



Central Bank of Kenya

# Weekly Bulletin

July 21, 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 20. It exchanged at KSh 141.70 per US dollar on July 20, compared to KSh 141.29 per US dollar on July 13 (**Table 1**).

### Foreign Exchange Reserves

The usable foreign exchange reserves remained adequate at USD 7,885 million (4.31 months of import cover) as at July 20. 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 July 20, as government receipts more than offset government payments. Commercial banks' reserves stood at a shortfall of KSh 18.2 billion in relation to the 4.25 percent cash reserves requirement (CRR). Open market operations remained active. The average interbank rate increased to 9.76 percent on July 20 from 8.57 percent on July 13. During the week, the average number of interbank deals increased to 48 from 25 in the previous week, while the average value traded increased to KSh 24.4 billion from KSh 14.3 billion in the previous week (**Table 3**).

### Government Securities Market

The Treasury bills auction of July 20 received bids totaling KSh 39.5 billion against an advertised amount of KSh 24.0 billion, representing a performance of 164.5 percent. Interest rates remained stable, with 91-day, 182-day and 364-day rates increasing marginally (**Table 4**).

### Equity Market

At the Nairobi Securities Exchange, the NASI, NSE 25 and NSE 20 share price indices declined by 2.9 percent, 1.2 percent and 0.5 percent, respectively, during the week ending June 20. Market capitalization, equity turnover and total shares traded also declined by 2.9 percent, 22.7 percent and 12.3 percent, respectively (**Table 6**).

### Bond Market

Bond turnover in the domestic secondary market increased by 2.6 percent during the week ending June 20 (**Table 6**). In the international market, yields on Kenya's Eurobonds remained stable, only rising marginally by an average of 4.1 basis points. The yield on Kenya's 2024 maturity rose by 26.9 basis points. The yields on the 10- Year Eurobonds for Angola and Ghana also increased (**Chart 2**).

### Global Trends

Inflation concerns in advanced economies have continued to ease. In the U.K and South Africa, inflation slowed down more than expected to 7.9 percent and 5.4 percent in June from 8.7 percent and 6.3 percent in May, respectively. The US dollar index strengthened by 1.1 percent against a basket of major currencies during the week ending July 20.

International oil prices decreased during the week ending July 20, on account of weaker oil demand and build-up in oil inventories. Murban oil price declined marginally to USD 81.27 on July 20 from USD 81.31 per barrel on July 13.

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

|                   | USD           | Sterling Pound | Euro          | 100 Japanese Yen | Uganda Shilling* | Tanzania Shilling* | Rwandese Franc* | Burundi Franc* |
|-------------------|---------------|----------------|---------------|------------------|------------------|--------------------|-----------------|----------------|
| 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          |
| <b>July 7-13</b>  | <b>141.09</b> | <b>181.12</b>  | <b>154.65</b> | <b>99.56</b>     | <b>26.12</b>     | <b>17.32</b>       | <b>8.26</b>     | <b>20.05</b>   |
| 14-Jul-23         | 141.38        | 185.06         | 158.08        | 102.67           | 25.95            | 17.22              | 8.26            | 20.01          |
| 17-Jul-23         | 141.44        | 185.35         | 158.76        | 101.65           | 25.95            | 17.29              | 8.27            | 20.08          |
| 18-Jul-23         | 141.50        | 185.12         | 158.99        | 102.24           | 25.94            | 17.31              | 8.26            | 20.00          |
| 19-Jul-23         | 141.59        | 185.17         | 158.99        | 101.62           | 25.92            | 17.27              | 8.26            | 19.98          |
| 20-Jul-23         | 141.70        | 182.96         | 158.99        | 101.63           | 25.87            | 17.26              | 8.25            | 19.97          |
| <b>July 14-20</b> | <b>141.52</b> | <b>184.73</b>  | <b>158.76</b> | <b>101.96</b>    | <b>25.92</b>     | <b>17.27</b>       | <b>8.26</b>     | <b>20.01</b>   |

\*Units of currency per Kenya Shilling

Source: Central Bank of Kenya

**Table 2: Official Foreign Exchange Reserves (USD Million)**

|   | 22-Jun-23 | 29-Jun-23 | 6-Jul-23 | 13-Jul-23 | 20-Jul-23 |
|---|-----------|-----------|----------|-----------|-----------|
| 1. CBK Usable Foreign Exchange Reserves (USD Million)             | 7,375     | 7,476     | 7,462    | 7,481     | 7,885     |
| 2. CBK Usable Foreign Exchange Reserves (Months of Import Cover)* | 4.06      | 4.12      | 4.08     | 4.09      | 4.31      |

\*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 (%) |
|----------------------|-----------------|------------------|----------------------------|
| 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                       |
| <b>Jul 7-Jul 13</b>  | <b>25</b>       | <b>14,330.00</b> | <b>8.91</b>                |
| 14-Jul-23            | 41              | 28,700.00        | 8.60                       |
| 17-Jul-23            | 50              | 31,170.00        | 8.78                       |
| 18-Jul-23            | 48              | 27,880.00        | 8.96                       |
| 19-Jul-23            | 44              | 19,150.00        | 9.24                       |
| 20-Jul-23            | 58              | 15,060.00        | 9.76                       |
| <b>Jul 14-Jul 20</b> | <b>48</b>       | <b>24,392.00</b> | <b>9.07</b>                |

Source: Central Bank of Kenya

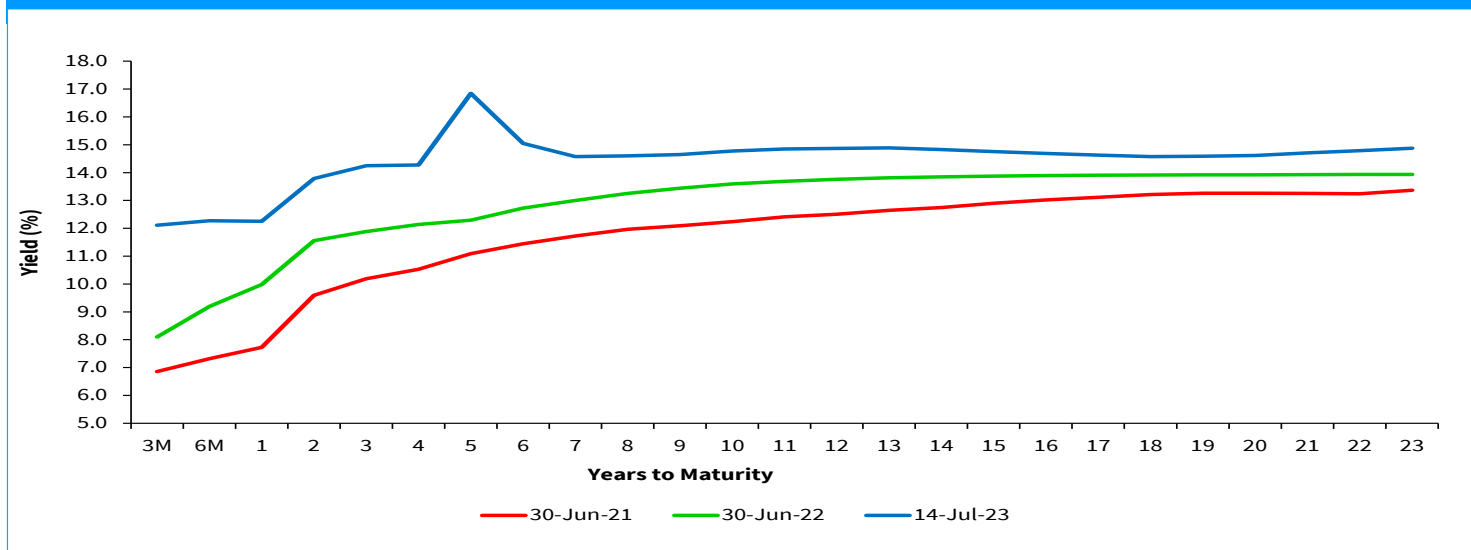
| <b>Table 4: Performance of Treasury Bill Auctions</b> |                  |                  |                  |                  |                  |                  |
|---|------------------|------------------|------------------|------------------|------------------|------------------|
| <b>91-Day Treasury Bills</b>                          |                  |                  |                  |                  |                  |                  |
| <b>Date of Auction</b>                                | <b>29-Dec-22</b> | <b>30-Mar-23</b> | <b>31-May-23</b> | <b>29-Jun-23</b> | <b>13-Jul-23</b> | <b>20-Jul-23</b> |
| 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         | 33,322.50        | 28,463.51        |
| Amount Accepted (KSh M)                               | 2,120.42         | 2,765.00         | 17,535.04        | 2,705.12         | 33,267.92        | 25,645.87        |
| Maturities (KSh M)                                    | 2,539.95         | 2,158.40         | 13,568.35        | 2,814.15         | 23,359.80        | 31,286.25        |
| <b>Average Interest Rate (%)</b>                      | <b>9.369</b>     | <b>9.907</b>     | <b>11.103</b>    | <b>11.904</b>    | <b>12.109</b>    | <b>12.233</b>    |
| <b>182-Day Treasury Bills</b>                         |                  |                  |                  |                  |                  |                  |
| <b>Date of Auction</b>                                | <b>29-Dec-22</b> | <b>30-Mar-23</b> | <b>31-May-23</b> | <b>29-Jun-23</b> | <b>13-Jul-23</b> | <b>20-Jul-23</b> |
| 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         | 1,347.07         | 8,638.16         |
| Amount Accepted (KSh M)                               | 434.69           | 3,457.80         | 549.74           | 1,300.96         | 1,344.29         | 8,637.69         |
| Maturities (KSh M)                                    | 1,660.95         | 3,176.30         | 4,079.55         | 442.15           | 6,035.15         | 13,715.75        |
| <b>Average Interest Rate (%)</b>                      | <b>9.834</b>     | <b>10.399</b>    | <b>11.112</b>    | <b>11.947</b>    | <b>12.271</b>    | <b>12.322</b>    |
| <b>364-Day Treasury Bills</b>                         |                  |                  |                  |                  |                  |                  |
| <b>Date of Auction</b>                                | <b>29-Dec-22</b> | <b>30-Mar-23</b> | <b>31-May-23</b> | <b>29-Jun-23</b> | <b>13-Jul-23</b> | <b>20-Jul-23</b> |
| 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         | 1,774.42         | 2,377.35         |
| Amount Accepted (KSh M)                               | 1,691.33         | 1,810.42         | 2,562.05         | 1,514.41         | 1,774.42         | 2,374.04         |
| Maturities (KSh M)                                    | 5,396.40         | 2,660.05         | 5,507.00         | 2,417.65         | 7,492.35         | 3,088.40         |
| <b>Average Interest Rate (%)</b>                      | <b>10.308</b>    | <b>10.800</b>    | <b>11.497</b>    | <b>12.157</b>    | <b>12.452</b>    | <b>12.708</b>    |

Source: Central Bank of Kenya

| <b>Table 5: Performance of Treasury Bond Auctions</b> |                     |                     |                     |                     |                     |
|---|---------------------|---------------------|---------------------|---------------------|---------------------|
| <b>Date of Auction</b>                                | <b>19-May-23</b>    | <b>26-May-23</b>    | <b>23-Jun-23</b>    | <b>12-Jul-23</b>    |                     |
|   | <b>TAP</b>          | <b>TAP</b>          | <b>TAP</b>          | <b>RE-OPENED</b>    |                     |
| <b>Tenor</b>  | <b>FXD1/2023/03</b> | <b>FXD1/2023/03</b> | <b>FXD1/2023/03</b> | <b>FXD1/2016/10</b> | <b>FXD1/2023/05</b> |
| 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 1: Government Securities Yield Curve



Source: Nairobi Securities Exchange (NSE)

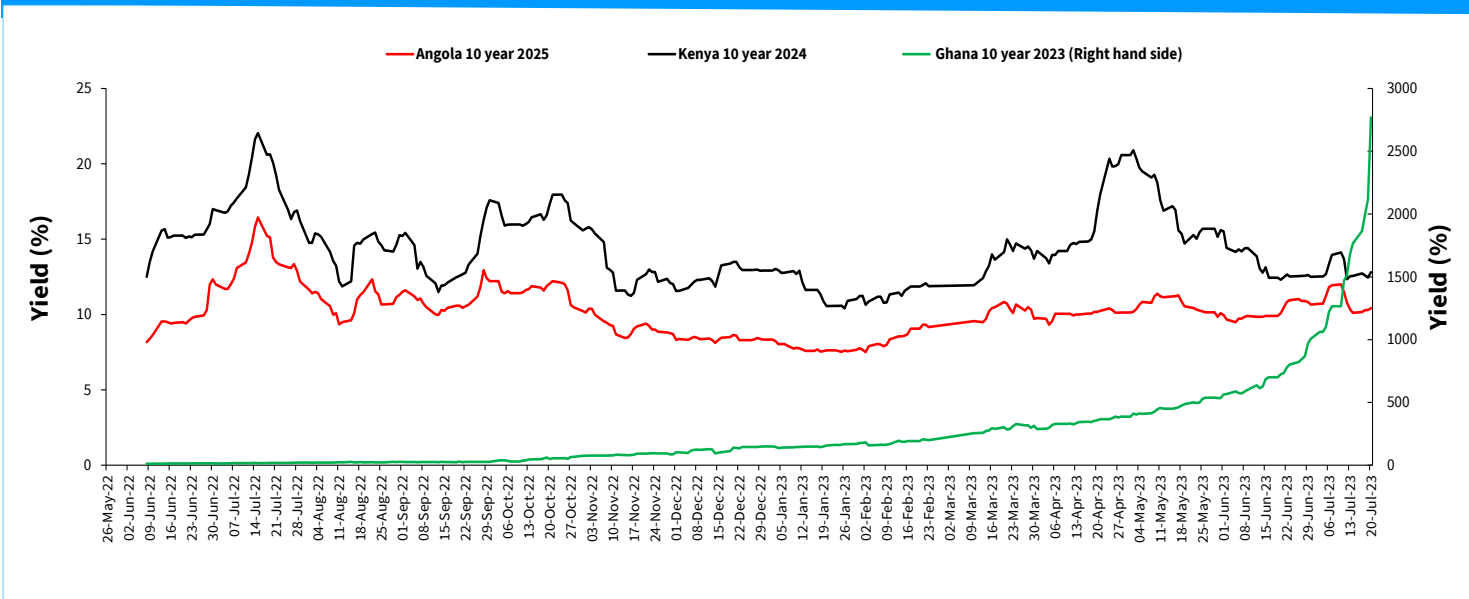
### Table 6: Performance of Key Market Indicators

| INDICATOR                         | NASI<br>100=2008 | NSE 25<br>Share<br>Index | NSE 20<br>Share<br>Index<br>100=1996 | Total<br>Deals<br>(Equity) | Total<br>Shares<br>Traded<br>(Million) | Equity<br>Turnover<br>(KSh<br>Million) | Market<br>Capital-<br>ization<br>(KSh<br>Billion) | Bonds<br>Turnover<br>(KSh<br>Million) | Eurobond Yields (%) |                 |                 |                 |                 |                 |
|-----------------------------------|------------------|--------------------------|--------------------------------------|----------------------------|--|--|---|---------------------------------------|---------------------|-----------------|-----------------|-----------------|-----------------|-----------------|
|                                   |                  |                          |                                      |                            |  |  |   |                                       | 7-Year<br>2027      | 10-Year<br>2024 | 10-Year<br>2028 | 12-Year<br>2032 | 13-Year<br>2034 | 30-Year<br>2048 |
| 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                         | 114.20           | 2907.12                  | 1627.33                              | 1,055                      | 6.04                                   | 107.22                                 | 1778.78   | 1,265.35                              | 11.929              | 12.542          | 11.488          | 11.388          | 10.750          | 11.365          |
| <b>July 7-13</b>                  | <b>114.20</b>    | <b>2907.12</b>           | <b>1627.33</b>                       | <b>5,913.00</b>            | <b>47.14</b>                           | <b>1,065.48</b>                        | <b>1,778.78</b>                                   | <b>13,343.84</b>                      | <b>11.929</b>       | <b>12.542</b>   | <b>11.488</b>   | <b>11.388</b>   | <b>10.750</b>   | <b>11.365</b>   |
| 14-Jul-23                         | 113.93           | 2902.91                  | 1624.71                              | 1,290                      | 11.85                                  | 122.11                                 | 1774.515  | 3,081.85                              | 11.934              | 12.558          | 11.49           | 11.361          | 10.751          | 11.365          |
| 17-Jul-23                         | 115.02           | 2940.61                  | 1646.04                              | 996                        | 4.03                                   | 80.07                                  | 1791.623  | 1,853.90                              | 11.996              | 12.727          | 11.532          | 11.39           | 10.828          | 11.405          |
| 18-Jul-23                         | 112.96           | 2914.42                  | 1641.08                              | 1,153                      | 11.19                                  | 270.65                                 | 1759.379  | 1,718.39                              | 12.001              | 12.591          | 11.495          | 11.419          | 10.829          | 11.424          |
| 19-Jul-23                         | 111.63           | 2892.38                  | 1627.60                              | 851                        | 3.11                                   | 58.81                                  | 1738.654  | 3,754.06                              | 11.889              | 12.454          | 11.418          | 11.364          | 10.805          | 11.385          |
| 20-Jul-23                         | 110.90           | 2872.64                  | 1619.25                              | 987                        | 11.14                                  | 291.61                                 | 1727.142  | 3,277.10                              | 12.019              | 12.811          | 11.425          | 11.339          | 10.807          | 11.308          |
| <b>July 14-20</b>                 | <b>110.90</b>    | <b>2872.64</b>           | <b>1619.25</b>                       | <b>5,277.00</b>            | <b>41.33</b>                           | <b>823.25</b>                          | <b>1,727.14</b>                                   | <b>13,685.30</b>                      | <b>12.019</b>       | <b>12.811</b>   | <b>11.425</b>   | <b>11.339</b>   | <b>10.807</b>   | <b>11.308</b>   |
| <b>Weekly<br/>Changes<br/>(%)</b> | <b>-2.89</b>     | <b>-1.19</b>             | <b>-0.50</b>                         | <b>-10.76</b>              | <b>-12.33</b>                          | <b>-22.73</b>                          | <b>-2.90</b>                                      | <b>2.56</b>                           | <b>0.090*</b>       | <b>0.269*</b>   | <b>-0.063*</b>  | <b>-0.049*</b>  | <b>0.057*</b>   | <b>-0.057*</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)**

|                                       | 24-Jun-22       | 30-Sep-22       | 30-Dec-22       | 31-Mar-23       | 30-Jun-23       | 7-Jul-23        | 14-Jul-23       |
|---------------------------------------|-----------------|-----------------|-----------------|-----------------|-----------------|-----------------|-----------------|
| 1. Treasury Bills (Excluding Repos)   | 620.28          | 672.28          | 671.51          | 665.86          | 614.73          | 614.84          | 607.45          |
| <i>(As % of total securities)</i>     | <b>14.88</b>    | <b>15.61</b>    | <b>15.32</b>    | <b>15.01</b>    | <b>13.28</b>    | <b>13.28</b>    | <b>13.14</b>    |
| 2. Treasury Bonds                     | 3,549.53        | 3,634.86        | 3,710.62        | 3,771.03        | 4,013.89        | 4,013.89        | 4,013.89        |
| <i>(As % of total securities)</i>     | <b>85.12</b>    | <b>84.39</b>    | <b>84.68</b>    | <b>84.99</b>    | <b>86.72</b>    | <b>86.72</b>    | <b>86.86</b>    |
| 3. Total Securities (1+2)             | 4,169.81        | 4,307.14        | 4,382.13        | 4,436.89        | 4,628.62        | 4,628.73        | 4,621.35        |
| 4. Overdraft at Central Bank          | 65.86           | 27.25           | 58.50           | 77.98           | 76.46           | 76.76           | 76.76           |
| 5. Other Domestic debt*               | 30.55           | 30.90           | 32.76           | 24.73           | 25.61           | 32.04           | 31.49           |
| <b>6. Gross Domestic Debt (3+4+5)</b> | <b>4,266.23</b> | <b>4,365.29</b> | <b>4,473.39</b> | <b>4,539.59</b> | <b>4,730.69</b> | <b>4,737.54</b> | <b>4,729.60</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)**

|                                  | 31-Dec-21     | 24-Jun-22     | 30-Sep-22     | 30-Dec-22     | 31-Mar-23     | 30-Jun-23     | 7-Jul-23      | 14-Jul-23     |
|----------------------------------|---------------|---------------|---------------|---------------|---------------|---------------|---------------|---------------|
| Treasury bills (Excluding Repos) | 17.59         | 14.54         | 15.40         | 15.01         | 14.67         | 12.99         | 12.98         | 12.84         |
| Treasury bonds                   | 80.41         | 83.20         | 83.27         | 82.95         | 83.07         | 84.85         | 84.73         | 84.87         |
| Overdraft at Central Bank        | 1.47          | 1.54          | 0.62          | 1.31          | 1.72          | 1.62          | 1.62          | 1.62          |
| Other domestic debt              | 0.54          | 0.72          | 0.71          | 0.73          | 0.54          | 0.54          | 0.68          | 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)**

|                      | 31-Dec-21     | 24-Jun-22     | 30-Sep-22     | 30-Dec-22     | 31-Mar-23     | 30-Jun-23     | 7-Jul-23      | 14-Jul-23     |
|----------------------|---------------|---------------|---------------|---------------|---------------|---------------|---------------|---------------|
| Banking Institutions | 50.20         | 48.74         | 47.60         | 46.84         | 46.13         | 46.23         | 46.23         | 46.24         |
| Insurance Companies  | 6.79          | 7.14          | 7.32          | 7.37          | 7.39          | 7.30          | 7.32          | 7.33          |
| Parastatals          | 5.57          | 5.84          | 6.09          | 6.06          | 6.04          | 5.97          | 5.98          | 5.96          |
| Pension Funds        | 31.34         | 32.39         | 32.75         | 33.31         | 33.42         | 33.37         | 33.34         | 33.36         |
| Other Investors      | 6.10          | 5.89          | 6.24          | 6.43          | 7.01          | 7.13          | 7.12          | 7.10          |
| <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**

|   | 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        |
| <b>Public debt (KSh Bn)</b>                         | <b>8,401.33</b> | <b>8,579.06</b> | <b>8,701.10</b> | <b>9,145.98</b> | <b>9,182.83</b> | <b>9,261.28</b> | <b>9,390.69</b> | <b>9,634.14</b> |

\* Provisional

Source: The National Treasury and Central Bank of Kenya