



Central Bank of Kenya

# Weekly Bulletin

October 13, 2023



## RECENT MONETARY AND FINANCIAL DEVELOPMENTS

### Exchange Rates

The Kenya Shilling remained relatively stable against major international and regional currencies during the week ending October 12. It exchanged at KSh 149.01 per US dollar on October 12, compared to KSh 148.56 per US dollar on October 5 (**Table 1**).

### Foreign Exchange Reserves

The usable foreign exchange reserves remained adequate at USD 6,872 million (3.69 months of import cover) as at October 12. 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 October 12. Commercial banks' excess reserves stood at KSh 17.5 billion in relation to the 4.25 percent cash reserves requirement (CRR). Open market operations remained active. The average interbank rate was 12.16 percent on October 12, compared to 11.93 percent on October 5. During the week, the average number of interbank deals increased to 49 from 37 in the previous week, while the average value traded increased to KSh 32.1 billion from KSh 24.1 billion in the previous week (**Table 3**).

### Government Securities Market

The Treasury bills auction of October 12 received bids totaling KSh 43.2 billion against an advertised amount of KSh 24.0 billion, representing a performance of 180.2 percent. Interest rates remained stable, with the 91-day, 182-day and 364-day rates increasing marginally (**Table 4**).

During the week under review, the re-opened 2-year and 5-year fixed rate Treasury bonds auction of October 11 received bids totaling KSh 12.3 billion against an advertised amount of KSh 35 billion, representing a performance of 35.4 percent (**Table 5**).

### Equity Market

At the Nairobi Securities Exchange, the NASI, NSE 25 and NSE 20 share price indices declined by 1.5 percent, 0.9 percent and 0.5 percent, respectively, during the week ending October 12. Market capitalization declined by 1.5 percent, while equity turnover and total shares traded increased by 140.5 percent and 112.2 percent, respectively (**Table 6**).

### Bond Market

Bond turnover in the domestic secondary market declined by 84.1 percent during the week ending October 12 (**Table 6**). In the international market, yields on Kenya's Eurobonds declined by an average of 137.2 basis points, with the 2024 maturity declining by 434.9 basis points. The yields on the 10- Year Eurobonds for Zambia and Angola also declined (**Chart 2**).

### Global Trends

Inflation concerns in advanced economies continue to moderate. The US annual inflation remained steady at 3.7 percent in September, same as the previous month. The UK economy grew by 0.2 percent in August from a contraction of 0.6 percent in July. The US dollar index strengthened by 0.3 percent against a basket of major currencies during the week ending October 12.

International oil prices increased during the week ending October 12, attributed to war between Israel and Hamas group in Palestine. Murban oil price rose to USD 89.01 per barrel on October 12 from USD 87.83 per barrel on October 5.

Table 1: Kenya Shilling Exchange Rates (Indicative Mean Rates)								
	USD	Sterling Pound	Euro	100 Japanese Yen	Uganda Shilling*	Tanzania Shilling*	Rwandese Franc*	Burundi Franc*
29-Sep-23	148.10	180.56	156.00	99.17	25.35	16.91	8.17	19.14
2-Oct-23	148.20	181.46	156.93	98.98	25.37	16.94	8.22	19.17
3-Oct-23	148.32	180.25	156.25	98.95	25.32	16.89	8.18	19.12
4-Oct-23	148.45	179.21	155.45	99.48	25.21	16.87	8.18	19.10
5-Oct-23	148.56	180.73	156.32	99.79	25.17	16.90	8.18	19.09
<b>Sep 29-Oct 5</b>	<b>148.33</b>	<b>180.44</b>	<b>156.19</b>	<b>99.27</b>	<b>25.28</b>	<b>16.90</b>	<b>8.19</b>	<b>19.12</b>
6-Oct-23	148.69	180.47	156.37	99.90	25.19	16.88	8.19	19.07
9-Oct-23	148.79	181.65	157.05	99.72	25.17	16.84	8.18	19.05
10-Oct-23	Public Holiday							
11-Oct-23	148.88	181.52	156.96	99.88	25.15	16.83	8.18	19.05
12-Oct-23	149.01	183.28	158.08	99.92	25.18	16.85	8.18	19.04
<b>Oct 5-12</b>	<b>148.84</b>	<b>181.73</b>	<b>157.11</b>	<b>99.86</b>	<b>25.17</b>	<b>16.85</b>	<b>8.18</b>	<b>19.05</b>

\*Units of currency per Kenya Shilling

Source: Central Bank of Kenya

Table 2: Official Foreign Exchange Reserves (USD Million)					
	14-Sep-23	21-Sep-23	28-Sep-23	5-Oct-23	12-Oct-23
1. CBK Usable Foreign Exchange Reserves (USD Million)	7,067	6,955	6,939	6,913	6,872
2. CBK Usable Foreign Exchange Reserves (Months of Import Cover)*	3.82	3.76	3.75	3.71	3.69

\*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 (%)
29-Sep-23	32	20,000.00	12.44
2-Oct-23	40	25,834.00	12.36
3-Oct-23	40	22,970.00	12.20
4-Oct-23	37	31,570.00	12.05
5-Oct-23	36	20,212.00	11.93
<b>Sep 29-Oct 5</b>	<b>37</b>	<b>24,117.20</b>	<b>12.20</b>
6-Oct-23	46	32,640.00	11.98
9-Oct-23	32	11,330.00	11.99
10-Oct-23	Public Holiday		
11-Oct-23	51	37,765.00	11.96
12-Oct-23	67	46,594.00	12.16
<b>Oct 6-Oct 12</b>	<b>49</b>	<b>32,082.25</b>	<b>12.02</b>

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	5-Oct-23	12-Oct-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	28,581.13	37,496.62
Amount Accepted (KSh M)	2,120.42	2,765.00	2,705.12	21,517.69	24,285.45	35,311.30
Maturities (KSh M)	2,539.95	2,158.40	2,814.15	18,020.65	27,462.10	34,211.15
Average Interest Rate (%)	9.369	9.907	11.904	13.985	14.873	14.960
182-Day Treasury Bills						
Date of Auction	29-Dec-22	30-Mar-23	29-Jun-23	31-Aug-23	5-Oct-23	12-Oct-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	1,405.90	2,777.21
Amount Accepted (KSh M)	434.69	3,457.80	1,300.96	958.52	930.51	2,671.39
Maturities (KSh M)	1,660.95	3,176.30	442.15	6,306.75	603.30	2,573.35
Average Interest Rate (%)	9.834	10.399	11.947	13.939	14.978	15.023
364-Day Treasury Bills						
Date of Auction	29-Dec-22	30-Mar-23	29-Jun-23	31-Aug-23	5-Oct-23	12-Oct-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	3,158.70	2,962.62
Amount Accepted (KSh M)	1,691.33	1,810.42	1,514.41	621.00	2,018.02	2,958.51
Maturities (KSh M)	5,396.40	2,660.05	2,417.65	3,565.55	1,536.00	4,205.25
Average Interest Rate (%)	10.308	10.800	12.157	13.765	15.187	15.337

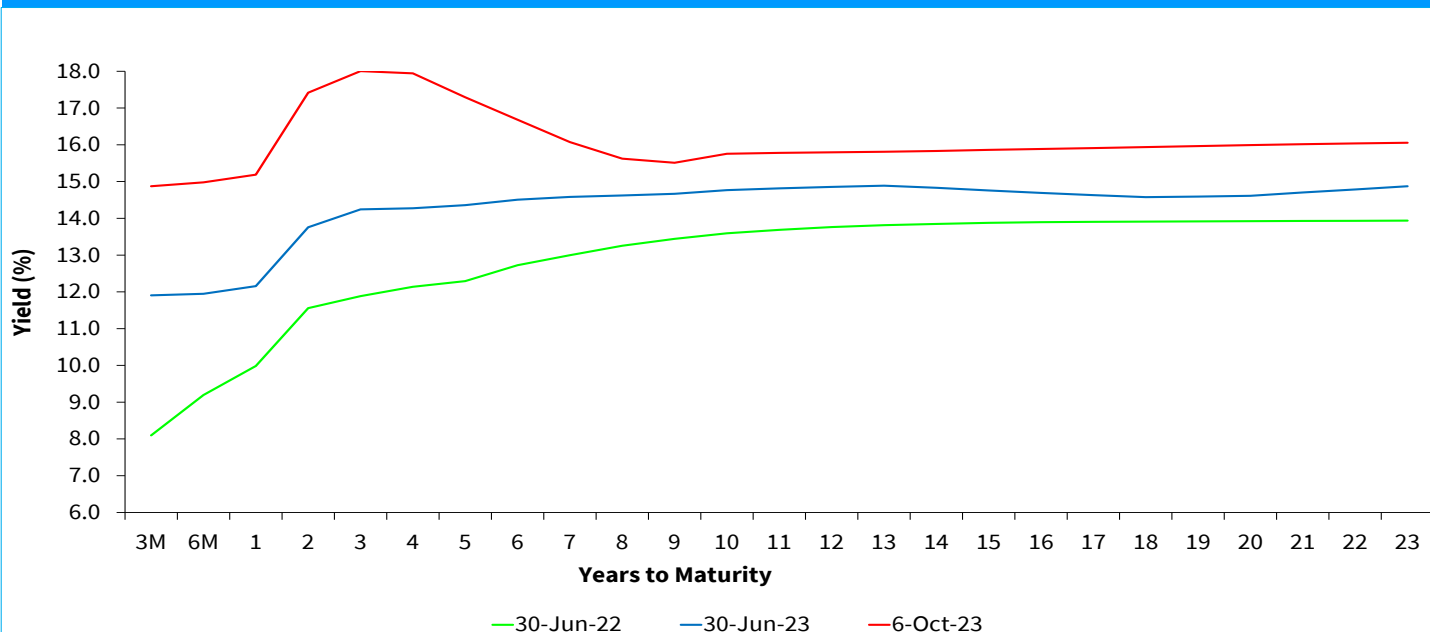
Source: Central Bank of Kenya

**Table 5: Performance of Treasury Bond Auctions**

Date of Auction	16-Aug-23		24-Aug-23		13-Sep-23		28-Sep-23		12-Oct-23	
		RE-OPEN	TAP		RE-OPEN		TAP		RE-OPEN	
Tenor	FXD1/ 2023/02	FXD1/ 2023/05	FXD1/ 2023/02	FXD1/ 2023/05	FXD1/ 2023/02	FXD1/ 2016/10	FXD1/ 2023/002	FXD1/ 2016/10	FXD1/ 2023/002	FXD1/ 2023/005
Amount offered (KSh M)	40,000.00		21,000.00		35,000.00		15,000.00		35,000.00	
Bids received (KSh M)	38,301.96	14,704.44	17,375.70	6,225.05	18,014.85	15,994.38	2,631.25	814.90	6,506.42	5,791.92
Amount Accepted (KSh M)	11,659.58	7,456.28	17,373.51	6,123.42	15,012.62	6,616.01	2,631.25	763.17	4,825.11	1,481.78
Maturities (KSh M)	0.00	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	16.97	17.95	17.45	17.93	17.45	17.93	17.74	17.99

Source: Central Bank of Kenya

**Chart 1: Government Securities Yield Curve**



Source: Nairobi Securities Exchange (NSE)

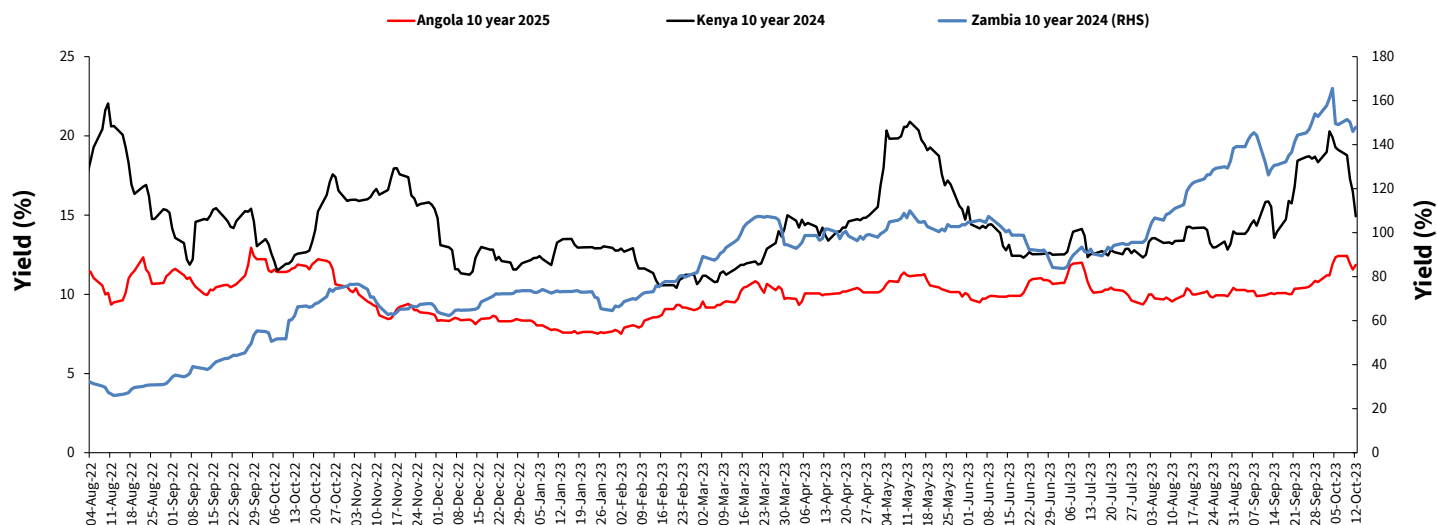
**Table 6: Performance of Key Market Indicators**

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
29-Sep-23	95.22	2,473.71	1,508.75	893.00	5.07	84.84	1487.67	9,616.05	14.299	18.332	13.273	12.698	12.296	12.453
2-Oct-23	95.54	2,483.09	1,511.65	915.00	4.40	62.67	1492.706	1,646.88	14.574	18.993	13.452	12.855	12.474	12.615
3-Oct-23	95.39	2,475.61	1,505.47	1,022.00	15.35	227.58	1490.388	2,280.70	15.536	20.293	14.176	13.495	12.992	13.026
4-Oct-23	95.43	2,486.02	1,502.28	929.00	7.47	45.36	1490.934	2,464.50	15.614	19.924	14.456	13.66	13.118	13.076
5-Oct-23	95.1	2,484.57	1,503.91	950.00	3.37	54.11	1485.877	2,340.45	15.441	19.281	14.286	13.535	12.998	13.002
<b>Sep 29-Oct 5</b>	<b>95.10</b>	<b>2484.57</b>	<b>1503.91</b>	<b>4,709.00</b>	<b>35.7</b>	<b>474.5</b>	<b>1,485.88</b>	<b>18,348.58</b>	<b>15.441</b>	<b>19.281</b>	<b>14.286</b>	<b>13.535</b>	<b>12.998</b>	<b>13.002</b>
6-Oct-23	93.49	2454.85	1490.98	1030.00	53.5333	729.16	1460.711	239.95	15.312	19.118	14.259	13.471	13	13.026
9-Oct-23	93.60	2459.41	1496.14	1003.00	6.463	161.18	1462.35	275.75	15.404	18.78	13.882	13.463	12.958	12.979
10-Oct-23	<b>Public Holiday</b>								14.977	17.271	13.66	13.182	12.724	12.734
11-Oct-23	93.00	2437.50	1487.20	1004.00	9.1377	166.72	1453.065	1164.75	14.78	16.48	13.536	12.93	12.515	12.546
12-Oct-23	93.69	2461.95	1496.22	863.00	6.5441	84.09	1463.798	1238.95	14.129	14.932	13.539	12.809	12.429	12.476
<b>Oct 5- 12</b>	<b>93.69</b>	<b>2461.95</b>	<b>1496.22</b>	<b>3,900.00</b>	<b>75.7</b>	<b>1141.2</b>	<b>1,463.80</b>	<b>2,919.40</b>	<b>14.129</b>	<b>14.932</b>	<b>13.539</b>	<b>12.809</b>	<b>12.429</b>	<b>12.476</b>
<b>Weekly Changes (%)</b>	<b>-1.48</b>	<b>-0.91</b>	<b>-0.51</b>	<b>-17.18</b>	<b>112.20</b>	<b>140.47</b>	<b>-1.49</b>	<b>-84.09</b>	<b>-1.312*</b>	<b>-4.349*</b>	<b>-0.747*</b>	<b>-0.726*</b>	<b>-0.569*</b>	<b>-0.526*</b>

\* 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-Sep-22	30-Dec-22	31-Mar-23	30-Jun-23	31-Jul-23	31-Aug-23	29-Sep-23	6-Oct-23
1. Treasury Bills (Excluding Repos)	672.28	671.51	665.86	614.73	585.13	567.70	558.21	554.96
<i>(As % of total securities)</i>	<b>15.61</b>	<b>15.32</b>	<b>15.01</b>	<b>13.28</b>	<b>12.50</b>	<b>12.06</b>	<b>11.86</b>	<b>11.79</b>
2. Treasury Bonds	3,634.86	3,710.62	3,771.03	4,013.89	4,097.24	4,139.72	4,149.81	4,152.76
<i>(As % of total securities)</i>	<b>84.39</b>	<b>84.68</b>	<b>84.99</b>	<b>86.72</b>	<b>87.50</b>	<b>87.94</b>	<b>88.14</b>	<b>88.21</b>
3. Total Securities (1+2)	4,307.14	4,382.13	4,436.89	4,628.62	4,682.38	4,707.42	4,708.02	4,707.72
4. Overdraft at Central Bank	27.25	58.50	77.98	76.46	61.12	72.05	75.70	79.18
5. Other Domestic debt*	30.90	32.76	24.73	31.52	32.33	32.32	32.33	32.33
<b>6. Gross Domestic Debt (3+4+5)</b>	<b>4,365.29</b>	<b>4,473.39</b>	<b>4,539.59</b>	<b>4,736.60</b>	<b>4,775.82</b>	<b>4,811.80</b>	<b>4,816.05</b>	<b>4,819.23</b>

\* 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	31-Aug-23	29-Sep-23	6-Oct-23
Treasury bills (Excluding Repos)	14.54	15.40	15.01	14.67	12.98	11.80	11.59	11.52
Treasury bonds	83.20	83.27	82.95	83.07	84.74	86.03	86.17	86.17
Overdraft at Central Bank	1.54	0.62	1.31	1.72	1.61	1.50	1.57	1.64
Other domestic debt	0.72	0.71	0.73	0.54	0.67	0.67	0.67	0.67
<b>TOTAL</b>	<b>100.00</b>	<b>100.00</b>	<b>100.00</b>	<b>100.00</b>	<b>100.00</b>	<b>100.00</b>	<b>100.00</b>	<b>100.00</b>

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	29-Sep-23	6-Oct-23
Banking Institutions	48.74	47.60	46.84	46.13	46.17	44.96	45.18	45.22
Insurance Companies	7.14	7.32	7.37	7.39	7.31	7.33	7.35	7.34
Parastatals	5.84	6.09	6.06	6.04	5.98	6.09	5.95	5.98
Pension Funds	32.39	32.75	33.31	33.42	33.42	33.14	32.23	32.17
Other Investors	5.89	6.24	6.43	7.01	7.13	8.48	9.30	9.29
<b>Total</b>	<b>100.00</b>	<b>100.00</b>	<b>100.00</b>	<b>100.00</b>	<b>100.00</b>	<b>100.00</b>	<b>100.00</b>	<b>100.00</b>

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	4,736.60	4,775.82	4,811.80
Public & Publicly Guaranteed External debt (USD Bn)	36.65	36.94	36.58	37.88	37.09	38.80	39.62	39.29
Public & Publicly Guaranteed External debt (KSh Bn)	4,243.53	4,295.10	4,290.73	4,673.14	5,137.16	5,542.08	5,640.34	5,712.92
Public debt (KSh Bn)	<b>8,470.37</b>	<b>8,563.76</b>	<b>8,579.06</b>	<b>9,145.98</b>	<b>9,686.81</b>	<b>10,278.67</b>	<b>10,416.17</b>	<b>10,524.71</b>

\* Provisional

Source: The National Treasury and Central Bank of Kenya