



Central Bank of Kenya

# Weekly Bulletin

August 18, 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 17. It exchanged at KSh 144.04 per US dollar on August 17, compared to KSh 143.44 per US dollar on August 10 (**Table 1**).

### Foreign Exchange Reserves

The usable foreign exchange reserves remained adequate at USD 7,290 million (3.98 months of import cover) as at August 17. This meets the CBK's statutory requirement to endeavor to maintain at least 4 months of import cover (**Table 2**).

### Remittances

Remittance inflows in July 2023 hit a record monthly high of USD 378.1 million compared to USD 319.4 million in July 2022, a 18.4 percent increase (**Chart 1**). The cumulative inflows for the 12 months to July 2023 totaled USD 4,076 million compared to USD 3,995 million in the same period in 2022, an increase of 2.0 percent. The strong remittances inflows continue to support the current account and the stability of the exchange rate. The US remains the largest source of remittances into Kenya, accounting for 55 percent in July 2023.

### Money Market

Liquidity in the money market decreased during the week ending August 17. Commercial banks' reserves stood at a shortfall of KSh 3.4 billion in relation to the 4.25 percent cash reserves requirement (CRR). Open market operations remained active. The average interbank rate was 11.22 percent on August 17 compared to 8.80 percent on August 10. During the week, the average number of interbank deals increased to 53 from 35 in the previous week, while the average value traded increased to KSh 22.9 billion from KSh 22.2 billion in the previous week (**Table 3**).

### Government Securities Market

The Treasury bill auction of August 17 received bids totaling KSh 44.7 billion against an advertised amount of KSh 24.0 billion, representing a performance of 186.2 percent. Interest rates remained stable, with 182-day rates

declining while the 91-day and 364-day rates increased marginally (**Table 4**).

During the Treasury bonds auction of August 16, the new 2-year fixed rate Treasury bond and the re-opened 5-year fixed rate Treasury bond received bids totaling KSh 53.0 billion against an advertised amount of KSh 40 billion, representing a performance rate of 132.5 percent (**Table 5**).

### Equity Market

At the Nairobi Securities Exchange, the NASI and NSE 25 and NSE 20 share price indices declined by 2.0 percent and 2.6 percent and 2.9 percent, respectively, during the week ending August 17. Market capitalization declined by 2.7 percent, while equity turnover and total shares traded increased by 70.7 percent, and 69.1 percent, respectively (**Table 6**).

### Bond Market

Bond turnover in the domestic secondary market declined by 10.2 percent during the week ending August 17 (**Table 6**). In the international market, yields on Kenya's Eurobonds declined by an average of 68.7 basis points, with the 2024 maturity increasing by 98.6 basis points. The yield on the 10-Year Eurobonds for Zambia and Angola also increased (**Chart 3**).

### Global Trends

Inflation concerns in major economies have continued to ease. The U.K and Japan inflation declined to 6.8 percent and 3.1 percent in July from 7.9 percent and 3.3 percent in June, respectively. The US dollar index strengthened by 1.0 percent against a basket of major currencies during the week ending August 17.

International oil prices decreased during the week ending August 17, as China's economic recovery continues to disappoint while the U.S. dollar strengthens. Murban oil price declined to USD 88.07 per barrel on August 17 from USD 90.10 per barrel on August 10.

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

	USD	Sterling Pound	Euro	100 Japanese Yen	Uganda Shilling*	Tanzania Shilling*	Rwandese Franc*	Burundi Franc*
4-Aug-23	142.89	181.25	156.25	100.35	25.30	17.46	8.24	19.82
7-Aug-23	142.99	182.21	157.09	100.62	25.24	17.45	8.21	19.75
8-Aug-23	143.12	182.57	157.30	99.89	25.26	17.29	8.23	19.80
9-Aug-23	143.27	181.97	156.80	100.10	25.27	17.24	8.23	19.78
10-Aug-23	143.44	182.68	157.51	100.01	25.48	17.43	8.22	19.76
<b>Aug 4-10</b>	<b>143.14</b>	<b>182.14</b>	<b>156.99</b>	<b>100.20</b>	<b>25.31</b>	<b>17.37</b>	<b>8.23</b>	<b>19.78</b>
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>

\*Units of currency per Kenya Shilling

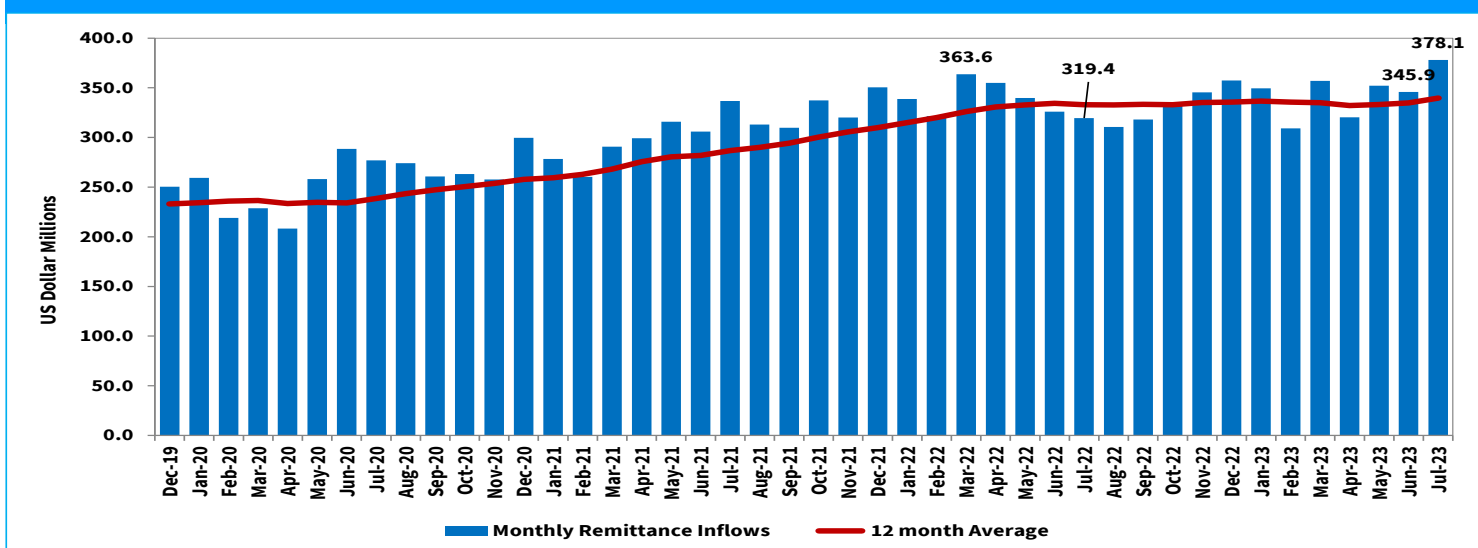
Source: Central Bank of Kenya

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

	20-Jul-23	27-Jul-23	3-Aug-23	10-Aug-23	17-Aug-23
1. CBK Usable Foreign Exchange Reserves (USD Million)	7,885	7,377	7,330	7,357	7,290
2. CBK Usable Foreign Exchange Reserves (Months of Import Cover)*	4.31	4.03	4.00	4.02	3.98

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

Source: Central Bank of Kenya

**Chart 1: Remittances**

Source: Nairobi Securities Exchange (NSE)

**Table 3: Money Markets**

Date	Number of Deals	Value (KSh M)	Average Interbank Rate (%)
4-Aug-23	52	30,550.50	17.07
7-Aug-23	20	13,607.00	16.31
8-Aug-23	34	19,350.00	13.51
9-Aug-23	33	17,600.00	10.39
10-Aug-23	38	29,850.00	8.80
<b>Aug 4-10</b>	<b>35</b>	<b>22,191.50</b>	<b>13.21</b>
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>

Source: Central Bank of Kenya

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

91-Day Treasury Bills						
Date of Auction	29-Sep-22	29-Dec-22	30-Mar-23	29-Jun-23	10-Aug-23	17-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)	5,129.43	2,180.21	2,904.04	5,779.97	41,784.79	38,229.57
Amount Accepted (KSh M)	2,487.10	2,120.42	2,765.00	2,705.12	41,682.03	37,138.25
Maturities (KSh M)	4,035.00	2,539.95	2,158.40	2,814.15	35,438.65	24,583.55
<b>Average Interest Rate (%)</b>	<b>8.952</b>	<b>9.369</b>	<b>9.907</b>	<b>11.904</b>	<b>13.110</b>	<b>13.475</b>
182-Day Treasury Bills						
Date of Auction	29-Sep-22	29-Dec-22	30-Mar-23	29-Jun-23	10-Aug-23	17-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)	3,049.07	434.69	3,547.05	2,195.96	5,254.89	3,856.53
Amount Accepted (KSh M)	3,039.53	434.69	3,457.80	1,300.96	5,248.14	3,851.45
Maturities (KSh M)	3,248.05	1,660.95	3,176.30	442.15	9,690.50	18,389.10
<b>Average Interest Rate (%)</b>	<b>9.631</b>	<b>9.834</b>	<b>10.399</b>	<b>11.947</b>	<b>13.438</b>	<b>13.276</b>
364-Day Treasury Bills						
Date of Auction	29-Sep-22	29-Dec-22	30-Mar-23	29-Jun-23	10-Aug-23	17-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)	1,133.80	1,691.33	1,810.42	1,514.41	895.03	2,592.05
Amount Accepted (KSh M)	1,124.70	1,691.33	1,810.42	1,514.41	883.65	2,590.06
Maturities (KSh M)	1,775.15	5,396.40	2,660.05	2,417.65	1,522.25	1,220.30
<b>Average Interest Rate (%)</b>	<b>9.905</b>	<b>10.308</b>	<b>10.800</b>	<b>12.157</b>	<b>13.340</b>	<b>13.746</b>

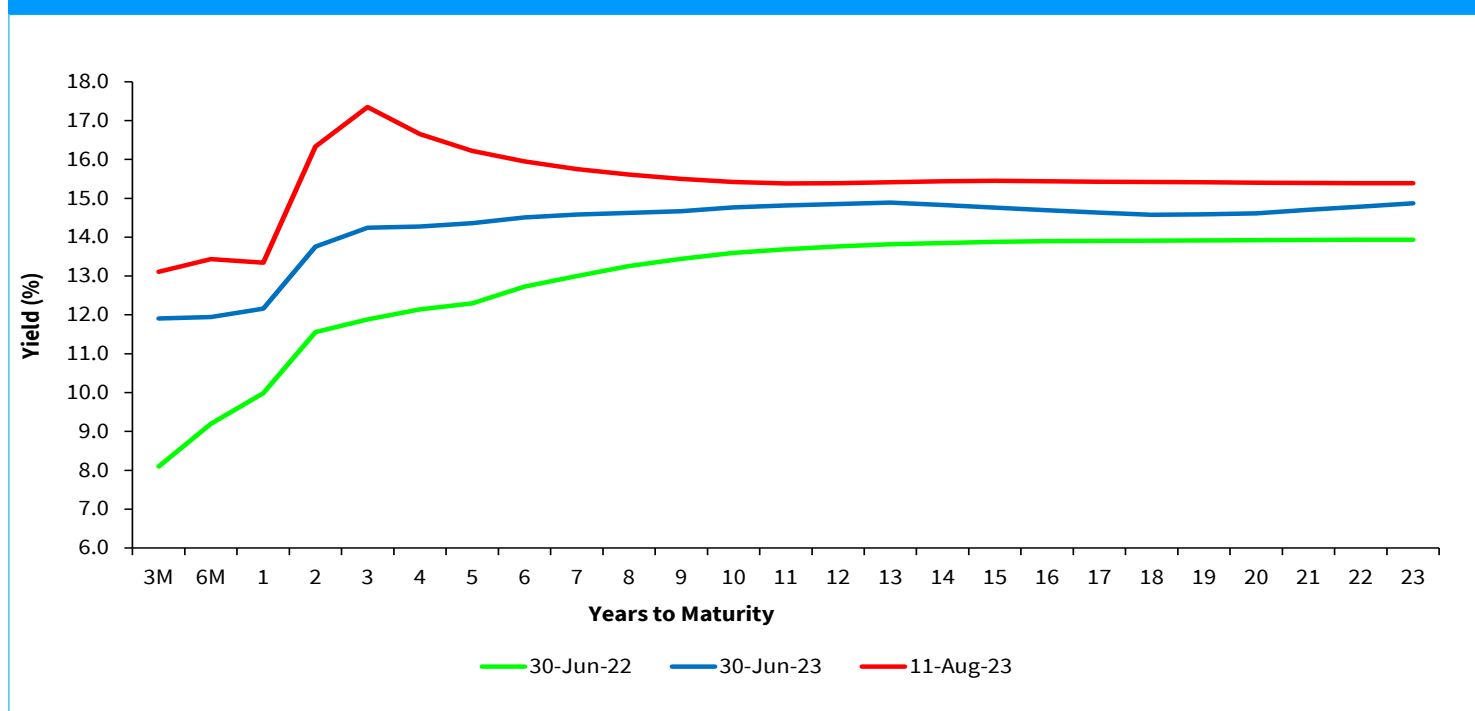
Source: Central Bank of Kenya

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

Date of Auction	23-Jun-23	12-Jul-23		21-Jul-23		16-Aug-23	
	TAP	RE-OPENED		TAP			RE-OPEN
Tenor	FXD1/2023 /03	FXD1/2016 /10	FXD1/2023 /05	FXD1/2016 /10	FXD1/2023 /05	FXD1/2023 /02	FXD1/2023 /05
Amount offered (KSh M)	15,000.00	40,000.00		20,000.00		40,000.00	
Bids received (KSh M)	18,560.05	22,663.75	29,099.83	32,216.95	12,212.15	38,301.96	14,704.44
Amount Accepted (KSh M)	18,552.07	15,740.47	22,832.72	31,230.14	12,210.68	11,659.58	7,456.28
Maturities (KSh M)							
Average interest Rate (%)	14.23	16.33	16.84	16.33	16.84	16.97	17.95

Source: Central Bank of Kenya

**Chart 2: Government Securities Yield Curve**



Source: Nairobi Securities Exchange (NSE)

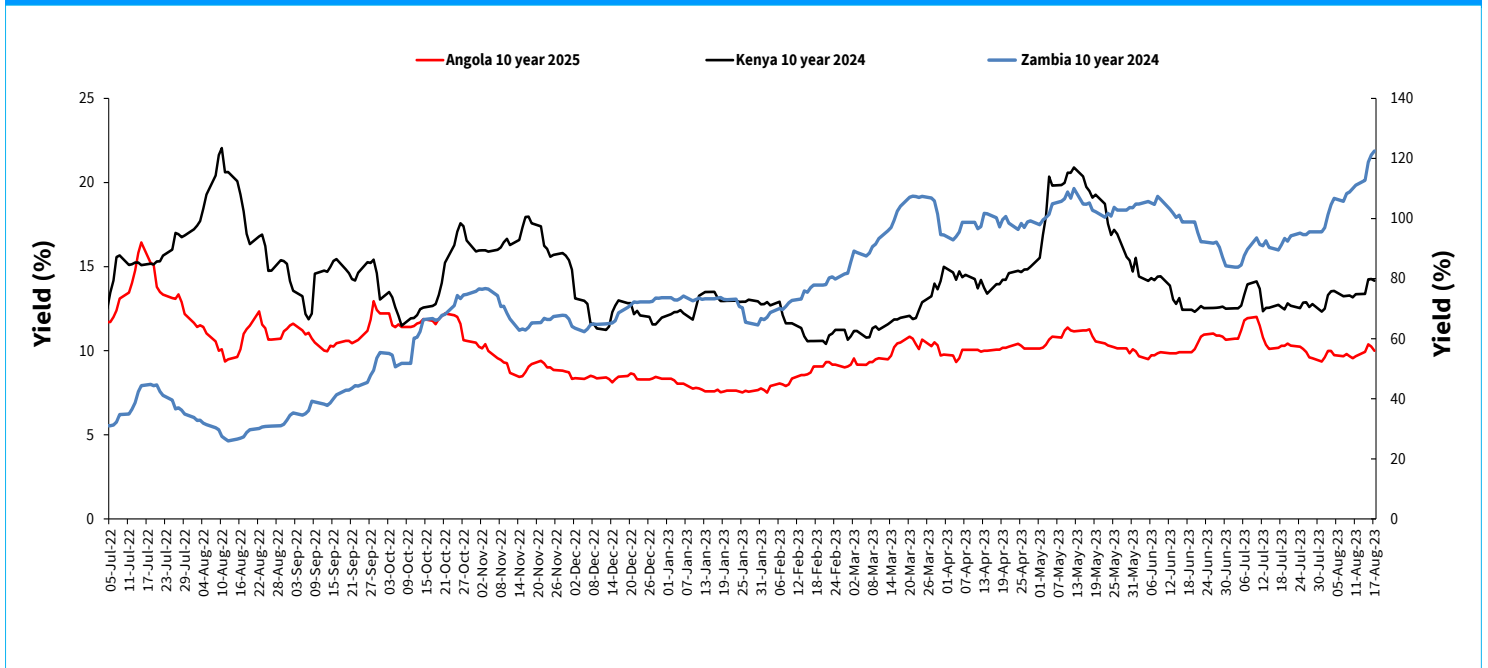
**Table 6: Performance of Key Market Indicators**

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
4-Aug-23	106	2,759	1,594	930	3.10	32.47	1653.32	4124	11.611	13.549	11.181	11.074	10.615	10.988
7-Aug-23	106.15	2756.36	1594.10	1,020	6.69	122.34	1653.01	3648	11.498	13.244	11.183	11.021	10.591	10.988
8-Aug-23	104.91	2726.78	1578.50	1,011	8.28	172.73	1633.68	2492	11.502	13.264	11.225	11.076	10.592	10.988
9-Aug-23	105.05	2729.60	1588.69	912	11.70	378.01	1635.82	2086	11.448	13.283	11.188	11.049	10.592	10.97
10-Aug-23	104.33	2718.32	1594.44	1,055	20.81	340.86	1624.57	4265	11.285	13.179	11.038	10.97	10.519	10.897
<b>Aug 4-10</b>	<b>104.33</b>	<b>2718.32</b>	<b>1594.44</b>	<b>4,928.00</b>	<b>50.58</b>	<b>1,046.41</b>	<b>1,624.57</b>	<b>16,614.91</b>	<b>11.285</b>	<b>13.179</b>	<b>11.038</b>	<b>10.97</b>	<b>10.519</b>	<b>10.897</b>
11-Aug-23	104	2709.30	1594.02	910	10.19	227.23	1619.44	2140.35	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	5171.25	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	2775.8	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	4058.3	12.266	14.165	11.728	11.473	11.01	11.37
<b>Aug 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>
<b>Weekly Changes (%)</b>	<b>-2.03</b>	<b>-2.62</b>	<b>-2.94</b>	<b>7.59</b>	<b>69.09</b>	<b>70.68</b>	<b>-2.04</b>	<b>-10.17</b>	<b>0.981*</b>	<b>0.986*</b>	<b>0.690*</b>	<b>0.503*</b>	<b>0.491*</b>	<b>0.473*</b>

\* Percentage points

Source: Nairobi Securities Exchange (NSE) and Thomson Reuters

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



Source: Thomson Reuters

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

	31-Mar-22	24-Jun-22	30-Sep-22	30-Dec-22	31-Mar-23	30-Jun-23	4-Aug-23	11-Aug-23
1. Treasury Bills (Excluding Repos)	656.45	620.28	672.28	671.51	665.86	614.73	585.13	567.20
<i>(As % of total securities)</i>	<b>16.02</b>	<b>14.88</b>	<b>15.61</b>	<b>15.32</b>	<b>15.01</b>	<b>13.28</b>	<b>12.50</b>	<b>12.16</b>
2. Treasury Bonds	3,440.61	3,549.53	3,634.86	3,710.62	3,771.03	4,013.89	4,097.24	4,097.24
<i>(As % of total securities)</i>	<b>83.98</b>	<b>85.12</b>	<b>84.39</b>	<b>84.68</b>	<b>84.99</b>	<b>86.72</b>	<b>87.50</b>	<b>87.84</b>
3. Total Securities (1+2)	4,097.06	4,169.81	4,307.14	4,382.13	4,436.89	4,628.62	4,682.38	4,664.45
4. Overdraft at Central Bank	68.40	65.86	27.25	58.50	77.98	76.46	61.52	78.45
5. Other Domestic debt*	26.32	30.55	30.90	32.76	24.73	25.61	31.52	31.48
<b>6. Gross Domestic Debt (3+4+5)</b>	<b>4,191.77</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>4,775.42</b>	<b>4,774.38</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	31-Mar-23	30-Jun-23	4-Aug-23	11-Aug-23
Treasury bills (Excluding Repos)	15.81	14.54	15.40	15.01	14.67	12.99	12.25	11.88
Treasury bonds	82.09	83.20	83.27	82.95	83.07	84.85	85.80	85.82
Overdraft at Central Bank	1.46	1.54	0.62	1.31	1.72	1.62	1.29	1.64
Other domestic debt	0.64	0.72	0.71	0.73	0.54	0.54	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)**

	30-Sep-22	30-Dec-22	31-Mar-23	28-Apr-23	26-May-23	30-Jun-23	4-Aug-23	11-Aug-23
Banking Institutions	47.60	46.84	46.13	45.65	45.39	46.23	45.29	45.33
Insurance Companies	7.32	7.37	7.39	7.50	7.61	7.30	7.36	7.35
Parastatals	6.09	6.06	6.04	6.14	6.19	5.97	5.96	6.05
Pension Funds	32.75	33.31	33.42	33.64	33.82	33.37	33.73	33.70
Other Investors	6.24	6.43	7.01	7.08	6.99	7.13	7.67	7.57
<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**

	Mar-22	Jun-22	Sep-22	Dec-22	Feb-23	Mar-23	Apr-23	May-23
Domestic debt (KSh Bn)	4,191.77	4,288.33	4,366.30	4,472.84	4,551.56	4,539.59	4,541.64	4,549.65
Public & Publicly Guaranteed External debt (USD Bn)	36.82	36.58	36.00	37.88	37.13	36.66	37.47	37.09
Public & Publicly Guaranteed External debt (KSh Bn)	4,209.56	4,290.73	4,334.80	4,673.14	4,709.72	4,851.09	5,092.50	5,137.16
Public debt (KSh Bn)	<b>8,401.33</b>	<b>8,579.06</b>	<b>8,701.10</b>	<b>9,145.98</b>	<b>9,261.28</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