



Central Bank of Kenya

# Weekly Bulletin

March 3, 2023



## RECENT MONETARY AND FINANCIAL DEVELOPMENTS

### Inflation

Overall inflation increased to 9.2 percent in February from 9.0 percent in January, mainly driven by significant increases in prices of vegetables following dry weather conditions during the month. Food inflation increased to 13.3 percent from 12.8 percent in January, while Fuel inflation remained elevated at 13.8 percent. Meanwhile, Non-Food-Non-Fuel (NFNF) inflation increased marginally to 4.4 percent from 4.3 percent in January (**Chart 1**).

### Exchange Rates

The Kenya Shilling remained stable against major international and regional currencies during the week ending March 2. It exchanged at KSh 127.29 per US dollar on March 2, compared to KSh 126.27 per US dollar on February 23 (**Table 1**).

### Foreign Exchange Reserves

The usable foreign exchange reserves remained adequate at USD 6,605 million (3.69 months of import cover) as at March 2. This meets the CBK's statutory requirement to endeavor to maintain at least 4 months of import cover (**Table 2**).

### Money Market

The money market was liquid during the week ending March 2, supported by government payments. Commercial banks' excess reserves stood at KSh 14.7 billion in relation to the 4.25 percent cash reserves requirement (CRR). Open market operations remained active. The average interbank rate was 6.76 percent on March 2 compared to 6.47 percent on February 23. During the week, the average number of interbank deals remained stable at 29, while the average value traded decreased to KSh 23.5 billion, from KSh 24.1 billion (**Table 3**).

### Government Securities Market

The Treasury bills auction of March 2, received bids totaling KSh 32.7 billion against an advertised amount of KSh 24.0 billion, representing a performance of 136.3 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 0.3 percent, 0.6 percent and 1.2 percent, respectively, during the week ending March 2. Market capitalization also declined by 0.3 percent, while total shares traded and equity turnover increased by 11.8 percent and 26.7 percent, respectively (**Table 6**).

### Bonds Market

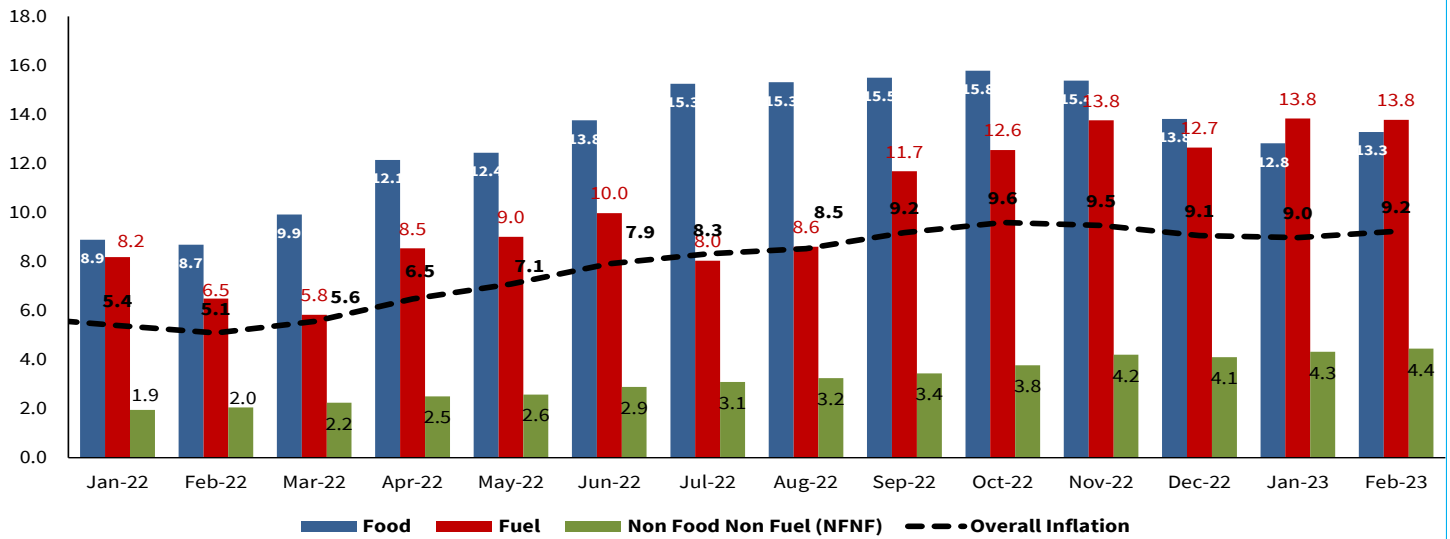
Bond turnover in the domestic secondary market declined by 12.9 percent during the week ending March 2 (**Table 6**). In the international market, yields on Kenya's Eurobonds increased by an average of 28.3 basis points, with the yield on the 2024 maturity increasing by 54.0 basis points. The yields on the 10-Year Eurobonds for Ghana and Angola also increased (**Chart 3**).

### Global Trends

Inflation in major economies have continued to ease but remain elevated. Inflation in the Euro Area declined to 8.5 percent in February from 8.6 percent in January. The US dollar index strengthened by 0.4 percent against a basket of major currencies during the week ending March 2.

International oil prices increased during the week ending March 2, supported by increased demand. Murban oil price increased to USD 83.66 per barrel on March 2 from USD 82.73 per barrel on February 23.

### Chart 1: Inflation



Kenya National Bureau of Statistics and Central Bank of Kenya

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

	USD	Sterling Pound	Euro	100 Japanese Yen	Uganda Shilling*	Tanzania Shilling*	Rwandese Franc*	Burundi Franc*
17-Feb-23	125.63	151.12	134.35	93.26	29.21	18.62	8.65	16.53
20-Feb-23	125.77	150.26	133.61	93.33	29.18	18.60	8.64	16.51
21-Feb-23	125.94	151.52	134.56	93.91	29.22	18.57	8.64	16.49
22-Feb-23	126.08	152.63	134.46	93.56	29.27	18.55	8.63	16.48
23-Feb-23	126.27	152.60	134.29	93.71	29.38	18.52	8.73	16.45
<b>Feb 17- Feb 23</b>	<b>125.94</b>	<b>151.62</b>	<b>134.25</b>	<b>93.55</b>	<b>29.25</b>	<b>18.57</b>	<b>8.66</b>	<b>16.49</b>
24-Feb-23	126.43	152.12	133.97	93.69	29.47	18.50	8.61	16.43
27-Feb-23	126.61	151.74	133.89	93.15	29.38	18.48	8.60	16.41
28-Feb-23	126.85	151.87	133.93	93.08	29.33	18.43	8.59	16.33
1-Mar-23	127.08	153.70	134.83	92.91	29.31	18.41	8.57	16.35
2-Mar-23	127.29	153.54	135.88	93.21	29.22	18.37	8.55	16.33
<b>Feb 24- Mar 2</b>	<b>126.85</b>	<b>152.59</b>	<b>134.50</b>	<b>93.21</b>	<b>29.34</b>	<b>18.44</b>	<b>8.59</b>	<b>16.37</b>

\*Units of currency per Kenya Shilling

Source: Central Bank of Kenya

### Table 2: Official Foreign Exchange Reserves (USD Million)

	2-Feb-23	9-Feb-23	16-Feb-23	23-Feb-23	2-Mar-23
1. CBK Usable Foreign Exchange Reserves (USD Million)	6,967	6,969	6,875	6,860	6,605
2. CBK Usable Foreign Exchange Reserves (Months of Import Cover)*	3.90	3.88	3.84	3.84	3.69

\*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 (%)
17-Feb-23	26	22,048.00	6.23
20-Feb-23	30	27,260.00	6.27
21-Feb-23	31	26,705.00	6.30
22-Feb-23	31	22,705.00	6.38
23-Feb-23	29	21,620.00	6.47
<b>Feb 17-23</b>	<b>29</b>	<b>24,067.60</b>	<b>6.33</b>
24-Feb-23	32	24,060.00	6.56
27-Feb-23	29	30,530.00	6.58
28-Feb-23	26	20,580.00	6.64
1-Mar-23	30	22,000.00	6.69
2-Mar-23	29	20,430.00	6.76
<b>Feb 24-Mar 2</b>	<b>29</b>	<b>23,520.00</b>	<b>6.65</b>

Source: Central Bank of Kenya

**Table 4: Performance of Treasury Bill Auctions**

91-Day Treasury Bills						
Date of Auction	29-Dec-22	26-Jan-23	9-Feb-23	16-Feb-23	23-Feb-23	2-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)	2,180.21	18,357.67	31,198.60	22,088.75	11,362.17	22,229.15
Amount Accepted (KSh M)	2,120.42	16,154.81	27,030.72	20,899.80	10,788.16	13,314.59
Maturities (KSh M)	2,539.95	12,234.40	19,047.80	12,443.70	11,427.55	13,474.40
<b>Average Interest Rate (%)</b>	<b>9.369</b>	<b>9.538</b>	<b>9.601</b>	<b>9.623</b>	<b>9.655</b>	<b>9.698</b>
182-Day Treasury Bills						
Date of Auction	29-Dec-22	26-Jan-23	9-Feb-23	16-Feb-23	23-Feb-23	2-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)	434.69	10,264.50	9,326.18	17,527.30	4,404.63	6,016.16
Amount Accepted (KSh M)	434.69	10,263.50	9,231.00	17,522.55	4,402.73	6,016.07
Maturities (KSh M)	1,660.95	1,934.70	4,100.90	7,102.55	2,275.05	9,706.35
<b>Average Interest Rate (%)</b>	<b>9.834</b>	<b>9.954</b>	<b>10.042</b>	<b>10.079</b>	<b>10.117</b>	<b>10.165</b>
364-Day Treasury Bills						
Date of Auction	29-Dec-22	26-Jan-23	9-Feb-23	16-Feb-23	23-Feb-23	2-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)	1,691.33	5,676.29	4,376.22	6,298.21	3,668.17	4,454.53
Amount Accepted (KSh M)	1,691.33	5,676.29	4,376.13	6,297.05	3,656.13	4,454.44
Maturities (KSh M)	5,396.40	19,296.80	11,760.75	16,077.90	7,306.55	4,803.00
<b>Average Interest Rate (%)</b>	<b>10.308</b>	<b>10.504</b>	<b>10.603</b>	<b>10.638</b>	<b>10.676</b>	<b>10.690</b>

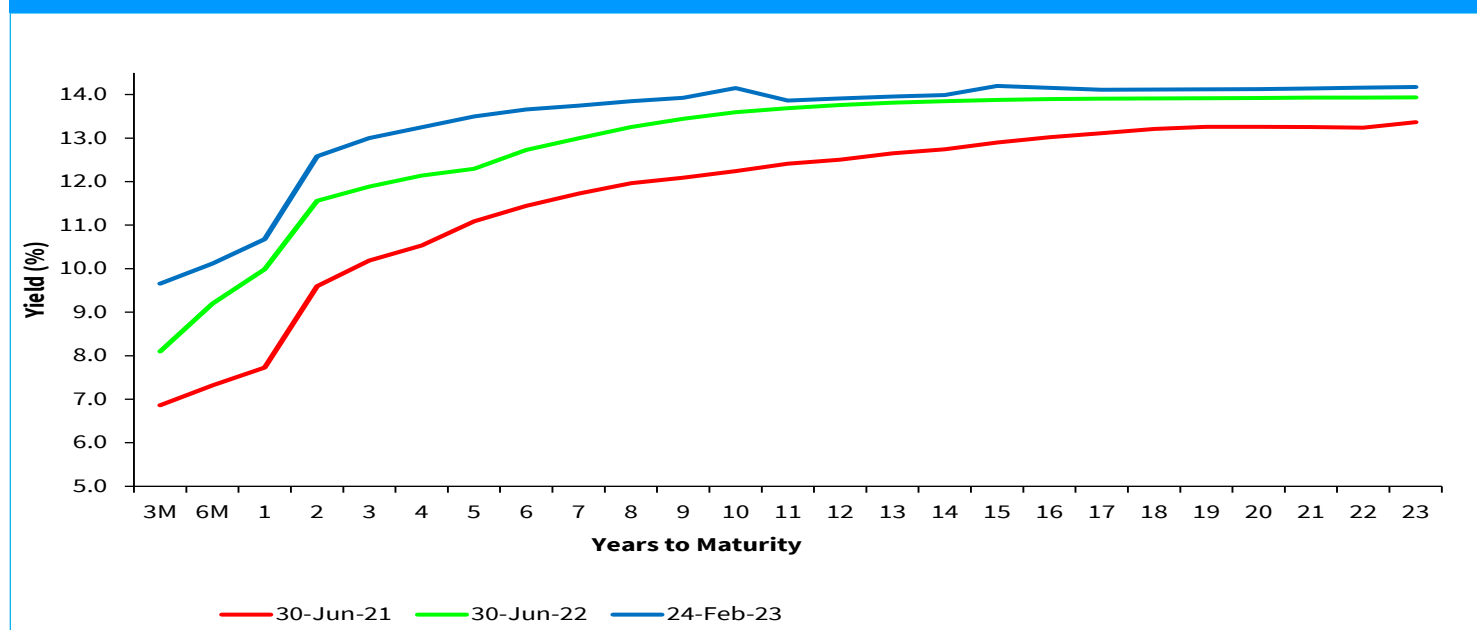
Source: Central Bank of Kenya

**Table 5: Performance of Treasury Bond Auctions**

Date of Auction	22-Dec-22	11-Jan-23		20-Jan-23		8-Feb-23		17-Feb-23	
	TAP	RE-OPEN		TAP		RE-OPEN		TAP	
Tenor	IFB1/ 2022/06	FXD1/ 2020/005	FXD1/ 2022/015	FXD1/ 2020/005	FXD1/ 2022/015	FXD1/ 2017/10	FXD1/ 2023/10	FXD1/ 2017/10	FXD1/ 2023/10
Amount offered (KSh M)	20,000.00	50,000.00		10,000.00		50,000.00		10,000.00	
Bids received (KSh M)	10,814.55	27,620.35	14,011.92	13,902.65	4,119.30	8,030.13	11,514.95	8,855.70	3,607.55
Amount Accepted (KSh M)	10,812.28	24,352.62	7,160.39	13,571.35	4,056.03	7,469.52	9,279.28	8,593.57	3,607.23
Maturities (KSh M)		0.00		0.00		0.00			
Average interest Rate (%)	13.22	12.88	14.19	12.88	14.19	13.88	14.15	13.88	14.15

Source: Central Bank of Kenya

**Chart 2: Government Securities Yield Curve**



Source: Nairobi Securities Exchange (NSE)

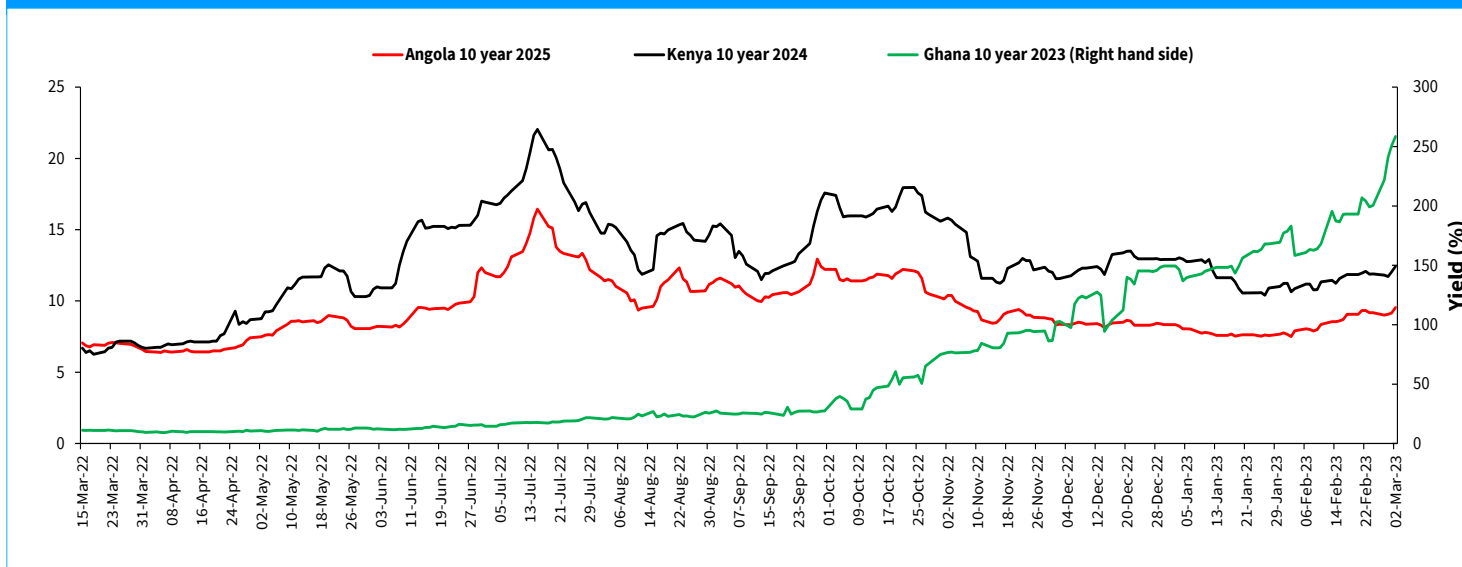
**Table 6: Performance of Key Market Indicators**

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 Million)	Eurobond Yields (%)					
									7-Year 2027	10-Year 2024	10-Year 2028	12-Year 2032	13-Year 2034	30-Year 2048
17-Feb-23	128.02	3190.07	1680.5	868.00	6.1688	190.33	1994.64	2326.9	10.954	11.859	10.626	10.743	10.192	10.903
20-Feb-23	127.11	3164.81	1671.2	856.00	4.2534	97.89	1980.50	1746.1	10.954	11.859	10.626	10.743	10.192	10.903
21-Feb-23	127.12	3168.48	1673.78	957.00	5.1275	99.28	1980.63	3223.6	10.957	11.952	10.735	10.847	10.288	10.976
22-Feb-23	127.04	3160.6	1683.59	936.00	14.8021	326.05	1979.31	2323.85	11.113	12.071	10.881	10.979	10.409	11.107
23-Feb-23	126.58	3151.66	1653.1	884.00	6.0221	93.64	1972.21	2606.2	10.868	11.883	10.706	10.824	10.243	10.958
<b>Feb 17-23</b>	<b>126.58</b>	<b>3151.66</b>	<b>1653.10</b>	<b>4,501.00</b>	<b>36.37</b>	<b>807.19</b>	<b>1,972.21</b>	<b>12,226.65</b>	<b>10.868</b>	<b>11.883</b>	<b>10.706</b>	<b>10.824</b>	<b>10.243</b>	<b>10.958</b>
24-Feb-22	126.27	3,150.31	1,655.14	831	7.71	194.88	1970.51	2412.45	10.871	11.893	10.672	10.824	10.172	10.94
27-Feb-22	125.36	3,130.00	1,648.54	958	11.72	267.79	1963.04	3310.6	10.779	11.814	10.605	10.646	10.103	10.885
28-Feb-22	125.98	3,136.26	1,646.56	1,132	8.24	208.64	1962.73	1144.3	10.883	11.714	10.678	10.724	10.127	10.94
1-Mar-22	125.88	3,129.83	1,638.17	940	5.39	115.24	1961.21	2271.15	10.937	12.056	10.715	10.776	10.199	10.977
2-Mar-22	126.21	3,132.97	1,632.77	934	7.62	235.76	1966.34	1508.85	11.307	12.423	11.01	10.961	10.369	11.107
<b>Feb 23- Mar 2</b>	<b>126.21</b>	<b>3132.97</b>	<b>1632.77</b>	<b>4,795.00</b>	<b>40.68</b>	<b>1,022.31</b>	<b>1,966.34</b>	<b>10,647.35</b>	<b>11.307</b>	<b>12.423</b>	<b>11.010</b>	<b>10.961</b>	<b>10.369</b>	<b>11.107</b>
<b>Weekly Changes (%)</b>	<b>-0.29</b>	<b>-0.59</b>	<b>-1.23</b>	<b>6.53</b>	<b>11.83</b>	<b>26.65</b>	<b>-0.30</b>	<b>-12.92</b>	<b>0.439*</b>	<b>0.540*</b>	<b>0.304*</b>	<b>0.137*</b>	<b>0.126*</b>	<b>0.149*</b>

\* 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	10-Feb-23	17-Feb-23	24-Feb-23
1. Treasury Bills (Excluding Repos)	656.45	620.28	672.28	671.51	658.93	658.47	665.62	676.72
<i>(As % of total securities)</i>	<b>16.02</b>	<b>14.88</b>	<b>15.61</b>	<b>15.32</b>	<b>14.97</b>	<b>14.96</b>	<b>15.04</b>	<b>15.21</b>
2. Treasury Bonds	3,440.61	3,549.53	3,634.86	3,710.62	3,744.05	3,744.05	3,760.99	3,773.45
<i>(As % of total securities)</i>	<b>83.98</b>	<b>85.12</b>	<b>84.39</b>	<b>84.68</b>	<b>85.03</b>	<b>85.04</b>	<b>84.96</b>	<b>84.79</b>
3. Total Securities (1+2)	4,097.06	4,169.81	4,307.14	4,382.13	4,402.98	4,402.52	4,426.61	4,450.16
4. Overdraft at Central Bank	68.40	65.86	27.25	58.50	64.51	63.26	63.26	66.55
5. Other Domestic debt*	26.32	30.55	30.90	32.76	32.21	32.21	32.21	32.21
<b>6. Gross Domestic Debt (3+4+5)</b>	<b>4,191.77</b>	<b>4,266.23</b>	<b>4,365.29</b>	<b>4,473.39</b>	<b>4,499.70</b>	<b>4,497.99</b>	<b>4,522.08</b>	<b>4,548.93</b>

\* 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	10-Feb-23	17-Feb-23	24-Feb-23
Treasury bills (Excluding Repos)	15.81	14.54	15.40	15.01	14.64	14.64	14.72	14.88
Treasury bonds	82.09	83.20	83.27	82.95	83.21	83.24	83.17	82.95
Overdraft at Central Bank	1.46	1.54	0.62	1.31	1.43	1.41	1.40	1.46
Other domestic debt	0.64	0.72	0.71	0.73	0.72	0.72	0.71	0.71
<b>TOTAL</b>	<b>100.00</b>	<b>100.00</b>	<b>100.00</b>	<b>100.00</b>	<b>100.00</b>	<b>100.00</b>	<b>100.00</b>	<b>100.00</b>

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	10-Feb-23	17-Feb-23	24-Feb-23
Banking Institutions	49.29	48.74	47.60	46.84	46.83	46.79	46.58	46.69
Insurance Companies	6.87	7.14	7.32	7.37	7.38	7.38	7.39	7.36
Parastatals	5.72	5.84	6.09	6.06	6.01	6.05	6.05	6.05
Pension Funds	31.75	32.39	32.75	33.31	33.27	33.08	33.21	33.16
Other Investors	6.37	5.89	6.24	6.43	6.50	6.70	6.77	6.74
<b>Total</b>	<b>100.00</b>	<b>100.00</b>	<b>100.00</b>	<b>100.00</b>	<b>100.00</b>	<b>100.00</b>	<b>100.00</b>	<b>100.00</b>

Source: Central Bank of Kenya

**Table 10: Government Debt**

	<b>Dec-21</b>	<b>Mar-22</b>	<b>Jun-22</b>	<b>Sep-22</b>	<b>Nov-22</b>	<b>Dec-22</b>
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)	<b>8,206.74</b>	<b>8,401.33</b>	<b>8,579.06</b>	<b>8,701.10</b>	<b>8,898.46</b>	<b>9,145.98</b>

\* Provisional

Source: The National Treasury and Central Bank of Kenya