



Central Bank of Kenya

Weekly Bulletin

December 15, 2023



RECENT MONETARY AND FINANCIAL DEVELOPMENTS

Exchange Rates

The Kenya Shilling remained relatively stable against major international and regional currencies during the week ending December 14. It exchanged at KSh 153.37 per US dollar on December 14, compared to KSh 153.32 per US dollar on December 7 (**Table 1**).

Foreign Exchange Reserves

The usable foreign exchange reserves remained adequate at USD 6,711 million (3.59 months of import cover) as at December 14. 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 December 14. Commercial banks' excess reserves stood at KSh 17.9 billion in relation to the 4.25 percent cash reserves requirement (CRR). Open market operations remained active. The average interbank rate was 11.26 percent on December 14 compared to 10.33 percent on December 7. During the week, the average number of interbank deals increased to 49 from 27 in the previous week, while the average value traded increased to KSh 29.0 billion from KSh 20.5 billion in the previous week (**Table 3**).

Government Securities Market

The Treasury bills auction of December 14 received bids totaling KSh 17.3 billion against an advertised amount of KSh 24.0 billion, representing a performance of 72.3 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, NSE 25 and NSE 20 share price indices decreased by 0.9 percent, 1.2 percent and 0.5 percent, respectively during the week ending December 14. Market capitalization, equity turnover and total shares traded declined by 0.9 percent, 63.7 percent and 61.4 percent, respectively (**Table 6**).

Bond Market

Bond turnover in the domestic secondary market increased by 52.7 percent during the week ending December 14 (**Table 6**). In the international market, yields on Kenya's Eurobonds declined by an average of 69.1 basis points, with the 2024 maturity declining by 51.5 basis points. The yield on the 10- year Eurobond for Angola declined while that of Zambia increased (**Chart 2**).

Global Trends

Inflation in advanced economies continue to moderate, with the US annual inflation falling to 3.1 percent in November from 3.2 percent in October. The US Federal Reserve held its benchmark interest rates during its December meeting at a target range of 5.25% - 5.5%. The US dollar index weakened by 1.53 percent against a basket of major currencies during the week ending December 14.

International oil prices decreased marginally during the week ending December 14, on account of weak oil demand and build-up of oil inventories. Murban oil price declined marginally to USD 75.13 per barrel on December 14 from USD 75.18 per barrel on December 7.

Table 1: Kenya Shilling Exchange Rates (Indicative Mean Rates)								
	USD	Sterling Pound	Euro	100 Japanese Yen	Uganda Shilling*	Tanzania Shilling*	Rwandese Franc*	Burundi Franc*
1-Dec-23	153.24	193.80	167.46	103.46	24.91	16.35	8.10	18.56
4-Dec-23	153.24	193.87	167.04	103.53	24.80	16.41	8.11	18.56
5-Dec-23	153.28	194.26	166.64	104.18	24.92	16.34	8.12	18.56
6-Dec-23	153.29	193.59	166.16	104.25	24.69	16.31	8.12	18.56
7-Dec-23	153.32	193.20	165.41	104.45	24.62	16.34	8.14	18.56
Dec 1-7	153.27	193.75	166.54	103.97	24.79	16.35	8.12	18.56
8-Dec-23	153.34	192.76	165.28	106.54	24.60	16.34	8.13	18.56
11-Dec-23	153.34	192.88	165.31	106.23	24.61	16.38	8.21	18.56
12-Dec-23	Public Holiday							
13-Dec-23	153.35	192.85	165.12	104.83	24.88	16.34	8.14	18.57
14-Dec-23	153.37	192.16	165.41	105.30	24.71	16.33	8.16	18.56
Dec 8-14	153.35	192.66	165.28	105.73	24.70	16.35	8.16	18.56

*Units of currency per Kenya Shilling

Source: Central Bank of Kenya

Table 2: Official Foreign Exchange Reserves (USD Million)					
	16-Nov-23	23-Nov-23	30-Nov-23	7-Dec-23	14-Dec-23
1. CBK Usable Foreign Exchange Reserves (USD Million)	6,785	6,722	6,740	6,743	6,711
2. CBK Usable Foreign Exchange Reserves (Months of Import Cover)*	3.64	3.61	3.62	3.61	3.59

*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 (%)
1-Dec-23	18	9,666.00	10.57
4-Dec-23	27	23,816.00	10.49
5-Dec-23	25	20,998.00	10.39
6-Dec-23	32	25,478.00	10.37
7-Dec-23	32	22,680.00	10.33
Dec 1-7	27	20,527.60	10.43
8-Dec-23	25	10,230.00	10.40
11-Dec-23	50	35,030.00	10.62
12-Dec-23	Public Holiday		
13-Dec-23	65	33,290.00	10.99
14-Dec-23	54	37,420.00	11.26
Dec 8-14	49	28,992.50	10.82

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	7-Dec-23	14-Dec-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	31,443.20	13,791.52
Amount Accepted (KSh M)	2,120.42	2,765.00	2,705.12	8,142.58	29,288.78	13,538.44
Maturities (KSh M)	2,539.95	2,158.40	2,814.15	5,955.85	35,612.05	18,356.70
Average Interest Rate (%)	9.369	9.907	11.904	15.111	15.635	15.771
182-Day Treasury Bills						
Date of Auction	29-Dec-22	30-Mar-23	29-Jun-23	26-Oct-23	7-Dec-23	14-Dec-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	5,412.42	2,921.95
Amount Accepted (KSh M)	434.69	3,457.80	1,300.96	5,668.39	5,409.69	2,919.52
Maturities (KSh M)	1,660.95	3,176.30	442.15	906.65	1,966.65	1,778.75
Average Interest Rate (%)	9.834	10.399	11.947	15.129	15.749	15.922
364-Day Treasury Bills						
Date of Auction	29-Dec-22	30-Mar-23	29-Jun-23	26-Oct-23	7-Dec-23	14-Dec-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	800.47	629.31
Amount Accepted (KSh M)	1,691.33	1,810.42	1,514.41	1,843.30	800.46	627.12
Maturities (KSh M)	5,396.40	2,660.05	2,417.65	3,911.45	1,998.75	3,294.00
Average Interest Rate (%)	10.308	10.800	12.157	15.387	15.795	15.834

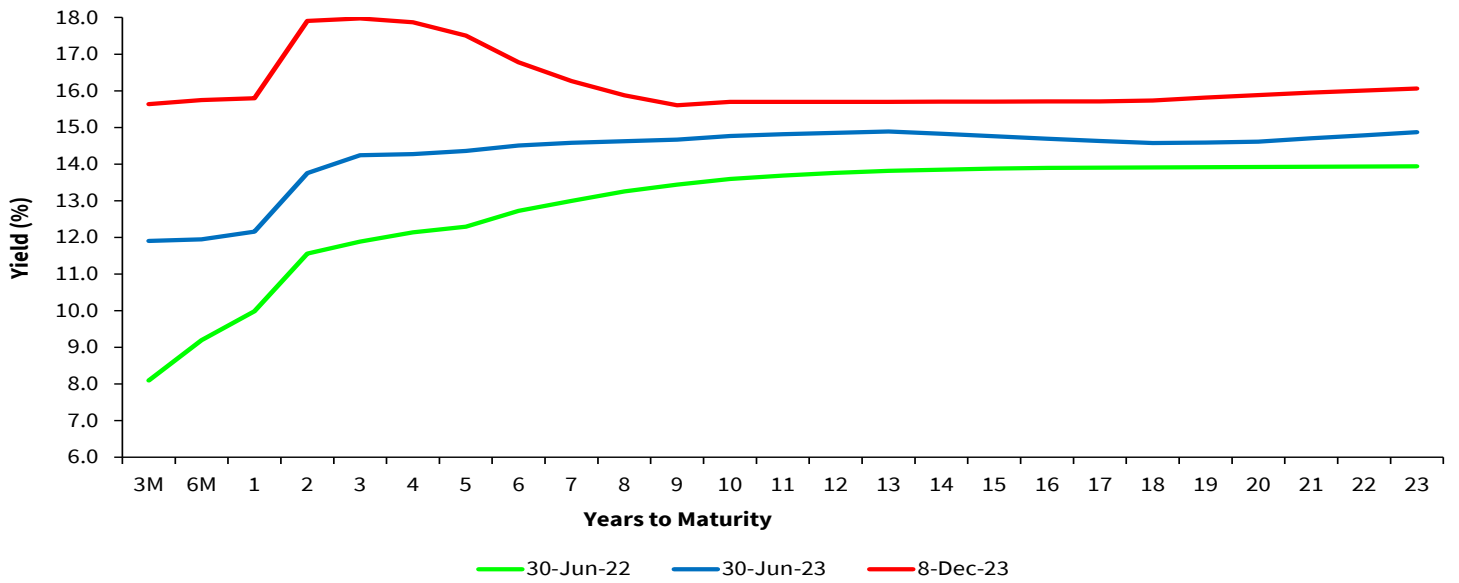
Source: Central Bank of Kenya

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	5-Dec-23
	TAP		RE-OPEN		TAP		RE-OPEN			TAP
Tenor	FXD1/ 2023/02	FXD1/ 2023/05	FXD1/ 2023/02	FXD1/ 2016/10	FXD1/ 2023/002	FXD1/ 2016/10	FXD1/ 2023/002	FXD1/ 2023/002	IFB1/ 2023/6.5	IFB1/ 2023/6.5
Amount offered (KSh M)	21,000.00		35,000.00		15,000.00		35,000.00		50,000.00	25,000.00
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	47,238.75
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	47,866.93
Maturities (KSh M)	0.00	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	17.93

Source: Central Bank of Kenya

Chart 1: Government Securities Yield Curve



Source: Nairobi Securities Exchange (NSE)

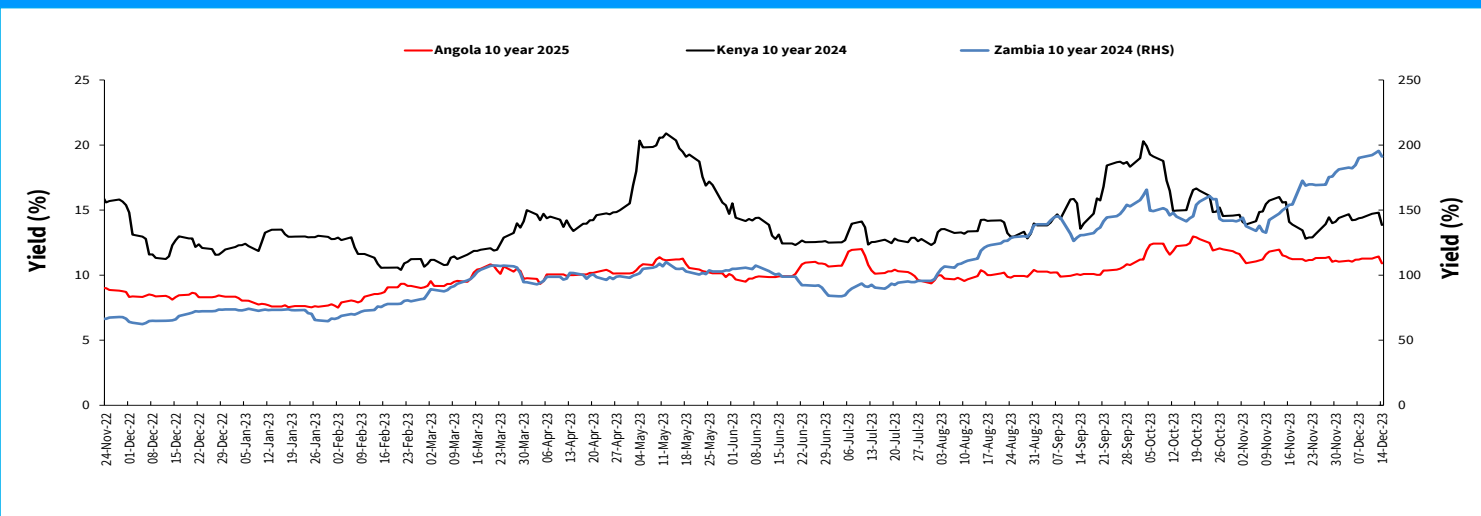
Table 6: Performance of Key Market Indicators

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
1-Dec-23	92.27	2397.13	1494.45	802.00	8.40	270.24	1,441.59	3,466.65	11.796	14.395	11.307	11.175	10.587	11.183
4-Dec-23	93.62	2416.53	1498.58	796.00	5.21	87.57	1,462.69	986.20	11.736	14.688	11.227	11.119	10.512	11.145
5-Dec-23	94.70	2430.36	1510.92	974.00	11.49	140.47	1,479.53	2,598.70	11.61	14.219	11.023	11.064	10.437	11.069
6-Dec-23	93.83	2410.41	1505.45	933.00	61.99	905.80	1,465.98	3,387.35	11.485	14.257	10.984	10.981	10.363	11.014
7-Dec-23	93.93	2419.68	1508.23	843.00	5.67	115.33	1,467.52	2,735.20	11.499	14.375	10.991	10.983	10.365	11.196
Dec 1-7	93.93	2419.68	1508.23	4,348.00	92.75	1,519.41	1,467.52	13,174.10	11.499	14.375	10.991	10.983	10.365	11.196
8-Dec-23	93.94	2422.44	1513.19	1,423	6.1363	105.09	1,467.68	3,244.70	10.952	14.415	10.952	10.956	10.341	11.273
11-Dec-23	93.86	2418.52	1516.18	716	3.5873	37.65	1,466.38	8,329.20	10.995	14.719	10.995	10.985	10.342	11.275
12-Dec-23	Public Holiday								10.915	14.761	10.915	10.93	10.318	11.353
13-Dec-23	93.30	2398.97	1508.04	1,073	17.2392	260.80	1,457.73	3,332.50	10.835	14.804	10.835	10.931	10.319	11.432
14-Dec-23	93.05	2390.68	1501.16	762	8.8736	147.80	1,453.71	5,205.95	10.196	13.86	10.196	10.281	9.826	10.906
Dec 7-14	93.05	2390.68	1501.16	3,974.00	35.84	551.33	1,453.71	20,112.35	10.196	13.86	10.196	10.281	9.826	10.906
Weekly Changes (%)	-0.94	-1.20	-0.47	-8.60	-61.36	-63.71	-0.94	52.67	-1.303*	-0.515*	-0.795*	-0.702*	-0.539*	-0.290*

* 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)

	31-Mar-23	30-Jun-23	31-Jul-23	31-Aug-23	29-Sep-23	31-Oct-23	1-Dec-23	8-Dec-23
1. Treasury Bills (Excluding Repos)	665.86	614.73	585.13	567.70	558.21	557.23	555.62	554.01
<i>(As % of total securities)</i>	15.01	13.28	12.50	12.06	11.86	11.81	11.62	11.59
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	88.38	88.41
3. Total Securities (1+2)	4,436.89	4,628.62	4,682.38	4,707.42	4,708.02	4,716.31	4,780.53	4,778.92
4. Overdraft at Central Bank	77.98	76.46	61.12	72.05	75.70	73.93	88.33	91.13
5. Other Domestic debt*	24.73	127.04	130.03	132.86	133.75	122.79	122.78	122.78
<i>of which IMF funds on-lent to Government</i>		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	4,991.64	4,992.83

* 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	1-Dec-23	8-Dec-23
Treasury bills (Excluding Repos)	14.67	12.72	12.01	11.56	11.35	11.34	11.13	11.10
Treasury bonds	83.07	83.07	84.07	84.27	84.39	84.65	84.64	84.62
Overdraft at Central Bank	1.72	1.58	1.25	1.47	1.54	1.50	1.77	1.83
Other domestic debt	0.54	2.63	2.67	2.70	2.72	2.50	2.46	2.46
<i>of which IMF fund on lent to government</i>		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	1-Dec-23	8-Dec-23
Banking Institutions	48.74	46.84	46.13	46.17	45.18	44.15	45.59	45.99
Insurance Companies	7.14	7.37	7.39	7.31	7.35	7.20	7.39	7.21
Parastatals	5.84	6.06	6.04	5.98	5.95	5.77	5.74	5.55
Pension Funds	32.39	33.31	33.42	33.42	32.23	30.39	30.21	30.16
Other Investors	5.89	6.43	7.01	7.13	9.30	12.48	11.07	11.08
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