Central Bank of Kenya

Weekly Bulletin

January 26, 2024

RECENT MONETARY AND FINANCIAL DEVELOPMENTS

Exchange Rates

The Kenya Shilling remained relatively stable against major international and regional currencies during the week ending January 25. It exchanged at KSh 160.80 per US dollar on January 25, compared to KSh 160.79 per US dollar on January 18 **(Table 1).**

Foreign Exchange Reserves

The usable foreign exchange reserves remained adequate at USD 7,017 million (3.8 months of import cover) as at January 25. This meets the CBK's statutory requirement to endeavor to maintain at least 4 months of import cover **(Table 2).**

Current Account

The current account deficit is estimated to have narrowed to 3.9 percent of GDP in 2023 from 5.0 percent in 2022 **(Chart 1)**. This is attributed to lower imports of energy and non-energy goods against a backdrop of resilient remittance inflows.

Money Market

Liquidity in the money market remained adequate during the week ending January 25, supported by open market operations. Commercial banks' excess reserves stood at KSh 26.9 billion in relation to the 4.25 percent cash reserves requirement (CRR). The average interbank rate was stable at 13.76 percent on January 25. During the week, the average number of interbank deals decreased to 26 from 33 in the previous week, while the average value traded decreased to KSh 14.9 billion from KSh 20.6 billion in the previous week **(Table 3).**

Government Securities Market

The Treasury bill auction of January 25 received bids totaling KSh 24.5 billion against an advertised amount of KSh 24.0 billion, representing a performance of 102.1 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, NSE 25 and NSE 20 share price indices declined by 1.3 percent, 0.6 percent and 0.4 percent, respectively during the week ending January 25. Market capitalization also declined by 1.4 percent, while equity turnover and total shares traded increased by 68.5 percent and 66.7 percent, respectively **(Table 6).**

Bond Market

Bond turnover in the domestic secondary market increased by 60.4 percent during the week ending January 25 **(Table 6).** In the international market, yields on Kenya's Eurobonds increased by an average of 22.2 basis points. However, the 2024 maturity declined by 0.5 basis points. The yield on the 10- Year Eurobond for Angola declined while that of Zambia increased **(Chart 3)**.

Global Trends

The US economy grew at an annual rate of 3.3 percent in the fourth quarter of 2023. The US dollar index strengthened by 0.03 percent against a basket of major currencies during the week ending January 25.

International oil prices increased during the week ending January 25, largely attributed to faster than expected US growth in the fourth quarter as well as continued attacks and geopolitical risks in the Middle East. Murban oil price rose to USD 80.72 per barrel on January 25 from USD 78.47 per barrel on January 18.

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

	USD	Sterling Pound	Euro	100 Japanese Yen	Uganda Shilling*	Tanzania Shilling*	Rwandese Franc*	Burundi Franc*
12-Jan-24	159.85	203.24	174.98	109.46	23.77	15.70	7.92	17.83
15-Jan-24	160.24	204.77	175.95	110.86	23.71	15.70	7.91	17.84
16-Jan-24	160.18	203.80	175.29	109.80	23.79	15.67	7.96	17.78
17-Jan-24	160.43	203.26	174.81	109.63	23.77	15.71	7.89	17.77
18-Jan-24	160.79	203.36	174.65	108.67	23.72	15.70	7.88	17.73
Jan 12-18	**160.30**	**203.69**	**175.14**	**109.69**	**23.75**	**15.70**	**7.91**	**17.79**
19-Jan-24	160.35	203.62	174.47	107.87	23.73	15.72	7.90	17.78
22-Jan-24	160.25	203.21	174.43	108.23	23.75	15.69	8.03	17.80
23-Jan-24	161.36	205.39	175.81	109.17	23.64	15.62	7.86	17.67
24-Jan-24	160.19	203.65	174.11	108.19	23.82	15.76	7.92	17.80
25-Jan-24	160.80	205.32	175.69	109.57	23.73	15.67	7.89	17.73
Jan 19-25	**160.59**	**204.24**	**174.90**	**108.61**	**23.73**	**15.69**	**7.92**	**17.76**

**Units of currency per Kenya Shilling*

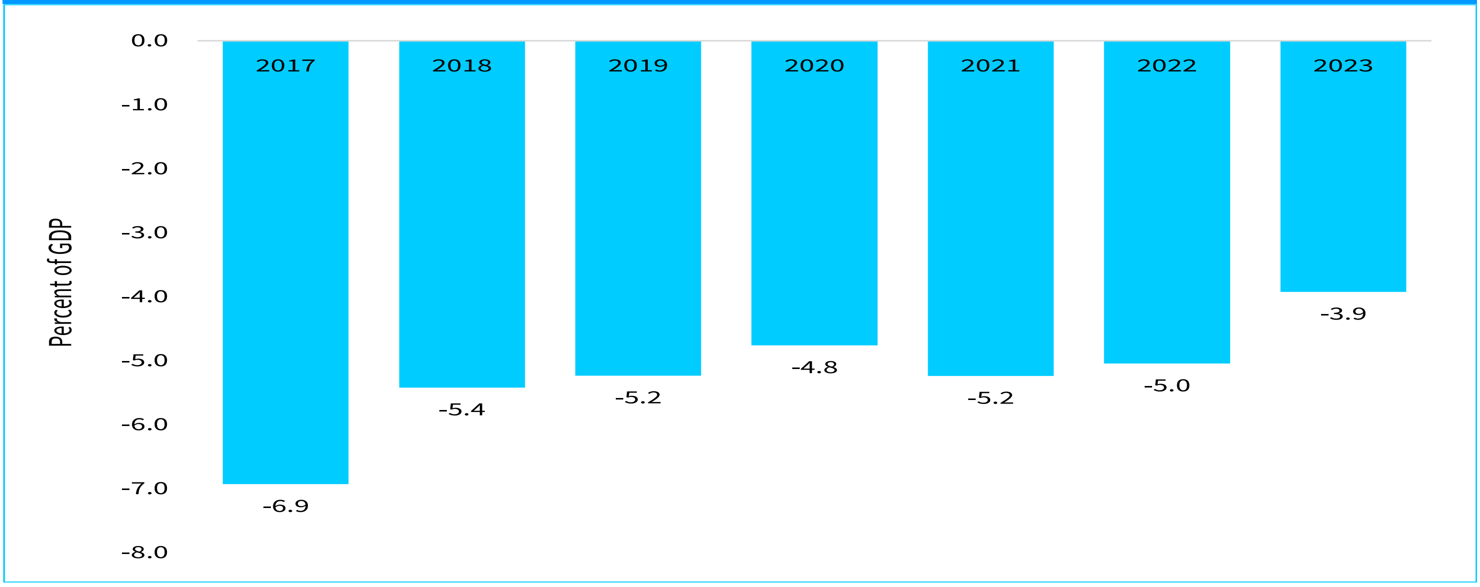
Source: Central Bank of Kenya

Table 2: Official Foreign Exchange Reserves (USD Million)

	21-Dec-23	28-Dec-23	11-Jan-24	18-Jan-24	25-Jan-24
1. CBK Usable Foreign Exchange Reserves (USD Million)	6,710	6,612	6,829	6,814	7,017
2. CBK Usable Foreign Exchange Reserves (Months of Import Cover)*	3.59	3.54	3.65	3.64	3.75

**Based on 36 months average of imports of goods and non –factor services*
Source: Central Bank of Kenya

Chart 1: Current Account



Source: Kenya National Bureau of Statistics and Central Bank of Kenya

Table 3: Money Markets

Date	Number of Deals	Value (KSh M)	Average Interbank Rate (%)
12-Jan-24	27	11,830.00	13.44
15-Jan-24	44	32,135.00	13.48
16-Jan-24	46	33,770.00	13.60
17-Jan-24	25	11,945.00	13.67
18-Jan-24	23	13,250.00	13.76
Jan 12-18	**33**	**20,586.00**	**13.59**
19-Jan-24	32	13,880.00	13.76
22-Jan-24	25	15,660.00	13.61
23-Jan-24	25	19,330.00	13.64
24-Jan-24	26	12,920.00	13.70
25-Jan-24	24	12,700.00	13.76
Jan 19-25	**26**	**14,898.00**	**13.69**

Source: Central Bank of Kenya

Table 4: Performance of Treasury Bill Auctions

91-Day Treasury Bills						
Date of Auction	**30-Mar-23**	**29-Jun-23**	**28-Sep-23**	**28-Dec-23**	**18-Jan-24**	**25-Jan-24**
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)	2,904.04	5,779.97	11,007.63	8,516.51	25,558.06	16,558.38
Amount Accepted (KSh M)	2,765.00	2,705.12	3,303.25	6,986.46	24,751.33	14,027.44
Maturities (KSh M)	2,158.40	2,814.15	2,741.45	3,254.55	22,055.25	8,291.40
Average Interest Rate (%)	**9.907**	**11.904**	**14.821**	**15.983**	**16.235**	**16.290**
182-Day Treasury Bills						
Date of Auction	**30-Mar-23**	**29-Jun-23**	**28-Sep-23**	**28-Dec-23**	**18-Jan-24**	**25-Jan-24**
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)	3,547.05	2,195.96	809.28	322.85	6,193.21	5,243.25
Amount Accepted (KSh M)	3,457.80	1,300.96	542.27	322.85	5,860.37	5,224.77
Maturities (KSh M)	3,176.30	442.15	3,616.00	1,365.20	9,140.80	1,281.40
Average Interest Rate (%)	**10.399**	**11.947**	**14.950**	**15.967**	**16.301**	**16.376**
364-Day Treasury Bills						
Date of Auction	**30-Mar-23**	**29-Jun-23**	**28-Sep-23**	**28-Dec-23**	**18-Jan-24**	**25-Jan-24**
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)	1,810.42	1,514.41	1,841.12	1,661.91	3,525.70	2,672.03
Amount Accepted (KSh M)	1,810.42	1,514.41	670.62	1,661.91	3,525.70	2,657.86
Maturities (KSh M)	2,660.05	2,417.65	1,229.50	1,858.45	2,303.05	6,216.15
Average Interest Rate (%)	**10.800**	**12.157**	**15.054**	**16.100**	**16.492**	**16.523**

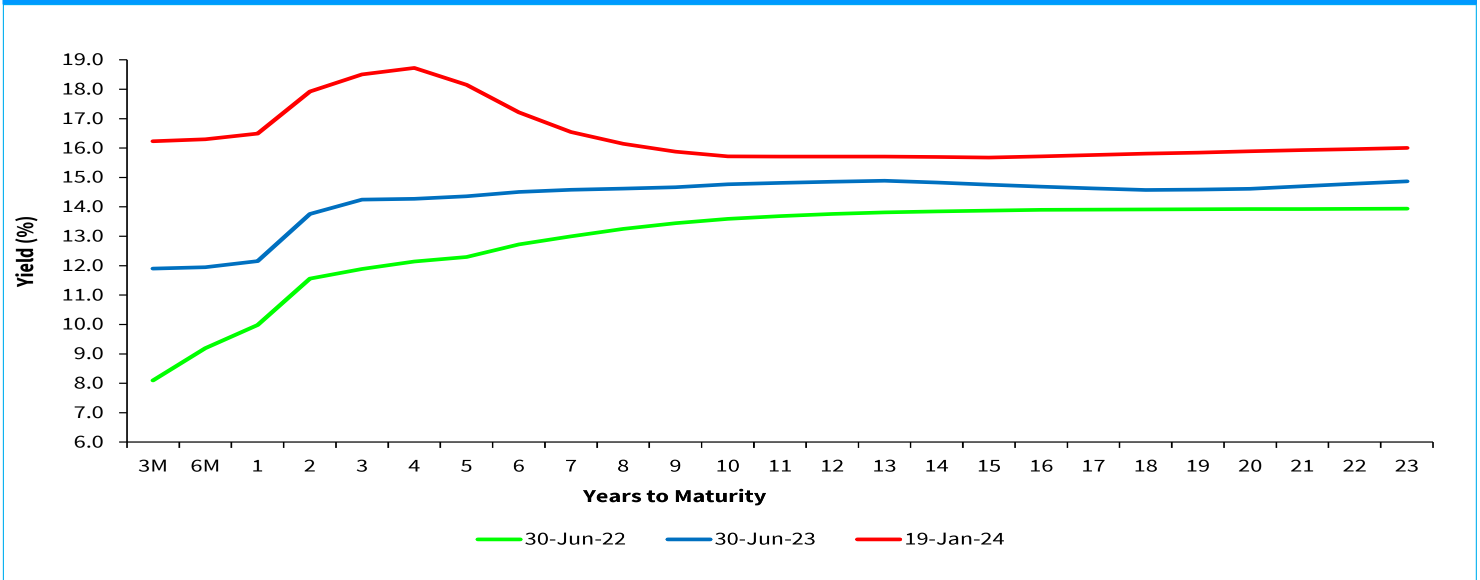
Source: Central Bank of Kenya

Table 5: Performance of Treasury Bond Auctions

Date of Auction	**28-Sep-23**		**12-Oct-23**		**8-Nov-23**	**5-Dec-23**	**10-Jan-23**		**18-Jan-23**	
	TAP		**RE-OPEN**			**TAP**			**TAP**	
Tenor	**FXD1/ 2023/002**	**FXD1/ 2016/010**	**FXD1/ 2023/002**	**FXD1/ 2023/005**	**IFB1/ 2023/6.5**	**IFB1/ 2023/6.5**	**FXD1/ 2024/003**	**FXD1/ 2023/005**	**FXD1/ 2024/003**	**FXD1/ 2023/005**
Amount offered (KSh M)	15,000.00		35,000.00		50,000.00	25,000.00	35,000.00		15,000.00	
Bids received (KSh M)	2,631.25	814.90	6,506.42	5,791.92	88,899.96	47,238.75	29,089.43	8,062.57	9,308.35	2,552.31
Amount Accepted (KSh M)	2,609.97	763.17	4,825.11	1,481.78	67,056.07	47,866.93	22,069.44	2,946.74	9,339.89	2,415.58
Maturities (KSh M)	0.00	0.00	0.00	0.00	0.00	0.00	35,852.15		0.00	0.00
Average interest Rate (%)	17.45	17.93	17.74	17.99	17.93	17.93	18.39	18.77	18.39	16.84

Source: Central Bank of Kenya

Chart 2: Government Securities Yield Curve



Source: Nairobi Securities Exchange (NSE)

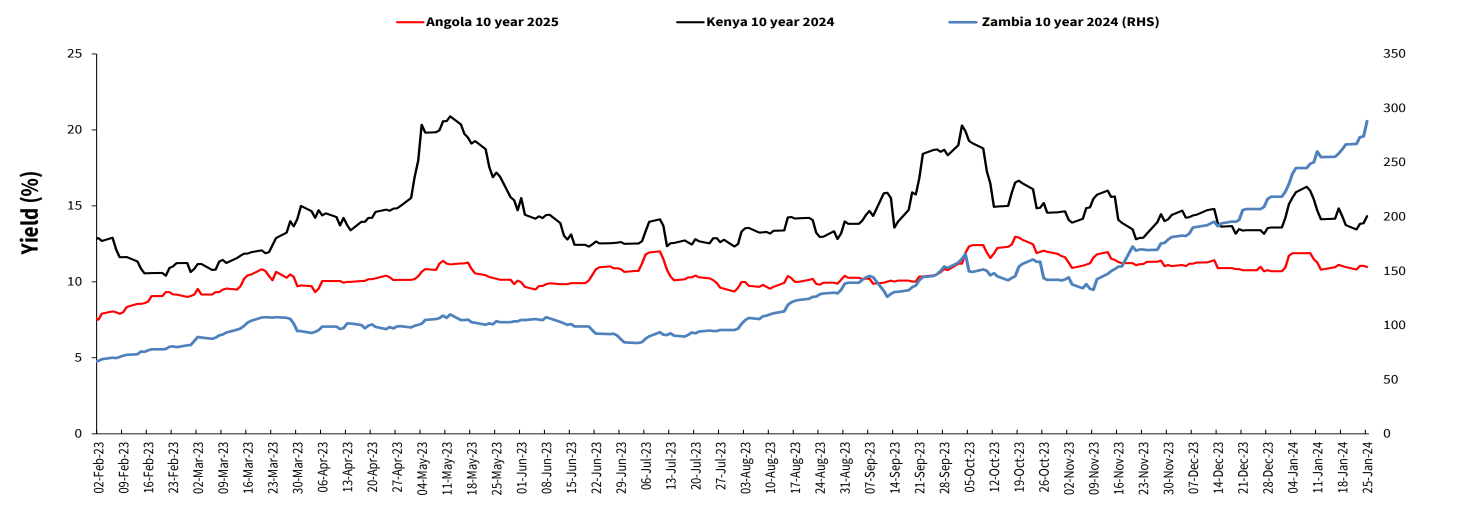
Table 6: Performance of Key Market Indicators

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 Capital-ization (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
12-Jan-24	92.80	2416.68	1514.07	826.00	2.15	29.90	1,449.84	864.25	10.476	14.115	10.045	9.979	9.618	10.296
16-Jan-24	92.97	2417.94	1515.21	922.00	2.24	18.27	1.45	2,855.70	10.677	14.158	10.208	10.085	9.714	10.363
16-Jan-24	92.70	2416.68	1512.64	876.00	7.28	120.18	1,448.35	1,468.85	10.677	14.158	10.208	10.085	9.714	10.363
17-Jan-24	92.88	2409.42	1503.34	836.00	9.66	169.55	1,451.18	2,699.70	10.88	14.835	10.413	10.218	9.858	10.482
18-Jan-24	93.22	2426.61	1512.56	721.00	3.14	72.43	1,456.47	5,090.15	10.693	14.334	10.175	10.14	9.741	10.414
Jan 12-18	**93.22**	**2426.61**	**1512.56**	**4,181.00**	**24.47**	**410.33**	**1,456.47**	**12,978.65**	**10.693**	**14.334**	**10.175**	**10.14**	**9.741**	**10.414**
19-Jan-24	93.37	2429.23	1516.75	982.00	16.93	236.49	1,458.76	5,241.10	10.434	13.733	9.975	10.008	9.599	10.297
22-Jan-24	93.00	2422.00	1510.60	923.00	6.95	120.07	1,452.94	2,412.90	10.372	13.451	9.937	9.983	9.576	10.28
23-Jan-24	92.54	2410.13	1502.01	816.00	3.39	48.02	1,445.89	4,028.72	11.039	13.818	10.343	10.329	9.863	10.5
24-Jan-24	92.07	2403.69	1503.75	870.00	7.39	184.31	1,438.42	4,944.75	10.977	13.861	10.345	10.329	9.863	10.5
25-Jan-24	91.97	2412.49	1506.65	944.00	6.15	102.31	1,436.84	4,183.90	11.192	14.329	10.433	10.385	9.938	10.552
Jan 19-25	**91.97**	**2412.49**	**1506.65**	**4,535.00**	**40.80**	**691.20**	**1,436.84**	**20,811.37**	**11.192**	**14.329**	**10.433**	**10.385**	**9.938**	**10.552**
Weekly Changes (%)	**-1.34**	**-0.58**	**-0.39**	**8.47**	**66.74**	**68.45**	**-1.35**	**60.35**	**0.499***	**-0.005***	**0.258***	**0.245***	**0.197***	**0.138***

** 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-23	31-Aug-23	29-Sep-23	31-Oct-23	30-Nov-23	29-Dec-23	12-Jan-24	19-Jan-24
1. Treasury Bills (Excluding Repos)	614.73	567.70	558.21	557.23	555.62	546.90	551.30	556.47
(As % of total securities)	*13.28*	*12.06*	*11.86*	*11.81*	*11.62*	*11.35*	*11.43*	*11.55*
2. Treasury Bonds	4,013.89	4,139.72	4,149.81	4,159.08	4,224.91	4,271.82	4,271.82	4,261.04
(As % of total securities)	*86.72*	*87.94*	*88.14*	*88.19*	*88.38*	*88.65*	*88.57*	*88.45*
3. Total Securities (1+2)	4,628.62	4,707.42	4,708.02	4,716.31	4,780.53	4,818.72	4,823.12	4,817.51
4. Overdraft at Central Bank	76.46	72.05	75.70	73.93	83.94	94.13	91.87	89.18
5. Other Domestic debt*	127.04	132.86	133.75	122.79	126.28	126.28	125.73	125.73
of which IMF funds on-lent to Government	**95.52**	**98.82**	**99.52**	**98.28**	**101.87**	**101.87**	**101.87**	**101.87**
6. Gross Domestic Debt (3+4+5)	**4,832.11**	**4,912.34**	**4,917.47**	**4,913.03**	**4,990.75**	**5,039.13**	**5,040.71**	**5,032.42**

** 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)

	31-Aug-23	29-Sep-23	31-Oct-23	24-Nov-23	22-Dec-23	29-Dec-23	12-Jan-24	19-Jan-24
Treasury bills (Excluding Repos)	11.56	11.35	11.34	11.12	10.83	10.85	10.94	11.06
Treasury bonds	84.27	84.39	84.65	84.74	84.79	84.77	84.75	84.67
Overdraft at Central Bank	1.47	1.54	1.50	1.68	1.87	1.87	1.82	1.77
Other domestic debt	2.70	2.72	2.50	2.46	2.51	2.51	2.49	2.50
of which IMF fund on lent to government	2.01	2.02	2.00	1.97	2.02	2.02	2.02	2.02
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-Dec-22	31-Mar-23	30-Jun-23	29-Sep-23	24-Nov-23	29-Dec-23	12-Jan-24	19-Jan-24
Banking Institutions	46.84	46.13	46.17	45.18	46.00	45.95	45.92	45.85
Insurance Companies	7.37	7.39	7.31	7.35	7.21	7.25	7.25	7.29
Parastatals	6.06	6.04	5.98	5.95	5.52	5.48	5.48	5.61
Pension Funds	33.31	33.42	33.42	32.23	30.16	29.99	29.97	29.91
Other Investors	6.43	7.01	7.13	9.30	11.10	11.33	11.38	11.35
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	Jun-22	Dec-22	May-23	Jun-23	Jul-23	Aug-23	Sep-23*
Domestic debt (KSh Bn)	4,226.84	4,288.33	4,472.84	4,549.65	4,832.11	4,873.53	4,912.34	4,917.47
Public & Publicly Guaranteed External debt (USD Bn)	36.65	36.58	37.88	37.09	38.76	38.93	38.61	38.27
Public & Publicly Guaranteed External debt (KSh Bn)	4,243.53	4,290.73	4,673.14	5,137.16	5,446.56	5,542.64	5,614.09	5,667.80
Public debt (KSh Bn)	**8,470.37**	**8,579.06**	**9,145.98**	**9,686.81**	**10,278.67**	**10,416.17**	**10,526.43**	**10,585.27**

** Provisional*

Source: The National Treasury and Central Bank of Kenya