



Central Bank of Kenya

Weekly Bulletin

October 27, 2023



RECENT MONETARY AND FINANCIAL DEVELOPMENTS

Exchange Rates

The Kenya Shilling remained relatively stable against major international and regional currencies during the week ending October 26. It exchanged at KSh 150.27 per US dollar on October 26, compared to KSh 149.79 per US dollar on October 19 (**Table 1**).

Foreign Exchange Reserves

The usable foreign exchange reserves remained adequate at USD 6,836 million (3.67 months of import cover) as at October 26. 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 October 26. Commercial banks' excess reserves stood at KSh 19.8 billion in relation to the 4.25 percent cash reserves requirement (CRR). Open market operations remained active. The average interbank rate was 12.51 percent on October 26 compared to 12.62 percent on October 19. During the week, the average number of interbank deals decreased to 24 from 31 in the previous week, while the average value traded decreased to KSh 14.5 billion from KSh 20.2 billion in the previous week (**Table 3**).

Government Securities Market

The Treasury bills auction of October 26 received bids totaling KSh 18.2 billion against an advertised amount of KSh 24.0 billion, representing a performance of 75.6 percent. Interest rates remained stable, with the 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 declined by 3.6 percent, 1.8 percent and 1.3 percent, respectively during the week ending October 26. Market capitalization, equity turnover and total shares traded also declined by 3.6 percent, 28.3 percent and 16.7 percent, respectively (**Table 6**).

Bond Market

Bond turnover in the domestic secondary market declined by 27.7 percent during the week ending October 26 (**Table 7**). In the international market, yields on Kenya's Eurobonds declined by an average of 76.1 basis points, with the 2024 maturity declining by 146.60 basis points. The yield on the 10- Year Eurobond for Angola also declined while that of Zambia increased (**Chart 2**).

Global Trends

Inflation in advanced economies has continued to moderate. The European Central Bank (ECB) maintained its policy rate at 4.0 percent after 10 consecutive hikes. The US economy remained strong in the third quarter of 2023, growing by 4.9 percent. The US dollar index strengthened by 0.3 percent against a basket of major currencies during the week ending October 26.

International oil prices decreased during the week ending October 26, as concerns of a wider Middle East conflict eased. Murban oil price dropped to USD 90.23 per barrel on October 26 from USD 93.11 per barrel on October 19.

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

	USD	Sterling Pound	Euro	100 Japanese Yen	Uganda Shilling*	Tanzania Shilling*	Rwandese Franc*	Burundi Franc*
13-Oct-23	149.13	183.17	158.06	99.66	25.18	16.80	8.17	19.03
16-Oct-23	149.27	181.97	157.25	99.91	25.16	16.78	8.17	19.01
17-Oct-23	149.44	181.94	157.49	99.94	25.09	16.75	8.16	18.99
18-Oct-23	149.58	181.73	157.76	99.86	25.07	16.73	8.15	18.97
19-Oct-23	149.79	182.30	158.11	100.02	25.10	16.76	8.15	18.95
Oct 13-18	149.44	182.22	157.73	99.88	25.12	16.76	8.16	18.99
20-Oct-23	Public Holiday							
23-Oct-23	149.94	182.08	158.54	100.01	25.04	16.68	8.15	18.93
24-Oct-23	150.07	182.54	159.09	100.27	25.02	16.67	8.15	18.91
25-Oct-23	150.17	183.06	159.37	100.22	24.97	16.65	8.15	18.97
26-Oct-23	150.27	182.38	158.99	99.88	25.04	16.64	8.15	18.89
Oct 20-26	150.12	182.51	159.00	100.10	25.02	16.66	8.15	18.93

*Units of currency per Kenya Shilling

Source: Central Bank of Kenya

Table 2: Official Foreign Exchange Reserves (USD Million)

	28-Sep-23	5-Oct-23	12-Oct-23	18-Oct-23	26-Oct-23
1. CBK Usable Foreign Exchange Reserves (USD Million)	6,939	6,913	6,872	6,833	6,836
2. CBK Usable Foreign Exchange Reserves (Months of Import Cover)*	3.75	3.71	3.69	3.67	3.67

*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 (%)
13-Oct-23	53	28,330.00	12.31
16-Oct-23	22	16,866.00	12.34
17-Oct-23	21	14,169.00	12.34
18-Oct-23	27	18,000.00	12.58
19-Oct-23	30	23,517.00	12.62
Oct 13-19	31	20,176.40	12.44
20-Oct-23	Public Holiday		
23-Oct-23	25	12,600.00	12.66
24-Oct-23	22	15,740.00	12.62
25-Oct-23	27	16,570.00	12.57
26-Oct-23	23	13,070.00	12.51
Oct 20-26	24	14,495.00	12.59

Source: Central Bank of Kenya

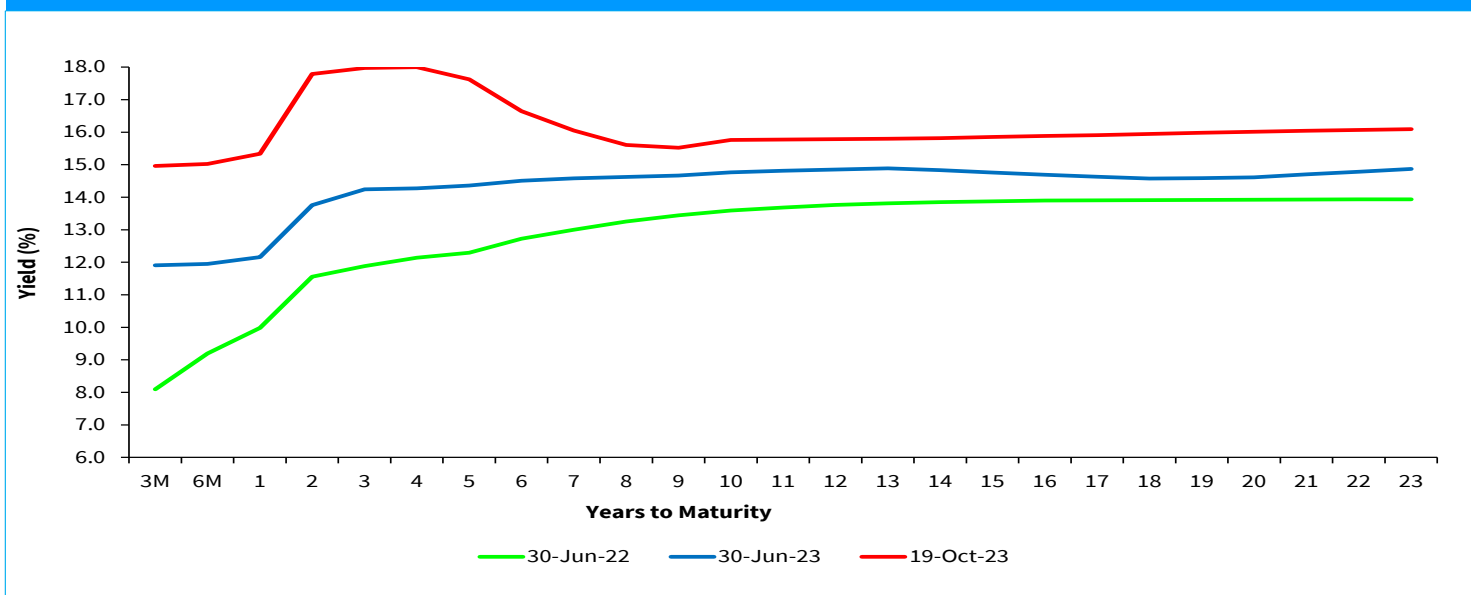
Table 4: Performance of Treasury Bill Auctions						
91-Day Treasury Bills						
Date of Auction	29-Dec-22	30-Mar-23	29-Jun-23	31-Aug-23	19-Oct-23	26-Oct-23
Amount Offered (KSh M)	4,000.00	4,000.00	4,000.00	4,000.00	4,000.00	4,000.00
Bids Received (KSh M)	2,180.21	2,904.04	5,779.97	21,591.12	23,556.16	10,638.80
Amount Accepted (KSh M)	2,120.42	2,765.00	2,705.12	21,517.69	21,485.55	8,142.58
Maturities (KSh M)	2,539.95	2,158.40	2,814.15	18,020.65	26,375.10	5,955.85
Average Interest Rate (%)	9.369	9.907	11.904	13.985	15.046	15.111
182-Day Treasury Bills						
Date of Auction	29-Dec-22	30-Mar-23	29-Jun-23	31-Aug-23	19-Oct-23	26-Oct-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	3,789.61	5,668.39
Amount Accepted (KSh M)	434.69	3,457.80	1,300.96	958.52	3,789.24	5,668.39
Maturities (KSh M)	1,660.95	3,176.30	442.15	6,306.75	1,892.80	906.65
Average Interest Rate (%)	9.834	10.399	11.947	13.939	15.076	15.129
364-Day Treasury Bills						
Date of Auction	29-Dec-22	30-Mar-23	29-Jun-23	31-Aug-23	19-Oct-23	26-Oct-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	2,266.74	1,843.30
Amount Accepted (KSh M)	1,691.33	1,810.42	1,514.41	621.00	2,173.62	1,843.30
Maturities (KSh M)	5,396.40	2,660.05	2,417.65	3,565.55	4,347.45	3,911.45
Average Interest Rate (%)	10.308	10.800	12.157	13.765	15.341	15.387

Source: Central Bank of Kenya

Table 5: Performance of Treasury Bond Auctions										
Date of Auction	16-Aug-23		24-Aug-23		13-Sep-23		28-Sep-23		12-Oct-23	
	RE-OPEN		TAP		RE-OPEN		TAP		RE-OPEN	
Tenor	FXD1/ 2023/02	FXD1/ 2023/05	FXD1/ 2023/02	FXD1/ 2023/05	FXD1/ 2023/02	FXD1/ 2016/10	FXD1/ 2023/002	FXD1/ 2016/10	FXD1/ 2023/002	FXD1/ 2023/005
Amount offered (KSh M)	40,000.00		21,000.00		35,000.00		15,000.00		35,000.00	
Bids received (KSh M)	38,301.96	14,704.44	17,375.70	6,225.05	18,014.85	15,994.38	2,631.25	814.90	6,506.42	5,791.92
Amount Accepted (KSh M)	11,659.58	7,456.28	17,373.51	6,123.42	15,012.62	6,616.01	2,609.97	763.17	4,825.11	1,481.78
Maturities (KSh M)	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Average interest Rate (%)	16.97	17.95	16.97	17.95	17.45	17.93	17.45	17.93	17.74	17.99

Source: Central Bank of Kenya

Chart 1: Government Securities Yield Curve



Source: Nairobi Securities Exchange (NSE)

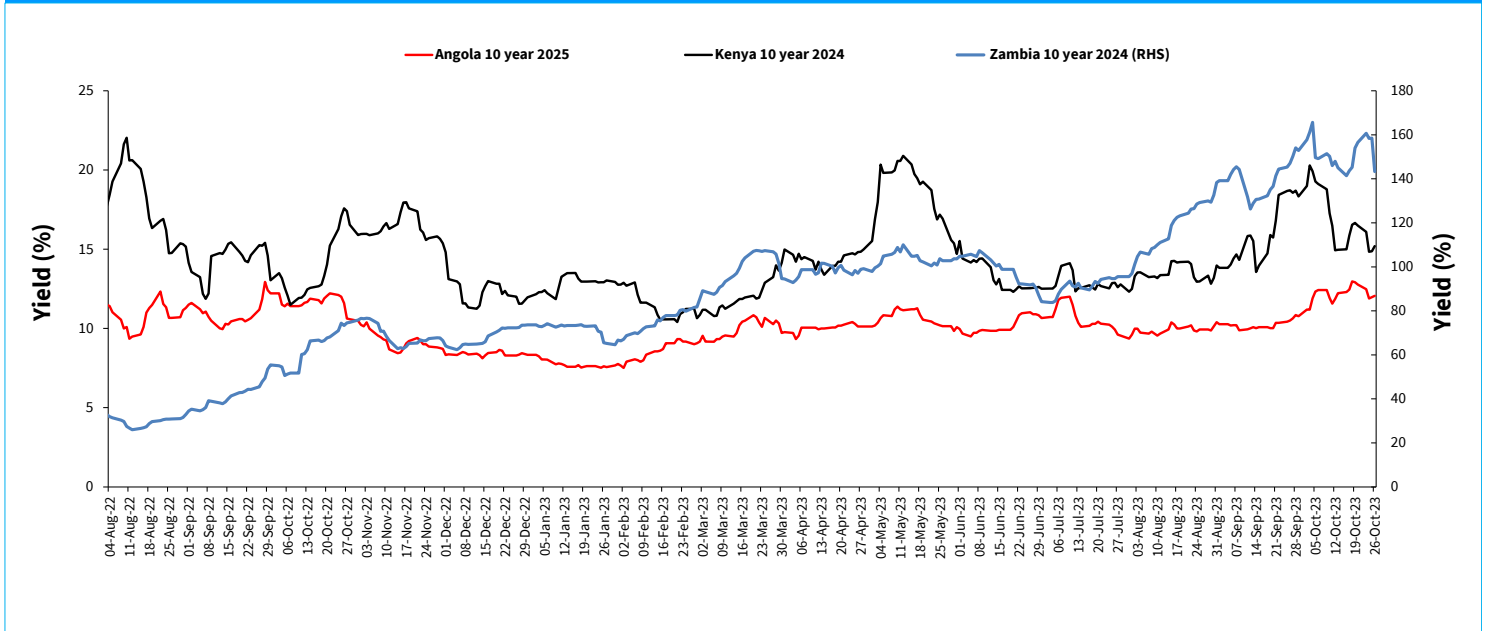
Table 6: Performance of Key Market Indicators

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
13-Oct-23	93.37	2453.99	1492.16	969.00	2.15	57.03	1,458.80	1,077.70	14.136	14.964	13.539	12.779	12.401	12.431
16-Oct-23	93.35	2454.80	1485.34	840.00	3.36	41.20	1,458.54	1,474.40	14.144	14.997	13.498	12.812	12.431	12.431
17-Oct-23	93.26	2460.62	1487.87	923.00	4.81	75.09	1,457.04	2,399.60	14.556	15.869	13.771	13.033	12.582	12.593
18-Oct-23	93.24	2462.30	1487.47	1040.00	16.0	264.4	1,456.69	3,615.95	15.044	16.543	14.139	13.323	12.918	12.831
19-Oct-23	93.17	2460.70	1490.10	755.00	13.5	219.0	1,455.72	2,355.10	15.069	16.664	14.288	13.425	12.984	12.807
Oct 13- 18	93.17	2,460.70	1,490.10	4,527.00	39.74	656.80	1,455.72	10,922.75	15.069	16.664	14.288	13.425	12.984	12.807
20-Oct-23	Public Holiday								14.871	16.489	14.107	13.264	12.8	12.807
23-Oct-23	92.58	2451.44	1487.19	1,157.00	16.19	274.38	1,446.42	2,267.00	14.741	16.096	14.019	13.201	12.741	12.687
24-Oct-23	91.02	2429.89	1481.22	1,001.00	3.26	42.65	1,422.07	2,627.30	14.069	14.842	13.614	12.885	12.441	12.431
25-Oct-23	89.82	2416.81	1470.09	1,202.00	13.64	153.73	1,403.26	3,004.60	14.009	14.876	13.573	12.824	12.413	12.408
26-Oct-23	89.59	2404.85	1462.32	1,052.00	11.22	165.98	1,399.70	2,184.65	14.099	15.198	13.628	12.891	12.446	12.409
Oct 20-26	89.82	2416.81	1470.09	3,360.00	33.10	470.75	1,403.26	7,898.90	14.099	15.198	13.628	12.891	12.446	12.409
Weekly Changes (%)	-3.60	-1.78	-1.34	-25.78	-16.71	-28.33	-3.60	-27.68	-0.970*	-1.466*	-0.660*	-0.534*	-0.538*	-0.398*

* 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)

	30-Dec-22	31-Mar-23	30-Jun-23	31-Jul-23	31-Aug-23	29-Sep-23	13-Oct-23	19-Oct-23
1. Treasury Bills (Excluding Repos)	671.51	665.86	614.73	585.13	567.70	558.21	554.06	555.67
<i>(As % of total securities)</i>	15.32	15.01	13.28	12.50	12.06	11.86	11.77	11.79
2. Treasury Bonds	3,710.62	3,771.03	4,013.89	4,097.24	4,139.72	4,149.81	4,152.76	4,159.08
<i>(As % of total securities)</i>	84.68	84.99	86.72	87.50	87.94	88.14	88.23	88.21
3. Total Securities (1+2)	4,382.13	4,436.89	4,628.62	4,682.38	4,707.42	4,708.02	4,706.82	4,714.75
4. Overdraft at Central Bank	58.50	77.98	76.46	61.12	72.05	75.70	77.91	78.25
5. Other Domestic debt*	32.76	24.73	31.52	32.33	32.32	32.33	34.04	34.04
6. Gross Domestic Debt (3+4+5)	4,473.39	4,539.59	4,736.60	4,775.82	4,811.80	4,816.05	4,818.77	4,827.05

* 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)

	30-Sep-22	30-Dec-22	31-Mar-23	30-Jun-23	31-Aug-23	29-Sep-23	13-Oct-23	19-Oct-23
Treasury bills (Excluding Repos)	15.40	15.01	14.67	12.98	11.80	11.59	11.50	11.51
Treasury bonds	83.27	82.95	83.07	84.74	86.03	86.17	86.18	86.16
Overdraft at Central Bank	0.62	1.31	1.72	1.61	1.50	1.57	1.62	1.62
Other domestic debt	0.71	0.73	0.54	0.67	0.67	0.67	0.71	0.71
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)

	30-Sep-22	30-Dec-22	31-Mar-23	30-Jun-23	25-Aug-23	29-Sep-23	13-Oct-23	19-Oct-23
Banking Institutions	47.60	46.84	46.13	46.17	44.96	45.18	45.20	45.21
Insurance Companies	7.32	7.37	7.39	7.31	7.33	7.35	7.34	7.35
Parastatals	6.09	6.06	6.04	5.98	6.09	5.95	5.96	5.87
Pension Funds	32.75	33.31	33.42	33.42	33.14	32.23	31.92	31.32
Other Investors	6.24	6.43	7.01	7.13	8.48	9.30	9.58	10.25
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

	Apr-22	May-22	Jun-22	Dec-22	May-23	Jun-23	Jul-23	Aug-23*
Domestic debt (KSh Bn)	4,226.84	4,268.66	4,288.33	4,472.84	4,549.65	4,736.60	4,775.82	4,811.80
Public & Publicly Guaranteed External debt (USD Bn)	36.65	36.94	36.58	37.88	37.09	38.80	39.62	39.29
Public & Publicly Guaranteed External debt (KSh Bn)	4,243.53	4,295.10	4,290.73	4,673.14	5,137.16	5,542.08	5,640.34	5,712.92
Public debt (KSh Bn)	8,470.37	8,563.76	8,579.06	9,145.98	9,686.81	10,278.67	10,416.17	10,524.71

* Provisional

Source: The National Treasury and Central Bank of Kenya