



Central Bank of Kenya

Weekly Bulletin

September 1, 2023



RECENT MONETARY AND FINANCIAL DEVELOPMENTS

Inflation

Overall inflation declined further to 6.7 percent in August 2023 from 7.3 percent in July, mainly supported by easing food prices. Food inflation declined to 7.5 percent from 8.6 percent in July. However, fuel inflation remained elevated in August, reflecting high energy prices. Non-food-non-fuel (NFNF) inflation also declined, reflecting muted demand pressures (**Chart 1**).

Exchange Rates

The Kenya Shilling remained relatively stable against major international and regional currencies during the week ending August 31. It exchanged at KSh 145.41 per US dollar on August 31, compared to KSh 144.72 per US dollar on August 24 (**Table 1**).

Foreign Exchange Reserves

The usable foreign exchange reserves remained adequate at USD 7,080 million (3.83 months of import cover) as at August 31. 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 August 31. Commercial banks' excess reserves stood at KSh 4.9 billion in relation to the 4.25 percent cash reserves requirement (CRR). Open market operations remained active. The average interbank rate was 12.40 percent on August 31 compared to 11.97 percent on August 24. During the week, the average number of interbank deals remained stable at 40, while the average value traded decreased to KSh 26.6 billion from KSh 27.7 billion in the previous week (**Table 3**).

Government Securities Market

The Treasury bills auction of August 31 received bids totaling KSh 23.2 billion against an advertised amount of KSh 24.0 billion, representing a performance of 96.6 percent. Interest rates remained relatively stable, with the 364-day rate declining while the 91-day and 182-day rates increased marginally (**Table 4**).

Equity Market

At the Nairobi Securities Exchange, the NASI and NSE 25 share price indices declined by 1.1 percent and 0.4 percent, respectively, while the NSE 20 share price index increased by 0.8 percent during the week ending August 31. Market capitalization and equity turnover declined by 1.1 percent and 4.1 percent, respectively while total shares traded increased by 8.5 percent (**Table 6**).

Bond Market

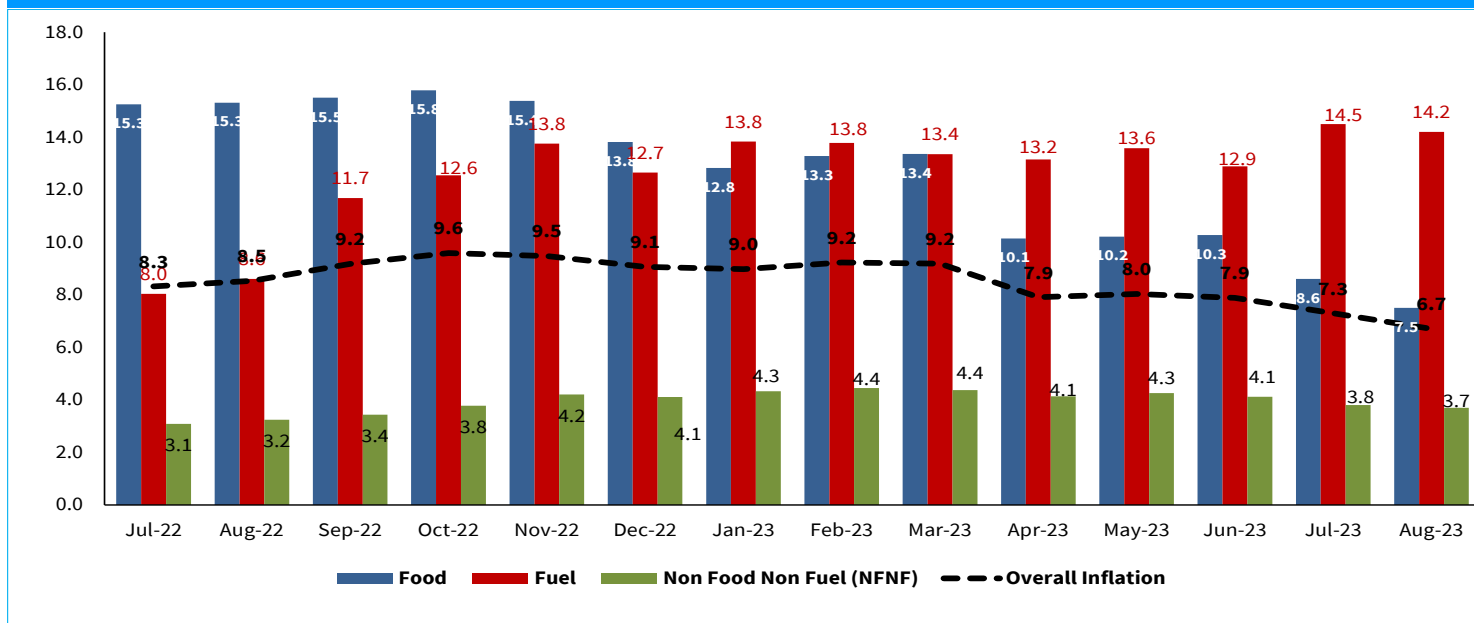
Bond turnover in the domestic secondary market increased by 41.3 percent during the week ending August 31 (**Table 6**). In the international market, yields on Kenya's Eurobonds increased by an average of 33.5 basis points, with the 2024 maturity increasing by 102.5 basis points. The yields on the 10- Year Eurobonds for Zambia and Angola also increased (**Chart 3**).

Global Trends

Inflation concerns in major economies have continued to ease. The Euro Area inflation remained stable at 5.3 in August. The US dollar index weakened by 0.3 percent against a basket of major currencies during the week ending August 31.

International oil prices increased during the week ending August 31 due to an increase in demand in the U.S. Murban oil price rose to USD 88.59 per barrel on August 31 from USD 85.90 per barrel on August 24.

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*
18-Aug-23	144.18	184.00	157.14	98.93	25.94	17.30	8.20	19.66
21-Aug-23	144.32	183.73	156.83	99.28	25.92	17.36	8.19	19.63
22-Aug-23	144.41	184.08	157.30	98.93	25.76	17.35	8.20	19.64
23-Aug-23	144.56	184.32	157.16	99.24	25.77	17.26	8.20	19.62
24-Aug-23	144.72	183.11	156.51	99.69	25.71	17.24	8.22	19.60
Aug 18-24	144.44	183.85	156.99	99.21	25.82	17.30	8.20	19.63
25-Aug-23	144.87	183.10	156.88	99.32	25.54	17.29	8.19	19.58
28-Aug-23	144.99	182.96	156.74	99.33	25.48	17.21	8.19	19.56
29-Aug-23	145.15	182.79	156.99	99.15	25.56	17.26	8.18	19.50
30-Aug-23	145.26	182.71	156.85	98.67	25.57	17.24	8.18	19.48
31-Aug-23	145.41	184.64	158.69	99.78	25.55	17.23	8.18	19.46
Aug 25-31	145.14	183.24	157.23	99.25	25.54	17.25	8.19	19.52

*Units of currency per Kenya Shilling

Source: Central Bank of Kenya

Table 2: Official Foreign Exchange Reserves (USD Million)

	3-Aug-23	10-Aug-23	17-Aug-23	24-Aug-23	31-Aug-23
1. CBK Usable Foreign Exchange Reserves (USD Million)	7,330	7,357	7,290	7,153	7,080
2. CBK Usable Foreign Exchange Reserves (Months of Import Cover)*	4.00	4.02	3.98	3.91	3.83

*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 (%)
18-Aug-23	59	21,930.00	11.90
21-Aug-23	37	30,600.00	12.00
22-Aug-23	35	33,520.00	11.72
23-Aug-23	34	26,680.00	11.84
24-Aug-23	37	25,720.00	11.97
Aug 18-24	40	27,690.00	11.89
25-Aug-23	46	24,570.00	12.08
28-Aug-23	35	24,920.00	12.18
29-Aug-23	39	23,805.00	12.23
30-Aug-23	40	27,700.00	12.27
31-Aug-23	41	31,905.00	12.40
Aug 25-31	40	26,580.00	12.23

Source: Central Bank of Kenya

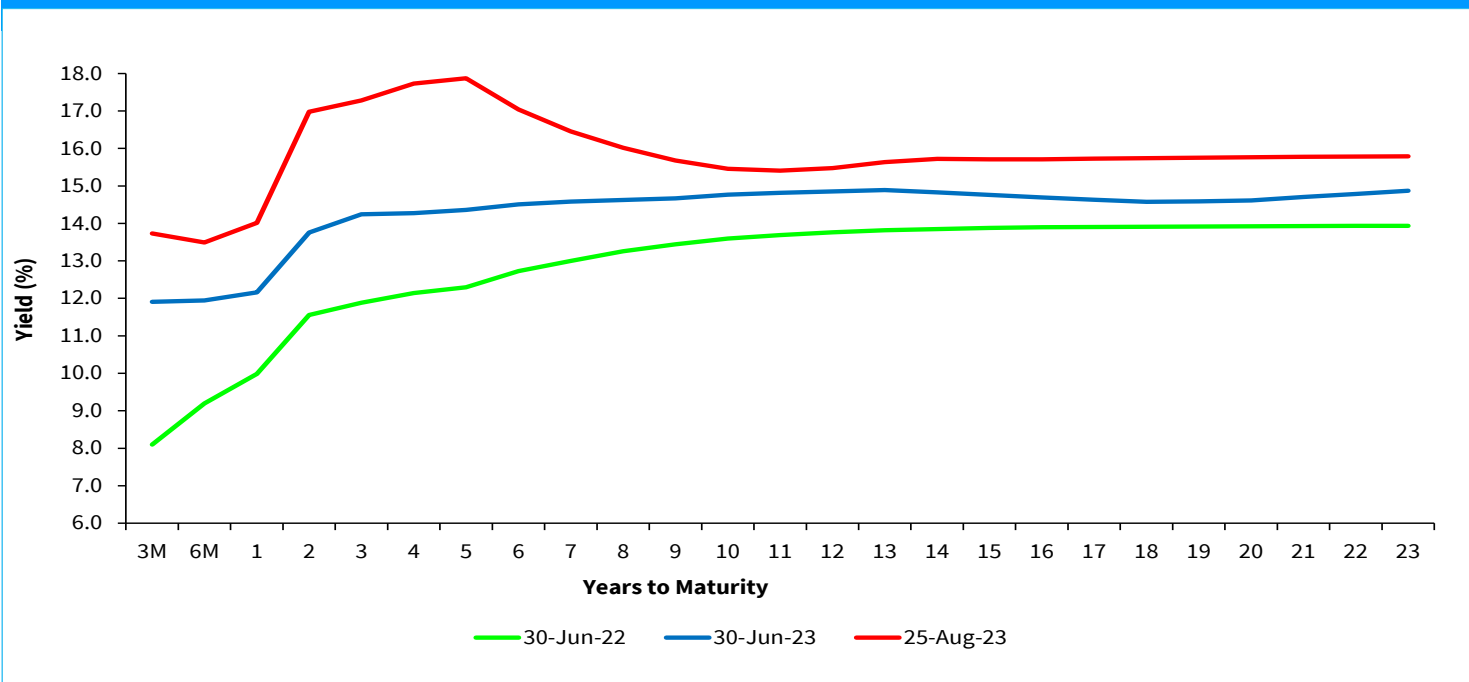
Table 4: Performance of Treasury Bill Auctions						
91-Day Treasury Bills						
Date of Auction	29-Dec-22	30-Mar-23	29-Jun-23	10-Aug-23	24-Aug-23	31-Aug-23
Amount Offered (KSh M)	4,000.00	4,000.00	4,000.00	4,000.00	4,000.00	4,000.00
Bids Received (KSh M)	2,180.21	2,904.04	5,779.97	41,784.79	18,217.54	21,591.12
Amount Accepted (KSh M)	2,120.42	2,765.00	2,705.12	41,682.03	15,624.63	21,517.69
Maturities (KSh M)	2,539.95	2,158.40	2,814.15	35,438.65	13,537.30	18,020.65
Average Interest Rate (%)	9.369	9.907	11.904	13.110	13.733	13.985
182-Day Treasury Bills						
Date of Auction	29-Dec-22	30-Mar-23	29-Jun-23	10-Aug-23	24-Aug-23	31-Aug-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	5,254.89	2,576.12	960.53
Amount Accepted (KSh M)	434.69	3,457.80	1,300.96	5,248.14	2,574.65	958.52
Maturities (KSh M)	1,660.95	3,176.30	442.15	9,690.50	4,624.55	6,306.75
Average Interest Rate (%)	9.834	10.399	11.947	13.438	13.491	13.939
364-Day Treasury Bills						
Date of Auction	29-Dec-22	30-Mar-23	29-Jun-23	10-Aug-23	24-Aug-23	31-Aug-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	895.03	2,198.68	623.87
Amount Accepted (KSh M)	1,691.33	1,810.42	1,514.41	883.65	2,189.08	621.00
Maturities (KSh M)	5,396.40	2,660.05	2,417.65	1,522.25	4,824.45	3,565.55
Average Interest Rate (%)	10.308	10.800	12.157	13.340	14.014	13.765

Source: Central Bank of Kenya

Table 5: Performance of Treasury Bond Auctions								
Date of Auction	12-Jul-23		21-Jul-23		16-Aug-23		24-Aug-23	
	RE-OPENED		TAP			RE-OPENED	TAP	
Tenor	FXD1/ 2016/10	FXD1/ 2023/05	FXD1/ 2023/05	FXD1/ 2023/02	FXD1/ 2023/02	FXD1/ 2023/05	FXD1/ 2023/02	FXD1/ 2023/05
Amount offered (KSh M)	40,000.00		20,000.00		40,000.00		21,000.00	
Bids received (KSh M)	22,663.75	29,099.83	32,216.95	12,212.15	38,301.96	14,704.44	17,375.70	6,225.05
Amount Accepted (KSh M)	15,740.47	22,832.72	31,230.14	12,210.68	11,659.58	7,456.28	17,373.51	6,123.42
Maturities (KSh M)								
Average interest Rate (%)	16.33	16.84	16.33	16.84	16.97	17.95	16.97	17.95

Source: Central Bank of Kenya

Chart2: Government Securities Yield Curve



Source: Nairobi Securities Exchange (NSE)

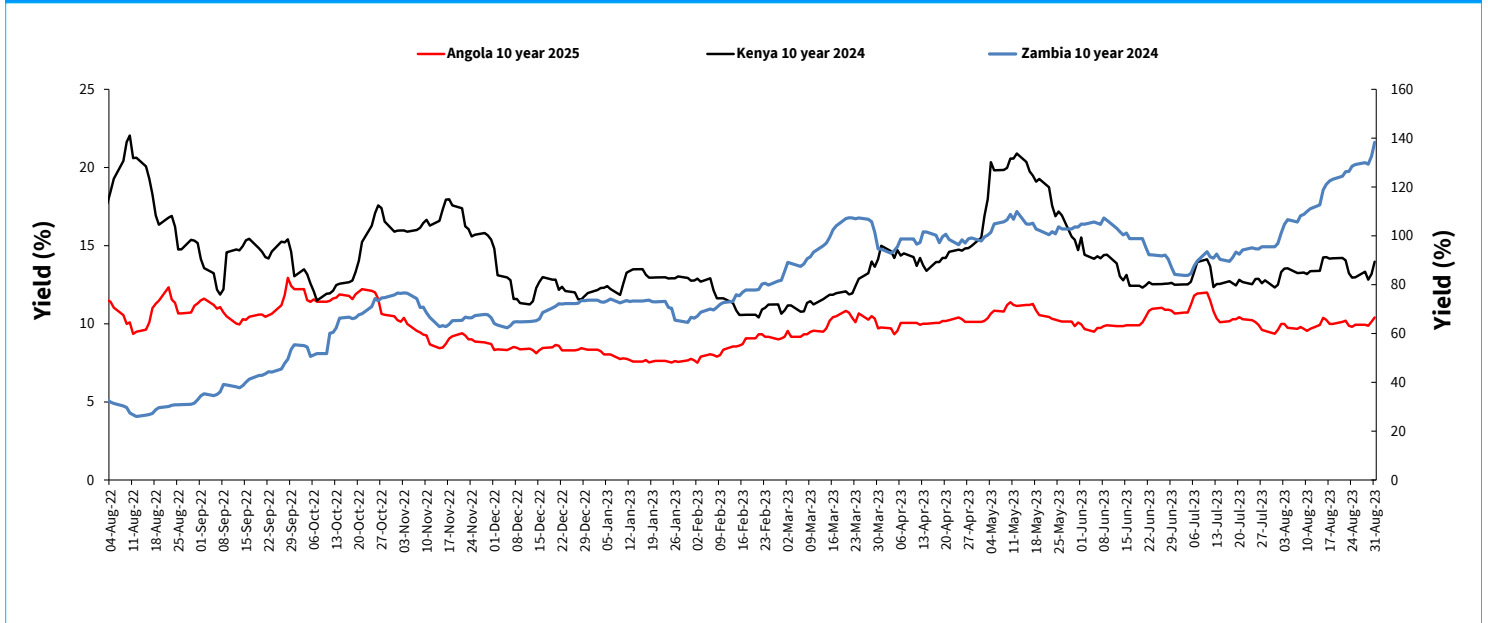
Table 6: Performance of Key Market Indicators

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
18-Aug-23	101.35	2620.76	1532.46	1,001	4.83	128.42	1577.92	1,078.45	12.271	14.189	11.771	11.502	11.064	11.41
21-Aug-23	100.86	2595.95	1531.20	975	4.93	124.46	1570.28	1,115.60	12.336	14.212	11.814	11.531	11.091	11.45
22-Aug-23	100.69	2591.34	1529.53	960	4.08	106.97	1567.74	1,766.00	12.341	14.065	11.817	11.532	11.065	11.41
23-Aug-23	99.74	2577.09	1531.23	970	7.45	112.73	1552.80	947.75	11.984	13.233	11.617	11.392	10.936	11.274
24-Aug-23	100.32	2589.99	1528.30	870	3.67	75.00	1561.87	2,060.60	11.878	12.952	11.504	11.283	10.809	11.217
August 18-24	100.32	2589.99	1528.30	4,776.00	24.96	547.59	1,561.87	6,968.40	11.878	12.952	11.504	11.283	10.809	11.217
25-Aug-23	99.38	2565.38	1522.49	808.00	2.19	39.96	1547.25	2286.15	11.943	12.972	11.587	11.368	10.861	11.274
28-Aug-23	99.17	2562.94	1520.88	1036.00	5.17	80.10	1543.96	2191.25	11.947	13.338	11.589	11.369	10.888	11.294
29-Aug-23	99.08	2565.38	1526.85	1206.00	5.27	106.89	1542.53	1889.20	11.707	12.821	11.468	11.257	10.759	11.198
30-Aug-23	99.50	2581.58	1532.39	1232.00	8.63	146.61	1549.11	1122.02	11.952	13.186	11.591	11.37	10.863	11.274
31-Aug-23	99.23	2578.57	1540.16	1207.00	5.83	151.60	1544.94	2358.48	12.092	13.977	11.761	11.458	10.996	11.372
August 25-31	99.23	2578.57	1540.16	5,489.00	27.09	525.15	1,544.94	9,847.10	12.092	13.977	11.761	11.458	10.996	11.372
Weekly Changes (%)	-1.09	-0.44	0.78	14.93	8.53	-4.10	-1.08	41.31	0.214*	1.025*	0.257*	0.175*	0.187*	0.155*

* 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)

	24-Jun-22	30-Sep-22	30-Dec-22	31-Mar-23	30-Jun-23	28-Jul-23	18-Aug-23	25-Aug-23
1. Treasury Bills (Excluding Repos)	620.28	672.28	671.51	665.86	614.73	597.66	569.43	569.67
<i>(As % of total securities)</i>	14.88	15.61	15.32	15.01	13.28	12.73	12.20	12.16
2. Treasury Bonds	3,549.53	3,634.86	3,710.62	3,771.03	4,013.89	4,097.24	4,097.24	4,116.24
<i>(As % of total securities)</i>	85.12	84.39	84.68	84.99	86.72	87.27	87.80	87.84
3. Total Securities (1+2)	4,169.81	4,307.14	4,382.13	4,436.89	4,628.62	4,694.91	4,666.68	4,685.92
4. Overdraft at Central Bank	65.86	27.25	58.50	77.98	76.46	48.18	78.01	69.08
5. Other Domestic debt*	30.55	30.90	32.76	24.73	25.61	31.49	31.48	31.51
6. Gross Domestic Debt (3+4+5)	4,266.23	4,365.29	4,473.39	4,539.59	4,730.69	4,774.58	4,776.17	4,786.51

* 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-Jun-22	30-Sep-22	30-Dec-22	31-Mar-23	30-Jun-23	28-Jul-23	18-Aug-23	25-Aug-23
Treasury bills (Excluding Repos)	14.54	15.40	15.01	14.67	12.99	12.52	11.92	11.90
Treasury bonds	83.20	83.27	82.95	83.07	84.85	85.81	85.79	86.00
Overdraft at Central Bank	1.54	0.62	1.31	1.72	1.62	1.01	1.63	1.44
Other domestic debt	0.72	0.71	0.73	0.54	0.54	0.66	0.66	0.66
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-Sep-22	30-Dec-22	31-Mar-23	30-Jun-23	28-Jul-23	18-Aug-23	25-Aug-23
Banking Institutions	48.74	47.60	46.84	46.13	46.17	45.25	45.20	44.92
Insurance Companies	7.14	7.32	7.37	7.39	7.31	7.36	7.35	7.33
Parastatals	5.84	6.09	6.06	6.04	5.98	5.96	6.09	6.13
Pension Funds	32.39	32.75	33.31	33.42	33.42	33.83	33.43	33.17
Other Investors	5.89	6.24	6.43	7.01	7.13	7.59	7.93	8.45
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	Mar-23	Apr-23	May-23
Domestic debt (KSh Bn)	4,032.37	4,191.77	4,288.33	4,366.30	4,472.84	4,539.59	4,541.64	4,549.65
Public & Publicly Guaranteed External debt (USD Bn)	36.90	36.82	36.58	36.00	37.88	36.66	37.47	37.09
Public & Publicly Guaranteed External debt (KSh Bn)	4,174.37	4,209.56	4,290.73	4,334.80	4,673.14	4,851.09	5,092.50	5,137.16
Public debt (KSh Bn)	8,206.74	8,401.33	8,579.06	8,701.10	9,145.98	9,390.69	9,634.14	9,686.81

* Provisional

Source: The National Treasury and Central Bank of Kenya