



Central Bank of Kenya

Weekly Bulletin

July 14, 2023



RECENT MONETARY AND FINANCIAL DEVELOPMENTS

Exchange Rates

The Kenya Shilling remained relatively stable against major international and regional currencies during the week ending July 13. It exchanged at KSh 141.29 per US dollar on July 13, compared to KSh 140.78 per US dollar on July 6 (**Table 1**).

Foreign Exchange Reserves

The usable foreign exchange reserves remained adequate at USD 7,481 million (4.09 months of import cover) as at July 13. This meets the CBK's statutory requirement to endeavor to maintain at least 4 months of import cover (**Table 2**).

Remittances

Remittance inflows in June 2023 totaled USD 345.9 million compared to USD 326.1 million in June 2022, an increase of 6.1 percent (**Chart 1**). The cumulative inflows for the 12 months to June remained steady at USD 4,017 million compared to USD 4,012 million in a similar period in 2022, an increase of 0.1 percent. The remittance inflows continue to support the current account and the foreign exchange market. The US remains the largest source of remittances to Kenya, accounting for 54 percent in June 2023.

Money Market

Liquidity in the money market increased during the week ending July 13, supported by government payments. Commercial banks' excess reserves stood at KSh 28.3 billion in relation to the 4.25 percent cash reserves requirement (CRR). Open market operations remained active. The average interbank rate was 8.57 percent on July 13 compared to 9.53 percent on July 6. During the week, the average number of interbank deals declined to 25 from 34 in the previous week, while the average value traded declined slightly to KSh 14.3 billion from KSh 14.9 billion in the previous week (**Table 3**).

Government Securities Market

The Treasury bills auction of July 13, received bids totaling KSh 36.4 billion against an advertised amount of KSh

24.0 billion, representing a performance of 151.8 percent. Interest rates remained stable, with 91-day, 182-day and 364-day rates increasing marginally (**Table 4**).

During the Treasury bonds auction of July 12, the re-opened 10-year fixed rate Treasury bond and the new 5-year fixed rate Treasury bond received bids totaling KSh 51.8 billion against an advertised amount of KSh 40 billion, representing a performance rate of 129.4 percent (**Table 5**).

Equity Market

At the Nairobi Securities Exchange, the NASI, NSE 25 and NSE 20 share price indices increased by 5.0 percent, 3.7 percent and 0.9 percent, respectively, during the week ending July 13. Market capitalisation increased by 5.0 percent. However, equity turnover and total shares traded declined by 21.6 percent and 36.0 percent, respectively (**Table 6**).

Bond Market

Bond turnover in the domestic secondary market increased by 14.5 percent during the week ending July 13 (**Table 6**). In the international market, yields on Kenya's Eurobonds remained stable increasing by a marginal of 0.42 basis points. The yield on 2024 maturity declined by 78.60 basis points. The yield on the 10-Year Eurobond for Ghana increased, while that of Angola declined (**Chart 3**).

Global Trends

Inflation concerns in advanced economies continue to moderate. U.S inflation declined to 3.0 percent in June compared to 4.0 percent in May. The US dollar index weakened by 3.2 percent against a basket of major currencies during the week ending July 13.

International oil prices increased during the week ending July 13, mainly due to concerns over reduced global oil supply by major oil exporters. Murban oil price rose to USD 81.31 on July 13 from USD 77.66 per barrel on July 6.

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

	USD	Sterling Pound	Euro	100 Japanese Yen	Uganda Shilling*	Tanzania Shilling*	Rwandese Franc*	Burundi Franc*
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
7-Jul-23	140.92	179.76	153.31	97.72	26.22	17.35	8.26	20.07
10-Jul-23	140.99	179.87	153.67	98.68	26.21	17.35	8.23	20.00
11-Jul-23	141.06	180.50	154.69	99.51	26.19	17.30	8.27	20.15
12-Jul-23	141.21	182.20	155.16	100.34	25.99	17.31	8.26	20.03
13-Jul-23	141.29	183.27	156.39	101.56	25.98	17.31	8.26	20.02
July 7-13	141.09	181.12	154.65	99.56	26.12	17.32	8.26	20.05

*Units of currency per Kenya Shilling

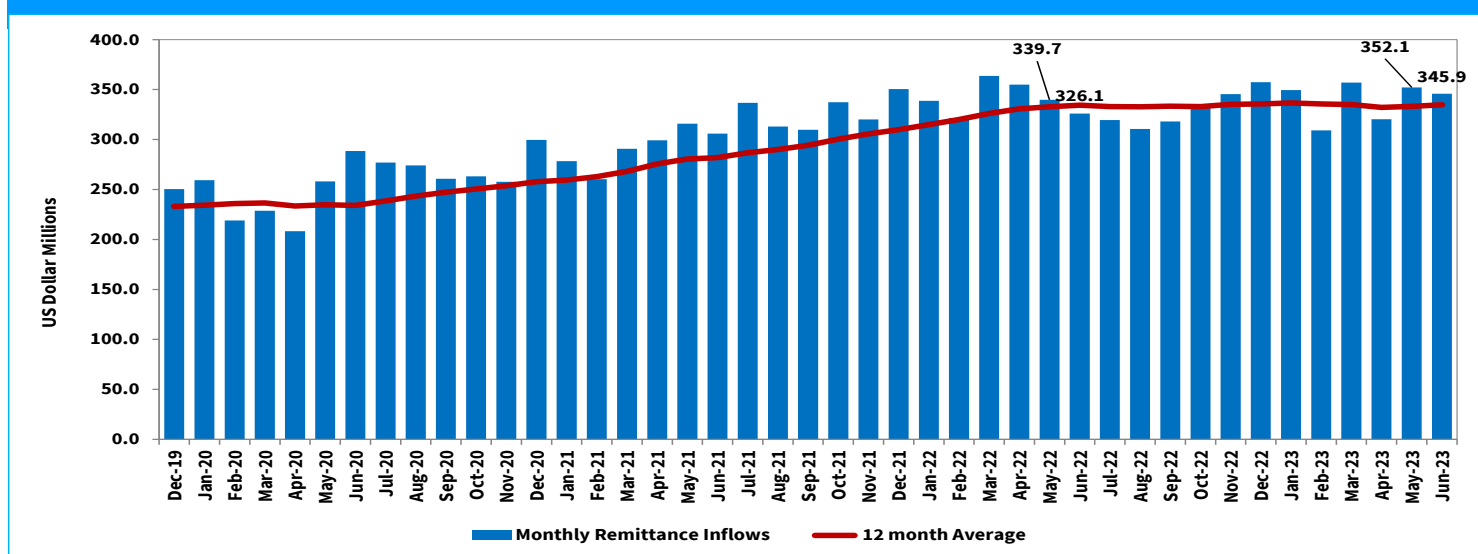
Source: Central Bank of Kenya

Table 2: Official Foreign Exchange Reserves (USD Million)

	15-Jun-23	22-Jun-23	29-Jun-23	6-Jul-23	13-Jul-23
1. CBK Usable Foreign Exchange Reserves (USD Million)	7,459	7,375	7,476	7,462	7,481
2. CBK Usable Foreign Exchange Reserves (Months of Import Cover)*	4.11	4.06	4.12	4.08	4.09

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

Source: Central Bank of Kenya

Chart 1: Remittances

Source: Nairobi Securities Exchange (NSE)

Table 3: Money Markets

Date	Number of Deals	Value (KSh M)	Average Interbank Rate (%)
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
7-Jul-23	27	11,570.00	9.34
10-Jul-23	24	13,700.00	9.20
11-Jul-23	25	13,400.00	8.83
12-Jul-23	25	14,250.00	8.62
13-Jul-23	25	18,730.00	8.57
Jul 7-Jul 13	25	14,330.00	8.91

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	31-May-23	29-Jun-23	6-Jul-23	13-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	5,779.97	26,707.75	33,322.50
Amount Accepted (KSh M)	2,120.42	2,765.00	17,535.04	2,705.12	26,678.78	33,267.92
Maturities (KSh M)	2,539.95	2,158.40	13,568.35	2,814.15	26,300.85	23,359.80
Average Interest Rate (%)	9.369	9.907	11.103	11.904	12.014	12.109
182-Day Treasury Bills						
Date of Auction	29-Dec-22	30-Mar-23	31-May-23	29-Jun-23	6-Jul-23	13-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	2,195.96	1,143.49	1,347.07
Amount Accepted (KSh M)	434.69	3,457.80	549.74	1,300.96	1,143.49	1,344.29
Maturities (KSh M)	1,660.95	3,176.30	4,079.55	442.15	8,076.65	6,035.15
Average Interest Rate (%)	9.834	10.399	11.112	11.947	12.199	12.271
364-Day Treasury Bills						
Date of Auction	29-Dec-22	30-Mar-23	31-May-23	29-Jun-23	6-Jul-23	13-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	1,514.41	2,265.98	1,774.42
Amount Accepted (KSh M)	1,691.33	1,810.42	2,562.05	1,514.41	2,265.98	1,774.42
Maturities (KSh M)	5,396.40	2,660.05	5,507.00	2,417.65	4,756.35	7,492.35
Average Interest Rate (%)	10.308	10.800	11.497	12.157	12.250	12.452

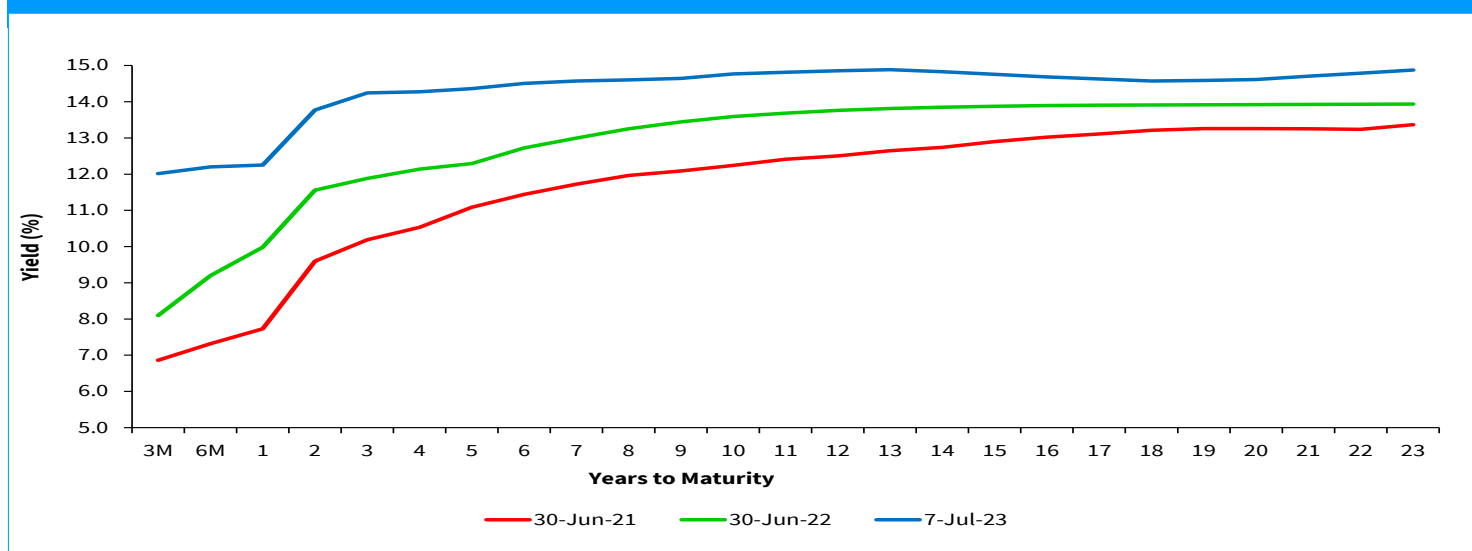
Source: Central Bank of Kenya

Table 5: Performance of Treasury Bond Auctions

Date of Auction	19-May-23	26-May-23	23-Jun-23	12-Jul-23	
	TAP	TAP	TAP	RE-OPENED	
Tenor	FXD1/2023/03	FXD1/2023/03	FXD1/2023/03	FXD1/2016/10	FXD1/2023/05
Amount offered (KSh M)	10,000.00	20,000.00	15,000.00	40,000.00	
Bids received (KSh M)	10,603.25	27,206.35	18,560.05	22,663.75	29,099.83
Amount Accepted (KSh M)	10,602.30	27,201.72	18,552.07	15,740.47	22,832.72
Maturities (KSh M)					
Average interest Rate (%)	14.23	14.23	14.23	16.33	16.84

Source: Central Bank of Kenya

Chart 2: Government Securities Yield Curve



Source: Nairobi Securities Exchange (NSE)

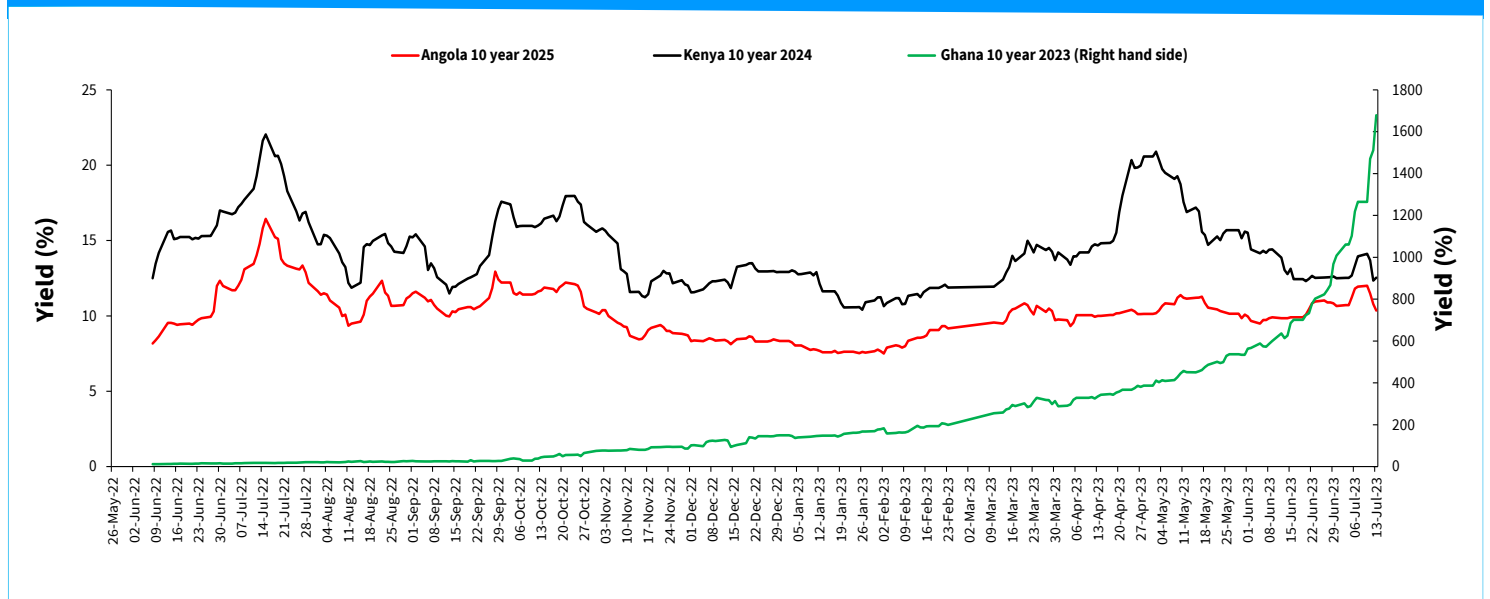
Table 6: Performance of Key Market Indicators

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 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
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
7-Jul-23	111.37	2838.32	1618.11	1,207	14.32	353.54	1734.569	3,594.09	12.194	13.95	11.711	11.523	10.795	11.443
10-Jul-23	112.98	2859.54	1612.34	1,052	4.88	96.13	1759.68	2,240.25	12.316	14.122	11.793	11.637	10.899	11.523
11-Jul-23	113.83	2882.08	1616.63	1,401	8.46	177.47	1773.023	3,780.30	12.262	13.685	11.676	11.581	10.874	11.503
12-Jul-23	114.47	2899.13	1620.09	1,198	13.45	331.13	1782.975	2,463.85	11.916	12.345	11.442	11.442	10.747	11.384
13-Jul-23	114.2	2907.12	1627.33	1,055	6.04	107.22	1778.78	1,265.35	11.929	12.542	11.488	11.388	10.75	11.365
July 7-13	114.20	2907.12	1627.33	5,913.00	47.14	1,065.48	1,778.78	13,343.84	11.929	12.542	11.488	11.388	10.750	11.365
Weekly Changes (%)	4.95	3.65	0.89	3.61	-35.96	-21.58	4.97	14.47	0.318*	-0.786*	0.094*	0.143*	0.158*	0.098*

* 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)

	31-Dec-21	24-Jun-22	30-Sep-22	30-Dec-22	31-Mar-23	23-Jun-23	30-Jun-23	7-Jul-23
1. Treasury Bills (Excluding Repos)	709.15	620.28	672.28	671.51	665.86	615.31	614.73	614.84
<i>(As % of total securities)</i>	17.95	14.88	15.61	15.32	15.01	13.35	13.28	13.28
2. Treasury Bonds	3,242.24	3,549.53	3,634.86	3,710.62	3,771.03	3,995.34	4,013.89	4,013.89
<i>(As % of total securities)</i>	82.05	85.12	84.39	84.68	84.99	86.65	86.72	86.72
3. Total Securities (1+2)	3,951.39	4,169.81	4,307.14	4,382.13	4,436.89	4,610.65	4,628.62	4,628.73
4. Overdraft at Central Bank	59.31	65.86	27.25	58.50	77.98	75.17	76.46	76.76
5. Other Domestic debt*	21.66	30.55	30.90	32.76	24.73	25.59	25.61	25.58
6. Gross Domestic Debt (3+4+5)	4,032.37	4,266.23	4,365.29	4,473.39	4,539.59	4,711.42	4,730.69	4,731.07

* 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-Dec-21	31-Dec-21	24-Jun-22	30-Sep-22	30-Dec-22	31-Mar-23	30-Jun-23	7-Jul-23
Treasury bills (Excluding Repos)	17.67	17.59	14.54	15.40	15.01	14.67	12.99	13.00
Treasury bonds	80.13	80.41	83.20	83.27	82.95	83.07	84.85	84.84
Overdraft at Central Bank	1.62	1.47	1.54	0.62	1.31	1.72	1.62	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 9: Government Domestic Debt by Holder (Percent)

	31-Dec-21	24-Jun-22	30-Sep-22	30-Dec-22	31-Mar-23	26-May-23	30-Jun-23	7-Jul-23
Banking Institutions	50.20	48.74	47.60	46.84	46.13	45.39	46.17	46.17
Insurance Companies	6.79	7.14	7.32	7.37	7.39	7.61	7.31	7.33
Parastatals	5.57	5.84	6.09	6.06	6.04	6.19	5.98	5.99
Pension Funds	31.34	32.39	32.75	33.31	33.42	33.82	33.42	33.39
Other Investors	6.10	5.89	6.24	6.43	7.01	6.99	7.13	7.12
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

	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