



Central Bank of Kenya

Weekly Bulletin

June 2, 2023



RECENT MONETARY AND FINANCIAL DEVELOPMENTS

Inflation

Overall inflation increased marginally to 8.0 percent in May 2023 from 7.9 percent in April, mainly driven by food and energy prices. Food inflation increased slightly to 10.2 percent from 10.1 percent in April, mainly reflecting a sharp increase in sugar prices. Fuel inflation increased to 13.6 percent from 13.2 percent in April, mainly driven by higher electricity and pump prices. Non-food-non-fuel (NFNF) inflation remained relatively stable, increasing modestly to 4.3 percent from 4.1 percent in April (**Chart 1**).

Exchange Rates

The Kenya Shilling remained relatively stable against major international and regional currencies during the week ending May 31. It exchanged at KSh 138.49 per US dollar on May 31, compared to KSh 138.13 per US dollar on May 25 (**Table 1**).

Foreign Exchange Reserves

The usable foreign exchange reserves remained adequate at USD 6,512 million (3.62 months of import cover) as at May 31. 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 declined marginally during the week ending May 31, as government receipts more than offset government payments. Commercial banks' excess reserves stood at KSh 27.7 billion in relation to the 4.25 percent cash reserves requirement (CRR). Open market operations remained active. The average interbank rate was at 9.35 percent on May 31 compared to 9.25 percent on May 25. During the week, the average number of interbank deals remained relatively stable at 36 compared with 37 in the previous week, while the average value traded declined to KSh 20.1 billion from KSh 27.4 billion in the previous week (**Table 3**).

Government Securities Market

The Treasury bill auction of May 31, received bids totaling KSh 23.6 billion against an advertised amount of KSh

24.0 billion, representing a performance of 98.2 percent. Interest rates remained stable, with 182-day rate declining while those of 91-day and 364-day rates rose marginally (**Table 4**).

During the Treasury bond tap sale of May 26, the 3-year fixed rate Treasury bonds received bids totaling KSh 27.2 billion against an advertised amount of KSh 20 billion, representing a performance rate of 136.0 percent (**Table 5**).

Equity Market

At the Nairobi Securities Exchange, the NASI, NSE 25 and NSE 20 share price indices rose by 6.2 percent, 5.5 percent and 4.5 percent, respectively during the week ending June 1. Market capitalization and total shares traded also increased by 6.2 percent and 12.4 percent respectively, while, equity turnover declined by 0.3 percent (**Table 6**).

Bond Market

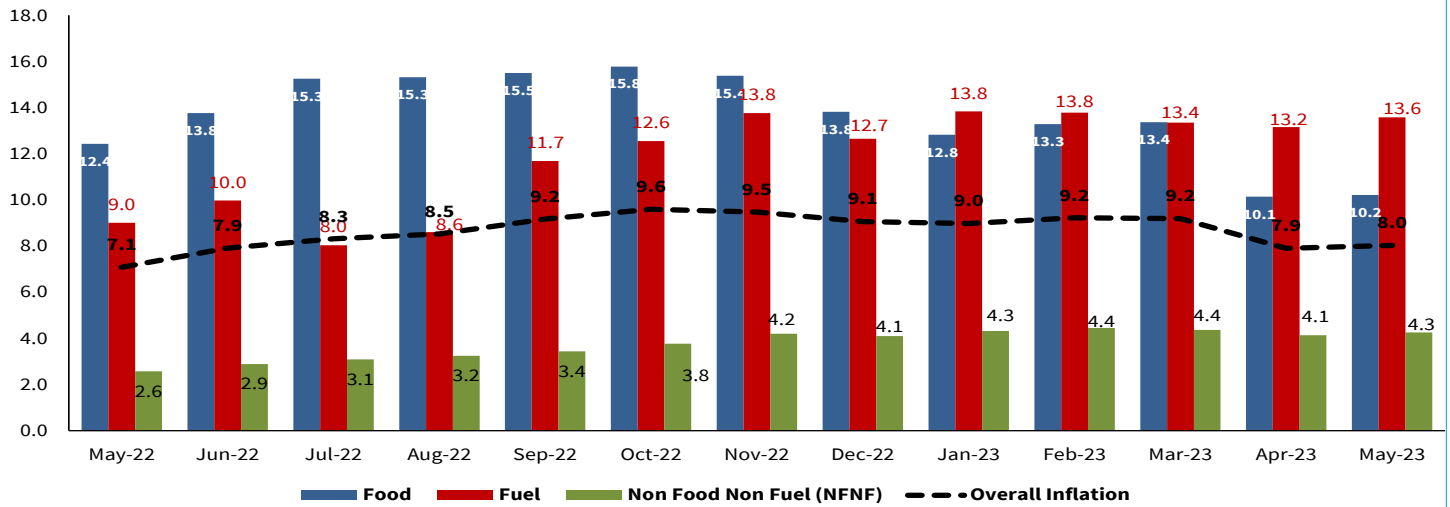
Bond turnover in the domestic secondary market decreased by 57.1 percent during the week ending June 1 (**Table 6**). In the international market, yields on Kenya's Eurobonds declined by an average of 19.15 basis points. Similarly, the yields on the 2024 maturity declined by 16.60 basis points. The yield on the 10-Year Eurobond for Angola declined while that of Ghana increased (**Chart 3**).

Global Trends

Inflation concerns in advanced economies continue to moderate. Inflation in the Euro Area eased to 6.1 percent in May from 7.0 percent in April. The US senate passed legislation to suspend the US debt ceiling, and imposed restraints on government spending averting a debt default. The US dollar index weakened by 0.66 percent against a basket of major currencies during the week ending May 31.

International oil prices decreased during the week ending May 31. Murban oil price declined to USD 73.59 per barrel on May 31 from USD 77.26 per barrel on May 25.

Chart 1: Inflation (Percent)



Source: Central Bank of Kenya and Kenya National Bureau of Statistics

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

	USD	Sterling Pound	Euro	100 Japanese Yen	Uganda Shilling*	Tanzania Shilling*	Rwandese Franc*	Burundi Franc*
19-May-23	137.49	170.86	148.51	99.40	27.09	17.16	8.15	20.50
22-May-23	137.63	171.15	148.66	99.83	27.07	17.11	8.15	20.46
23-May-23	137.76	171.55	149.01	99.54	27.08	17.16	8.16	20.47
24-May-23	137.96	170.86	148.57	99.43	27.04	17.11	8.14	20.43
25-May-23	138.13	171.20	148.92	99.62	27.00	17.11	8.14	20.40
May 19-25	137.79	171.12	148.73	99.56	27.06	17.13	8.15	20.45
26-May-23	138.25	170.55	148.13	98.88	26.98	17.11	8.14	20.41
29-May-23	138.33	170.83	148.37	98.76	27.13	17.09	8.14	20.40
30-May-23	138.42	170.84	148.29	98.57	27.02	17.09	8.14	20.38
31-May-23	138.49	172.12	148.54	99.02	27.19	17.07	8.16	20.38
1-Jun-23	Public Holiday							
May 26- Jun 1	138.37	171.09	148.33	98.81	27.08	17.09	8.15	20.39

*Units of currency per Kenya Shilling

Source: Central Bank of Kenya

Table 2: Official Foreign Exchange Reserves (USD Million)

	4-May-23	11-May-23	18-May-23	25-May-23	31-May-23
1. CBK Usable Foreign Exchange Reserves (USD Million)	6,492	6,468	6,293	6,479	6,512
2. CBK Usable Foreign Exchange Reserves (Months of Import Cover)*	3.61	3.60	3.50	3.60	3.62

*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 (%)
19-May-23	40	29,000.00	9.25
22-May-23	32	29,790.00	9.25
23-May-23	44	31,300.00	9.24
24-May-23	36	22,710.00	9.24
25-May-23	33	24,250.00	9.25
May 19-25	37	27,410.00	9.25
26-May-23	31	20,410.00	9.25
29-May-23	37	17,400.00	9.28
30-May-23	33	17,380.00	9.34
31-May-23	42	25,070.00	9.35
1-Jun-23	Public Holiday		
May 26-Jun 1	36	20,065.00	9.30

Source: Central Bank of Kenya

Table 4: Performance of Treasury Bill Auctions

91-Day Treasury Bills						
Date of Auction	29-Dec-22	23-Feb-23	30-Mar-23	27-Apr-23	25-May-23	31-May-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	11,362.17	2,904.04	6,687.26	14,242.56	20,452.21
Amount Accepted (KSh M)	2,120.42	10,788.16	2,765.00	6,635.51	13,219.58	17,535.04
Maturities (KSh M)	2,539.95	11,427.55	2,158.40	16,506.35	11,036.15	13,568.35
Average Interest Rate (%)	9.369	9.655	9.907	10.275	10.832	11.103
182-Day Treasury Bills						
Date of Auction	29-Dec-22	23-Feb-23	30-Mar-23	27-Apr-23	25-May-23	31-May-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	4,404.63	3,547.05	872.19	4,041.93	549.74
Amount Accepted (KSh M)	434.69	4,402.73	3,457.80	870.76	4,041.93	549.74
Maturities (KSh M)	1,660.95	2,275.05	3,176.30	2,142.40	4,674.40	4,079.55
Average Interest Rate (%)	9.834	10.117	10.399	10.511	11.113	11.112
364-Day Treasury Bills						
Date of Auction	29-Dec-22	23-Feb-23	30-Mar-23	27-Apr-23	25-May-23	31-May-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	3,668.17	1,810.42	1,444.18	3,763.90	2,562.94
Amount Accepted (KSh M)	1,691.33	3,656.13	1,810.42	1,439.24	3,763.90	2,562.05
Maturities (KSh M)	5,396.40	7,306.55	2,660.05	10,155.10	10,074.25	5,507.00
Average Interest Rate (%)	10.308	10.676	10.800	11.124	11.457	11.497

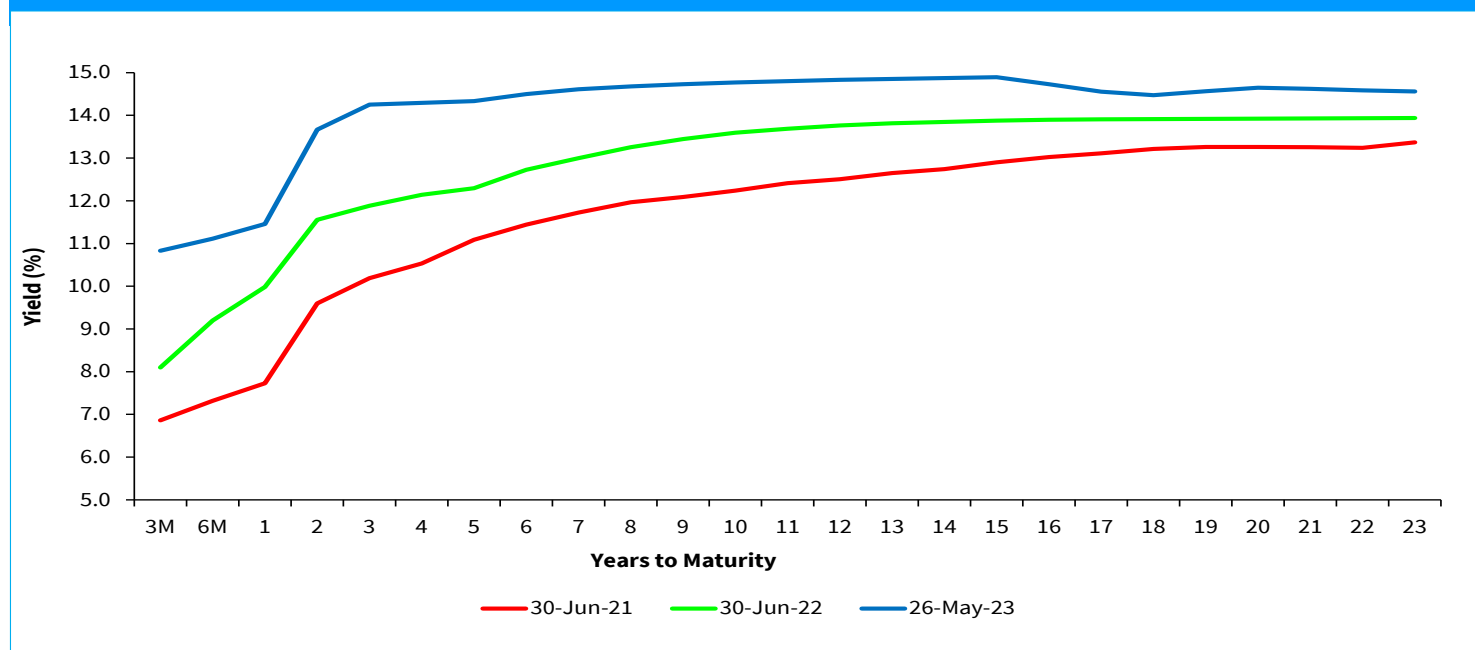
Source: Central Bank of Kenya

Table 5: Performance of Treasury Bond Auctions

Date of Auction	17-Feb-23		17-Mar-23	19-Apr-23	10-May-23	19-May-23	26-May-23
	TAP		TAP	REOPEN	TAP	TAP	TAP
Tenor	FXD1/ 2017/10	FXD1/ 2023/10	IFB1/ 2023/017	FXD1/ 2022/03	FXD1/ 2023/03	FXD1/ 2023/03	FXD1/ 2023/03
Amount offered (KSh M)	10,000.00		20,000.00	30,000.00	20,000.00	10,000.00	20,000.00
Bids received (KSh M)	8,855.70	3,607.55	12,712.30	7,328.96	20,744.34	10,603.25	27,206.35
Amount Accepted (KSh M)	8,593.57	3,607.23	12,711.16	1,757.09	20,293.99	10,602.30	27,201.72
Maturities (KSh M)					8,245.00		
Average interest Rate (%)	13.88	14.15	14.40	13.47	14.23	14.23	14.23

Source: Central Bank of Kenya

Chart 2: Government Securities Yield Curve



Source: Nairobi Securities Exchange (NSE)

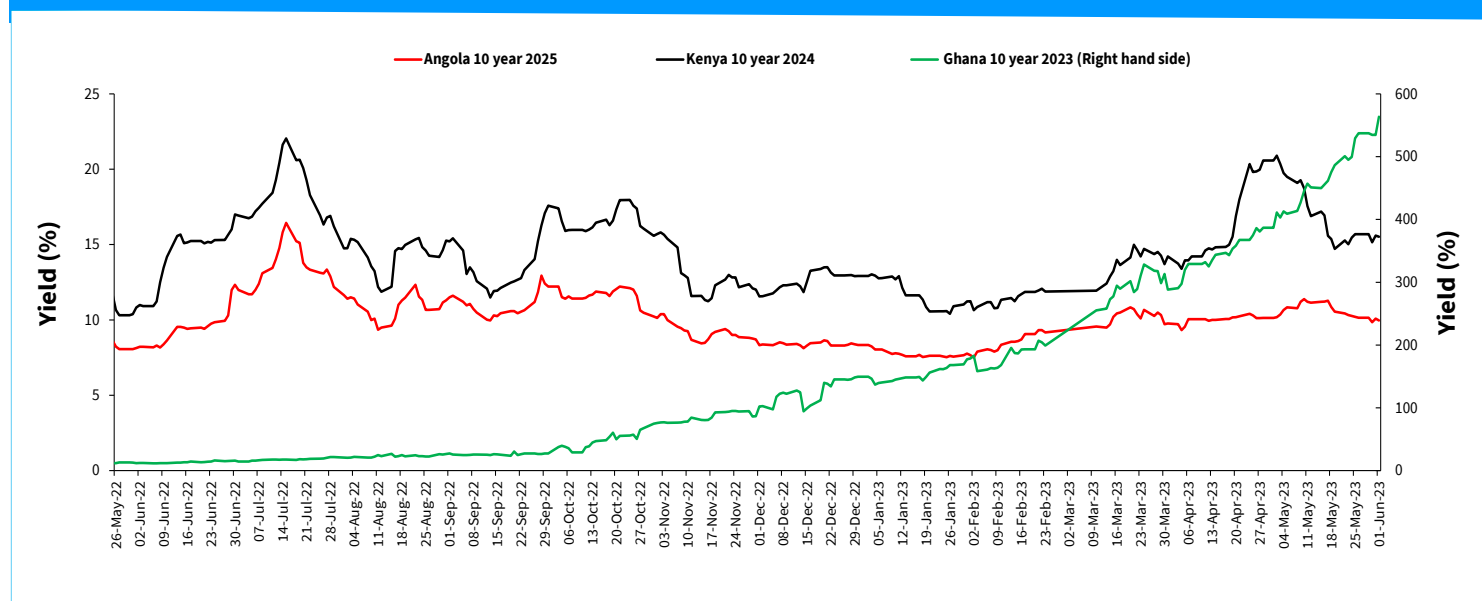
Table 6: Performance of Key Market Indicators

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
19-May-23	98.52	2571.76	1467.83	1,447	9.60	258.16	1,533.73	1,582.35	13.54	14.708	12.273	12.168	11.375	11.762
22-May-23	97.75	2541.91	1461.57	1,473	5.72	118.92	1,521.78	2,726.20	13.545	15.277	12.316	12.169	11.349	11.762
23-May-23	97.98	2522.18	1456.13	1,069	10.86	127.62	1,525.39	2,808.80	13.198	15.023	12.079	11.967	11.165	11.598
24-May-23	98.50	2549.58	1476.10	1,191	12.38	203.50	1,533.41	4,078.85	13.379	15.459	12.121	12.055	11.245	11.659
25-May-23	97.67	2526.23	1480.87	1,295	29.94	493.98	1,520.55	3,185.00	13.283	15.689	12.131	12.058	11.196	11.639
May 19-25	97.67	2526.23	1480.87	6,475.00	68.50	1,202.17	1,520.55	14,381.20	13.283	15.689	12.131	12.058	11.196	11.639
26-May-23	97.93	2540.08	1488.15	1,452	28.38	462.72	1,524.48	2,159.40	13.341	15.689	12.131	12.058	11.196	11.639
29-May-23	99.33	2589.01	1513.22	1,082	9.14	115.87	1,546.38	255.55	13.341	15.689	12.131	12.058	11.196	11.639
30-May-23	101.80	2640.21	1531.84	1,278	23.89	347.83	1,584.98	2,123.85	13.053	15.151	11.935	11.858	11.068	11.518
31-May-23	103.69	2664.89	1546.83	1,144	15.60	272.22	1,614.55	1,630.60	13.058	15.595	11.937	11.916	11.093	11.578
1-Jun-23	Public Holiday								12.957	15.523	11.944	11.861	11.044	11.518
May 26-June 1	103.69	2664.89	1546.83	4,956.00	77.02	1,198.64	1,614.55	6,169.40	12.957	15.523	11.944	11.861	11.044	11.518
Weekly Changes (%)	6.16	5.49	4.45	-23.46	12.43	-0.29	6.18	-57.10	-0.326*	-0.166*	-0.187*	-0.197*	-0.152*	-0.121*

* 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	28-Apr-23	19-May-23	26-May-23
1. Treasury Bills (Excluding Repos)	656.45	620.28	672.28	671.51	665.86	665.88	638.40	627.57
<i>(As % of total securities)</i>	16.02	14.88	15.61	15.32	15.01	14.97	14.40	14.16
2. Treasury Bonds	3,440.61	3,549.53	3,634.86	3,710.62	3,771.03	3,781.43	3,793.56	3,804.12
<i>(As % of total securities)</i>	83.98	85.12	84.39	84.68	84.99	85.03	85.60	85.84
3. Total Securities (1+2)	4,097.06	4,169.81	4,307.14	4,382.13	4,436.89	4,447.31	4,431.96	4,431.69
4. Overdraft at Central Bank	68.40	65.86	27.25	58.50	77.98	69.60	66.35	74.15
5. Other Domestic debt*	26.32	30.55	30.90	32.76	24.73	24.73	24.69	25.41
6. Gross Domestic Debt (3+4+5)	4,191.77	4,266.23	4,365.29	4,473.39	4,539.59	4,541.64	4,523.00	4,531.24

* 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	28-Apr-23	19-May-23	26-May-23
Treasury bills (Excluding Repos)	15.81	14.54	15.40	15.01	14.67	14.66	14.11	13.85
Treasury bonds	82.09	83.20	83.27	82.95	83.07	83.26	83.87	83.95
Overdraft at Central Bank	1.46	1.54	0.62	1.31	1.72	1.53	1.47	1.64
Other domestic debt	0.64	0.72	0.71	0.73	0.54	0.54	0.55	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)

	25-Mar-22	24-Jun-22	30-Sep-22	30-Dec-22	31-Mar-23	28-Apr-23	19-May-23	26-May-23
Banking Institutions	49.29	48.74	47.60	46.84	46.13	45.65	45.44	45.39
Insurance Companies	6.87	7.14	7.32	7.37	7.39	7.50	7.54	7.61
Parastatals	5.72	5.84	6.09	6.06	6.04	6.14	6.21	6.19
Pension Funds	31.75	32.39	32.75	33.31	33.42	33.64	33.85	33.82
Other Investors	6.37	5.89	6.24	6.43	7.01	7.08	6.96	6.99
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	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