



Central Bank of Kenya

Weekly Bulletin

June 16, 2023



RECENT MONETARY AND FINANCIAL DEVELOPMENTS

Exchange Rates

The Kenya Shilling remained relatively stable against major international and regional currencies during the week ending June 15. It exchanged at KSh 139.71 per US dollar on June 15, compared to KSh 139.11 per US dollar on June 8 (**Table 1**).

Foreign Exchange Reserves

The usable foreign exchange reserves remained adequate at USD 7,459 million (4.11 months of import cover) as at June 15. This meets the CBK's statutory requirement to endeavor to maintain at least 4 months of import cover (**Table 2**).

Remittances

Remittance inflows in May 2023 totalled USD 352.1 million compared to USD 320.0 million in April 2023, an increase of 9.9 percent (**Chart 1**). The cumulative inflows for the 12 months to May totalled USD 3,997 million compared to USD 3,992 million in a similar period in 2022, an increase of 0.1 percent. The remittance inflows continue to support the current account and the foreign exchange market. The US remains the largest source of remittances to Kenya, accounting for 54 percent in May 2023.

Money Market

Liquidity in the money market increased during the week ending June 15 supported by government payments. Commercial banks' excess reserves stood at KSh 65.9 billion in relation to the 4.25 percent cash reserves requirement (CRR). Open market operations remained active. The average interbank rate was 9.42 percent on June 15 compared to 9.20 percent on June 8. During the week, the average number of interbank deals decreased to 34 from 43 in the previous week, while the average value traded decreased to KSh 18.3 billion from KSh 26.4 billion in the previous week (**Table 3**).

Government Securities Market

The Treasury bills auction of June 15, received bids totaling KSh 22.6 billion against an advertised amount of KSh 24.0 billion, representing a performance of 94.2

percent. Interest rates remained stable, with 91-day, 182-day and 364-day rates increasing marginally (**Table 4**).

During the Treasury bond auction of June 14, the 7-year Infrastructure Treasury bond received bids totaling KSh 220.5 billion against an advertised amount of KSh 60 billion, representing a performance rate of 367.5 percent (**Table 5**).

Equity Market

At the Nairobi Securities Exchange, the NASI, NSE 25 and NSE 20 share price indices declined by 5.2 percent, 3.5 percent and 1.4 percent, respectively, during the week ending June 15. Market capitalisation also declined by 5.3 percent. However, equity turnover and total shares traded increased by 79.1 percent and 9.6 percent, respectively (**Table 6**).

Bond Market

Bond turnover in the domestic secondary market declined by 56.4 percent during the week ending June 15 (**Table 6**). In the international market, yields on Kenya's Eurobonds declined by an average of 66.1 basis points, with, the 2024 maturity declining by 126.9 basis points. The yield on the 10- Year Eurobond for Angola increased (**Chart 3**).

Global Trends

Inflation concerns in advanced economies continue to moderate. Inflation in the US declined to 4.0 percent in May from 4.9 percent in April. The US Fed retained its policy rate while the European Central Bank raised its rate by 25 basis points. The US dollar index weakened by 1.2 percent against a basket of major currencies during the week ending June 15.

International oil prices declined during the week ending June 15, due to decrease in global demand. Murban oil price decreased to USD 74.50 per barrel on June 15 from USD 77.28 per barrel on June 8.

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

	USD	Sterling Pound	Euro	100 Japanese Yen	Uganda Shilling*	Tanzania Shilling*	Rwandese Franc*	Burundi Franc*
2-Jun-23	138.61	171.37	148.05	99.74	27.05	17.06	8.15	20.36
5-Jun-23	138.76	173.71	149.22	99.07	26.92	17.08	8.17	20.41
6-Jun-23	138.87	172.19	148.58	99.78	26.93	17.06	8.14	20.33
7-Jun-23	138.97	172.43	148.44	99.48	26.93	17.05	8.14	20.32
8-Jun-23	139.11	173.33	149.07	99.70	26.81	17.04	8.13	20.29
June 2 - 8	138.86	172.61	148.67	99.56	26.93	17.06	8.15	20.34
9-Jun-23	139.22	173.85	149.63	99.92	26.72	17.02	8.14	20.28
12-Jun-23	139.35	175.11	150.05	100.08	26.69	17.04	8.14	20.26
13-Jun-23	139.48	174.82	150.08	100.05	26.71	17.10	8.14	20.25
14-Jun-23	139.63	175.79	150.78	100.27	26.66	17.08	8.15	20.23
15-Jun-23	139.71	176.91	151.21	99.99	26.55	17.14	8.17	20.22
June 9-15	139.48	175.30	150.35	100.06	26.67	17.08	8.15	20.25

*Units of currency per Kenya Shilling

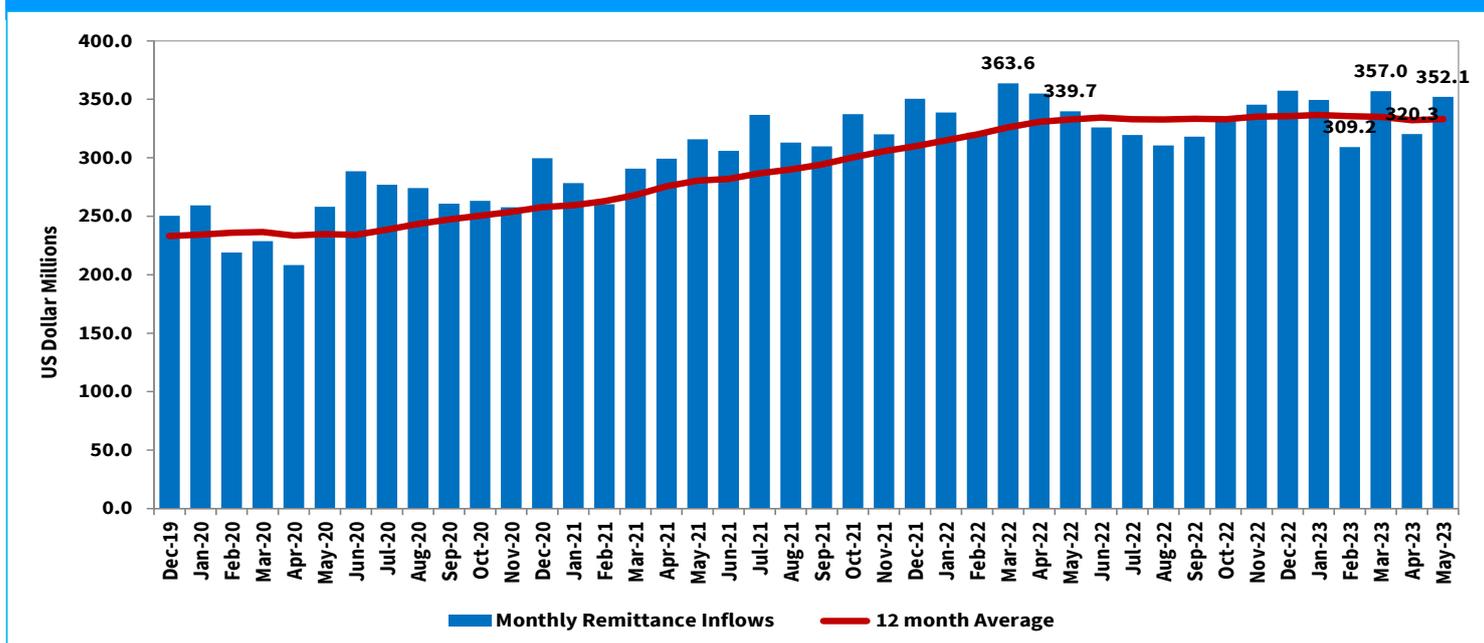
Source: Central Bank of Kenya

Table 2: Official Foreign Exchange Reserves (USD Million)

	18-May-23	25-May-23	31-May-23	8-Jun-23	15-Jun-23
1. CBK Usable Foreign Exchange Reserves (USD Million)	6,293	6,479	6,512	7,532	7,459
2. CBK Usable Foreign Exchange Reserves (Months of Import Cover)*	3.50	3.60	3.62	4.15	4.11

*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 (%)
2-Jun-23	51	31,790.00	9.36
5-Jun-23	46	23,570.00	9.38
6-Jun-23	38	24,220.00	9.29
7-Jun-23	43	27,890.00	9.25
8-Jun-23	38	24,500.00	9.20
Jun 2-8	43	26,394.00	9.30
9-Jun-23	25	14,250.00	9.20
12-Jun-23	22	14,000.00	9.22
13-Jun-23	43	21,695.00	9.25
14-Jun-23	32	12,395.00	9.29
15-Jun-23	50	29,050.00	9.42
Jun 9-15	34	18,278.00	9.28

Source: Central Bank of Kenya

Table 4: Performance of Treasury Bill Auctions

91-Day Treasury Bills						
Date of Auction	23-Feb-23	30-Mar-23	27-Apr-23	31-May-23	8-Jun-23	15-Jun-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)	11,362.17	2,904.04	6,687.26	20,452.21	29,019.81	18,194.35
Amount Accepted (KSh M)	10,788.16	2,765.00	6,635.51	17,535.04	28,046.27	7,110.79
Maturities (KSh M)	11,427.55	2,158.40	16,506.35	13,568.35	17,001.75	8,502.15
Average Interest Rate (%)	9.655	9.907	10.275	11.103	11.414	11.640
182-Day Treasury Bills						
Date of Auction	23-Feb-23	30-Mar-23	27-Apr-23	31-May-23	8-Jun-23	15-Jun-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)	4,404.63	3,547.05	872.19	549.74	1,894.03	2,663.88
Amount Accepted (KSh M)	4,402.73	3,457.80	870.76	549.74	1,894.03	1,721.22
Maturities (KSh M)	2,275.05	3,176.30	2,142.40	4,079.55	3,716.05	7,030.70
Average Interest Rate (%)	10.117	10.399	10.511	11.112	11.548	11.649
364-Day Treasury Bills						
Date of Auction	23-Feb-23	30-Mar-23	27-Apr-23	31-May-23	8-Jun-23	15-Jun-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)	3,668.17	1,810.42	1,444.18	2,562.94	2,195.32	1,745.85
Amount Accepted (KSh M)	3,656.13	1,810.42	1,439.24	2,562.05	2,195.32	1,745.85
Maturities (KSh M)	7,306.55	2,660.05	10,155.10	5,507.00	7,418.85	7,244.90
Average Interest Rate (%)	10.676	10.800	11.124	11.497	11.608	11.734

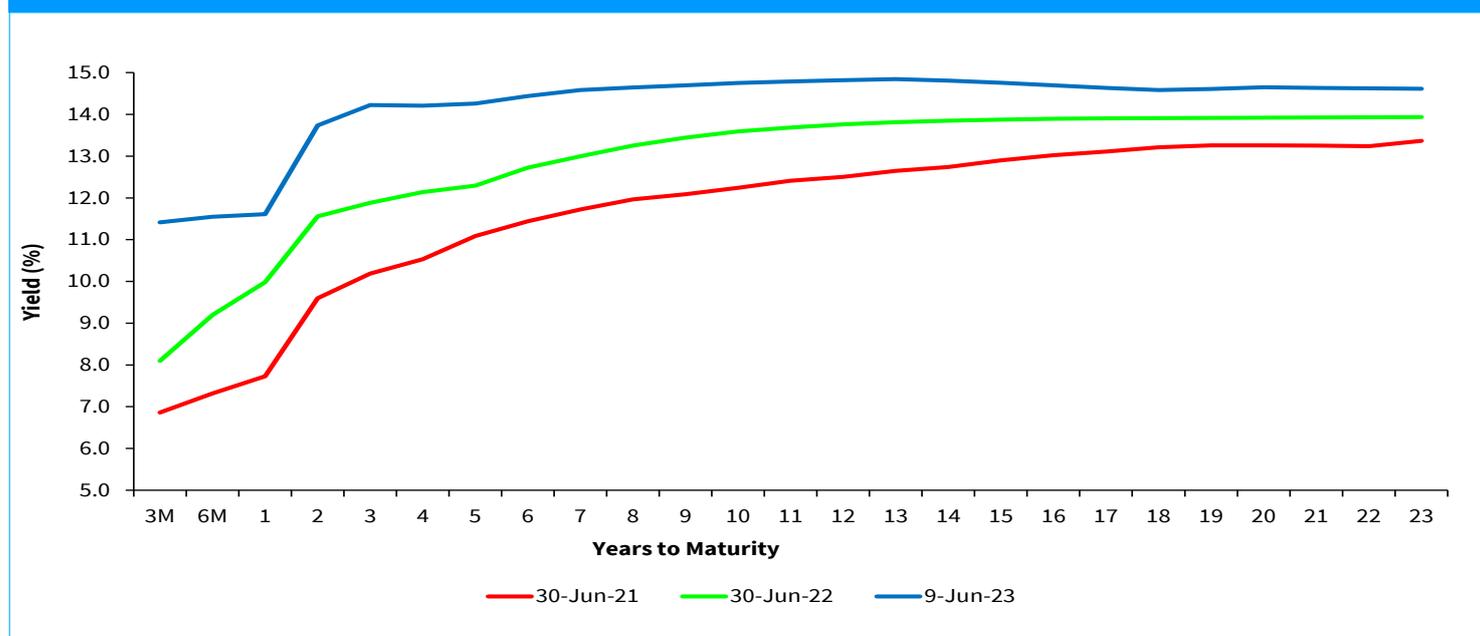
Source: Central Bank of Kenya

Table 5: Performance of Treasury Bond Auctions

Date of Auction	19-Apr-23	10-May-23	19-May-23	26-May-23	14-Jun-23
	RE-OPEN		TAP	TAP	
Tenor	FXD1/2022/03	FXD1/2023/03	FXD1/2023/03	FXD1/2023/03	IFB1/2023/007
Amount offered (KSh M)	30,000.00	20,000.00	10,000.00	20,000.00	60,000.00
Bids received (KSh M)	7,328.96	20,744.34	10,603.25	27,206.35	220,518.51
Amount Accepted (KSh M)	1,757.09	20,293.99	10,602.30	27,201.72	213,399.35
Maturities (KSh M)		8,245.00			39,248.20
Average interest Rate (%)	13.47	14.23	14.23	14.23	15.84

Source: Central Bank of Kenya

Chart 2: Government Securities Yield Curve



Source: Nairobi Securities Exchange (NSE)

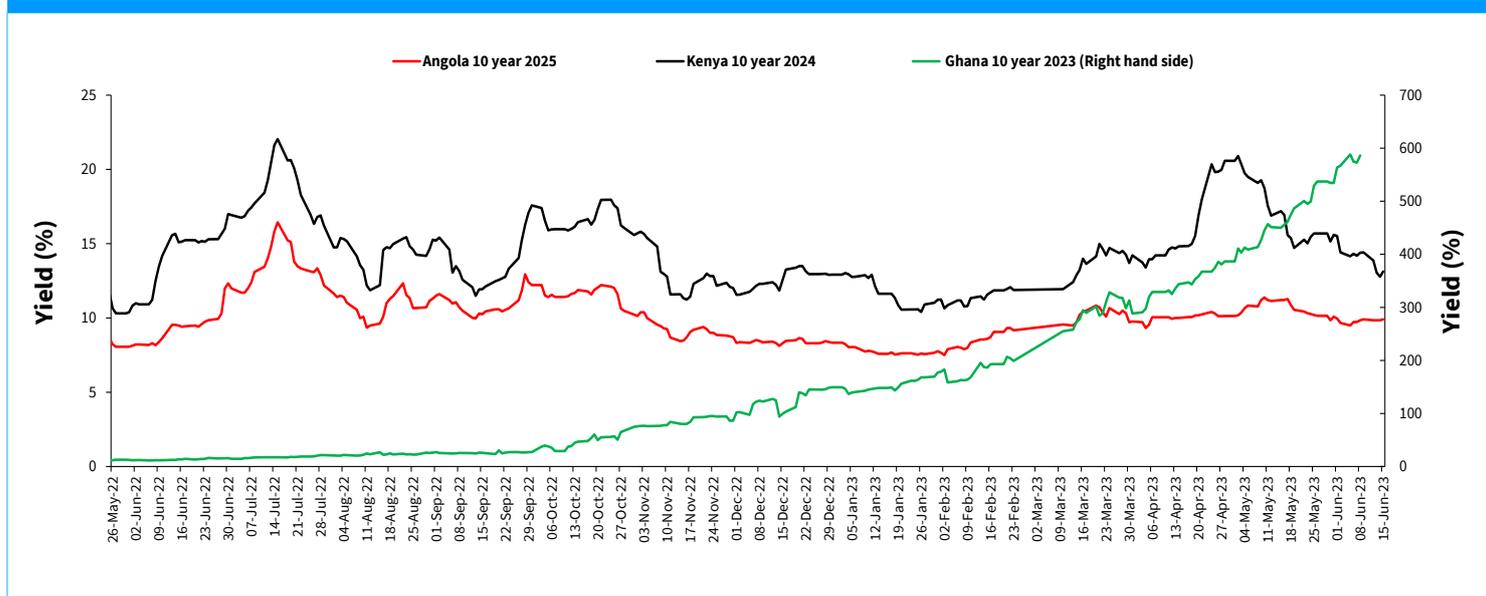
Table 6: Performance of Key Market Indicators

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 Capitalization (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
2-Jun-23	105.1	2699.78	1556.55	1,295.00	13.66	237.56	1,636.57	897.95	12.498	14.417	11.671	11.664	10.814	11.341
5-Jun-23	106.09	2739.41	1586.29	1,230.00	6.99	103.03	1,652.10	2,618.10	12.33	14.157	11.557	11.524	10.688	11.206
6-Jun-23	106.51	2745.39	1583.33	1,338.00	13.93	194.07	1,658.66	1,400.90	12.335	14.317	11.559	11.525	10.689	11.206
7-Jun-23	106.43	2744.39	1588.83	1,305.00	8.51	110.20	1,657.40	1,992.40	12.225	14.196	11.561	11.526	10.715	11.206
8-Jun-23	105.9	2734.81	1587.29	1,138.00	5.22	125.56	1,649.08	972.30	12.295	14.398	11.568	11.528	10.693	11.225
June 2-8	105.90	2734.81	1587.29	6,306.00	48.32	770.42	1,649.08	7,881.65	12.295	14.398	11.568	11.528	10.693	11.225
9-Jun-23	108.84	2738.85	1594.02	1,079.00	4.94	81.34	1,648.08	430.69	12.242	14.419	11.531	11.501	10.693	11.187
12-Jun-23	103.82	2711.58	1588.2	1,967.00	8.14	165.21	1,616.53	634.90	12.132	13.871	11.455	11.418	10.619	11.168
13-Jun-23	101.68	2673.4	1580.97	1,322.00	12.30	230.03	1,583.21	1,200.05	11.739	13.043	11.187	11.254	10.446	11.018
14-Jun-23	101.34	2665.59	1580.92	1,180.00	10.63	276.85	1,577.76	620.35	11.35	12.78	10.998	11.091	10.3	10.944
15-Jun-23	100.36	2638.93	1564.94	1,207.00	16.91	626.37	1,562.49	551.47	11.309	13.129	10.968	11.094	10.279	10.963
June 9-15	100.36	2638.93	1564.94	6,755.00	52.93	1,379.80	1,562.49	3,437.46	11.309	13.129	10.968	11.094	10.279	10.963
Weekly Changes (%)	-5.23	-3.51	-1.41	7.12	9.55	79.10	-5.25	-56.39	-0.986*	-1.269*	-0.600*	-0.434*	-0.414*	-0.262*

* 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	31-Mar-23	28-Apr-23	26-May-23	2-Jun-23	9-Jun-23
1. Treasury Bills (Excluding Repos)	620.28	672.28	671.51	665.86	665.88	627.57	623.76	622.05
<i>(As % of total securities)</i>	14.88	15.61	15.32	15.01	14.97	14.16	14.03	14.00
2. Treasury Bonds	3,549.53	3,634.86	3,710.62	3,771.03	3,781.43	3,804.12	3,821.20	3,821.20
<i>(As % of total securities)</i>	85.12	84.39	84.68	84.99	85.03	85.84	85.97	86.00
3. Total Securities (1+2)	4,169.81	4,307.14	4,382.13	4,436.89	4,447.31	4,431.69	4,444.96	4,443.26
4. Overdraft at Central Bank	65.86	27.25	58.50	77.98	69.60	74.15	76.46	78.97
5. Other Domestic debt*	30.55	30.90	32.76	24.73	24.73	25.41	25.40	25.40
6. Gross Domestic Debt (3+4+5)	4,266.23	4,365.29	4,473.39	4,539.59	4,541.64	4,531.24	4,546.82	4,547.63

* 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	28-Apr-23	26-May-23	2-Jun-23	9-Jun-23
Treasury bills (Excluding Repos)	14.54	15.40	15.01	14.67	14.66	13.85	13.72	13.68
Treasury bonds	83.20	83.27	82.95	83.07	83.26	83.95	84.04	84.03
Overdraft at Central Bank	1.54	0.62	1.31	1.72	1.53	1.64	1.68	1.74
Other domestic debt	0.72	0.71	0.73	0.54	0.54	0.56	0.56	0.56
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	28-Apr-23	26-May-23	2-Jun-23	9-Jun-23
Banking Institutions	48.74	47.60	46.84	46.13	45.65	45.39	45.25	45.39
Insurance Companies	7.14	7.32	7.37	7.39	7.50	7.61	7.59	7.57
Parastatals	5.84	6.09	6.06	6.04	6.14	6.19	6.18	6.18
Pension Funds	32.39	32.75	33.31	33.42	33.64	33.82	34.27	34.21
Other Investors	5.89	6.24	6.43	7.01	7.08	6.99	6.71	6.66
Total	100.00							

Source: Central Bank of Kenya

Table 10: Government Debt

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

* Provisional

Source: The National Treasury and Central Bank of Kenya