



Central Bank of Kenya

Weekly Bulletin

January 6, 2023



RECENT MONETARY AND FINANCIAL DEVELOPMENTS

Exchange Rates

The Kenya Shilling remained stable against major international and regional currencies during the week ending January 5. It exchanged at KSh 123.48 per US dollar on January 5, compared to KSh 123.33 per US dollar on December 29, 2022 (**Table 1**).

Foreign Exchange Reserves

The usable foreign exchange reserves remained adequate at USD 7,381 million (4.13 months of import cover) as at January 5. 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 increased during the week ending January 6, as government payments more than offset tax remittances. Commercial banks' excess reserves stood at KSh 12.7 billion in relation to the 4.25 percent cash reserves requirement (CRR). Open market operations remained active. The average interbank rate was 6.35 percent on January 5 compared to 6.32 percent on December 29, 2022. During the week, the average number of interbank deals decreased to 29 from 38 in the previous week, while the average value traded increased to KSh 18.0 billion from KSh 17.5 billion in the previous week (**Table 3**).

Government Securities Market

The Treasury bill auction of January 5, received bids totaling KSh 31.6 billion against an advertised amount of KSh 24.0 billion, representing a performance of 131.7 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 increased by 0.3 percent, 0.6 percent and 2.0 percent, respectively, during the week ending January 5. Market capitalization, equity turnover and total shares traded increased by 0.3 percent, 60.1 percent and 35.6 percent, respectively (**Table 6**).

Bonds Market

Bonds turnover in the domestic secondary market declined by 59.4 percent during the week ending January 5 (**Table 6**). In the international market, yields on Kenya's Eurobonds declined by an average of 12.8 basis points, with 2024 maturity declining by 14.0 basis points. The yields on the 10-Year Eurobonds for Ghana and Angola also declined (**Chart 2**).

Global Trends

Concerns about inflation in advanced economies persisted during the week ending January 5, despite inflation in Germany, France and Italy easing to 8.6 percent, 5.9 percent, and 12.3 percent, respectively, in December 2022. The US dollar index strengthened by 1.16 percent against a basket of major currencies during the week ending January 5.

International oil prices decreased during the week ending January 5, as concerns about global economic recovery and COVID-19 situation in China persisted. Murban oil prices declined to USD 77.19 per barrel on January 5 from USD 80.69 per barrel on December 29, 2022.

Table 1: Kenya Shilling Exchange Rates (Indicative Mean Rates)								
	USD	Sterling Pound	Euro	100 Japanese Yen	Uganda Shilling*	Tanzania Shilling*	Rwandese Franc*	Burundi Franc*
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
30-Dec-22	123.37	148.47	131.27	92.28	30.11	18.92	8.65	16.80
2-Jan-23	Public Holiday							
3-Jan-23	123.42	148.73	131.66	95.24	30.18	18.91	8.66	16.79
4-Jan-23	123.44	148.19	130.65	94.82	30.10	18.89	8.66	16.79
5-Jan-23	123.48	148.72	131.01	93.19	30.17	18.90	8.66	16.79
Dec 30- Jan 5	123.43	148.53	131.15	93.88	30.14	18.91	8.66	16.79

*Units of currency per Kenya Shilling

Source: Central Bank of Kenya

Table 2: Official Foreign Exchange Reserves (USD Million)					
	8-Dec-22	15-Dec-22	22-Dec-22	29-Dec-22	5-Jan-23
1. CBK Usable Foreign Exchange Reserves (USD Million)	7,103	7,075	7,537	7,439	7,381
2. CBK Usable Foreign Exchange Reserves (Months of Import Cover)*	3.98	3.96	4.22	4.17	4.13

*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 (%)
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
30-Dec-22	43	25,490.00	6.49
2-Jan-23	Public Holiday		
3-Jan-23	30	13,261.00	6.63
4-Jan-23	24	21,550.00	6.55
5-Jan-23	20	11,650.00	6.35
Dec 30-Jan 5	29	17,987.75	6.50

Source: Central Bank of Kenya

Table 4: Performance of Treasury Bill Auctions

91-Day Treasury Bills						
Date of Auction	29-Sep-22	27-Oct-22	24-Nov-22	15-Dec-22	29-Dec-22	5-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)	5,129.43	11,992.46	12,673.21	19,509.82	2,180.21	19,317.51
Amount Accepted (KSh M)	2,487.10	11,971.45	11,186.00	7,702.48	2,120.42	19,256.68
Maturities (KSh M)	4,035.00	14,352.85	8,539.25	4,134.75	2,539.95	8,358.30
Average Interest Rate (%)	8.952	9.127	9.237	9.356	9.369	9.392
182-Day Treasury Bills						
Date of Auction	29-Sep-22	27-Oct-22	24-Nov-22	15-Dec-22	29-Dec-22	5-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)	3,049.07	2,153.68	6,846.75	6,720.69	434.69	7,796.50
Amount Accepted (KSh M)	3,039.53	2,067.25	4,463.71	6,720.69	434.69	7,700.76
Maturities (KSh M)	3,248.05	9,040.65	2,942.70	7,647.70	1,660.95	8,149.40
Average Interest Rate (%)	9.631	9.678	9.733	9.821	9.834	9.847
364-Day Treasury Bills						
Date of Auction	29-Sep-22	27-Oct-22	24-Nov-22	15-Dec-22	29-Dec-22	5-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)	1,133.80	4,044.29	7,688.32	2,989.64	1,691.33	4,482.78
Amount Accepted (KSh M)	1,124.70	3,590.62	5,747.65	2,989.46	1,691.33	4,437.49
Maturities (KSh M)	1,775.15	6,278.35	7,129.50	5,588.25	5,396.40	7,197.40
Average Interest Rate (%)	9.905	9.965	10.219	10.299	10.308	10.369

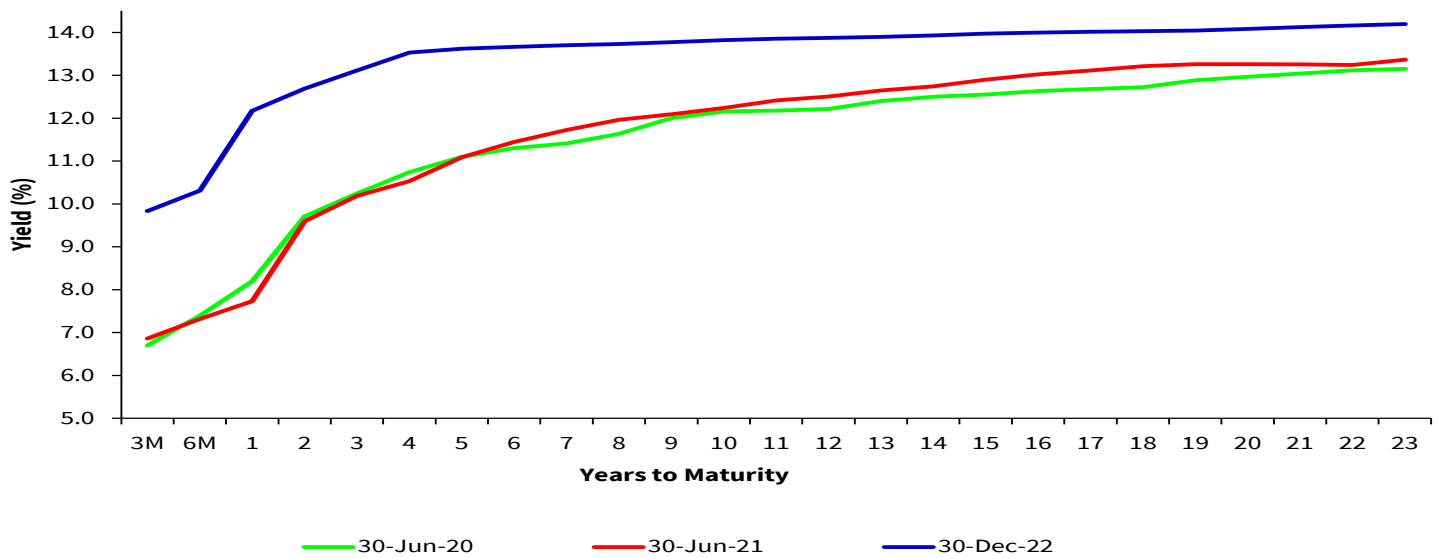
Source: Central Bank of Kenya

Table 5: 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 1: Government Securities Yield Curve



Source: Nairobi Securities Exchange (NSE)

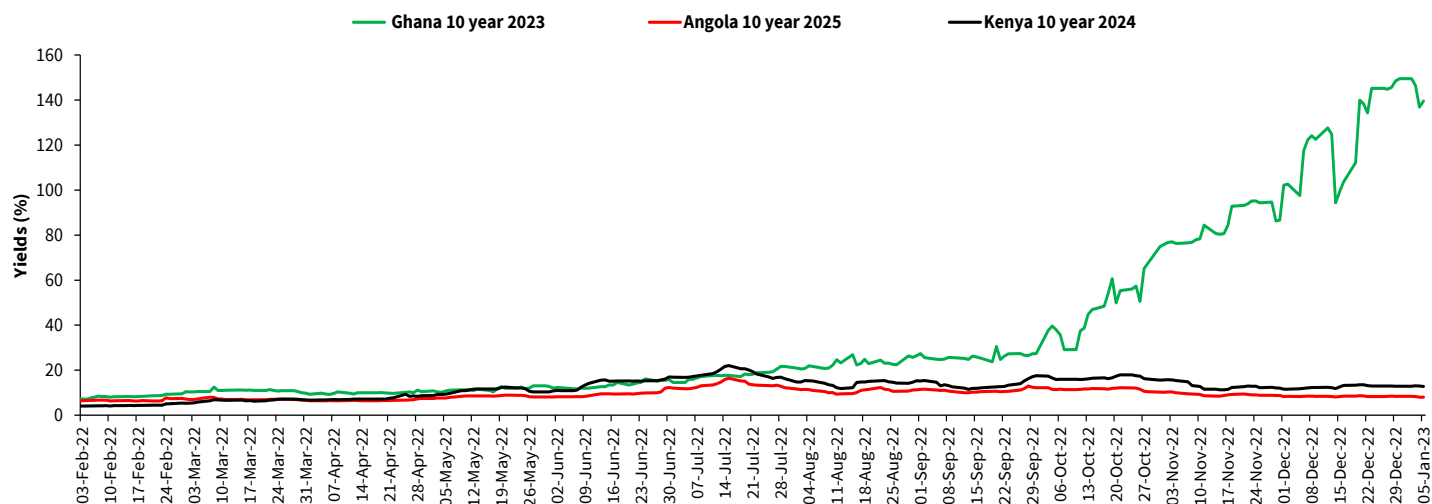
Table 6: Key Market Indicators

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
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
30-Dec-22	127.47	3133.64	1676.1	1,022.00	19.21	496.57	1,986.08	506.60	10.913	12.916	10.479	10.765	9.856	10.86
2-Jan-23	Public Holiday								10.913	12.916	10.479	10.765	9.856	10.86
3-Jan-23	127.34	3138.24	1675.4	877.00	1.73	33.85	1,984.08	223.85	10.672	13.027	10.377	10.638	9.765	10.788
4-Jan-23	126.94	3129.56	1685.71	1,038.00	11.51	436.32	1,977.81	124.15	10.626	12.937	10.275	10.562	9.743	10.735
5-Jan-23	127.32	3146.09	1699.48	838.00	6.20	129.72	1,983.68	494.20	10.633	12.764	10.383	10.665	9.768	10.771
Dec 30- Jan 5	127.32	3146.09	1699.48	3,775.00	38.66	1,096.46	1,983.68	1,348.80	10.633	12.764	10.383	10.665	9.768	10.771
Weekly Changes (%)	0.28	0.61	2.03	40.28	35.60	60.05	0.27	-59.35	-0.277*	-0.140*	-0.060*	-0.099*	-0.087*	-0.107*

* 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	23-Dec-22	30-Dec-22
1. Treasury Bills (Excluding Repos)	765.37	709.15	672.28	661.17	683.90	670.45	666.37
<i>(As % of total securities)</i>	21.17	17.95	15.61	15.40	15.76	15.34	15.22
2. Treasury Bonds	2,849.94	3,242.24	3,634.86	3,632.71	3,654.77	3,699.95	3,710.62
<i>(As % of total securities)</i>	78.83	82.05	84.39	84.60	84.24	84.66	84.78
3. Total Securities (1+2)	3,615.31	3,951.39	4,307.14	4,293.88	4,338.67	4,370.40	4,376.99
4. Overdraft at Central Bank	59.28	59.31	27.25	59.82	57.37	65.63	58.50
5. Other Domestic debt*	22.50	21.66	30.90	32.40	32.39	32.77	32.76
6. Gross Domestic Debt (3+4+5)	3,697.09	4,032.37	4,365.29	4,386.09	4,428.44	4,468.80	4,468.25

* 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	23-Dec-22	30-Dec-22
Treasury bills (Excluding Repos)	20.70	17.59	15.40	15.07	15.44	15.00	14.91
Treasury bonds	77.09	80.41	83.27	82.82	82.53	82.80	83.04
Overdraft at Central Bank	1.60	1.47	0.62	1.36	1.30	1.47	1.31
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 9: Composition of Government Domestic Debt by Holder (Percent)

	30-Jun-21	31-Dec-21	30-Sep-22	28-Oct-22	25-Nov-22	23-Dec-22	30-Dec-22
Banking Institutions	51.24	50.20	47.60	47.51	47.45	47.14	46.78
Insurance Companies	6.66	6.79	7.32	7.34	7.33	7.36	7.38
Parastatals	5.54	5.57	6.09	6.18	6.13	6.04	6.07
Pension Funds	30.60	31.34	32.75	32.69	32.77	33.07	33.34
Other Investors	5.96	6.10	6.24	6.28	6.32	6.39	6.44
Total	100.00	100.00	100.00	100.00	100.00	100.00	100.00

Source: Central Bank of Kenya

Table 10: 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