



Central Bank of Kenya

Weekly Bulletin

December 30, 2022



RECENT MONETARY AND FINANCIAL DEVELOPMENTS

GDP Growth

The economy recorded strong performance in the third quarter of 2022, growing by 4.7 percent. Services continue to perform strongly, particularly wholesale and retail trade, and accommodation and food services. The manufacturing sector grew at 2.4 percent. However, performance of the agriculture sector continued to be subdued due to unfavorable weather conditions (**Table 1**).

Inflation

Overall inflation declined further to 9.1 percent in December 2022 from 9.5 percent in November due to easing food prices with the favorable rains and declining of international prices of edible oils. Food inflation declined to 13.8 percent from 15.4 percent in November. Fuel inflation declined to 12.7 percent from 13.8 percent in November, while Non-food-non-fuel (NFF) inflation declined to 4.1 percent from 4.2 percent in November (**Chart 1**).

Exchange Rates

The Kenya Shilling remained stable against major international and regional currencies during the week ending December 29. It exchanged at KSh 123.33 per US dollar on December 29, compared to KSh 123.16 per US dollar on December 22 (**Table 2**).

Foreign Exchange Reserves

The usable foreign exchange reserves remained adequate at USD 7,439 million (4.17 months of import cover) as at December 29. This meets the CBK's statutory requirement to endeavor to maintain at least 4 months of import cover (**Table 3**).

Money Market

Liquidity in the money market increased during the week ending December 29 supported by government payments which more than offset tax remittances. Commercial banks' excess reserves stood at KSh 10.6 billion in relation to the 4.25 percent cash reserves requirement (CRR). Open market operations remained active. The average interbank rate was 6.32 percent on December 29 compared to 5.48 percent

on December 22. During the week, the average number of interbank deals increased to 38 from 32 in the previous week, while the average value traded declined to KSh 17.5 billion from KSh 23.1 billion in the previous week (**Table 4**).

Government Securities Market

The Treasury bill auction of December 29, received bids totaling KSh 4.3 billion against an advertised amount of KSh 24.0 billion, representing a performance of 17.9 percent. Interest rates remained stable, with 91-day and 364-day rates decreasing while 182-day rate increased marginally (**Table 5**).

Equity Market

At the Nairobi Securities Exchange, the NSE 25 and NSE 20 share price index increased by 0.03 percent and 0.7 percent, respectively, while the NASI share index declined by 0.9 percent. Market capitalization, equity turnover and total shares traded declined by 0.9 percent, 36.6 percent and 35.5 percent, respectively, during the week ending December 29 (**Table 7**).

Bonds Market

Bond turnover in the domestic secondary market declined by 74.3 percent during the week ending December 29 (**Table 7**). In the international market, yields on Kenya's Eurobonds rose by an average of 1.62 basis points, with 2024 maturity declining by 24.0 basis points. The yields on the 10-Year Eurobonds for Ghana and Angola increased (**Chart 3**).

Global Trends

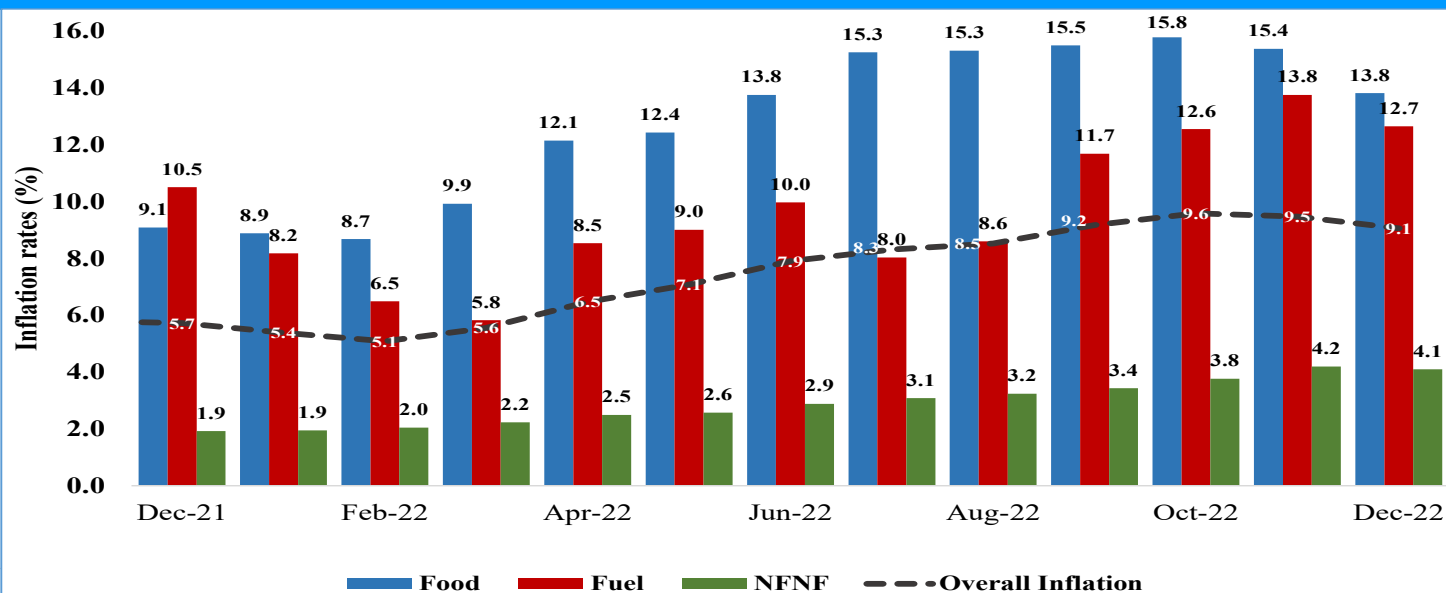
Concerns about inflation in advanced economies persisted during the week ending December 29. During the week, trading in the main global financial markets was subdued on account of the holiday. The US dollar index weakened by 0.17 percent against a basket of major currencies during the week ending December 29.

International oil prices decreased during the week ending December 29. Murban oil prices declined to USD 80.69 per barrel on December 29 compared to USD 81.75 per barrel on December 22.

Table 1: Real GDP Growth (percent)

	2021				2022			Annual	
	Q1	Q2	Q3	Q4	Q1	Q2	Q3	2020	2021
1. Agriculture	0.4	-0.5	0.6	-1.2	-0.7	-1.4	-0.6	4.6	-0.2
2. Non-Agriculture (o/w)	3.2	14.4	11.1	9.2	8.6	6.9	5.6	-1.4	9.4
2.1 Industry	4.3	9.2	8.8	6.6	5.5	5.6	3.1	3.3	7.2
Mining & Quarrying	10.7	10.9	16.4	34.5	23.8	22.6	-2.2	5.5	18.0
Manufacturing	2.1	11.3	10.2	4.9	3.7	3.6	2.4	-0.4	6.9
Electricity & water supply	3.6	7.2	6.4	2.8	1.9	5.0	4.7	0.6	5.0
Construction	6.8	6.8	6.7	6.0	6.4	5.8	4.3	10.1	6.6
2.2 Services	3.1	15.6	11.7	9.2	9.2	7.7	6.2	-1.8	9.8
Wholesale & Retail Trade	7.5	9.2	6.4	8.4	8.7	8.2	9.1	-0.5	7.9
Accommodation & restaurant	-33.0	90.1	127.5	118.6	56.2	22.0	22.9	-47.7	52.5
Transport & Storage	-7.9	18.6	14.2	6.5	7.8	7.1	4.8	-7.8	7.2
Information & Communication	10.1	17.1	4.1	5.3	6.1	6.6	4.6	6.3	8.8
Financial & Insurance	11.8	17.3	11.8	9.9	14.7	11.6	5.3	5.9	12.5
Public administration	6.8	7.6	4.8	3.3	6.4	4.2	3.9	7.0	5.6
Professional, Administration & Support Services	-13.0	18.3	13.4	8.1	14.9	11.2	8.7	-13.7	5.7
Real estate	6.7	7.4	7.1	5.7	6.1	5.5	5.1	4.1	6.7
Education	11.5	31.6	28.3	18.0	6.2	6.7	7.1	-9.3	21.4
Health	5.8	6.2	4.1	7.8	5.0	4.8	4.5	5.7	6.0
Other services	-8.4	28.8	17.7	16.8	10.8	6.7	6.9	-14.6	12.6
FISIM	4.9	2.8	5.1	8.7	6.5	4.9	5.2	-1.8	5.5
2.3 Taxes on products	1.8	18.5	12.5	15.7	11.4	4.6	7.6	-8.1	11.9
Real GDP Growth	2.7	11.0	9.3	7.4	6.7	5.2	4.7	-0.3	7.5

Source: Central Bank of Kenya

Chart 1: Inflation

	USD	Sterling Pound	Euro	100 Japanese Yen	Uganda Shilling*	Tanzania Shilling*	Rwandese Franc*	Burundi Franc*
16-Dec-22	122.99	151.81	130.63	89.57	29.95	18.98	8.64	16.84
19-Dec-22	123.05	149.89	130.77	89.75	29.74	18.97	8.64	16.84
20-Dec-22	123.09	149.81	130.56	90.16	29.69	18.96	8.74	16.83
21-Dec-22	123.14	149.40	130.60	93.15	29.60	18.95	8.65	16.83
22-Dec-22	123.16	149.54	130.87	93.48	29.57	18.93	8.65	16.83
Dec 16-22	123.09	150.09	130.69	91.22	29.71	18.96	8.66	16.83
23-Dec-22	123.21	148.54	130.93	92.84	29.54	18.93	8.65	16.82
26-Dec-22	Public Holiday							
27-Dec-22								
28-Dec-22	123.26	148.67	130.79	92.84	29.57	18.94	8.75	16.81
29-Dec-22	123.33	148.89	131.27	92.26	30.26	18.92	8.73	16.81
Dec 23-29	123.27	148.70	131.00	92.65	29.79	18.93	8.71	16.81

*Units of currency per Kenya Shilling

Source: Central Bank of Kenya

	1-Dec-22	8-Dec-22	15-Dec-22	22-Dec-22	29-Dec-22
1. CBK Usable Foreign Exchange Reserves (USD Million)	7,070	7,103	7,075	7,537	7,439
2. CBK Usable Foreign Exchange Reserves (Months of Import Cover)*	3.95	3.98	3.96	4.22	4.17

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

Source: Central Bank of Kenya

Date	Number of Deals	Value (KSh M)	Average Interbank Rate (%)
16-Dec-22	31	23,670.00	5.10
19-Dec-22	32	29,820.00	5.20
20-Dec-22	25	22,270.00	5.22
21-Dec-22	33	28,228.00	5.28
22-Dec-22	37	11,740.00	5.48
Dec 16-22	32	23,145.60	5.26
23-Dec-22	34	14,000.00	6.68
26-Dec-22	Public Holiday		
27-Dec-22			
28-Dec-22	35	12,685.00	6.42
29-Dec-22	44	25,840.00	6.32
Dec 23-29	38	17,508.33	6.47

Source: Central Bank of Kenya

Table 5: Performance of Treasury Bill Auctions

91-Day Treasury Bills						
Date of Auction	29-Sep-22	27-Oct-22	24-Nov-22	15-Dec-22	22-Dec-22	29-Dec-22
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)	5,129.43	11,992.46	12,673.21	19,509.82	13,916.14	2,180.21
Amount Accepted (KSh M)	2,487.10	11,971.45	11,186.00	7,702.48	10,983.45	2,120.42
Maturities (KSh M)	4,035.00	14,352.85	8,539.25	4,134.75	3,812.25	2,539.95
Average Interest Rate (%)	8.952	9.127	9.237	9.356	9.370	9.369
182-Day Treasury Bills						
Date of Auction	29-Sep-22	27-Oct-22	24-Nov-22	15-Dec-22	22-Dec-22	29-Dec-22
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)	3,049.07	2,153.68	6,846.75	6,720.69	925.84	434.69
Amount Accepted (KSh M)	3,039.53	2,067.25	4,463.71	6,720.69	925.84	434.69
Maturities (KSh M)	3,248.05	9,040.65	2,942.70	7,647.70	5,063.15	1,660.95
Average Interest Rate (%)	9.631	9.678	9.733	9.821	9.825	9.834
364-Day Treasury Bills						
Date of Auction	29-Sep-22	27-Oct-22	24-Nov-22	15-Dec-22	22-Dec-22	29-Dec-22
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)	1,133.80	4,044.29	7,688.32	2,989.64	1,927.52	1,691.33
Amount Accepted (KSh M)	1,124.70	3,590.62	5,747.65	2,989.46	1,927.16	1,691.33
Maturities (KSh M)	1,775.15	6,278.35	7,129.50	5,588.25	4,354.55	5,396.40
Average Interest Rate (%)	9.905	9.965	10.219	10.299	10.310	10.308

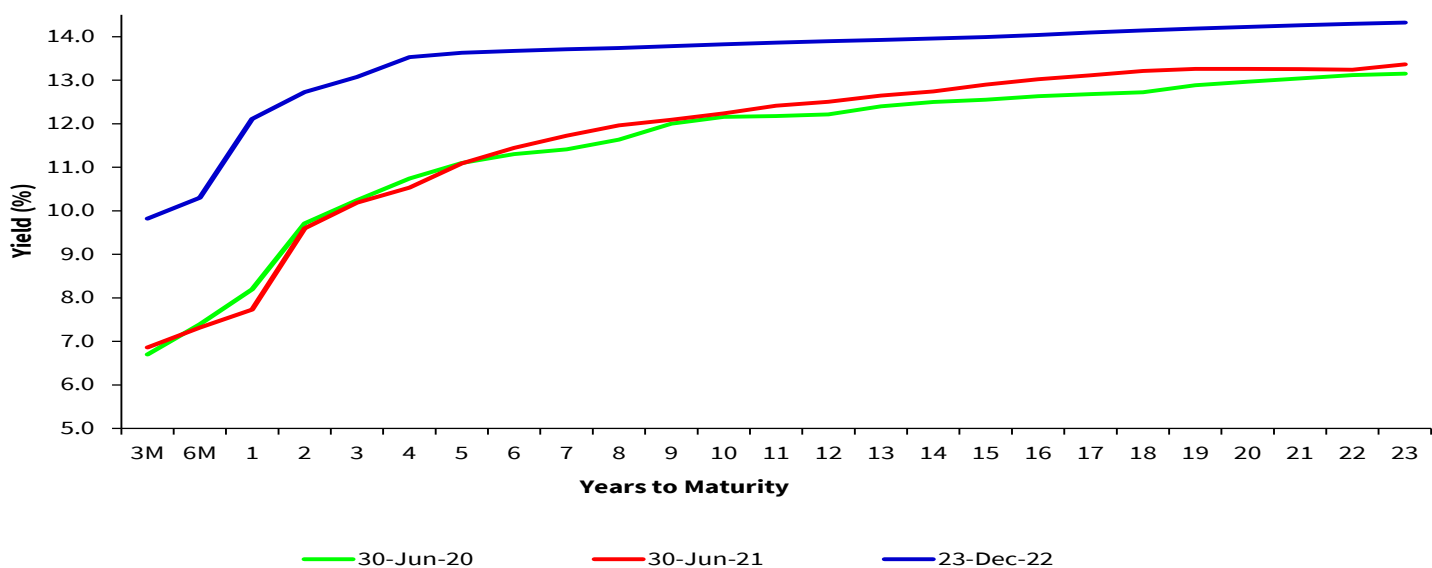
Source: Central Bank of Kenya

Table 6: Performance of Treasury Bond Auctions

Date of Auction	19-Oct-22	9-Nov-22	23-Nov-22	1-Dec-22	7-Dec-22		22-Dec-22
				TAP	RE-OPEN		TAP
Tenor	FXD1/ 2022/25	IFB1/ 2022/14	IFB1/ 2022/14	IFB1/ 2022/6	IFB1/ 2008/20	FXD1/ 2022/25	IFB1/ 2022/06
Amount offered (KSh M)	20,000.00	60,000.00	5,000.00	87,800.00	40,000.00		20,000.00
Bids received (KSh M)	14,894.85	91,849.42	19,136.05	52,903.55	17,322.80	13,239.43	10,814.55
Amount Accepted (KSh M)	13,665.80	75,572.16	19,132.80	49,110.22	17,265.60	7,068.38	10,812.28
Maturities (KSh M)					0.00		
Average interest Rate (%)	14.19	13.94	13.94	13.22	13.83	14.44	13.22

Source: Central Bank of Kenya

Chart 2: Government Securities Yield Curve



Source: Nairobi Securities Exchange (NSE)

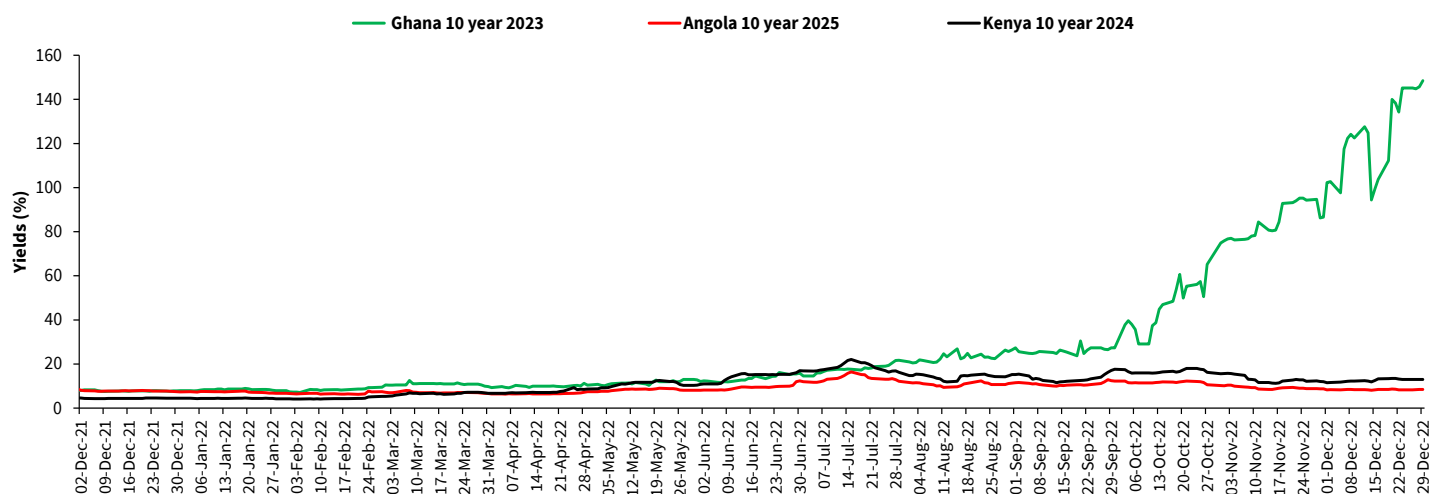
Table 7: Key Market Indicators

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 Million)	Eurobond Yields (%)					
									7-Year 2027	10-Year 2024	10-Year 2028	12-Year 2032	13-Year 2034	30-Year 2048
16-Dec-22	128.49	3124.26	1652.86	978.00	8.16	177.70	2,001.95	2,795.10	10.729	13.266	10.15	10.504	9.62	10.733
19-Dec-22	128.63	3134.03	1655.86	858.00	12.50	60.73	2,004.14	1,171.70	10.829	13.377	10.254	10.529	9.665	10.769
20-Dec-22	128.35	3129.37	1655.21	936.00	6.24	287.79	1,999.80	1,957.45	11.222	13.489	10.496	10.758	9.894	10.913
21-Dec-22	128.15	3125.975	1656.34	1,011.00	13.28	455.75	1,996.83	3,602.90	10.98	13.502	10.498	10.759	9.871	10.95
22-Dec-22	128.09	3125.99	1654.71	859.00	3.99	97.66	1,995.84	3,397.85	10.796	13.144	10.365	10.71	9.783	10.859
Dec 16-22	128.09	3125.99	1654.71	4,642.00	44.17	1,079.64	1,995.84	12,925.00	10.796	13.144	10.365	10.710	9.783	10.859
23-Dec-22	128.09	3128.85	1663.36	842.00	17.67	336.22	1,995.75	1,456.70	10.799	12.954	10.436	10.71	9.852	10.859
26-Dec-22	Public Holiday								10.799	12.954	10.436	10.71	9.852	10.859
27-Dec-22	Public Holiday								10.948	12.963	10.541	10.762	9.922	10.936
28-Dec-22	128.04	3138.92	1668.34	825.00	4.96	229.65	1,995.06	518.25	10.853	12.975	10.404	10.711	9.853	10.896
29-Dec-22	126.97	3127	1665.64	1,024.00	5.88	119.21	1,978.33	1,343.15	10.91	12.904	10.443	10.764	9.855	10.878
Dec 23-29	126.97	3127.00	1665.64	2,691.00	28.51	685.08	1,978.33	3,318.10	10.910	12.904	10.443	10.764	9.855	10.878
Weekly Changes (%)	-0.87	0.03	0.66	-42.03	-35.45	-36.55	-0.88	-74.33	0.114*	-0.240*	0.078*	0.054*	0.072*	0.019*

* Percentage points

Source: Nairobi Securities Exchange (NSE) and Thomson Reuters

Chart 3: Yields on 10 year Eurobonds for Selected Countries



Source: Thomson Reuters

Table 8: Government Domestic Debt (KSh Billion)

	30-Jun-21	31-Dec-21	30-Sep-22	31-Oct-22	25-Nov-22	16-Dec-22	23-Dec-22
1. Treasury Bills (Excluding Repos)	765.37	709.15	672.28	661.17	683.90	669.68	670.45
<i>(As % of total securities)</i>	21.17	17.95	15.61	15.40	15.76	15.33	15.34
2. Treasury Bonds	2,849.94	3,242.24	3,634.86	3,632.71	3,654.77	3,699.95	3,699.95
<i>(As % of total securities)</i>	78.83	82.05	84.39	84.60	84.24	84.67	84.66
3. Total Securities (1+2)	3,615.31	3,951.39	4,307.14	4,293.88	4,338.67	4,369.63	4,370.40
4. Overdraft at Central Bank	59.28	59.31	27.25	59.82	57.37	56.84	65.63
5. Other Domestic debt*	22.50	21.66	30.90	32.40	32.39	32.76	32.77
6. Gross Domestic Debt (3+4+5)	3,697.09	4,032.37	4,365.29	4,386.09	4,428.44	4,459.22	4,468.80

* Other domestic debt includes clearing items in transit, advances from commercial banks and Pre-1997 Government Overdraft.

Source: Central Bank of Kenya

Table 9: Composition of Government Domestic Debt by Instrument (Percent)

	30-Jun-21	31-Dec-21	30-Sep-22	28-Oct-22	25-Nov-22	16-Dec-22	23-Dec-22
Treasury bills (Excluding Repos)	20.70	17.59	15.40	15.07	15.44	15.02	15.00
Treasury bonds	77.09	80.41	83.27	82.82	82.53	82.97	82.80
Overdraft at Central Bank	1.60	1.47	0.62	1.36	1.30	1.27	1.47
Other domestic debt	0.61	0.54	0.71	0.74	0.73	0.73	0.73
TOTAL	100.00	100.00	100.00	100.00	100.00	100.00	100.00

Source: Central Bank of Kenya

Table 10: Composition of Government Domestic Debt by Holder (Percent)

	30-Jun-21	31-Dec-21	30-Sep-22	28-Oct-22	25-Nov-22	16-Dec-22	23-Dec-22
Banking Institutions	51.24	50.20	47.60	47.51	47.45	47.05	47.14
Insurance Companies	6.66	6.79	7.32	7.34	7.33	7.37	7.36
Parastatals	5.54	5.57	6.09	6.18	6.13	6.07	6.04
Pension Funds	30.60	31.34	32.75	32.69	32.77	33.10	33.07
Other Investors	5.96	6.10	6.24	6.28	6.32	6.41	6.39
Total	100.00	100.00	100.00	100.00	100.00	100.00	100.00

Source: Central Bank of Kenya

Table 11: Indicators of Government Debt

	Jun-21	Sep-21	Dec-21	Mar-22	Jun-22	Aug-22	Sep-22	Oct-22
Domestic debt (KSh Bn)	3,697.09	3,937.80	4,032.37	4,191.77	4,288.33	4,335.30	4,366.30	4,386.09
Public & Publicly Guaranteed External debt (USD Bn)	37.08	36.73	36.90	36.82	36.58	36.23	36.00	35.93
Public & Publicly Guaranteed External debt (KSh Bn)	3,999.54	4,058.50	4,174.37	4,209.56	4,290.73	4,327.90	4,334.80	4,359.67
Public debt (KSh Bn)	7,696.63	7,996.30	8,206.74	8,401.33	8,579.06	8,663.20	8,701.10	8,745.76

* Provisional

Source: The National Treasury and Central Bank of Kenya