



Central Bank of Kenya

Weekly Bulletin

December 8, 2023



RECENT MONETARY AND FINANCIAL DEVELOPMENTS

Monetary Policy Committee Meeting

During its Meeting on December 5, 2023, the Monetary Policy Committee (MPC) decided to raise the Central Bank Rate (CBR) from 10.50 percent to 12.50 percent. The MPC noted that the exchange rate depreciation continues to exert upward pressure on domestic prices, thereby increasing the cost of living and reducing purchasing power. Additionally, the Committee noted that public sector external debt service has risen, thereby offsetting some of the gains made towards the Government's strong fiscal consolidation. Further, the MPC noted that the continued weakening of the exchange rate is contributing to a significant increase in the Kenya shilling value of foreign currency denominated debt. The MPC therefore concluded that there is need to adjust the monetary policy stance to address the pressures on the exchange rate and mitigate second round effects including from global prices. This will ensure that inflationary expectations remain anchored, while setting inflation on a firm downward path towards the 5.0 percent mid-point of the target range.

Exchange Rates

The Kenya Shilling remained relatively stable against major international and regional currencies during the week ending December 7. It exchanged at KSh 153.32 per US dollar on December 7, compared to KSh 153.15 per US dollar on November 30 (**Table 1**).

Foreign Exchange Reserves

The usable foreign exchange reserves remained adequate at USD 6,743 million (3.61 months of import cover) as at December 7. 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 improved during the week ending December 7. Commercial banks' excess reserves stood at KSh 25.0 billion in relation to the 4.25 percent cash reserves requirement (CRR). Open market operations remained active. The average interbank rate was 10.33 percent on December 7 compared to 10.80 percent on November 30. During the week, the average number of

interbank deals increased to 27 from 23 in the previous week, while the average value traded increased to KSh 20.5 billion from KSh 16.5 billion in the previous week (**Table 3**).

Government Securities Market

The Treasury bill auction of December 7 received bids totaling KSh 37.7 billion against an advertised amount of KSh 24.0 billion, representing a performance of 156.9 percent. Interest rates on the 91-day, 182-day and 364-day Treasury bills increased marginally (**Table 4**).

During the Treasury bond tap sale of December 5, the 6.5-year infrastructure bonds received bids totaling KSh 47.2 billion against an advertised amount of KSh 25 billion, representing a performance rate of 188.8 percent (**Table 5**).

Equity Market

At the Nairobi Securities Exchange, the NASI, NSE 25 and NSE 20 share price indices increased by 2.2 percent, 1.8 percent and 0.9 percent, respectively during the week ending December 7. Market capitalization, equity turnover and total shares traded increased by 2.2 percent, 51.9 percent and 29.2 percent, respectively (**Table 6**).

Bond Market

Bond turnover in the domestic secondary market increased by 77.5 percent during the week ending December 7 (**Table 6**). In the international market, yields on Kenya's Eurobonds declined by an average of 19.47 basis points, but the 2024 maturity increased by 26.9 basis points. The yield on the 10-Year Eurobonds for Angola and for Zambia increased (**Chart 2**).

Global Trends

Inflation concerns in advanced economies continue to moderate. The US market remained cautious ahead of release of US jobs report. The US dollar index strengthened by 0.04 percent against a basket of major currencies during the week.

International oil prices declined during the week ending December 7, reflecting weak demand in US and China, and increased oil output from the U.S. Murban oil price declined to USD 75.18 per barrel on December 7 from USD 85.51 per barrel on November 30.

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

	USD	Sterling Pound	Euro	100 Japanese Yen	Uganda Shilling*	Tanzania Shilling*	Rwandese Franc*	Burundi Franc*
24-Nov-23	152.81	191.65	166.60	102.39	24.79	16.39	8.09	18.61
27-Nov-23	152.90	192.22	166.88	102.22	24.83	16.46	8.08	18.59
28-Nov-23	152.97	193.20	167.53	103.18	24.83	16.38	8.10	18.59
29-Nov-23	153.06	193.31	167.70	103.13	24.89	16.36	8.10	18.58
30-Nov-23	153.15	194.46	168.22	103.87	24.92	16.36	8.10	18.57
Nov 24-30	152.98	192.97	167.38	102.96	24.85	16.39	8.09	18.59
1-Dec-23	153.24	193.80	167.46	103.46	24.91	16.35	8.10	18.56
4-Dec-23	153.24	193.87	167.04	103.53	24.80	16.41	8.11	18.56
5-Dec-23	153.28	194.26	166.64	104.18	24.92	16.34	8.12	18.56
6-Dec-23	153.29	193.59	166.16	104.25	24.69	16.31	8.12	18.56
7-Dec-23	153.32	193.20	165.41	104.45	24.62	16.34	8.14	18.56
Dec 1- 7	153.27	193.75	166.54	103.97	24.79	16.35	8.12	18.56

*Units of currency per Kenya Shilling

Source: Central Bank of Kenya

Table 2: Official Foreign Exchange Reserves (USD Million)

	26-Oct-23	16-Nov-23	23-Nov-23	30-Nov-23	7-Dec-23
1. CBK Usable Foreign Exchange Reserves (USD Million)	6,836	6,785	6,722	6,740	6,743
2. CBK Usable Foreign Exchange Reserves (Months of Import Cover)*	3.67	3.64	3.61	3.62	3.61

*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 (%)
24-Nov-23	30	23,875.00	11.26
27-Nov-23	19	14,035.00	11.25
28-Nov-23	24	15,950.00	11.28
29-Nov-23	23	19,220.00	11.04
30-Nov-23	17	9,666.00	10.80
Nov 24-30	23	16,549.20	11.13
1-Dec-23	18	9,666.00	10.57
4-Dec-23	27	23,816.00	10.49
5-Dec-23	25	20,998.00	10.39
6-Dec-23	32	25,478.00	10.37
7-Dec-23	32	22,680.00	10.33
Dec 1-7	27	20,527.60	10.43

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	26-Oct-23	30-Nov-23	7-Dec-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	10,638.80	19,398.85	31,443.20
Amount Accepted (KSh M)	2,120.42	2,765.00	2,705.12	8,142.58	18,291.41	29,288.78
Maturities (KSh M)	2,539.95	2,158.40	2,814.15	5,955.85	22,053.85	35,612.05
Average Interest Rate (%)	9.369	9.907	11.904	15.111	15.529	15.635
182-Day Treasury Bills						
Date of Auction	29-Dec-22	30-Mar-23	29-Jun-23	26-Oct-23	30-Nov-23	7-Dec-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	5,668.39	2,697.97	5,412.42
Amount Accepted (KSh M)	434.69	3,457.80	1,300.96	5,668.39	2,695.22	5,409.69
Maturities (KSh M)	1,660.95	3,176.30	442.15	906.65	563.30	1,966.65
Average Interest Rate (%)	9.834	10.399	11.947	15.129	15.550	15.749
364-Day Treasury Bills						
Date of Auction	29-Dec-22	30-Mar-23	29-Jun-23	26-Oct-23	30-Nov-23	7-Dec-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	1,843.30	1,966.06	800.47
Amount Accepted (KSh M)	1,691.33	1,810.42	1,514.41	1,843.30	1,846.10	800.46
Maturities (KSh M)	5,396.40	2,660.05	2,417.65	3,911.45	2,780.45	1,998.75
Average Interest Rate (%)	10.308	10.800	12.157	15.387	15.727	15.795

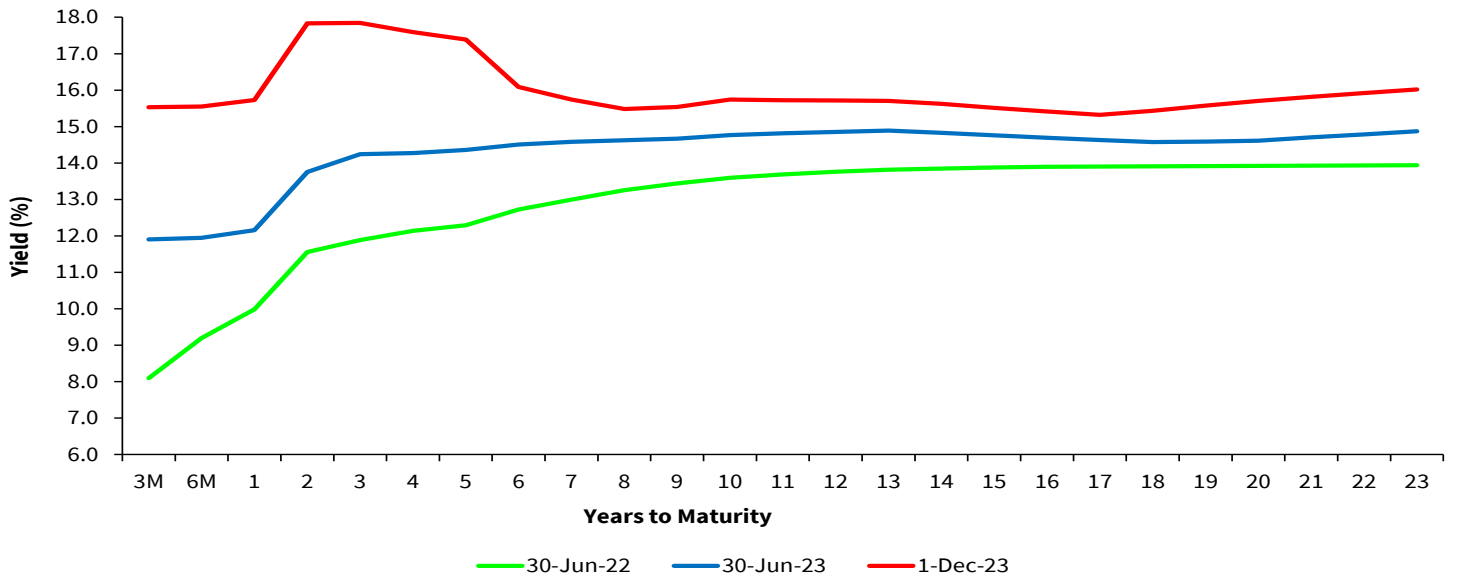
Source: Central Bank of Kenya

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			
Tenor	FXD1/ 2023/02	FXD1/ 2023/05	FXD1/ 2023/02	FXD1/ 2016/10	FXD1/ 2023/002	FXD1/ 2016/10	FXD1/ 2023/002	FXD1/ 2023/002	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)

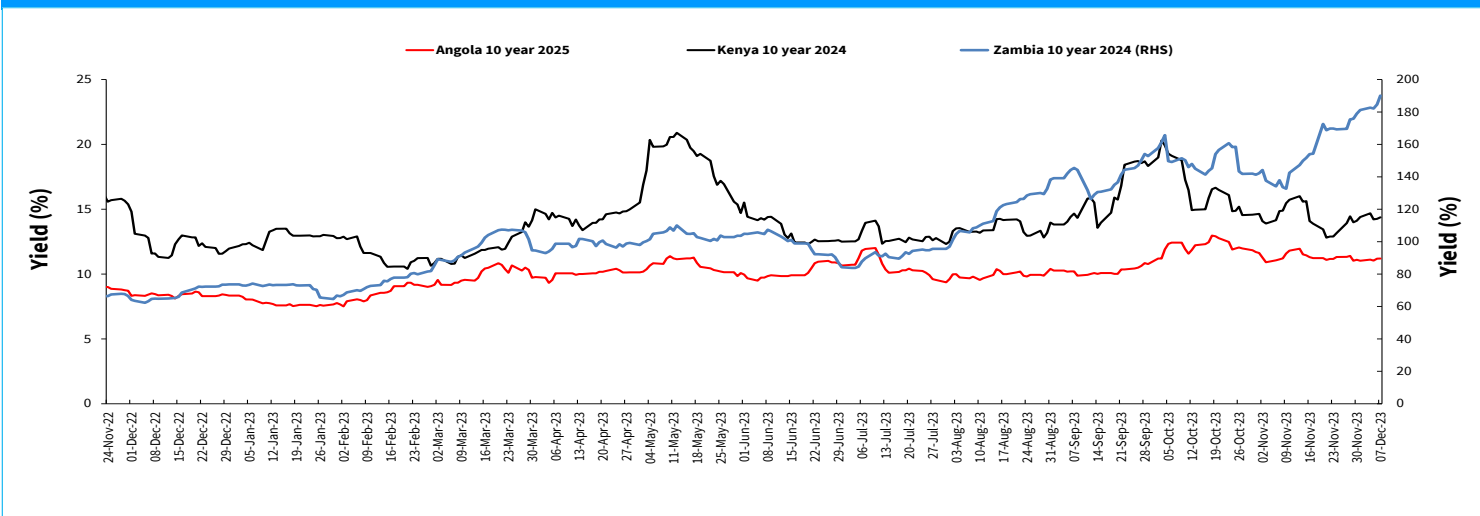
Table 6: Performance of Key Market Indicators

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
24-Nov-23	92.24	2416.13	1510.25	925.00	5.82	107.55	1,441.06	787.20	12.153	13.164	11.75	11.482	10.812	11.356
27-Nov-23	91.21	2390.67	1508.81	1,080.00	8.64	87.34	1,425.06	1,031.55	12.158	13.925	11.753	11.512	10.813	11.375
28-Nov-23	92.47	2404.23	1512.96	976.00	16.32	223.44	1,444.78	746.60	12.229	14.452	11.755	11.513	10.84	11.395
29-Nov-23	92.35	2399.41	1508.06	942.00	15.99	285.82	1,442.92	2,700.00	11.712	13.996	11.381	11.228	10.634	11.22
30-Nov-23	91.93	2377.88	1495.58	750.00	25.00	295.91	1,436.27	2,155.05	11.856	14.106	11.388	11.231	10.612	11.202
Nov 24-30	91.93	2377.88	1495.58	4,673.00	71.77	1,000.06	1,436.27	7,420.40	11.856	14.106	11.388	11.231	10.612	11.202
1-Dec-23	92.27	2397.13	1494.45	802.00	8.40	270.24	1,441.59	3,466.65	11.796	14.395	11.307	11.175	10.587	11.183
4-Dec-23	93.62	2416.53	1498.58	796.00	5.21	87.57	1,462.69	986.20	11.736	14.688	11.227	11.119	10.512	11.145
5-Dec-23	94.70	2430.36	1510.92	974.00	11.49	140.47	1,479.53	2,598.70	11.61	14.219	11.023	11.064	10.437	11.069
6-Dec-23	93.83	2410.41	1505.45	933.00	61.99	905.80	1,465.98	3,387.35	11.485	14.257	10.984	10.981	10.363	11.014
7-Dec-23	93.93	2419.68	1508.23	843.00	5.67	115.33	1,467.52	2,735.20	11.499	14.375	10.991	10.983	10.365	11.014
Dec 1-7	93.93	2419.68	1508.23	4,348.00	92.75	1,519.41	1,467.52	13,174.10	11.499	14.375	10.991	10.983	10.365	11.014
Weekly Changes (%)	2.18	1.76	0.85	-6.95	29.24	51.93	2.18	77.54	-0.357*	0.269*	-0.397*	-0.248*	-0.247*	-0.188*

* 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)

	31-Mar-23	30-Jun-23	31-Jul-23	31-Aug-23	29-Sep-23	31-Oct-23	24-Nov-23	1-Dec-23
1. Treasury Bills (Excluding Repos)	665.86	614.73	585.13	567.70	558.21	557.23	554.55	555.62
<i>(As % of total securities)</i>	15.01	13.28	12.50	12.06	11.86	11.81	11.60	11.62
2. Treasury Bonds	3,771.03	4,013.89	4,097.24	4,139.72	4,149.81	4,159.08	4,224.91	4,224.91
<i>(As % of total securities)</i>	84.99	86.72	87.50	87.94	88.14	88.19	88.40	88.38
3. Total Securities (1+2)	4,436.89	4,628.62	4,682.38	4,707.42	4,708.02	4,716.31	4,779.46	4,780.53
4. Overdraft at Central Bank	77.98	76.46	61.12	72.05	75.70	73.93	83.70	88.33
5. Other Domestic debt*	24.73	127.04	130.03	132.86	133.75	122.79	122.78	122.78
<i>of which IMF funds on-lent to Government</i>		95.52	97.70	98.82	99.52	98.28	98.28	98.28
6. Gross Domestic Debt (3+4+5)	4,539.59	4,832.11	4,873.53	4,912.34	4,917.47	4,913.03	4,985.94	4,991.64

* 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-Mar-23	30-Jun-23	31-Jul-23	31-Aug-23	29-Sep-23	31-Oct-23	24-Nov-23	1-Dec-23
Treasury bills (Excluding Repos)	14.67	12.72	12.01	11.56	11.35	11.34	11.12	11.13
Treasury bonds	83.07	83.07	84.07	84.27	84.39	84.65	84.74	84.64
Overdraft at Central Bank	1.72	1.58	1.25	1.47	1.54	1.50	1.68	1.77
Other domestic debt	0.54	2.63	2.67	2.70	2.72	2.50	2.46	2.46
<i>of which IMF fund on lent to government</i>		1.98	2.00	2.01	2.02	2.00	1.97	1.97
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	31-Oct-23	24-Nov-23	1-Dec-23
Banking Institutions	48.74	46.84	46.13	46.17	45.18	44.15	46.00	45.59
Insurance Companies	7.14	7.37	7.39	7.31	7.35	7.20	7.21	7.39
Parastatals	5.84	6.06	6.04	5.98	5.95	5.77	5.52	5.74
Pension Funds	32.39	33.31	33.42	33.42	32.23	30.39	30.16	30.21
Other Investors	5.89	6.43	7.01	7.13	9.30	12.48	11.10	11.07
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	4,910.62	4,917.31
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	10,524.71	10,585.11

* Provisional

Source: The National Treasury and Central Bank of Kenya