



Central Bank of Kenya

Weekly Bulletin

October 19, 2023



RECENT MONETARY AND FINANCIAL DEVELOPMENTS

Exchange Rates

The Kenya Shilling remained relatively stable against major international and regional currencies during the week ending October 18. It exchanged at KSh 149.58 per US dollar on October 18, compared to KSh 149.01 per US dollar on October 12 (**Table 1**).

Foreign Exchange Reserves

The usable foreign exchange reserves remained adequate at USD 6,833 million (3.67 months of import cover) as at October 18. This meets the CBK's statutory requirement to endeavor to maintain at least 4 months of import cover (**Table 2**).

Remittances

Remittance inflows in September 2023 totaled USD 340.4 million compared to USD 318.0 million in September 2022, an increase of 7.1 percent (**Chart 1**). The cumulative inflows for the 12 months to September 2023 totaled USD 4,142 million compared to USD 4,001 million in the same period in 2022, an increase of 3.5 percent. The US remains the largest source of remittances into Kenya, accounting for 57 percent in September 2023.

Money Market

Liquidity in the money market decreased during the week ending October 18. Commercial banks' excess reserves stood at KSh 18.9 billion in relation to the 4.25 percent cash reserves requirement (CRR). Open market operations remained active. The average interbank rate was 12.58 percent on October 18 compared to 12.16 percent on October 12. During the week, the average number of interbank deals decreased to 31 from 49 in the previous week, while the average value traded decreased to KSh 19.3 billion from KSh 32.1 billion in the previous week (**Table 3**).

Government Securities Market

The Treasury bill auction of October 19 received bids totaling KSh 29.6 billion against an advertised amount of KSh 24.0 billion, representing a performance of 123.4 percent. Interest rates remained stable, with the 91-day, 182-day and 364-day rates increasing marginally (**Table 4**).

Equity Market

At the Nairobi Securities Exchange, the NASI and NSE 20 share price index declined by 0.5 percent and 0.6 percent, respectively while NSE 25 share index increased marginally, during the week ending October 18. Market capitalization, equity turnover and total shares traded declined by 0.5 percent, 61.6 percent and 65.3 percent, respectively (**Table 6**).

Bond Market

Bond turnover in the domestic secondary market increased by 193.5 percent during the week ending October 18 (**Table 6**). In the international market, yields on Kenya's Eurobonds increased by an average of 74.78 basis points, with the 2024 maturity increasing by 161.1 basis points. The yield on the 10- Year Eurobond for Angola increased while that for Zambia declined (**Chart 3**).

Global Trends

Inflation in advanced economies continue to moderate. Euro zone annual inflation slowed down to 4.3 percent in September 2023 from 5.2 percent in August while U.K inflation remained steady at 6.7 percent in September, unchanged from previous month. The US dollar index weakened by 0.03 percent against a basket of major currencies during the week ending October 18.

International oil prices increased during the week ending October 18, attributed to war between Israel and Hamas group in Palestine. Murban oil price rose to USD 94.03 per barrel on October 18 from USD 89.01 per barrel on October 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-Oct-23	148.69	180.47	156.37	99.90	25.19	16.88	8.19	19.07
9-Oct-23	148.79	181.65	157.05	99.72	25.17	16.84	8.18	19.05
10-Oct-23	Public Holiday							
11-Oct-23	148.88	181.52	156.96	99.88	25.15	16.83	8.18	19.05
12-Oct-23	149.01	183.28	158.08	99.92	25.18	16.85	8.18	19.04
Oct 6-12	148.84	181.73	157.11	99.86	25.17	16.85	8.18	19.05
13-Oct-23	149.27	181.97	157.25	99.91	25.16	16.78	8.17	19.01
16-Oct-23	149.27	181.97	157.25	99.91	25.16	16.78	8.17	19.01
17-Oct-23	149.44	181.94	157.49	99.94	25.09	16.75	8.16	18.99
18-Oct-23	149.58	181.73	157.76	99.86	25.07	16.73	8.15	18.97
Oct 13-18	149.39	181.90	157.44	99.91	25.12	16.76	8.16	18.99

*Units of currency per Kenya Shilling

Source: Central Bank of Kenya

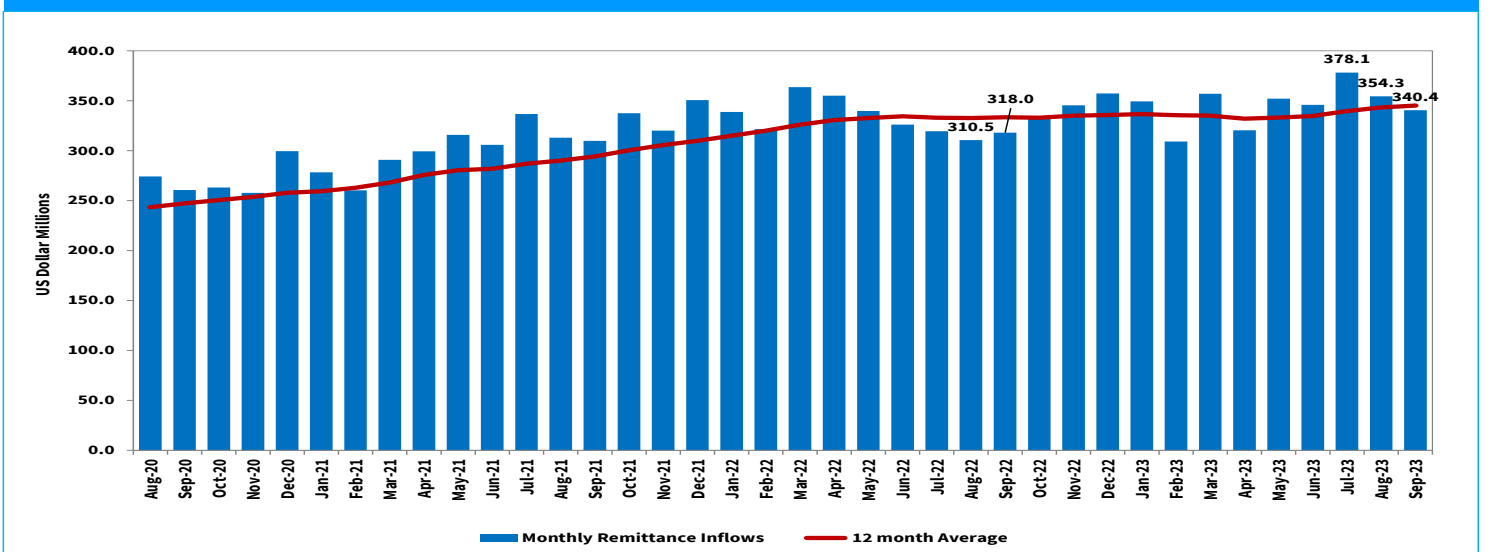
Table 2: Official Foreign Exchange Reserves (USD Million)

	21-Sep-23	28-Sep-23	5-Oct-23	12-Oct-23	18-Oct-23
1. CBK Usable Foreign Exchange Reserves (USD Million)	6,955	6,939	6,913	6,872	6,833
2. CBK Usable Foreign Exchange Reserves (Months of Import Cover)*	3.76	3.75	3.71	3.69	3.67

*Based on 36 months average of imports of goods and non-factor services

Source: Central Bank of Kenya

Chart 1: Remittances



Source: Central Bank of Kenya

Table 3: Money Markets

Date	Number of Deals	Value (KSh M)	Average Interbank Rate (%)
6-Oct-23	46	32,640.00	11.98
9-Oct-23	32	11,330.00	11.99
10-Oct-23	Public Holiday		
11-Oct-23	51	37,765.00	11.96
12-Oct-23	67	46,594.00	12.16
Oct 6-12	49	32,082.25	12.02
13-Oct-23	53	28,330.00	12.31
16-Oct-23	22	16,866.00	12.34
17-Oct-23	21	14,169.00	12.34
18-Oct-23	27	18,000.00	12.58
Oct 13-18	31	19,341.25	12.39

Source: Central Bank of Kenya

Table 4: Performance of Treasury Bill Auctions

91-Day Treasury Bills						
Date of Auction	29-Dec-22	30-Mar-23	29-Jun-23	31-Aug-23	12-Oct-23	19-Oct-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	2,904.04	5,779.97	21,591.12	37,496.62	23,556.16
Amount Accepted (KSh M)	2,120.42	2,765.00	2,705.12	21,517.69	35,311.30	21,485.55
Maturities (KSh M)	2,539.95	2,158.40	2,814.15	18,020.65	34,211.15	26,375.10
Average Interest Rate (%)	9.369	9.907	11.904	13.985	14.960	15.046
182-Day Treasury Bills						
Date of Auction	29-Dec-22	30-Mar-23	29-Jun-23	31-Aug-23	12-Oct-23	19-Oct-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	3,547.05	2,195.96	960.53	2,777.21	3,789.61
Amount Accepted (KSh M)	434.69	3,457.80	1,300.96	958.52	2,671.39	3,789.24
Maturities (KSh M)	1,660.95	3,176.30	442.15	6,306.75	2,573.35	1,892.80
Average Interest Rate (%)	9.834	10.399	11.947	13.939	15.023	15.076
364-Day Treasury Bills						
Date of Auction	29-Dec-22	30-Mar-23	29-Jun-23	31-Aug-23	12-Oct-23	19-Oct-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	1,810.42	1,514.41	623.87	2,962.62	2,266.74
Amount Accepted (KSh M)	1,691.33	1,810.42	1,514.41	621.00	2,958.51	2,173.62
Maturities (KSh M)	5,396.40	2,660.05	2,417.65	3,565.55	4,205.25	4,347.45
Average Interest Rate (%)	10.308	10.800	12.157	13.765	15.337	15.341

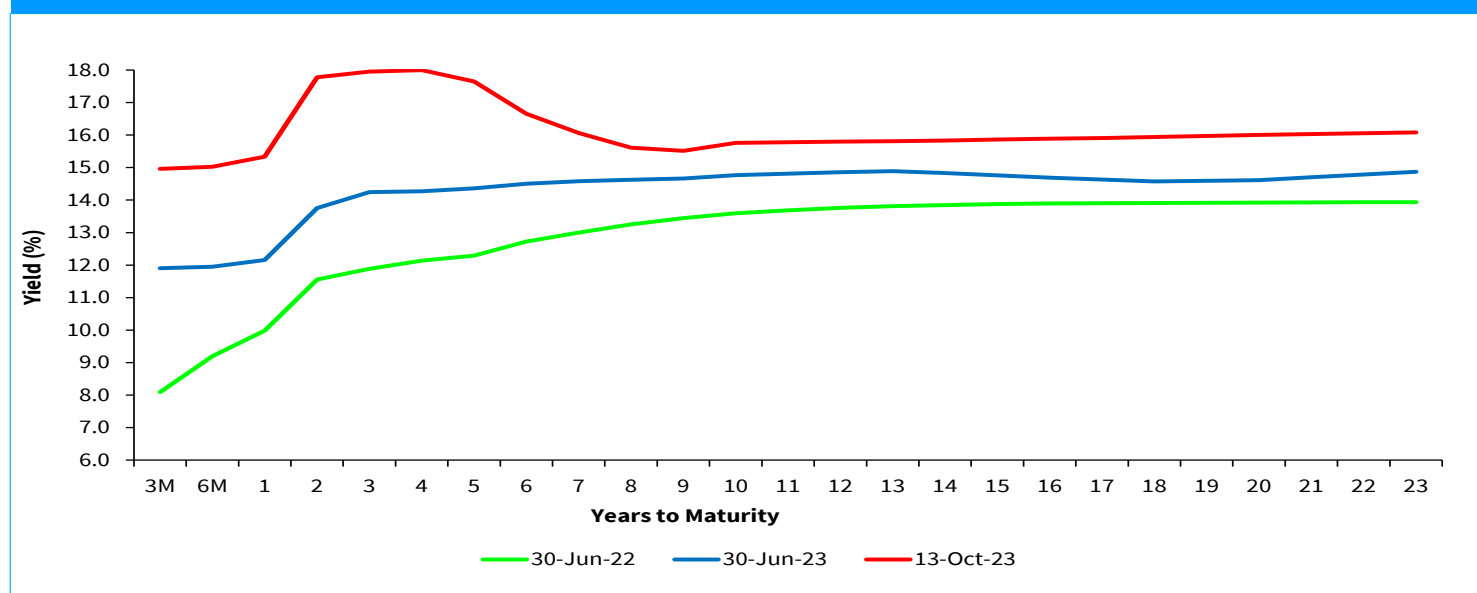
Source: Central Bank of Kenya

Table 5: Performance of Treasury Bond Auctions

Date of Auction	16-Aug-23		24-Aug-23		13-Sep-23		28-Sep-23		12-Oct-23	
		RE-OPEN	TAP		RE-OPEN		TAP		RE-OPEN	
Tenor	FXD1/ 2023/02	FXD1/ 2023/05	FXD1/ 2023/02	FXD1/ 2023/05	FXD1/ 2023/02	FXD1/ 2016/10	FXD1/ 2023/002	FXD1/ 2016/10	FXD1/ 2023/002	FXD1/ 2023/005
Amount offered (KSh M)	40,000.00		21,000.00		35,000.00		15,000.00		35,000.00	
Bids received (KSh M)	38,301.96	14,704.44	17,375.70	6,225.05	18,014.85	15,994.38	2,631.25	814.90	6,506.42	5,791.92
Amount Accepted (KSh M)	11,659.58	7,456.28	17,373.51	6,123.42	15,012.62	6,616.01	2,631.25	763.17	4,825.11	1,481.78
Maturities (KSh M)	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Average interest Rate (%)	16.97	17.95	16.97	17.95	17.45	17.93	17.45	17.93	17.74	17.99

Source: Central Bank of Kenya

Chart 2: Government Securities Yield Curve



Source: Nairobi Securities Exchange (NSE)

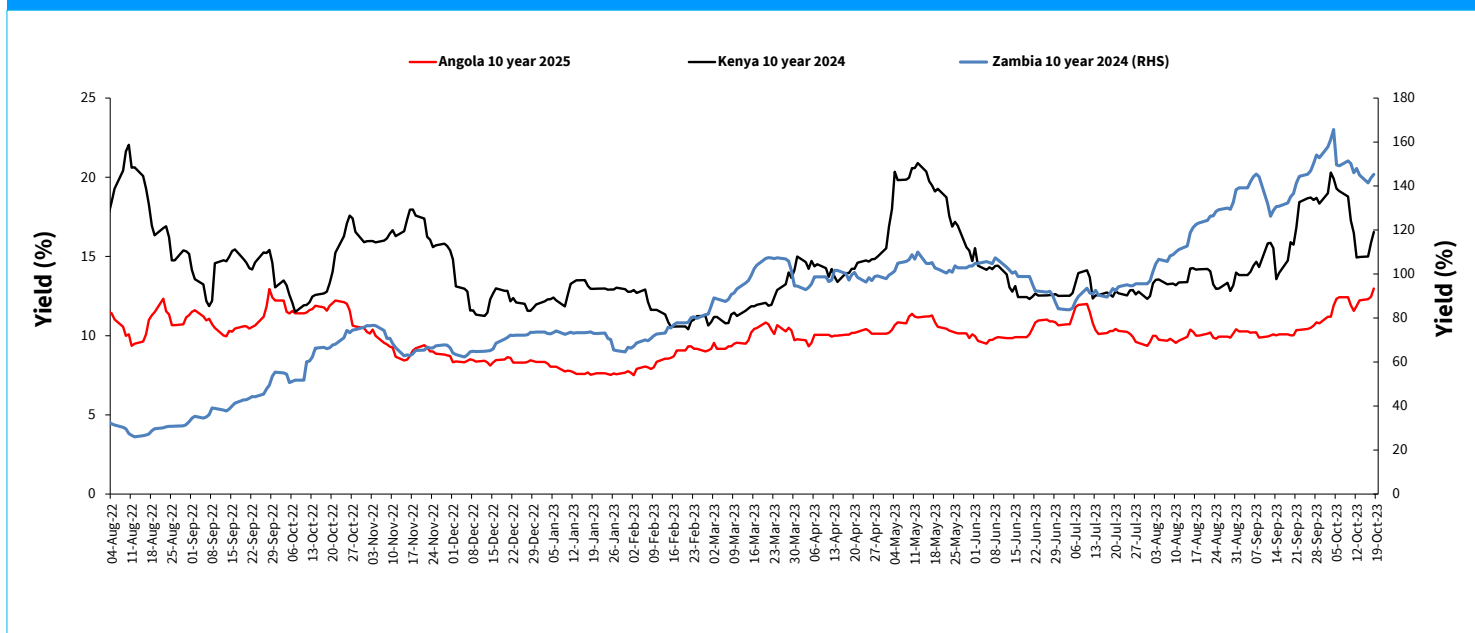
Table 6: Performance of Key Market Indicators

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 Capitalization (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-Oct-23	93.49	2454.85	1490.98	1030.00	53.53	729.16	1,460.71	239.95	15.312	19.118	14.244	13.471	13.00	13.026
9-Oct-23	93.60	2459.41	1496.14	1003.00	6.46	161.18	1,462.35	275.75	15.404	18.78	14.259	13.463	12.958	12.979
10-Oct-23	Public Holiday								14.977	17.271	13.882	13.182	12.724	12.734
11-Oct-23	93.00	2437.50	1487.20	1004.00	9.14	166.72	1,453.07	1,164.75	14.78	16.48	13.66	12.93	12.515	12.546
12-Oct-23	93.69	2461.95	1496.22	863.00	6.54	84.09	1,463.80	1,238.95	14.129	14.932	13.536	12.809	12.429	12.476
October 5- 12	93.69	2461.95	1496.22	3,900.00	75.7	1141.2	1,463.80	2,919.40	14.129	14.932	13.536	12.809	12.429	12.476
13-Oct-23	93.37	2453.99	1492.16	969.00	2.15	57.03	1,458.80	1,077.70	14.136	14.964	13.539	12.779	12.401	12.431
16-Oct-23	93.35	2454.80	1485.34	840.00	3.36	41.20	1,458.54	1,474.40	14.144	14.997	13.498	12.812	12.431	12.431
17-Oct-23	93.26	2460.62	1487.87	923.00	4.81	75.09	1,457.04	2,399.60	14.556	15.869	13.771	13.033	12.582	12.593
18-Oct-23	93.24	2462.30	1487.47	1040.00	16.0	264.4	1,456.69	3,615.95	15.044	16.54	14.139	13.323	12.918	12.831
October 13- 18	93.24	2462.30	1487.47	3,772.00	26.28	437.76	1,456.69	8,567.65	15.044	16.543	14.139	13.323	12.918	12.831
Weekly Changes (%)	-0.48	0.01	-0.58	-3.28	-65.28	-61.64	-0.49	193.47	0.915*	1.611*	0.603*	0.514*	0.489*	0.355*

* 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-Dec-22	31-Mar-23	30-Jun-23	31-Jul-23	31-Aug-23	29-Sep-23	6-Oct-23	13-Oct-23
1. Treasury Bills (Excluding Repos)	671.51	665.86	614.73	585.13	567.70	558.21	554.96	554.06
<i>(As % of total securities)</i>	15.32	15.01	13.28	12.50	12.06	11.86	11.79	11.77
2. Treasury Bonds	3,710.62	3,771.03	4,013.89	4,097.24	4,139.72	4,149.81	4,152.76	4,152.76
<i>(As % of total securities)</i>	84.68	84.99	86.72	87.50	87.94	88.14	88.21	88.23
3. Total Securities (1+2)	4,382.13	4,436.89	4,628.62	4,682.38	4,707.42	4,708.02	4,707.72	4,706.82
4. Overdraft at Central Bank	58.50	77.98	76.46	61.12	72.05	75.70	79.18	77.91
5. Other Domestic debt*	32.76	24.73	31.52	32.33	32.32	32.33	34.04	34.04
6. Gross Domestic Debt (3+4+5)	4,473.39	4,539.59	4,736.60	4,775.82	4,811.80	4,816.05	4,820.94	4,818.77

* 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-Sep-22	30-Dec-22	31-Mar-23	30-Jun-23	31-Aug-23	29-Sep-23	6-Oct-23	13-Oct-23
Treasury bills (Excluding Repos)	15.40	15.01	14.67	12.98	11.80	11.59	11.51	11.50
Treasury bonds	83.27	82.95	83.07	84.74	86.03	86.17	86.14	86.18
Overdraft at Central Bank	0.62	1.31	1.72	1.61	1.50	1.57	1.64	1.62
Other domestic debt	0.71	0.73	0.54	0.67	0.67	0.67	0.71	0.71
TOTAL	100.00	100.00	100.00	100.00	100.00	100.00	100.00	100.00

Source: Central Bank of Kenya

Table 9: Government Domestic Debt by Holder (Percent)

	30-Sep-22	30-Dec-22	31-Mar-23	30-Jun-23	25-Aug-23	29-Sep-23	6-Oct-23	13-Oct-23
Banking Institutions	47.60	46.84	46.13	46.17	44.96	45.18	45.24	45.20
Insurance Companies	7.32	7.37	7.39	7.31	7.33	7.35	7.34	7.34
Parastatals	6.09	6.06	6.04	5.98	6.09	5.95	5.98	5.96
Pension Funds	32.75	33.31	33.42	33.42	33.14	32.23	32.16	31.92
Other Investors	6.24	6.43	7.01	7.13	8.48	9.30	9.29	9.58
Total	100.00	100.00	100.00	100.00	100.00	100.00	100.00	100.00

Source: Central Bank of Kenya

Table 10: Government Debt

	Apr-22	May-22	Jun-22	Dec-22	May-23	Jun-23	Jul-23	Aug-23*
Domestic debt (KSh Bn)	4,226.84	4,268.66	4,288.33	4,472.84	4,549.65	4,736.60	4,775.82	4,811.80
Public & Publicly Guaranteed External debt (USD Bn)	36.65	36.94	36.58	37.88	37.09	38.80	39.62	39.29
Public & Publicly Guaranteed External debt (KSh Bn)	4,243.53	4,295.10	4,290.73	4,673.14	5,137.16	5,542.08	5,640.34	5,712.92
Public debt (KSh Bn)	8,470.37	8,563.76	8,579.06	9,145.98	9,686.81	10,278.67	10,416.17	10,524.71

* Provisional

Source: The National Treasury and Central Bank of Kenya