



Central Bank of Kenya

Weekly Bulletin

December 22, 2023



RECENT MONETARY AND FINANCIAL DEVELOPMENTS

Exchange Rates

The Kenya Shilling remained relatively stable against major international and regional currencies during the week ending December 21. It exchanged at KSh 154.69 per US dollar on December 21, compared to KSh 153.37 per US dollar on December 14 (**Table 1**).

Foreign Exchange Reserves

The usable foreign exchange reserves remained adequate at USD 6,710 million (3.6 months of import cover) as at December 21 (**Table 2**).

Remittances

Remittance inflows in November 2023 totaled USD 355.0 million compared to USD 345.4 million in November 2022, an increase of 2.8 percent (**Chart 1**). The cumulative inflows for the 12 months to November 2023 totaled USD 4,175 million compared to USD 4,021 million in the same period in 2022, an increase of 3.8 percent. The US remained the largest source of remittances into Kenya, accounting for 55 percent in November 2023.

Money Market

Liquidity in the money market declined during the week ending December 21. Commercial banks' excess reserves stood at KSh 3.8 billion in relation to the 4.25 percent cash reserves requirement (CRR). Open market operations remained active. The average interbank rate was 12.31 percent on December 21 compared to 11.26 percent on December 14. During the week, the average number of interbank deals declined marginally to 47 from 49 in the previous week, while the average value traded increased to KSh 33.3 billion from KSh 29.0 billion in the previous week (**Table 3**).

Government Securities Market

The Treasury bill auction of December 21 received bids totaling KSh 20.8 billion against an advertised amount

of KSh 24.0 billion, representing a performance of 86.8 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 decreased by 2.8 percent, 2.0 percent and 1.4 percent, respectively, during the week ending December 21. Equity turnover and total shares traded increased by 26.4 percent and 29.1 percent, respectively, while market capitalization declined by 2.8 percent (**Table 6**).

Bond Market

Bond turnover in the domestic secondary market decreased by 9.9 percent during the week ending December 21 (**Table 6**). In the international market, yields on Kenya's Eurobonds declined by an average of 40.6 basis points, with the 2024 maturity bond declining by 49.0 basis points. The yield on the 10-year Eurobond for Angola declined while that of Zambia increased (**Chart 3**).

Global Trends

Inflation concerns in advanced economies continue to ease. The Euro Area and UK inflation rates declined to 2.4 percent and 3.9 percent in November 2023, respectively from 2.9 percent and 4.6 percent, respectively in October 2023. The US dollar index weakened by 0.11 percent against a basket of major currencies during the week ending December 21.

International oil prices increased during the week ending December 21, as tensions persisted in the Middle East following attacks on ships in the Red Sea. Murban oil price increased to USD 80.05 per barrel on December 21 from USD 75.13 per barrel on December 14.

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

	USD	Sterling Pound	Euro	100 Japanese Yen	Uganda Shilling*	Tanzania Shilling*	Rwandese Franc*	Burundi Franc*
8-Dec-23	153.34	192.76	165.28	106.54	24.60	16.34	8.13	18.56
11-Dec-23	153.34	192.88	165.31	106.23	24.61	16.38	8.21	18.56
12-Dec-23	Public Holiday							
13-Dec-23	153.35	192.85	165.12	104.83	24.88	16.34	8.14	18.57
14-Dec-23	153.37	192.16	165.41	105.30	24.71	16.33	8.16	18.56
Dec 8 - 14	153.35	192.66	165.28	105.73	24.70	16.35	8.16	18.56
15-Dec-23	153.74	195.00	167.77	108.41	24.55	16.33	8.14	18.52
18-Dec-23	153.78	195.82	168.16	108.22	24.52	16.29	8.14	18.52
19-Dec-23	154.16	195.14	168.21	107.97	24.45	16.25	8.12	18.46
20-Dec-23	154.39	196.41	169.05	107.01	24.39	16.29	8.12	18.43
21-Dec-23	154.69	195.83	169.33	107.89	24.31	16.26	8.11	18.41
Dec 15 - 21	154.15	195.64	168.50	107.90	24.44	16.28	8.13	18.47

*Units of currency per Kenya Shilling

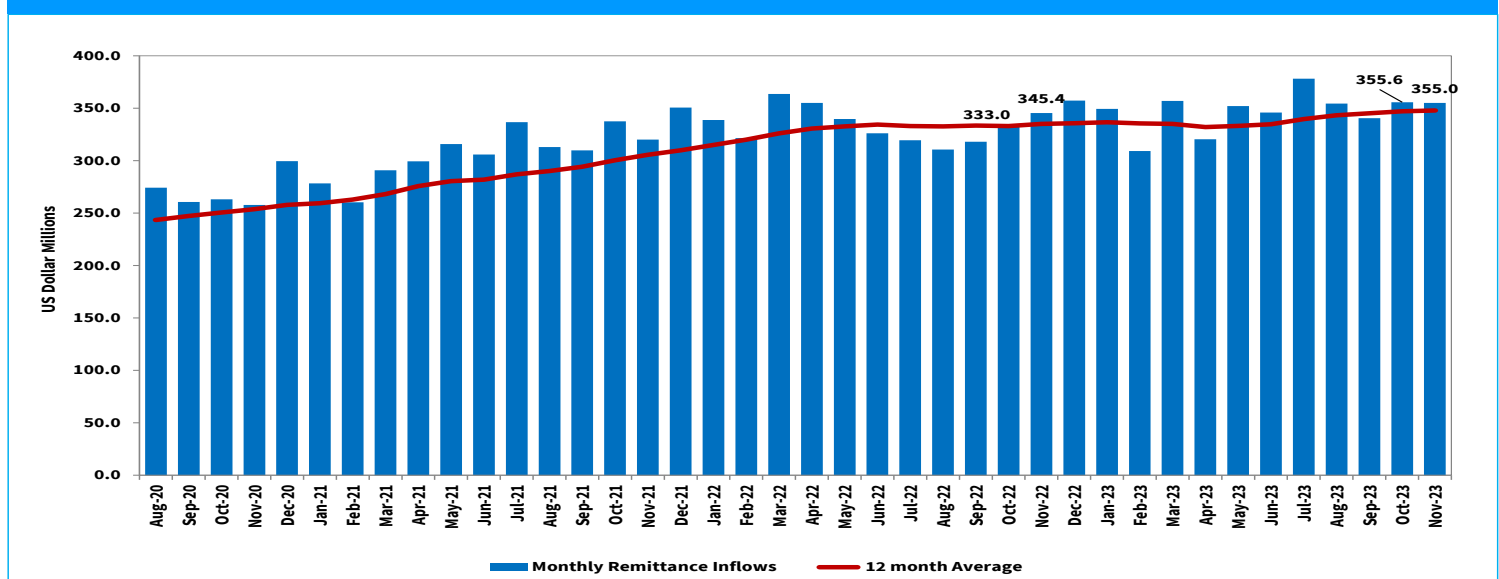
Source: Central Bank of Kenya

Table 2: Official Foreign Exchange Reserves (USD Million)

	23-Nov-23	30-Nov-23	7-Dec-23	14-Dec-23	21-Dec-23
1. CBK Usable Foreign Exchange Reserves (USD Million)	6,722	6,740	6,743	6,711	6,710
2. CBK Usable Foreign Exchange Reserves (Months of Import Cover)*	3.61	3.62	3.61	3.59	3.59

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

Source: Central Bank of Kenya

Chart 1: Monthly Remittance Inflows (USD Million)


Source: Central Bank of Kenya

Table 3: Money Markets

Date	Number of Deals	Value (KSh M)	Average Interbank Rate (%)
8-Dec-23	25	10,230.00	10.40
11-Dec-23	50	35,030.00	10.62
12-Dec-23	Public Holiday		
13-Dec-23	65	33,290.00	10.99
14-Dec-23	54	37,420.00	11.26
Dec 8-14	49	28,992.50	10.82
15-Dec-23	39	22,970.00	11.47
18-Dec-23	54	36,120.00	11.67
19-Dec-23	43	32,070.00	11.86
20-Dec-23	49	40,580.00	12.11
21-Dec-23	48	34,765.00	12.31
Dec 15-21	47	33,301.00	11.88

Source: Central Bank of Kenya

Table 4: Performance of Treasury Bill Auctions

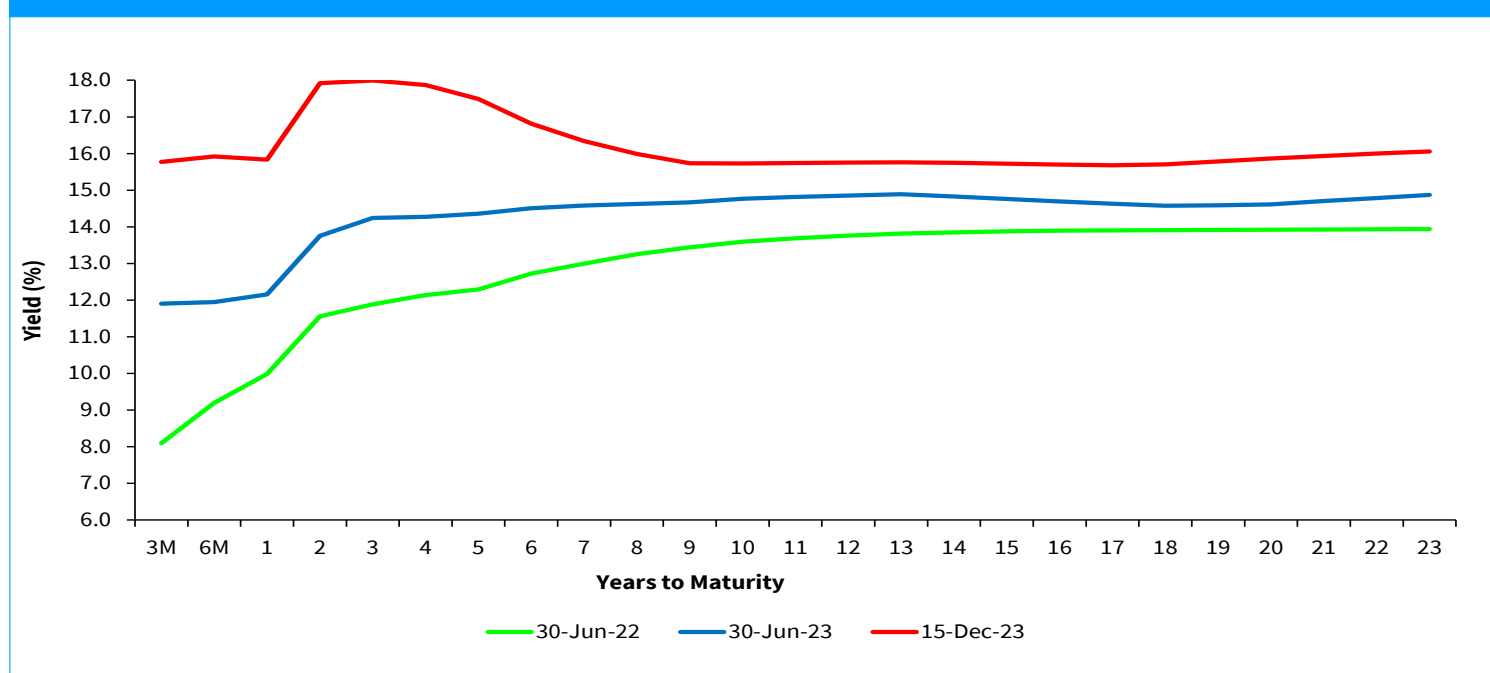
91-Day Treasury Bills						
Date of Auction	29-Jun-23	26-Oct-23	23-Nov-23	30-Nov-23	14-Dec-23	21-Dec-23
Amount Offered (KSh M)	4,000.00	4,000.00	4,000.00	4,000.00	4,000.00	4,000.00
Bids Received (KSh M)	5,779.97	10,638.80	23,396.30	19,398.85	13,791.52	16,634.14
Amount Accepted (KSh M)	2,705.12	8,142.58	22,411.88	18,291.41	13,538.44	16,516.80
Maturities (KSh M)	2,814.15	5,955.85	15,880.15	22,053.85	18,356.70	15,903.40
Average Interest Rate (%)	11.904	15.111	15.443	15.529	15.771	15.883
182-Day Treasury Bills						
Date of Auction	29-Jun-23	26-Oct-23	23-Nov-23	30-Nov-23	14-Dec-23	21-Dec-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)	2,195.96	5,668.39	2,379.05	2,697.97	2,921.95	2,286.09
Amount Accepted (KSh M)	1,300.96	5,668.39	2,367.01	2,695.22	2,919.52	2,283.77
Maturities (KSh M)	442.15	906.65	4,259.70	563.30	1,778.75	2,059.10
Average Interest Rate (%)	11.947	15.129	15.445	15.550	15.922	15.972
364-Day Treasury Bills						
Date of Auction	29-Jun-23	26-Oct-23	23-Nov-23	30-Nov-23	14-Dec-23	21-Dec-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)	1,514.41	1,843.30	1,851.70	1,966.06	629.31	1,919.04
Amount Accepted (KSh M)	1,514.41	1,843.30	1,851.70	1,846.10	627.12	1,919.04
Maturities (KSh M)	2,417.65	3,911.45	6,283.80	2,780.45	3,294.00	2,122.85
Average Interest Rate (%)	12.157	15.387	15.583	15.727	15.834	15.901

Source: Central Bank of Kenya

Table 5: Performance of Treasury Bond Auctions

Date of Auction	24-Aug-23		13-Sep-23		28-Sep-23		12-Oct-23		8-Nov-23	5-Dec-23
	TAP		RE-OPEN		TAP		RE-OPEN			TAP
Tenor	FXD1/ 2023/02	FXD1/ 2023/05	FXD1/ 2023/02	FXD1/ 2016/10	FXD1/ 2023/002	FXD1/ 2016/10	FXD1/ 2023/002	FXD1/ 2023/005	IFB1/ 2023/6.5	IFB1/ 2023/6.5
Amount offered (KSh M)	21,000.00		35,000.00		15,000.00		35,000.00		50,000.00	25,000.00
Bids received (KSh M)	17,375.70	6,225.05	18,014.85	15,994.38	2,631.25	814.90	6,506.42	5,791.92	88,899.96	47,238.75
Amount Accepted (KSh M)	17,373.51	6,123.42	15,012.62	6,616.01	2,609.97	763.17	4,825.11	1,481.78	67,056.07	47,866.93
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	17.45	17.93	17.45	17.93	17.74	17.99	17.93	17.93

Source: Central Bank of Kenya

Chart 2: Government Securities Yield Curve


Source: Nairobi Securities Exchange (NSE)

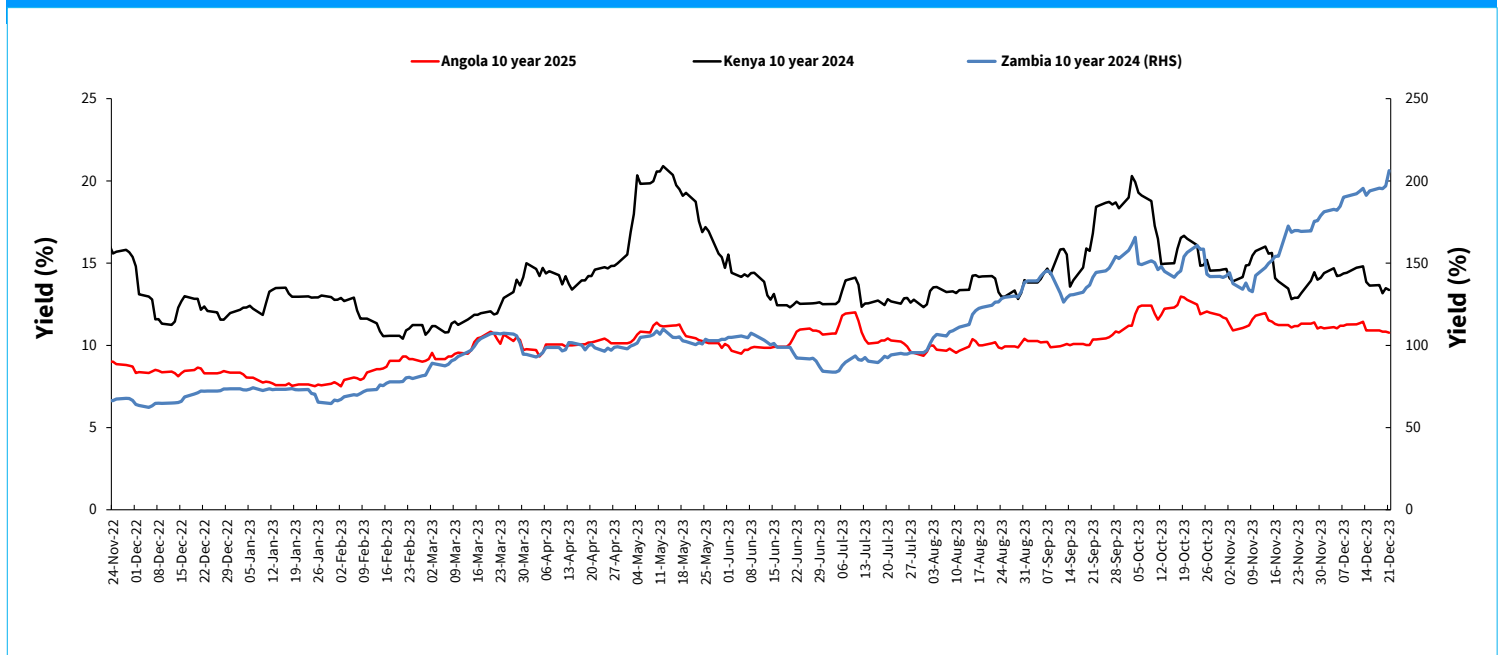
Table 6: Performance of Key Market Indicators

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
8-Dec-23	93.94	2422.44	1513.19	1,423	6.1363	105.09	1,467.68	3,244.70	10.952	14.415	10.952	10.956	10.341	11.273
11-Dec-23	93.86	2418.52	1516.18	716	3.5873	37.65	1,466.38	8,329.20	10.995	14.719	10.995	10.985	10.342	11.275
12-Dec-23	Public Holiday								10.915	14.761	10.915	10.93	10.318	11.353
13-Dec-23	93.30	2398.97	1508.04	1,073	17.2392	260.80	1,457.73	3,332.50	10.835	14.804	10.835	10.931	10.319	11.432
14-Dec-23	93.05	2390.68	1501.16	762	8.8736	147.80	1,453.71	5,205.95	10.498	13.86	10.196	10.281	9.826	10.906
Dec 7-14	93.05	2390.68	1501.16	3,974.00	35.84	551.33	1,453.71	20,112.35	10.498	13.86	10.196	10.281	9.826	10.906
15-Dec-23	92.00	2,375.67	1,491.92	818	5.33	41.19	1,437.38	4,047.18	10.438	13.63	10.078	10.096	9.739	10.394
18-Dec-23	91.17	2,357.70	1,481.17	693	7.78	111.96	1,424.45	1,907.25	10.378	13.668	10.04	10.123	9.716	10.377
19-Dec-23	89.99	2,336.64	1,475.07	941	14.75	222.31	1,406.00	3,175.00	10.255	13.165	9.963	10.045	9.646	10.327
20-Dec-23	90.37	2,348.36	1,484.54	801	9.29	158.36	1,411.94	5,314.37	10.195	13.472	9.886	9.993	9.599	10.277
21-Dec-23	90.45	2,343.92	1,480.27	830	9.11	163.14	1,413.18	3,669.95	10.148	13.37	9.854	9.917	9.58	10.261
Dec 15-21	90.45	2343.92	1480.27	4,083.00	46.26	696.97	1,413.18	18,113.75	10.148	13.37	9.854	9.917	9.58	10.261
Weekly Changes (%)	-2.79	-1.96	-1.39	2.74	29.08	26.41	-2.79	-9.94	-0.350*	-0.490*	-0.342*	-0.364*	-0.246*	-0.645*

* 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)

	30-Jun-23	31-Jul-23	31-Aug-23	29-Sep-23	31-Oct-23	24-Nov-23	8-Dec-23	15-Dec-23
1. Treasury Bills (Excluding Repos)	614.73	585.13	567.70	558.21	557.23	554.55	554.01	551.22
<i>(As % of total securities)</i>	13.28	12.50	12.06	11.86	11.81	11.60	11.59	11.47
2. Treasury Bonds	4,013.89	4,097.24	4,139.72	4,149.81	4,159.08	4,224.91	4,224.91	4,255.53
<i>(As % of total securities)</i>	86.72	87.50	87.94	88.14	88.19	88.40	88.41	88.53
3. Total Securities (1+2)	4,628.62	4,682.38	4,707.42	4,708.02	4,716.31	4,779.46	4,778.92	4,806.75
4. Overdraft at Central Bank	76.46	61.12	72.05	75.70	73.93	83.70	91.13	87.85
5. Other Domestic debt*	127.04	130.03	132.86	133.75	122.79	122.78	122.78	122.78
of which IMF funds on-lent to Government	95.52	97.70	98.82	99.52	98.28	98.28	98.28	98.28
6. Gross Domestic Debt (3+4+5)	4,832.11	4,873.53	4,912.34	4,917.47	4,913.03	4,985.94	4,992.83	5,017.38

* 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-Jun-23	31-Jul-23	31-Aug-23	29-Sep-23	31-Oct-23	24-Nov-23	8-Dec-23	15-Dec-23
Treasury bills (Excluding Repos)	12.72	12.01	11.56	11.35	11.34	11.12	11.10	10.99
Treasury bonds	83.07	84.07	84.27	84.39	84.65	84.74	84.62	84.82
Overdraft at Central Bank	1.58	1.25	1.47	1.54	1.50	1.68	1.83	1.75
Other domestic debt	2.63	2.67	2.70	2.72	2.50	2.46	2.46	2.45
of which IMF fund on lent to government	1.98	2.00	2.01	2.02	2.00	1.97	1.97	1.96
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-Dec-22	31-Mar-23	30-Jun-23	29-Sep-23	31-Oct-23	24-Nov-23	8-Dec-23	15-Dec-23
Banking Institutions	46.84	46.13	46.17	45.18	44.15	46.00	45.99	45.86
Insurance Companies	7.37	7.39	7.31	7.35	7.20	7.21	7.21	7.25
Parastatals	6.06	6.04	5.98	5.95	5.77	5.52	5.55	5.51
Pension Funds	33.31	33.42	33.42	32.23	30.39	30.16	30.16	30.07
Other Investors	6.43	7.01	7.13	9.30	12.48	11.10	11.08	11.31
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	Jun-22	Dec-22	May-23	Jun-23	Jul-23	Aug-23	Sep-23*
Domestic debt (KSh Bn)	4,226.84	4,288.33	4,472.84	4,549.65	4,832.11	4,873.53	4,910.62	4,917.31
Public & Publicly Guaranteed External debt (USD Bn)	36.65	36.58	37.88	37.09	38.76	38.93	38.61	38.27
Public & Publicly Guaranteed External debt (KSh Bn)	4,243.53	4,290.73	4,673.14	5,137.16	5,446.56	5,542.64	5,614.09	5,667.80
Public debt (KSh Bn)	8,470.37	8,579.06	9,145.98	9,686.81	10,278.67	10,416.17	10,524.71	10,585.11

* Provisional

Source: The National Treasury and Central Bank of Kenya