



Central Bank of Kenya

# Weekly Bulletin

August 25, 2023



## RECENT MONETARY AND FINANCIAL DEVELOPMENTS

### Exchange Rates

The Kenya Shilling remained relatively stable against major international and regional currencies during the week ending August 24. It exchanged at KSh 144.72 per US dollar on August 24, compared to KSh 144.04 per US dollar on August 17 (**Table 1**).

### Foreign Exchange Reserves

The usable foreign exchange reserves remained adequate at USD 7,153 million (3.91 months of import cover) as at August 24. 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 decreased during the week ending August 24. Commercial banks' excess reserves stood at KSh 5.8 billion in relation to the 4.25 percent cash reserves requirement (CRR). Open market operations remained active. The average interbank rate was 11.97 percent on August 24 compared to 11.22 percent on August 17. During the week, the average number of interbank deals decreased to 40 from 53 in the previous week, while the average value traded increased to KSh 27.7 billion from KSh 22.9 billion in the previous week (**Table 3**).

### Government Securities Market

The Treasury bill auction of August 24 received bids totaling KSh 23.0 billion against an advertised amount of KSh 24.0 billion, representing a performance of 95.8 percent. Interest rates remained stable, with the 91-day, 182-day and 364-day rates increasing marginally (**Table 4**).

During the Treasury bonds tap sale of August 24, the 2-year fixed rate Treasury bond and the 5-year fixed rate Treasury

bond received bids totaling KSh 23.6 billion against an advertised amount of KSh 21 billion, representing a performance rate of 112.4 percent (**Table 5**).

### Equity Market

At the Nairobi Securities Exchange, the NASI, NSE 25 and NSE 20 share price indices declined by 1.9 percent, 2.2 percent and 1.3 percent, respectively, during the week ending August 24. Market capitalization declined by 1.9 percent. Similarly, equity turnover and total shares traded declined by 69.3 percent and 70.8 percent, respectively (**Table 6**).

### Bond Market

Bond turnover in the domestic secondary market declined by 53.3 percent during the week ending August 24 (**Table 6**). In the international market, yields on Kenya's Eurobonds declined by an average of 39.5 basis points, with the 2024 maturity declining by 121.3 basis points. The yield on the 10- Year Eurobonds for Angola also declined while that of Zambia increased (**Chart 2**).

### Global Trends

Inflation concerns in major economies have continued to ease. Equity markets remained calm as investors awaited the Fed reserve indication on the interest rate outlook. The US dollar index strengthened by 0.4 percent against a basket of major currencies during the week ending August 24.

International oil prices decreased during the week ending August 24, attributed to concerns about the pace of China's economic growth. Murban oil price declined to USD 85.90 per barrel on August 24 from USD 86.02 per barrel on August 17.

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

	USD	Sterling Pound	Euro	100 Japanese Yen	Uganda Shilling*	Tanzania Shilling*	Rwandese Franc*	Burundi Franc*
11-Aug-23	143.58	183.25	158.31	99.56	26.01	17.31	8.22	19.74
14-Aug-23	143.61	182.33	157.52	99.15	25.97	17.41	8.22	19.74
15-Aug-23	143.76	182.03	156.86	98.92	25.88	17.32	8.22	19.72
16-Aug-23	143.91	183.15	157.43	99.01	25.88	17.41	8.21	19.70
17-Aug-23	144.04	183.55	157.23	98.39	25.86	17.32	8.21	19.68
<b>Aug 11-17</b>	<b>143.78</b>	<b>182.86</b>	<b>157.47</b>	<b>99.00</b>	<b>25.92</b>	<b>17.35</b>	<b>8.21</b>	<b>19.71</b>
18-Aug-23	144.18	184.00	157.14	98.93	25.94	17.30	8.20	19.66
21-Aug-23	144.32	183.73	156.83	99.28	25.92	17.36	8.19	19.63
22-Aug-23	144.41	184.08	157.30	98.93	25.76	17.35	8.20	19.64
23-Aug-23	144.56	184.32	157.16	99.24	25.77	17.26	8.20	19.62
24-Aug-23	144.72	183.11	156.51	99.69	25.71	17.24	8.22	19.60
<b>Aug 18-24</b>	<b>144.44</b>	<b>183.85</b>	<b>156.99</b>	<b>99.21</b>	<b>25.82</b>	<b>17.30</b>	<b>8.20</b>	<b>19.63</b>

\*Units of currency per Kenya Shilling

Source: Central Bank of Kenya

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

	27-Jul-23	3-Aug-23	10-Aug-23	17-Aug-23	24-Aug-23
1. CBK Usable Foreign Exchange Reserves (USD Million)	7,377	7,330	7,357	7,290	7,153
2. CBK Usable Foreign Exchange Reserves (Months of Import Cover)*	4.03	4.00	4.02	3.98	3.91

\*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 (%)
11-Aug-23	46	24,500.00	9.05
14-Aug-23	46	18,270.00	9.17
15-Aug-23	47	20,706.00	9.11
16-Aug-23	65	24,830.00	10.21
17-Aug-23	59	26,190.00	11.22
<b>Aug 11-17</b>	<b>53</b>	<b>22,899.20</b>	<b>9.75</b>
18-Aug-23	59	21,930.00	11.90
21-Aug-23	37	30,600.00	12.00
22-Aug-23	35	33,520.00	11.72
23-Aug-23	34	26,680.00	11.84
24-Aug-23	37	25,720.00	11.97
<b>Aug 18-24</b>	<b>40</b>	<b>27,690.00</b>	<b>11.89</b>

Source: Central Bank of Kenya

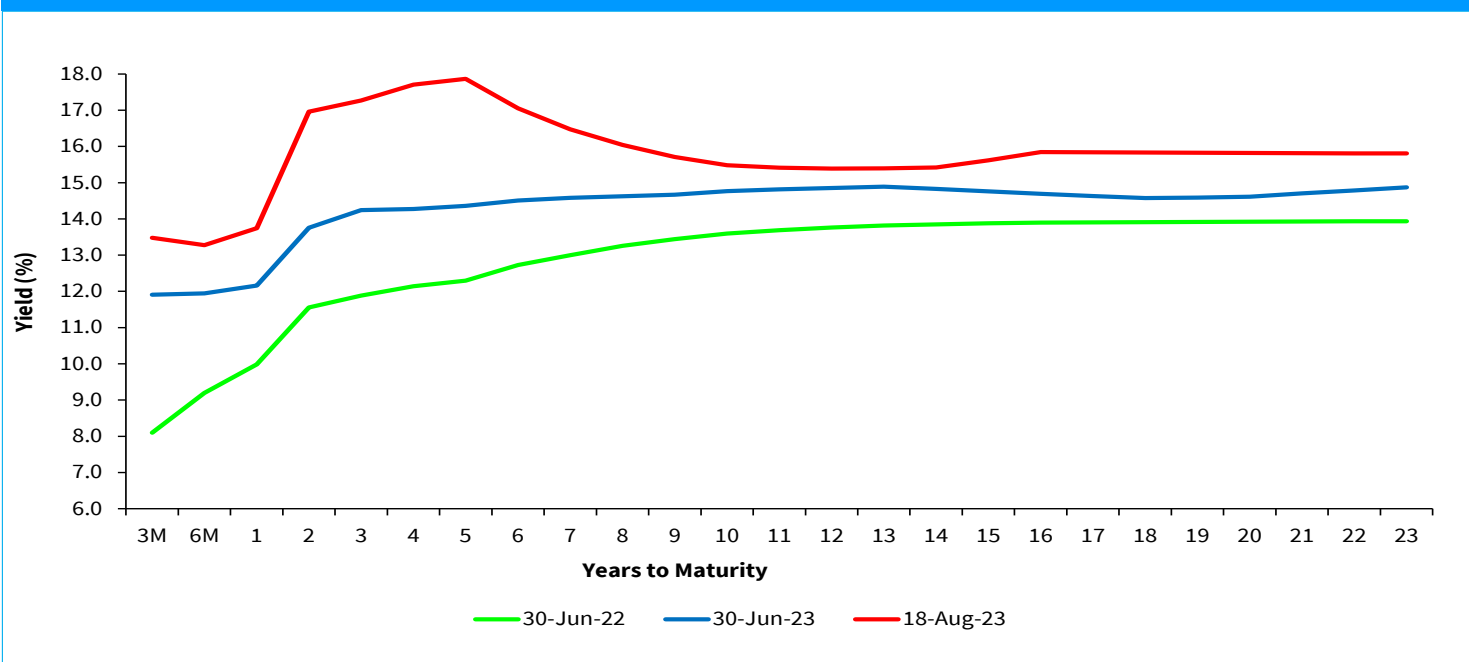
Table 4: Performance of Treasury Bill Auctions						
91-Day Treasury Bills						
Date of Auction	29-Dec-22	30-Mar-23	29-Jun-23	10-Aug-23	17-Aug-23	24-Aug-23
Amount Offered (KSh M)	4,000.00	4,000.00	4,000.00	4,000.00	4,000.00	4,000.00
Bids Received (KSh M)	2,180.21	2,904.04	5,779.97	41,784.79	38,229.57	18,217.54
Amount Accepted (KSh M)	2,120.42	2,765.00	2,705.12	41,682.03	37,138.25	15,624.63
Maturities (KSh M)	2,539.95	2,158.40	2,814.15	35,438.65	24,583.55	13,537.30
Average Interest Rate (%)	9.369	9.907	11.904	13.110	13.475	13.733
182-Day Treasury Bills						
Date of Auction	29-Dec-22	30-Mar-23	29-Jun-23	10-Aug-23	17-Aug-23	24-Aug-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	5,254.89	3,865.53	2,576.12
Amount Accepted (KSh M)	434.69	3,457.80	1,300.96	5,248.14	3,851.45	2,574.65
Maturities (KSh M)	1,660.95	3,176.30	442.15	9,690.50	18,389.10	4,624.55
Average Interest Rate (%)	9.834	10.399	11.947	13.438	13.276	13.491
364-Day Treasury Bills						
Date of Auction	29-Dec-22	30-Mar-23	29-Jun-23	10-Aug-23	17-Aug-23	24-Aug-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	895.03	2,592.05	2,198.68
Amount Accepted (KSh M)	1,691.33	1,810.42	1,514.41	883.65	2,590.06	2,189.08
Maturities (KSh M)	5,396.40	2,660.05	2,417.65	1,522.25	1,220.30	4,824.45
Average Interest Rate (%)	10.308	10.800	12.157	13.340	13.746	14.014

Source: Central Bank of Kenya

Table 5: Performance of Treasury Bond Auctions								
Date of Auction	12-Jul-23		21-Jul-23		16-Aug-23		24-Aug-23	
	RE-OPENED		TAP			RE-OPENED	TAP	
Tenor	FXD1/ 2016/10	FXD1/ 2023/05	FXD1/ 2023/05	FXD1/ 2023/02	FXD1/ 2023/02	FXD1/ 2023/05	FXD1/ 2023/02	FXD1/ 2023/05
Amount offered (KSh M)	40,000.00		20,000.00		40,000.00		21,000.00	
Bids received (KSh M)	22,663.75	29,099.83	32,216.95	12,212.15	38,301.96	14,704.44	17,375.70	6,225.05
Amount Accepted (KSh M)	15,740.47	22,832.72	31,230.14	12,210.68	11,659.58	7,456.28	17,373.51	6,123.42
Maturities (KSh M)								
Average interest Rate (%)	16.33	16.84	16.33	16.84	16.97	17.95	16.97	17.95

Source: Central Bank of Kenya

### Chart 1: Government Securities Yield Curve



Source: Nairobi Securities Exchange (NSE)

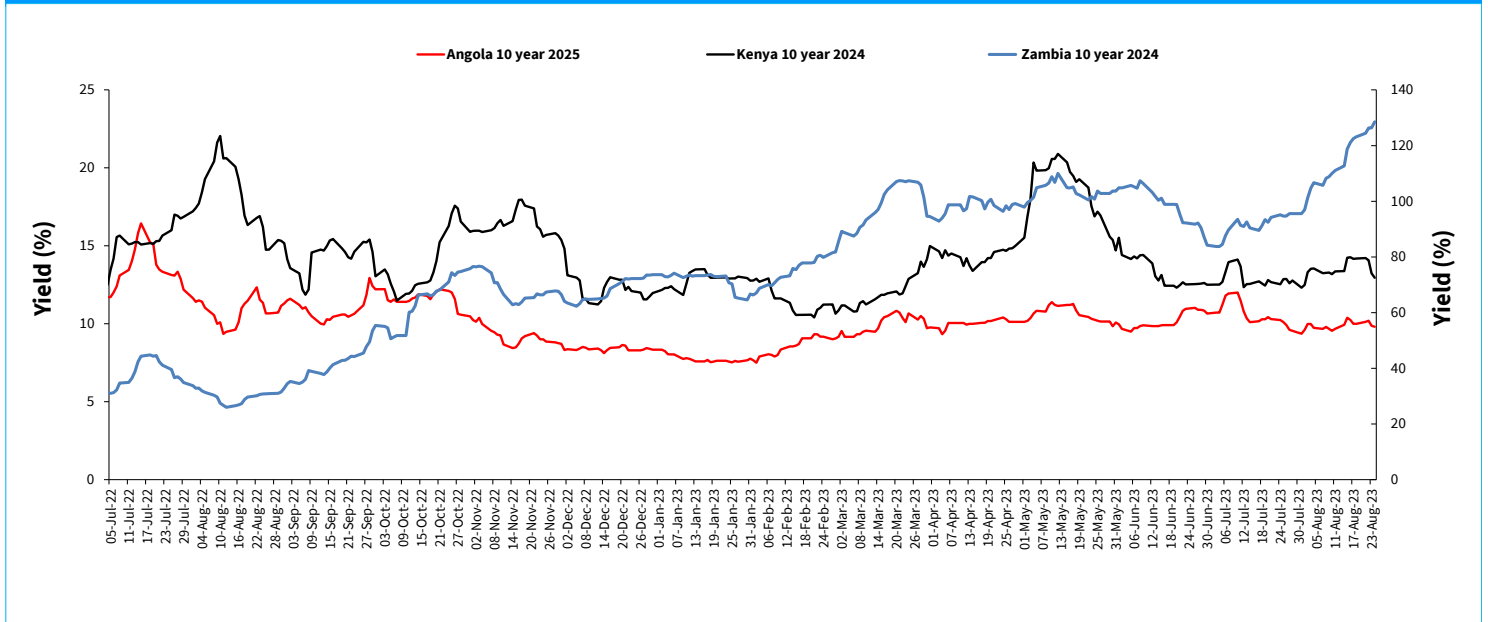
### Table 6: Performance of Key Market Indicators

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
11-Aug-23	104	2709.30	1594.02	910	10.19	227.23	1619.44	2,140.35	11.348	13.363	11.157	11.052	10.595	10.97
14-Aug-23	103.23	2688.57	1576.76	1,265	24.56	462.89	1607.40	778.95	11.586	13.384	11.356	11.218	10.748	11.139
15-Aug-23	102.77	2671.78	1562.82	991	4.50	134.40	1600.24	5,171.25	12.246	14.241	11.759	11.498	11.059	11.37
16-Aug-23	100.02	2624.47	1550.44	1,107	36.84	808.36	1557.25	2,775.80	12.251	14.264	11.721	11.47	11.008	11.35
17-Aug-23	102.21	2647.03	1547.58	1,029	9.43	153.08	1591.35	4,058.30	12.266	14.165	11.728	11.473	11.01	11.37
<b>August 11-17</b>	<b>102.21</b>	<b>2647.03</b>	<b>1547.58</b>	<b>5,302.00</b>	<b>85.52</b>	<b>1,785.97</b>	<b>1,591.35</b>	<b>14,924.65</b>	<b>12.266</b>	<b>14.165</b>	<b>11.728</b>	<b>11.473</b>	<b>11.01</b>	<b>11.37</b>
18-Aug-23	101.35	2620.76	1532.46	1,001	4.83	128.42	1577.92	1,078.45	12.271	14.189	11.771	11.502	11.064	11.41
21-Aug-23	100.86	2595.95	1531.20	975	4.93	124.46	1570.28	1,115.60	12.336	14.212	11.814	11.531	11.091	11.45
22-Aug-23	100.69	2591.34	1529.53	960	4.08	106.97	1567.74	1,766.00	12.341	14.065	11.817	11.532	11.065	11.41
23-Aug-23	99.74	2577.09	1531.23	970	7.45	112.73	1552.80	947.75	11.984	13.233	11.617	11.392	10.936	11.274
24-Aug-23	100.32	2589.99	1528.30	870	3.67	75.00	1561.87	2,060.60	11.878	12.952	11.504	11.283	10.809	11.217
<b>August 18-24</b>	<b>100.32</b>	<b>2589.99</b>	<b>1528.30</b>	<b>4,776.00</b>	<b>24.96</b>	<b>547.59</b>	<b>1,561.87</b>	<b>6,968.40</b>	<b>11.878</b>	<b>12.952</b>	<b>11.504</b>	<b>11.283</b>	<b>10.809</b>	<b>11.217</b>
<b>Weekly Changes (%)</b>	<b>-1.85</b>	<b>-2.15</b>	<b>-1.25</b>	<b>-9.92</b>	<b>-70.82</b>	<b>-69.34</b>	<b>-1.85</b>	<b>-53.31</b>	<b>-0.388*</b>	<b>-1.213*</b>	<b>-0.224*</b>	<b>-0.190*</b>	<b>-0.201*</b>	<b>-0.153*</b>

\* 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	30-Jun-23	28-Jul-23	11-Aug-23	18-Aug-23
1. Treasury Bills (Excluding Repos)	620.28	672.28	671.51	665.86	614.73	597.66	567.20	569.43
<i>(As % of total securities)</i>	<b>14.88</b>	<b>15.61</b>	<b>15.32</b>	<b>15.01</b>	<b>13.28</b>	<b>12.73</b>	<b>12.16</b>	<b>12.20</b>
2. Treasury Bonds	3,549.53	3,634.86	3,710.62	3,771.03	4,013.89	4,097.24	4,097.24	4,097.24
<i>(As % of total securities)</i>	<b>85.12</b>	<b>84.39</b>	<b>84.68</b>	<b>84.99</b>	<b>86.72</b>	<b>87.27</b>	<b>87.84</b>	<b>87.80</b>
3. Total Securities (1+2)	4,169.81	4,307.14	4,382.13	4,436.89	4,628.62	4,694.91	4,664.45	4,666.68
4. Overdraft at Central Bank	65.86	27.25	58.50	77.98	76.46	48.18	78.45	78.01
5. Other Domestic debt*	30.55	30.90	32.76	24.73	25.61	31.49	31.48	31.48
<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>4,539.59</b>	<b>4,730.69</b>	<b>4,774.58</b>	<b>4,774.38</b>	<b>4,776.17</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)**

	24-Jun-22	30-Sep-22	30-Dec-22	31-Mar-23	30-Jun-23	28-Jul-23	11-Aug-23	18-Aug-23
Treasury bills (Excluding Repos)	14.54	15.40	15.01	14.67	12.99	12.52	11.88	11.92
Treasury bonds	83.20	83.27	82.95	83.07	84.85	85.81	85.82	85.79
Overdraft at Central Bank	1.54	0.62	1.31	1.72	1.62	1.01	1.64	1.63
Other domestic debt	0.72	0.71	0.73	0.54	0.54	0.66	0.66	0.66
<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 9: Government Domestic Debt by Holder (Percent)**

	24-Jun-22	30-Sep-22	30-Dec-22	31-Mar-23	30-Jun-23	28-Jul-23	11-Aug-23	18-Aug-23
Banking Institutions	48.74	47.60	46.84	46.13	46.17	45.25	45.33	45.20
Insurance Companies	7.14	7.32	7.37	7.39	7.31	7.36	7.35	7.35
Parastatals	5.84	6.09	6.06	6.04	5.98	5.96	6.05	6.09
Pension Funds	32.39	32.75	33.31	33.42	33.42	33.83	33.70	33.43
Other Investors	5.89	6.24	6.43	7.01	7.13	7.59	7.57	7.93
<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**

	Dec-21	Mar-22	Jun-22	Sep-22	Dec-22	Mar-23	Apr-23	May-23
Domestic debt (KSh Bn)	4,032.37	4,191.77	4,288.33	4,366.30	4,472.84	4,539.59	4,541.64	4,549.65
Public & Publicly Guaranteed External debt (USD Bn)	36.90	36.82	36.58	36.00	37.88	36.66	37.47	37.09
Public & Publicly Guaranteed External debt (KSh Bn)	4,174.37	4,209.56	4,290.73	4,334.80	4,673.14	4,851.09	5,092.50	5,137.16
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>9,390.69</b>	<b>9,634.14</b>	<b>9,686.81</b>

\* Provisional

Source: The National Treasury and Central Bank of Kenya