	91.96	2431.81	1526.48	921.00	4.94	81.57	1436.72	3846.95	10.78	10.32	10.67	10.78	10.29	10.78
Feb 2-8	91.96	2431.81	1526.48	4,430.00	49.29	992.50	1,436.72	21,427.11	10.778	10.318	10.667	10.778	10.293	10.784
Weekly Changes (%)	0.05	1.04	0.97	-6.68	19.51	24.6	0.05	-2.24	-0.511*	-4.309	0.098*	0.280*	0.229*	0.178*

* Percentage points

Source: Nairobi Securities Exchange (NSE) and Thomson Reuters

Chart 2: Yields on 10-Year Eurobonds for Selected Countries



Source: Thomson Reuters

Table 7: Government Domestic Debt (KSh Billion)

	30-Jun-23	31-Aug-23	29-Sep-23	31-Oct-23	30-Nov-23	29-Dec-23	26-Jan-24	2-Feb-24
1. Treasury Bills (Excluding Repos)	614.73	567.70	558.21	557.23	555.62	546.90	558.43	565.63
(As % of total securities)	13.28	12.06	11.86	11.81	11.62	11.35	11.6	11.7
2. Treasury Bonds	4,013.89	4,139.72	4,149.81	4,159.08	4,224.91	4,271.82	4,272.25	4,272.25
(As % of total securities)	86.72	87.94	88.14	88.19	88.38	88.65	88.44	88.31
3. Total Securities (1+2)	4,628.62	4,707.42	4,708.02	4,716.31	4,780.53	4,818.72	4,830.68	4,837.89
4. Overdraft at Central Bank	76.46	72.05	75.70	73.93	83.94	94.13	89.24	83.45
5. Other Domestic debt*	127.04	132.86	133.75	122.79	126.28	134.89	134.33	134.33
of which IMF funds on-lent to Government	95.52	98.82	99.52	98.28	101.87	101.87	101.87	101.87
6. Gross Domestic Debt (3+4+5)	4,832.11	4,912.34	4,917.47	4,913.03	4,990.75	5,047.74	5,054.26	5,055.67

* 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-Aug-23	29-Sep-23	31-Oct-23	24-Nov-23	22-Dec-23	29-Dec-23	26-Jan-24	2-Feb-24
Treasury bills (Excluding Repos)	11.56	11.35	11.34	11.12	10.83	10.85	11.05	11.19
Treasury bonds	84.27	84.39	84.65	84.74	84.79	84.77	84.53	84.50
Overdraft at Central Bank	1.47	1.54	1.50	1.68	1.87	1.87	1.77	1.65
Other domestic debt	2.70	2.72	2.50	2.46	2.51	2.51	2.66	2.66
of which IMF fund on lent to government	2.01	2.02	2.00	1.97	2.02	2.02	2.02	2.02
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	31-Mar-23	30-Jun-23	29-Sep-23	24-Nov-23	29-Dec-23	26-Jan-24	2-Feb-24
Banking Institutions	46.84	46.13	46.17	45.18	46.00	45.95	45.88	45.81
Insurance Companies	7.37	7.39	7.31	7.35	7.21	7.25	7.36	7.34
Parastatals	6.06	6.04	5.98	5.95	5.52	5.48	5.56	5.57
Pension Funds	33.31	33.42	33.42	32.23	30.16	29.99	29.85	29.90
Other Investors	6.43	7.01	7.13	9.30	11.10	11.33	11.35	11.38
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*
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	5,047.74
Public & Publicly Guaranteed External debt (USD Bn)	36.58	37.88	38.76	38.61	38.27	38.17	38.50	38.92
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
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	11,137.32

* Provisional

Source: The National Treasury and Central Bank of Kenya