



Central Bank of Kenya

Weekly Bulletin

January 5, 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 4. It exchanged at KSh 157.39 per US dollar on January 4, compared to KSh 156.09 per US dollar on December 28 (**Table 1**).

Foreign Exchange Reserves

The usable foreign exchange reserves remained adequate at USD 6,775 million (3.6 months of import cover) as at January 4. 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 declined during the week ending January 4. Commercial banks' excess reserves stood at KSh 14.2 billion in relation to the 4.25 percent cash reserves requirement (CRR). Open market operations remained active. The average interbank rate was 14.07 percent on January 4 compared to 13.78 percent on December 28. During the week, the average number of interbank deals declined to 39 from 46 in the previous week, while the average value traded decreased to KSh 19.3 billion from KSh 26.1 billion in the previous week (**Table 3**).

Government Securities Market

The Treasury bill auction of January 4 received bids totaling KSh 32.3 billion against an advertised amount of KSh 24.0 billion, representing a performance of 134.5 percent. Interest rates remained relatively 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 increased by 0.9 percent, 1.9 percent, and 0.2 percent, respectively, during the week ending January 4. Market capitalization increased by 0.9 percent, while equity turnover and total shares traded decreased by 69.7 percent and 66.6 percent, respectively (**Table 6**).

Bond Market

Bonds turnover in the domestic secondary market decreased by 77.8 percent during the week ending January 4 (**Table 6**). In the international market, yields on Kenya's Eurobonds increased by an average of 81.10 basis points, with yields on the 2024 maturity bond increasing by 200.90 basis points. The yield on the 10-year Eurobond for Angola and for Zambia also increased (**Chart 2**).

Global Trends

Concerns about inflation in advanced economies persisted during the week ending January 4. Headline inflation rates in Germany and France rose to 3.8 percent and 4.1 percent, respectively, in December 2023 from 2.3 percent and 3.9 percent, respectively in November. The US dollar index strengthened by 1.2 percent against a basket of major currencies during the week ending January 4.

International oil prices declined during the week ending January 4, following an inventory build-up in the US. Murban oil prices declined to USD 78.83 per barrel on January 4 compared to USD 79.55 per barrel on December 28.

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

	USD	Sterling Pound	Euro	100 Japanese Yen	Uganda Shilling*	Tanzania Shilling*	Rwandese Franc*	Burundi Franc*
22-Dec-23	155.09	196.14	170.03	108.97	24.24	16.15	8.10	18.36
25-Dec-23	Public Holiday							
26-Dec-23	Public Holiday							
27-Dec-23	155.47	197.16	170.84	109.06	24.20	16.18	8.09	18.32
28-Dec-23	156.09	198.97	172.65	110.53	24.12	16.11	8.06	18.25
Dec 22-28	155.55	197.42	171.17	109.52	24.19	16.15	8.08	18.31
29-Dec-23	156.46	199.80	173.78	111.00	24.19	16.07	8.05	18.21
1-Jan-24	Public Holiday							
2-Jan-24	156.99	199.85	173.65	110.98	24.08	15.99	8.03	18.15
3-Jan-24	157.32	199.09	172.58	110.76	24.11	15.99	8.01	18.11
4-Jan-24	157.39	198.95	172.22	110.12	24.22	15.99	8.00	18.10
Dec 29-Jan 4	157.04	199.42	173.06	110.72	24.15	16.01	8.02	18.14

*Units of currency per Kenya Shilling

Source: Central Bank of Kenya

Table 2: Official Foreign Exchange Reserves (USD Million)

	7-Dec-23	14-Dec-23	21-Dec-23	28-Dec-23	4-Jan-24
1. CBK Usable Foreign Exchange Reserves (USD Million)	6,743	6,711	6,710	6,612	6,775
2. CBK Usable Foreign Exchange Reserves (Months of Import Cover)*	3.61	3.59	3.59	3.54	3.62

*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 (%)
22-Dec-23	50	24,940.00	11.47
25-Dec-23	Public Holiday		
26-Dec-23	Public Holiday		
27-Dec-23	45	24,370.00	13.55
28-Dec-23	43	28,920.00	13.78
Dec 22-28	46	26,076.67	12.93
29-Dec-23	27	7,750.00	14.44
1-Jan-24	Public Holiday		
2-Jan-24	40	24,770.00	14.31
3-Jan-24	46	19,170.00	14.23
4-Jan-24	44	25,690.00	14.07
Dec 29-Jan 4	39	19,345.00	14.26

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	26-Oct-23	30-Nov-23	28-Dec-23	4-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	10,638.80	19,398.85	8,516.51	26,311.90
Amount Accepted (KSh M)	2,765.00	2,705.12	8,142.58	18,291.41	6,986.46	25,267.32
Maturities (KSh M)	2,158.40	2,814.15	5,955.85	22,053.85	3,254.55	25,028.05
Average Interest Rate (%)	9.907	11.904	15.111	15.529	15.983	16.059
182-Day Treasury Bills						
Date of Auction	30-Mar-23	29-Jun-23	26-Oct-23	30-Nov-23	28-Dec-23	4-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	5,668.39	2,697.97	322.85	4,671.70
Amount Accepted (KSh M)	3,457.80	1,300.96	5,668.39	2,695.22	322.85	4,671.70
Maturities (KSh M)	3,176.30	442.15	906.65	563.30	1,365.20	1,205.05
Average Interest Rate (%)	10.399	11.947	15.129	15.550	15.967	16.092
364-Day Treasury Bills						
Date of Auction	30-Mar-23	29-Jun-23	26-Oct-23	30-Nov-23	28-Dec-23	4-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	1,843.30	1,966.06	1,661.91	1,295.48
Amount Accepted (KSh M)	1,810.42	1,514.41	1,843.30	1,846.10	1,661.91	1,258.49
Maturities (KSh M)	2,660.05	2,417.65	3,911.45	2,780.45	1,858.45	4,891.25
Average Interest Rate (%)	10.800	12.157	15.387	15.727	16.100	16.279

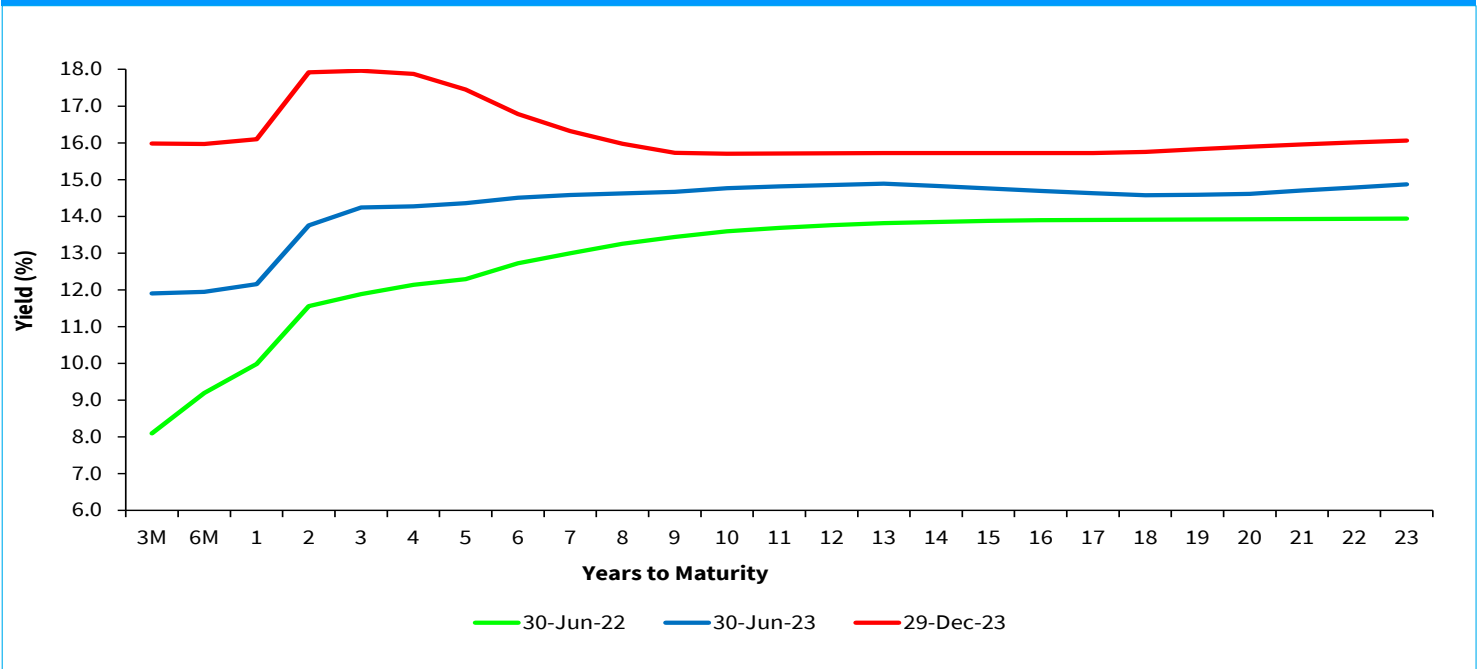
Source: Central Bank of Kenya

Table 5: Performance of Treasury Bond Auctions

Date of Auction	24-Aug-23		13-Sep-23		28-Sep-23		12-Oct-23		8-Nov-23	5-Dec-23
	TAP		RE-OPEN		TAP		RE-OPEN			TAP
Tenor	FXD1/ 2023/02	FXD1/ 2023/05	FXD1/ 2023/02	FXD1/ 2016/10	FXD1/ 2023/002	FXD1/ 2016/10	FXD1/ 2023/002	FXD1/ 2023/005	IFB1/ 2023/6.5	IFB1/ 2023/6.5
Amount offered (KSh M)	21,000.00		35,000.00		15,000.00		35,000.00		50,000.00	25,000.00
Bids received (KSh M)	17,375.70	6,225.05	18,014.85	15,994.38	2,631.25	814.90	6,506.42	5,791.92	88,899.96	47,238.75
Amount Accepted (KSh M)	17,373.51	6,123.42	15,012.62	6,616.01	2,609.97	763.17	4,825.11	1,481.78	67,056.07	47,866.93
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	17.45	17.93	17.45	17.93	17.74	17.99	17.93	17.93

Source: Central Bank of Kenya

Chart 1: Government Securities Yield Curve



Source: Nairobi Securities Exchange (NSE)

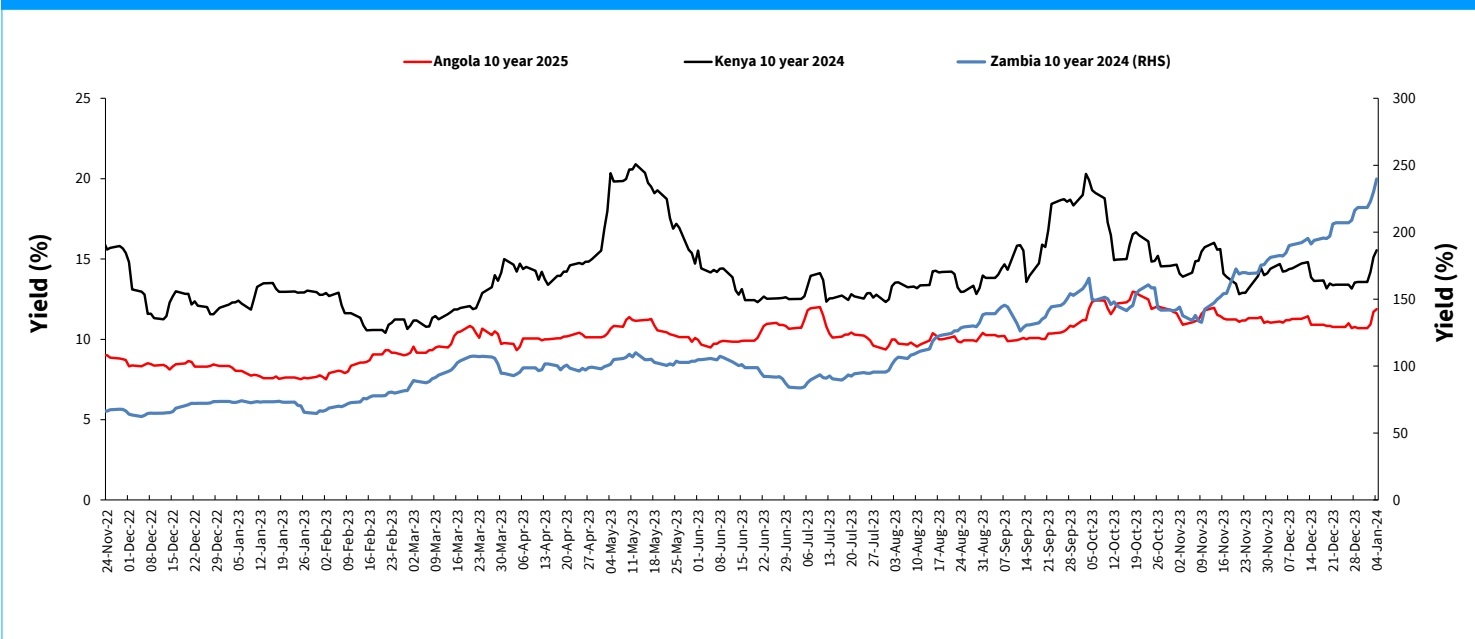
Table 6: Performance of Key Market Indicators

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
22-Dec-23	91.01	2,363.67	1,489.13	763	5.93	111.91	1,421.91	1,526.30	10.151	13.403	9.855	9.944	9.557	10.244
25-Dec-23	Public Holiday								10.151	13.403	9.855	9.944	9.557	10.244
26-Dec-23	Public Holiday								10.279	13.403	9.895	9.996	9.627	10.278
27-Dec-23	91.23	2,368.07	1,496.84	667	17.02	245.57	1,425.42	831.20	9.964	13.155	9.778	9.892	9.488	10.179
28-Dec-23	91.68	2,377.63	1,508.91	690	7.92	115.38	1,432.37	1,441.50	10.037	13.54	9.822	9.894	9.56	10.212
Dec 22-28	91.68	2,377.63	1,508.91	2,120.00	30.87	472.86	1,432.37	3,799.00	10.037	13.54	9.822	9.894	9.56	10.212
29-Dec-23	92.11	2,380.23	1,501.16	768	2.64	41.99	1,439.02	405.00	10.104	13.575	9.824	9.894	9.514	10.179
1-Jan-24	Public Holiday								10.104	13.575	9.824	9.894	9.514	10.179
2-Jan-24	91.97	2,387.30	1,508.83	672	0.90	12.53	1,436.92	222.30	10.299	14.191	10.024	9.999	9.632	10.278
3-Jan-24	92.11	2,410.69	1,509.36	853	3.62	42.33	1,439.11	94.00	10.887	15.113	10.387	10.237	9.871	10.446
4-Jan-24	92.48	2,422.91	1,512.22	826	3.14	46.65	1,444.87	121.60	11.096	15.549	10.514	10.345	9.946	10.481
Dec 29, 2023- Jan 1, 2024	92.48	2,422.91	1,512.22	3,119.00	10.30	143.50	1,444.87	842.90	11.096	15.549	10.514	10.345	9.946	10.481
Weekly Changes (%)	0.87	1.90	0.22	47.12	-66.64	-69.65	0.87	-77.81	-1.059*	2.009*	0.692*	0.451*	0.386*	0.269*

* 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-23	31-Aug-23	29-Sep-23	31-Oct-23	24-Nov-23	15-Dec-23	22-Dec-23	29-Dec-23
1. Treasury Bills (Excluding Repos)	614.73	567.70	558.21	557.23	554.55	551.22	545.47	546.90
<i>(As % of total securities)</i>	13.28	12.06	11.86	11.81	11.60	11.43	11.32	11.35
2. Treasury Bonds	4,013.89	4,139.72	4,149.81	4,159.08	4,224.91	4,271.82	4,271.82	4,271.82
<i>(As % of total securities)</i>	86.72	87.94	88.14	88.19	88.40	88.57	88.68	88.65
3. Total Securities (1+2)	4,628.62	4,707.42	4,708.02	4,716.31	4,779.46	4,823.04	4,817.28	4,818.72
4. Overdraft at Central Bank	76.46	72.05	75.70	73.93	83.70	87.85	94.45	94.13
5. Other Domestic debt*	127.04	132.86	133.75	122.79	122.78	122.78	126.28	126.28
<i>of which IMF funds on-lent to Government</i>	95.52	98.82	99.52	98.28	98.28	98.28	101.87	101.87
6. Gross Domestic Debt (3+4+5)	4,832.11	4,912.34	4,917.47	4,913.03	4,985.94	5,033.66	5,038.01	5,039.13

* 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-Dec-22	30-Jun-23	31-Aug-23	29-Sep-23	31-Oct-23	24-Nov-23	22-Dec-23	29-Dec-23
Treasury bills (Excluding Repos)	15.01	12.72	11.56	11.35	11.34	11.12	10.83	10.85
Treasury bonds	82.95	83.07	84.27	84.39	84.65	84.74	84.79	84.77
Overdraft at Central Bank	1.31	1.58	1.47	1.54	1.50	1.68	1.87	1.87
Other domestic debt	0.73	2.63	2.70	2.72	2.50	2.46	2.51	2.51
of which IMF fund on lent to government		1.98	2.01	2.02	2.00	1.97	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	22-Dec-23	29-Dec-23
Banking Institutions	48.74	46.84	46.13	46.17	45.18	46.00	45.94	45.95
Insurance Companies	7.14	7.37	7.39	7.31	7.35	7.21	7.23	7.25
Parastatals	5.84	6.06	6.04	5.98	5.95	5.52	5.48	5.48
Pension Funds	32.39	33.31	33.42	33.42	32.23	30.16	30.02	29.99
Other Investors	5.89	6.43	7.01	7.13	9.30	11.10	11.32	11.33
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