



Central Bank of Kenya

Weekly Bulletin

May 26, 2023



RECENT MONETARY AND FINANCIAL DEVELOPMENTS

Exchange Rates

The Kenya Shilling remained relatively stable against major international and regional currencies during the week ending May 25. It exchanged at KSh 138.13 per US dollar on May 25, compared to KSh 137.37 per US dollar on May 18 (**Table 1**).

Foreign Exchange Reserves

The usable foreign exchange reserves remained adequate at USD 6,479 million (3.60 months of import cover) as at May 25. 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 slightly during the week ending May 25 as tax remittances more than offset government payments. Commercial banks' excess reserves stood at KSh 26.1 billion in relation to the 4.25 percent cash reserves requirement (CRR). Open market operations remained active. The average interbank rate remained stable at 9.25 percent on May 25 compared to 9.26 percent on May 18. During the week, the average number of interbank deals increased to 37 from 33 in the previous week, while the average value traded increased to KSh 27.4 billion from KSh 22.9 billion in the previous week (**Table 3**).

Government Securities Market

The Treasury bill auction of May 25, received bids totaling KSh 22.0 billion against an advertised amount of KSh 24.0 billion, representing a performance of 91.9 percent. Interest rates remained stable, with 91-day, 182-day and 364-day rates increasing marginally (**Table 4**).

Equity Market

At the Nairobi Securities Exchange, the NASI and NSE 25 declined by 0.7 percent and 2.3 percent, respectively, while the NSE 20 share price index increased by 0.4 percent, during the week ending May 25. Market capitalisation, equity turnover and total shares traded declined by 0.7 percent, 39.2 percent and 39.8 percent, respectively (**Table 6**).

Bond Market

Bond turnover in the domestic secondary market decreased by 34.9 percent during the week ending May 25 (**Table 6**). In the international market, yields on Kenya's Eurobonds declined by an average of 37.38 basis points. However, the yields on the 2024 maturity increased by 31.8 basis points. The yield on the 10-Year Eurobond for Angola declined while that of Ghana increased (**Chart 2**).

Global Trends

Inflation concerns in advanced economies continue to moderate with inflation in the UK declining to 8.7 percent in April from 10.1 percent in March. The US interest rates increased mainly, driven by stronger than-expected GDP growth of 1.3 percent in 2023Q1 amid ongoing US debt ceiling negotiations. In Germany, GDP declined by 0.3 percent in 2023Q1, marking the second quarter of consecutive contraction in GDP. The US dollar index strengthened by 0.64 percent against a basket of major currencies during the week ending May 25.

International oil prices increased during the week ending May 25, due to increased global demand and draw-down of US oil inventories. Murban oil price increased to USD 77.26 per barrel on May 25 from USD 75.81 per barrel on May 18.

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

	USD	Sterling Pound	Euro	100 Japanese Yen	Uganda Shilling*	Tanzania Shilling*	Rwandese Franc*	Burundi Franc*
12-May-23	136.88	171.55	149.36	101.91	27.22	17.20	8.17	20.59
15-May-23	136.98	171.38	149.19	100.60	27.16	17.19	8.18	20.63
16-May-23	137.10	171.51	149.15	100.82	27.15	17.21	8.17	20.56
17-May-23	137.24	171.70	149.36	100.37	27.12	17.17	8.16	20.54
18-May-23	137.37	171.38	148.81	100.17	27.12	17.18	8.16	20.50
May 12-18	137.11	171.50	149.17	100.78	27.15	17.19	8.17	20.57
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

*Units of currency per Kenya Shilling

Source: Central Bank of Kenya

Table 2: Official Foreign Exchange Reserves (USD Million)

	27-Apr-23	4-May-23	11-May-23	18-May-23	25-May-23
1. CBK Usable Foreign Exchange Reserves (USD Million)	6,508	6,492	6,468	6,297	6,479
2. CBK Usable Foreign Exchange Reserves (Months of Import Cover)*	3.62	3.61	3.60	3.50	3.60

*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 (%)
12-May-23	52	30,525.00	9.19
15-May-23	28	18,450.00	9.25
16-May-23	28	22,850.00	9.25
17-May-23	25	24,540.00	9.24
18-May-23	31	18,150.00	9.26
May 12-18	33	22,903.00	9.24
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

Source: Central Bank of Kenya

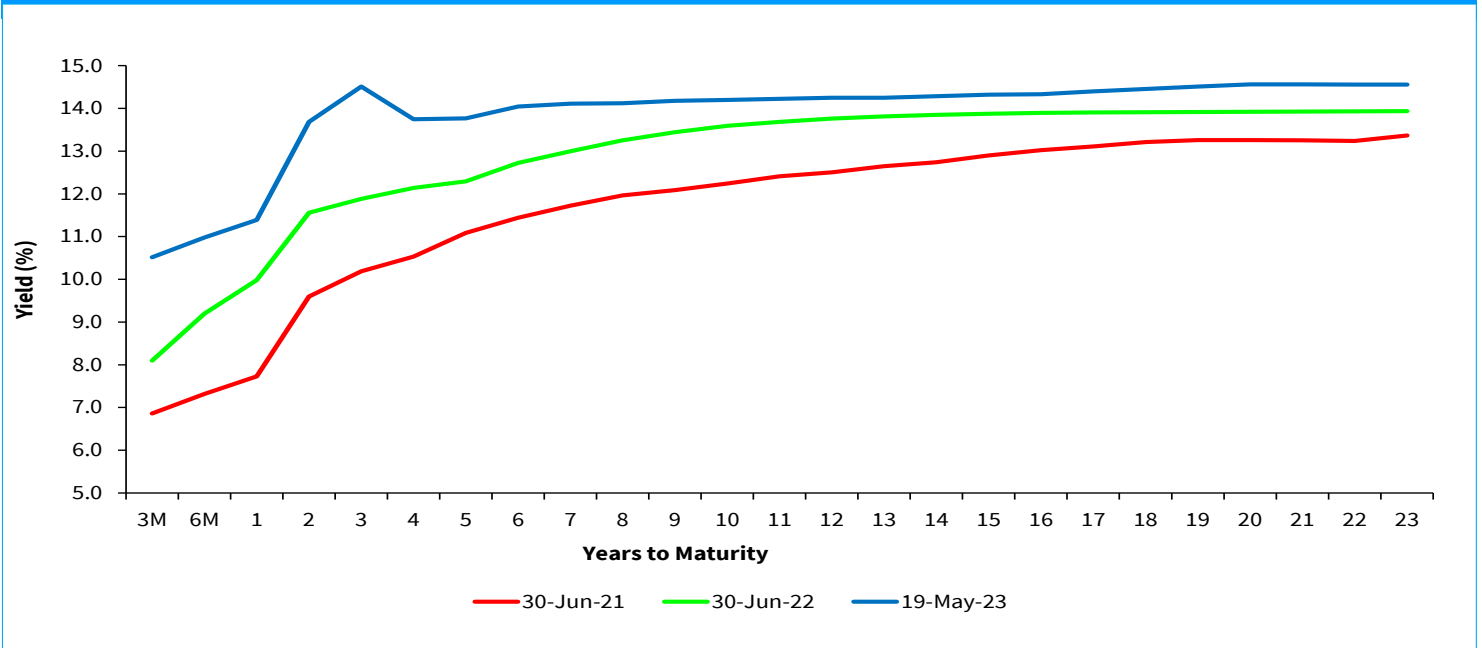
Table 4: Performance of Treasury Bill Auctions						
91-Day Treasury Bills						
Date of Auction	29-Dec-22	23-Feb-23	30-Mar-23	27-Apr-23	18-May-23	25-May-23
Amount Offered (KSh M)	4,000.00	4,000.00	4,000.00	4,000.00	4,000.00	4,000.00
Bids Received (KSh M)	2,180.21	11,362.17	2,904.04	6,687.26	24,093.19	14,242.56
Amount Accepted (KSh M)	2,120.42	10,788.16	2,765.00	6,635.51	24,044.50	13,219.58
Maturities (KSh M)	2,539.95	11,427.55	2,158.40	16,506.35	21,384.50	11,036.15
Average Interest Rate (%)	9.369	9.655	9.907	10.275	10.518	10.832
182-Day Treasury Bills						
Date of Auction	29-Dec-22	23-Feb-23	30-Mar-23	27-Apr-23	18-May-23	25-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	4,216.40	4,041.93
Amount Accepted (KSh M)	434.69	4,402.73	3,457.80	870.76	4,216.40	4,041.93
Maturities (KSh M)	1,660.95	2,275.05	3,176.30	2,142.40	13,865.05	4,674.40
Average Interest Rate (%)	9.834	10.117	10.399	10.511	10.978	11.113
364-Day Treasury Bills						
Date of Auction	29-Dec-22	23-Feb-23	30-Mar-23	27-Apr-23	18-May-23	25-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	7,711.94	3,763.90
Amount Accepted (KSh M)	1,691.33	3,656.13	1,810.42	1,439.24	7,707.39	3,763.90
Maturities (KSh M)	5,396.40	7,306.55	2,660.05	10,155.10	13,134.55	10,074.25
Average Interest Rate (%)	10.308	10.676	10.800	11.124	11.390	11.457

Source: Central Bank of Kenya

Table 5: Performance of Treasury Bond Auctions							
Date of Auction	22-Dec-22	17-Feb-23		17-Mar-23	19-Apr-23	10-May-23	19-May-23
	TAP	TAP		TAP	RE-OPEN		TAP
Tenor	IFB1/ 2022/06	FXD1/ 2017/10	FXD1/ 2023/10	IFB1/ 2023/017	FXD1/ 2022/03	FXD1/ 2023/03	FXD1/ 2023/03
Amount offered (KSh M)	20,000.00	10,000.00		20,000.00	30,000.00	20,000.00	10,000.00
Bids received (KSh M)	10,814.55	8,855.70	3,607.55	12,712.30	7,328.96	20,744.34	10,603.25
Amount Accepted (KSh M)	10,812.28	8,593.57	3,607.23	12,711.16	1,757.09	20,293.99	10,602.30
Maturities (KSh M)						8,245.00	
Average interest Rate (%)	13.22	13.88	14.15	14.40	13.47	14.23	14.23

Source: Central Bank of Kenya

Chart 1: Government Securities Yield Curve



Source: Nairobi Securities Exchange (NSE)

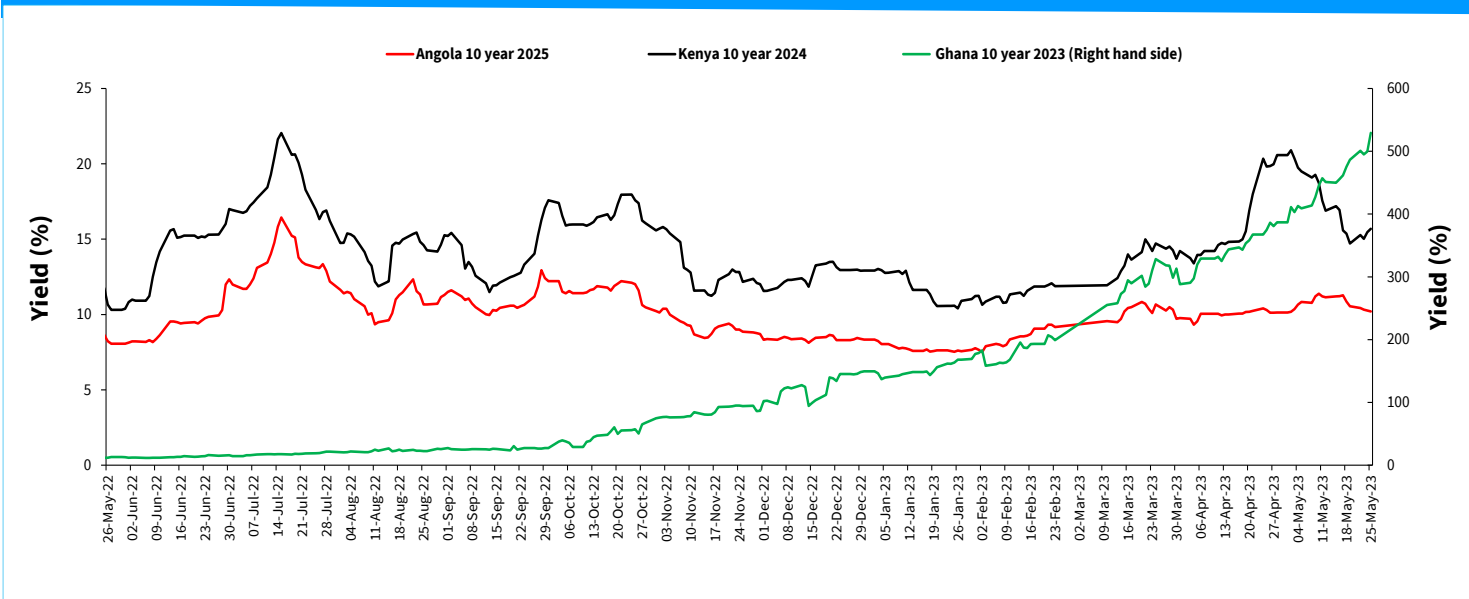
Table 6: Performance of Key Market Indicators

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
12-May-23	93.58	2504.77	1472.21	1,495	44.53	594.82	1,456.65	4,308.80	14.756	16.885	13.193	12.754	12.027	12.211
15-May-23	93.04	2498.67	1467.52	1,371	26.66	496.63	1,448.23	3,548.80	15.009	17.189	13.195	12.847	12.142	12.256
16-May-23	96.82	2560.92	1474.49	978	6.10	154.67	1,507.14	5,516.38	14.831	16.936	12.991	12.666	11.945	12.145
17-May-23	99.98	2606.89	1483.01	1,446	24.46	502.01	1,556.65	4,541.30	14.351	15.579	12.707	12.517	11.751	12.036
18-May-23	98.34	2585.28	1475.32	2,017	12.10	229.64	1,530.97	4,163.75	14.25	15.371	12.593	12.402	11.672	11.951
May 12-18	98.34	2585.28	1475.32	7,307.00	113.85	1,977.77	1,530.97	22,079.03	14.250	15.371	12.593	12.402	11.672	11.951
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
Weekly Changes (%)	-0.68	-2.28	0.38	-11.39	-39.83	-39.22	-0.68	-34.86	-0.967*	0.318*	-0.462*	-0.344*	-0.476*	-0.312*

* 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)

	31-Mar-22	24-Jun-22	30-Sep-22	30-Dec-22	31-Mar-23	28-Apr-23	12-May-23	19-May-23
1. Treasury Bills (Excluding Repos)	656.45	620.28	672.28	671.51	665.86	665.88	641.73	638.40
<i>(As % of total securities)</i>	16.02	14.88	15.61	15.32	15.01	14.97	14.51	14.40
2. Treasury Bonds	3,440.61	3,549.53	3,634.86	3,710.62	3,771.03	3,781.43	3,781.43	3,793.56
<i>(As % of total securities)</i>	83.98	85.12	84.39	84.68	84.99	85.03	85.49	85.60
3. Total Securities (1+2)	4,097.06	4,169.81	4,307.14	4,382.13	4,436.89	4,447.31	4,423.16	4,431.96
4. Overdraft at Central Bank	68.40	65.86	27.25	58.50	77.98	69.60	73.86	66.35
5. Other Domestic debt*	26.32	30.55	30.90	32.76	24.73	24.73	24.70	24.69
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	4,521.72	4,523.00

* 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)

	25-Mar-22	24-Jun-22	30-Sep-22	30-Dec-22	31-Mar-23	28-Apr-23	12-May-23	19-May-23
Treasury bills (Excluding Repos)	15.81	14.54	15.40	15.01	14.67	14.66	14.19	14.11
Treasury bonds	82.09	83.20	83.27	82.95	83.07	83.26	83.63	83.87
Overdraft at Central Bank	1.46	1.54	0.62	1.31	1.72	1.53	1.63	1.47
Other domestic debt	0.64	0.72	0.71	0.73	0.54	0.54	0.55	0.55
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	12-May-23	19-May-23
Banking Institutions	49.29	48.74	47.60	46.84	46.13	45.65	45.56	45.44
Insurance Companies	6.87	7.14	7.32	7.37	7.39	7.50	7.53	7.54
Parastatals	5.72	5.84	6.09	6.06	6.04	6.14	6.13	6.21
Pension Funds	31.75	32.39	32.75	33.31	33.42	33.64	33.74	33.85
Other Investors	6.37	5.89	6.24	6.43	7.01	7.08	7.05	6.96
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