Central Bank of Kenya

Weekly Bulletin

January 12, 2024

RECENT MONETARY AND FINANCIAL DEVELOPMENTS

Exchange Rates

The Kenya Shilling remained relatively stable against major international and regional currencies during the week ending January 11. It exchanged at KSh 159.85 per US dollar on January 11, compared to KSh 157.39 per US dollar on January 4 **(Table 1).**

Foreign Exchange Reserves

The usable foreign exchange reserves remained adequate at USD 6,829 million (3.7 months of import cover) as at January 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 remained adequate during the week ending January 11, supported by open market operations. Commercial banks' excess reserves stood at KSh 14.6 billion in relation to the 4.25 percent cash reserves requirement (CRR). The average interbank rate was 13.52 percent on January 11 compared to 14.07 percent on January 4. During the week, the average number of interbank deals increased marginally to 40 from 39 in the previous week, while the average value traded increased to KSh 22.8 billion from KSh 19.3 billion in the previous week **(Table 3).**

Government Securities Market

The Treasury bill auction of January 11 received bids totaling KSh 58.0 billion against an advertised amount of KSh 24.0 billion, representing a performance of 241.5 percent. Interest rates remained relatively stable, with the 91-day, 182-day and 364-day rates increasing marginally **(Table 4).**

During the Treasury bonds auction of January 10, the 3-year fixed rate and 5-year fixed rate Treasury bonds received bids totaling KSh 37.2 billion against an advertised amount of KSh 35 billion, representing a performance of 106.1 percent **(Table 5).**

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 0.6 percent and 0.4 percent, respectively, during the week ending January 11. Market capitalization, equity turnover and total shares traded increased by 0.3 percent, 451.3 percent and 335.3 percent, respectively **(Table 6).**

Bond Market

Bond turnover in the domestic secondary market increased by 1,019.6 percent during the week ending January 11 **(Table 6).** In the international market, yields on Kenya's Eurobonds declined by an average of 32.85 basis points, with the 2024 maturity declining by 85.30 basis points. The yields on the 10-Year Eurobonds for Zambia and Angola increased **(Chart 2)**.

Global Trends

Concerns about inflation in advanced economies persisted during the week ending January 11. Headline inflation in the U.S rose to 3.4 percent in December 2023 from 3.1 percent in November. The US dollar index weakened by 0.13 percent against a basket of major currencies during the week ending January 11.

International oil prices declined during the week ending January 11, largely reflecting improved supply by the non-OPEC oil producers. Murban oil price declined to USD 77.49 per barrel on January 11 compared to USD 78.83 per barrel on January 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*
29-Dec-23	156.46	199.80	173.78	111.00	24.19	16.07	8.05	18.21
1-Jan-24	Public Holiday							
2-Jan-24	156.99	199.85	173.65	110.98	24.08	15.99	8.03	18.15
3-Jan-24	157.32	199.09	172.58	110.76	24.11	15.99	8.01	18.11
4-Jan-24	157.39	198.95	172.22	110.12	24.22	15.99	8.00	18.10
Dec 29-Jan 4	**157.04**	**199.42**	**173.06**	**110.72**	**24.15**	**16.01**	**8.02**	**18.14**
5-Jan-24	157.90	200.20	172.74	109.38	24.07	15.90	7.99	18.05
8-Jan-24	158.30	200.17	172.69	108.64	23.97	15.90	7.99	18.00
9-Jan-24	158.88	202.46	174.29	110.33	24.00	15.85	7.96	17.94
10-Jan-24	159.38	202.46	174.23	110.09	23.84	15.78	7.93	17.88
11-Jan-24	159.85	204.04	175.50	109.93	23.77	15.73	7.91	17.83
Jan 5-11	**158.86**	**201.87**	**173.89**	**109.67**	**23.93**	**15.83**	**7.96**	**17.94**

**Units of currency per Kenya Shilling*

Source: Central Bank of Kenya

Table 2: Official Foreign Exchange Reserves (USD Million)

	14-Dec-23	21-Dec-23	28-Dec-23	4-Jan-24	11-Jan-24
1. CBK Usable Foreign Exchange Reserves (USD Million)	6,711	6,710	6,612	6,775	6,829
2. CBK Usable Foreign Exchange Reserves (Months of Import Cover)*	3.59	3.59	3.54	3.62	3.65

**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 (%)
29-Dec-23	27	7,750.00	14.44
1-Jan-24	Public Holiday		
2-Jan-24	40	24,770.00	14.31
3-Jan-24	46	19,170.00	14.23
4-Jan-24	44	25,690.00	14.07
Dec 29-Jan 4	**39**	**19,345.00**	**14.26**
5-Jan-24	33	17,160.00	13.42
8-Jan-24	35	19,490.00	13.33
9-Jan-24	51	30,275.00	13.42
10-Jan-24	36	26,100.00	13.42
11-Jan-24	45	20,950.00	13.52
Jan 5-11	**40**	**22,795.00**	**13.42**

Source: Central Bank of Kenya

Table 4: Performance of Treasury Bill Auctions

91-Day Treasury Bills						
Date of Auction	**30-Mar-23**	**29-Jun-23**	**28-Sep-23**	**28-Dec-23**	**4-Jan-24**	**11-Jan-24**
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)	2,904.04	5,779.97	11,007.63	8,516.51	26,311.90	44,575.92
Amount Accepted (KSh M)	2,765.00	2,705.12	3,303.25	6,986.46	25,267.32	34,865.53
Maturities (KSh M)	2,158.40	2,814.15	2,741.45	3,254.55	25,028.05	36,388.55
Average Interest Rate (%)	**9.907**	**11.904**	**14.821**	**15.983**	**16.059**	**16.145**
182-Day Treasury Bills						
Date of Auction	**30-Mar-23**	**29-Jun-23**	**28-Sep-23**	**28-Dec-23**	**4-Jan-24**	**11-Jan-24**
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)	3,547.05	2,195.96	809.28	322.85	4,671.70	10,102.27
Amount Accepted (KSh M)	3,457.80	1,300.96	542.27	322.85	4,671.70	8,666.99
Maturities (KSh M)	3,176.30	442.15	3,616.00	1,365.20	1,205.05	1,399.40
Average Interest Rate (%)	**10.399**	**11.947**	**14.950**	**15.967**	**16.092**	**16.187**
364-Day Treasury Bills						
Date of Auction	**30-Mar-23**	**29-Jun-23**	**28-Sep-23**	**28-Dec-23**	**4-Jan-24**	**11-Jan-24**
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)	1,810.42	1,514.41	1,841.12	1,661.91	1,295.48	3,290.47
Amount Accepted (KSh M)	1,810.42	1,514.41	670.62	1,661.91	1,258.49	2,432.30
Maturities (KSh M)	2,660.05	2,417.65	1,229.50	1,858.45	4,891.25	5,141.75
Average Interest Rate (%)	**10.800**	**12.157**	**15.054**	**16.100**	**16.279**	**16.392**

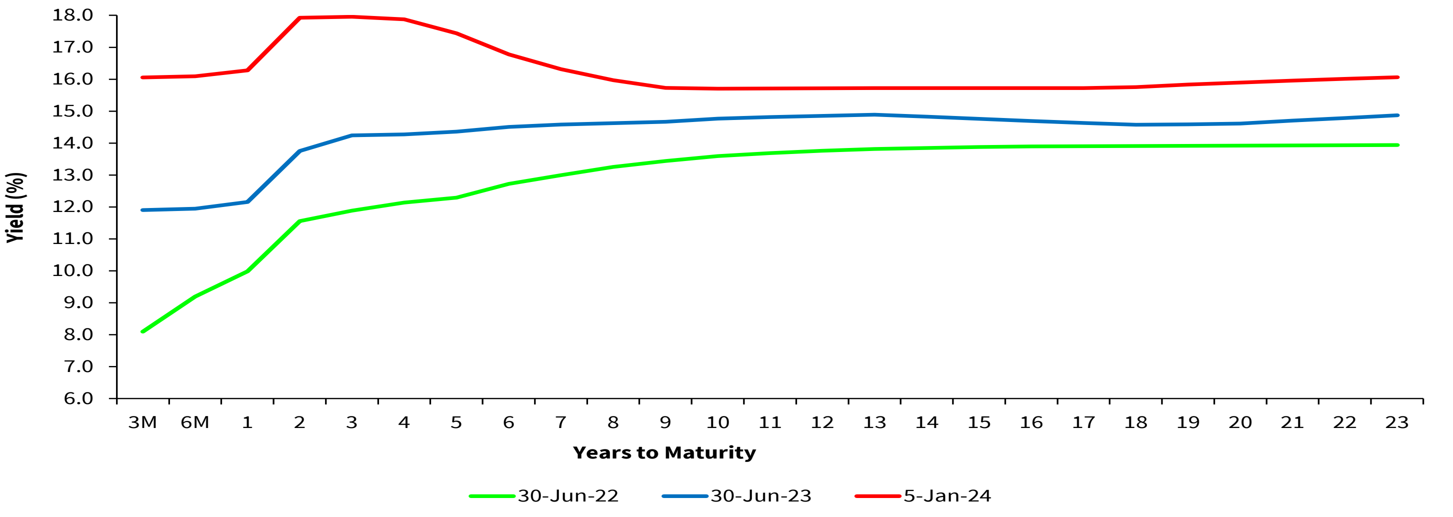
Source: Central Bank of Kenya

Table 5: Performance of Treasury Bond Auctions

Date of Auction	**13-Sep-23**		**28-Sep-23**		**12-Oct-23**		**8-Nov-23**	**5-Dec-23**	**10-Jan-23**	
	RE-OPEN		**TAP**		**RE-OPEN**			**TAP**		
Tenor	**FXD1/ 2023/02**	**FXD1/ 2016/10**	**FXD1/ 2023/002**	**FXD1/ 2016/010**	**FXD1/ 2023/002**	**FXD1/ 2023/005**	**IFB1/ 2023/6.5**	**IFB1/ 2023/6.5**	**FXD1/ 2024/003**	**FXD1/ 2023/005**
Amount offered (KSh M)	35,000.00		15,000.00		35,000.00		50,000.00	25,000.00	35,000.00	
Bids received (KSh M)	18,014.85	15,994.38	2,631.25	814.90	6,506.42	5,791.92	88,899.96	47,238.75	29,089.43	8,062.57
Amount Accepted (KSh M)	15,012.62	6,616.01	2,609.97	763.17	4,825.11	1,481.78	67,056.07	47,866.93	22,069.44	2,946.74
Maturities (KSh M)	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	35,852.15	
Average interest Rate (%)	17.45	17.93	17.45	17.93	17.74	17.99	17.93	17.93	18.39	18.77

Source: Central Bank of Kenya

Chart 1: Government Securities Yield Curve



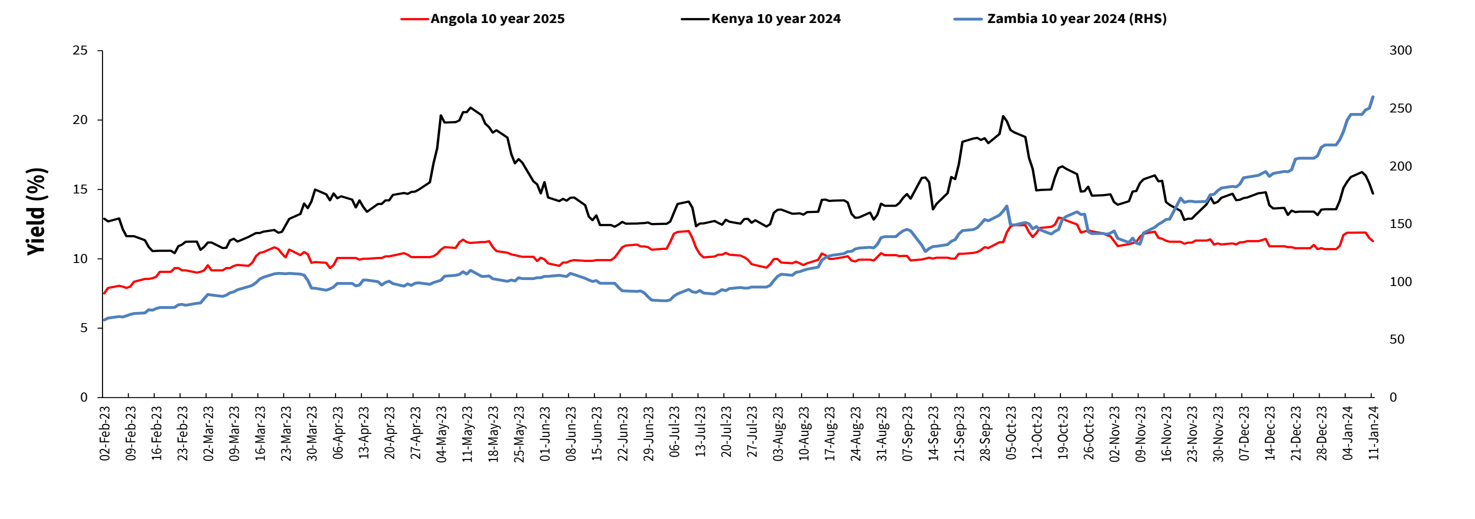
Source: Nairobi Securities Exchange (NSE)

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
29-Dec-23	92.11	2380.23	1501.16	768	2.64	41.99	1,439.02	405.00	10.104	13.575	9.824	9.894	9.514	10.179
1-Jan-24	**Public Holiday**								10.104	13.575	9.824	9.894	9.514	10.179
2-Jan-24	91.97	2387.30	1508.83	672	0.90	12.53	1,436.92	222.30	10.299	14.191	10.024	9.999	9.632	10.278
3-Jan-24	92.11	2410.69	1509.36	853	3.62	42.33	1,439.11	94.00	10.887	15.113	10.387	10.237	9.871	10.446
4-Jan-24	92.48	2422.91	1512.22	826	3.14	46.65	1,444.87	121.60	11.096	15.549	10.514	10.345	9.946	10.481
December 29 2023-Jan 4 2024	**92.48**	**2422.91**	**1512.22**	**3,119.00**	**10.30**	**143.50**	**1,444.87**	**842.90**	**11.096**	**15.549**	**10.514**	**10.345**	**9.946**	**10.481**
5-Jan-24	92.55	2424.34	1518.40	769.00	8.47	138.67	1446.00	209.70	11.167	15.900	10.557	10.373	9.995	10.550
8-Jan-24	93.26	2436.38	1520.82	920.00	3.56	47.42	1457.06	908.50	11.238	16.256	10.600	10.400	10.020	10.550
9-Jan-24	92.29	2409.58	1504.36	894.00	10.49	281.01	1441.91	971.90	11.242	16.001	10.643	10.455	10.021	10.568
10-Jan-24	92.57	2408.70	1505.37	818.00	6.69	105.36	1446.28	4243.83	10.916	15.437	10.400	10.294	9.852	10.464
11-Jan-24	92.71	2409.30	1506.21	986.00	15.63	218.70	1448.50	3102.90	10.735	14.696	10.245	10.110	9.760	10.414
Jan 5-11 2024	**92.71**	**2409.30**	**1506.21**	**4,387.00**	**44.83**	**791.15**	**1,448.50**	**9,436.83**	**10.735**	**14.696**	**10.245**	**10.11**	**9.76**	**10.414**
Weekly Changes (%)	**0.25**	**-0.56**	**-0.40**	**40.65**	**335.25**	**451.33**	**0.25**	**1019.57**	**-0.361***	**-0.853***	**-0.269***	**-0.235***	**-0.186***	**-0.067***

** 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)

	30-Dec-22	30-Jun-23	31-Aug-23	29-Sep-23	31-Oct-23	30-Nov-23	29-Dec-23	5-Jan-24
1. Treasury Bills (Excluding Repos)	671.51	614.73	567.70	558.21	557.23	555.62	546.90	549.85
(As % of total securities)	***15.32***	***13.28***	***12.06***	***11.86***	***11.81***	***11.62***	***11.35***	***11.40***
2. Treasury Bonds	3,710.62	4,013.89	4,139.72	4,149.81	4,159.08	4,224.91	4,271.82	4,271.82
(As % of total securities)	***84.68***	***86.72***	***87.94***	***88.14***	***88.19***	***88.38***	***88.65***	***88.60***
3. Total Securities (1+2)	4,382.13	4,628.62	4,707.42	4,708.02	4,716.31	4,780.53	4,818.72	4,821.67
4. Overdraft at Central Bank	58.50	76.46	72.05	75.70	73.93	83.94	94.13	91.74
5. Other Domestic debt*	32.76	127.04	132.86	133.75	122.79	126.28	126.28	126.28
of which IMF funds on-lent to Government		**95.52**	**98.82**	**99.52**	**98.28**	**101.87**	**101.87**	**101.87**
6. Gross Domestic Debt (3+4+5)	**4,473.39**	**4,832.11**	**4,912.34**	**4,917.47**	**4,913.03**	**4,990.75**	**5,039.13**	**5,039.69**

** 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)

	30-Jun-23	31-Aug-23	29-Sep-23	31-Oct-23	24-Nov-23	22-Dec-23	29-Dec-23	5-Jan-24
Treasury bills (Excluding Repos)	12.72	11.56	11.35	11.34	11.12	10.83	10.85	10.91
Treasury bonds	83.07	84.27	84.39	84.65	84.74	84.79	84.77	84.76
Overdraft at Central Bank	1.58	1.47	1.54	1.50	1.68	1.87	1.87	1.82
Other domestic debt	2.63	2.70	2.72	2.50	2.46	2.51	2.51	2.51
of which IMF fund on lent to government	1.98	2.01	2.02	2.00	1.97	2.02	2.02	2.02
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	24-Nov-23	29-Dec-23	5-Jan-24
Banking Institutions	48.74	46.84	46.13	46.17	45.18	46.00	45.95	45.97
Insurance Companies	7.14	7.37	7.39	7.31	7.35	7.21	7.25	7.25
Parastatals	5.84	6.06	6.04	5.98	5.95	5.52	5.48	5.47
Pension Funds	32.39	33.31	33.42	33.42	32.23	30.16	29.99	29.99
Other Investors	5.89	6.43	7.01	7.13	9.30	11.10	11.33	11.32
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	Apr-22	Jun-22	Dec-22	May-23	Jun-23	Sep-23*
Domestic debt (KSh Bn)	4,032.37	4,191.77	4,226.84	4,288.33	4,472.84	4,549.65	4,832.11	4,917.47
Public & Publicly Guaranteed External debt (USD Bn)	36.90	36.82	36.65	36.58	37.88	37.09	38.76	38.27
Public & Publicly Guaranteed External debt (KSh Bn)	4,174.37	4,209.56	4,243.53	4,290.73	4,673.14	5,137.16	5,446.56	5,667.80
Public debt (KSh Bn)	**8,206.74**	**8,401.33**	**8,470.37**	**8,579.06**	**9,145.98**	**9,686.81**	**10,278.67**	**10,585.27**

** Provisional*
Source: The National Treasury and Central Bank of Kenya