



Central Bank of Kenya

Weekly Bulletin

September 8, 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 7. It exchanged at KSh 146.04 per US dollar on September 7, compared to KSh 145.41 per US dollar on August 31 (**Table 1**).

Foreign Exchange Reserves

The usable foreign exchange reserves remained adequate at USD 7,051 million (3.81 months of import cover) as at September 7. 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 increased during the week ending September 7, supported by government payments. Commercial banks' excess reserves stood at KSh 10.3 billion in relation to the 4.25 percent cash reserves requirement (CRR). Open market operations remained active. The average interbank rate was 12.38 percent on September 7 compared to 12.40 percent on August 31. During the week, the average number of interbank deals increased to 44 from 40 in the previous week, while the average value traded increased to KSh 32.1 billion from KSh 26.6 billion in the previous week (**Table 3**).

Government Securities Market

The Treasury bills auction of September 7 received bids totaling KSh 38.8 billion against an advertised amount of KSh 24.0 billion, representing a performance of 161.8 percent. Interest rates remained stable, with the 91-day, and 182-day and 364-day rates increasing marginally (**Table 4**).

Equity Market

At the Nairobi Securities Exchange NASI, NSE 25 and NSE 20 share price indices declined by 1.3 percent, 1.3 percent and 0.2 percent, respectively, during the week ending September 7. Market capitalization declined by 0.9 percent, while equity turnover and total shares traded increased by 278.1 percent and 765.7 percent, respectively (**Table 6**).

Bond Market

Bond turnover in the domestic secondary market increased by 16.2 percent during the week ending September 7 (**Table 6**). In the international market, yields on Kenya's Eurobonds increased by an average of 21.3 basis points, with the 2024 maturity increasing by 69.2 basis points. The yield on the 10-Year Eurobond for Zambia increased while that of Angola declined (**Chart 2**).

Global Trends

Inflation concerns in major economies have continued to ease. The US dollar index strengthened by 1.4 percent against a basket of major currencies during the week ending September 7.

International oil prices increased during the week ending September 7, after major OPEC+ oil producers extended the oil supply cuts to end of 2023. Murban oil price rose to USD 92.02 per barrel on September 7, from USD 88.59 per barrel on August 31.

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

	USD	Sterling Pound	Euro	100 Japanese Yen	Uganda Shilling*	Tanzania Shilling*	Rwandese Franc*	Burundi Franc*
25-Aug-23	144.87	183.10	156.88	99.32	25.54	17.29	8.19	19.58
28-Aug-23	144.99	182.96	156.74	99.33	25.48	17.21	8.19	19.56
29-Aug-23	145.15	182.79	156.99	99.15	25.56	17.26	8.18	19.50
30-Aug-23	145.26	182.71	156.85	98.67	25.57	17.24	8.18	19.48
31-Aug-23	145.41	184.64	158.69	99.78	25.55	17.23	8.18	19.46
Aug 25-31	145.14	183.24	157.23	99.25	25.54	17.25	8.19	19.52
1-Sep-23	145.51	184.52	158.19	99.70	25.57	17.22	8.18	19.45
4-Sep-23	145.63	184.74	158.19	100.52	25.56	17.20	8.17	19.44
5-Sep-23	145.76	184.09	157.37	99.56	25.52	17.19	8.19	19.48
6-Sep-23	145.91	183.28	156.63	99.02	25.56	17.17	8.17	19.40
7-Sep-23	146.04	183.34	156.74	98.95	25.54	17.15	8.17	19.39
Sep 1-7	145.77	183.99	157.42	99.55	25.55	17.18	8.18	19.43

*Units of currency per Kenya Shilling

Source: Central Bank of Kenya

Table 2: Official Foreign Exchange Reserves (USD Million)

	10-Aug-23	17-Aug-23	24-Aug-23	31-Aug-23	7-Sep-23
1. CBK Usable Foreign Exchange Reserves (USD Million)	7,357	7,290	7,153	7,080	7,051
2. CBK Usable Foreign Exchange Reserves (Months of Import Cover)*	4.02	3.98	3.91	3.83	3.81

*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 (%)
25-Aug-23	46	24,570.00	12.08
28-Aug-23	35	24,920.00	12.18
29-Aug-23	39	23,805.00	12.23
30-Aug-23	40	27,700.00	12.27
31-Aug-23	41	31,905.00	12.40
Aug 25-31	40	26,580.00	12.23
1-Sep-23	50	33,150.00	12.49
4-Sep-23	39	25,290.00	12.43
5-Sep-23	47	39,420.00	12.42
6-Sep-23	42	32,340.00	12.41
7-Sep-23	41	30,415.00	12.38
Sep 1-7	44	32,123.00	12.43

Source: Central Bank of Kenya

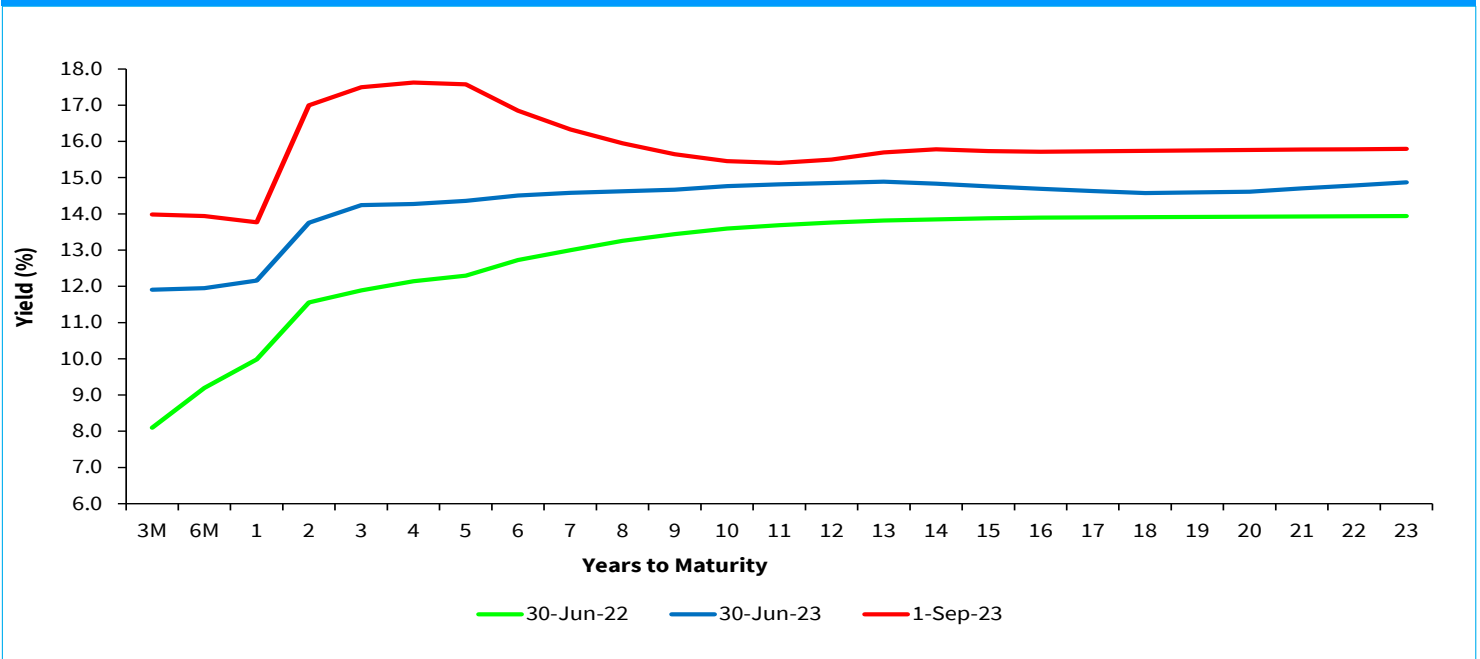
Table 4: Performance of Treasury Bill Auctions						
91-Day Treasury Bills						
Date of Auction	29-Dec-22	30-Mar-23	29-Jun-23	24-Aug-23	31-Aug-23	7-Sep-23
Amount Offered (KSh M)	4,000.00	4,000.00	4,000.00	4,000.00	4,000.00	4,000.00
Bids Received (KSh M)	2,180.21	2,904.04	5,779.97	18,217.54	21,591.12	34,831.69
Amount Accepted (KSh M)	2,120.42	2,765.00	2,705.12	15,624.63	21,517.69	34,774.71
Maturities (KSh M)	2,539.95	2,158.40	2,814.15	13,537.30	18,020.65	28,818.85
Average Interest Rate (%)	9.369	9.907	11.904	13.733	13.985	14.234
182-Day Treasury Bills						
Date of Auction	29-Dec-22	30-Mar-23	29-Jun-23	24-Aug-23	31-Aug-23	7-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	2,576.12	960.53	1,226.84
Amount Accepted (KSh M)	434.69	3,457.80	1,300.96	2,574.65	958.52	1,220.46
Maturities (KSh M)	1,660.95	3,176.30	442.15	4,624.55	6,306.75	8,275.35
Average Interest Rate (%)	9.834	10.399	11.947	13.491	13.939	14.369
364-Day Treasury Bills						
Date of Auction	29-Dec-22	30-Mar-23	29-Jun-23	24-Aug-23	31-Aug-23	7-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	2,198.68	623.87	2,780.74
Amount Accepted (KSh M)	1,691.33	1,810.42	1,514.41	2,189.08	621.00	2,776.72
Maturities (KSh M)	5,396.40	2,660.05	2,417.65	4,824.45	3,565.55	3,815.85
Average Interest Rate (%)	10.308	10.800	12.157	14.014	13.765	14.860

Source: Central Bank of Kenya

Table 5: Performance of Treasury Bond Auctions								
Date of Auction	12-Jul-23		21-Jul-23		16-Aug-23		24-Aug-23	
	RE-OPENED		TAP			RE-OPENED	TAP	
Tenor	FXD1/ 2016/10	FXD1/ 2023/05	FXD1/ 2023/05	FXD1/ 2023/02	FXD1/ 2023/02	FXD1/ 2023/05	FXD1/ 2023/02	FXD1/ 2023/05
Amount offered (KSh M)	40,000.00		20,000.00		40,000.00		21,000.00	
Bids received (KSh M)	22,663.75	29,099.83	32,216.95	12,212.15	38,301.96	14,704.44	17,375.70	6,225.05
Amount Accepted (KSh M)	15,740.47	22,832.72	31,230.14	12,210.68	11,659.58	7,456.28	17,373.51	6,123.42
Maturities (KSh M)								
Average interest Rate (%)	16.33	16.84	16.33	16.84	16.97	17.95	16.97	17.95

Source: Central Bank of Kenya

Chart 1: Government Securities Yield Curve



Source: Nairobi Securities Exchange (NSE)

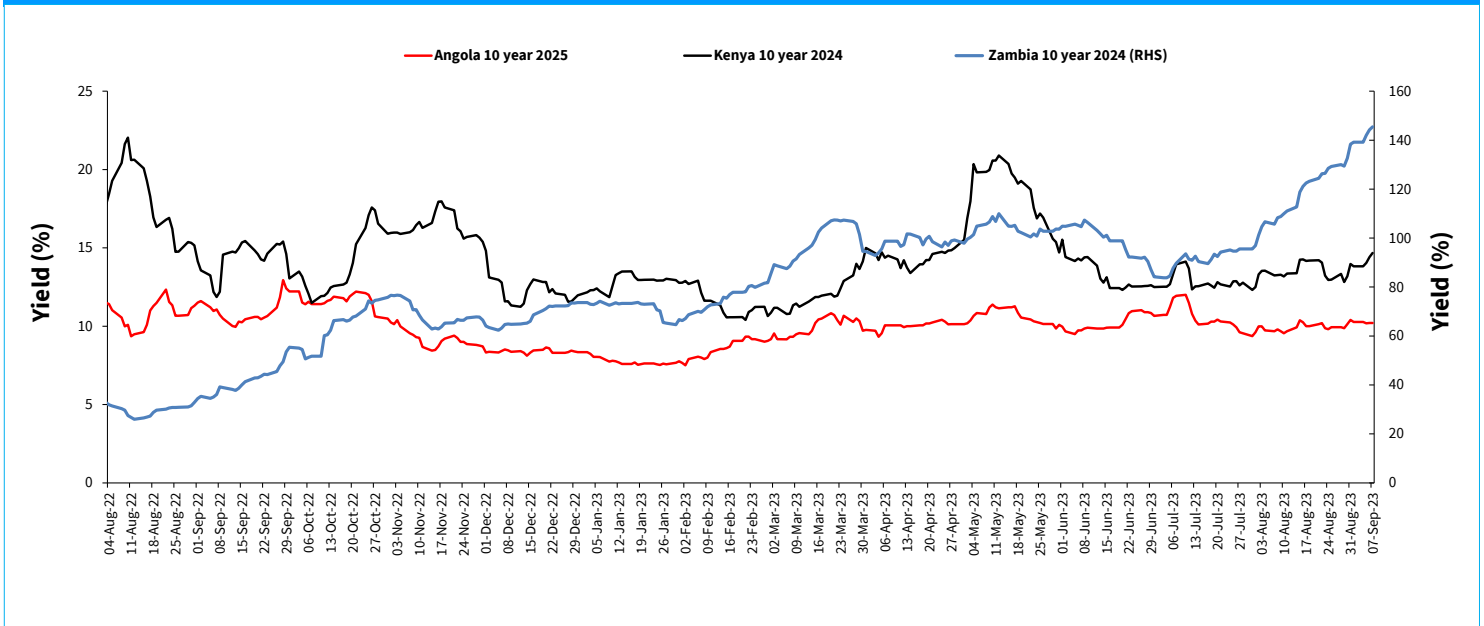
Table 6: Performance of Key Market Indicators

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
25-Aug-23	99.38	2565.38	1522.49	808.00	2.19	39.96	1547.25	2286.15	11.943	12.972	11.587	11.368	10.861	11.274
28-Aug-23	99.17	2562.94	1520.88	1036.00	5.17	80.10	1543.96	2191.25	11.947	13.338	11.589	11.369	10.888	11.294
29-Aug-23	99.08	2565.38	1526.85	1206.00	5.27	106.89	1542.53	1889.20	11.707	12.821	11.468	11.257	10.759	11.198
30-Aug-23	99.50	2581.58	1532.39	1232.00	8.63	146.61	1549.11	1122.02	11.952	13.186	11.591	11.37	10.863	11.274
31-Aug-23	99.23	2578.57	1540.16	1207.00	5.83	151.60	1544.94	2358.48	12.092	13.977	11.761	11.458	10.996	11.372
Aug 25-31	99.23	2578.57	1540.16	5,489.00	27.09	525.15	1,544.94	9,847.10	12.092	13.977	11.761	11.458	10.996	11.372
1-Sep-23	98.14	2562.79	1538.64	1,239.00	180.28	1,069.03	1,533.29	1,963.85	12.036	13.823	11.723	11.459	10.997	11.372
4-Sep-23	98.10	2559.85	1544.95	1,110.00	4.84	128.22	1,532.62	1,261.70	12.036	13.823	11.723	11.459	10.997	11.372
5-Sep-23	98.01	2556.71	1543.29	1,039.00	13.41	245.66	1,531.28	1,901.25	12.143	14.036	11.764	11.499	11.028	11.392
6-Sep-23	97.98	2555.39	1542.04	937.00	26.22	378.55	1,530.85	2,195.45	12.229	14.408	11.89	11.602	11.13	11.47
7-Sep-23	97.98	2544.29	1536.92	939.00	9.76	163.99	1,530.88	4,121.85	12.306	14.669	11.856	11.548	11.106	11.451
Sep 1-7	97.98	2544.29	1536.92	5,264.00	234.51	1,985.46	1,530.88	11,444.10	12.306	14.669	11.856	11.548	11.106	11.451
Weekly Changes (%)	-1.26	-1.33	-0.21	-4.10	765.70	278.07	-0.91	16.22	0.214*	0.692*	0.095*	0.090*	0.110*	0.079*

* 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	28-Jul-23	25-Aug-23	1-Sep-23
1. Treasury Bills (Excluding Repos)	620.28	672.28	671.51	665.86	614.73	597.66	569.67	567.70
<i>(As % of total securities)</i>	14.88	15.61	15.32	15.01	13.28	12.73	12.16	12.06
2. Treasury Bonds	3,549.53	3,634.86	3,710.62	3,771.03	4,013.89	4,097.24	4,116.24	4,139.72
<i>(As % of total securities)</i>	85.12	84.39	84.68	84.99	86.72	87.27	87.84	87.94
3. Total Securities (1+2)	4,169.81	4,307.14	4,382.13	4,436.89	4,628.62	4,694.91	4,685.92	4,707.42
4. Overdraft at Central Bank	65.86	27.25	58.50	77.98	76.46	48.18	69.08	72.05
5. Other Domestic debt*	30.55	30.90	32.76	24.73	25.61	31.49	31.50	31.52
6. Gross Domestic Debt (3+4+5)	4,266.23	4,365.29	4,473.39	4,539.59	4,730.69	4,774.58	4,786.50	4,811.00

* 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	28-Jul-23	25-Aug-23	1-Sep-23
Treasury bills (Excluding Repos)	14.54	15.40	15.01	14.67	12.99	12.52	11.90	11.80
Treasury bonds	83.20	83.27	82.95	83.07	84.85	85.81	86.00	86.05
Overdraft at Central Bank	1.54	0.62	1.31	1.72	1.62	1.01	1.44	1.50
Other domestic debt	0.72	0.71	0.73	0.54	0.54	0.66	0.66	0.66
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	28-Jul-23	25-Aug-23	1-Sep-23
Banking Institutions	48.74	47.60	46.84	46.13	46.17	45.25	44.96	44.96
Insurance Companies	7.14	7.32	7.37	7.39	7.31	7.36	7.33	7.35
Parastatals	5.84	6.09	6.06	6.04	5.98	5.96	6.09	6.03
Pension Funds	32.39	32.75	33.31	33.42	33.42	33.83	33.14	33.02
Other Investors	5.89	6.24	6.43	7.01	7.13	7.59	8.48	8.64
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	Apr-23	May-23
Domestic debt (KSh Bn)	4,032.37	4,191.77	4,288.33	4,366.30	4,472.84	4,539.59	4,541.64	4,549.65
Public & Publicly Guaranteed External debt (USD Bn)	36.90	36.82	36.58	36.00	37.88	36.66	37.47	37.09
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	5,092.50	5,137.16
Public debt (KSh Bn)	8,206.74	8,401.33	8,579.06	8,701.10	9,145.98	9,390.69	9,634.14	9,686.81

* Provisional

Source: The National Treasury and Central Bank of Kenya