



Central Bank of Kenya

Weekly Bulletin

December 1, 2023



RECENT MONETARY AND FINANCIAL DEVELOPMENTS

Inflation

Overall inflation declined in November 2023, mainly supported by easing prices of most food items. It declined to 6.8 percent from 6.9 percent in October. Food inflation declined to 7.6 percent from 7.8 percent in October, supported by declining prices of fresh vegetables and key non-vegetable items. However, fuel inflation increased to 15.5 percent from 14.8 percent in October due to higher energy prices. Non-food-non-fuel (NFNF) inflation declined further to 3.3 percent from 3.6 percent in October, reflecting muted demand pressures and continued impact of monetary policy decisions (**Chart 1**).

Exchange Rates

The Kenya Shilling remained relatively stable against major international and regional currencies during the week ending November 30. It exchanged at KSh 153.15 per US dollar on November 30, compared to KSh 152.69 per US dollar on November 23 (**Table 1**).

Foreign Exchange Reserves

The usable foreign exchange reserves remained adequate at USD 6,740 million (3.6 months of import cover) as at November 30. 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 November 30, supported by open market operations. Commercial banks' excess reserves stood at KSh 23.1 billion in relation to the 4.25 percent cash reserves requirement (CRR). The average interbank rate was 10.80 percent on November 30, compared to 11.17 percent on November 23. During the week, the average number of interbank deals decreased to 23 from 30 in the previous week, while the average value traded decreased to KSh 16.5 billion from KSh 24.0 billion in the previous week (**Table 3**).

Government Securities Market

The Treasury bills auction of November 30 received bids totaling KSh 24.1 billion against an advertised amount of KSh 24.0 billion, representing a performance of 100.3 percent. Interest rates remained stable, with the 91-day, 182-day and 364-day rates increasing marginally (**Table 4**).

Equity Market

At the Nairobi Securities Exchange, the NASI increased by 0.3 percent while NSE 25 and NSE 20 share price indices declined by 0.9 percent and 0.7 percent, respectively during the week ending November 30. Market capitalization, equity turnover and total shares traded increased by 0.3 percent, 80.3 percent, and 80.1 percent, respectively (**Table 6**).

Bond Market

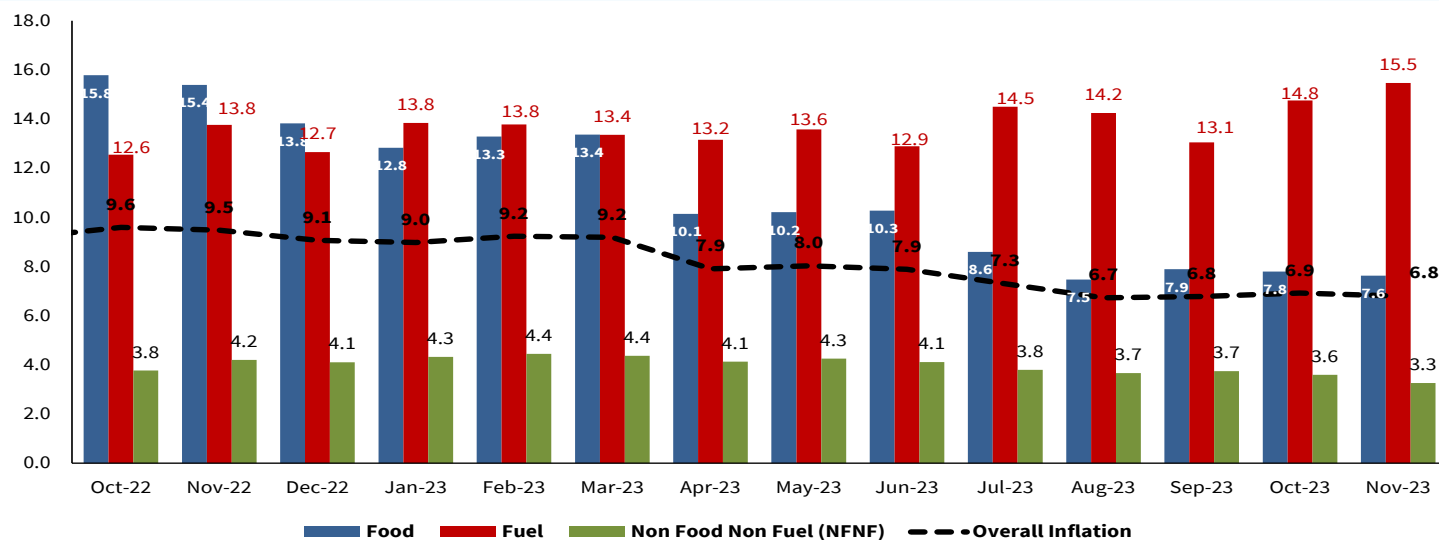
Bond turnover in the domestic secondary market declined by 55.0 percent during the week ending November 30 (**Table 6**). In the international market, yields on Kenya's Eurobonds remained stable increasing marginally by an average of 3.5 basis points, with the 2024 maturity increasing by 121.2 basis points. The yield on the 10-Year Eurobond for Angola declined marginally while that of Zambia increased (**Chart 3**).

Global Trends

Inflation concerns in advanced economies continue to moderate. Euro Area inflation slowed down to 2.4 percent in November from 2.9 percent in October. The US initial jobless claims rose to 218,000 in the week ending November 25. The US dollar index weakened by 0.3 percent against a basket of major currencies during the week ending November 30.

International oil prices increased during the week ending November 30, due to drawdown of oil inventories amidst OPEC+ oil exporters agreeing on voluntary oil production cuts. Murban oil price rose to USD 85.51 per barrel on November 30 from USD 82.92 per barrel on November 23.

Chart 1: Inflation (Percent)



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

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

	USD	Sterling Pound	Euro	100 Japanese Yen	Uganda Shilling*	Tanzania Shilling*	Rwandese Franc*	Burundi Franc*
17-Nov-23	152.23	188.96	165.30	101.05	24.83	16.46	8.10	18.67
20-Nov-23	152.34	189.35	165.53	101.98	24.81	16.40	8.10	18.66
21-Nov-23	152.45	190.17	166.58	102.75	24.80	16.39	8.07	18.60
22-Nov-23	152.55	191.29	167.04	103.39	24.81	16.37	8.12	18.63
23-Nov-23	152.69	191.31	166.52	102.53	24.79	16.40	8.12	18.61
Nov 17-23	152.45	190.21	166.20	102.34	24.81	16.40	8.10	18.64
24-Nov-23	152.81	191.65	166.60	102.39	24.79	16.39	8.09	18.61
27-Nov-23	152.90	192.22	166.88	102.22	24.83	16.46	8.08	18.59
28-Nov-23	152.97	193.20	167.53	103.18	24.83	16.38	8.10	18.59
29-Nov-23	153.06	193.31	167.70	103.13	24.89	16.36	8.10	18.58
30-Nov-23	153.15	194.46	168.22	103.87	24.92	16.36	8.10	18.57
Nov 24-30	152.98	192.97	167.38	102.96	24.85	16.39	8.09	18.59

*Units of currency per Kenya Shilling

Source: Central Bank of Kenya

Table 2: Official Foreign Exchange Reserves (USD Million)

	28-Sep-23	26-Oct-23	16-Nov-23	23-Nov-23	30-Nov-23
1. CBK Usable Foreign Exchange Reserves (USD Million)	6,939	6,836	6,785	6,722	6,740
2. CBK Usable Foreign Exchange Reserves (Months of Import Cover)*	3.75	3.67	3.64	3.61	3.62

*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 (%)
17-Nov-23	36	25,290.00	11.08
20-Nov-23	34	21,450.00	11.18
21-Nov-23	28	25,510.00	11.12
22-Nov-23	23	22,370.00	11.15
23-Nov-23	31	25,560.00	11.17
Nov 17-23	30	24,036.00	11.14
24-Nov-23	30	23,875.00	11.26
27-Nov-23	19	14,035.00	11.25
28-Nov-23	24	15,950.00	11.28
29-Nov-23	23	19,220.00	11.04
30-Nov-23	17	9,666.00	10.80
Nov 24-30	23	16,549.20	11.13

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	26-Oct-23	23-Nov-23	30-Nov-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	10,638.80	23,396.30	19,398.85
Amount Accepted (KSh M)	2,120.42	2,765.00	2,705.12	8,142.58	22,411.88	18,291.41
Maturities (KSh M)	2,539.95	2,158.40	2,814.15	5,955.85	15,880.15	22,053.85
Average Interest Rate (%)	9.369	9.907	11.904	15.111	15.443	15.529
182-Day Treasury Bills						
Date of Auction	29-Dec-22	30-Mar-23	29-Jun-23	26-Oct-23	23-Nov-23	30-Nov-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	5,668.39	2,379.05	2,697.97
Amount Accepted (KSh M)	434.69	3,457.80	1,300.96	5,668.39	2,367.01	2,695.22
Maturities (KSh M)	1,660.95	3,176.30	442.15	906.65	4,259.70	563.30
Average Interest Rate (%)	9.834	10.399	11.947	15.129	15.445	15.550
364-Day Treasury Bills						
Date of Auction	29-Dec-22	30-Mar-23	29-Jun-23	26-Oct-23	23-Nov-23	30-Nov-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	1,843.30	1,851.70	1,966.06
Amount Accepted (KSh M)	1,691.33	1,810.42	1,514.41	1,843.30	1,851.70	1,846.10
Maturities (KSh M)	5,396.40	2,660.05	2,417.65	3,911.45	6,283.80	2,780.45
Average Interest Rate (%)	10.308	10.800	12.157	15.387	15.583	15.727

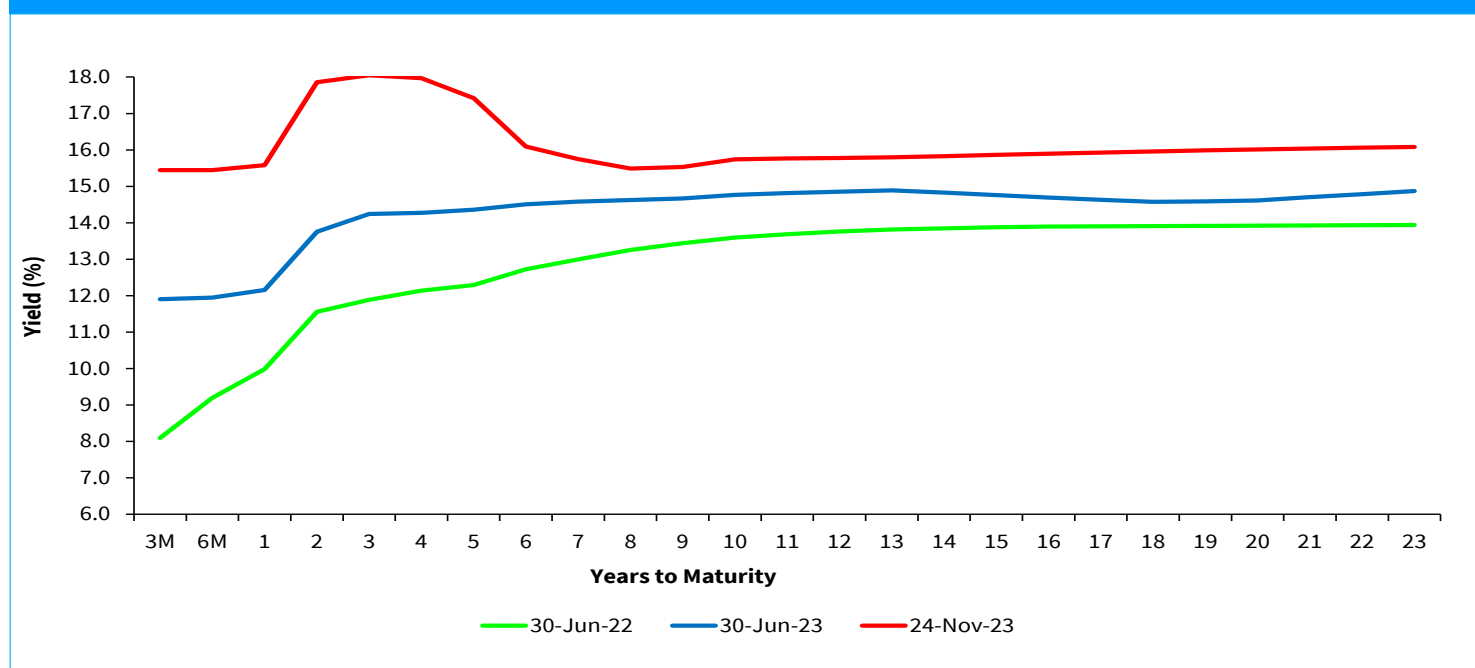
Source: Central Bank of Kenya

Table 5: Performance of Treasury Bond Auctions

Date of Auction	24-Aug-23		13-Sep-23		28-Sep-23		12-Oct-23		8-Nov-23
	TAP		RE-OPEN		TAP		RE-OPEN		
Tenor	FXD1/ 2023/02	FXD1/ 2023/05	FXD1/ 2023/02	FXD1/ 2016/10	FXD1/ 2023/002	FXD1/ 2016/10	FXD1/ 2023/002	FXD1/ 2023/005	IFB1/ 2023/6.5
Amount offered (KSh M)	21,000.00		35,000.00		15,000.00		35,000.00		50,000.00
Bids received (KSh M)	17,375.70	6,225.05	18,014.85	15,994.38	2,631.25	814.90	6,506.42	5,791.92	88,899.96
Amount Accepted (KSh M)	17,373.51	6,123.42	15,012.62	6,616.01	2,609.97	763.17	4,825.11	1,481.78	67,056.07
Maturities (KSh M)	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	17.45	17.93	17.45	17.93	17.74	17.99	17.93

Source: Central Bank of Kenya

Chart 2: Government Securities Yield Curve



Source: Nairobi Securities Exchange (NSE)

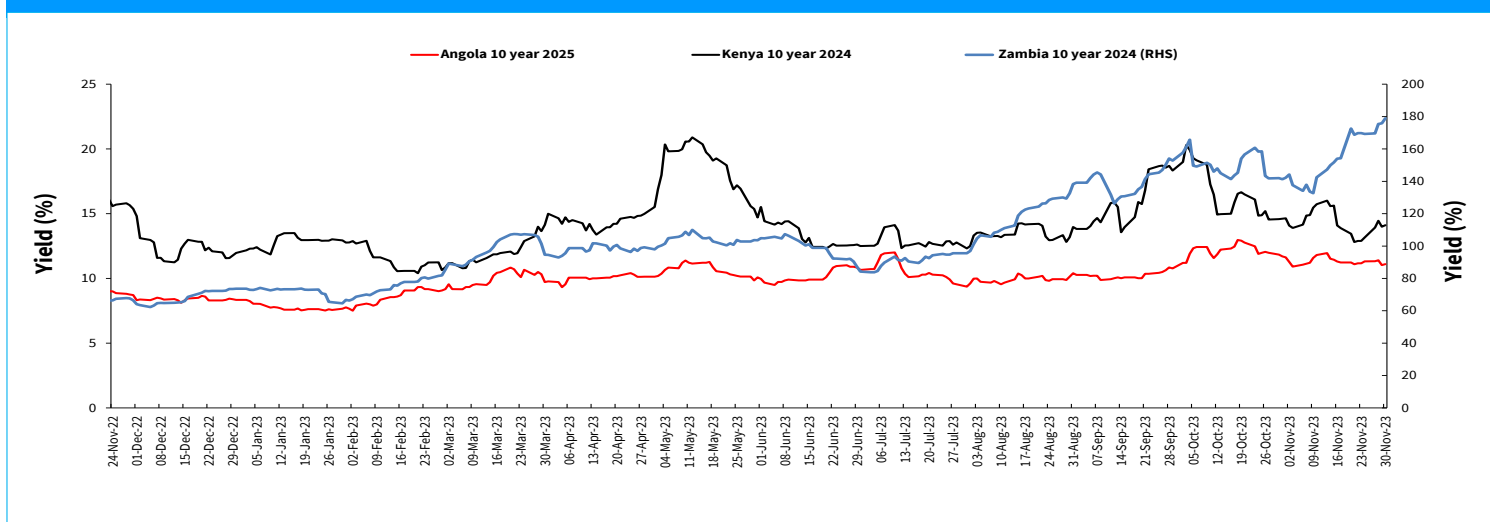
Table 6: Performance of Key Market Indicators

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
17-Nov-23	90.50	2367.11	1472.09	1,079.00	11.73	146.61	1413.91	2,914	12.575	13.89	12.328	11.795	11.12	11.554
20-Nov-23	90.39	2374.71	1473.60	875.00	5.57	63.01	1412.27	4,559	12.384	13.452	12.244	11.797	11.095	11.534
21-Nov-23	90.76	2382.58	1482.86	955.00	9.03	97.96	1418.00	4,090	12.002	12.806	11.698	11.45	10.756	11.316
22-Nov-23	91.75	2395.85	1494.29	905.00	7.04	81.93	1433.50	2,462	12.017	12.894	11.748	11.453	10.759	11.317
23-Nov-23	91.64	2398.58	1505.52	975.00	6.49	165.07	1431.75	2,476	12.017	12.894	11.748	11.453	10.759	11.317
Nov 17-23	91.64	2398.58	1505.52	4,789.00	39.85	554.59	1,431.75	16,501.20	12.017	12.894	11.748	11.453	10.759	11.317
24-Nov-23	92.24	2416.13	1510.25	925.00	5.82	107.55	1,441.06	787.20	12.153	13.164	11.75	11.482	10.812	11.356
27-Nov-23	91.21	2390.67	1508.81	1,080.00	8.64	87.34	1,425.06	1,031.55	12.158	13.925	11.753	11.512	10.813	11.375
28-Nov-23	92.47	2404.23	1512.96	976.00	16.32	223.44	1,444.78	746.60	12.229	14.452	11.755	11.513	10.84	11.395
29-Nov-23	92.35	2399.41	1508.06	942.00	15.99	285.82	1,442.92	2,700.00	11.712	13.996	11.381	11.228	10.634	11.22
30-Nov-23	91.93	2377.88	1495.58	750.00	25.00	295.91	1,436.27	2,155.05	11.856	14.106	11.388	11.231	10.612	11.202
Nov 24-30	91.93	2377.88	1495.58	4,673.00	71.77	1,000.06	1,436.27	7,420.40	11.856	14.106	11.388	11.231	10.612	11.202
Weekly Changes (%)	0.32	-0.86	-0.66	-2.42	80.10	80.32	0.32	-55.03	-0.161*	1.212*	-0.360*	-0.222*	-0.147*	-0.115*

* 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-Mar-23	30-Jun-23	31-Jul-23	31-Aug-23	29-Sep-23	31-Oct-23	17-Nov-23	24-Nov-23
1. Treasury Bills (Excluding Repos)	665.86	614.73	585.13	567.70	558.21	557.23	554.83	554.55
<i>(As % of total securities)</i>	15.01	13.28	12.50	12.06	11.86	11.81	11.61	11.60
2. Treasury Bonds	3,771.03	4,013.89	4,097.24	4,139.72	4,149.81	4,159.08	4,224.91	4,224.91
<i>(As % of total securities)</i>	84.99	86.72	87.50	87.94	88.14	88.19	88.39	88.40
3. Total Securities (1+2)	4,436.89	4,628.62	4,682.38	4,707.42	4,708.02	4,716.31	4,779.73	4,779.46
4. Overdraft at Central Bank	77.98	76.46	61.12	72.05	75.70	73.93	81.01	83.70
5. Other Domestic debt*	24.73	127.04	130.03	132.86	133.75	122.79	122.78	122.78
of which IMF funds on-lent to Government		95.52	97.70	98.82	99.52	98.28	98.28	98.28
6. Gross Domestic Debt (3+4+5)	4,539.59	4,832.11	4,873.53	4,912.34	4,917.47	4,913.03	4,983.52	4,985.94

* 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-Mar-23	30-Jun-23	31-Jul-23	31-Aug-23	29-Sep-23	31-Oct-23	17-Nov-23	24-Nov-23
Treasury bills (Excluding Repos)	14.67	12.72	12.01	11.56	11.35	11.34	11.13	11.12
Treasury bonds	83.07	83.07	84.07	84.27	84.39	84.65	84.78	84.74
Overdraft at Central Bank	1.72	1.58	1.25	1.47	1.54	1.50	1.63	1.68
Other domestic debt	0.54	2.63	2.67	2.70	2.72	2.50	2.46	2.46
of which IMF fund on lent to government		1.98	2.00	2.01	2.02	2.00	1.97	1.97
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-Dec-22	31-Mar-23	30-Jun-23	29-Sep-23	31-Oct-23	17-Nov-23	24-Nov-23
Banking Institutions	48.74	46.84	46.13	46.17	45.18	44.15	45.12	46.00
Insurance Companies	7.14	7.37	7.39	7.31	7.35	7.20	7.12	7.21
Parastatals	5.84	6.06	6.04	5.98	5.95	5.77	5.38	5.52
Pension Funds	32.39	33.31	33.42	33.42	32.23	30.39	29.59	30.16
Other Investors	5.89	6.43	7.01	7.13	9.30	12.48	12.79	11.10
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

	Apr-22	Jun-22	Dec-22	May-23	Jun-23	Jul-23	Aug-23	Sep-23*
Domestic debt (KSh Bn)	4,226.84	4,288.33	4,472.84	4,549.65	4,832.11	4,873.53	4,910.62	4,917.31
Public & Publicly Guaranteed External debt (USD Bn)	36.65	36.58	37.88	37.09	38.76	38.93	38.61	38.27
Public & Publicly Guaranteed External debt (KSh Bn)	4,243.53	4,290.73	4,673.14	5,137.16	5,446.56	5,542.64	5,614.09	5,667.80
Public debt (KSh Bn)	8,470.37	8,579.06	9,145.98	9,686.81	10,278.67	10,416.17	10,524.71	10,585.11

* Provisional

Source: The National Treasury and Central Bank of Kenya