



Central Bank of Kenya

Weekly Bulletin

May 12, 2023



RECENT MONETARY AND FINANCIAL DEVELOPMENTS

Exchange Rates

The Kenya Shilling remained relatively stable against major international and regional currencies during the week ending May 11. It exchanged at KSh 136.79 per US dollar on May 11, compared to KSh 136.26 per US dollar on May 4 (**Table 1**).

Foreign Exchange Reserves

The usable foreign exchange reserves remained adequate at USD 6,468 million (3.60 months of import cover) as at May 11. 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 increased during the week ending May 11 as government payments more than offset tax remittances. Commercial banks' excess reserves stood at KSh 18.2 billion in relation to the 4.25 percent cash reserves requirement (CRR). Open market operations remained active. The average interbank rate was 9.33 percent on May 11 compared to 9.73 percent on May 4. During the week, the average number of interbank deals increased to 34 from 26 in the previous week, while the average value traded increased to KSh 18.6 billion from KSh 15.6 billion in the previous week (**Table 3**).

Government Securities Market

The Treasury bill auction of May 11, received bids totaling KSh 45.3 billion against an advertised amount of KSh 24.0 billion, representing a performance of 188.9 percent. Interest rates remained stable, with 91-day, 182-day and 364-day rates increasing marginally (**Table 4**).

During the Treasury bond auction of May 10, the 3- year fixed rate Treasury bond received bids totaling KSh 20.7

billion against an advertised amount of KSh 20.0 billion, representing a performance rate of 103.7 percent (**Table 5**).

Equity Market

At the Nairobi Securities Exchange, the NASI, NSE 25 and NSE 20 share price indices decreased by 5.9 percent, 5.3 percent and 2.8 percent, respectively, during the week ending May 11. Similarly, market capitalization, equity turnover and total shares traded declined by 5.9 percent, 0.4 percent and 4.6 percent, respectively (**Table 6**).

Bond Market

Bond turnover in the domestic secondary market declined by 12.9 percent during the week ending May 11 (**Table 6**). In the international market, yields on Kenya's Eurobonds declined by an average of 60.6 basis points, with 2024 maturity declining by 218.9 basis points. However, the yield on the 10- Year Eurobonds for Angola and Ghana increased (**Chart 2**).

Global Trends

Inflation concerns in major economies continue to ease. US inflation declined marginally to 4.9 percent in April from 5.0 percent in March 2023. The Bank of England raised its interest rates by 25 basis points to 4.5 per cent. The US dollar index strengthened by 0.65 percent against a basket of major currencies during the week ending May 11.

International oil prices increased during the week as demand continues to build up. Murban oil price increased to USD 76.45 per barrel on May 11 from USD 73.26 per barrel on May 4.

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

	USD	Sterling Pound	Euro	100 Japanese Yen	Uganda Shilling*	Tanzania Shilling*	Rwandese Franc*	Burundi Franc*
28-Apr-23	135.91	169.37	149.72	101.41	27.48	17.29	8.20	15.32
1-May-23	Public Holiday (Labour Day)							
2-May-23	136.02	170.05	149.64	98.79	27.46	17.28	8.18	15.31
3-May-23	136.15	169.71	149.34	100.15	27.47	17.30	8.18	15.30
4-May-23	136.26	170.55	150.46	101.28	27.34	17.25	8.18	15.29
April 28-May 4	136.09	169.92	149.79	100.41	27.44	17.28	8.19	15.31
5-May-23	136.68	172.09	149.70	100.97	27.28	17.23	8.18	15.29
8-May-23	136.47	171.84	150.10	101.26	27.22	17.24	8.17	15.27
9-May-23	136.59	172.81	150.79	101.16	27.31	17.24	8.18	15.30
10-May-23	136.68	172.09	149.70	100.97	27.28	17.23	8.18	15.29
11-May-23	136.79	173.01	150.25	101.54	27.16	17.22	8.17	20.60
May 5-11	136.64	172.37	150.11	101.18	27.25	17.23	8.18	16.35

*Units of currency per Kenya Shilling

Source: Central Bank of Kenya

Table 2: Official Foreign Exchange Reserves (USD Million)

	13-Apr-23	19-Apr-23	27-Apr-23	4-May-23	11-May-23
1. CBK Usable Foreign Exchange Reserves (USD Million)	6,376	6,539	6,508	6,492	6,468
2. CBK Usable Foreign Exchange Reserves (Months of Import Cover)*	3.56	3.64	3.62	3.61	3.60

*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 (%)
28-Apr-23	28	12,870.00	9.37
1-May-23	Public Holiday (Labour Day)		
2-May-23	17	10,320.00	9.50
3-May-23	30	21,950.00	9.58
4-May-23	29	17,200.00	9.73
April 28-May 4	26	15,585.00	9.54
5-May-23	47	26,580.00	9.83
8-May-23	22	7,400.00	9.72
9-May-23	31	15,270.00	9.68
10-May-23	37	23,010.00	9.55
11-May-23	35	20,850.00	9.33
May 5-11	34	18,622.00	9.62

Source: Central Bank of Kenya

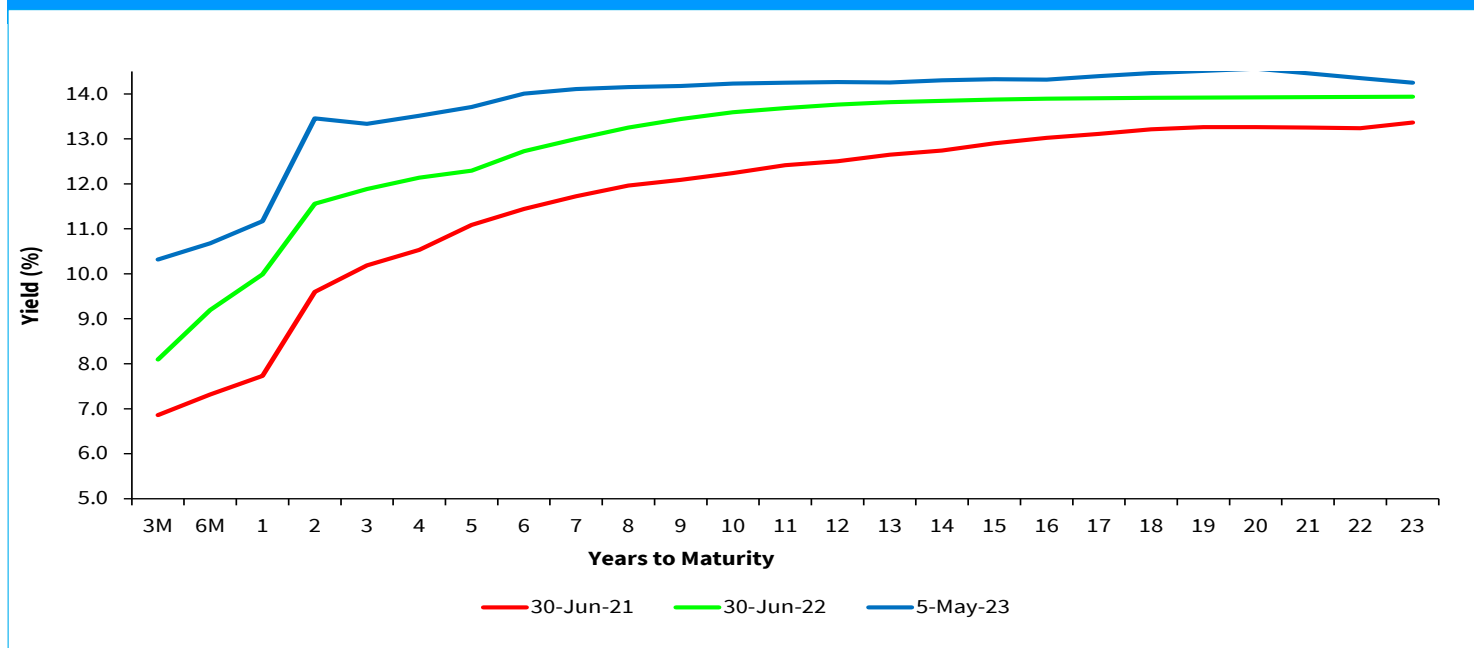
Table 4: Performance of Treasury Bill Auctions						
91-Day Treasury Bills						
Date of Auction	29-Sep-22	29-Dec-22	30-Mar-23	27-Apr-23	4-May-23	11-May-23
Amount Offered (KSh M)	4,000.00	4,000.00	4,000.00	4,000.00	4,000.00	4,000.00
Bids Received (KSh M)	5,129.43	2,180.21	2,904.04	6,687.26	20,320.24	34,630.13
Amount Accepted (KSh M)	2,487.10	2,120.42	2,765.00	6,635.51	19,294.50	34,578.29
Maturities (KSh M)	4,035.00	2,539.95	2,158.40	16,506.35	15,678.05	27,634.85
Average Interest Rate (%)	8.952	9.369	9.907	10.275	10.318	10.410
182-Day Treasury Bills						
Date of Auction	29-Sep-22	29-Dec-22	30-Mar-23	27-Apr-23	4-May-23	11-May-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)	3,049.07	434.69	3,547.05	872.19	5,335.90	8,844.05
Amount Accepted (KSh M)	3,039.53	434.69	3,457.80	870.76	5,335.42	8,843.58
Maturities (KSh M)	3,248.05	1,660.95	3,176.30	2,142.40	6,667.55	11,535.10
Average Interest Rate (%)	9.631	9.834	10.399	10.511	10.678	10.853
364-Day Treasury Bills						
Date of Auction	29-Sep-22	29-Dec-22	30-Mar-23	27-Apr-23	4-May-23	11-May-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)	1,133.80	1,691.33	1,810.42	1,444.18	916.81	1,863.64
Amount Accepted (KSh M)	1,124.70	1,691.33	1,810.42	1,439.24	914.57	1,863.46
Maturities (KSh M)	1,775.15	5,396.40	2,660.05	10,155.10	8,639.60	10,842.30
Average Interest Rate (%)	9.905	10.308	10.800	11.124	11.170	11.270

Source: Central Bank of Kenya

Table 5: Performance of Treasury Bond Auctions							
Date of Auction	20-Jan-23		17-Feb-23		17-Mar-23	19-Apr-23	10-May-23
	TAP		TAP		TAP	RE-OPEN	
Tenor	FXD1/ 2020/005	FXD1/ 2022/015	FXD1/ 2017/10	FXD1/ 2023/10	IFB1/ 2023/017	FXD1/ 2022/03	FXD1/ 2023/003
Amount offered (KSh M)	10,000.00		10,000.00		20,000.00	30,000.00	20,000.00
Bids received (KSh M)	13,902.65	4,119.30	8,855.70	3,607.55	12,712.30	7,328.96	20,744.34
Amount Accepted (KSh M)	13,571.35	4,056.03	8,593.57	3,607.23	12,711.16	1,757.09	20,293.99
Maturities (KSh M)							8,245.00
Average interest Rate (%)	12.88	14.19	13.88	14.15	14.40	13.47	14.23

Source: Central Bank of Kenya

Chart 1: Government Securities Yield Curve



Source: Nairobi Securities Exchange (NSE)

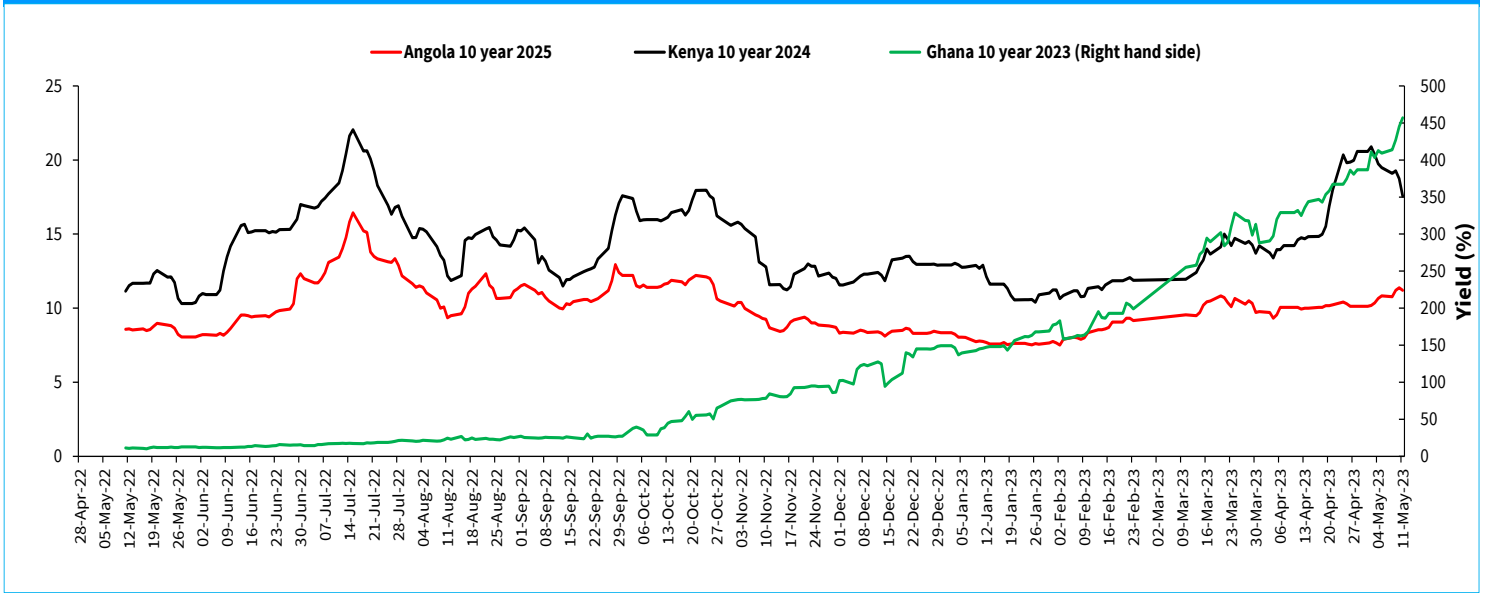
Table 6: Performance of Key Market Indicators

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
28-Apr-23	107.63	2855.03	1578.88	1,410	15.02	230.57	1,676.09	2,636.65	15.462	20.575	14.086	13.167	12.415	12.692
1-May-23	Public Holiday (Labour Day)								15.462	20.575	14.086	13.167	12.415	12.692
2-May-23	106.52	2806.86	1564.02	1,166	4.21	89.77	1,658.82	3,559.25	15.657	20.895	14.175	13.231	12.446	12.787
3-May-23	104.30	2747.91	1546.78	1,405	15.59	267.61	1,624.13	4,874.55	15.602	20.357	14.092	13.170	12.447	12.715
4-May-23	104.47	2742.92	1540.51	1,360	21.93	384.27	1,626.68	3,902.60	15.438	19.743	13.716	13.019	12.334	12.574
April 28- May 4	104.47	2742.92	1540.51	5,341.00	56.74	972.23	1,626.68	14,973.05	15.438	19.743	13.716	13.019	12.334	12.574
5-May-23	103.05	2721.36	1534.47	1,227	8.41	152.01	1,604.57	2,600.15	15.321	19.490	13.676	12.990	12.277	12.482
8-May-23	103.60	2729.23	1534.01	1,056	3.61	37.27	1,613.06	1,805.98	15.640	19.097	13.679	13.146	12.278	12.482
9-May-23	102.09	2691.47	1524.46	1,919	10.53	141.10	1,589.60	2,014.85	15.523	19.269	13.597	13.023	12.337	12.505
10-May-23	100.51	2644.25	1507.78	1,255	10.06	203.29	1,564.80	4,009.98	15.281	18.733	13.432	12.932	12.251	12.436
11-May-23	98.34	2596.94	1497.91	1,433	21.52	434.70	1,530.97	2,612.60	15.056	17.554	13.273	12.844	12.140	12.323
May 5-11	98.34	2596.94	1497.91	6,890.00	54.13	968.37	1,530.97	13,043.56	15.056	17.554	13.273	12.844	12.140	12.323
Weekly Changes (%)	-5.87	-5.32	-2.77	29.00	-4.61	-0.40	-5.88	-12.89	-0.382*	-2.189*	-0.443*	-0.175*	-0.194*	-0.251*

* Percentage points

Source: Nairobi Securities Exchange (NSE) and Thomson Reuters

Chart 2: Yields on 10-Year Eurobonds for Selected Countries



Source: Thomson Reuters

*Published yields data on Ghana 10 year 2023 Euro bond, were last updated on 5th April 2023.

Table 7: Government Domestic Debt (KSh Billion)

	31-Mar-22	24-Jun-22	30-Sep-22	30-Dec-22	28-Feb-23	31-Mar-23	28-Apr-23	5-May-23
1. Treasury Bills (Excluding Repos)	656.45	620.28	672.28	671.51	675.41	665.86	665.88	646.35
<i>(As % of total securities)</i>	16.02	14.88	15.61	15.32	15.18	15.01	14.97	14.60
2. Treasury Bonds	3,440.61	3,549.53	3,634.86	3,710.62	3,773.45	3,771.03	3,781.43	3,781.43
<i>(As % of total securities)</i>	83.98	85.12	84.39	84.68	84.82	84.99	85.03	85.40
3. Total Securities (1+2)	4,097.06	4,169.81	4,307.14	4,382.13	4,448.85	4,436.89	4,447.31	4,427.78
4. Overdraft at Central Bank	68.40	65.86	27.25	58.50	68.73	69.94	69.60	78.53
5. Other Domestic debt*	26.32	30.55	30.90	32.76	33.98	33.97	24.73	24.72
6. Gross Domestic Debt (3+4+5)	4,191.77	4,266.23	4,365.29	4,473.39	4,551.56	4,540.80	4,541.64	4,531.03

* 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)

	25-Mar-22	24-Jun-22	30-Sep-22	30-Dec-22	28-Feb-23	31-Mar-23	28-Apr-23	5-May-23
Treasury bills (Excluding Repos)	15.81	14.54	15.40	15.01	14.84	14.66	14.66	14.26
Treasury bonds	82.09	83.20	83.27	82.95	82.90	83.05	83.26	83.46
Overdraft at Central Bank	1.46	1.54	0.62	1.31	1.51	1.54	1.53	1.73
Other domestic debt	0.64	0.72	0.71	0.73	0.75	0.75	0.54	0.55
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)

	25-Mar-22	24-Jun-22	30-Sep-22	30-Dec-22	28-Feb-23	31-Mar-23	28-Apr-23	5-May-23
Banking Institutions	49.29	48.74	47.60	46.84	46.79	46.13	45.65	45.59
Insurance Companies	6.87	7.14	7.32	7.37	7.35	7.39	7.50	7.51
Parastatals	5.72	5.84	6.09	6.06	6.05	6.04	6.14	6.14
Pension Funds	31.75	32.39	32.75	33.31	33.10	33.42	33.64	33.72
Other Investors	6.37	5.89	6.24	6.43	6.70	7.01	7.08	7.03
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

	Dec-21	Mar-22	Jun-22	Sep-22	Dec-22	Jan-23	Feb-23	Mar-23
Domestic debt (KSh Bn)	4,032.37	4,191.77	4,288.33	4,366.30	4,472.84	4,501.71	4,551.56	4,539.59
Public & Publicly Guaranteed External debt (USD Bn)	36.90	36.82	36.58	36.00	37.88	37.63	37.13	36.66
Public & Publicly Guaranteed External debt (KSh Bn)	4,174.37	4,209.56	4,290.73	4,334.80	4,673.14	4,681.12	4,709.72	4,851.09
Public debt (KSh Bn)	8,206.74	8,401.33	8,579.06	8,701.10	9,145.98	9,182.83	9,261.28	9,390.69

* Provisional

Source: The National Treasury and Central Bank of Kenya