



Central Bank of Kenya

Weekly Bulletin

November 3, 2023



RECENT MONETARY AND FINANCIAL DEVELOPMENTS

Inflation

Overall inflation remained stable in October 2023 mainly supported by easing prices of key food items. It stood at 6.9 percent compared to 6.8 percent in September. Food inflation declined marginally to 7.8 percent from 7.9 percent in September, supported by declining prices of fresh vegetables and key non vegetable items. However, fuel inflation increased to 14.8 percent in October from 13.1 percent in September, driven by higher energy prices. Non-food-non-fuel (NFnF) inflation declined to 3.6 percent from 3.7 percent in September, reflecting muted demand pressures (**Chart 1**).

Exchange Rates

The Kenya Shilling remained relatively stable against major international and regional currencies during the week ending November 2. It exchanged at KSh 150.86 per US dollar on November 2, compared to KSh 150.27 per US dollar on October 26 (**Table 1**).

Foreign Exchange Reserves

The usable foreign exchange reserves remained adequate at USD 6,814 million (3.7 months of import cover) as at November 2. 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 November 2. Commercial banks' excess reserves stood at KSh 17.8 billion in relation to the 4.25 percent cash reserves requirement (CRR). Open market operations remained active. The average interbank rate was 12.18 percent on November 2 compared to 12.51 percent on October 26. During the week, the average number of interbank deals decreased marginally to 23 from 24 in the previous week, while the average value traded decreased to KSh 13.5 billion from KSh 14.5 billion in the previous week (**Table 3**).

Government Securities Market

The Treasury bills auction of November 2 received bids totaling KSh 24.7 billion against an advertised amount

of KSh 24.0 billion, representing a performance of 102.8 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 declined by 2.9 percent, 3.3 percent and 1.4 percent, respectively, during the week ending November 2. Market capitalization also declined by 2.9 percent, while equity turnover and total shares traded increased by 143.4 percent and 167.0 percent, respectively (**Table 6**).

Bond Market

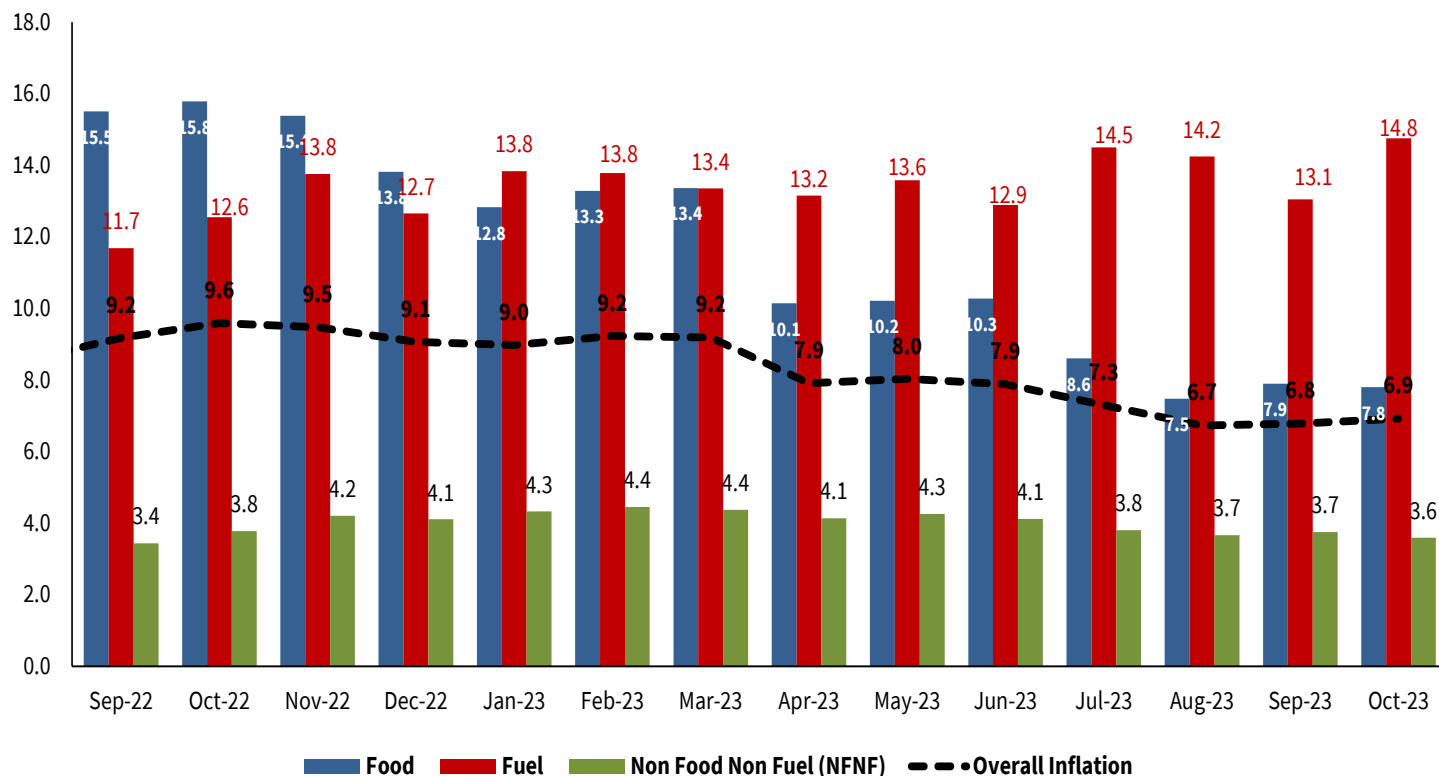
Bond turnover in the domestic secondary market increased by 2.6 percent during the week ending November 2 (**Table 6**). In the international market, yields on Kenya's Eurobonds declined by an average of 89.18 basis points, with the 2024 maturity declining by 111.50 basis points. The yields on the 10- Year Eurobonds for Zambia and Angola also declined (**Chart 3**).

Global Trends

Inflation concerns in advanced economies continue to moderate, with inflation in the Eurozone falling to 2.9 percent in October from 4.3 percent in September. The US Federal Reserve held benchmark interest rates steady in a target range of 5.25% - 5.5%, where it has been since July. The US dollar index weakened by 0.48 percent against a basket of major currencies during the week ending November 2.

International oil prices declined during the week ending November 2, due to the dissipating impact of the war between Israel and Palestine. Murban oil price declined to USD 87.24 per barrel on November 2 from USD 90.23 per barrel on October 26.

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*
20-Oct-23	Public Holiday							
23-Oct-23	149.94	182.08	158.54	100.01	25.04	16.68	8.15	18.93
24-Oct-23	150.07	182.54	159.09	100.27	25.02	16.67	8.15	18.91
25-Oct-23	150.17	183.06	159.37	100.22	24.97	16.65	8.15	18.97
26-Oct-23	150.27	182.38	158.99	99.88	25.04	16.64	8.15	18.89
Oct 20-26	150.12	182.51	159.00	100.10	25.02	16.66	8.15	18.93
27-Oct-23	150.36	182.05	158.63	100.09	25.09	16.63	8.14	18.88
30-Oct-23	150.46	182.68	159.09	100.52	25.08	16.61	8.14	18.87
31-Oct-23	150.56	182.72	159.56	100.27	25.06	16.60	8.14	18.86
1-Nov-23	150.70	183.27	160.19	99.84	25.15	16.59	8.14	18.84
2-Nov-23	150.86	182.73	158.88	100.28	25.09	16.56	8.13	18.83
Oct 26-Nov 2	150.59	182.69	159.27	100.20	25.09	16.60	8.14	18.86

*Units of currency per Kenya Shilling

Source: Central Bank of Kenya

Table 2: Official Foreign Exchange Reserves (USD Million)

	5-Oct-23	12-Oct-23	18-Oct-23	26-Oct-23	2-Nov-23
1. CBK Usable Foreign Exchange Reserves (USD Million)	6,913	6,872	6,833	6,836	6,814
2. CBK Usable Foreign Exchange Reserves (Months of Import Cover)*	3.71	3.69	3.67	3.67	3.66
*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 (%)
20-Oct-23	Public Holiday		
23-Oct-23	25	12,600.00	12.66
24-Oct-23	22	15,740.00	12.62
25-Oct-23	27	16,570.00	12.57
26-Oct-23	23	13,070.00	12.51
Oct 20-26	24	14,495.00	12.59
27-Oct-23	21	12,280.00	12.36
30-Oct-23	35	19,510.00	12.51
31-Oct-23	13	10,380.00	12.52
1-Nov-23	23	13,610.00	12.32
2-Nov-23	24	11,860.00	12.18
Oct 26-Nov 2	23	13,528.00	12.38

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	31-Aug-23	26-Oct-23	2-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	21,591.12	10,638.80	22,480.02
Amount Accepted (KSh M)	2,120.42	2,765.00	2,705.12	21,517.69	8,142.58	21,514.77
Maturities (KSh M)	2,539.95	2,158.40	2,814.15	18,020.65	5,955.85	5,719.10
Average Interest Rate (%)	9.369	9.907	11.904	13.985	15.111	15.186
182-Day Treasury Bills						
Date of Auction	29-Dec-22	30-Mar-23	29-Jun-23	31-Aug-23	26-Oct-23	2-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	960.53	5,668.39	1,282.40
Amount Accepted (KSh M)	434.69	3,457.80	1,300.96	958.52	5,668.39	1,282.40
Maturities (KSh M)	1,660.95	3,176.30	442.15	6,306.75	906.65	5,603.55
Average Interest Rate (%)	9.834	10.399	11.947	13.939	15.129	15.271
364-Day Treasury Bills						
Date of Auction	29-Dec-22	30-Mar-23	29-Jun-23	31-Aug-23	26-Oct-23	2-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	623.87	1,843.30	914.10
Amount Accepted (KSh M)	1,691.33	1,810.42	1,514.41	621.00	1,843.30	914.10
Maturities (KSh M)	5,396.40	2,660.05	2,417.65	3,565.55	3,911.45	18,166.65
Average Interest Rate (%)	10.308	10.800	12.157	13.765	15.387	15.439

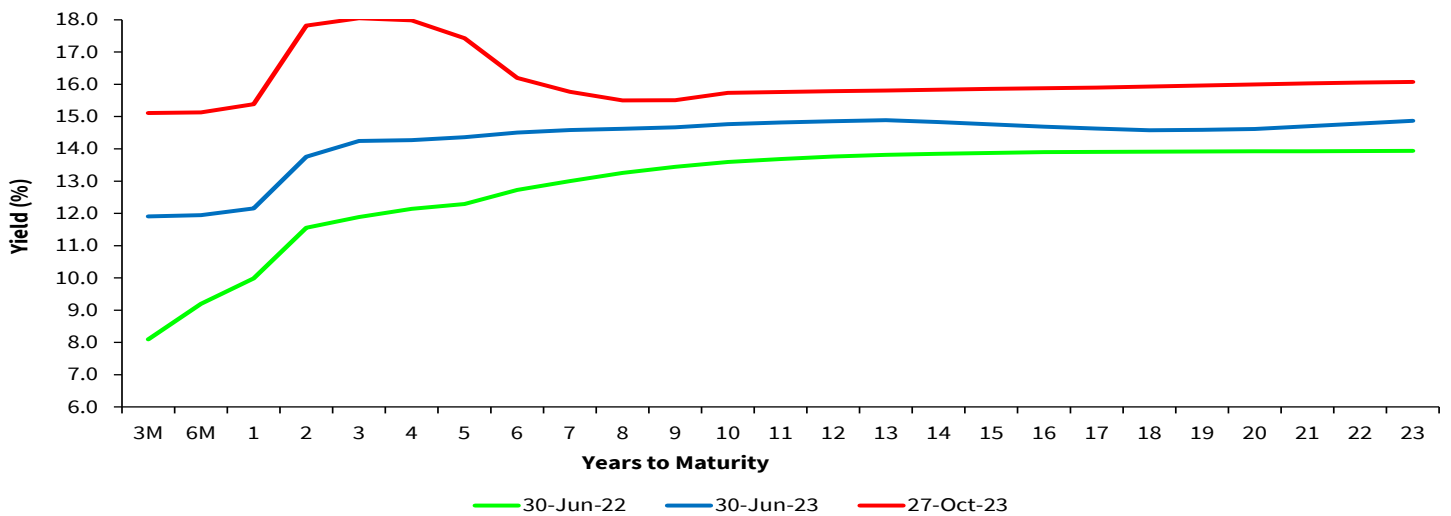
Source: Central Bank of Kenya

Table 5: Performance of Treasury Bond Auctions

Date of Auction	16-Aug-23		24-Aug-23		13-Sep-23		28-Sep-23		12-Oct-23	
		RE-OPEN	TAP		RE-OPEN		TAP		RE-OPEN	
Tenor	FXD1/ 2023/02	FXD1/ 2023/05	FXD1/ 2023/02	FXD1/ 2023/05	FXD1/ 2023/02	FXD1/ 2016/10	FXD1/ 2023/002	FXD1/ 2016/10	FXD1/ 2023/002	FXD1/ 2023/005
Amount offered (KSh M)	40,000.00		21,000.00		35,000.00		15,000.00		35,000.00	
Bids received (KSh M)	38,301.96	14,704.44	17,375.70	6,225.05	18,014.85	15,994.38	2,631.25	814.90	6,506.42	5,791.92
Amount Accepted (KSh M)	11,659.58	7,456.28	17,373.51	6,123.42	15,012.62	6,616.01	2,609.97	763.17	4,825.11	1,481.78
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	16.97	17.95	17.45	17.93	17.45	17.93	17.74	17.99

Source: Central Bank of Kenya

Chart 2: Government Securities Yield Curve



Source: Nairobi Securities Exchange (NSE)

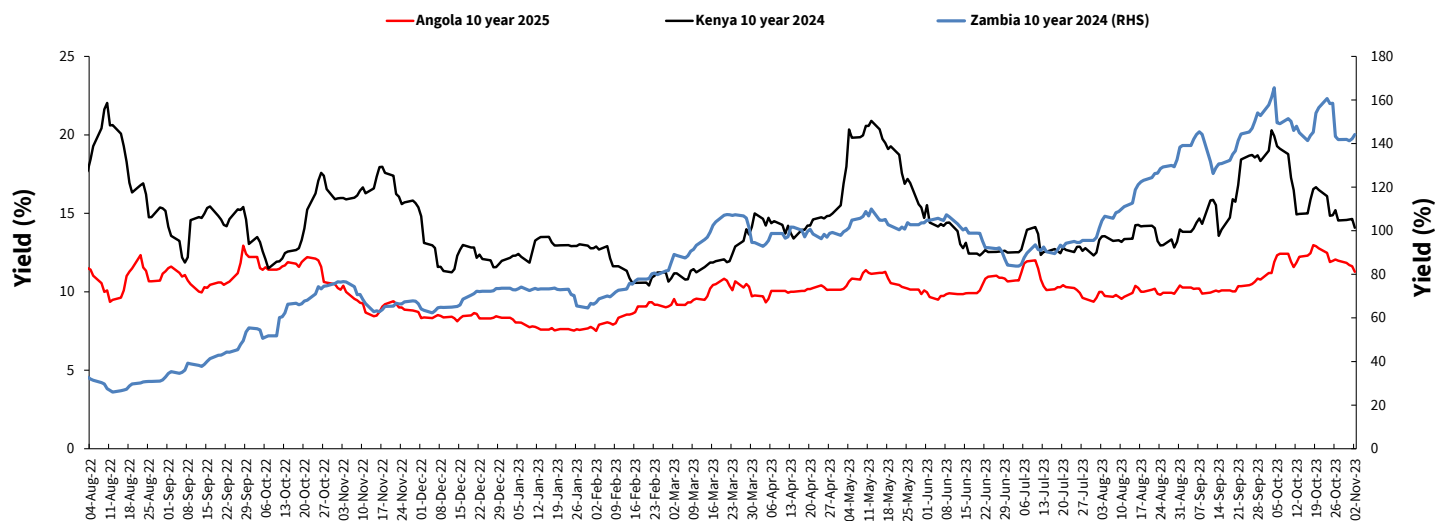
Table 6: Performance of Key Market Indicators

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
20-Oct-23	Public Holiday								14.871	16.489	14.107	13.264	12.8	12.807
23-Oct-23	92.58	2451.44	1487.19	1,157.00	16.19	274.38	1,446.42	2,267.00	14.741	16.096	14.019	13.201	12.741	12.687
24-Oct-23	91.02	2429.89	1481.22	1,001.00	3.26	42.65	1,422.07	2,627.30	14.069	14.842	13.614	12.885	12.441	12.431
25-Oct-23	89.82	2416.81	1470.09	1,202.00	13.64	153.73	1,403.26	3,004.60	14.009	14.876	13.573	12.824	12.413	12.408
26-Oct-23	89.59	2404.85	1462.32	1,052.00	11.22	165.98	1,399.70	2,184.65	14.099	15.198	13.628	12.891	12.446	12.409
Oct 20-26	89.59	2,404.85	1,462.32	4,412.00	44.32	636.73	1,399.70	10,083.55	14.099	15.198	13.628	12.891	12.446	12.409
23-Oct-23	89.42	2401.29	1461.99	1,248.00	80	1,035	1397.03	1,930	13.763	14.545	13.403	12.735	12.181	12.251
23-Oct-23	88.83	2379.94	1453.90	1,036.00	19	212	1387.85	971	13.636	14.578	13.317	12.674	12.096	12.162
24-Oct-23	88.56	2369.55	1461.07	1,130.00	10	153	1383.61	2,440	13.577	14.612	13.143	12.552	11.953	12.075
25-Oct-23	88.13	2359.86	1460.58	990.00	6	94	1376.85	2,416	13.517	14.646	13.058	12.461	11.841	12.01
26-Oct-23	87.03	2326.38	1444.12	940.00	3	55	1359.69	2,061	13.139	14.083	12.804	12.103	11.455	11.736
Oct 20-26	87.03	2326.38	1444.12	5,344.00	118.32	1,549.99	1,359.69	9,817.11	13.139	14.083	12.804	12.103	11.455	11.736
Weekly Changes (%)	-2.86	-3.26	-1.24	21.12	166.98	143.43	-2.86	-2.64	-0.960*	-1.115*	-0.824*	-0.788*	-0.991*	-0.673*

* 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)

	30-Dec-22	31-Mar-23	30-Jun-23	31-Jul-23	31-Aug-23	29-Sep-23	19-Oct-23	27-Oct-23
1. Treasury Bills (Excluding Repos)	671.51	665.86	614.73	585.13	567.70	558.21	555.67	551.54
<i>(As % of total securities)</i>	15.32	15.01	13.28	12.50	12.06	11.86	11.79	11.71
2. Treasury Bonds	3,710.62	3,771.03	4,013.89	4,097.24	4,139.72	4,149.81	4,159.08	4,159.08
<i>(As % of total securities)</i>	84.68	84.99	86.72	87.50	87.94	88.14	88.21	88.29
3. Total Securities (1+2)	4,382.13	4,436.89	4,628.62	4,682.38	4,707.42	4,708.02	4,714.75	4,710.62
4. Overdraft at Central Bank	58.50	77.98	76.46	61.12	72.05	75.70	78.25	78.62
5. Other Domestic debt*	32.76	24.73	31.52	32.33	32.32	32.33	34.04	34.22
6. Gross Domestic Debt (3+4+5)	4,473.39	4,539.59	4,736.60	4,775.82	4,811.80	4,816.05	4,827.05	4,823.46

* 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-Sep-22	30-Dec-22	31-Mar-23	30-Jun-23	31-Aug-23	29-Sep-23	19-Oct-23	27-Oct-23
Treasury bills (Excluding Repos)	15.40	15.01	14.67	12.98	11.80	11.59	11.51	11.43
Treasury bonds	83.27	82.95	83.07	84.74	86.03	86.17	86.16	86.23
Overdraft at Central Bank	0.62	1.31	1.72	1.61	1.50	1.57	1.62	1.63
Other domestic debt	0.71	0.73	0.54	0.67	0.67	0.67	0.71	0.71
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)

	30-Sep-22	30-Dec-22	31-Mar-23	30-Jun-23	25-Aug-23	29-Sep-23	19-Oct-23	27-Oct-23
Banking Institutions	47.60	46.84	46.13	46.17	44.96	45.18	45.21	45.16
Insurance Companies	7.32	7.37	7.39	7.31	7.33	7.35	7.35	7.35
Parastatals	6.09	6.06	6.04	5.98	6.09	5.95	5.87	5.89
Pension Funds	32.75	33.31	33.42	33.42	33.14	32.23	31.32	31.01
Other Investors	6.24	6.43	7.01	7.13	8.48	9.30	10.25	10.59
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	May-22	Jun-22	Dec-22	May-23	Jun-23	Jul-23	Aug-23*
Domestic debt (KSh Bn)	4,226.84	4,268.66	4,288.33	4,472.84	4,549.65	4,736.60	4,775.82	4,811.80
Public & Publicly Guaranteed External debt (USD Bn)	36.65	36.94	36.58	37.88	37.09	38.80	39.62	39.29
Public & Publicly Guaranteed External debt (KSh Bn)	4,243.53	4,295.10	4,290.73	4,673.14	5,137.16	5,542.08	5,640.34	5,712.92
Public debt (KSh Bn)	8,470.37	8,563.76	8,579.06	9,145.98	9,686.81	10,278.67	10,416.17	10,524.71

* Provisional

Source: The National Treasury and Central Bank of Kenya