



Central Bank of Kenya

Weekly Bulletin

June 9, 2023



RECENT MONETARY AND FINANCIAL DEVELOPMENTS

Exchange Rates

The Kenya Shilling remained relatively stable against major international and regional currencies during the week ending June 8. It exchanged at KSh 139.11 per US dollar on June 8, compared to KSh 138.49 per US dollar on May 31 (**Table 1**).

Foreign Exchange Reserves

The usable foreign exchange reserves remained adequate at USD 7,532 million (4.15 months of import cover) as at June 8. 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 increased during the week ending June 8, as government payments more than offset government receipts. Commercial banks' excess reserves stood at KSh 28.3 billion in relation to the 4.25 percent cash reserves requirement (CRR). Open market operations remained active. The average interbank rate was at 9.20 percent on June 8 compared to 9.35 percent on May 31. During the week, the average number of interbank deals increased to 43 from 36 in the previous week, while the average value traded increased to KSh 26.4 billion from KSh 20.1 billion in the previous week.

Government Securities Market

The Treasury bills auction of June 8, received bids totaling KSh 33.1 billion against an advertised amount of KSh 24.0 billion, representing a performance of 138.0 percent. Interest rates remained stable, with 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 2.1 percent, 2.6 percent, and 2.6 percent, respectively, during the week ending June 8. Market capitalisation increased by 2.1 percent. However, equity turnover and total shares traded declined by 35.7 percent and 37.3 percent, respectively (**Table 6**).

Bond Market

Bond turnover in the domestic secondary market increased by 27.8 percent during the week ending June 8 (**Table 6**). In the international market, yields on Kenya's Eurobonds declined by an average of 52.3 basis points, with the 2024 maturity declining by 112.5 basis points. The yield on the 10- Year Eurobond for Angola declined while that of Ghana increased (**Chart 2**).

Global Trends

The fear of global recession continues to recede as Japan growth expands to 0.7 percent in Q1 of 2023 from 0.1 percent in Q4 of 2022. The Bank of Canada and the Reserve Bank of Australia increased their rates by 25 basis points pointing to possibility that the hiking cycle may not be over. The US dollar index weakened by 0.20 percent against a basket of major currencies during the week ending May 31.

International oil prices increased during the week ending June 8 due to inventory drawdown. Murban oil price rose to USD 77.28 per barrel on June 8 from USD 72.83 per barrel on June 1.

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

	USD	Sterling Pound	Euro	100 Japanese Yen	Uganda Shilling*	Tanzania Shilling*	Rwandese Franc*	Burundi Franc*
26-May-23	138.25	170.55	148.13	98.88	26.98	17.11	8.14	20.41
29-May-23	138.33	170.83	148.37	98.76	27.13	17.09	8.14	20.40
30-May-23	138.42	170.84	148.29	98.57	27.02	17.09	8.14	20.38
31-May-23	138.49	172.12	148.54	99.02	27.19	17.07	8.16	20.38
01-Jun-23	Public Holiday							
May 26- Jun 1	138.37	171.09	148.33	98.81	27.08	17.09	8.15	20.39
02-Jun-23	138.61	171.37	148.05	99.74	27.05	17.06	8.15	20.36
05-Jun-23	138.76	173.71	149.22	99.07	26.92	17.08	8.17	20.41
06-Jun-23	138.87	172.19	148.58	99.78	26.93	17.06	8.14	20.33
07-Jun-23	138.97	172.43	148.44	99.48	26.93	17.05	8.14	20.32
08-Jun-23	139.11	173.33	149.07	99.70	26.81	17.04	8.13	20.29
June 2 - 8	138.86	172.61	148.67	99.56	26.93	17.06	8.15	20.34

*Units of currency per Kenya Shilling

Source: Central Bank of Kenya

Table 2: Official Foreign Exchange Reserves (USD Million)

	11-May-23	18-May-23	25-May-23	31-May-23	8-Jun-23
1. CBK Usable Foreign Exchange Reserves (USD Million)	6,468	6,293	6,479	6,512	7,532
2. CBK Usable Foreign Exchange Reserves (Months of Import Cover)*	3.60	3.50	3.60	3.62	4.15

*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 (%)
26-May-23	31	20,410.00	9.25
29-May-23	37	17,400.00	9.28
30-May-23	33	17,380.00	9.34
31-May-23	42	25,070.00	9.35
1-Jun-23	Public Holiday		
May 26-Jun 1	36	20,065.00	9.30
2-Jun-23	51	31,790.00	9.36
5-Jun-23	46	23,570.00	9.38
6-Jun-23	38	24,220.00	9.29
7-Jun-23	43	27,890.00	9.25
8-Jun-23	38	24,500.00	9.20
Jun 2-8	43	26,394.00	9.30

Source: Central Bank of Kenya

Table 4: Performance of Treasury Bill Auctions

91-Day Treasury Bills						
Date of Auction	23-Feb-23	30-Mar-23	27-Apr-23	25-May-23	31-May-23	07-Jun-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)	11,362.17	2,904.04	6,687.26	14,242.56	20,452.21	29,019.81
Amount Accepted (KSh M)	10,788.16	2,765.00	6,635.51	13,219.58	17,535.04	28,046.27
Maturities (KSh M)	11,427.55	2,158.40	16,506.35	11,036.15	13,568.35	17,001.75
Average Interest Rate (%)	9.655	9.907	10.275	10.832	11.103	11.414
182-Day Treasury Bills						
Date of Auction	23-Feb-23	30-Mar-23	27-Apr-23	25-May-23	31-May-23	07-Jun-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)	4,404.63	3,547.05	872.19	4,041.93	549.74	1,894.03
Amount Accepted (KSh M)	4,402.73	3,457.80	870.76	4,041.93	549.74	1,894.03
Maturities (KSh M)	2,275.05	3,176.30	2,142.40	4,674.40	4,079.55	3,716.05
Average Interest Rate (%)	10.117	10.399	10.511	11.113	11.112	11.548
364-Day Treasury Bills						
Date of Auction	23-Feb-23	30-Mar-23	27-Apr-23	25-May-23	31-May-23	07-Jun-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)	3,668.17	1,810.42	1,444.18	3,763.90	2,562.94	2,195.32
Amount Accepted (KSh M)	3,656.13	1,810.42	1,439.24	3,763.90	2,562.05	2,195.32
Maturities (KSh M)	7,306.55	2,660.05	10,155.10	10,074.25	5,507.00	7,418.85
Average Interest Rate (%)	10.676	10.800	11.124	11.457	11.497	11.608

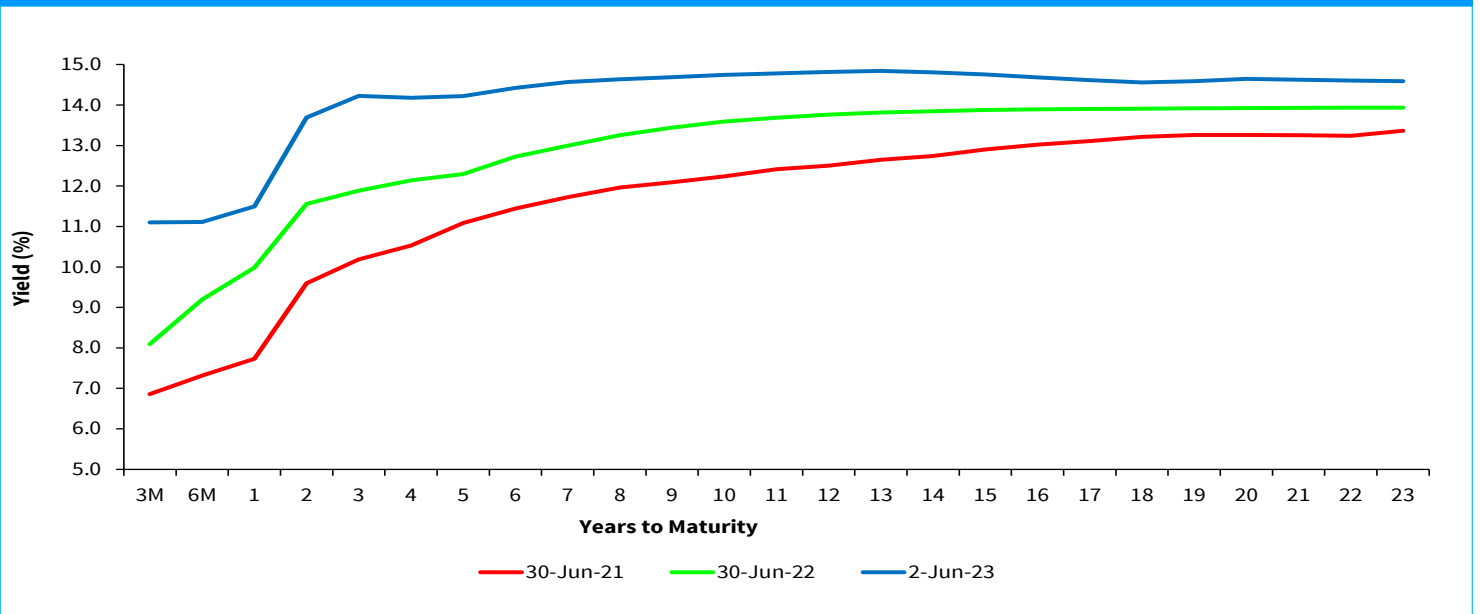
Source: Central Bank of Kenya

Table 5: Performance of Treasury Bond Auctions

Date of Auction	17-Feb-23		17-Mar-23	19-Apr-23	10-May-23	19-May-23	26-May-23
	TAP		TAP	REOPEN	TAP	TAP	TAP
Tenor	FXD1/ 2017/10	FXD1/ 2023/10	IFB1/ 2023/017	FXD1/ 2022/03	FXD1/ 2023/03	FXD1/ 2023/03	FXD1/ 2023/03
Amount offered (KSh M)	10,000.00		20,000.00	30,000.00	20,000.00	10,000.00	20,000.00
Bids received (KSh M)	8,855.70	3,607.55	12,712.30	7,328.96	20,744.34	10,603.25	27,206.35
Amount Accepted (KSh M)	8,593.57	3,607.23	12,711.16	1,757.09	20,293.99	10,602.30	27,201.72
Maturities (KSh M)					8,245.00		
Average interest Rate (%)	13.88	14.15	14.40	13.47	14.23	14.23	14.23

Source: Central Bank of Kenya

Chart 1: Government Securities Yield Curve



Source: Nairobi Securities Exchange (NSE)

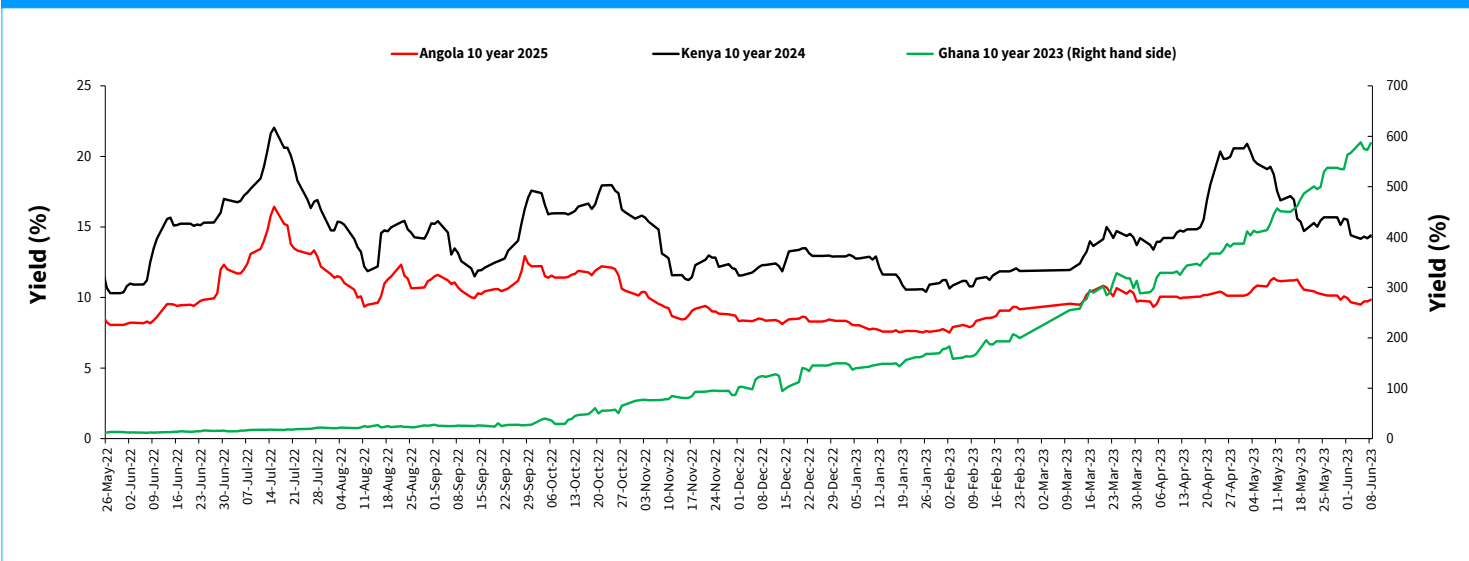
Table 6: Performance of Key Market Indicators

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
26-May-23	97.93	2540.08	1488.15	1,452	28.38	462.72	1,524.48	2,159.40	13.341	15.689	12.131	12.058	11.196	11.639
29-May-23	99.33	2589.01	1513.22	1,082	9.14	115.87	1,546.38	255.55	13.341	15.689	12.131	12.058	11.196	11.639
30-May-23	101.80	2640.21	1531.84	1,278	23.89	347.83	1,584.98	2,123.85	13.053	15.151	11.935	11.858	11.068	11.518
31-May-23	103.69	2664.89	1546.83	1,144	15.60	272.22	1,614.55	1,630.60	13.058	15.595	11.937	11.916	11.093	11.578
29-May-23	Public Holiday								12.957	15.523	11.944	11.861	11.044	11.518
May 26- June 1	103.69	2664.89	1546.83	4,956.00	77.02	1,198.64	1,614.55	6,169.40	12.957	15.523	11.944	11.861	11.044	11.518
2-Jun-23	105.10	2699.78	1556.55	1,295	13.66	237.56	1,636.57	897.95	12.498	14.417	11.671	11.664	10.814	11.341
5-Jun-23	106.09	2739.41	1586.29	1,230	6.99	103.03	1,652.10	2,618.10	12.33	14.157	11.557	11.524	10.688	11.206
6-Jun-23	106.51	2745.39	1583.33	1,338	13.93	194.07	1,658.66	1,400.90	12.335	14.317	11.559	11.525	10.689	11.206
7-Jun-23	106.43	2744.39	1588.83	1,305	8.51	110.20	1,657.40	1,992.40	12.225	14.196	11.561	11.526	10.715	11.206
8-Jun-23	105.90	2734.81	1587.29	1,138	5.22	125.56	1,649.08	972.30	12.295	14.398	11.568	11.528	10.693	11.225
June 2-8	105.90	2734.81	1587.29	6,306.00	48.32	770.42	1,649.08	7,881.65	12.295	14.398	11.568	11.528	10.693	11.225
Weekly Changes (Percent)	2.13	2.62	2.62	27.24	-37.26	-35.73	2.14	27.75	-0.662*	-1.125*	-0.376*	-0.333*	-0.351*	-0.293*

* 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)

	24-Jun-22	30-Sep-22	30-Dec-22	31-Mar-23	28-Apr-23	19-May-23	26-May-23	2-Jun-23
1. Treasury Bills (Excluding Repos)	620.28	672.28	671.51	665.86	665.88	638.40	627.57	623.76
(As % of total securities)	14.88	15.61	15.32	15.01	14.97	14.40	14.16	14.03
2. Treasury Bonds	3,549.53	3,634.86	3,710.62	3,771.03	3,781.43	3,793.56	3,804.12	3,821.34
(As % of total securities)	85.12	84.39	84.68	84.99	85.03	85.60	85.84	85.97
3. Total Securities (1+2)	4,169.81	4,307.14	4,382.13	4,436.89	4,447.31	4,431.96	4,431.69	4,445.10
4. Overdraft at Central Bank	65.86	27.25	58.50	77.98	69.60	66.35	74.15	76.46
5. Other Domestic debt*	30.55	30.90	32.76	24.73	24.73	24.69	25.41	25.40
6. Gross Domestic Debt (3+4+5)	4,266.23	4,365.29	4,473.39	4,539.59	4,541.64	4,523.00	4,531.24	4,546.95

Source: Central Bank of Kenya

* Other domestic debt includes clearing items in transit, advances from commercial banks and Pre-1997 Government Overdraft.

Table 8: Composition of Government Domestic Debt by Instrument (Percent)

	25-Mar-22	24-Jun-22	30-Sep-22	30-Dec-22	31-Mar-23	28-Apr-23	26-May-23	2-Jun-23
Treasury bills (Excluding Repos)	15.81	14.54	15.40	15.01	14.67	14.66	13.85	13.72
Treasury bonds	82.09	83.20	83.27	82.95	83.07	83.26	83.95	84.04
Overdraft at Central Bank	1.46	1.54	0.62	1.31	1.72	1.53	1.64	1.68
Other domestic debt	0.64	0.72	0.71	0.73	0.54	0.54	0.56	0.56
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-Sep-22	30-Dec-22	31-Mar-23	28-Apr-23	19-May-23	26-May-23	02-Jun-23
Banking Institutions	48.74	47.60	46.84	46.13	45.65	45.44	45.39	45.25
Insurance Companies	7.14	7.32	7.37	7.39	7.50	7.54	7.61	7.59
Parastatals	5.84	6.09	6.06	6.04	6.14	6.21	6.19	6.18
Pension Funds	32.39	32.75	33.31	33.42	33.64	33.85	33.82	34.27
Other Investors	5.89	6.24	6.43	7.01	7.08	6.96	6.99	6.71
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	Jun-22	Sep-22	Dec-22	Jan-23	Feb-23	Mar-23
Domestic debt (KSh Bn)	4,032.37	4,191.77	4,288.33	4,366.30	4,472.84	4,501.71	4,551.56	4,539.59
Public & Publicly Guaranteed External debt (USD Bn)	36.90	36.82	36.58	36.00	37.88	37.63	37.13	36.66
Public & Publicly Guaranteed External debt (KSh Bn)	4,174.37	4,209.56	4,290.73	4,334.80	4,673.14	4,681.12	4,709.72	4,851.09
Public debt (KSh Bn)	8,206.74	8,401.33	8,579.06	8,701.10	9,145.98	9,182.83	9,261.28	9,390.69

* Provisional

Source: The National Treasury and Central Bank of Kenya