



Central Bank of Kenya

Weekly Bulletin

July 7, 2023



RECENT MONETARY AND FINANCIAL DEVELOPMENTS

GDP Growth

The economy remained resilient and expanded by 5.3 percent in the first quarter of 2023, compared to 6.2 percent in a similar quarter in 2022. The growth was mainly supported by a rebound of the agriculture sector and continued resilience of service sectors. The agriculture sector expanded by 5.8 percent in the first quarter of 2023 compared to a contraction of 1.7 percent in a similar quarter in 2022. The services sector expanded by 6.3 percent compared to 8.9 percent in a similar quarter of 2022. Industrial sector grew by 2.5 percent compared to 5.6 percent in a similar quarter in 2022, partly due to a lower manufacturing sector growth of 2.0 percent compared to 3.8 percent in a similar quarter in 2022 (**Table 1**).

Exchange Rates

The Kenya Shilling remained relatively stable against major international and regional currencies during the week ending July 6. It exchanged at KSh 140.78 per US dollar on July 6, compared to KSh 140.45 per US dollar on June 29 (**Table 2**).

Foreign Exchange Reserves

The usable foreign exchange reserves remained adequate at USD 7,462 million (4.08 months of import cover) as at July 6. This meets the CBK's statutory requirement to endeavor to maintain at least 4 months of import cover (**Table 3**).

Money Market

Liquidity in the money market increased during the week ending July 6, supported government payments. Commercial banks' excess reserves stood at KSh 37.4 billion in relation to the 4.25 percent cash reserves requirement (CRR). Open market operations remained active. The average interbank rate was 9.53 percent on July 6 compared to 10.05 percent on June 29. During the week, the average number of interbank deals increased to 34 from 31 in the previous week, while the average value traded increased to KSh 14.9 billion from KSh 13.8 billion in the previous week (**Table 4**).

Government Securities Market

The Treasury bills auction of July 6, received bids totaling KSh 30.1 billion against an advertised amount of KSh 24.0 billion, representing a performance of 125.5 percent. Interest rates remained stable, with 91-day, 182-day and 364-day rates increasing marginally (**Table 5**).

Equity Market

At the Nairobi Securities Exchange, the NASI, NSE 25 and NSE 20 share price indices increased by 1.5 percent, 2.4 percent and 2.6 percent, respectively, during the week ending July 6. Market capitalisation, equity turnover and total shares traded also increased by 1.5 percent, 80.2 percent and 91.0 percent, respectively (**Table 7**).

Bond Market

Bond turnover in the domestic secondary market declined by 26.5 percent during the week ending July 6 (**Table 7**). In the international market, yields on Kenya's Eurobonds increased by an average of 31.5 basis points, with the 2024 maturity increasing by 70.8 basis points. The yields on the 10- Year Eurobonds for Ghana and Angola also increased (**Chart 2**).

Global Trends

Inflation concerns in advanced economies continue to moderate. Global equity markets underperformed during the week, reflecting market concerns over weakening global demand. The US dollar index weakened by 0.2 percent against a basket of major currencies during the week ending July 6.

International oil prices increased during the week ending July 6, supported by an increase in oil demand amid concerns over reduced global oil supply by major oil exporters. Murban oil price rose to USD 77.66 per barrel on July 6 from USD 74.93 per barrel on June 29.

Table 1: Real GDP Growth by Sector (Percent)

	2022				2023
	Q1	Q2	Q3	Q4	Q1
Agriculture	-1.7	-2.4	-1.3	-0.9	5.8
2. Non-Agriculture (o/w)	8.2	7.1	5.3	4.6	5.2
2.1 Industry	5.6	5.0	2.6	2.4	2.5
Mining & Quarrying	23.8	16.6	-4.5	1.6	3.3
Manufacturing	3.8	3.6	1.8	1.8	2.0
Electricity & water supply	3.2	5.6	6.0	4.9	2.3
Construction	6.0	4.5	3.5	2.4	3.1
2.2 Services	8.9	8.0	5.9	5.2	6.3
Wholesale & Retail Trade	4.9	4.1	3.6	2.7	5.7
Accommodation & Food Services	40.1	44.0	16.9	14.9	21.5
Transport & Storage	7.7	7.2	5.1	2.7	6.2
Information & Communication	9.0	11.2	11.8	8.0	8.7
Financial & Insurance	17.0	16.1	9.6	9.4	5.8
Public administration	6.2	3.8	3.4	4.7	6.6
Professional, Administration & Support Services	13.1	10.9	9.0	5.3	7.3
Real estate	6.0	5.0	4.0	2.9	5.2
Education	4.6	4.4	3.9	6.1	3.6
Health	5.7	4.4	3.7	4.3	5.4
Other services	8.9	4.3	5.7	4.0	3.0
FISIM	0.8	1.3	2.3	1.6	0.6
2.3 Taxes on products	9.5	6.1	7.3	5.3	4.4
Real GDP Growth	6.2	5.2	4.3	3.7	5.3

Source: Kenya National Bureau of Statistics (KNBS)

Table 2: Kenya Shilling Exchange Rates (Indicative Mean Rates)

	USD	Sterling Pound	Euro	100 Japanese Yen	Uganda Shilling*	Tanzania Shilling*	Rwandese Franc*	Burundi Franc*
23-Jun-23	140.40	179.08	154.17	98.43	26.21	17.08	8.20	20.12
26-Jun-23	140.44	178.61	153.16	97.95	26.21	17.12	8.23	20.12
27-Jun-23	140.44	178.62	153.32	97.88	26.18	17.10	8.24	20.12
28-Jun-23	Public Holiday							
29-Jun-23	140.45	179.04	154.00	97.86	26.19	17.15	8.30	20.13
June 23-29	140.43	178.84	153.66	98.03	26.20	17.11	8.24	20.12
30-Jun-23	140.52	177.28	152.98	97.01	26.08	17.19	8.25	20.12
3-Jul-23	140.57	178.44	153.34	97.29	26.11	17.18	8.26	20.11
4-Jul-23	140.67	178.54	153.49	97.26	26.12	17.24	8.25	20.06
5-Jul-23	140.72	179.01	153.39	97.52	26.21	17.20	8.25	20.06
6-Jul-23	140.78	179.06	153.30	97.93	26.24	17.23	8.26	20.09
June 30-July 6	140.66	178.46	153.30	97.40	26.15	17.21	8.25	20.09

*Units of currency per Kenya Shilling

Source: Central Bank of Kenya

Table 3: Official Foreign Exchange Reserves (USD Million)

	8-Jun-23	15-Jun-23	22-Jun-23	29-Jun-23	6-Jul-23
1. CBK Usable Foreign Exchange Reserves (USD Million)	7,532	7,459	7,375	7,476	7,462
2. CBK Usable Foreign Exchange Reserves (Months of Import Cover)*	4.15	4.11	4.06	4.12	4.08

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

Source: Central Bank of Kenya

Table 4: Money Markets

Date	Number of Deals	Value (KSh M)	Average Interbank Rate (%)
23-Jun-23	52	25,420.00	9.97
26-Jun-23	22	7,020.00	10.02
27-Jun-23	25	8,620.00	10.05
28-Jun-23	Public Holiday		
29-Jun-23	24	14,220.00	10.05
Jun 23-29	31	13,820.00	10.02
30-Jun-23	79	38,540.00	10.17
3-Jul-23	29	12,380.00	10.16
4-Jul-23	25	8,820.00	9.88
5-Jul-23	22	9,600.00	9.77
6-Jul-23	17	5,200.00	9.53
Jun 30-Jul 6	34	14,908.00	9.90

Source: Central Bank of Kenya

Table 5: Performance of Treasury Bill Auctions

91-Day Treasury Bills						
Date of Auction	29-Dec-22	30-Mar-23	31-May-23	22-Jun-23	29-Jun-23	6-Jul-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	20,452.21	11,013.68	5,779.97	26,707.75
Amount Accepted (KSh M)	2,120.42	2,765.00	17,535.04	10,970.08	2,705.12	26,678.78
Maturities (KSh M)	2,539.95	2,158.40	13,568.35	8,098.30	2,814.15	26,300.85
Average Interest Rate (%)	9.369	9.907	11.103	11.785	11.904	12.014
182-Day Treasury Bills						
Date of Auction	29-Dec-22	30-Mar-23	31-May-23	22-Jun-23	29-Jun-23	6-Jul-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	549.74	1,989.27	2,195.96	1,143.49
Amount Accepted (KSh M)	434.69	3,457.80	549.74	1,987.77	1,300.96	1,143.49
Maturities (KSh M)	1,660.95	3,176.30	4,079.55	946.30	442.15	8,076.65
Average Interest Rate (%)	9.834	10.399	11.112	11.863	11.947	12.199
364-Day Treasury Bills						
Date of Auction	29-Dec-22	30-Mar-23	31-May-23	22-Jun-23	29-Jun-23	6-Jul-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	2,562.94	2,335.01	1,514.41	2,265.98
Amount Accepted (KSh M)	1,691.33	1,810.42	2,562.05	2,334.61	1,514.41	2,265.98
Maturities (KSh M)	5,396.40	2,660.05	5,507.00	7,329.00	2,417.65	4,756.35
Average Interest Rate (%)	10.308	10.800	11.497	11.934	12.157	12.250

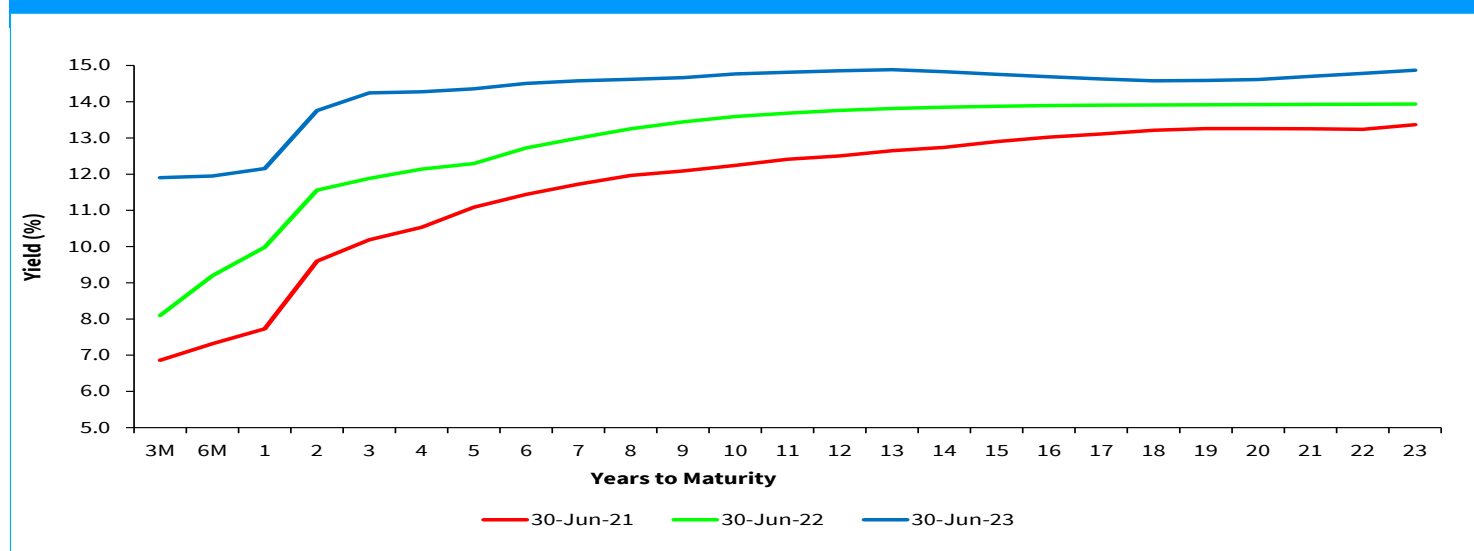
Source: Central Bank of Kenya

Table 6: Performance of Treasury Bond Auctions

Date of Auction	10-May-23	19-May-23	26-May-23	14-Jun-23	23-Jun-23
		TAP	TAP		TAP
Tenor	FXD1/2023/03	FXD1/2023/03	FXD1/2023/03	IFB1/2023/007	FXD1/2023/03
Amount offered (KSh M)	20,000.00	10,000.00	20,000.00	60,000.00	15,000.00
Bids received (KSh M)	20,744.34	10,603.25	27,206.35	220,518.51	18,560.05
Amount Accepted (KSh M)	20,293.99	10,602.30	27,201.72	213,399.35	18,552.07
Maturities (KSh M)	8,245.00			39,248.20	
Average interest Rate (%)	14.23	14.23	14.23	15.84	14.23

Source: Central Bank of Kenya

Chart 1: Government Securities Yield Curve



Source: Nairobi Securities Exchange (NSE)

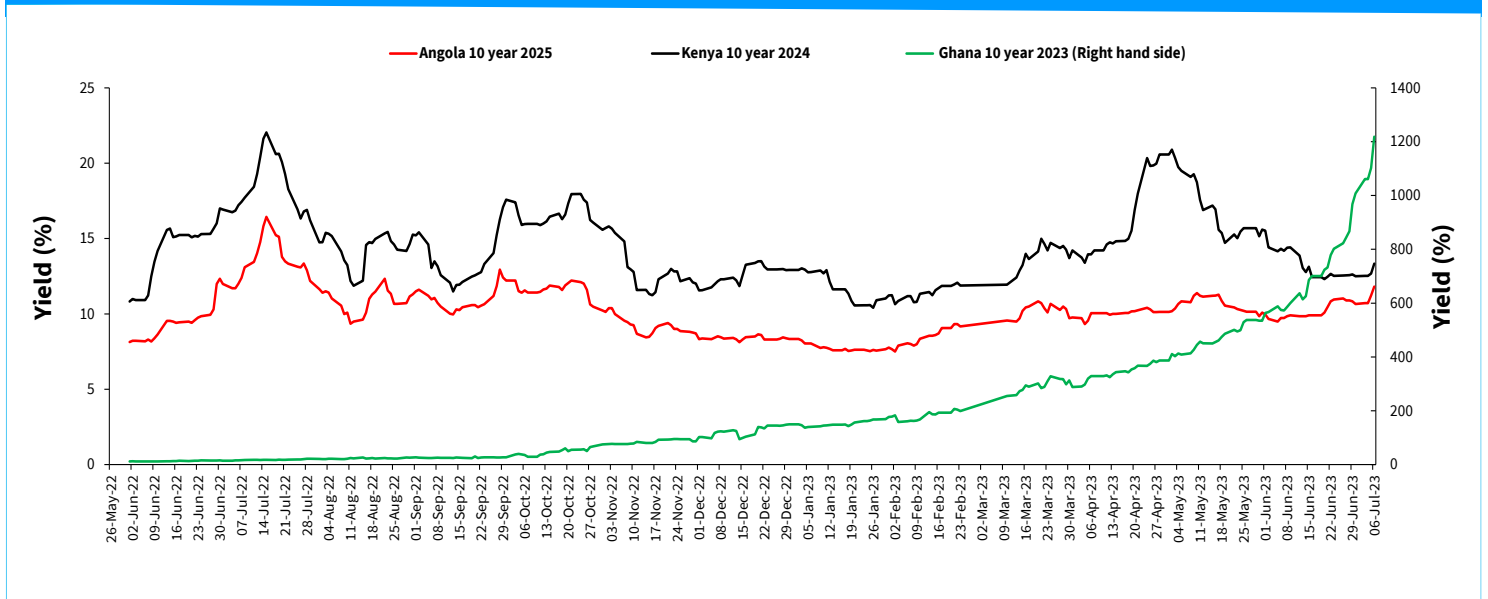
Table 7: Performance of Key Market Indicators

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
23-Jun-23	107.24	2716.9	1582.47	1,135.00	15.53	290.94	1,670.05	2,469.35	11.39	12.529	11.096	11.072	10.333	11.038
26-Jun-23	107.21	2718.44	1576.37	1,050.00	14.47	323.83	1,669.61	4,535.85	11.394	12.54	11.137	11.127	10.358	11.075
27-Jun-23	107.19	2735.58	1576.93	1,056.00	4.01	93.47	1,669.30	4,550.25	11.342	12.559	11.1	11.073	10.335	11.057
28-Jun-23	Public Holiday								11.345	12.574	11.102	11.074	10.336	11.076
29-Jun-23	107.17	2738.31	1571.42	938.00	4.54	45.99	1,668.99	4,295.85	11.413	12.62	11.07	11.076	10.314	11.057
June 23-29	107.17	2738.31	1571.42	4,179.00	38.55	754.23	1,668.99	15,851.30	11.413	12.620	11.070	11.076	10.314	11.057
30-Jun-23	107	2728.89	1574.92	1,087.00	8.80	121.96	1,666.29	3,081.35	11.251	12.50	11.035	11.05	10.291	11.058
3-Jul-23	107.79	2751.6	1584.28	1,004.00	7.39	155.72	1,678.59	1,739.90	11.198	12.52	10.961	10.97	10.267	11.021
4-Jul-23	108.22	2765	1590.72	1,186.00	21.98	403.39	1,685.34	2,979.83	11.198	12.52	10.961	10.97	10.267	11.021
5-Jul-23	108	2772.94	1598.14	1,188.00	11.52	180.08	1,681.88	1,921.70	11.202	12.68	11.001	10.997	10.268	11.077
6-Jul-23	108.81	2804.69	1612.98	1,242.00	23.94	497.58	1,694.57	1,934.05	11.611	13.33	11.394	11.245	10.592	11.267
June 30- July 6	108.81	2804.69	1612.98	5,707.00	73.62	1,358.74	1,694.57	11,656.83	11.611	13.328	11.394	11.245	10.592	11.267
Weekly Changes (%)	1.53	2.42	2.64	36.56	90.96	80.15	1.53	-26.46	0.198*	0.708*	0.324*	0.169*	0.278*	0.210*

* Percentage points

Source: Nairobi Securities Exchange (NSE) and Thomson Reuters

Chart 2: Yields on 10-Year Eurobonds for Selected Countries



Source: Thomson Reuters

Table 8: Government Domestic Debt (KSh Billion)

	24-Dec-21	31-Dec-21	24-Jun-22	30-Sep-22	30-Dec-22	31-Mar-23	23-Jun-23	30-Jun-23
1. Treasury Bills (Excluding Repos)	715.18	709.15	620.28	672.28	671.51	665.86	615.31	614.73
<i>(As % of total securities)</i>	18.07	17.95	14.88	15.61	15.32	15.01	13.35	13.28
2. Treasury Bonds	3,242.24	3,242.24	3,549.53	3,634.86	3,710.62	3,771.03	3,995.34	4,013.89
<i>(As % of total securities)</i>	81.93	82.05	85.12	84.39	84.68	84.99	86.65	86.72
3. Total Securities (1+2)	3,957.42	3,951.39	4,169.81	4,307.14	4,382.13	4,436.89	4,610.65	4,628.62
4. Overdraft at Central Bank	65.64	59.31	65.86	27.25	58.50	77.98	75.17	76.46
5. Other Domestic debt*	23.35	21.66	30.55	30.90	32.76	24.73	25.59	25.61
6. Gross Domestic Debt (3+4+5)	4,046.41	4,032.37	4,266.23	4,365.29	4,473.39	4,539.59	4,711.42	4,730.69

* Other domestic debt includes clearing items in transit, advances from commercial banks and Pre-1997 Government Overdraft.

Source: Central Bank of Kenya

Table 9: Composition of Government Domestic Debt by Instrument (Percent)

	24-Dec-21	31-Dec-21	24-Jun-22	30-Sep-22	30-Dec-22	31-Mar-23	23-Jun-23	30-Jun-23
Treasury bills (Excluding Repos)	17.67	17.59	14.54	15.40	15.01	14.67	13.06	12.99
Treasury bonds	80.13	80.41	83.20	83.27	82.95	83.07	84.80	84.85
Overdraft at Central Bank	1.62	1.47	1.54	0.62	1.31	1.72	1.60	1.62
Other domestic debt	0.58	0.54	0.72	0.71	0.73	0.54	0.54	0.54
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 Domestic Debt by Holder (Percent)

	31-Dec-21	24-Jun-22	30-Sep-22	30-Dec-22	31-Mar-23	26-May-23	23-Jun-23	30-Jun-23
Banking Institutions	50.20	48.74	47.60	46.84	46.13	45.39	46.35	46.17
Insurance Companies	6.79	7.14	7.32	7.37	7.39	7.61	7.34	7.31
Parastatals	5.57	5.84	6.09	6.06	6.04	6.19	6.00	5.98
Pension Funds	31.34	32.39	32.75	33.31	33.42	33.82	33.53	33.42
Other Investors	6.10	5.89	6.24	6.43	7.01	6.99	6.77	7.13
Total	100.00	100.00	100.00	100.00	100.00	100.00	100.00	100.00

Source: Central Bank of Kenya

Table 11: Government Debt

	Mar-22	Jun-22	Sep-22	Dec-22	Jan-23	Feb-23	Mar-23	Apr-23
Domestic debt (KSh Bn)	4,191.77	4,288.33	4,366.30	4,472.84	4,501.71	4,551.56	4,539.59	4,541.64
Public & Publicly Guaranteed External debt (USD Bn)	36.82	36.58	36.00	37.88	37.63	37.13	36.66	37.47
Public & Publicly Guaranteed External debt (KSh Bn)	4,209.56	4,290.73	4,334.80	4,673.14	4,681.12	4,709.72	4,851.09	5,092.50
Public debt (KSh Bn)	8,401.33	8,579.06	8,701.10	9,145.98	9,182.83	9,261.28	9,390.69	9,634.14

* Provisional

Source: The National Treasury and Central Bank of Kenya