



Central Bank of Kenya

Weekly Bulletin

January 19, 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 18. It exchanged at KSh 160.79 per US dollar on January 18, compared to KSh 159.85 per US dollar on January 11 (**Table 1**).

Foreign Exchange Reserves

The usable foreign exchange reserves remained adequate at USD 6,814 million (3.6 months of import cover) as at January 18. This meets the CBK's statutory requirement to endeavor to maintain at least 4 months of import cover (**Table 2**).

Remittances

Remittance inflows reached an all time high of USD 4,190 million in 2023 compared to USD 4,028 million in 2022, an increase of 4.0 percent. The inflows were strong in December 2023 at USD 372.6 million compared to USD 355.0 million in November, an increase of 5.0 percent (**Chart 1**). The US remains the largest source of remittances into Kenya, accounting for 56 percent in 2023.

Money Market

Liquidity in the money market remained adequate during the week ending January 18, supported by open market operations. Commercial banks' excess reserves stood at KSh 19.6 billion in relation to the 4.25 percent cash reserves requirement (CRR). The average interbank rate was 13.76 percent on January 18 compared to 13.52 percent on January 11. During the week, the average number of interbank deals decreased to 33 from 40 in the previous week, while the average value traded decreased to KSh 20.6 billion from KSh 22.8 billion in the previous week (**Table 3**).

Government Securities Market

The Treasury bill auction of January 18 received bids totaling KSh 35.3 billion against an advertised amount of KSh 24.0 billion, representing a performance of 147.0 percent. Interest rates remained stable, with the 91-day, 182-day and 364-day rates increasing marginally (**Table 4**).

During the Treasury bond tap sale of January 18, the 3-year and 5-year fixed rate Treasury bonds received bids totaling KSh 11.9 billion against an advertised amount of KSh 15 billion, representing a performance of 79.1 percent (**Table 5**).

Equity Market

At the Nairobi Securities Exchange, the NASI, NSE 25 and NSE 20 share price indices increased by 0.6 percent, 0.7 percent and 0.4 percent, respectively, during the week ending January 18. Market capitalization increased by 0.6 percent, while equity turnover and total shares traded declined by 48.1 percent and 45.4 percent, respectively (**Table 6**).

Bond Market

Bond turnover in the domestic secondary market increased by 37.5 percent during the week ending January 18 (**Table 7**). In the international market, yields on Kenya's Eurobonds declined by an average of 7.72 basis points, with the 2024 maturity declining by 36.2 basis points. The yield on the 10-Year Eurobond for Zambia increased, while that of Angola declined (**Chart 3**).

Global Trends

Concerns about inflation in advanced economies persisted during the week ending January 18. UK headline inflation rose to 4.0 percent in December from 3.9 percent in November. The US dollar index strengthened by 1.2 percent against a basket of major currencies during the week ending January 18.

International oil prices increased during the week ending January 18, largely due to elevated risk of escalation of the Middle East crisis. Murban oil price rose to USD 78.47 per barrel on January 18 compared to USD 77.49 per barrel on January 11.

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

	USD	Sterling Pound	Euro	100 Japanese Yen	Uganda Shilling*	Tanzania Shilling*	Rwandese Franc*	Burundi Franc*
5-Jan-24	157.90	200.20	172.74	109.38	24.07	15.90	7.99	18.05
8-Jan-24	158.30	200.17	172.69	108.64	23.97	15.90	7.99	18.00
9-Jan-24	158.88	202.46	174.29	110.33	24.00	15.85	7.96	17.94
10-Jan-24	159.38	202.46	174.23	110.09	23.84	15.78	7.93	17.88
11-Jan-24	159.85	204.04	175.50	109.93	23.77	15.73	7.91	17.83
Jan 5-11	158.86	201.87	173.89	109.67	23.93	15.83	7.96	17.94
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

*Units of currency per Kenya Shilling

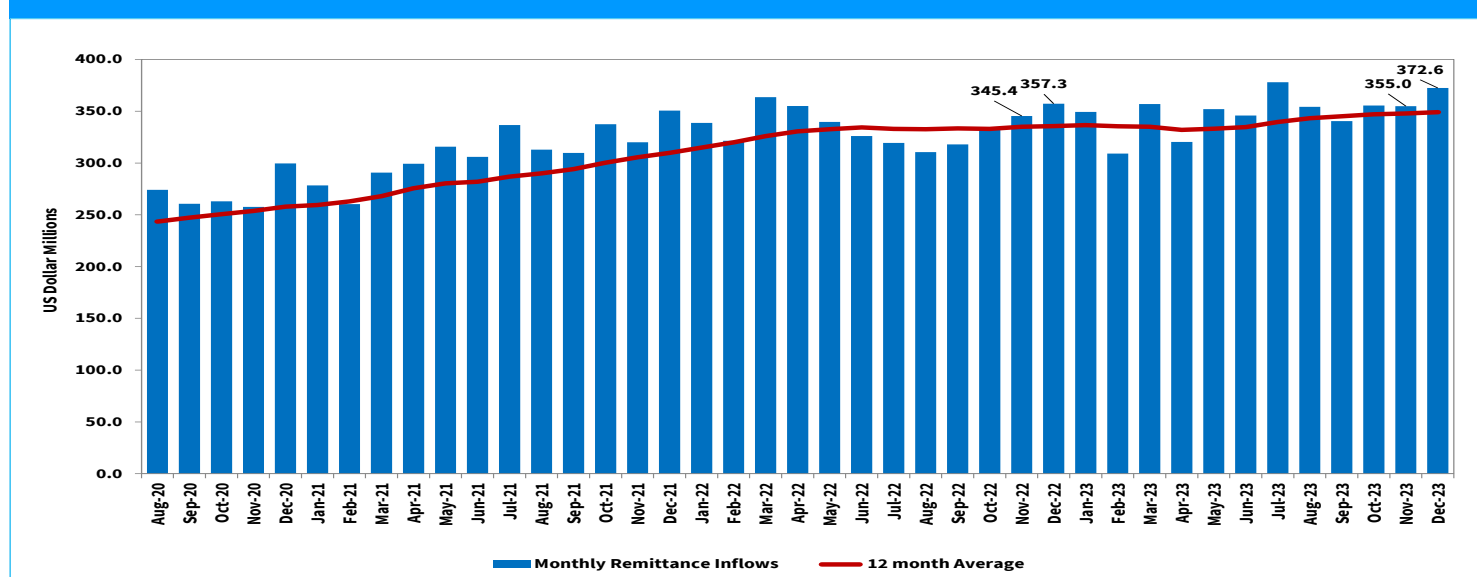
Source: Central Bank of Kenya

Table 2: Official Foreign Exchange Reserves (USD Million)

	14-Dec-23	21-Dec-23	28-Dec-23	11-Jan-24	18-Jan-24
1. CBK Usable Foreign Exchange Reserves (USD Million)	6,711	6,710	6,612	6,829	6,814
2. CBK Usable Foreign Exchange Reserves (Months of Import Cover)*	3.59	3.59	3.54	3.65	3.64

*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 (%)
5-Jan-24	33	17,160.00	13.42
8-Jan-24	35	19,490.00	13.33
9-Jan-24	51	30,275.00	13.42
10-Jan-24	36	26,100.00	13.42
11-Jan-24	45	20,950.00	13.52
Jan 5-11	40	22,795.00	13.42
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

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	11-Jan-24	18-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	44,575.92	25,558.06
Amount Accepted (KSh M)	2,765.00	2,705.12	3,303.25	6,986.46	34,865.53	24,751.33
Maturities (KSh M)	2,158.40	2,814.15	2,741.45	3,254.55	36,388.55	22,055.25
Average Interest Rate (%)	9.907	11.904	14.821	15.983	16.145	16.235
182-Day Treasury Bills						
Date of Auction	30-Mar-23	29-Jun-23	28-Sep-23	28-Dec-23	11-Jan-24	18-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	10,102.27	6,193.21
Amount Accepted (KSh M)	3,457.80	1,300.96	542.27	322.85	8,666.99	5,860.37
Maturities (KSh M)	3,176.30	442.15	3,616.00	1,365.20	1,399.40	9,140.80
Average Interest Rate (%)	10.399	11.947	14.950	15.967	16.187	16.301
364-Day Treasury Bills						
Date of Auction	30-Mar-23	29-Jun-23	28-Sep-23	28-Dec-23	11-Jan-24	18-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	3,290.47	3,525.70
Amount Accepted (KSh M)	1,810.42	1,514.41	670.62	1,661.91	2,432.30	3,525.70
Maturities (KSh M)	2,660.05	2,417.65	1,229.50	1,858.45	5,141.75	2,303.05
Average Interest Rate (%)	10.800	12.157	15.054	16.100	16.392	16.492

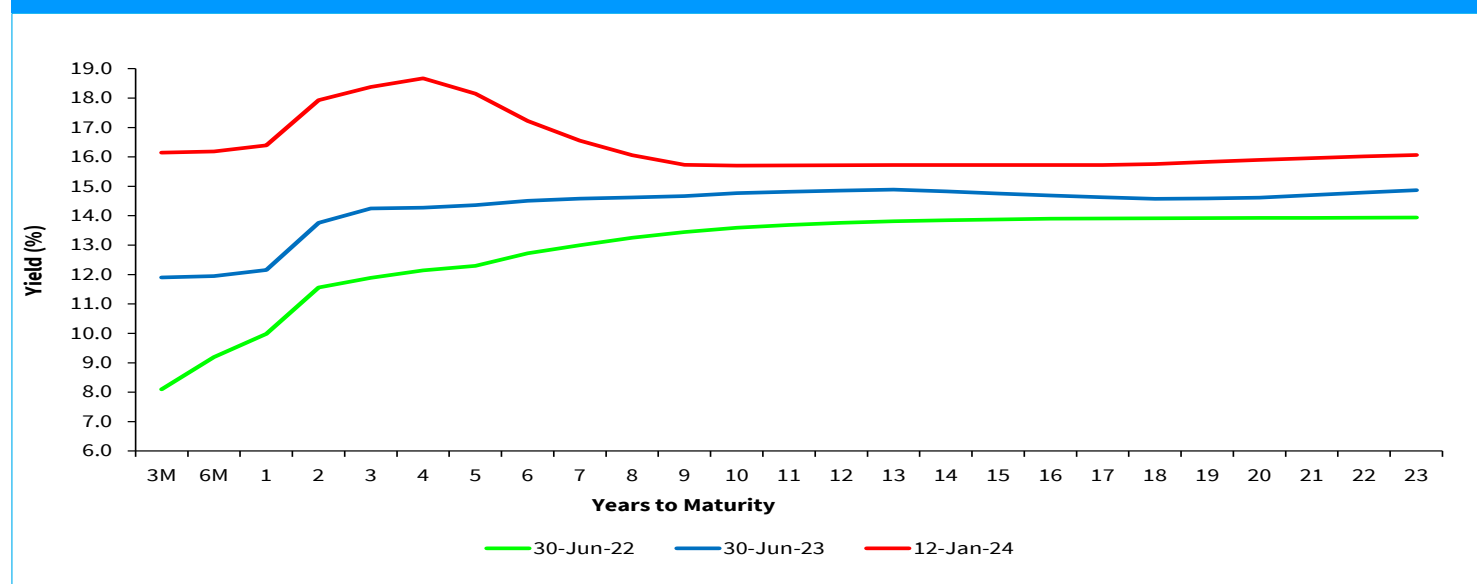
Source: Central Bank of Kenya

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)

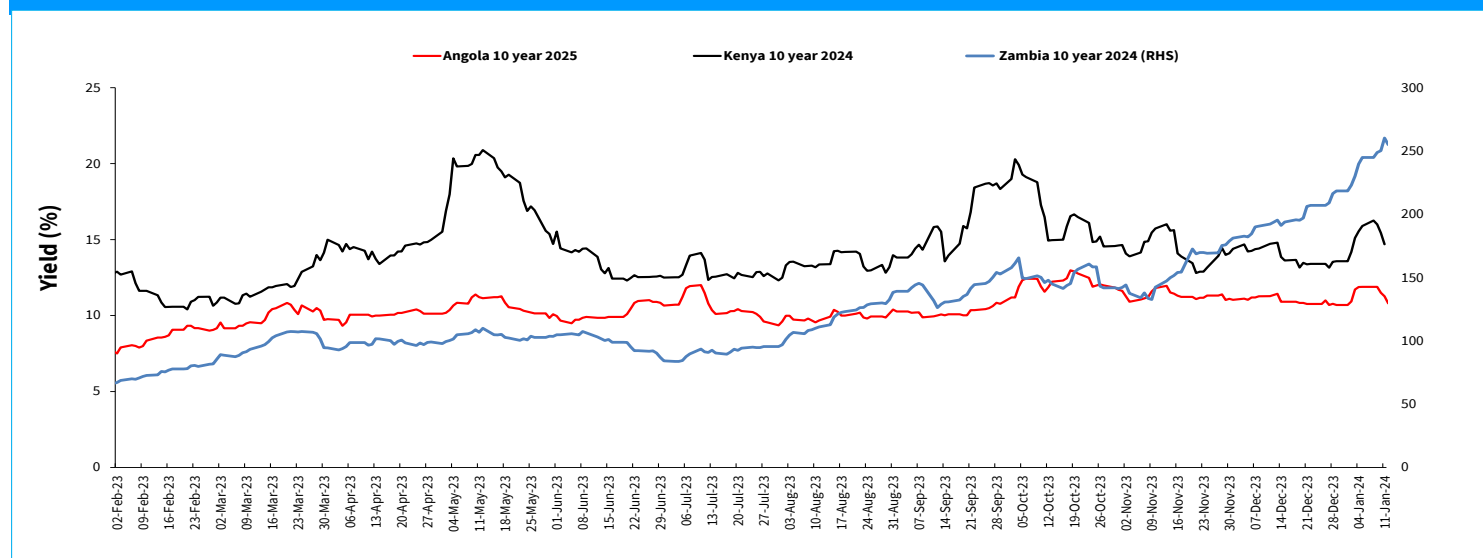
Table 6: Performance of Key Market Indicators

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)	Bonds Turnover (KSh Million)	Eurobond Yields (%)					
									7-Year 2027	10-Year 2024	10-Year 2028	12-Year 2032	13-Year 2034	30-Year 2048
5-Jan-24	92.55	2424.34	1518.40	769.00	8.47	138.67	1446.00	209.70	11.167	15.900	10.557	10.373	9.995	10.550
8-Jan-24	93.26	2436.38	1520.82	920.00	3.56	47.42	1457.06	908.50	11.238	16.256	10.600	10.400	10.020	10.550
9-Jan-24	92.29	2409.58	1504.36	894.00	10.49	281.01	1441.91	971.90	11.242	16.001	10.643	10.455	10.021	10.568
10-Jan-24	92.57	2408.70	1505.37	818.00	6.69	105.36	1446.28	4243.83	10.916	15.437	10.400	10.294	9.852	10.464
11-Jan-24	92.71	2409.30	1506.21	986.00	15.63	218.70	1448.50	3102.90	10.735	14.696	10.245	10.110	9.760	10.414
Jan 5-11 2024	92.71	2409.30	1506.21	4,387.00	44.83	791.15	1,448.50	9,436.83	10.735	14.696	10.245	10.11	9.76	10.414
5-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
8-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
9-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
10-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
11-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 5-11 2024	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
Weekly Changes (%)	0.55	0.72	0.42	-4.70	-45.42	-48.14	0.55	37.53	-0.042*	-0.362*	-0.070*	0.030*	-0.019*	0.000*

* 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	30-Jun-23	31-Aug-23	29-Sep-23	31-Oct-23	30-Nov-23	5-Jan-24	12-Jan-24
1. Treasury Bills (Excluding Repos)	671.51	614.73	567.70	558.21	557.23	555.62	549.85	551.30
<i>(As % of total securities)</i>	15.32	13.28	12.06	11.86	11.81	11.62	11.40	11.43
2. Treasury Bonds	3,710.62	4,013.89	4,139.72	4,149.81	4,159.08	4,224.91	4,271.82	4,271.82
<i>(As % of total securities)</i>	84.68	86.72	87.94	88.14	88.19	88.38	88.60	88.57
3. Total Securities (1+2)	4,382.13	4,628.62	4,707.42	4,708.02	4,716.31	4,780.53	4,821.67	4,823.12
4. Overdraft at Central Bank	58.50	76.46	72.05	75.70	73.93	83.94	91.74	91.87
5. Other Domestic debt*	32.76	127.04	132.86	133.75	122.79	126.28	126.28	126.28
of which IMF funds on-lent to Government		95.52	98.82	99.52	98.28	101.87	101.87	101.87
6. Gross Domestic Debt (3+4+5)	4,473.39	4,832.11	4,912.34	4,917.47	4,913.03	4,990.75	5,039.69	5,041.27

* 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-23	31-Aug-23	29-Sep-23	31-Oct-23	24-Nov-23	22-Dec-23	5-Jan-24	12-Jan-24
Treasury bills (Excluding Repos)	12.72	11.56	11.35	11.34	11.12	10.83	10.91	10.94
Treasury bonds	83.07	84.27	84.39	84.65	84.74	84.79	84.76	84.74
Overdraft at Central Bank	1.58	1.47	1.54	1.50	1.68	1.87	1.82	1.82
Other domestic debt	2.63	2.70	2.72	2.50	2.46	2.51	2.51	2.50
of which IMF fund on lent to government	1.98	2.01	2.02	2.00	1.97	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)

	24-Jun-22	30-Dec-22	31-Mar-23	30-Jun-23	29-Sep-23	24-Nov-23	5-Jan-24	12-Jan-24
Banking Institutions	48.74	46.84	46.13	46.17	45.18	46.00	45.97	45.92
Insurance Companies	7.14	7.37	7.39	7.31	7.35	7.21	7.25	7.24
Parastatals	5.84	6.06	6.04	5.98	5.95	5.52	5.47	5.48
Pension Funds	32.39	33.31	33.42	33.42	32.23	30.16	29.99	29.97
Other Investors	5.89	6.43	7.01	7.13	9.30	11.10	11.32	11.38
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

	Dec-21	Mar-22	Apr-22	Jun-22	Dec-22	May-23	Jun-23	Sep-23*
Domestic debt (KSh Bn)	4,032.37	4,191.77	4,226.84	4,288.33	4,472.84	4,549.65	4,832.11	4,917.47
Public & Publicly Guaranteed External debt (USD Bn)	36.90	36.82	36.65	36.58	37.88	37.09	38.76	38.27
Public & Publicly Guaranteed External debt (KSh Bn)	4,174.37	4,209.56	4,243.53	4,290.73	4,673.14	5,137.16	5,446.56	5,667.80
Public debt (KSh Bn)	8,206.74	8,401.33	8,470.37	8,579.06	9,145.98	9,686.81	10,278.67	10,585.27

* Provisional

Source: The National Treasury and Central Bank of Kenya