



Central Bank of Kenya

Weekly Bulletin

January 20, 2023



RECENT MONETARY AND FINANCIAL DEVELOPMENTS

Exchange Rates

The Kenya Shilling remained stable against major international and regional currencies during the week ending January 19. It exchanged at KSh 124.05 per US dollar on January 19, compared to KSh 123.78 per US dollar on January 12 (**Table 1**).

Foreign Exchange Reserves

The usable foreign exchange reserves remained adequate at USD 7,382 million (4.13 months of import cover) as at January 19. 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 19, as tax remittances more than offset government payments. Commercial banks' excess reserves stood at KSh 3.1 billion in relation to the 4.25 percent cash reserves requirement (CRR). Open market operations remained active. The average interbank rate was 5.97 percent on January 19 compared to 5.27 percent on January 12. During the week, the average number of interbank deals decreased to 26 from 28 in the previous week, while the average value traded decreased to KSh 18.3 billion from KSh 19.0 billion in the previous week (**Table 3**).

Government Securities Market

The Treasury bills auction of January 19, received bids totaling KSh 29.5 billion against an advertised amount of KSh 24.0 billion, representing a performance of 122.7

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 declined by 1.5 percent, 1.3 percent and 1.3 percent, respectively. Market capitalization declined by 1.5 percent, while total shares traded and equity turnover increased by 379.6 percent and 310.4 percent, respectively, during the week ending January 19 (**Table 6**).

Bonds Market

Bond turnover in the domestic secondary market increased by 40.6 percent during the week ending January 19 (**Table 6**). In the international market, yields on Kenya's Eurobonds declined by an average of 44.0 basis points, with the 2024 maturity declining by 127.0 basis points. The yields on the 10-Year Eurobonds for Ghana and Angola increased (**Chart 2**).

Global Trends

Inflation in major economies continued to ease during the week, with inflation in the UK and Euro area declining to 10.5 percent and 9.2 percent, respectively, in December 2022. The US dollar index weakened by 0.19 percent against a basket of major currencies during the week ending January 19.

International oil prices increased during the week ending January 19, supported by increased demand. Murban oil price increased to USD 83.32 per barrel on January 19 from USD 81.69 per barrel on January 12.

Table 1: Kenya Shilling Exchange Rates (Indicative Mean Rates)								
	USD	Sterling Pound	Euro	100 Japanese Yen	Uganda Shilling*	Tanzania Shilling*	Rwandese Franc*	Burundi Franc*
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
Jan 6- 12	123.66	149.27	131.83	93.23	29.97	18.88	8.66	16.77
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

*Units of currency per Kenya Shilling

Source: Central Bank of Kenya

Table 2: Official Foreign Exchange Reserves (USD Million)					
	22-Dec-22	29-Dec-22	5-Jan-23	12-Jan-23	19-Jan-23
1. CBK Usable Foreign Exchange Reserves (USD Million)	7,537	7,439	7,381	7,415	7,382
2. CBK Usable Foreign Exchange Reserves (Months of Import Cover)*	4.22	4.17	4.13	4.15	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 (%)
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
Jan 6-12	28	18,993.00	5.56
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

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	12-Jan-23	19-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	15,693.69	14,171.56
Amount Accepted (KSh M)	2,487.10	11,971.45	11,186.00	2,120.42	15,690.56	14,167.27
Maturities (KSh M)	4,035.00	14,352.85	8,539.25	2,539.95	10,084.25	14,135.90
Average Interest Rate (%)	8.952	9.127	9.237	9.369	9.425	9.474
182-Day Treasury Bills						
Date of Auction	29-Sep-22	27-Oct-22	24-Nov-22	29-Dec-22	12-Jan-23	19-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	5,770.27	13,096.49
Amount Accepted (KSh M)	3,039.53	2,067.25	4,463.71	434.69	5,765.51	13,095.40
Maturities (KSh M)	3,248.05	9,040.65	2,942.70	1,660.95	5,297.85	15,118.95
Average Interest Rate (%)	9.631	9.678	9.733	9.834	9.859	9.891
364-Day Treasury Bills						
Date of Auction	29-Sep-22	27-Oct-22	24-Nov-22	29-Dec-22	12-Jan-23	19-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	4,667.69	2,189.28
Amount Accepted (KSh M)	1,124.70	3,590.62	5,747.65	1,691.33	4,658.67	2,126.55
Maturities (KSh M)	1,775.15	6,278.35	7,129.50	5,396.40	14,237.95	15,178.95
Average Interest Rate (%)	9.905	9.965	10.219	10.308	10.432	10.470

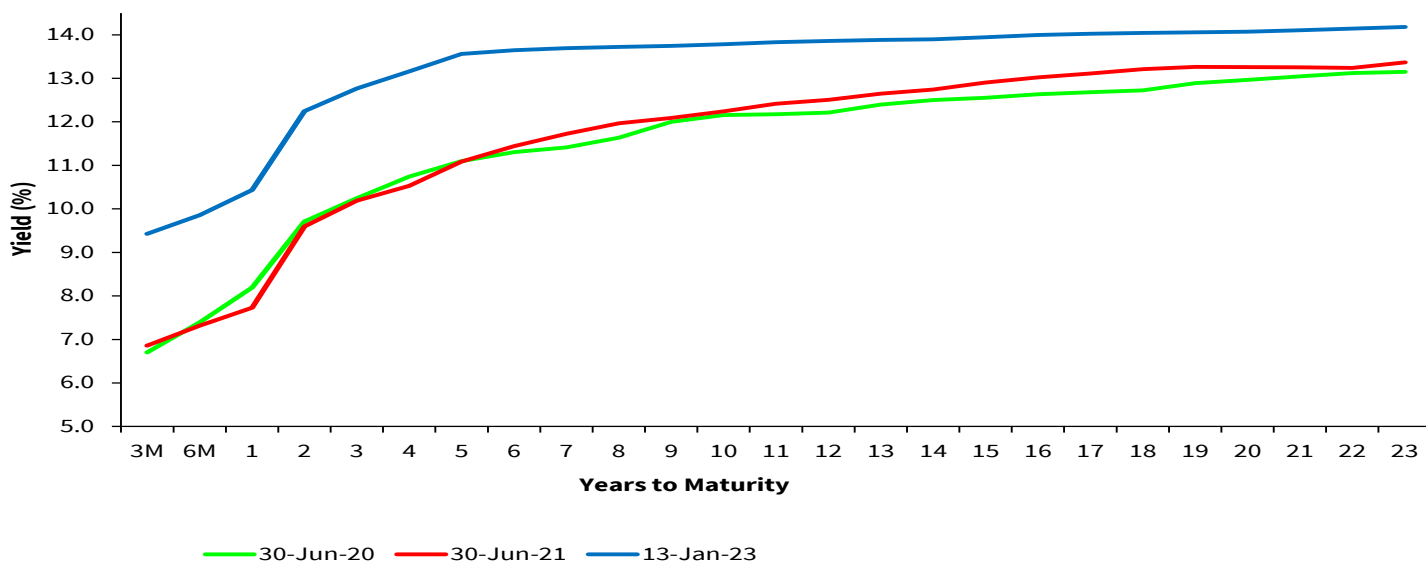
Source: Central Bank of Kenya

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 1: Government Securities Yield Curve



Source: Nairobi Securities Exchange (NSE)

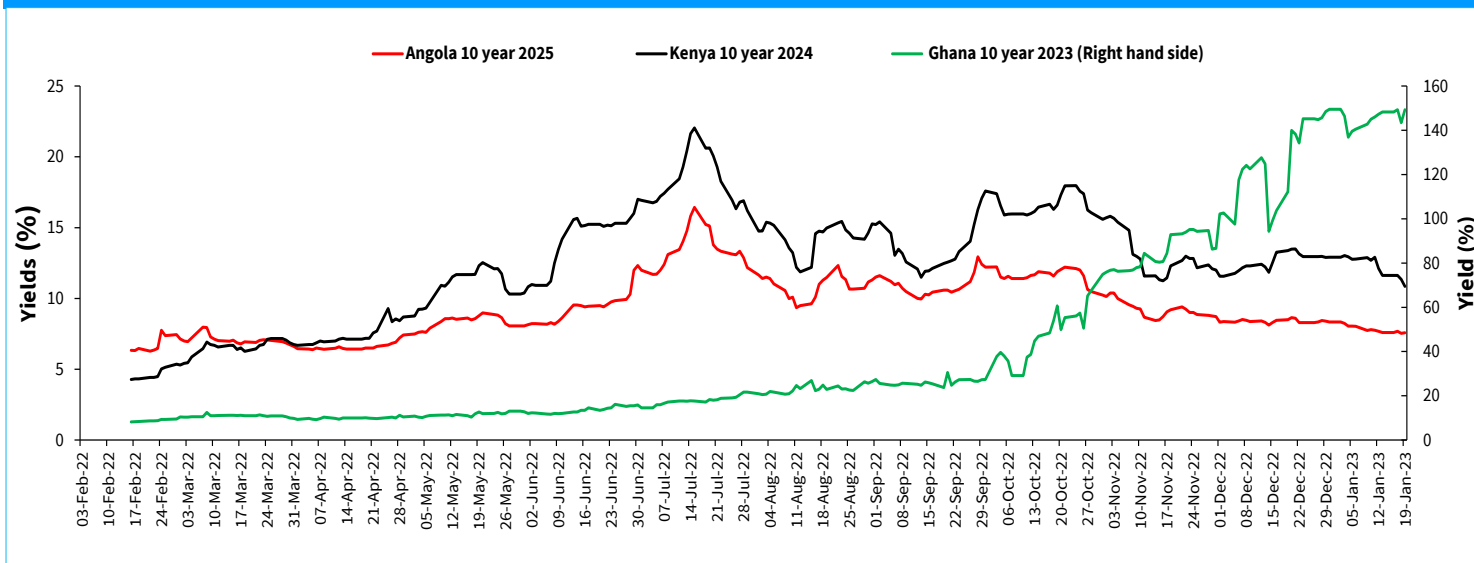
Table 6: Key Market Indicators

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
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
Jan 6- 12	124.01	3129.65	1705.35	6,995.00	42.51	1,121.10	1,932.07	9,504.00	10.411	12.128	10.118	10.317	9.593	10.630
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	122.2	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
Weekly Changes (%)	-1.46	-1.31	-1.33	-17.23	379.62	310.40	-1.47	40.64	-0.468*	-1.270*	-0.231*	-0.243*	-0.152*	-0.273*

* 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	13-Jan-23
1. Treasury Bills (Excluding Repos)	765.37	709.15	672.28	661.17	683.90	671.51	675.31
<i>(As % of total securities)</i>	21.17	17.95	15.61	15.40	15.76	15.32	15.46
2. Treasury Bonds	2,849.94	3,242.24	3,634.86	3,632.71	3,654.77	3,710.62	3,693.83
<i>(As % of total securities)</i>	78.83	82.05	84.39	84.60	84.24	84.68	84.54
3. Total Securities (1+2)	3,615.31	3,951.39	4,307.14	4,293.88	4,338.67	4,382.13	4,369.14
4. Overdraft at Central Bank	59.28	59.31	27.25	59.82	57.37	58.50	55.57
5. Other Domestic debt*	22.50	21.66	30.90	32.40	32.39	32.76	32.21
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	4,456.92

* 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	13-Jan-23
Treasury bills (Excluding Repos)	20.70	17.59	15.40	15.07	15.44	15.01	15.15
Treasury bonds	77.09	80.41	83.27	82.82	82.53	82.95	82.88
Overdraft at Central Bank	1.60	1.47	0.62	1.36	1.30	1.31	1.25
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	13-Jan-23
Banking Institutions	51.24	50.20	47.60	47.51	47.45	46.84	46.61
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	5.97
Pension Funds	30.60	31.34	32.75	32.69	32.77	33.31	33.37
Other Investors	5.96	6.10	6.24	6.28	6.32	6.43	6.65
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