



Central Bank of Kenya

# Weekly Bulletin

January 13, 2023



## RECENT MONETARY AND FINANCIAL DEVELOPMENTS

### Exchange Rates

The Kenya Shilling remained stable against major international and regional currencies during the week ending January 12. It exchanged at KSh 123.78 per US dollar on January 12, compared to KSh 123.48 per US dollar on January 5 (**Table 1**).

### Foreign Exchange Reserves

The usable foreign exchange reserves remained adequate at USD 7,415 million (4.15 months of import cover) as at January 12. This meets the CBK's statutory requirement to endeavor to maintain at least 4 months of import cover (**Table 2**).

### Remittances

Remittance inflows in 2022 reached an all time record of USD 4,028 million, an increase of 8.3 percent compared to USD 3,718 million in 2021. The inflows were strong in December 2022 at USD 357.3 million, an increase of 3.4 percent compared to USD 345.4 million in November (**Chart 1**). The US remains the largest source of remittances into Kenya, accounting for 55.5 percent in December. Remittance inflows continue to support the current account and the foreign exchange market.

### Money Market

Liquidity in the money market decreased during the week ending January 12, as tax remittances more than offset government payments. Commercial banks' excess reserves stood at KSh 12.2 billion in relation to the 4.25 percent cash reserves requirement (CRR). Open market operations remained active. The average interbank rate was 5.27 percent on January 12 compared to 6.35 percent on January 5. During the week, the average number of interbank deals decreased to 28 from 29 in the previous week, while the average value traded increased to KSh 19.0 billion from KSh 18.0 billion in the previous week (**Table 3**).

### Government Securities Market

The Treasury bill auction of January 12, received bids totaling KSh 26.1 billion against an advertised amount

of KSh 24.0 billion, representing a performance of 108.9 percent. Interest rates remained stable, with 91-day, 182-day and 364-day rates increasing marginally (**Table 4**).

During the Treasury bond auction of January 11, the re-opened 5-year and 15-year fixed rate Treasury bonds received bids totaling KSh 41.6 billion against an advertised amount of KSh 50 billion, representing a performance of 83.3 percent (**Table 5**).

### Equity Market

At the Nairobi Securities Exchange, the NASI and NSE 25 share price index declined by 2.6 percent and 0.5 percent, respectively, while NSE 20 share price index increased by 0.4 percent. Market capitalization declined by 2.6 percent, while total shares traded and equity turnover increased by 10.0 percent and 2.3 percent, respectively, during the week ending January 12 (**Table 6**).

### Bonds Market

Bond turnover in the domestic secondary market increased by 604.6 percent during the week ending January 12 (**Table 6**). In the international market, yields on Kenya's Eurobonds declined by an average of 29.8 basis points, with the 2024 maturity declining by 63.6 basis points. The yield on the 10-Year Eurobond for Ghana increased while that of Angola declined (**Chart 3**).

### Global Trends

Concerns about inflation in major economies have eased, with inflation in the US falling to 6.5 percent in December 2022. However, uncertainty about the pace of monetary policy tightening in the advanced economies has continued. The US dollar index weakened by 2.66 percent against a basket of major currencies during the week ending January 12.

International oil prices increased during the week ending January 12, supported by increased oil demand. Murban oil prices increased to USD 81.69 per barrel on January 12 from USD 77.19 per barrel on January 5.

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

	USD	Sterling Pound	Euro	100 Japanese Yen	Uganda Shilling*	Tanzania Shilling*	Rwandese Franc*	Burundi Franc*
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
<b>Dec 30-Jan 5</b>	<b>123.43</b>	<b>148.53</b>	<b>131.15</b>	<b>93.88</b>	<b>30.14</b>	<b>18.91</b>	<b>8.66</b>	<b>16.79</b>
6-Jan-23	123.55	148.56	131.09	92.21	30.17	18.90	8.66	16.78
9-Jan-23	123.59	147.31	130.17	92.30	30.02	18.89	8.66	16.78
10-Jan-23	123.65	150.10	132.21	93.75	29.96	18.88	8.66	16.77
11-Jan-23	123.72	150.31	132.76	93.73	29.91	18.87	8.66	16.76
12-Jan-23	123.78	150.09	132.93	94.15	29.80	18.84	8.66	16.75
<b>Jan 6-12</b>	<b>123.66</b>	<b>149.27</b>	<b>131.83</b>	<b>93.23</b>	<b>29.97</b>	<b>18.88</b>	<b>8.66</b>	<b>16.77</b>

\*Units of currency per Kenya Shilling

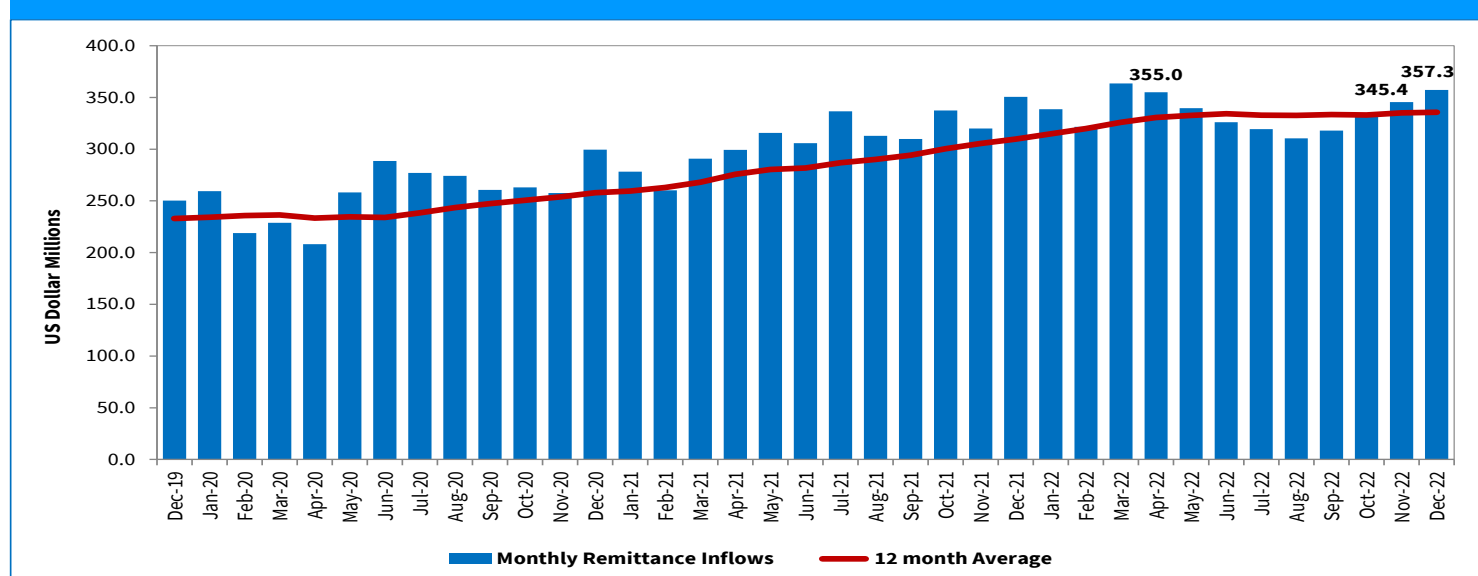
Source: Central Bank of Kenya

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

	15-Dec-22	22-Dec-22	29-Dec-22	5-Jan-23	12-Jan-23
1. CBK Usable Foreign Exchange Reserves (USD Million)	7,075	7,537	7,439	7,381	7,415
2. CBK Usable Foreign Exchange Reserves (Months of Import Cover)*	3.96	4.22	4.17	4.13	4.15

\*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: Central Bank of Kenya

**Table 3: Money Markets**

Date	Number of Deals	Value (KSh M)	Average Interbank Rate (%)
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
<b>Dec 30-Jan 5</b>	<b>29</b>	<b>17,987.75</b>	<b>6.50</b>
6-Jan-23	20	8,665.00	6.24
9-Jan-23	21	9,590.00	5.64
10-Jan-23	32	24,835.00	5.38
11-Jan-23	30	24,635.00	5.28
12-Jan-23	38	27,240.00	5.27
<b>Jan 6-12</b>	<b>28</b>	<b>18,993.00</b>	<b>5.56</b>

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	29-Dec-22	5-Jan-23	12-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	2,180.21	19,317.51	15,693.69
Amount Accepted (KSh M)	2,487.10	11,971.45	11,186.00	2,120.42	19,256.68	15,690.56
Maturities (KSh M)	4,035.00	14,352.85	8,539.25	2,539.95	8,358.30	10,084.25
<b>Average Interest Rate (%)</b>	<b>8.952</b>	<b>9.127</b>	<b>9.237</b>	<b>9.369</b>	<b>9.392</b>	<b>9.425</b>
182-Day Treasury Bills						
Date of Auction	29-Sep-22	27-Oct-22	24-Nov-22	29-Dec-22	5-Jan-23	12-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	434.69	7,796.50	5,770.27
Amount Accepted (KSh M)	3,039.53	2,067.25	4,463.71	434.69	7,700.76	5,765.51
Maturities (KSh M)	3,248.05	9,040.65	2,942.70	1,660.95	8,149.40	5,297.85
<b>Average Interest Rate (%)</b>	<b>9.631</b>	<b>9.678</b>	<b>9.733</b>	<b>9.834</b>	<b>9.847</b>	<b>9.859</b>
364-Day Treasury Bills						
Date of Auction	29-Sep-22	27-Oct-22	24-Nov-22	29-Dec-22	5-Jan-23	12-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	1,691.33	4,482.78	4,667.69
Amount Accepted (KSh M)	1,124.70	3,590.62	5,747.65	1,691.33	4,437.49	4,658.67
Maturities (KSh M)	1,775.15	6,278.35	7,129.50	5,396.40	7,197.40	14,237.95
<b>Average Interest Rate (%)</b>	<b>9.905</b>	<b>9.965</b>	<b>10.219</b>	<b>10.308</b>	<b>10.369</b>	<b>10.434</b>

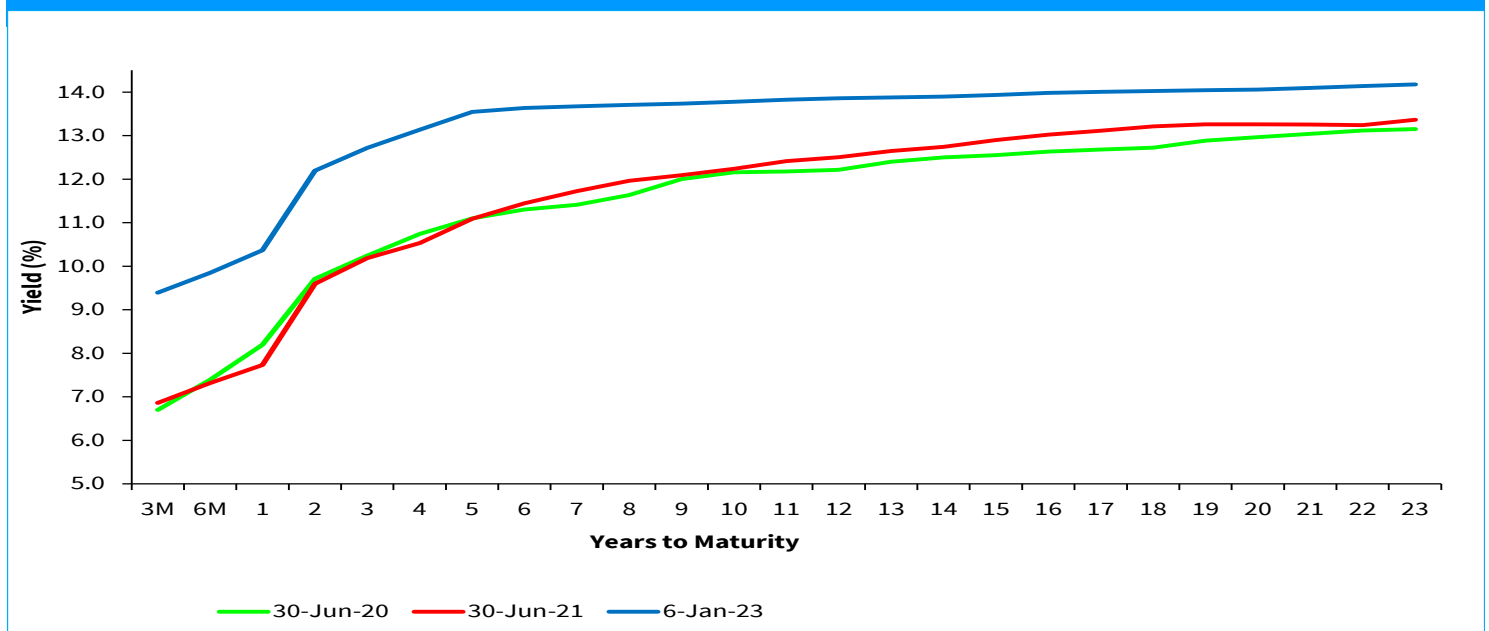
Source: Central Bank of Kenya

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

Date of Auction	9-Nov-22	23-Nov-22	1-Dec-22	7-Dec-22		22-Dec-22	11-Jan-23	
			TAP	RE-OPEN		TAP	RE-OPEN	
Tenor	IFB1/ 2022/14	IFB1/ 2022/14	IFB1/ 2022/6	IFB1/ 2008/20	FXD1/ 2022/25	IFB1/ 2022/06	FXD1/ 2020/005	FXD1/ 2022/015
Amount offered (KSh M)	60,000.00	5,000.00	87,800.00	40,000.00		20,000.00	50,000.00	
Bids received (KSh M)	91,849.42	19,136.05	52,903.55	17,322.80	13,239.43	10,814.55	27,620.35	14,011.92
Amount Accepted (KSh M)	75,572.16	19,132.80	49,110.22	17,265.60	7,068.38	10,812.28	24,352.62	7,160.39
Maturities (KSh M)				0.00				
Average interest Rate (%)	13.94	13.94	13.22	13.83	14.44	13.22	12.88	14.19

Source: Central Bank of Kenya

**Chart 2: Government Securities Yield Curve**



Source: Nairobi Securities Exchange (NSE)

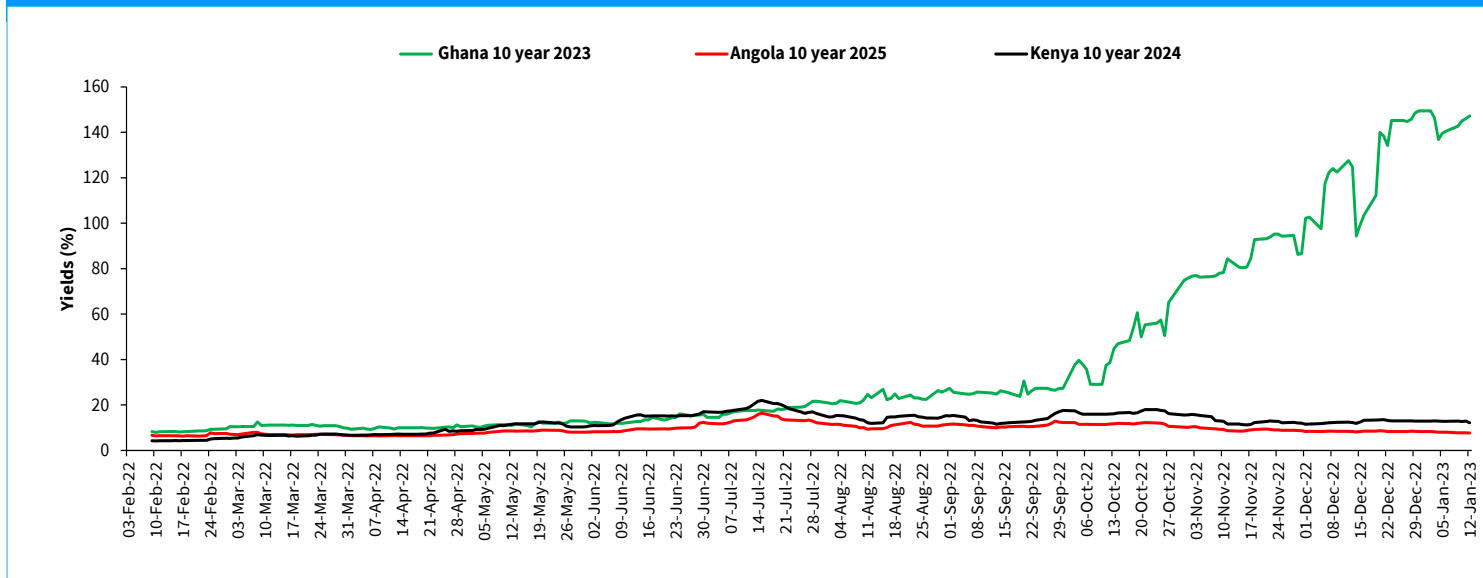
**Table 6: Key Market Indicators**

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
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
<b>Dec 30- Jan 5</b>	<b>127.32</b>	<b>3146.09</b>	<b>1699.48</b>	<b>3,775.00</b>	<b>38.66</b>	<b>1,096.46</b>	<b>1,983.68</b>	<b>1,348.80</b>	<b>10.633</b>	<b>12.764</b>	<b>10.383</b>	<b>10.665</b>	<b>9.768</b>	<b>10.771</b>
6-Jan-22	126.85	3154.48	1705.33	1,217	11.94	169.56	1,976.41	1,101.15	10.832	12.774	10.454	10.692	9.814	10.8070
9-Jan-22	126.69	3157.3	1710.71	1,105	7.66	208.00	1,973.94	2,055.60	10.639	12.887	10.178	10.464	9.724	10.6650
10-Jan-22	125.54	3138.76	1705.35	1,327	13.13	414.08	1,955.85	1,754.70	10.593	12.693	10.249	10.515	9.770	10.7000
11-Jan-22	125.05	3137.61	1708.07	1,111	3.96	94.07	1,948.33	2,428.50	10.595	12.909	10.25	10.44	9.771	10.7000
12-Jan-22	124.01	3129.65	1705.35	2,235	5.82	235.39	1,932.07	2,164.05	10.411	12.128	10.118	10.317	9.593	10.6300
<b>Jan 6- 12</b>	<b>124.01</b>	<b>3129.65</b>	<b>1705.35</b>	<b>6,995.00</b>	<b>42.51</b>	<b>1,121.10</b>	<b>1,932.07</b>	<b>9,504.00</b>	<b>10.411</b>	<b>12.128</b>	<b>10.118</b>	<b>10.317</b>	<b>9.593</b>	<b>10.630</b>
<b>Weekly Changes (%)</b>	<b>-2.60</b>	<b>-0.52</b>	<b>0.35</b>	<b>85.30</b>	<b>9.95</b>	<b>2.25</b>	<b>-2.60</b>	<b>604.63</b>	<b>-0.222*</b>	<b>-0.636*</b>	<b>-0.265*</b>	<b>-0.348*</b>	<b>-0.175*</b>	<b>-0.141*</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)**

	30-Jun-21	31-Dec-21	30-Sep-22	31-Oct-22	25-Nov-22	30-Dec-22	06-Jan-23
1. Treasury Bills (Excluding Repos)	765.37	709.15	672.28	661.17	683.90	671.51	666.37
<i>(As % of total securities)</i>	<b>21.17</b>	<b>17.95</b>	<b>15.61</b>	<b>15.40</b>	<b>15.76</b>	<b>15.32</b>	<b>15.22</b>
2. Treasury Bonds	2,849.94	3,242.24	3,634.86	3,632.71	3,654.77	3,710.62	3,710.62
<i>(As % of total securities)</i>	<b>78.83</b>	<b>82.05</b>	<b>84.39</b>	<b>84.60</b>	<b>84.24</b>	<b>84.68</b>	<b>84.78</b>
3. Total Securities (1+2)	3,615.31	3,951.39	4,307.14	4,293.88	4,338.67	4,382.13	4,376.99
4. Overdraft at Central Bank	59.28	59.31	27.25	59.82	57.37	58.50	53.88
5. Other Domestic debt*	22.50	21.66	30.90	32.40	32.39	32.76	32.76
<b>6. Gross Domestic Debt (3+4+5)</b>	<b>3,697.09</b>	<b>4,032.37</b>	<b>4,365.29</b>	<b>4,386.09</b>	<b>4,428.44</b>	<b>4,473.39</b>	<b>4,463.63</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)**

	30-Jun-21	31-Dec-21	30-Sep-22	28-Oct-22	25-Nov-22	30-Dec-22	6-Jan-23
Treasury bills (Excluding Repos)	20.70	17.59	15.40	15.07	15.44	15.01	14.93
Treasury bonds	77.09	80.41	83.27	82.82	82.53	82.95	83.13
Overdraft at Central Bank	1.60	1.47	0.62	1.36	1.30	1.31	1.21
Other domestic debt	0.61	0.54	0.71	0.74	0.73	0.73	0.73
<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>

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	6-Jan-23
Banking Institutions	51.24	50.20	47.60	47.51	47.45	46.84	46.80
Insurance Companies	6.66	6.79	7.32	7.34	7.33	7.37	7.39
Parastatals	5.54	5.57	6.09	6.18	6.13	6.06	6.07
Pension Funds	30.60	31.34	32.75	32.69	32.77	33.31	33.33
Other Investors	5.96	6.10	6.24	6.28	6.32	6.43	6.42
<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>

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)	<b>7,696.63</b>	<b>8,206.74</b>	<b>8,401.33</b>	<b>8,579.06</b>	<b>8,663.20</b>	<b>8,701.10</b>	<b>8,745.66</b>	<b>8,898.46</b>

\* Provisional

Source: The National Treasury and Central Bank of Kenya