



Central Bank of Kenya

# Weekly Bulletin

May 19, 2023



## RECENT MONETARY AND FINANCIAL DEVELOPMENTS

### Exchange Rates

The Kenya Shilling remained relatively stable against major international and regional currencies during the week ending May 18. It exchanged at KSh 137.37 per US dollar on May 18, compared to KSh 136.79 per US dollar on May 11 (**Table 1**).

### Foreign Exchange Reserves

The usable foreign exchange reserves remained adequate at USD 6,297 million (3.50 months of import cover) as at May 18. This meets the CBK's statutory requirement to endeavor to maintain at least 4 months of import cover (**Table 2**).

### Remittances

Remittance inflows in April 2023 totalled USD 320.3 million compared to USD 357.0 million in March, a decrease of 10.5 percent (**Chart 1**). The cumulative inflows for the 12 months to April remittance totalled USD 3,985 million compared to USD 3,968 million in a similar period 2022, an increase of 0.4 percent. The remittance inflows continue to support the current account and the foreign exchange market. The US remains the largest source of remittances into Kenya, accounting for 57 percent.

### Money Market

Liquidity in the money market increased during the week ending May 18, as government payments more than offset government receipts. Commercial banks' excess reserves stood at KSh 36.4 billion in relation to the 4.25 percent cash reserves requirement (CRR). Open market operations remained active. The average interbank rate was 9.26 percent on May 18 compared to 9.33 percent on May 11. During the week, the average number of interbank deals remained relatively stable at 33 compared with 34 in the previous week, while the average value traded increased to KSh 22.9 billion from KSh 18.6 billion in the previous week (**Table 3**).

### Government Securities Market

The Treasury bill auction of May 18, received bids totaling KSh 36.0 billion against an advertised amount of KSh 24.0 billion, representing a performance of 150.1 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 was stable, while NSE 25 and NSE 20 share price indices decreased by 0.5 percent and 1.5 percent, respectively, during the week ending May 18. Market capitalisation was stable, while equity turnover and total shares traded increased by 104.2 percent and 110.3 percent, respectively (**Table 6**).

### Bond Market

Bond turnover in the domestic secondary market increased by 69.3 percent during the week ending May 18 (**Table 6**). In the international market, yields on Kenya's Eurobonds declined by an average of 82.5 basis points, with 2024 maturity declining by 218.3 basis points. The yield on the 10- Year Eurobonds for Angola declined while that of Ghana increased (**Chart 3**).

### Global Trends

Inflation concerns in major economies continued to ease. Market sentiment improved on the optimism regarding the U.S debt ceiling and the decline in U.S weekly jobless claims which fell to 242,000 in the week ending May 13. In addition, the Eurozone recorded a 0.1 growth in 2023 Q1. The US dollar index strengthened by 1.4 percent against a basket of major currencies during the week ending May 18.

International oil prices declined during the week. Murban oil price decreased to USD 75.81 per barrel on May 18 from USD 76.45 per barrel on May 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-May-23	136.68	172.09	149.70	100.97	27.28	17.23	8.18	15.29
8-May-23	136.47	171.84	150.10	101.26	27.22	17.24	8.17	15.27
9-May-23	136.59	172.81	150.79	101.16	27.31	17.24	8.18	15.30
10-May-23	136.68	172.09	149.70	100.97	27.28	17.23	8.18	15.29
11-May-23	136.79	173.01	150.25	101.54	27.16	17.22	8.17	20.60
<b>May 5-11</b>	<b>136.64</b>	<b>172.37</b>	<b>150.11</b>	<b>101.18</b>	<b>27.25</b>	<b>17.23</b>	<b>8.18</b>	<b>16.35</b>
12-May-23	136.88	171.55	149.36	101.91	27.22	17.20	8.17	20.59
15-May-23	136.98	171.38	149.19	100.60	27.16	17.19	8.18	20.63
16-May-23	137.10	171.51	149.15	100.82	27.15	17.21	8.17	20.56
17-May-23	137.24	171.70	149.36	100.37	27.12	17.17	8.16	20.54
18-May-23	137.37	171.38	148.81	100.17	27.12	17.18	8.16	20.50
<b>May 12-18</b>	<b>137.11</b>	<b>171.50</b>	<b>149.17</b>	<b>100.78</b>	<b>27.15</b>	<b>17.19</b>	<b>8.17</b>	<b>20.57</b>

\*Units of currency per Kenya Shilling

Source: Central Bank of Kenya

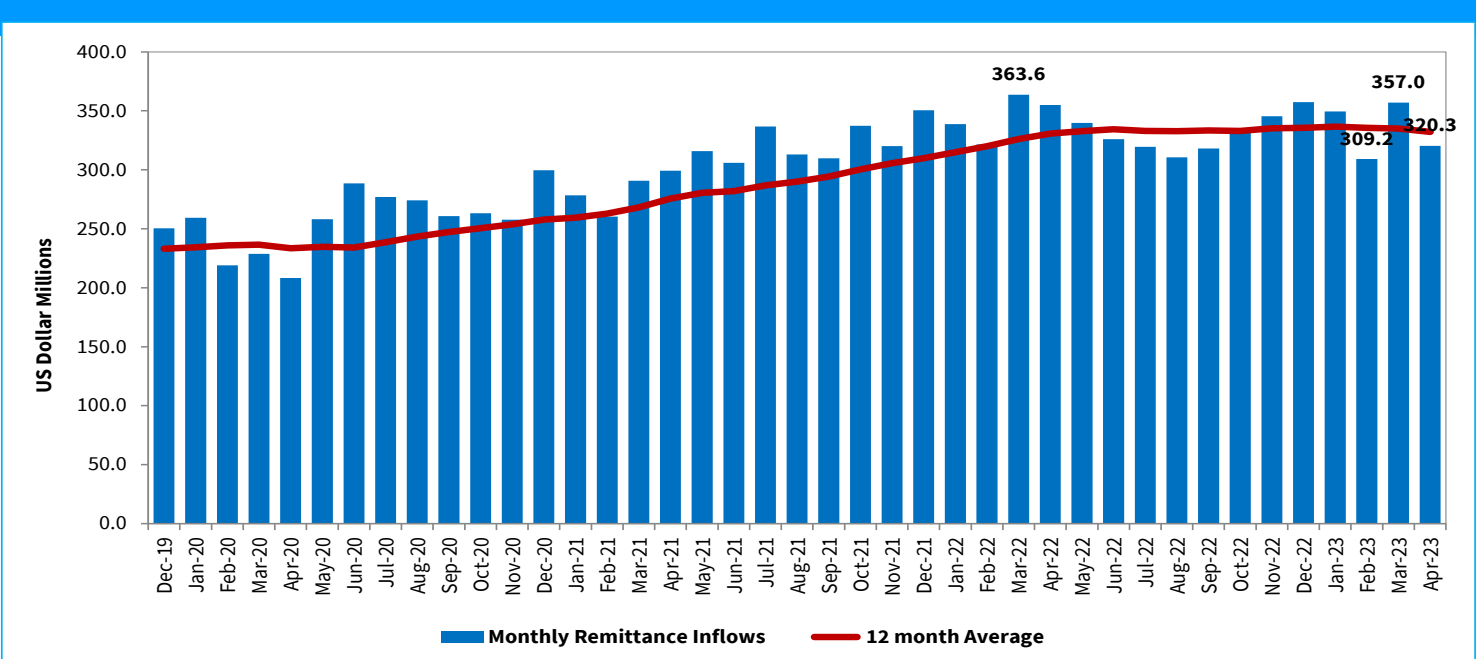
**Table 2: Official Foreign Exchange Reserves (USD Million)**

	19-Apr-23	27-Apr-23	4-May-23	11-May-23	18-May-23
1. CBK Usable Foreign Exchange Reserves (USD Million)	6,539	6,508	6,492	6,468	6,297
2. CBK Usable Foreign Exchange Reserves (Months of Import Cover)*	3.64	3.62	3.61	3.60	3.50

\*Based on 36 months average of imports of goods and non-factor services

Source: Central Bank of Kenya

**Chart 1: Remittances**



Source: Central Bank of Kenya

**Table 3: Money Markets**

Date	Number of Deals	Value (KSh M)	Average Interbank Rate (%)
5-May-23	47	26,580.00	9.83
8-May-23	22	7,400.00	9.72
9-May-23	31	15,270.00	9.68
10-May-23	37	23,010.00	9.55
11-May-23	35	20,850.00	9.33
<b>May 5-11</b>	<b>34</b>	<b>18,622.00</b>	<b>9.62</b>
12-May-23	52	30,525.00	9.19
15-May-23	28	18,450.00	9.25
16-May-23	28	22,850.00	9.25
17-May-23	25	24,540.00	9.24
18-May-23	31	18,150.00	9.26
<b>May 12-18</b>	<b>33</b>	<b>22,903.00</b>	<b>9.24</b>

Source: Central Bank of Kenya

**Table 4: Performance of Treasury Bill Auctions**

91-Day Treasury Bills						
Date of Auction	29-Dec-22	23-Feb-23	30-Mar-23	27-Apr-23	11-May-23	18-May-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	11,362.17	2,904.04	6,687.26	34,630.13	24,093.19
Amount Accepted (KSh M)	2,120.42	10,788.16	2,765.00	6,635.51	34,578.29	24,044.50
Maturities (KSh M)	2,539.95	11,427.55	2,158.40	16,506.35	27,634.85	21,384.50
<b>Average Interest Rate (%)</b>	<b>9.369</b>	<b>9.655</b>	<b>9.907</b>	<b>10.275</b>	<b>10.410</b>	<b>10.518</b>
182-Day Treasury Bills						
Date of Auction	29-Dec-22	23-Feb-23	30-Mar-23	27-Apr-23	11-May-23	18-May-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	4,404.63	3,547.05	872.19	8,844.05	4,216.40
Amount Accepted (KSh M)	434.69	4,402.73	3,457.80	870.76	8,843.58	4,216.40
Maturities (KSh M)	1,660.95	2,275.05	3,176.30	2,142.40	11,535.10	13,865.05
<b>Average Interest Rate (%)</b>	<b>9.834</b>	<b>10.117</b>	<b>10.399</b>	<b>10.511</b>	<b>10.853</b>	<b>10.978</b>
364-Day Treasury Bills						
Date of Auction	29-Dec-22	23-Feb-23	30-Mar-23	27-Apr-23	11-May-23	18-May-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	3,668.17	1,810.42	1,444.18	1,863.64	7,711.94
Amount Accepted (KSh M)	1,691.33	3,656.13	1,810.42	1,439.24	1,863.46	7,707.39
Maturities (KSh M)	5,396.40	7,306.55	2,660.05	10,155.10	10,842.30	13,134.55
<b>Average Interest Rate (%)</b>	<b>10.308</b>	<b>10.676</b>	<b>10.800</b>	<b>11.124</b>	<b>11.270</b>	<b>11.390</b>

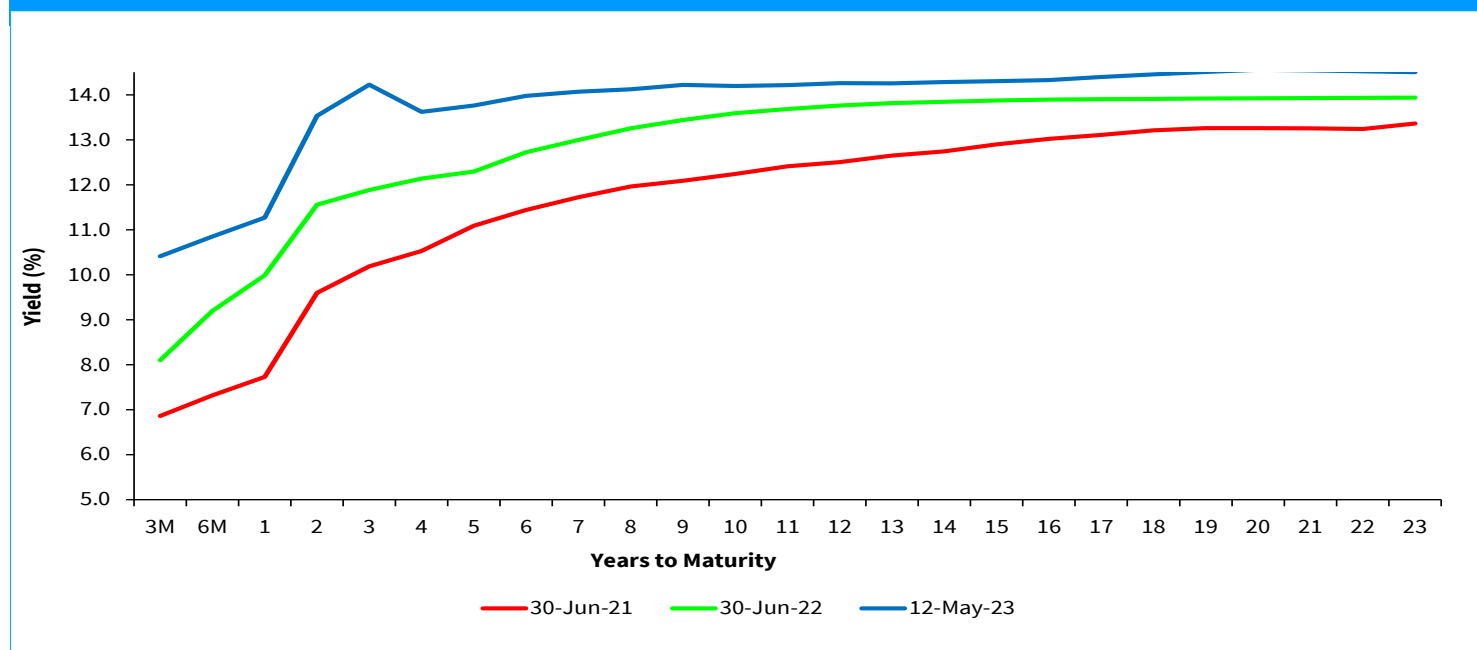
Source: Central Bank of Kenya

**Table 5: Performance of Treasury Bond Auctions**

Date of Auction	20-Jan-23		17-Feb-23		17-Mar-23	19-Apr-23	10-May-23
	TAP		TAP		TAP	RE-OPEN	
Tenor	FXD1/ 2020/005	FXD1/ 2022/015	FXD1/ 2017/10	FXD1/ 2023/10	IFB1/ 2023/017	FXD1/ 2022/03	FXD1/ 2023/003
Amount offered (KSh M)	10,000.00		10,000.00		20,000.00	30,000.00	20,000.00
Bids received (KSh M)	13,902.65	4,119.30	8,855.70	3,607.55	12,712.30	7,328.96	20,744.34
Amount Accepted (KSh M)	13,571.35	4,056.03	8,593.57	3,607.23	12,711.16	1,757.09	20,293.99
Maturities (KSh M)							8,245.00
Average interest Rate (%)	12.88	14.19	13.88	14.15	14.40	13.47	14.23

Source: Central Bank of Kenya

**Chart 2: Government Securities Yield Curve**



Source: Nairobi Securities Exchange (NSE)

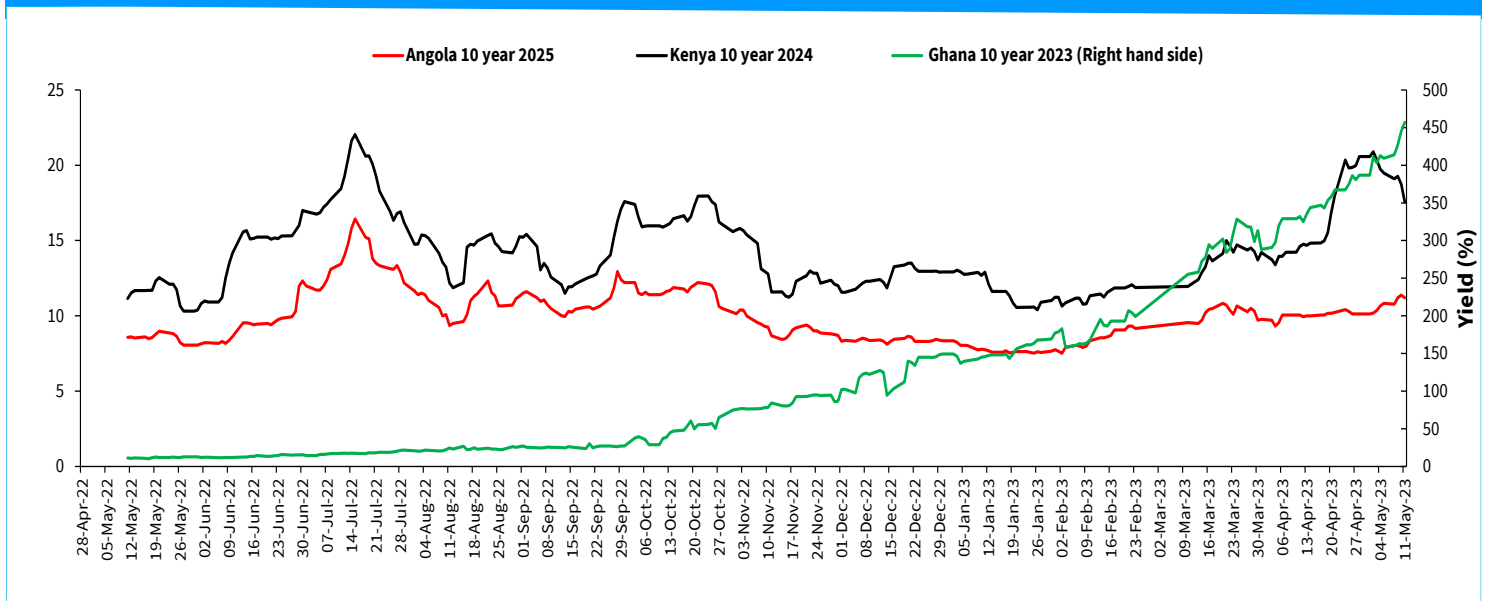
**Table 6: Performance of Key Market Indicators**

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
5-May-23	103.05	2721.36	1534.47	1,227	8.41	152.01	1,604.57	2,600.15	15.321	19.490	13.676	12.990	12.277	12.482
8-May-23	103.60	2729.23	1534.01	1,056	3.61	37.27	1,613.06	1,805.98	15.640	19.097	13.679	13.146	12.278	12.482
9-May-23	102.09	2691.47	1524.46	1,919	10.53	141.10	1,589.60	2,014.85	15.523	19.269	13.597	13.023	12.337	12.505
10-May-23	100.51	2644.25	1507.78	1,255	10.06	203.29	1,564.80	4,009.98	15.281	18.733	13.432	12.932	12.251	12.436
11-May-23	98.34	2596.94	1497.91	1,433	21.52	434.70	1,530.97	2,612.60	15.056	17.554	13.273	12.844	12.140	12.323
<b>May 5-11</b>	<b>98.34</b>	<b>2596.94</b>	<b>1497.91</b>	<b>6,890.00</b>	<b>54.13</b>	<b>968.37</b>	<b>1,530.97</b>	<b>13,043.56</b>	<b>15.056</b>	<b>17.554</b>	<b>13.273</b>	<b>12.844</b>	<b>12.140</b>	<b>12.323</b>
12-May-23	93.58	2,504.77	1,472.21	1,495	44.5	594.8	1456.65	4309	14.756	16.885	13.193	12.754	12.027	12.211
15-May-23	93.04	2,498.67	1,467.52	1,371	26.7	496.6	1448.23	3549	15.009	17.189	13.195	12.847	12.142	12.256
16-May-23	96.82	2,560.92	1,474.49	978	6.1	154.7	1507.14	5516	14.831	16.936	12.991	12.666	11.945	12.145
17-May-23	99.98	2,606.89	1,483.01	1,446	24.5	502.0	1556.65	4541	14.351	15.579	12.707	12.517	11.751	12.036
18-May-23	98.34	2,585.28	1,475.32	2,017	12.1	229.6	1530.97	4164	14.25	15.371	12.593	12.402	11.672	11.951
<b>May 11-18</b>	<b>98.34</b>	<b>2585.28</b>	<b>1475.32</b>	<b>7,307.00</b>	<b>113.85</b>	<b>1,977.77</b>	<b>1,530.97</b>	<b>22,079.03</b>	<b>14.250</b>	<b>15.371</b>	<b>12.593</b>	<b>12.402</b>	<b>11.672</b>	<b>11.951</b>
<b>Weekly Changes (%)</b>	<b>0.00</b>	<b>-0.45</b>	<b>-1.51</b>	<b>6.05</b>	<b>110.33</b>	<b>104.24</b>	<b>0.00</b>	<b>69.27</b>	<b>-0.806*</b>	<b>-2.183*</b>	<b>-0.680*</b>	<b>-0.442*</b>	<b>-0.468*</b>	<b>-0.372*</b>

\* Percentage points

Source: Nairobi Securities Exchange (NSE) and Thomson Reuters

**Chart 3: Yields on 10-Year Eurobonds for Selected Countries**



Source: Thomson Reuters

\*Published yields data on Ghana is 10 year 2023 Euro bond, were last updated on 5th April 2023.

**Table 7: Government Domestic Debt (KSh Billion)**

	24-Jun-22	30-Sep-22	30-Dec-22	28-Feb-23	31-Mar-23	28-Apr-23	5-May-23	12-May-23
1. Treasury Bills (Excluding Repos)	620.28	672.28	671.51	675.41	665.86	665.88	646.35	641.73
<i>(As % of total securities)</i>	<b>14.88</b>	<b>15.61</b>	<b>15.32</b>	<b>15.18</b>	<b>15.01</b>	<b>14.97</b>	<b>14.60</b>	<b>14.51</b>
2. Treasury Bonds	3,549.53	3,634.86	3,710.62	3,773.45	3,771.03	3,781.43	3,781.43	3,781.43
<i>(As % of total securities)</i>	<b>85.12</b>	<b>84.39</b>	<b>84.68</b>	<b>84.82</b>	<b>84.99</b>	<b>85.03</b>	<b>85.40</b>	<b>85.49</b>
3. Total Securities (1+2)	4,169.81	4,307.14	4,382.13	4,448.85	4,436.89	4,447.31	4,427.78	4,423.16
4. Overdraft at Central Bank	65.86	27.25	58.50	68.73	77.98	69.60	78.53	73.86
5. Other Domestic debt*	30.55	30.90	32.76	33.98	24.73	24.73	24.72	24.70
<b>6. Gross Domestic Debt (3+4+5)</b>	<b>4,266.23</b>	<b>4,365.29</b>	<b>4,473.39</b>	<b>4,551.56</b>	<b>4,539.59</b>	<b>4,541.64</b>	<b>4,531.03</b>	<b>4,521.72</b>

\* 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)**

	25-Mar-22	24-Jun-22	30-Sep-22	30-Dec-22	28-Feb-23	31-Mar-23	28-Apr-23	12-May-23
Treasury bills (Excluding Repos)	15.81	14.54	15.40	15.01	14.84	14.67	14.66	14.19
Treasury bonds	82.09	83.20	83.27	82.95	82.90	83.07	83.26	83.63
Overdraft at Central Bank	1.46	1.54	0.62	1.31	1.51	1.72	1.53	1.63
Other domestic debt	0.64	0.72	0.71	0.73	0.75	0.54	0.54	0.55
<b>TOTAL</b>	<b>100.00</b>	<b>100.00</b>	<b>100.00</b>	<b>100.00</b>	<b>100.00</b>	<b>100.00</b>	<b>100.00</b>	100.00

Source: Central Bank of Kenya

**Table 9: Government Domestic Debt by Holder (Percent)**

	31-Dec-21	25-Mar-22	24-Jun-22	30-Sep-22	30-Dec-22	31-Mar-23	28-Apr-23	12-May-23
Banking Institutions	50.20	49.29	48.74	47.60	46.84	46.13	45.65	45.56
Insurance Companies	6.79	6.87	7.14	7.32	7.37	7.39	7.50	7.53
Parastatals	5.57	5.72	5.84	6.09	6.06	6.04	6.14	6.13
Pension Funds	31.34	31.75	32.39	32.75	33.31	33.42	33.64	33.74
Other Investors	6.10	6.37	5.89	6.24	6.43	7.01	7.08	7.05
<b>Total</b>	<b>100.00</b>	<b>100.00</b>	<b>100.00</b>	<b>100.00</b>	<b>100.00</b>	<b>100.00</b>	<b>100.00</b>	<b>100.00</b>

Source: Central Bank of Kenya

**Table 10: Government Debt**

	<b>Dec-21</b>	<b>Mar-22</b>	<b>Jun-22</b>	<b>Sep-22</b>	<b>Dec-22</b>	<b>Jan-23</b>	<b>Feb-23</b>	<b>Mar-23</b>
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)	<b>8,206.74</b>	<b>8,401.33</b>	<b>8,579.06</b>	<b>8,701.10</b>	<b>9,145.98</b>	<b>9,182.83</b>	<b>9,261.28</b>	<b>9,390.69</b>

\* Provisional

Source: The National Treasury and Central Bank of Kenya