



Central Bank of Kenya

Weekly Bulletin

January 27, 2023



RECENT MONETARY AND FINANCIAL DEVELOPMENTS

Exchange Rates

The Kenya Shilling remained stable against major international and regional currencies during the week ending January 26. It exchanged at KSh 124.30 per US dollar on January 26, compared to KSh 124.05 per US dollar on January 19 (**Table 1**).

Foreign Exchange Reserves

The usable foreign exchange reserves remained adequate at USD 7,005 million (3.92 months of import cover) as at January 26. 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 decreased during the week ending January 26, as tax remittances more than offset government payments. Commercial banks' excess reserves stood at KSh 2.9 billion in relation to the 4.25 percent cash reserves requirement (CRR). Open market operations remained active. The average interbank rate was 6.36 percent on January 26 compared to 5.97 percent on January 19. During the week, the average number of interbank deals increased to 30 from 26 in the previous week, while the average value traded decreased to KSh 15.5 billion from KSh 18.3 billion in the previous week (**Table 3**).

Government Securities Market

The Treasury bills auction of January 26, received bids totaling KSh 34.3 billion against an advertised amount of KSh 24.0 billion, representing a performance of 142.9 percent. Interest rates remained stable, with 91-day, 182-day and 364-day rates increasing marginally (**Table 4**).

During the Treasury bond tap sale of January 20, the five-year and fifteen-year fixed rate Treasury bonds received bids totalling KSh 18.0 billion against an advertised amount of

KSh 10.0 billion, representing a performance rate of 180.2 percent (Figure 5).

Equity Market

At the Nairobi Securities Exchange, the NASI and the NSE 25 share price index increased by 3.0 percent and 1.3 percent, respectively, while the NSE 20 share price index declined by 1.0 percent. Market capitalization increased by 3.0 percent, while total shares traded and equity turnover declined by 74.4 percent and 74.6 percent, respectively, during the week ending January 26 (**Table 6**).

Bonds Market

Bond turnover in the domestic secondary market increased by 1.4 percent during the week ending January 26 (**Table 6**). In the international market, yields on Kenya's Eurobonds declined by an average of 16.0 basis points, with the 2024 maturity declining by 45.6 basis points. The yields on the 10-year Eurobonds for Ghana and Angola increased (**Chart 2**).

Global Trends

Inflation concerns in major economies have continued to moderate. The US economy recorded strong performance in the fourth quarter of 2022 and grew by 2.9 percent. Global equity markets gained during the week, reflecting market expectations of further easing of the pace of monetary policy tightening in major economies. The US dollar index weakened by 0.21 percent against a basket of major currencies during the week ending January 26.

International oil prices increased during the week ending January 26, supported by increased draw-down of oil inventories. Murban oil price increased to USD 84.99 per barrel on January 26 from USD 83.32 per barrel on January 19.

Table 1: Kenya Shilling Exchange Rates (Indicative Mean Rates)								
	USD	Sterling Pound	Euro	100 Japanese Yen	Uganda Shilling*	Tanzania Shilling*	Rwandese Franc*	Burundi Franc*
13-Jan-23	123.84	150.60	133.32	95.19	29.76	18.83	8.66	16.74
16-Jan-23	123.89	150.98	133.93	96.71	29.66	18.86	8.67	16.74
17-Jan-23	123.94	151.17	134.05	96.47	29.65	18.85	8.69	16.73
18-Jan-23	124.01	151.69	134.29	96.43	29.65	18.85	8.68	16.72
19-Jan-23	124.05	152.86	133.82	96.65	29.67	18.84	8.66	16.72
Jan 13-19	123.95	151.46	133.88	96.29	29.68	18.84	8.67	16.73
20-Jan-23	124.09	153.21	134.21	96.51	29.66	18.83	8.68	16.71
23-Jan-23	124.13	153.36	134.34	95.40	29.61	18.84	8.66	16.71
24-Jan-23	124.17	153.64	135.01	95.14	29.61	18.82	8.68	16.70
25-Jan-23	124.25	152.99	135.20	95.18	29.58	18.81	8.68	16.70
26-Jan-23	124.30	153.13	135.22	95.73	29.63	18.80	8.68	16.69
Jan 20-26	124.19	153.26	134.79	95.59	29.62	18.82	8.68	16.70

*Units of currency per Kenya Shilling

Source: Central Bank of Kenya

Table 2: Official Foreign Exchange Reserves (USD Million)					
	29-Dec-22	5-Jan-23	12-Jan-23	19-Jan-23	26-Jan-23
1. CBK Usable Foreign Exchange Reserves (USD Million)	7,439	7,381	7,415	7,382	7,005
2. CBK Usable Foreign Exchange Reserves (Months of Import Cover)*	4.17	4.13	4.15	4.13	3.92

*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 (%)
13-Jan-23	35	26,290.00	5.21
16-Jan-23	28	18,500.00	5.31
17-Jan-23	24	17,800.00	5.41
18-Jan-23	25	17,640.00	5.60
19-Jan-23	18	11,430.00	5.97
Jan 13-19	26	18,332.00	5.50
20-Jan-23	28	12,400.00	6.12
23-Jan-23	28	19,470.00	6.08
24-Jan-23	32	15,920.00	6.18
25-Jan-23	31	17,970.00	6.20
26-Jan-23	30	11,620.00	6.36
Jan 20-26	30	15,476.00	6.19

Source: Central Bank of Kenya

Table 4: Performance of Treasury Bill Auctions

91-Day Treasury Bills						
Date of Auction	27-Oct-22	24-Nov-22	29-Dec-22	12-Jan-23	19-Jan-23	26-Jan-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)	11,992.46	12,673.21	2,180.21	15,693.69	14,171.56	18,357.67
Amount Accepted (KSh M)	11,971.45	11,186.00	2,120.42	15,690.56	14,167.27	16,154.81
Maturities (KSh M)	14,352.85	8,539.25	2,539.95	10,084.25	14,135.90	12,234.40
Average Interest Rate (%)	9.127	9.237	9.369	9.425	9.474	9.538
182-Day Treasury Bills						
Date of Auction	27-Oct-22	24-Nov-22	29-Dec-22	12-Jan-23	19-Jan-23	26-Jan-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)	2,153.68	6,846.75	434.69	5,770.27	13,096.49	10,264.50
Amount Accepted (KSh M)	2,067.25	4,463.71	434.69	5,765.51	13,095.40	10,263.50
Maturities (KSh M)	9,040.65	2,942.70	1,660.95	5,297.85	15,118.95	1,934.70
Average Interest Rate (%)	9.678	9.733	9.834	9.859	9.891	9.954
364-Day Treasury Bills						
Date of Auction	27-Oct-22	24-Nov-22	29-Dec-22	12-Jan-23	19-Jan-23	26-Jan-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)	4,044.29	7,688.32	1,691.33	4,667.69	2,189.28	5,676.29
Amount Accepted (KSh M)	3,590.62	5,747.65	1,691.33	4,658.67	2,126.55	5,676.29
Maturities (KSh M)	6,278.35	7,129.50	5,396.40	14,237.95	15,178.95	19,296.80
Average Interest Rate (%)	9.965	10.219	10.308	10.432	10.470	10.504

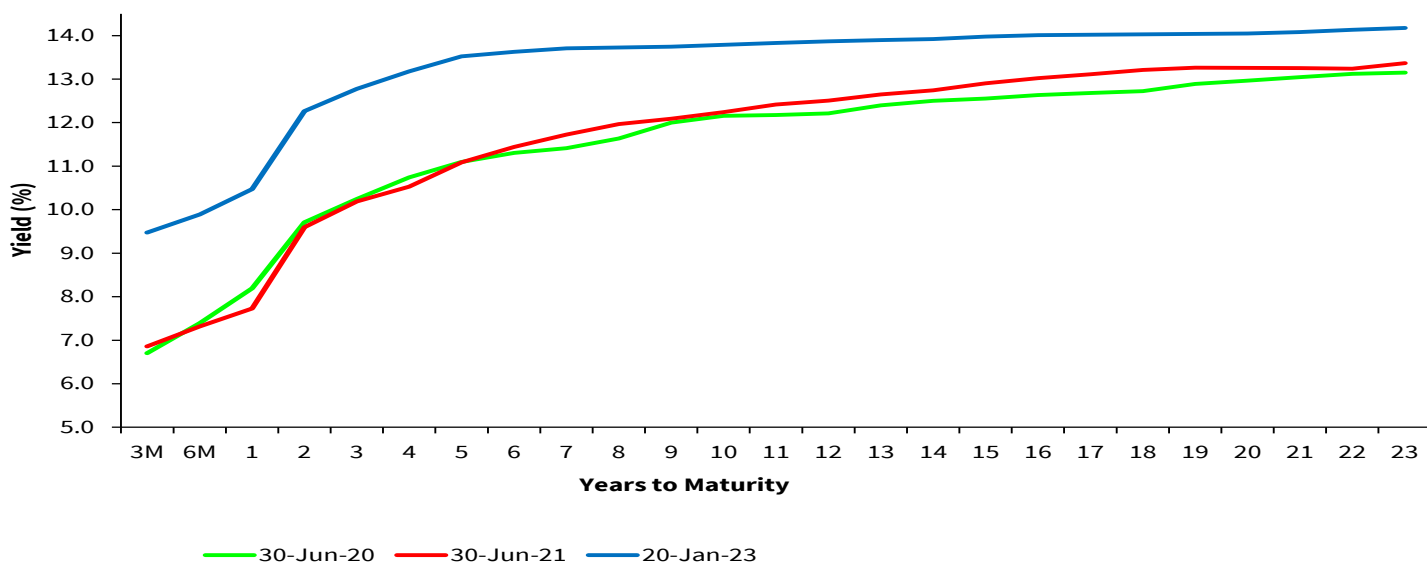
Source: Central Bank of Kenya

Table 5: Performance of Treasury Bond Auctions

Date of Auction	23-Nov-22	1-Dec-22	7-Dec-22		22-Dec-22	11-Jan-23		20-Jan-23	
		TAP	RE-OPEN		TAP	RE-OPEN		RE-OPEN	
Tenor	IFB1/ 2022/14	IFB1/ 2022/6	IFB1/ 2008/20	FXD1/ 2022/25	IFB1/ 2022/06	FXD1/ 2020/005	FXD1/ 2022/015	FXD1/ 2020/005	FXD1/ 2022/015
Amount offered (KSh M)	5,000.00	87,800.00	40,000.00		20,000.00	50,000.00		10,000.00	
Bids received (KSh M)	19,136.05	52,903.55	17,322.80	13,239.43	10,814.55	27,620.35	14,011.92	13,902.65	4,119.30
Amount Accepted (KSh M)	19,132.80	49,110.22	17,265.60	7,068.38	10,812.28	24,352.62	7,160.39	13,571.35	4,056.03
Maturities (KSh M)			0.00						
Average interest Rate (%)	13.94	13.22	13.83	14.44	13.22	12.88	14.19	12.88	14.19

Source: Central Bank of Kenya

Chart 1: Government Securities Yield Curve



Source: Nairobi Securities Exchange (NSE)

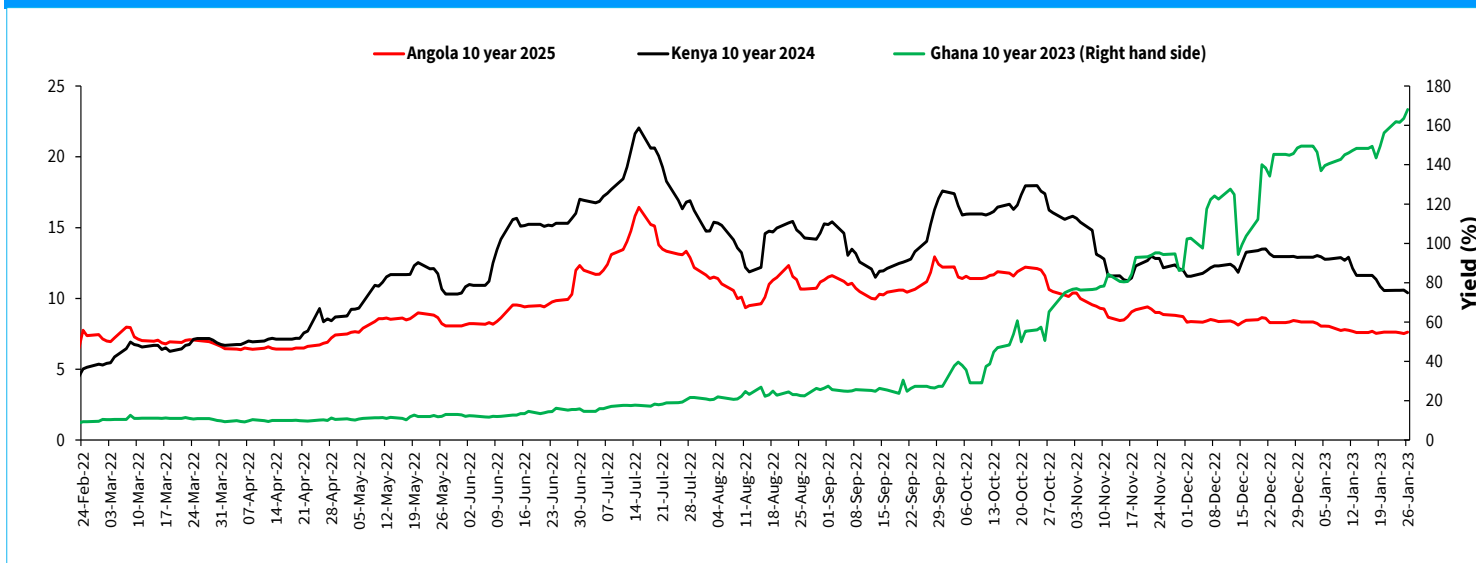
Table 6: Key Market Indicators

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
13-Jan-23	123.26	3116.02	1695.23	989.00	5.63	208.56	1,920.37	3,408.80	10.413	11.628	9.982	10.243	9.554	10.561
16-Jan-23	121.96	3096.89	1694.71	1,191.00	5.39	157.89	1,900.07	1,661.10	10.413	11.628	9.982	10.243	9.571	10.561
17-Jan-23	120.67	3079.9	1689.02	1,025.00	13.38	174.51	1,879.77	2,055.05	10.513	11.629	10.086	10.318	9.594	10.544
18-Jan-23	119.37	3052.38	1679.5	1,371.00	63.74	1,455.47	1,858.41	3,435.00	10.176	11.342	9.917	10.121	9.417	10.374
19-Jan-23	122.20	3088.79	1682.59	1,214.00	115.74	2,604.54	1,903.76	2,806.85	9.943	10.858	9.887	10.074	9.441	10.357
Jan 13- 19	122.20	3088.79	1682.59	5,790.00	203.87	4,600.97	1,903.76	13,366.80	9.943	10.858	9.887	10.074	9.441	10.357
20-Jan-23	124.27	3115.35	1683.55	940.00	8.99	191.25	1,936.13	1,680.00	9.706	10.563	9.617	9.977	9.309	10.225
23-Jan-23	125.67	3142.22	1692.91	868.00	3.89	85.14	1,957.98	1,556.30	9.661	10.571	9.652	9.929	9.375	10.242
24-Jan-23	125.31	3121.64	1675.49	1,685.00	13.20	325.18	1,952.30	3,177.72	9.710	10.577	9.687	9.919	9.376	10.225
25-Jan-23	126.63	3139.06	1675.07	1,161.00	18.91	471.95	1,972.95	4,159.65	9.712	10.583	9.655	9.93	9.333	10.258
26-Jan-23	125.81	3128.78	1665.87	1,079.00	7.25	93.38	1,960.18	2,977.79	9.766	10.402	9.726	10.028	9.356	10.325
Jan 20- 26	125.81	3128.78	1665.87	5,733.00	52.25	1,166.90	1,960.18	13,551.47	9.766	10.402	9.726	10.028	9.356	10.325
Weekly Changes (%)	2.95	1.29	-0.99	-0.98	-74.37	-74.64	2.96	1.38	-0.177*	-0.456*	-0.161*	-0.046*	-0.085*	-0.032*

* 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-21	31-Dec-21	30-Sep-22	31-Oct-22	25-Nov-22	30-Dec-22	20-Jan-23
1. Treasury Bills (Excluding Repos)	765.37	709.15	672.28	661.17	683.90	671.51	672.89
<i>(As % of total securities)</i>	21.17	17.95	15.61	15.40	15.76	15.32	15.30
2. Treasury Bonds	2,849.94	3,242.24	3,634.86	3,632.71	3,654.77	3,710.62	3,726.04
<i>(As % of total securities)</i>	78.83	82.05	84.39	84.60	84.24	84.68	84.70
3. Total Securities (1+2)	3,615.31	3,951.39	4,307.14	4,293.88	4,338.67	4,382.13	4,398.93
4. Overdraft at Central Bank	59.28	59.31	27.25	59.82	57.37	58.50	34.32
5. Other Domestic debt*	22.50	21.66	30.90	32.40	32.39	32.76	32.22
6. Gross Domestic Debt (3+4+5)	3,697.09	4,032.37	4,365.29	4,386.09	4,428.44	4,473.39	4,465.47

* 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-Jun-21	31-Dec-21	30-Sep-22	28-Oct-22	25-Nov-22	30-Dec-22	20-Jan-23
Treasury bills (Excluding Repos)	20.70	17.59	15.40	15.07	15.44	15.01	15.07
Treasury bonds	77.09	80.41	83.27	82.82	82.53	82.95	83.44
Overdraft at Central Bank	1.60	1.47	0.62	1.36	1.30	1.31	0.77
Other domestic debt	0.61	0.54	0.71	0.74	0.73	0.73	0.72
TOTAL	100.00	100.00	100.00	100.00	100.00	100.00	100.00

Source: Central Bank of Kenya

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

	30-Jun-21	31-Dec-21	30-Sep-22	28-Oct-22	25-Nov-22	30-Dec-22	20-Jan-23
Banking Institutions	51.24	50.20	47.60	47.51	47.45	46.84	46.62
Insurance Companies	6.66	6.79	7.32	7.34	7.33	7.37	7.40
Parastatals	5.54	5.57	6.09	6.18	6.13	6.06	6.05
Pension Funds	30.60	31.34	32.75	32.69	32.77	33.31	33.46
Other Investors	5.96	6.10	6.24	6.28	6.32	6.43	6.48
Total	100.00	100.00	100.00	100.00	100.00	100.00	100.00

Source: Central Bank of Kenya

Table 10: Government Debt

	Jun-21	Dec-21	Mar-22	Jun-22	Aug-22	Sep-22	Oct-22	Nov-22
Domestic debt (KSh Bn)	3,697.09	4,032.37	4,191.77	4,288.33	4,335.30	4,366.30	4,386.09	4,435.57
Public & Publicly Guaranteed External debt (USD Bn)	37.08	36.90	36.82	36.58	36.23	36.00	35.93	36.45
Public & Publicly Guaranteed External debt (KSh Bn)	3,999.54	4,174.37	4,209.56	4,290.73	4,327.90	4,334.80	4,359.57	4,462.89
Public debt (KSh Bn)	7,696.63	8,206.74	8,401.33	8,579.06	8,663.20	8,701.10	8,745.66	8,898.46

* Provisional

Source: The National Treasury and Central Bank of Kenya