



Central Bank of Kenya

Weekly Bulletin

September 29, 2023



RECENT MONETARY AND FINANCIAL DEVELOPMENTS

Exchange Rates

The Kenya Shilling remained relatively stable against major international and regional currencies during the week ending September 28. It exchanged at KSh 147.94 per US dollar on September 28, compared to KSh 147.26 per US dollar on September 21 (**Table 1**).

Foreign Exchange Reserves

The usable foreign exchange reserves remained adequate at USD 6,939 million (3.8 months of import cover) as at September 28. 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 September 28. Commercial banks' excess reserves stood at KSh 19.3 billion in relation to the 4.25 percent cash reserves requirement (CRR). Open market operations remained active. The average interbank rate was 12.34 percent on September 28 compared to 12.18 percent on September 21. During the week, the average number of interbank deals increased to 40 from 37 in the previous week, while the average value traded decreased to KSh 22.5 billion from KSh 25.1 billion in the previous week (**Table 3**).

Government Securities Market

The Treasury bills auction of September 28 received bids totaling KSh 13.7 billion against an advertised amount of KSh 24.0 billion, representing a performance of 56.9 percent. Interest rates remained stable, with the 91-day and 182-day rates increasing marginally while the 364-day rate slightly decreased (**Table 4**).

During the Treasury bond tap sale of September 28, the 10-year and 2-year fixed rate Treasury bonds received bids totaling KSh 3.4 billion against an advertised amount of KSh 15 billion, representing a performance rate of 23.0 percent (**Table 5**).

Equity Market

At the Nairobi Securities Exchange, the NASI, NSE 25 and NSE 20 Share price indices declined by 1.7 percent, 1.6 percent and 0.4 percent, respectively, during the week ending September 28. Market capitalization and equity turnover declined by 1.7 percent and 50.5 percent, respectively, while total shares traded decreased by 41.6 percent (**Table 6**).

Bond Market

Bond turnover in the domestic secondary market increased by 232.9 percent during the week ending September 28 (**Table 6**). In the international market, yields on Kenya's Eurobonds increased by an average of 46.8 basis points, with the 2024 maturity increasing by 188.6 basis points. The yields on the 10- Year Eurobonds for Ghana and Angola also increased (**Chart 2**).

Global Trends

Inflation concerns in advanced economies continued to moderate. German inflation slowed down to 4.5 percent in September from 6.1 percent in August. The US dollar index strengthened by 0.8 percent against a basket of major currencies during the week ending September 28.

International oil prices increased during the week ending September 28, attributed to tight supply and resilient demand. Murban oil price rose to USD 97.35 per barrel on September 28 from USD 95.67 per barrel on September 21.

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

	USD	Sterling Pound	Euro	100 Japanese Yen	Uganda Shilling*	Tanzania Shilling*	Rwandese Franc*	Burundi Franc*
15-Sep-23	146.79	182.38	156.58	99.59	25.41	17.07	8.16	19.30
18-Sep-23	146.91	182.29	156.62	99.48	25.39	16.51	8.15	19.29
19-Sep-23	147.01	182.06	156.81	99.47	25.48	17.04	8.16	19.27
20-Sep-23	147.14	182.44	156.81	99.50	25.45	17.02	8.15	19.26
21-Sep-23	147.26	182.28	156.81	99.70	25.45	17.01	8.15	19.24
Sep 15-21	147.02	182.29	156.73	99.55	25.44	16.93	8.15	19.27
22-Sep-23	147.36	181.02	156.94	99.84	25.47	16.97	8.15	19.23
25-Sep-23	147.47	180.83	157.11	99.51	25.46	16.99	8.16	19.22
26-Sep-23	147.64	180.39	156.80	99.22	25.50	16.97	8.16	19.20
27-Sep-23	147.81	180.07	156.60	99.21	25.51	16.95	8.16	19.18
28-Sep-23	147.94	179.63	155.79	99.08	25.38	16.93	8.17	19.16
Sep 22-28	147.64	180.39	156.65	99.37	25.46	16.96	8.16	19.20

*Units of currency per Kenya Shilling

Source: Central Bank of Kenya

Table 2: Official Foreign Exchange Reserves (USD Million)

	31-Aug-23	7-Sep-23	14-Sep-23	21-Sep-23	28-Sep-23
1. CBK Usable Foreign Exchange Reserves (USD Million)	7,080	7,051	7,067	6,955	6,939
2. CBK Usable Foreign Exchange Reserves (Months of Import Cover)*	3.83	3.81	3.82	3.76	3.75

*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 (%)
15-Sep-23	34	22,270.00	11.97
18-Sep-23	50	32,260.00	12.06
19-Sep-23	34	23,460.00	12.07
20-Sep-23	30	19,330.00	12.09
21-Sep-23	36	28,002.00	12.18
Sep 15-21	37	25,064.40	12.07
22-Sep-23	42	17,086.00	12.47
25-Sep-23	37	20,270.00	12.86
26-Sep-23	40	23,920.00	12.95
27-Sep-23	38	25,182.00	12.85
28-Sep-23	41	26,210.00	12.34
Sep 22-28	40	22,533.60	12.70

Source: Central Bank of Kenya

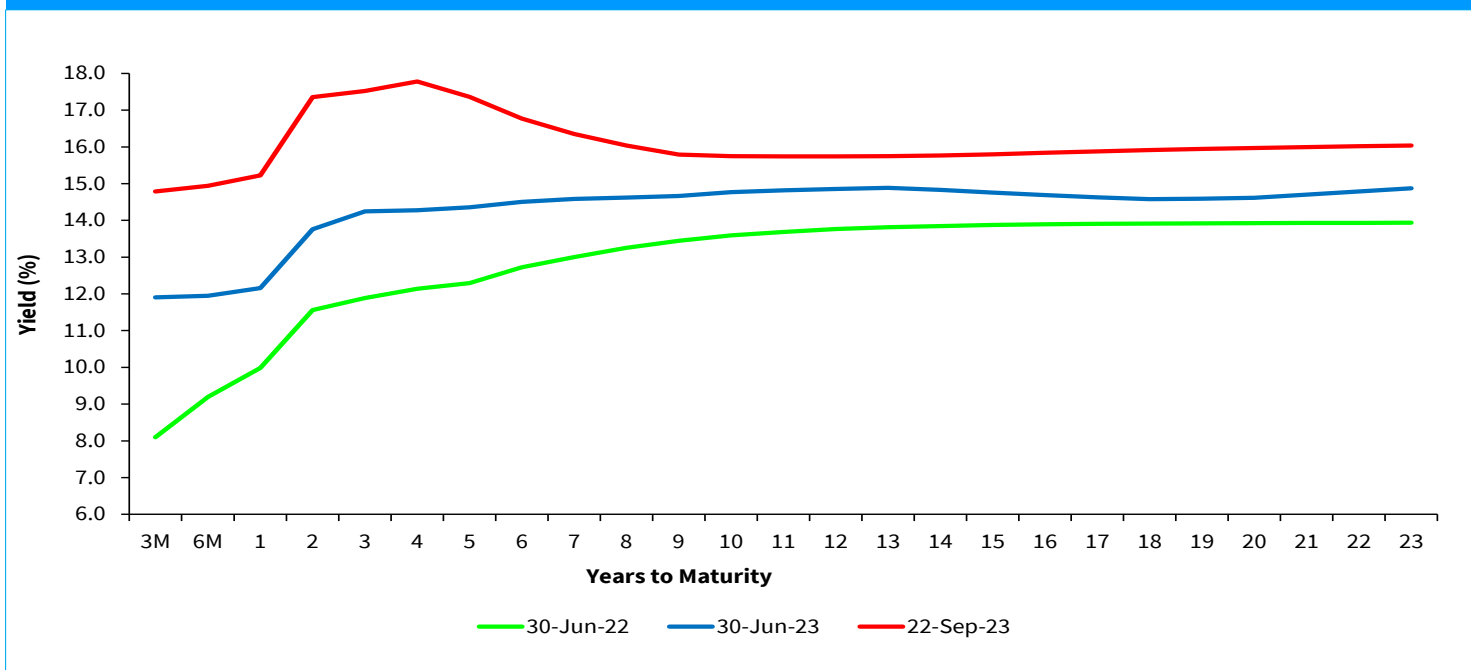
Table 4: Performance of Treasury Bill Auctions						
91-Day Treasury Bills						
Date of Auction	29-Dec-22	30-Mar-23	29-Jun-23	31-Aug-23	21-Sep-23	28-Sep-23
Amount Offered (KSh M)	4,000.00	4,000.00	4,000.00	4,000.00	4,000.00	4,000.00
Bids Received (KSh M)	2,180.21	2,904.04	5,779.97	21,591.12	16,066.87	11,007.63
Amount Accepted (KSh M)	2,120.42	2,765.00	2,705.12	21,517.69	15,533.51	3,303.25
Maturities (KSh M)	2,539.95	2,158.40	2,814.15	18,020.65	11,270.55	2,741.45
Average Interest Rate (%)	9.369	9.907	11.904	13.985	14.787	14.821
182-Day Treasury Bills						
Date of Auction	29-Dec-22	30-Mar-23	29-Jun-23	31-Aug-23	21-Sep-23	28-Sep-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	960.53	1,582.86	809.28
Amount Accepted (KSh M)	434.69	3,457.80	1,300.96	958.52	1,581.72	542.27
Maturities (KSh M)	1,660.95	3,176.30	442.15	6,306.75	3,566.70	3,616.00
Average Interest Rate (%)	9.834	10.399	11.947	13.939	14.940	14.950
364-Day Treasury Bills						
Date of Auction	29-Dec-22	30-Mar-23	29-Jun-23	31-Aug-23	21-Sep-23	28-Sep-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	623.87	2,527.32	1,841.12
Amount Accepted (KSh M)	1,691.33	1,810.42	1,514.41	621.00	1,672.60	670.62
Maturities (KSh M)	5,396.40	2,660.05	2,417.65	3,565.55	1,142.00	1,229.50
Average Interest Rate (%)	10.308	10.800	12.157	13.765	15.221	15.054

Source: Central Bank of Kenya

Table 5: Performance of Treasury Bond Auctions										
Date of Auction	21-Jul-23		16-Aug-23		24-Aug-23		13-Sep-23		28-Sep-23	
	TAP		RE-OPENED		TAP		RE-OPEN		TAP	
Tenor	FXD1/ 2023/05	FXD1/ 2023/02	FXD1/ 2023/02	FXD1/ 2023/05	FXD1/ 2023/02	FXD1/ 2023/05	FXD1/ 2023/02	FXD1/ 2016/10	FXD1/ 2023/002	FXD1/ 2016/010
Amount offered (KSh M)	20,000.00		40,000.00		21,000.00		35,000.00		15,000.00	
Bids received (KSh M)	32,216.95	12,212.15	38,301.96	14,704.44	17,375.70	6,225.05	18,014.85	15,994.38	2,631.25	814.90
Amount Accepted (KSh M)	31,230.14	12,210.68	11,659.58	7,456.28	17,373.51	6,123.42	15,012.62	6,616.01	2,631.25	763.17
Maturities (KSh M)	-	-	-	-	-	-	-	-	-	-
Average interest Rate (%)	16.33	16.84	16.97	17.95	16.97	17.95	17.45	17.93	17.45	17.93

Source: Central Bank of Kenya

Chart 1: Government Securities Yield Curve



Source: Nairobi Securities Exchange (NSE)

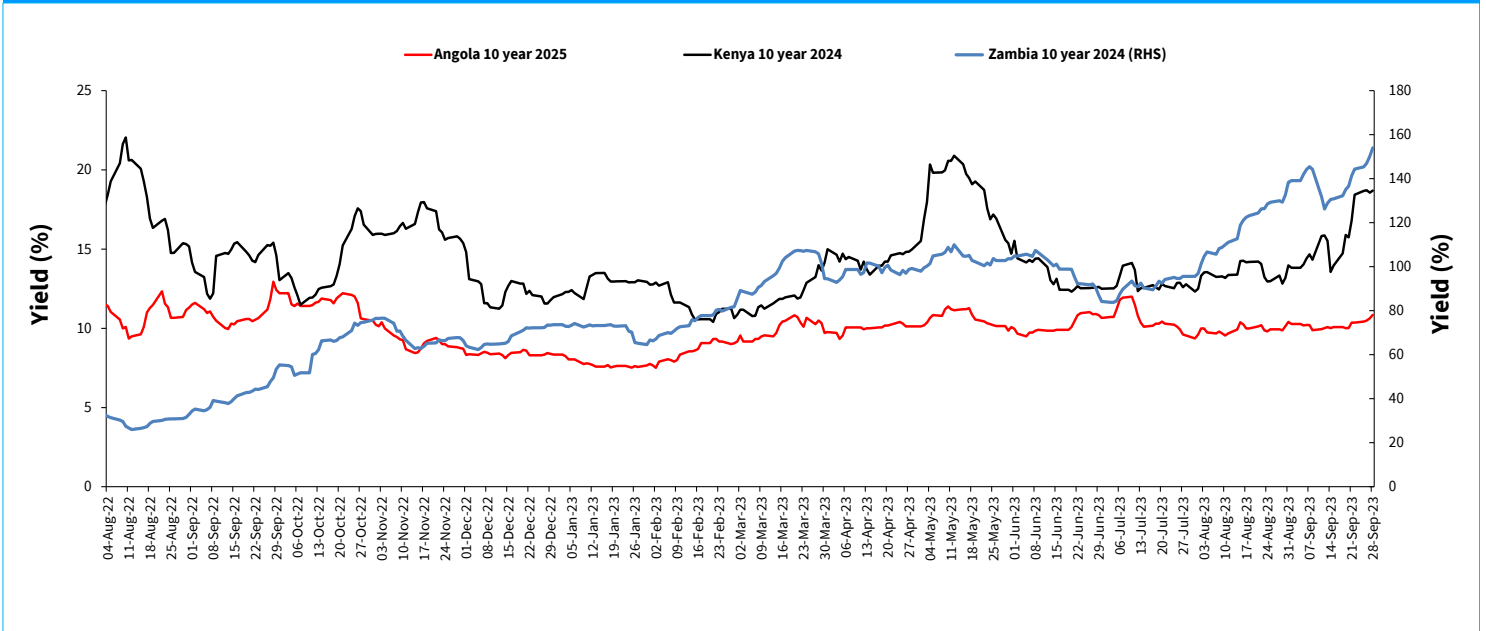
Table 6: Performance of Key Market Indicators

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
15-Sep-23	98.93	2544.78	1530.75	840.00	3.63	85.80	1,545.67	1,350.55	12.348	13.960	11.834	11.499	11.114	11.451
18-Sep-23	98.61	2542.76	1530.08	945.00	2.92	39.76	1,540.68	1,002.65	12.916	14.733	12.250	11.758	11.301	11.611
19-Sep-23	98.18	2535.32	1527.85	1,008.00	13.32	307.95	1,533.98	2,436.15	13.496	15.899	12.675	12.050	11.601	11.838
20-Sep-23	97.17	2522.28	1521.80	980.00	35.71	698.87	1,518.17	4,076.20	13.502	15.741	12.635	12.022	11.602	11.859
21-Sep-23	96.93	2517.07	1520.73	861.00	6.48	84.96	1,514.35	3,950.65	14.043	16.810	12.987	12.293	11.941	12.095
Sep 15-21	96.93	2517.07	1520.73	4,634.00	62.07	1217.3	1,514.35	12,816.20	14.043	16.810	12.987	12.293	11.941	12.095
22-Sep-23	96.79	2,505.69	1,519.26	798.00	10.19	174.66	1,512.23	3,949.75	14.579	18.431	13.427	12.628	12.229	10.358
25-Sep-23	96.73	2,508.41	1,521.78	922.00	5.93	140.12	1,511.33	7,103.05	14.587	18.675	13.474	12.691	12.289	10.427
26-Sep-23	96.63	2,508.45	1,526.53	1,030.00	6.12	100.86	1,509.79	4,067.55	14.528	18.719	13.389	12.723	12.349	10.496
27-Sep-23	95.78	2,488.08	1,517.26	923.00	10.42	125.42	1,496.46	10,976.65	14.469	18.562	13.436	12.755	12.379	10.634
28-Sep-23	95.30	2,476.17	1,514.10	892.00	3.63	61.41	1,488.89	16,570.82	14.558	18.696	13.490	12.884	12.501	10.845
Sep 22-28	95.30	2476.17	1514.10	4,565.00	36.28	602.48	1,488.89	42,667.82	14.558	18.696	13.490	12.884	12.501	10.845
Weekly Changes (%)	-1.68	-1.62	-0.44	-1.49	-41.55	-50.51	-1.68	232.92	0.515*	1.886*	0.503*	0.591*	0.560*	-1.250*

* 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	25-Aug-23	15-Sep-23	22-Sep-23
1. Treasury Bills (Excluding Repos)	620.28	672.28	671.51	665.86	614.73	569.67	562.39	554.80
<i>(As % of total securities)</i>	14.88	15.61	15.32	15.01	13.28	12.16	11.96	11.85
2. Treasury Bonds	3,549.53	3,634.86	3,710.62	3,771.03	4,013.89	4,116.24	4,139.72	4,127.99
<i>(As % of total securities)</i>	85.12	84.39	84.68	84.99	86.72	87.84	88.04	88.15
3. Total Securities (1+2)	4,169.81	4,307.14	4,382.13	4,436.89	4,628.62	4,685.92	4,702.11	4,682.79
4. Overdraft at Central Bank	65.86	27.25	58.50	77.98	76.46	69.08	77.80	78.19
5. Other Domestic debt*	30.55	30.90	32.76	24.73	25.61	31.50	32.32	32.33
6. Gross Domestic Debt (3+4+5)	4,266.23	4,365.29	4,473.39	4,539.59	4,730.69	4,786.50	4,812.24	4,793.31

* 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	25-Aug-23	15-Sep-23	22-Sep-23
Treasury bills (Excluding Repos)	14.54	15.40	15.01	14.67	12.99	11.90	11.69	11.57
Treasury bonds	83.20	83.27	82.95	83.07	84.85	86.00	86.02	86.12
Overdraft at Central Bank	1.54	0.62	1.31	1.72	1.62	1.44	1.62	1.63
Other domestic debt	0.72	0.71	0.73	0.54	0.54	0.66	0.67	0.67
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	30-Jun-23	25-Aug-23	15-Sep-23	22-Sep-23
Banking Institutions	48.74	47.60	46.84	46.13	46.17	44.96	45.06	45.14
Insurance Companies	7.14	7.32	7.37	7.39	7.31	7.33	7.35	7.35
Parastatals	5.84	6.09	6.06	6.04	5.98	6.09	6.03	5.94
Pension Funds	32.39	32.75	33.31	33.42	33.42	33.14	32.50	32.31
Other Investors	5.89	6.24	6.43	7.01	7.13	8.48	9.07	9.26
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	Mar-23	May-23	Jun-23
Domestic debt (KSh Bn)	4,032.37	4,191.77	4,288.33	4,366.30	4,472.84	4,539.59	4,549.65	4,736.60
Public & Publicly Guaranteed External debt (USD Bn)	36.90	36.82	36.58	36.00	37.88	36.66	37.09	38.80
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	5,137.16	5,452.94
Public debt (KSh Bn)	8,206.74	8,401.33	8,579.06	8,701.10	9,145.98	9,390.69	9,686.81	10,189.53

* Provisional

Source: The National Treasury and Central Bank of Kenya