



Central Bank of Kenya

Weekly Bulletin

May 3, 2024



RECENT MONETARY AND FINANCIAL DEVELOPMENTS

Inflation

Overall inflation declined in April 2024 to the midpoint of the medium-term target range for the first time since February 2022. It declined to 5.0 percent from 5.7 percent in March, mainly driven by a significant decline in fuel and food prices. Food inflation declined to 5.6 percent from 5.8 percent in March, supported by easing prices of selected non-vegetable items following continued favourable weather conditions. Fuel inflation eased to 8.3 percent from 12.3 percent in March 2024 on account of lower electricity costs and pump prices. Meanwhile, Non-food-non-fuel (NFNF) inflation remained stable reflecting muted demand pressures and continued impact of monetary policy action. It remained unchanged at 3.6 percent in March and April 2024 (**Chart 1**).

Exchange Rates

The Kenya Shilling remained stable against major international and regional currencies during the week ending May 2. It exchanged at KSh 133.20 per US dollar on May 2, compared to KSh 133.16 per US dollar on April 25 (**Table 1**).

Foreign Exchange Reserves

The usable foreign exchange reserves remained adequate at USD 7,179 million (3.8 months of import cover) as of May 2. 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 remained adequate during the week ending May 2, supported by open market operations. Commercial banks' excess reserves stood at KSh 15.9 billion in relation to the 4.25 percent cash reserves requirement (CRR). The average interbank rate was 13.83 percent on May 2 compared to 13.90 percent on April 25. During the week, the average number of interbank deals decreased to 38 from 40 in the previous week, while the average value traded was stable at KSh 23.3 billion compared to KSh 23.2 billion in the previous week (**Table 3**).

Government Securities Market

The Treasury bill auction of May 2 received bids totaling KSh 26.0 billion against an advertised amount of KSh 24.0 billion, representing a performance of 108.2 percent. Interest rate on the 91-day, 182-day, and 364-day Treasury bills remained relatively stable (**Table 4**).

During the Treasury bond auction of May 2, the reopened 10-year fixed rate Treasury bond received bids totaling KSh 15.0 billion against an advertised amount of KSh 25.0 billion, representing a performance rate of 59.9 percent (**Table 5**).

Equity Market

At the Nairobi Securities Exchange, the NASI, NSE 25 and NSE 20 share price indices declined by 2.2 percent, 2.1 percent and 1.3 percent during the week ending May 2. Market capitalization, equity turnover and total shares traded also declined by 2.2 percent, 29.7 percent and 28.8 percent, respectively (**Table 6**).

Bond Market

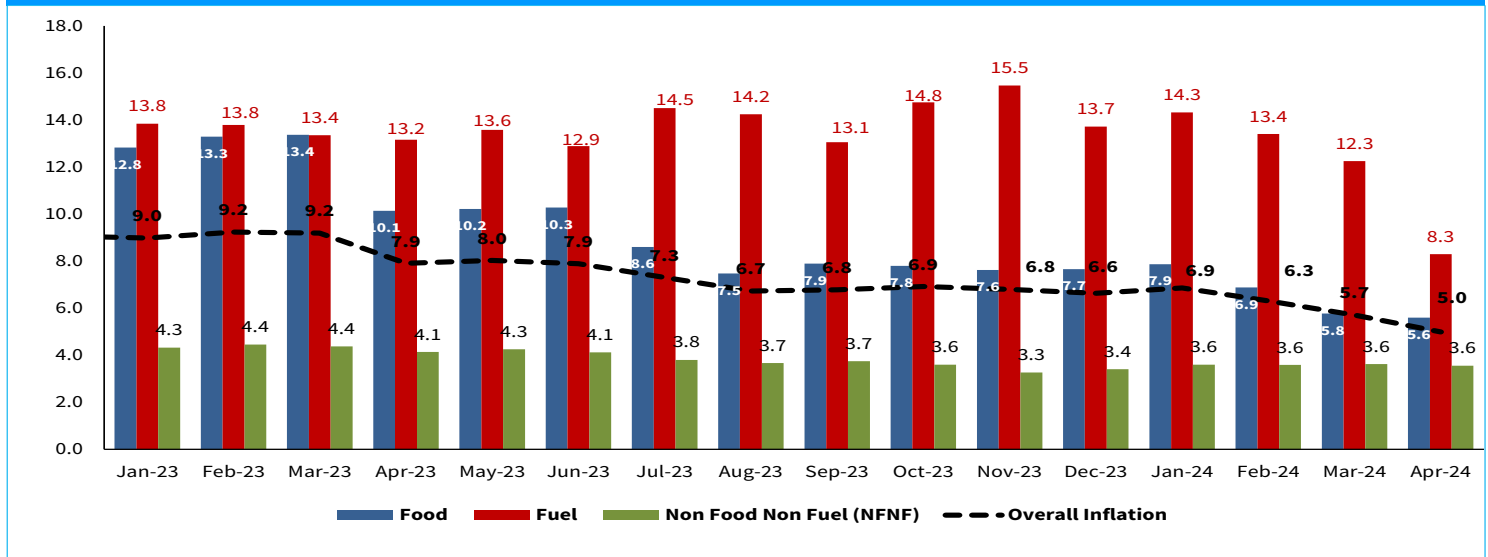
Bond turnover in the domestic secondary market declined by 10.2 percent during the week ending May 2 (**Table 6**). In the international market, yields on Kenya's Eurobonds increased by an average of 2.7 basis points. The yield on the 10-Year Eurobonds for Angola declined while that of Zambia increased (**Chart 3**).

Global Trends

Concerns about inflation in advanced economies remained in the week ending May 2. The U.S. Federal Reserve left interest rates unchanged at the 5.25-5.5 percent range after economic reports indicated that inflation was easing slower than expected. The US dollar index weakened by 0.3 percent against a basket of major currencies during the week ending May 2.

International oil prices declined during the week ending May 2, supported by a renewed diplomatic push in the Middle East to secure a cease-fire in Gaza. Murban oil prices dropped to USD 84.64 per barrel on May 2 compared to USD 88.74 per barrel on April 25.

Chart 1: Inflation (Percent)



Source: Central Bank of Kenya and Kenya National Bureau of Statistics

Table 1: Kenya Shilling Exchange Rates

	USD	Sterling Pound	Euro	100 Japanese Yen	Uganda Shilling*	Tanzania Shilling*	Rwandese Franc*	Burundi Franc*
19-Apr-24	131.44	163.20	139.74	85.15	28.99	19.65	9.83	21.84
22-Apr-24	131.79	163.20	140.55	85.18	28.91	19.58	9.77	21.73
23-Apr-24	132.30	163.34	140.94	85.48	28.86	19.50	9.74	21.66
24-Apr-24	132.63	165.16	141.94	85.64	28.75	19.57	9.70	21.56
25-Apr-24	133.16	166.07	142.63	85.51	28.65	19.45	9.68	21.51
Apr 19-25	132.26	164.19	141.16	85.39	28.83	19.55	9.75	21.66
26-Apr-24	133.47	166.37	142.63	85.85	28.51	19.41	9.67	21.48
29-Apr-24	133.34	166.75	142.87	85.01	28.61	19.42	9.68	21.50
30-Apr-24	133.28	167.05	142.58	84.99	28.62	19.46	9.69	21.52
1-May-24	Public Holiday							
2-May-24	133.20	166.82	142.63	84.59	28.59	19.41	9.69	21.53
Apr 26- May 2	133.32	166.75	142.68	85.11	28.58	19.42	9.68	21.51

*Units of currency per Kenya Shilling

Source: Central Bank of Kenya

Table 2: Official Foreign Exchange Reserves (USD Million)

	4-Apr-24	11-Apr-24	18-Apr-24	25-Apr-24	2-May-24
1. CBK Usable Foreign Exchange Reserves (USD Million)	7,148	7,291	7,226	7,232	7,179

*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 (%)
19-Apr-24	35	28,420.00	13.73
22-Apr-24	44	29,660.00	13.79
23-Apr-24	43	20,290.00	13.87
24-Apr-24	43	21,860.00	13.90
25-Apr-24	35	15,800.00	13.90
Apr 19-25	40	23,206.00	13.84
26-Apr-24	32	16,150.00	13.91
29-Apr-24	26	17,300.00	13.91
30-Apr-24	42	24,155.00	13.89
1-May-24	Public Holiday		
2-May-24	50	35,669.00	13.83
Apr 26-May 2	38	23,318.50	13.89

Source: Central Bank of Kenya

Table 4: Performance of Treasury Bill Auctions

91-Day Treasury Bills						
Date of Auction	29-Jun-23	28-Sep-23	28-Dec-23	28-Mar-24	25-Apr-24	2-May-24
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)	5,779.97	11,007.63	8,516.51	5,380.72	5,985.83	10,103.16
Amount Accepted (KSh M)	2,705.12	3,303.25	6,986.46	3,867.98	5,732.45	9,977.11
Maturities (KSh M)	2,814.15	2,741.45	3,254.55	7,215.65	14,412.70	20,272.95
Average Interest Rate (%)	11.904	14.821	15.983	16.729	15.823	15.865
182-Day Treasury Bills						
Date of Auction	29-Jun-23	28-Sep-23	28-Dec-23	28-Mar-24	25-Apr-24	2-May-24
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)	2,195.96	809.28	322.85	2,702.14	6,932.54	5,203.82
Amount Accepted (KSh M)	1,300.96	542.27	322.85	2,049.15	6,924.47	5,195.56
Maturities (KSh M)	442.15	3,616.00	1,365.20	552.85	6,072.00	1,319.45
Average Interest Rate (%)	11.947	14.950	15.967	16.888	16.460	16.488
364-Day Treasury Bills						
Date of Auction	29-Jun-23	28-Sep-23	28-Dec-23	28-Mar-24	25-Apr-24	2-May-24
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)	1,514.41	1,841.12	1,661.91	7,753.83	10,644.22	10,660.71
Amount Accepted (KSh M)	1,514.41	670.62	1,661.91	7,596.50	10,644.22	10,660.71
Maturities (KSh M)	2,417.65	1,229.50	1,858.45	1,915.90	1,588.15	998.50
Average Interest Rate (%)	12.157	15.054	16.100	16.990	16.492	16.495

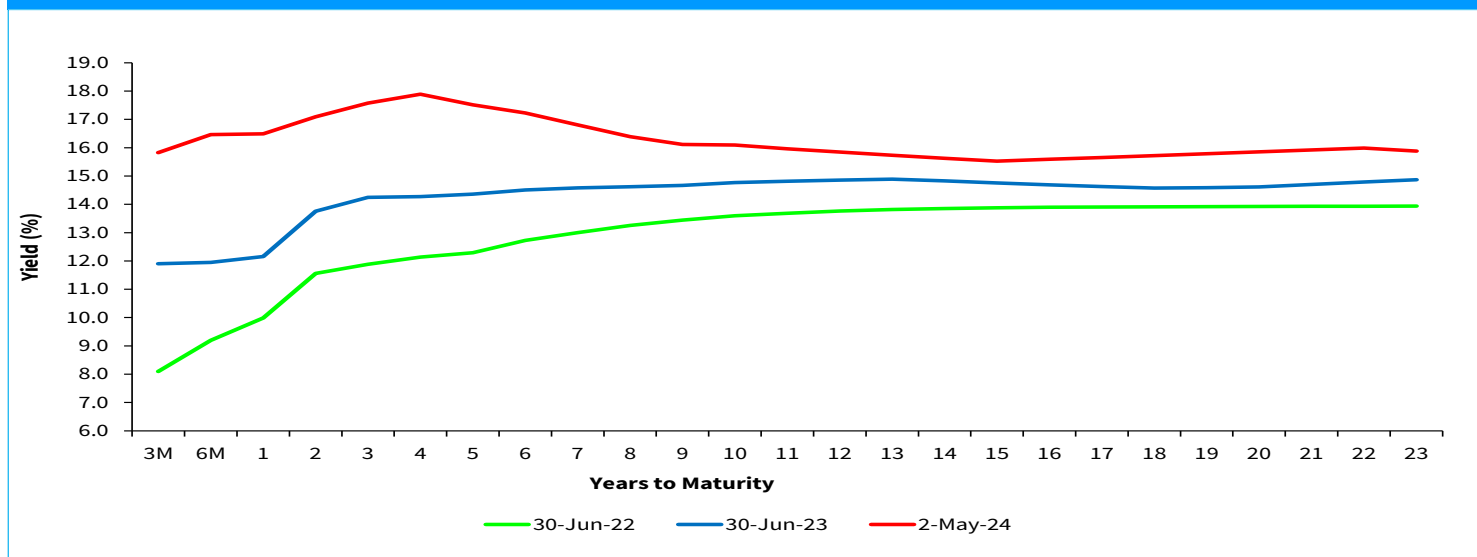
Source: Central Bank of Kenya

Table 5: Performance of Treasury Bond Auctions

Date of Auction	18-Jan-23		6-Mar-24	20-Mar-24		4-Apr-24		17-Apr-24	2-May-24
	TAP		RE-OPEN	RE-OPEN		TAP		RE-OPEN	RE-OPEN
Tenor	FXD1/ 2024/003	FXD1/ 2023/005	FXD1/ 2024/003	FXD1/ 2023/005	FXD1/ 2024/010	FXD1/ 2023/005	FXD1/ 2024/010	FXD1/ 2023/02	FXD1/ 2024/10
Amount offered (KSh M)	15,000.00		40,000.00	40,000.00		25,000.00		40,000.00	25,000.00
Bids received (KSh M)	9,308.35	2,552.31	43,074.61	35,848.61	23,885.31	35,585.30	12,203.35	47,192.00	14,979.42
Amount Accepted (KSh M)	9,339.89	2,415.58	34,271.36	17,766.82	4,838.59	33,952.75	11,896.17	34,762.40	10,995.34
Maturities (KSh M)	0.00		0.0	0.0	0.0	0.00	0.00	0.00	39,201.40

Source: Central Bank of Kenya

Chart 2: Government Securities Yield Curve



Source: Nairobi Securities Exchange (NSE)

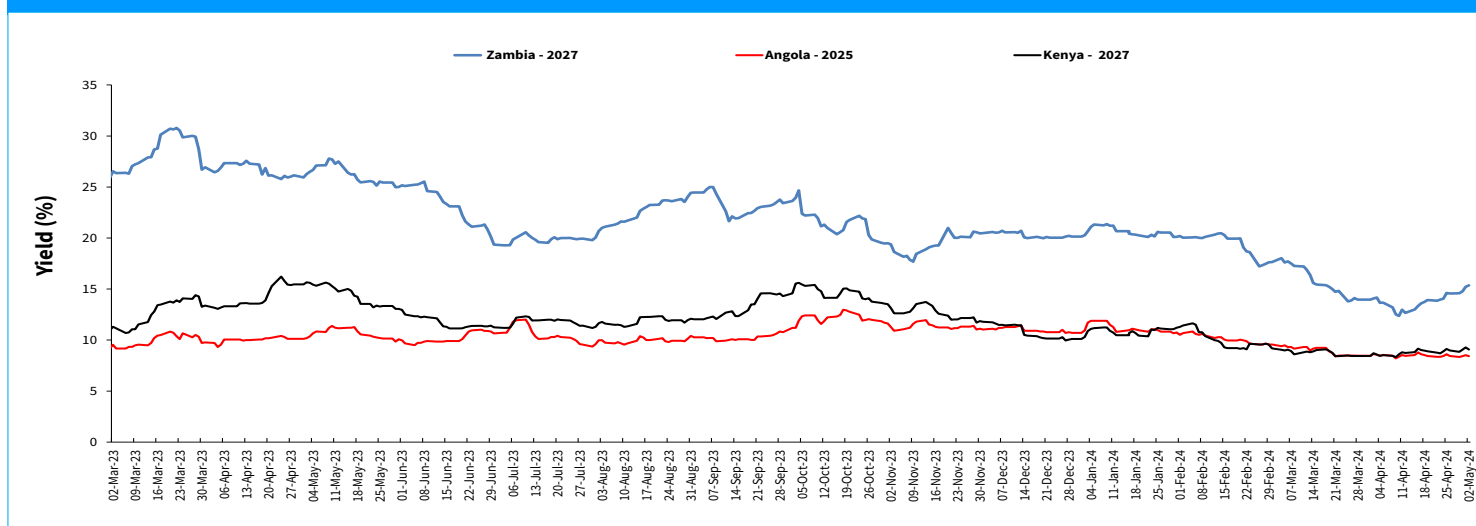
Table 6: Performance of Key Market Indicators

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 Capitaliza- tion (KSh Billion)	Bonds Turnover (KSh Mil- lion)	Eurobond Yields (%)					
									7-Year 2027	10-Year 2028	6-Year 2031	12-Year 2032	13-Year 2034	30-Year 2048
19-Apr-24	106.60	2821.19	1689.31	1263.00	18.69	351.95	1665.459	4775.65	8.898	8.926	9.572	9.585	9.684	10.008
22-Apr-24	106.37	2819.25	1666.80	918.00	3.95	69.52	1661.946	5933.15	8.762	8.887	9.487	9.533	9.589	9.929
23-Apr-24	106.71	2824.73	1676.65	1064.00	9.53	177.90	1667.213	6405.9	8.694	8.807	9.43	9.481	9.542	9.897
24-Apr-24	107.12	2832.24	1680.83	1207.00	17.22	468.51	1673.598	7190.2	8.906	8.97	9.576	9.612	9.686	9.976
25-Apr-24	107.24	2837.02	1681.37	1047.00	12.91	330.56	1675.557	6,070.80	9.125	9.136	9.772	9.799	9.882	10.072
Apr 19-25	107.24	2837.02	1681.37	5499.00	62.30	1398.45	1675.56	30,375.70	9.125	9.136	9.772	9.799	9.882	10.072
26-Apr-24	107.57	2,858.18	1,688.32	1,151.00	20.30	411.49	1,680.56	6,098.30	8.987	9.055	9.686	9.720	9.786	10.008
29-Apr-24	106.80	2,853.06	1,685.32	1,349.00	11.70	283.32	1,668.64	3,384.62	8.851	8.935	9.543	9.590	9.642	9.897
30-Apr-24	106.54	2,850.92	1,690.98	1,303.00	8.18	225.40	1,664.54	9,385.01	9.066	9.099	9.743	9.801	9.812	10.024
1-May-24	Public Holiday								9.28	9.346	9.976	9.989	9.984	10.154
2-May-24	104.90	2,776.42	1,659.45	1,303.00	4.19	63.59	1,638.97	8,413.85	9.075	9.226	9.830	9.883	9.888	10.073
Apr 26- May 2	104.90	2776.42	1659.45	5106.00	44.37	983.81	1638.97	27,281.78	9.075	9.226	9.83	9.883	9.888	10.073

* 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)

	30-Jun-23	29-Sep-23	29-Dec-23	31-Jan-24	29-Feb-24	28-Mar-24	19-Apr-24	30-Apr-24
1. Treasury Bills (Excluding Repos)	614.73	558.21	546.90	565.63	549.07	557.01	566.57	566.66
<i>(As % of total securities)</i>	13.28	11.86	11.35	11.69	11.00	11.06	11.12	11.05
2. Treasury Bonds	4,013.89	4,149.81	4,271.82	4,272.25	4,442.10	4,478.54	4,526.29	4,561.02
<i>(As % of total securities)</i>	86.72	88.14	88.65	88.31	89.00	88.94	88.88	88.95
3. Total Securities (1+2)	4,628.62	4,708.02	4,818.72	4,837.89	4,991.17	5,035.54	5,092.85	5,127.67
4. Overdraft at Central Bank	76.46	75.70	94.13	83.45	94.32	92.18	84.25	89.31
5. Other Domestic debt*	127.04	133.75	137.26	136.71	128.84	128.85	128.84	128.84
of which IMF funds on-lent to Government	95.52	99.52	104.24	104.24	106.49	106.49	106.49	106.49

* 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)

	30-Jun-23	29-Sep-23	29-Dec-23	31-Jan-24	29-Feb-24	28-Mar-24	19-Apr-24	30-Apr-24
Treasury bills (Excluding Repos)	12.72	11.35	10.83	11.18	10.53	10.60	10.68	10.60
Treasury bonds	83.07	84.39	84.59	84.46	85.19	85.20	85.31	85.32
Overdraft at Central Bank	1.58	1.54	1.86	1.65	1.81	1.75	1.59	1.67
Other domestic debt	2.63	2.72	2.72	2.70	2.47	2.45	2.43	2.41
of which IMF fund on lent to government	1.98	2.02	2.06	2.06	2.04	2.03	2.01	1.99
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)

	30-Jun-23	29-Sep-23	29-Dec-23	31-Jan-24	23-Feb-24	28-Mar-24	19-Apr-24	30-Apr-24
Banking Institutions	46.17	45.18	46.07	45.84	46.25	45.78	45.75	46.03
Insurance Companies	7.31	7.35	7.23	7.34	7.16	7.13	7.15	7.15
Parastatals	5.98	5.95	5.47	5.56	5.29	5.25	5.25	5.12
Pension Funds*	33.42	32.23	29.93	29.89	29.06	29.35	29.44	29.29
Other Investors	7.13	9.30	11.30	11.37	12.24	12.50	12.41	12.42
Total	100.00	100.00	100.00	100.00	100.00	100.00	100.00	100.00

* Includes pension funds and custodial/ Nominee Accounts

Source: Central Bank of Kenya

Table 10: Government Debt

	Jun-22	Dec-22	Jun-23	Aug-23	Sep-23	Nov-23	Dec-23	Jan-24	Feb-24*
Domestic debt (KSh Bn)	4,288.33	4,472.84	4,832.11	4,912.34	4,917.47	4,990.75	5,050.11	5050.44	5,214.33
Public & Publicly Guaranteed External debt (USD Bn)	36.58	37.88	38.76	38.61	38.27	38.50	38.92	38.51	39.38
Public & Publicly Guaranteed External debt (KSh Bn)	4,290.73	4,673.14	5,446.56	5,614.09	5,667.80	5,896.50	6,089.58	6,189.97	5,653.89
Public debt (KSh Bn)	8,579.06	9,145.98	10,278.67	10,526.43	10,585.27	10,887.25	11,139.69	11,248.01	10,868.22

* Provisional

Source: The National Treasury and Central Bank of Kenya