



Central Bank of Kenya

Weekly Bulletin

March 17, 2023



RECENT MONETARY AND FINANCIAL DEVELOPMENTS

Exchange Rates

The Kenya Shilling remained stable against major international and regional currencies during the week ending March 16. It exchanged at KSh 129.76 per US dollar on March 16, compared to KSh 128.59 per US dollar on March 9 (**Table 1**).

Foreign Exchange Reserves

The usable foreign exchange reserves remained adequate at USD 6,560 million (3.66 months of import cover) as at March 16. This meets the CBK's statutory requirement to endeavor to maintain at least 4 months of import cover (**Table 2**).

Remittances

Remittance inflows in February 2023 totalled USD 309.2 million compared to USD 349.4 million in January, a decrease of 11.5 percent (**Chart 1**). The cumulative inflows for the 12 months to February 2023 totaled USD 4,026 million compared to USD 3,840 million in February 2022. 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 59 percent.

Money Market

Liquidity in the money market decreased during the week ending March 16 as tax remittances more than offset government payments. Commercial banks' excess reserves stood at KSh 2.7 billion in relation to the 4.25 percent cash reserves requirement (CRR). Open market operations remained active. The average interbank rate was 6.91 percent on March 16 compared to 6.54 percent on March 9. During the week, the average number of interbank deals increased to 36 from 28 in the previous week, while the average value traded increased to KSh 17.9 billion from KSh 17.3 billion (**Table 3**).

Government Securities Market

The Treasury bill auction of March 16, received bids totaling KSh 29.2 billion against an advertised amount of KSh

24.0 billion, representing a performance of 121.6 percent. Interest rates remained stable, with 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 declined by 10.02 percent, 7.06 percent and 3.46 percent, respectively, during the week ending March 16. Similarly, market capitalization and equity turnover declined by 10.10 percent and 0.28 percent, respectively, while total shares traded increased by 3.81 percent (**Table 6**).

Bonds Market

Bond turnover in the domestic secondary market increased by 70.76 percent during the week ending March 16 (**Table 6**). In the international market, yields on Kenya's Eurobonds increased by an average of 155.72 basis points, with 2024 maturity increasing by 216.30 basis points. The yields on the 10-Year Eurobonds for Ghana and Angola also increased (**Chart 3**).

Global Trends

Concerns about the banking sector in the US dominated the week, in the wake of the collapse of two banks. This was aggravated by news of Credit Suisse (Switzerland) coming under liquidity pressure.

Inflation in major economies continues to ease, with inflation in the US slowing down to 6.0 percent in February from 6.4 percent in January. The European Central Bank raised its interest rate by 50 basis points. The US dollar index weakened by 0.85 percent against a basket of major currencies during the week ending March 16.

International oil prices decreased during the week ending March 16, on account of build-up of US oil inventories. Murban oil price decreased to USD 75.17 per barrel on March 16 from USD 82.71 per barrel on March 9.

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

	USD	Sterling Pound	Euro	100 Japanese Yen	Uganda Shilling*	Tanzania Shilling*	Rwandese Franc*	Burundi Franc*
3-Mar-23	127.54	152.57	135.39	93.25	29.09	18.35	8.54	16.29
6-Mar-23	127.76	153.24	135.67	94.17	29.04	18.32	8.52	16.27
7-Mar-23	128.11	153.88	136.46	94.35	28.92	18.27	8.52	16.22
8-Mar-23	128.36	154.14	136.94	94.41	28.84	18.23	8.49	16.19
9-Mar-23	128.59	152.26	135.60	93.74	28.82	18.20	8.48	16.17
March 3- Mar 9	128.07	153.22	136.01	93.99	28.94	18.27	8.51	16.23
10-Mar-23	128.89	153.10	136.09	94.30	28.82	18.16	8.47	16.13
13-Mar-23	129.24	155.05	137.14	94.44	28.78	18.11	8.45	16.09
14-Mar-23	129.45	156.71	138.58	97.58	28.74	18.08	8.41	16.06
15-Mar-23	129.59	157.64	138.86	96.14	28.86	18.06	8.43	16.05
16-Mar-23	129.76	156.63	136.99	97.54	28.86	18.03	8.42	15.99
March 10- 16	129.39	155.83	137.53	96.00	28.81	18.09	8.44	16.06

*Units of currency per Kenya Shilling

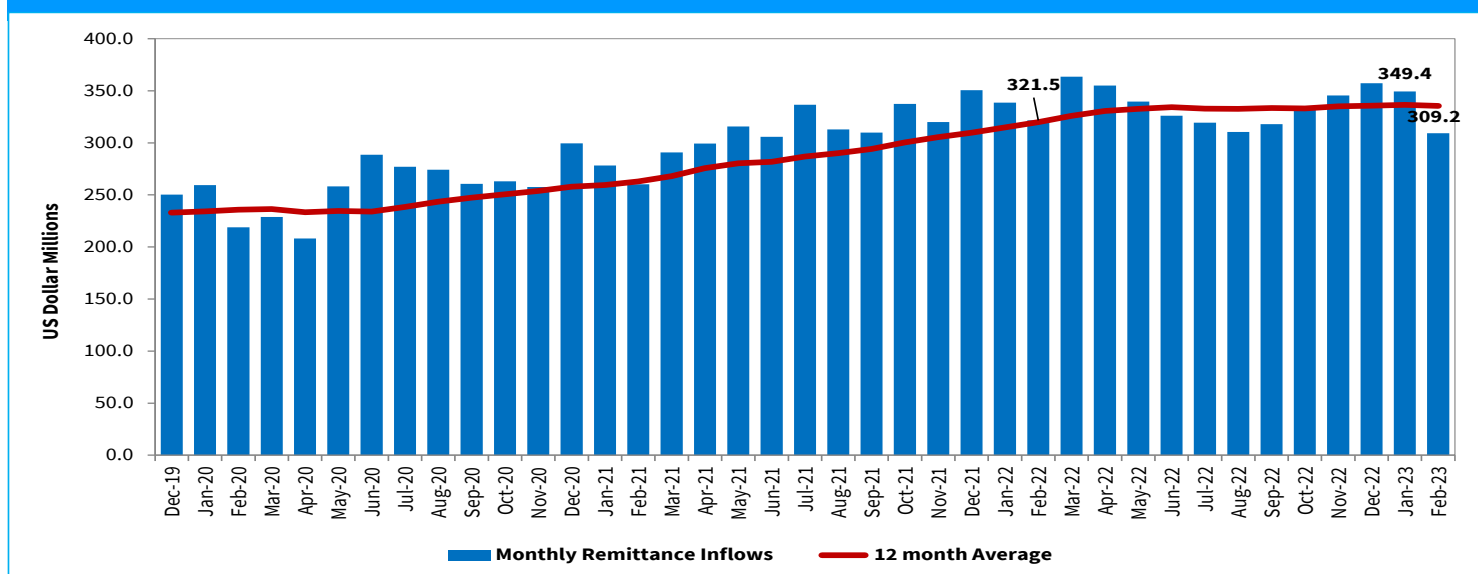
Source: Central Bank of Kenya

Table 2: Official Foreign Exchange Reserves (USD Million)

	16-Feb-23	23-Feb-23	2-Mar-23	9-Mar-23	16-Mar-23
1. CBK Usable Foreign Exchange Reserves (USD Million)	6,875	6,860	6,605	6,566	6,560
2. CBK Usable Foreign Exchange Reserves (Months of Import Cover)*	3.84	3.84	3.69	3.67	3.66

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

Source: Central Bank of Kenya

Chart 1: Monthly Remittance Inflows (USD Million)

Source: Nairobi Securities Exchange (NSE)

Table 3: Money Markets

Date	Number of Deals	Value (KSh M)	Average Interbank Rate (%)
3-Mar-23	23	11,610.00	6.88
6-Mar-23	24	16,070.00	6.84
7-Mar-23	30	17,760.00	6.76
8-Mar-23	24	15,100.00	6.74
9-Mar-23	38	26,170.00	6.54
Mar 3 - 9	28	17,342.00	6.75
10-Mar-23	55	31,170.00	6.59
13-Mar-23	36	13,620.00	6.99
14-Mar-23	26	11,855.00	6.76
15-Mar-23	27	12,520.00	6.84
16-Mar-23	37	20,450.00	6.91
Mar 10 - 16	36	17,923.00	6.82

Source: Central Bank of Kenya

Table 4: Performance of Treasury Bill Auctions

91-Day Treasury Bills						
Date of Auction	9-Feb-23	16-Feb-23	23-Feb-23	2-Mar-23	9-Mar-23	16-Mar-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)	31,198.60	22,088.75	11,362.17	22,229.15	20,041.27	7,291.16
Amount Accepted (KSh M)	27,030.72	20,899.80	10,788.16	13,314.59	16,627.93	7,095.88
Maturities (KSh M)	19,047.80	12,443.70	11,427.55	13,474.40	13,978.00	7,813.70
Average Interest Rate (%)	9.601	9.623	9.655	9.698	9.742	9.780
182-Day Treasury Bills						
Date of Auction	9-Feb-23	16-Feb-23	23-Feb-23	2-Mar-23	9-Mar-23	16-Mar-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)	9,326.18	17,527.30	4,404.63	6,016.16	7,910.92	17,466.21
Amount Accepted (KSh M)	9,231.00	17,522.55	4,402.73	6,016.07	7,882.37	17,256.71
Maturities (KSh M)	4,100.90	7,102.55	2,275.05	9,706.35	4,511.95	11,900.65
Average Interest Rate (%)	10.042	10.079	10.117	10.165	10.216	10.285
364-Day Treasury Bills						
Date of Auction	9-Feb-23	16-Feb-23	23-Feb-23	2-Mar-23	9-Mar-23	16-Mar-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)	4,376.22	6,298.21	3,668.17	4,454.53	7,681.09	4,432.78
Amount Accepted (KSh M)	4,376.13	6,297.05	3,656.13	4,454.44	7,679.20	4,432.11
Maturities (KSh M)	11,760.75	16,077.90	7,306.55	4,803.00	9,879.30	9,706.40
Average Interest Rate (%)	10.603	10.638	10.676	10.690	10.747	10.777

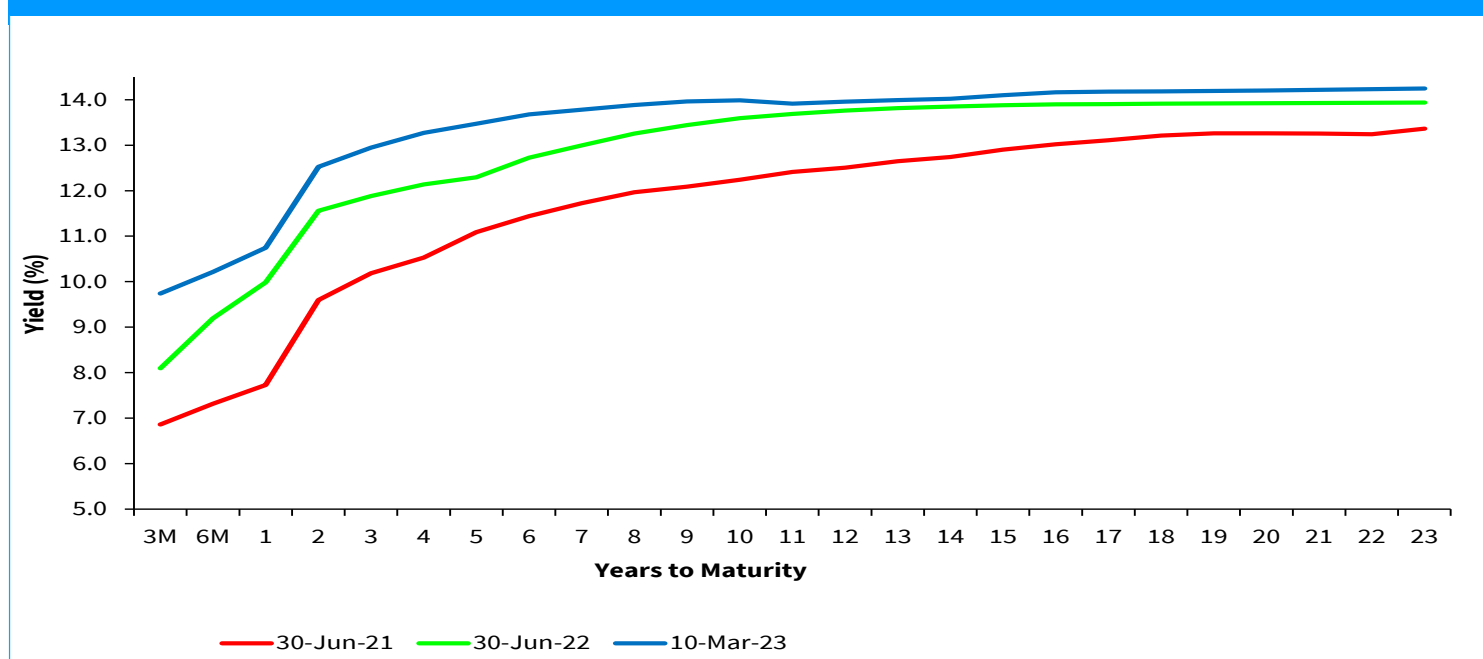
Source: Central Bank of Kenya

Table 5: Performance of Treasury Bond Auctions

Date of Auction	11-Jan-23		20-Jan-23		8-Feb-23		17-Feb-23		8-Mar-23
	RE-OPEN		TAP		RE-OPEN		TAP		IFB
Tenor	FXD1/ 2020/005	FXD1/ 2022/015	FXD1/ 2020/005	FXD1/ 2022/015	FXD1/ 2017/10	FXD1/ 2023/10	FXD1/ 2017/10	FXD1/ 2023/10	IFB1/ 2023/017
Amount offered (KSh M)	50,000.00		10,000.00		50,000.00		10,000.00		50,000.00
Bids received (KSh M)	27,620.35	14,011.92	13,902.65	4,119.30	8,030.13	11,514.95	8,855.70	3,607.55	59,772.04
Amount Accepted (KSh M)	24,352.62	7,160.39	13,571.35	4,056.03	7,469.52	9,279.28	8,593.57	3,607.23	50,877.20
Maturities (KSh M)	0.00		0.00		0.00				34,788.90
Average interest Rate (%)	12.88	14.19	12.88	14.19	13.88	14.15	13.88	14.15	14.40

Source: Central Bank of Kenya

Chart 2: Government Securities Yield Curve



Source: Nairobi Securities Exchange (NSE)

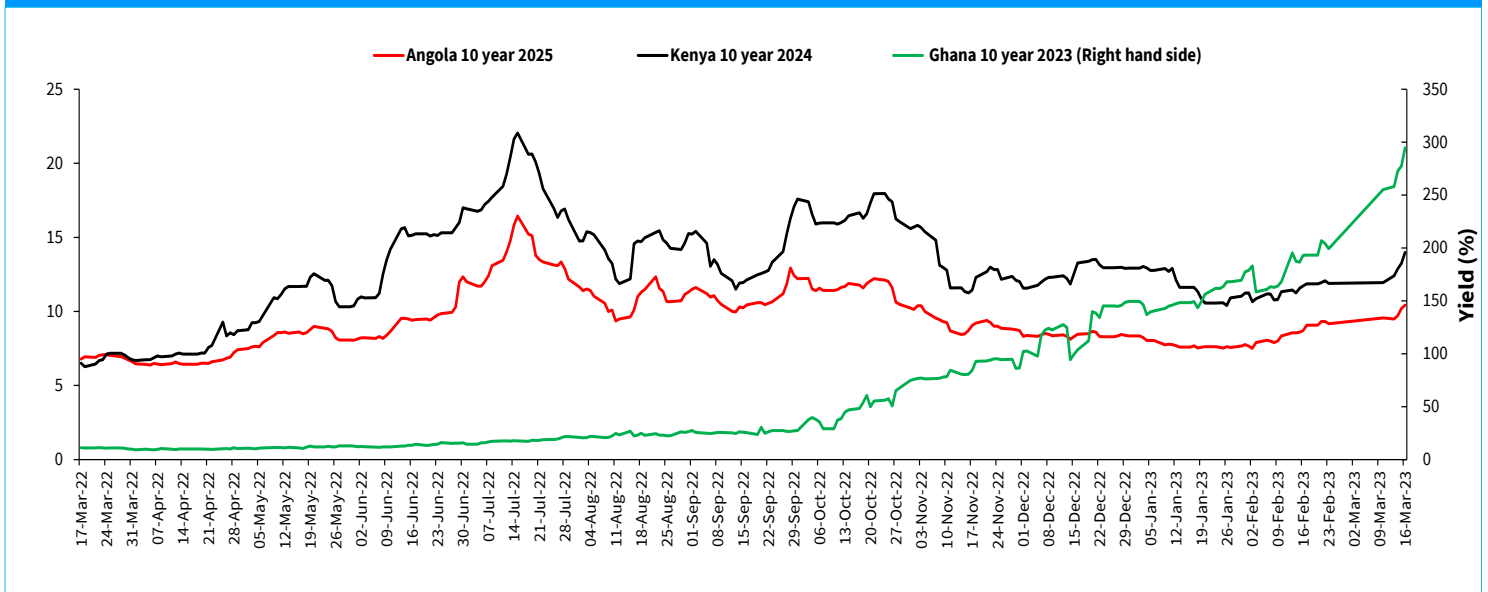
Table 6: Performance of Key Market Indicators

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 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
3-Mar-23	126.17	3133.32	1634.09	781.00	12.23	175.54	1965.78	1224.25	11.155	11.763	10.939	10.779	10.226	10.94
6-Mar-23	125.79	3148.26	1644.92	967.00	6.50	143.80	1959.78	1234.15	10.698	11.44	10.615	10.573	10.037	10.671
7-Mar-23	123.68	3093.54	1629.45	1,078.00	7.01	139.45	1926.93	2586.46	10.752	11.45	10.724	10.702	10.108	10.759
8-Mar-23	119.19	3022.55	1605.63	1,359.00	37.68	728.15	1856.67	2850.15	11.062	11.682	11.017	10.911	10.276	10.977
9-Mar-23	118.7	3008.16	1615.95	1,158.00	18.54	410.59	1850.18	1181.10	11.062	11.825	11.206	11.313	10.513	11.298
Mar 3-9	118.70	3008.16	1615.95	5,343.00	81.97	1,597.54	1,850.18	9,076.10	11.062	11.825	11.206	11.313	10.513	11.298
10-Mar-23	117.89	2,997.25	1,604.44	1,121	3.60	92.2	1836.3	546	11.54	11.947	11.431	11.423	10.645	11.435
13-Mar-23	115.03	2,955.98	1,598.03	1,261	6.11	127.7	1791.8	3714	11.759	12.412	11.508	11.643	10.872	11.514
14-Mar-23	113.75	2,931.28	1,589.52	1,317	5.90	141.5	1771.7	4858	12.46	12.882	11.928	11.84	11.078	11.738
15-Mar-23	110.62	2,880.89	1,590.60	1,388	22.85	393.1	1722.8	3493	12.792	13.242	12.239	12.068	11.314	11.927
16-Mar-23	106.81	2,795.79	1,560.06	1,463	46.62	838.6	1663.2	2888	13.419	13.988	12.839	12.477	11.584	12.253
Mar 10-16	106.81	2795.79	1560.06	6,550.00	85.09	1,593.07	1,663.23	15,498.60	13.419	13.988	12.839	12.477	11.584	12.253
Weekly Changes (%)	-10.02	-7.06	-3.46	22.59	3.81	-0.28	-10.10	70.76	2.357*	2.163*	1.633*	1.164*	1.071*	0.955*

* 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-Mar-22	24-Jun-22	30-Sep-22	30-Dec-22	27-Jan-23	24-Feb-23	10-Mar-23
1. Treasury Bills (Excluding Repos)	656.45	620.28	672.28	671.51	658.93	676.72	672.20
<i>(As % of total securities)</i>	16.02	14.88	15.61	15.32	14.97	15.21	15.12
2. Treasury Bonds	3,440.61	3,549.53	3,634.86	3,710.62	3,744.05	3,773.45	3,773.45
<i>(As % of total securities)</i>	83.98	85.12	84.39	84.68	85.03	84.79	84.88
3. Total Securities (1+2)	4,097.06	4,169.81	4,307.14	4,382.13	4,402.98	4,450.16	4,445.65
4. Overdraft at Central Bank	68.40	65.86	27.25	58.50	64.51	66.55	73.03
5. Other Domestic debt*	26.32	30.55	30.90	32.76	32.21	32.76	32.77
6. Gross Domestic Debt (3+4+5)	4,191.77	4,266.23	4,365.29	4,473.39	4,499.70	4,549.47	4,551.45

* 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)

	25-Mar-22	24-Jun-22	30-Sep-22	30-Dec-22	27-Jan-23	24-Feb-23	10-Mar-23
Treasury bills (Excluding Repos)	15.81	14.54	15.40	15.01	14.64	14.87	14.77
Treasury bonds	82.09	83.20	83.27	82.95	83.21	82.94	82.91
Overdraft at Central Bank	1.46	1.54	0.62	1.31	1.43	1.46	1.60
Other domestic debt	0.64	0.72	0.71	0.73	0.72	0.72	0.72
TOTAL	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)

	25-Mar-22	24-Jun-22	30-Sep-22	30-Dec-22	27-Jan-23	24-Feb-23	10-Mar-23
Banking Institutions	49.29	48.74	47.60	46.84	46.83	46.69	46.73
Insurance Companies	6.87	7.14	7.32	7.37	7.38	7.36	7.35
Parastatals	5.72	5.84	6.09	6.06	6.01	6.05	6.06
Pension Funds	31.75	32.39	32.75	33.31	33.27	33.16	33.13
Other Investors	6.37	5.89	6.24	6.43	6.50	6.73	6.72
Total	100.00	100.00	100.00	100.00	100.00	100.00	100.00

Source: Central Bank of Kenya

Table 10: Government Debt

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

* Provisional

Source: The National Treasury and Central Bank of Kenya