



Central Bank of Kenya

Weekly Bulletin

September 15, 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 14. It exchanged at KSh 146.66 per US dollar on September 14, compared to KSh 146.04 per US dollar on September 7 (**Table 1**).

Foreign Exchange Reserves

The usable foreign exchange reserves remained adequate at USD 7,067 million (3.8 months of import cover) as at September 14. This meets the CBK's statutory requirement to endeavor to maintain at least 4 months of import cover (**Table 2**).

Remittances

Remittance inflows in August 2023 totaled USD 354.3 million compared to USD 310.5 million in August 2022, an increase of 14.1 percent (**Chart 1**). The cumulative inflows for the 12 months to August 2023 totaled USD 4,120 million compared to USD 3,992 million in the same period in 2022, an increase of 3.2 percent. The strong remittances inflows continue to support the current account and the stability of the exchange rate. The US remains the largest source of remittances into Kenya, accounting for 54 percent in August 2023.

Money Market

Liquidity in the money market increased during the week ending September 14. Commercial banks' excess reserves stood at KSh 11.2 billion in relation to the 4.25 percent cash reserves requirement (CRR). Open market operations remained active. The average interbank rate was 11.71 percent on September 14 compared to 12.38 percent on September 7. During the week, the average number of interbank deals decreased to 41 from 44 in the previous week, while the average value traded decreased to KSh 31.8 billion from KSh 32.1 billion in the previous week (**Table 3**).

Government Securities Market

The Treasury bill auction of September 14 received bids totaling KSh 22.1 billion against an advertised amount of KSh 24.0 billion, representing a performance of 92.1

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

During the Treasury bonds auction of September 13, the re-opened 2-year and 10-year fixed rate Treasury bonds received bids totaling KSh 34.0 billion against an advertised amount of KSh 35 billion, representing a performance rate of 97.2 percent (**Table 5**).

Equity Market

At the Nairobi Securities Exchange, the NASI and NSE 25 share price indices increased by 0.7 percent and 0.4 percent, respectively, while NSE 20 Share index declined by 0.1 percent, during the week ending September 14. Market capitalization increased by 0.7 percent, while equity turnover and total shares traded declined by 36.8 percent and 66.5 percent, respectively (**Table 6**).

Bond Market

Bond turnover in the domestic secondary market increased by 72.1 percent during the week ending September 14 (**Table 6**). In the international market, yields on Kenya's Eurobonds declined by an average of 18.1 basis points, with the 2024 maturity declining by 110.3 basis points. The yield on the 10- Year Eurobonds for Ghana and Angola also declined (**Chart 3**).

Global Trends

Inflation concerns in advanced economies persisted. US inflation rose to 3.7 percent in August mainly driven by a rise in energy prices. The European Central Bank raised its policy rate by 25 basis points amid continued weakening of economic growth in the region. The US dollar index strengthened by 0.3 percent against a basket of major currencies during the week ending September 14.

International oil prices increased during the week ending September 14, supported by drawdown of oil inventories and expectation of tighter oil supply in the medium term. Murban oil price rose to USD 96.61 per barrel on September 14 from USD 92.02 per barrel on September 7.

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

	USD	Sterling Pound	Euro	100 Japanese Yen	Uganda Shilling*	Tanzania Shilling*	Rwandese Franc*	Burundi Franc*
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
8-Sep-23	146.14	182.17	156.39	99.23	25.59	17.14	8.17	19.38
11-Sep-23	146.22	182.60	156.64	99.16	25.58	17.13	8.17	19.37
12-Sep-23	146.36	183.39	157.03	99.72	25.42	17.12	8.16	19.35
13-Sep-23	146.49	182.67	156.95	99.57	25.41	17.10	8.16	19.34
14-Sep-23	146.66	183.25	157.63	99.54	25.40	17.08	8.15	19.31
Sep 8-14	146.37	182.81	156.93	99.44	25.48	17.11	8.16	19.35

*Units of currency per Kenya Shilling

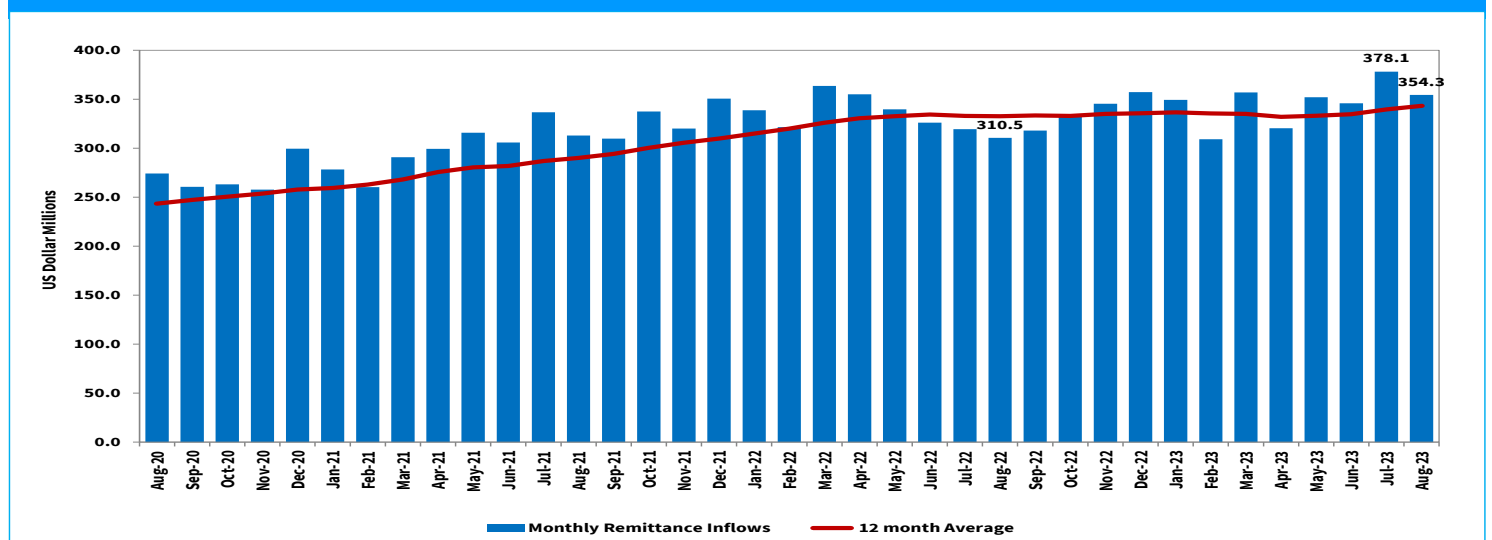
Source: Central Bank of Kenya

Table 2: Official Foreign Exchange Reserves (USD Million)

	17-Aug-23	24-Aug-23	31-Aug-23	7-Sep-23	14-Sep-23
1. CBK Usable Foreign Exchange Reserves (USD Million)	7,290	7,153	7,080	7,051	7,067
2. CBK Usable Foreign Exchange Reserves (Months of Import Cover)*	3.98	3.91	3.83	3.81	3.8

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

Source: Central Bank of Kenya

Chart 1: Remittances

Source: Nairobi Securities Exchange (NSE)

Table 3: Money Markets

Date	Number of Deals	Value (KSh M)	Average Interbank Rate (%)
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
8-Sep-23	60	50,008.80	12.39
11-Sep-23	47	32,125.00	12.44
12-Sep-23	44	31,434.00	12.30
13-Sep-23	35	33,770.00	12.08
14-Sep-23	20	11,800.00	11.71
Sep 8-14	41	31,827.56	12.19

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	7-Sep-23	14-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	21,591.12	34,831.69	18,000.44
Amount Accepted (KSh M)	2,120.42	2,765.00	2,705.12	21,517.69	34,774.71	17,979.07
Maturities (KSh M)	2,539.95	2,158.40	2,814.15	18,020.65	28,818.85	7,275.00
Average Interest Rate (%)	9.369	9.907	11.904	13.985	14.234	14.515
182-Day Treasury Bills						
Date of Auction	29-Dec-22	30-Mar-23	29-Jun-23	31-Aug-23	7-Sep-23	14-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	960.53	1,226.84	698.64
Amount Accepted (KSh M)	434.69	3,457.80	1,300.96	958.52	1,220.46	698.12
Maturities (KSh M)	1,660.95	3,176.30	442.15	6,306.75	8,275.35	18,129.10
Average Interest Rate (%)	9.834	10.399	11.947	13.939	14.369	14.415
364-Day Treasury Bills						
Date of Auction	29-Dec-22	30-Mar-23	29-Jun-23	31-Aug-23	7-Sep-23	14-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	623.87	2,780.74	3,406.93
Amount Accepted (KSh M)	1,691.33	1,810.42	1,514.41	621.00	2,776.72	849.46
Maturities (KSh M)	5,396.40	2,660.05	2,417.65	3,565.55	3,815.85	2,119.30
Average Interest Rate (%)	10.308	10.800	12.157	13.765	14.860	14.728

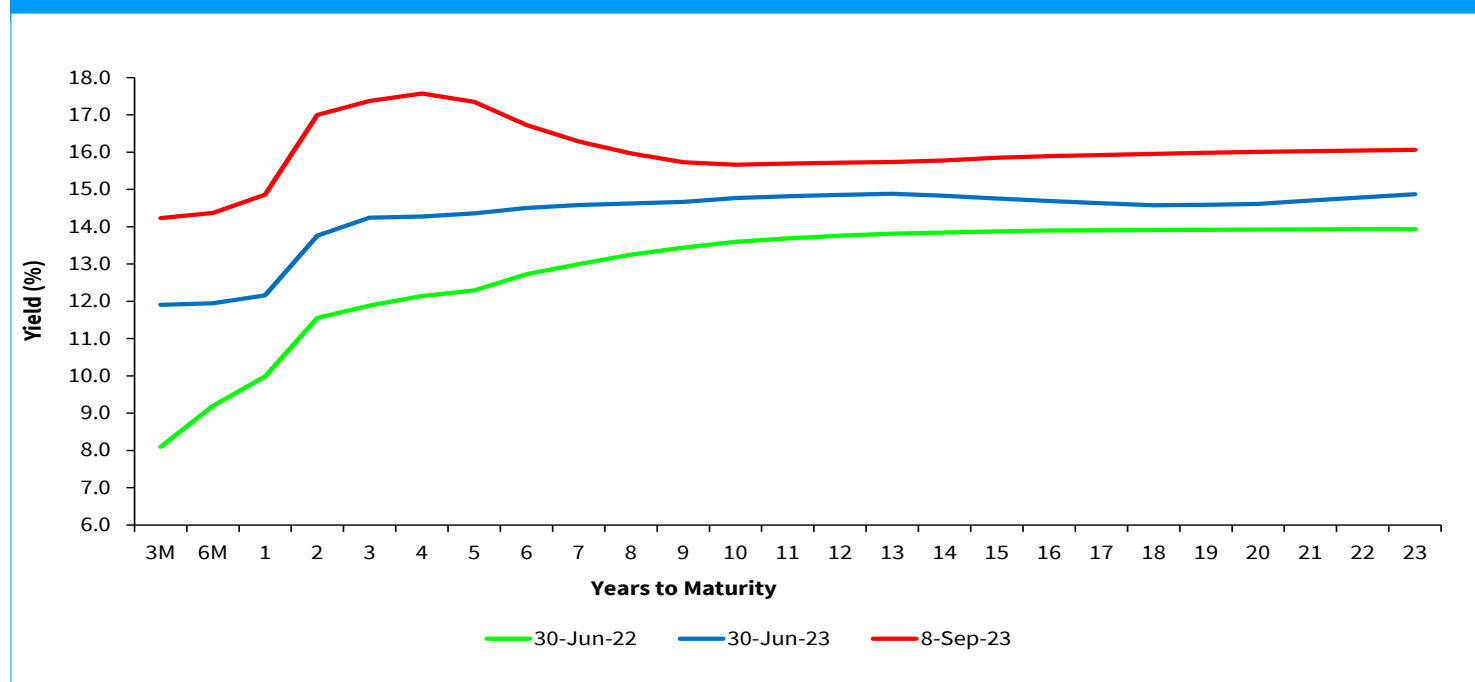
Source: Central Bank of Kenya

Table 5: Performance of Treasury Bond Auctions

Date of Auction	21-Jul-23		16-Aug-23		24-Aug-23		13-Sep-23	
	TAP			RE-OPENED	TAP		RE-OPEN	
Tenor	FXD1/ 2023/05	FXD1/ 2023/02	FXD1/ 2023/02	FXD1/ 2023/05	FXD1/ 2023/02	FXD1/ 2023/05	FXD1/ 2023/02	FXD1/ 2016/10
Amount offered (KSh M)	20,000.00		40,000.00		21,000.00		35,000.00	
Bids received (KSh M)	32,216.95	12,212.15	38,301.96	14,704.44	17,375.70	6,225.05	18,014.85	15,994.38
Amount Accepted (KSh M)	31,230.14	12,210.68	11,659.58	7,456.28	17,373.51	6,123.42	15,012.62	6,616.01
Maturities (KSh M)								
Average interest Rate (%)	16.33	16.84	16.97	17.95	16.97	17.95	17.45	17.93

Source: Central Bank of Kenya

Chart 2: Government Securities Yield Curve



Source: Nairobi Securities Exchange (NSE)

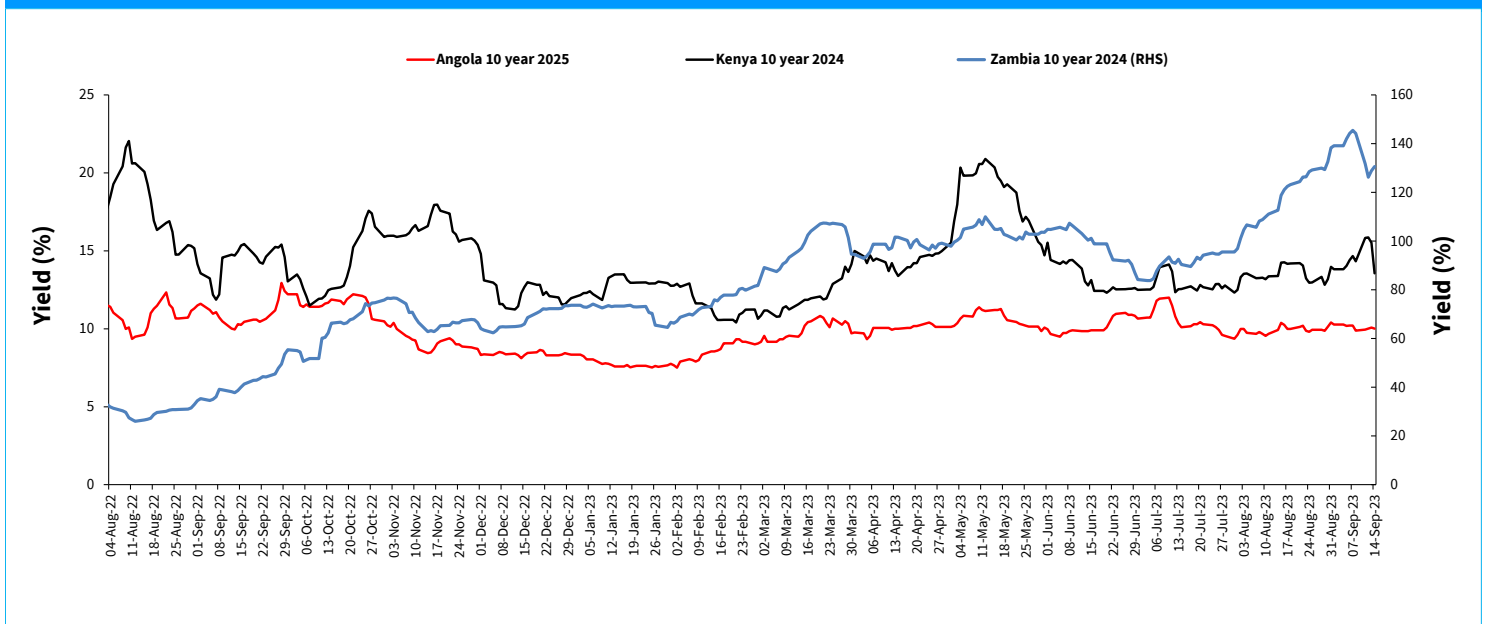
Table 6: Performance of Key Market Indicators

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
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
8-Sep-23	98.70	2548.82	1541.67	819.00	14.75	230.87	1,541.98	4,604.25	12.066	14.331	11.695	11.408	10.976	11.333
11-Sep-23	99.39	2562.51	1544.25	964.00	12.16	182.48	1,552.78	2,931.75	12.688	15.83	12.025	11.607	11.188	11.51
12-Sep-23	98.35	2550.28	1542.70	1,165.00	15.89	270.51	1,536.60	4,997.46	12.756	15.862	12.111	11.665	11.242	11.53
13-Sep-23	98.27	2549.87	1540.34	956.00	17.85	260.90	1,535.34	4,644.45	12.825	15.521	12.113	11.666	11.243	11.55
14-Sep-23	98.63	2553.38	1535.82	895.00	18.00	309.88	1,541.02	2,512.93	12.343	13.566	11.831	11.526	11.113	11.47
Sep 8-14	98.63	2553.38	1535.82	4,799.00	78.6	1254.6	1,541.02	19,690.84	12.343	13.566	11.831	11.526	11.113	11.47
Weekly Changes (%)	0.66	0.36	-0.07	-8.83	-66.46	-36.81	0.66	72.06	0.037*	-1.103*	-0.025*	-0.022*	0.007*	0.019*

* 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)

	24-Jun-22	30-Sep-22	30-Dec-22	31-Mar-23	30-Jun-23	28-Jul-23	1-Sep-23	8-Sep-23
1. Treasury Bills (Excluding Repos)	620.28	672.28	671.51	665.86	614.73	597.66	567.70	563.36
<i>(As % of total securities)</i>	14.88	15.61	15.32	15.01	13.28	12.73	12.06	11.98
2. Treasury Bonds	3,549.53	3,634.86	3,710.62	3,771.03	4,013.89	4,097.24	4,139.72	4,139.72
<i>(As % of total securities)</i>	85.12	84.39	84.68	84.99	86.72	87.27	87.94	88.02
3. Total Securities (1+2)	4,169.81	4,307.14	4,382.13	4,436.89	4,628.62	4,694.91	4,707.42	4,703.08
4. Overdraft at Central Bank	65.86	27.25	58.50	77.98	76.46	48.18	72.05	75.13
5. Other Domestic debt*	30.55	30.90	32.76	24.73	25.61	31.49	31.52	32.32
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	4,811.00	4,810.53

* 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	1-Sep-23	8-Sep-23
Treasury bills (Excluding Repos)	14.54	15.40	15.01	14.67	12.99	12.52	11.80	11.71
Treasury bonds	83.20	83.27	82.95	83.07	84.85	85.81	86.05	86.06
Overdraft at Central Bank	1.54	0.62	1.31	1.72	1.62	1.01	1.50	1.56
Other domestic debt	0.72	0.71	0.73	0.54	0.54	0.66	0.66	0.67
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	1-Sep-23	8-Sep-23
Banking Institutions	48.74	47.60	46.84	46.13	46.17	45.25	44.96	45.11
Insurance Companies	7.14	7.32	7.37	7.39	7.31	7.36	7.35	7.34
Parastatals	5.84	6.09	6.06	6.04	5.98	5.96	6.03	6.02
Pension Funds	32.39	32.75	33.31	33.42	33.42	33.83	33.02	32.84
Other Investors	5.89	6.24	6.43	7.01	7.13	7.59	8.64	8.69
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	May-23	Jun-23
Domestic debt (KSh Bn)	4,032.37	4,191.77	4,288.33	4,366.30	4,472.84	4,539.59	4,549.65	4,736.60
Public & Publicly Guaranteed External debt (USD Bn)	36.90	36.82	36.58	36.00	37.88	36.66	37.09	38.80
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	5,137.16	5,452.94
Public debt (KSh Bn)	8,206.74	8,401.33	8,579.06	8,701.10	9,145.98	9,390.69	9,686.81	10,189.53

* Provisional

Source: The National Treasury and Central Bank of Kenya