Central Bank of Kenya

# Weekly Bulletin

November 10, 2023

## RECENT MONETARY AND FINANCIAL DEVELOPMENTS

### Exchange Rates

The Kenya Shilling remained relatively stable against major international and regional currencies during the week ending November 9. It exchanged at KSh 151.53 per US dollar on November 9, compared to KSh 150.86 per US dollar on November 2 **(Table 1).**

### Foreign Exchange Reserves

The usable foreign exchange reserves remained adequate at USD 6,853 million (3.7 months of import cover) as at November 9. 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 November 9. Commercial banks' excess reserves stood at KSh 18.6 billion in relation to the 4.25 percent cash reserves requirement (CRR). Open market operations remained active. The average interbank rate was 11.34 percent on November 9 compared to 12.18 percent on November 2. During the week, the average number of interbank deals decreased to 19 from 23 in the previous week, while the average value traded increased marginally to KSh 13.9 billion from KSh 13.5 billion in the previous week **(Table 3).**

### Government Securities Market

The Treasury bills auction of November 9 received bids totaling KSh 61.4 billion against an advertised amount of KSh 24.0 billion, representing a performance of 255.6 percent. Interest rates remained stable, with the 91-day, 182-day and 364-day rates increasing marginally **(Table 4).**

During the Treasury bond auction of November 8, the 6.5-year Infrastructure bond received bids totaling KSh 88.9 billion against an advertised amount of KSh 50 billion, representing a performance rate of 177.8 percent **(Table 5).**

### Equity Market

At the Nairobi Securities Exchange, the NASI increased by 1.5 percent while NSE 25 and NSE 20 share price indices declined by 1.2 percent and 1.9 percent, respectively during the week ending November 9. Market capitalization increased by 1.5 percent, while equity turnover and total shares traded declined by 45.5 percent and 42.2 percent, respectively **(Table 6).**

### Bond Market

Bond turnover in the domestic secondary market increased by 15.6 percent during the week ending November 9 **(Table 6)**. In the international market, yields on Kenya's Eurobonds increased by an average of 14.17 basis points, with the 2024 maturity increasing by 137.9 basis points. The yield on the 10- Year Eurobond for Angola increased while that of Zambia declined **(Chart 2)**.

### Global Trends

Inflation concerns in advanced economies continue to ease, with inflation in Germany falling from 4.5 percent in September to 3.8 percent in October, the lowest since August 2021. The US dollar index weakened by 0.20 percent against a basket of major currencies during the week ending November 9.

International oil prices declined during the week ending November 9, as demand concerns persist coupled with dissipating impact of the war between Israel and Hamas group. Murban oil price fell to USD 81.59 per barrel on November 9 from USD 87.24 per barrel on November 2.

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

| | USD | Sterling Pound | Euro | 100 Japanese Yen | Uganda Shilling* | Tanzania Shilling* | Rwandese Franc* | Burundi Franc* |
|---|---|---|---|---|---|---|---|---|
| 27-Oct-23 | 150.36 | 182.05 | 158.63 | 100.09 | 25.09 | 16.63 | 8.14 | 18.88 |
| 30-Oct-23 | 150.46 | 182.68 | 159.09 | 100.52 | 25.08 | 16.61 | 8.14 | 18.87 |
| 31-Oct-23 | 150.56 | 182.72 | 159.56 | 100.27 | 25.06 | 16.60 | 8.14 | 18.86 |
| 1-Nov-23 | 150.70 | 183.27 | 160.19 | 99.84 | 25.15 | 16.59 | 8.14 | 18.84 |
| 2-Nov-23 | 150.86 | 182.73 | 158.88 | 100.28 | 25.09 | 16.56 | 8.13 | 18.83 |
| **Oct 26-Nov 2** | **150.59** | **182.69** | **159.27** | **100.20** | **25.09** | **16.60** | **8.14** | **18.86** |
| 3-Nov-23 | 151.06 | 184.30 | 160.90 | 99.80 | 25.08 | 16.54 | 8.13 | 18.80 |
| 6-Nov-23 | 151.16 | 186.33 | 161.90 | 101.11 | 25.03 | 16.53 | 8.09 | 18.72 |
| 7-Nov-23 | 151.27 | 187.48 | 162.49 | 100.98 | 24.86 | 16.54 | 8.09 | 18.71 |
| 8-Nov-23 | 151.38 | 186.28 | 161.74 | 100.52 | 24.84 | 16.50 | 8.14 | 18.76 |
| 9-Nov-23 | 151.53 | 185.80 | 161.67 | 100.39 | 24.81 | 16.58 | 8.11 | 18.75 |
| **Nov 3-9** | **151.28** | **186.03** | **161.74** | **100.56** | **24.92** | **16.54** | **8.11** | **18.75** |

**Units of currency per Kenya Shilling*

*Source: Central Bank of Kenya*

## Table 2: Official Foreign Exchange Reserves (USD Million)

| | 12-Oct-23 | 18-Oct-23 | 26-Oct-23 | 2-Nov-23 | 9-Nov-23 |
|---|---|---|---|---|---|
| 1. CBK Usable Foreign Exchange Reserves (USD Million) | 6,872 | 6,833 | 6,836 | 6,814 | 6,853 |
| 2. CBK Usable Foreign Exchange Reserves (Months of Import Cover)* | 3.69 | 3.67 | 3.67 | 3.66 | 3.68 |

**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 (%) |
|---|---|---|---|
| 27-Oct-23 | 21 | 12,280.00 | 12.36 |
| 30-Oct-23 | 35 | 19,510.00 | 12.51 |
| 31-Oct-23 | 13 | 10,380.00 | 12.52 |
| 1-Nov-23 | 23 | 13,610.00 | 12.32 |
| 2-Nov-23 | 24 | 11,860.00 | 12.18 |
| **Oct 27-Nov 2** | **23** | **13,528.00** | **12.38** |
| 3-Nov-23 | 27 | 16,330.00 | 12.09 |
| 6-Nov-23 | 14 | 12,000.00 | 11.99 |
| 7-Nov-23 | 23 | 19,120.00 | 11.75 |
| 8-Nov-23 | 16 | 11,370.00 | 11.54 |
| 9-Nov-23 | 17 | 10,740.00 | 11.34 |
| **Nov 3-9** | **19** | **13,912.00** | **11.74** |

*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** | **2-Nov-23** | **9-Nov-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 | 22,480.02 | 37,256.57 |
| Amount Accepted (KSh M) | 2,120.42 | 2,765.00 | 2,705.12 | 21,517.69 | 21,514.77 | 37,085.35 |
| Maturities (KSh M) | 2,539.95 | 2,158.40 | 2,814.15 | 18,020.65 | 5,719.10 | 42,524.35 |
| **Average Interest Rate (%)** | **9.369** | **9.907** | **11.904** | **13.985** | **15.186** | **15.287** |
| **182-Day Treasury Bills** | | | | | | |
| **Date of Auction** | **29-Dec-22** | **30-Mar-23** | **29-Jun-23** | **31-Aug-23** | **2-Nov-23** | **9-Nov-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 | 1,282.40 | 18,590.43 |
| Amount Accepted (KSh M) | 434.69 | 3,457.80 | 1,300.96 | 958.52 | 1,282.40 | 18,590.43 |
| Maturities (KSh M) | 1,660.95 | 3,176.30 | 442.15 | 6,306.75 | 5,603.55 | 9,271.00 |
| **Average Interest Rate (%)** | **9.834** | **10.399** | **11.947** | **13.939** | **15.271** | **15.406** |
| **364-Day Treasury Bills** | | | | | | |
| **Date of Auction** | **29-Dec-22** | **30-Mar-23** | **29-Jun-23** | **31-Aug-23** | **2-Nov-23** | **9-Nov-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 | 914.10 | 5,506.69 |
| Amount Accepted (KSh M) | 1,691.33 | 1,810.42 | 1,514.41 | 621.00 | 914.10 | 5,493.66 |
| Maturities (KSh M) | 5,396.40 | 2,660.05 | 2,417.65 | 3,565.55 | 18,166.65 | 9,557.25 |
| **Average Interest Rate (%)** | **10.308** | **10.800** | **12.157** | **13.765** | **15.439** | **15.615** |

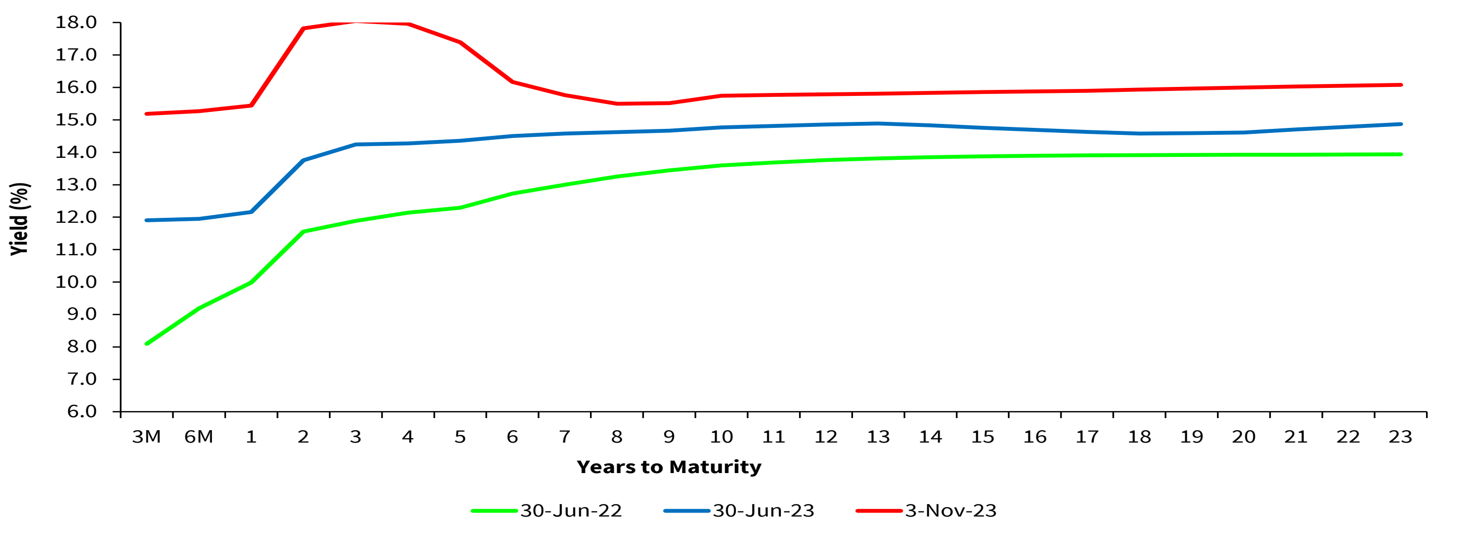
*Source: Central Bank of Kenya*

## 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** |
|---|---|---|---|---|---|---|---|---|---|
| | **TAP** | | **RE-OPEN** | | **TAP** | | **RE-OPEN** | | |
| **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** |
| Amount offered (KSh M) | 21,000.00 | | 35,000.00 | | 15,000.00 | | 35,000.00 | | 50,000.00 |
| 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 |
| 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 |
| Maturities (KSh M) | 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 |

*Source: Central Bank of Kenya*

## Chart 1: Government Securities Yield Curve



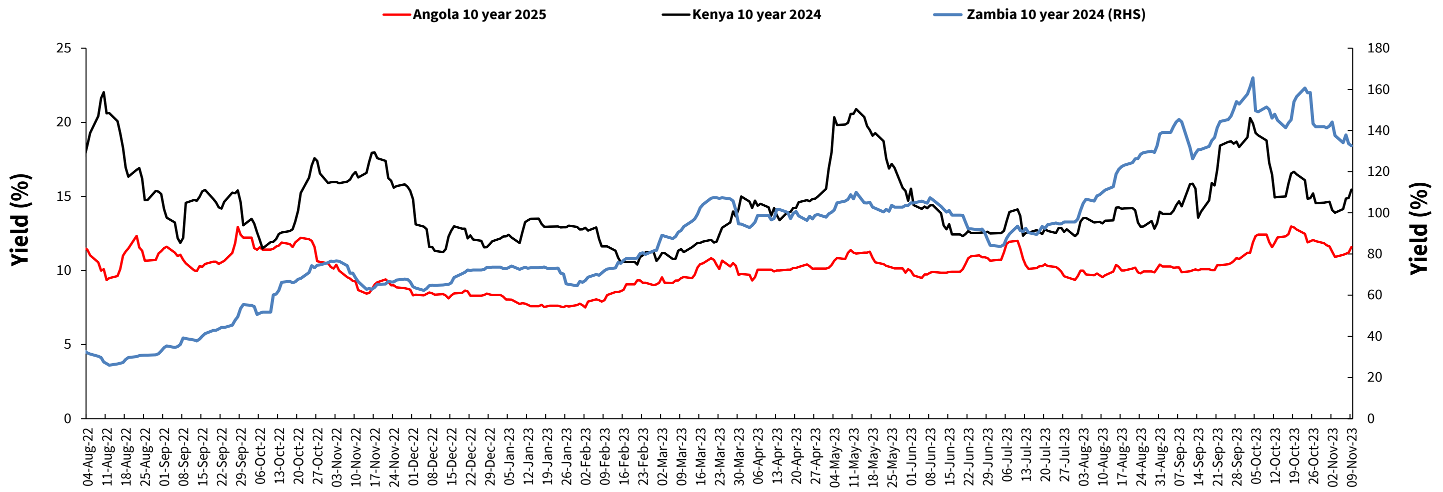

*Source: Nairobi Securities Exchange (NSE)*

## 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 |
| 27-Oct-23 | 89.42 | 2401.29 | 1461.99 | 1,248.00 | 79.92 | 1,035.28 | 1,397.03 | 1,929.65 | 13.763 | 14.545 | 13.403 | 12.735 | 12.181 | 12.251 |
| 30-Oct-23 | 88.83 | 2379.94 | 1453.90 | 1,036.00 | 19.04 | 212.07 | 1,387.85 | 970.89 | 13.636 | 14.578 | 13.317 | 12.674 | 12.096 | 12.162 |
| 31-Oct-23 | 88.56 | 2369.55 | 1461.07 | 1,130.00 | 9.70 | 152.91 | 1,383.61 | 2,439.64 | 13.577 | 14.612 | 13.143 | 12.552 | 11.953 | 12.075 |
| 1-Nov-23 | 88.13 | 2359.86 | 1460.58 | 990.00 | 6.38 | 94.35 | 1,376.85 | 2,415.89 | 13.517 | 14.646 | 13.058 | 12.461 | 11.841 | 12.01 |
| 2-Nov-23 | 87.03 | 2326.38 | 1444.12 | 940.00 | 3.28 | 55.39 | 1,359.69 | 2,061.03 | 13.139 | 14.083 | 12.804 | 12.103 | 11.455 | 11.736 |
| **Oct 27-Nov 2** | **87.03** | **2326.38** | **1444.12** | **5,344.00** | **118.32** | **1,549.99** | **1,359.69** | **9,817.11** | 13.139 | 14.083 | 12.804 | 12.103 | 11.455 | 11.736 |
| 3-Nov-23 | 85.74 | 2307.75 | 1443.42 | 1,190.00 | 9.25 | 104.72 | 1,339.59 | 1,270.60 | 12.62 | 13.894 | 12.46 | 11.896 | 11.213 | 11.552 |
| 6-Nov-23 | 86.04 | 2298.54 | 1442.67 | 1,084.00 | 18.29 | 201.27 | 1,344.33 | 694.10 | 12.626 | 14.148 | 12.463 | 11.898 | 11.214 | 11.553 |
| 7-Nov-23 | 85.55 | 2276.08 | 1428.66 | 1,305.00 | 17.23 | 213.30 | 1,336.39 | 5,106.25 | 12.698 | 14.855 | 12.466 | 11.869 | 11.188 | 11.512 |
| 8-Nov-23 | 86.41 | 2281.58 | 1424.01 | 967.00 | 2.18 | 27.84 | 1,350.00 | 2,842.85 | 12.769 | 14.891 | 12.512 | 11.841 | 11.189 | 11.553 |
| 9-Nov-23 | 88.32 | 2299.32 | 1416.32 | 1,258.00 | 21.43 | 297.72 | 1,379.90 | 1,435.80 | 13.119 | 15.462 | 12.651 | 11.963 | 11.3 | 11.675 |
| **Nov3-9** | **88.32** | **2299.32** | **1416.32** | **5,804.00** | **68.38** | **844.85** | **1,379.90** | **11,349.60** | **13.119** | **15.462** | **12.651** | **11.963** | **11.3** | **11.675** |
| **Weekly Changes (%)** | **1.48** | **-1.16** | **-1.93** | **8.61** | **-42.21** | **-45.49** | **1.49** | **15.61** | **-0.020*** | **1.379*** | **-0.153*** | **-0.140*** | **-0.155*** | **-0.061*** |

** 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 | 31-Oct-23 | 3-Nov-23 |
|---|---|---|---|---|---|---|---|---|
| 1. Treasury Bills (Excluding Repos) | 671.51 | 665.86 | 614.73 | 585.13 | 567.70 | 558.21 | 557.23 | 557.23 |
| *(As % of total securities)* | *15.32* | *15.01* | *13.28* | *12.50* | *12.06* | *11.86* | *11.81* | *11.81* |
| 2. Treasury Bonds | 3,710.62 | 3,771.03 | 4,013.89 | 4,097.24 | 4,139.72 | 4,149.81 | 4,159.08 | 4,159.08 |
| *(As % of total securities)* | *84.68* | *84.99* | *86.72* | *87.50* | *87.94* | *88.14* | *88.19* | *88.19* |
| 3. Total Securities (1+2) | 4,382.13 | 4,436.89 | 4,628.62 | 4,682.38 | 4,707.42 | 4,708.02 | 4,716.31 | 4,716.31 |
| 4. Overdraft at Central Bank | 58.50 | 77.98 | 76.46 | 61.12 | 72.05 | 75.70 | 73.93 | 78.96 |
| 5. Other Domestic debt* | 32.76 | 24.73 | 127.04 | 130.03 | 132.86 | 133.05 | 133.03 | 133.02 |
| **of which IMF funds on-lent to Government** | | | **95.52** | **97.70** | **98.82** | **98.82** | **98.82** | **98.82** |
| **6. Gross Domestic Debt (3+4+5)** | **4,473.39** | **4,539.59** | **4,832.11** | **4,873.53** | **4,912.34** | **4,916.78** | **4,923.27** | **4,928.30** |

** 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 | 31-Oct-23 | 3-Nov-23 |
|---|---|---|---|---|---|---|---|---|
| Treasury bills (Excluding Repos) | 15.01 | 14.67 | 12.72 | 12.01 | 11.56 | 11.35 | 11.32 | 11.31 |
| Treasury bonds | 82.95 | 83.07 | 83.07 | 84.07 | 84.27 | 84.40 | 84.48 | 84.39 |
| Overdraft at Central Bank | 1.31 | 1.72 | 1.58 | 1.25 | 1.47 | 1.54 | 1.50 | 1.60 |
| Other domestic debt | 0.73 | 0.54 | 2.63 | 2.67 | 2.70 | 2.71 | 2.70 | 2.70 |
| of which IMF fund on lent to government | | | 1.98 | 2.00 | 2.01 | 2.01 | 2.01 | 2.01 |
| **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 | 31-Oct-23 | 3-Nov-23 |
|---|---|---|---|---|---|---|---|---|
| Banking Institutions | 47.60 | 46.84 | 46.13 | 46.17 | 44.96 | 45.18 | 44.15 | 44.21 |
| Insurance Companies | 7.32 | 7.37 | 7.39 | 7.31 | 7.33 | 7.35 | 7.20 | 7.19 |
| Parastatals | 6.09 | 6.06 | 6.04 | 5.98 | 6.09 | 5.95 | 5.77 | 5.77 |
| Pension Funds | 32.75 | 33.31 | 33.42 | 33.42 | 33.14 | 32.23 | 30.39 | 30.36 |
| Other Investors | 6.24 | 6.43 | 7.01 | 7.13 | 8.48 | 9.30 | 12.48 | 12.47 |
| **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 | 4,832.11 | 4,873.53 | 4,910.62 |
| Public & Publicly Guaranteed External debt (USD Bn) | 36.65 | 36.94 | 36.58 | 37.88 | 37.09 | 38.76 | 38.93 | 38.61 |
| Public & Publicly Guaranteed External debt (KSh Bn) | 4,243.53 | 4,295.10 | 4,290.73 | 4,673.14 | 5,137.16 | 5,446.56 | 5,542.64 | 5,614.09 |
| 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*