



Central Bank of Kenya

Weekly Bulletin

September 22, 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 21. It exchanged at KSh 147.26 per US dollar on September 21, compared to KSh 146.66 per US dollar on September 14 (**Table 1**).

Foreign Exchange Reserves

The usable foreign exchange reserves remained adequate at USD 6,955 million (3.8 months of import cover) as at September 21. 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 14. Commercial banks' excess reserves stood at KSh 28.1 billion in relation to the 4.25 percent cash reserves requirement (CRR). Open market operations remained active. The average interbank rate was 12.18 percent on September 21 compared to 11.71 percent on September 14. During the week, the average number of interbank deals decreased to 37 from 41 in the previous week, while the average value traded decreased to KSh 25.1 billion from KSh 31.8 billion in the previous week (**Table 3**).

Government Securities Market

The Treasury bills auction of September 21 received bids totaling KSh 20.2 billion against an advertised amount of KSh 24.0 billion, representing a performance of 84.1 percent. Interest rates increased for the 91-day, 182-day and 364-day (**Table 4**).

Equity Market

At the Nairobi Securities Exchange, the NASI, NSE 25 and NSE 20 share price indices declined by 1.7 percent, 1.4 percent, and 1.0 percent, respectively during the week ending September 21. Market capitalization, equity turnover and total shares traded also declined by 1.7 percent, 3.0 percent, and 21.1 percent, respectively (**Table 6**).

Bond Market

Bond turnover in the domestic secondary market declined by 34.9 percent during the week ending September 21 (**Table 6**). In the international market, yields on Kenya's Eurobonds increased by an average of 138.7 basis points, with the 2024 maturity increasing by 324.4 basis points. The yields on the 10- Year Eurobonds for Ghana and Angola also increased (**Chart 2**).

Global Trends

Inflation concerns in advanced economies have continued to ease. The inflation rate in the UK declined to 6.7 percent in August from 6.8 percent in July while that of Japan rose marginally to 3.2 percent from 3.1 percent. The US Fed and the Bank of England left their policy rates unchanged. The US dollar index weakened by 0.03 percent against a basket of major currencies during the week ending September 21.

International oil prices decreased during the week ending September 21. Murban oil price decreased to USD 94.66 per barrel on September 21 from USD 96.61 per barrel on September 14.

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

	USD	Sterling Pound	Euro	100 Japanese Yen	Uganda Shilling*	Tanzania Shilling*	Rwandese Franc*	Burundi Franc*
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
15-Sep-23	146.79	182.38	156.58	99.59	25.41	17.07	8.16	19.30
18-Sep-23	146.91	182.29	156.62	99.48	25.39	16.51	8.15	19.29
19-Sep-23	147.01	182.06	156.81	99.47	25.48	17.04	8.16	19.27
20-Sep-23	147.14	182.44	156.81	99.50	25.45	17.02	8.15	19.26
21-Sep-23	147.26	182.28	156.81	99.70	25.45	17.01	8.15	19.24
Sep 15-21	147.02	182.29	156.73	99.55	25.44	16.93	8.15	19.27

*Units of currency per Kenya Shilling

Source: Central Bank of Kenya

Table 2: Official Foreign Exchange Reserves (USD Million)

	24-Aug-23	31-Aug-23	7-Sep-23	14-Sep-23	14-Sep-23
1. CBK Usable Foreign Exchange Reserves (USD Million)	7,153	7,080	7,051	7,067	6,955
2. CBK Usable Foreign Exchange Reserves (Months of Import Cover)*	3.91	3.83	3.81	3.82	3.76

*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 (%)
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
15-Sep-23	34	22,270.00	11.97
18-Sep-23	50	32,260.00	12.06
19-Sep-23	34	23,460.00	12.07
20-Sep-23	30	19,330.00	12.09
21-Sep-23	36	28,002.00	12.18
Sep 15-21	37	25,064.40	12.07

Source: Central Bank of Kenya

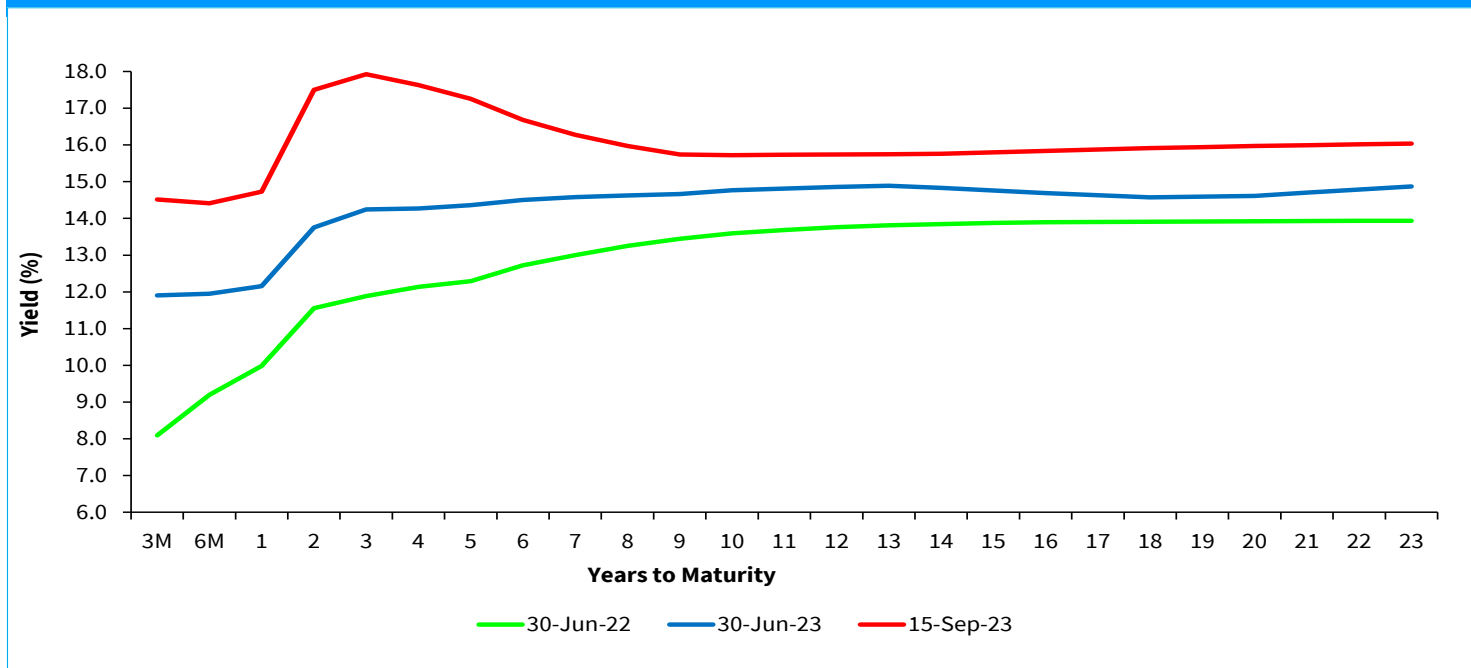
Table 4: Performance of Treasury Bill Auctions						
91-Day Treasury Bills						
Date of Auction	29-Dec-22	30-Mar-23	29-Jun-23	31-Aug-23	14-Sep-23	21-Sep-23
Amount Offered (KSh M)	4,000.00	4,000.00	4,000.00	4,000.00	4,000.00	4,000.00
Bids Received (KSh M)	2,180.21	2,904.04	5,779.97	21,591.12	18,000.44	16,066.87
Amount Accepted (KSh M)	2,120.42	2,765.00	2,705.12	21,517.69	17,979.07	15,533.51
Maturities (KSh M)	2,539.95	2,158.40	2,814.15	18,020.65	7,275.00	11,270.55
Average Interest Rate (%)	9.369	9.907	11.904	13.985	14.515	14.787
182-Day Treasury Bills						
Date of Auction	29-Dec-22	30-Mar-23	29-Jun-23	31-Aug-23	14-Sep-23	21-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	698.64	1,582.86
Amount Accepted (KSh M)	434.69	3,457.80	1,300.96	958.52	698.12	1,581.72
Maturities (KSh M)	1,660.95	3,176.30	442.15	6,306.75	18,129.10	3,566.70
Average Interest Rate (%)	9.834	10.399	11.947	13.939	14.415	14.940
364-Day Treasury Bills						
Date of Auction	29-Dec-22	30-Mar-23	29-Jun-23	31-Aug-23	14-Sep-23	21-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	3,406.93	2,527.32
Amount Accepted (KSh M)	1,691.33	1,810.42	1,514.41	621.00	849.46	1,672.60
Maturities (KSh M)	5,396.40	2,660.05	2,417.65	3,565.55	2,119.30	1,142.00
Average Interest Rate (%)	10.308	10.800	12.157	13.765	14.728	15.221

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 1: Government Securities Yield Curve



Source: Nairobi Securities Exchange (NSE)

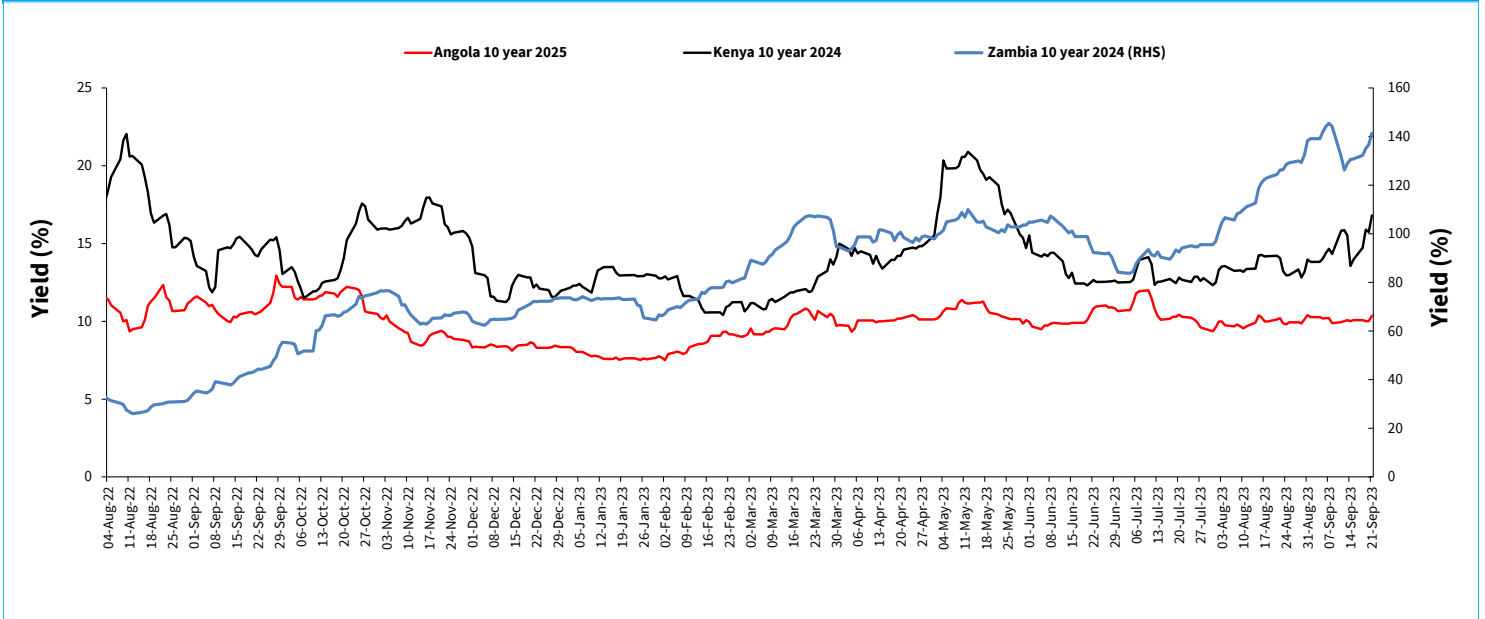
Table 6: Performance of Key Market Indicators

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
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
15-Sep-23	98.93	2544.78	1530.75	840.00	3.63	85.80	1,545.67	1,350.55	12.348	13.96	11.834	11.499	11.114	11.451
18-Sep-23	98.61	2542.76	1530.08	945.00	2.92	39.76	1,540.68	1,002.65	12.916	14.733	12.25	11.758	11.301	11.611
19-Sep-23	98.18	2535.32	1527.85	1,008.00	13.32	307.95	1,533.98	2,436.15	13.496	15.899	12.675	12.05	11.601	11.838
20-Sep-23	97.17	2522.28	1521.80	980.00	35.71	698.87	1,518.17	4,076.20	13.502	15.741	12.635	12.022	11.602	11.859
21-Sep-23	96.93	2517.07	1520.73	861.00	6.48	84.96	1,514.35	3,950.65	14.043	16.81	12.987	12.293	11.941	12.095
Sep 15-22	96.93	2517.07	1520.73	4,634.00	62.1	1217.3	1,514.35	12,816.20	14.043	16.81	12.987	12.293	11.941	12.095
Weekly Changes (%)	-1.72	-1.42	-0.98	-3.44	-21.08	-2.97	-1.73	-34.91	1.700*	3.244*	1.156*	0.767*	0.828*	0.625*

* 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	25-Aug-23	8-Sep-23	15-Sep-23
1. Treasury Bills (Excluding Repos)	620.28	672.28	671.51	665.86	614.73	569.67	563.36	562.39
<i>(As % of total securities)</i>	14.88	15.61	15.32	15.01	13.28	12.16	11.98	11.96
2. Treasury Bonds	3,549.53	3,634.86	3,710.62	3,771.03	4,013.89	4,116.24	4,139.72	4,139.72
<i>(As % of total securities)</i>	85.12	84.39	84.68	84.99	86.72	87.84	88.02	88.04
3. Total Securities (1+2)	4,169.81	4,307.14	4,382.13	4,436.89	4,628.62	4,685.92	4,703.08	4,702.11
4. Overdraft at Central Bank	65.86	27.25	58.50	77.98	76.46	69.08	75.13	77.80
5. Other Domestic debt*	30.55	30.90	32.76	24.73	25.61	31.50	32.32	32.32
6. Gross Domestic Debt (3+4+5)	4,266.23	4,365.29	4,473.39	4,539.59	4,730.69	4,786.50	4,810.53	4,812.24

* 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	25-Aug-23	8-Sep-23	15-Sep-23
Treasury bills (Excluding Repos)	14.54	15.40	15.01	14.67	12.99	11.90	11.71	11.69
Treasury bonds	83.20	83.27	82.95	83.07	84.85	86.00	86.06	86.02
Overdraft at Central Bank	1.54	0.62	1.31	1.72	1.62	1.44	1.56	1.62
Other domestic debt	0.72	0.71	0.73	0.54	0.54	0.66	0.67	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	25-Aug-23	8-Sep-23	15-Sep-23
Banking Institutions	48.74	47.60	46.84	46.13	46.17	44.96	45.11	45.06
Insurance Companies	7.14	7.32	7.37	7.39	7.31	7.33	7.34	7.35
Parastatals	5.84	6.09	6.06	6.04	5.98	6.09	6.02	6.03
Pension Funds	32.39	32.75	33.31	33.42	33.42	33.14	32.84	32.50
Other Investors	5.89	6.24	6.43	7.01	7.13	8.48	8.69	9.07
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