



Central Bank of Kenya

# Weekly Bulletin

July 28, 2023



## RECENT MONETARY AND FINANCIAL DEVELOPMENTS

### Exchange Rates

The Kenya Shilling remained relatively stable against major international and regional currencies during the week ending July 27. It exchanged at KSh 142.20 per US dollar on July 27, compared to KSh 141.70 per US dollar on July 20 (**Table 1**).

### Foreign Exchange Reserves

The usable foreign exchange reserves remained adequate at USD 7,377 million (4.03 months of import cover) as at July 27. 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 July 27, as government receipts more than offset government payments. Commercial banks' reserves stood at a shortfall of KSh 18.1 billion in relation to the 4.25 percent cash reserves requirement (CRR). Open market operations remained active. The average interbank rate was 14.84 percent on July 27 compared to 9.76 percent on July 20. During the week, the average number of interbank deals increased to 54 from 48 in the previous week, while the average value traded decreased to KSh 12.0 billion from KSh 24.4 billion in the previous week.

### Government Securities Market

The Treasury bill auction of July 27 received bids totaling KSh 9.1 billion against an advertised amount of KSh 24.0 billion, representing a performance of 38.1 percent. Interest rates remained stable, with 91-day, 182-day and 364-day rates increasing marginally (**Table 4**).

During the Treasury bond tap sale of July 21, the 10-year and 3-year fixed rate Treasury bonds received bids totaling KSh 44.4 billion against an advertised amount of KSh 20 billion, representing a performance rate of 222.0 percent (**Table 5**).

### Equity Market

At the Nairobi Securities Exchange, the NASI, NSE 25 and NSE 20 share price indices declined by 3.2 percent, 3.4 percent and 2.3 percent, respectively, during the week ending July 27. Market capitalisation declined by 3.2 percent. However equity turnover and total shares traded increased by 12.0 percent and 13.9 percent, respectively (**Table 6**).

### Bond Market

Bond turnover in the domestic secondary market increased by 37.9 percent during the week ending July 27 (**Table 6**). In the international market, yields on Kenya's Eurobonds declined by an average of 40.0 basis points, with the 2024 maturity declining by 20.9 basis points. The yield on the 10- Year Eurobonds for Ghana increased, while that of Angola declined (**Chart 2**).

### Global Trends

The IMF's World Economic Outlook (WEO) update for July 2023, projects the global output to decline from an estimated 3.5 percent in 2022 to 3.0 percent in 2023 and 2024. This outlook is 0.2 percentage points higher in 2023 with no change for 2024 compared with April 2023 WEO. However, the forecast for 2023–24 remains well below the historical (2000–19) annual average of 3.8 percent. The U.S Fed and European central Bank raised their policy rates by 0.25 percent as inflation concerns remained high in advanced economies. The US dollar index strengthened by 0.87 percent against a basket of major currencies during the week ending July 27.

International oil prices increased during the week ending July 27 on account of inventories draw down. Murban oil price rose to USD 84.74 on July 27 from USD 81.27 per barrel on July 20.

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

	USD	Sterling Pound	Euro	100 Japanese Yen	Uganda Shilling*	Tanzania Shilling*	Rwandese Franc*	Burundi Franc*
14-Jul-23	141.38	185.06	158.08	102.67	25.95	17.22	8.26	20.01
17-Jul-23	141.44	185.35	158.76	101.65	25.95	17.29	8.27	20.08
18-Jul-23	141.50	185.12	158.99	102.24	25.94	17.31	8.26	20.00
19-Jul-23	141.59	185.17	158.99	101.62	25.92	17.27	8.26	19.98
20-Jul-23	141.70	182.96	158.99	101.63	25.87	17.26	8.25	19.97
<b>July 14-20</b>	<b>141.52</b>	<b>184.73</b>	<b>158.76</b>	<b>101.96</b>	<b>25.92</b>	<b>17.27</b>	<b>8.26</b>	<b>20.01</b>
21-Jul-23	141.77	182.51	158.63	101.57	25.67	17.29	8.26	19.96
24-Jul-23	141.84	182.43	157.96	100.30	25.66	17.28	8.26	19.95
25-Jul-23	142.00	182.20	157.39	100.60	25.67	17.22	8.25	19.93
26-Jul-23	142.12	182.38	156.87	100.58	25.66	17.20	8.26	19.93
27-Jul-23	142.20	183.64	157.39	101.33	25.49	17.26	8.27	19.96
<b>July 21-27</b>	<b>141.99</b>	<b>182.63</b>	<b>157.65</b>	<b>100.88</b>	<b>25.63</b>	<b>17.25</b>	<b>8.26</b>	<b>19.95</b>

\*Units of currency per Kenya Shilling

Source: Central Bank of Kenya

**Table 2: Official Foreign Exchange Reserves (USD Million)**

	29-Jun-23	06-Jul-23	13-Jul-23	20-Jul-23	27-Jul-23
1. CBK Usable Foreign Exchange Reserves (USD Million)	7,476	7,462	7,481	7,885	7,377
2. CBK Usable Foreign Exchange Reserves (Months of Import Cover)*	4.12	4.08	4.09	4.31	4.03

\*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 (%)
14-Jul-23	41	28,700.00	8.60
17-Jul-23	50	31,170.00	8.78
18-Jul-23	48	27,880.00	8.96
19-Jul-23	44	19,150.00	9.24
20-Jul-23	58	15,060.00	9.76
<b>Jul 14-Jul 20</b>	<b>48</b>	<b>24,392.00</b>	<b>9.07</b>
21-Jul-23	67	15,595.00	10.40
24-Jul-23	50	12,955.00	11.25
25-Jul-23	65	12,875.00	12.40
26-Jul-23	46	8,375.00	13.52
27-Jul-23	44	10,225.00	14.84
<b>Jul 21-Jul 27</b>	<b>54</b>	<b>12,005.00</b>	<b>12.48</b>

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	31-May-23	29-Jun-23	20-Jul-23	27-Jul-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	20,452.21	5,779.97	28,463.51	7,073.73
Amount Accepted (KSh M)	2,120.42	2,765.00	17,535.04	2,705.12	25,645.87	6,818.70
Maturities (KSh M)	2,539.95	2,158.40	13,568.35	2,814.15	31,286.25	6,781.90
<b>Average Interest Rate (%)</b>	<b>9.369</b>	<b>9.907</b>	<b>11.103</b>	<b>11.904</b>	<b>12.233</b>	<b>12.352</b>
182-Day Treasury Bills						
Date of Auction	29-Dec-22	30-Mar-23	31-May-23	29-Jun-23	20-Jul-23	27-Jul-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	549.74	2,195.96	8,638.16	1,362.70
Amount Accepted (KSh M)	434.69	3,457.80	549.74	1,300.96	8,637.69	1,362.19
Maturities (KSh M)	1,660.95	3,176.30	4,079.55	442.15	13,715.75	10,738.80
<b>Average Interest Rate (%)</b>	<b>9.834</b>	<b>10.399</b>	<b>11.112</b>	<b>11.947</b>	<b>12.322</b>	<b>12.392</b>
364-Day Treasury Bills						
Date of Auction	29-Dec-22	30-Mar-23	31-May-23	29-Jun-23	20-Jul-23	27-Jul-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	2,562.94	1,514.41	2,377.35	707.97
Amount Accepted (KSh M)	1,691.33	1,810.42	2,562.05	1,514.41	2,374.04	703.94
Maturities (KSh M)	5,396.40	2,660.05	5,507.00	2,417.65	3,088.40	2,600.70
<b>Average Interest Rate (%)</b>	<b>10.308</b>	<b>10.800</b>	<b>11.497</b>	<b>12.157</b>	<b>12.708</b>	<b>12.728</b>

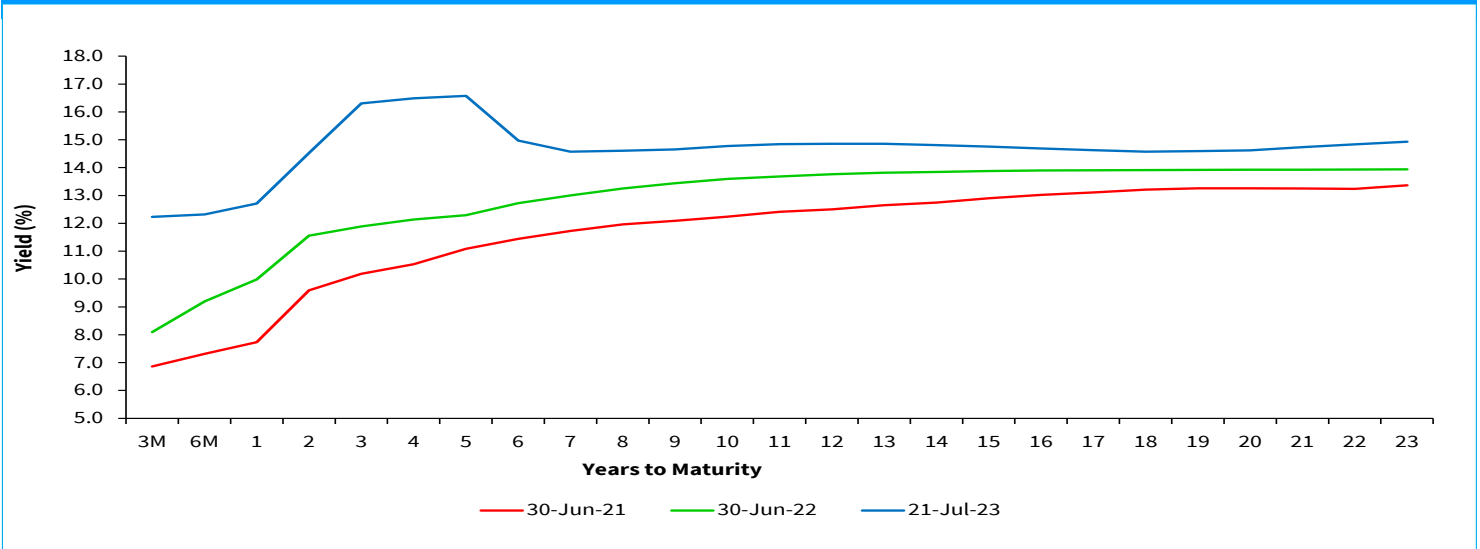
Source: Central Bank of Kenya

**Table 5: Performance of Treasury Bond Auctions**

Date of Auction	26-May-23	23-Jun-23	12-Jul-23		21-Jul-23	
	TAP	TAP	RE-OPENED		TAP	
Tenor	FXD1/2023/03	FXD1/2023/03	FXD1/2016/10	FXD1/2023/05	FXD1/2016/10	FXD1/2023/05
Amount offered (KSh M)	20,000.00	15,000.00	40,000.00		20,000.00	
Bids received (KSh M)	27,206.35	18,560.05	22,663.75	29,099.83	32,216.95	12,212.15
Amount Accepted (KSh M)	27,201.72	18,552.07	15,740.47	22,832.72	31,230.14	12,210.68
Maturities (KSh M)						
Average interest Rate (%)	14.23	14.23	16.33	16.84	16.33	16.84

Source: Central Bank of Kenya

**Chart 1: Government Securities Yield Curve**



Source: Nairobi Securities Exchange (NSE)

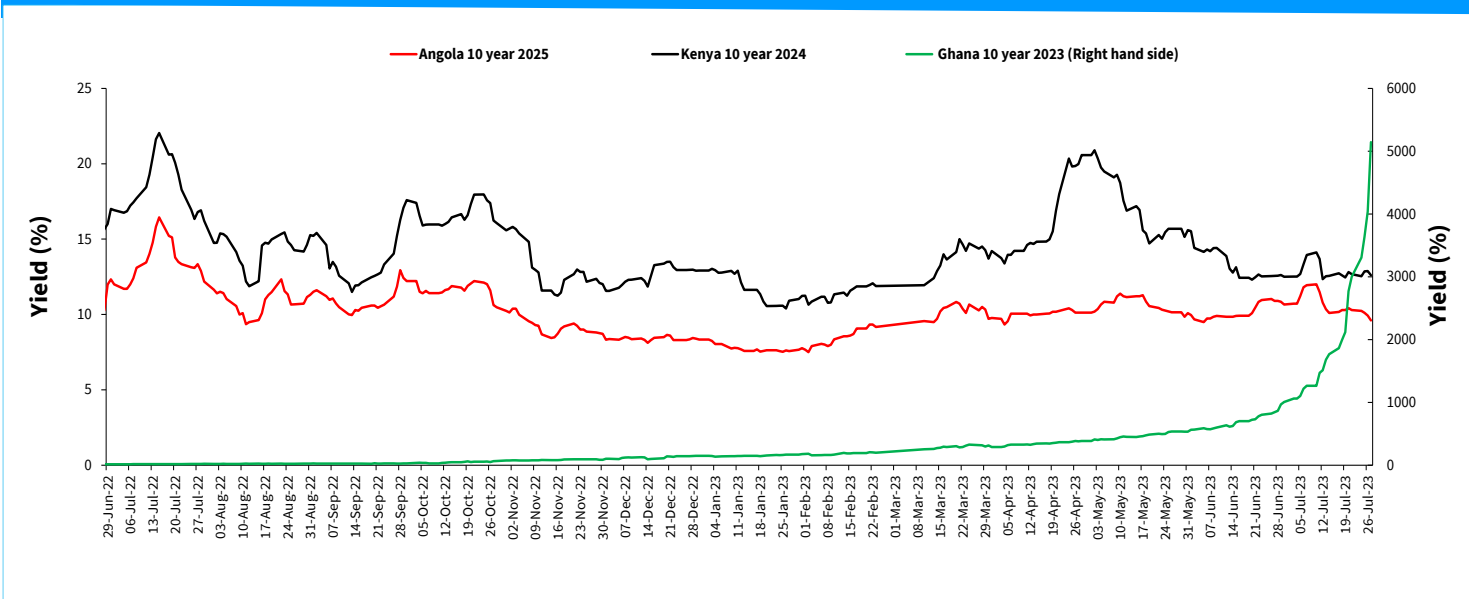
**Table 6: Performance of Key Market Indicators**

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
14-Jul-23	113.93	2902.91	1624.71	1,290	11.85	122.11	1774.515	3,081.85	11.934	12.558	11.49	11.361	10.751	11.365
17-Jul-23	115.02	2940.61	1646.04	996	4.03	80.07	1791.623	1,853.90	11.996	12.727	11.532	11.39	10.828	11.405
18-Jul-23	112.96	2914.42	1641.08	1,153	11.19	270.65	1759.379	1,718.39	12.001	12.591	11.495	11.419	10.829	11.424
19-Jul-23	111.64	2892.38	1627.6	851	3.11	58.81	1738.654	3,754.06	11.889	12.454	11.418	11.364	10.805	11.385
20-Jul-23	110.90	2872.64	1619.25	987	11.14	291.61	1727.142	3,277.10	12.019	12.811	11.425	11.339	10.807	11.308
<b>July 17-20</b>	<b>110.90</b>	<b>2872.64</b>	<b>1619.25</b>	<b>5,277.00</b>	<b>41.33</b>	<b>823.25</b>	<b>1,727.14</b>	<b>13,685.30</b>	<b>12.019</b>	<b>12.811</b>	<b>11.425</b>	<b>11.339</b>	<b>10.807</b>	<b>11.308</b>
21-Jul-23	110.65	2864.72	1613.08	924	9.38	100.36	1723.272	4,065.50	11.965	12.674	11.388	11.312	10.757	11.308
24-Jul-23	110.27	2856.04	1603.39	967	5.74	107.14	1717.28	1,651.55	11.91	12.535	11.312	11.229	10.732	11.231
25-Jul-23	107.52	2822.84	1597.89	1267	11.64	226.89	1674.402	4,972.80	11.74	12.863	11.236	11.093	10.607	11.155
26-Jul-23	105.16	2769.62	1590.07	1196	10.35	331.19	1637.478	5,181.35	11.569	12.881	11.121	11.012	10.557	11.079
27-Jul-23	107.34	2773.960	1582.03	985	9.95	156.10	1671.582	2,971.15	11.404	12.602	10.931	10.906	10.459	11.005
<b>July 17-20</b>	<b>107.34</b>	<b>2773.96</b>	<b>1582.03</b>	<b>5,339.00</b>	<b>47.06</b>	<b>921.67</b>	<b>1,671.58</b>	<b>18,842.35</b>	<b>11.404</b>	<b>12.602</b>	<b>10.931</b>	<b>10.906</b>	<b>10.459</b>	<b>11.005</b>
<b>Weekly Changes (%)</b>	<b>-3.21</b>	<b>-3.44</b>	<b>-2.30</b>	<b>1.17</b>	<b>13.86</b>	<b>11.96</b>	<b>-3.22</b>	<b>37.68</b>	<b>-0.615*</b>	<b>-0.209*</b>	<b>-0.494*</b>	<b>-0.433*</b>	<b>-0.348*</b>	<b>-0.303*</b>

\* 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-Sep-22	31-Dec-22	31-Mar-23	31-May-23	30-Jun-23	14-Jul-23	21-Jul-23
1. Treasury Bills (Excluding Repos)	672.28	671.51	665.86	623.76	614.73	607.45	607.61
<i>(As % of total securities)</i>	<b>15.61</b>	<b>15.32</b>	<b>15.01</b>	<b>14.03</b>	<b>13.28</b>	<b>13.14</b>	<b>13.04</b>
2. Treasury Bonds	3,634.86	3,710.62	3,771.03	3,821.34	4,013.89	4,013.89	4,052.88
<i>(As % of total securities)</i>	<b>84.39</b>	<b>84.68</b>	<b>84.99</b>	<b>85.97</b>	<b>86.72</b>	<b>86.86</b>	<b>86.96</b>
3. Total Securities (1+2)	4,307.14	4,382.13	4,436.89	4,445.10	4,628.62	4,621.35	4,660.49
4. Overdraft at Central Bank	27.25	58.50	77.98	78.97	76.46	76.76	66.46
5. Other Domestic debt*	30.90	32.76	24.73	25.58	25.61	31.49	31.49
<b>6. Gross Domestic Debt (3+4+5)</b>	<b>4,365.29</b>	<b>4,473.39</b>	<b>4,539.59</b>	<b>4,549.65</b>	<b>4,730.69</b>	<b>4,729.60</b>	<b>4,758.43</b>

\* 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	31-May-23	30-Jun-23	14-Jul-23	21-Jul-23
Treasury bills (Excluding Repos)	14.54	15.40	15.01	14.67	13.71	12.99	12.84	12.77
Treasury bonds	83.20	83.27	82.95	83.07	83.99	84.85	84.87	85.17
Overdraft at Central Bank	1.54	0.62	1.31	1.72	1.74	1.62	1.62	1.40
Other domestic debt	0.72	0.71	0.73	0.54	0.56	0.54	0.67	0.66
<b>TOTAL</b>	<b>100.00</b>	<b>100.00</b>	<b>100.00</b>	<b>100.00</b>	<b>100.00</b>	<b>100.00</b>	<b>100.00</b>	<b>100.00</b>

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	7-Jul-23	14-Jul-23	21-Jul-23
Banking Institutions	48.74	47.60	46.84	46.13	46.23	46.23	46.24	45.88
Insurance Companies	7.14	7.32	7.37	7.39	7.30	7.32	7.33	7.35
Parastatals	5.84	6.09	6.06	6.04	5.97	5.98	5.96	5.96
Pension Funds	32.39	32.75	33.31	33.42	33.37	33.34	33.36	33.71
Other Investors	5.89	6.24	6.43	7.01	7.13	7.12	7.10	7.09
<b>Total</b>	<b>100.00</b>	<b>100.00</b>	<b>100.00</b>	<b>100.00</b>	<b>100.00</b>	<b>100.00</b>	<b>100.00</b>	<b>100.00</b>

Source: Central Bank of Kenya

**Table 10: Government Debt**

	Mar-22	Jun-22	Sep-22	Dec-22	Feb-23	Mar-23	Apr-23	May-23
Domestic debt (KSh Bn)	4,191.77	4,288.33	4,366.30	4,472.84	4,551.56	4,539.59	4,541.64	4,549.65
Public & Publicly Guaranteed External debt (USD Bn)	36.82	36.58	36.00	37.88	37.13	36.66	37.47	37.09
Public & Publicly Guaranteed External debt (KSh Bn)	4,209.56	4,290.73	4,334.80	4,673.14	4,709.72	4,851.09	5,092.50	5,137.16
Public debt (KSh Bn)	<b>8,401.33</b>	<b>8,579.06</b>	<b>8,701.10</b>	<b>9,145.98</b>	<b>9,261.28</b>	<b>9,390.69</b>	<b>9,634.14</b>	<b>9,686.81</b>

\* Provisional

Source: The National Treasury and Central Bank of Kenya