



Central Bank of Kenya

Weekly Bulletin

June 23, 2023



RECENT MONETARY AND FINANCIAL DEVELOPMENTS

Exchange Rates

The Kenya Shilling remained relatively stable against major international and regional currencies during the week ending June 22. It exchanged at KSh 140.31 per US dollar on June 22, compared to KSh 139.71 per US dollar on June 15 (**Table 1**).

Foreign Exchange Reserves

The usable foreign exchange reserves remained adequate at USD 7,375 million (4.06 months of import cover) as at June 22. 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 June 22, supported by government payments. Commercial banks' excess reserves stood at KSh 92.0 billion in relation to the 4.25 percent cash reserves requirement (CRR). Open market operations remained active. The average interbank rate was at 9.85 percent on June 22 compared to 9.42 percent on June 15. During the week, the average number of interbank deals declined to 22 from 34 in the previous week, while the average value traded declined to KSh 9.4 billion from KSh 18.3 billion in the previous week (**Table 3**).

Government Securities Market

The Treasury bills auction of June 22, received bids totaling KSh 15.3 billion against an advertised amount of KSh 24.0 billion, representing a performance of 63.9 percent. Interest rates remained stable, with 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 increased by 6.5 percent, 2.5 percent and 0.5 percent, respectively, during the week ending June 22. Market capitalisation and total shares traded increased by 6.5 percent and 17.1 percent, respectively, while equity turnover declined by 23.5 percent (**Table 6**).

Bond Market

Bond turnover in the domestic secondary market increased by 353.6 percent during the week ending June 22 (**Table 6**). In the international market, yields on Kenya's Eurobonds declined by an average of 5.9 basis points, with the 2024 maturity declining by 47.2 basis points. The yields on the 10-Year Eurobonds for Angola and Ghana increased (**Chart 2**).

Global Trends

Inflation concerns in advanced economies remain. Inflation in the UK was unchanged at 8.7 percent in May. While the Fed retained the policy rate, the Bank of England raised its rate by 50 basis points to 5.0 percent in June 2023. The US dollar index strengthened by 0.3 percent against a basket of major currencies during the week ending June 22.

International oil prices increased during the week ending June 22, due to increased Chinese demand and OPEC+ supply cuts. Murban oil price increased to USD 77.80 per barrel on June 22 from USD 74.50 per barrel on June 15.

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

	USD	Sterling Pound	Euro	100 Japanese Yen	Uganda Shilling*	Tanzania Shilling*	Rwandese Franc*	Burundi Franc*
9-Jun-23	139.22	173.85	149.63	99.92	26.72	17.02	8.14	20.28
12-Jun-23	139.35	175.11	150.05	100.08	26.69	17.04	8.14	20.26
13-Jun-23	139.48	174.82	150.08	100.05	26.71	17.10	8.14	20.25
14-Jun-23	139.63	175.79	150.78	100.27	26.66	17.08	8.15	20.23
15-Jun-23	139.71	176.91	151.21	99.99	26.55	17.14	8.17	20.22
June 9-15	139.48	175.30	150.35	100.06	26.67	17.08	8.15	20.25
16-Jun-23	139.87	177.18	151.89	99.39	26.38	17.09	8.16	20.19
19-Jun-23	140.04	179.40	153.31	99.12	26.31	17.06	8.15	20.17
20-Jun-23	140.12	179.48	153.08	98.78	26.41	16.99	8.19	20.16
21-Jun-23	140.20	178.74	153.06	98.86	26.43	17.03	8.20	20.15
22-Jun-23	140.31	178.41	153.34	98.96	26.41	17.07	8.21	20.14
June 16-22	140.11	178.64	152.94	99.02	26.39	17.05	8.18	20.16

*Units of currency per Kenya Shilling

Source: Central Bank of Kenya

Table 2: Official Foreign Exchange Reserves (USD Million)

	25-May-23	31-May-23	8-Jun-23	15-Jun-23	22-Jun-23
1. CBK Usable Foreign Exchange Reserves (USD Million)	6,479	6,512	7,532	7,459	7,375
2. CBK Usable Foreign Exchange Reserves (Months of Import Cover)*	3.60	3.62	4.15	4.11	4.06

*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 (%)
9-Jun-23	25	14,250.00	9.20
12-Jun-23	22	14,000.00	9.22
13-Jun-23	43	21,695.00	9.25
14-Jun-23	32	12,395.00	9.29
15-Jun-23	50	29,050.00	9.42
Jun 9-15	34	18,278.00	9.28
16-Jun-23	22	8,720.00	9.57
19-Jun-23	20	11,310.00	9.64
20-Jun-23	15	5,320.00	9.71
21-Jun-23	23	7,760.00	9.80
22-Jun-23	32	13,820.00	9.85
Jun 16-22	22	9,386.00	9.72

Source: Central Bank of Kenya

Table 4: Performance of Treasury Bill Auctions

91-Day Treasury Bills						
Date of Auction	23-Feb-23	30-Mar-23	27-Apr-23	31-May-23	15-Jun-23	22-Jun-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)	11,362.17	2,904.04	6,687.26	20,452.21	18,194.35	11,013.68
Amount Accepted (KSh M)	10,788.16	2,765.00	6,635.51	17,535.04	7,110.79	10,970.08
Maturities (KSh M)	11,427.55	2,158.40	16,506.35	13,568.35	8,502.15	8,098.30
Average Interest Rate (%)	9.655	9.907	10.275	11.103	11.640	11.785
182-Day Treasury Bills						
Date of Auction	23-Feb-23	30-Mar-23	27-Apr-23	31-May-23	15-Jun-23	22-Jun-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)	4,404.63	3,547.05	872.19	549.74	2,663.88	1,989.27
Amount Accepted (KSh M)	4,402.73	3,457.80	870.76	549.74	1,721.22	1,987.77
Maturities (KSh M)	2,275.05	3,176.30	2,142.40	4,079.55	7,030.70	946.30
Average Interest Rate (%)	10.117	10.399	10.511	11.112	11.649	11.863
364-Day Treasury Bills						
Date of Auction	23-Feb-23	30-Mar-23	27-Apr-23	31-May-23	15-Jun-23	22-Jun-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)	3,668.17	1,810.42	1,444.18	2,562.94	1,745.85	2,335.01
Amount Accepted (KSh M)	3,656.13	1,810.42	1,439.24	2,562.05	1,745.85	2,334.61
Maturities (KSh M)	7,306.55	2,660.05	10,155.10	5,507.00	7,244.90	7,329.00
Average Interest Rate (%)	10.676	10.800	11.124	11.497	11.734	11.934

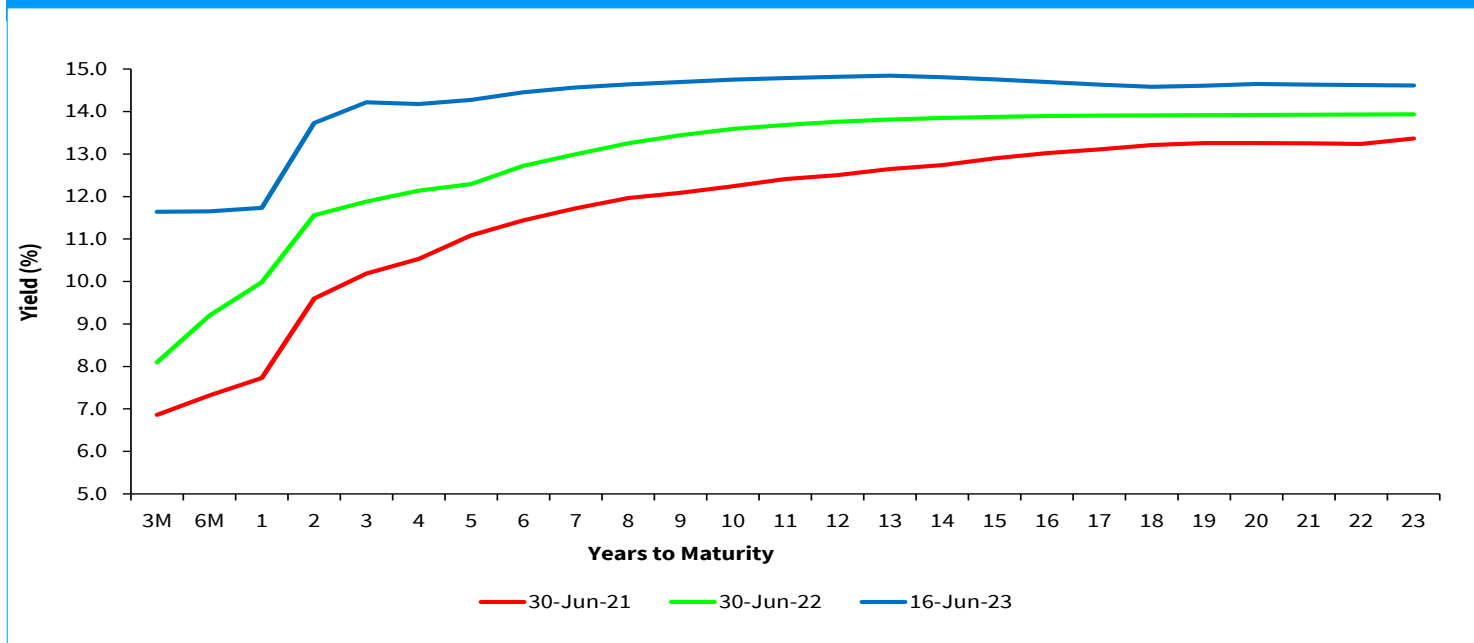
Source: Central Bank of Kenya

Table 5: Performance of Treasury Bond Auctions

Date of Auction	19-Apr-23	10-May-23	19-May-23	26-May-23	14-Jun-23
	RE-OPEN		TAP	TAP	
Tenor	FXD1/2022/03	FXD1/2023/03	FXD1/2023/03	FXD1/2023/03	IFB1/2023/007
Amount offered (KSh M)	30,000.00	20,000.00	10,000.00	20,000.00	60,000.00
Bids received (KSh M)	7,328.96	20,744.34	10,603.25	27,206.35	220,518.51
Amount Accepted (KSh M)	1,757.09	20,293.99	10,602.30	27,201.72	213,399.35
Maturities (KSh M)		8,245.00			39,248.20
Average interest Rate (%)	13.47	14.23	14.23	14.23	15.84

Source: Central Bank of Kenya

Chart 1: Government Securities Yield Curve



Source: Nairobi Securities Exchange (NSE)

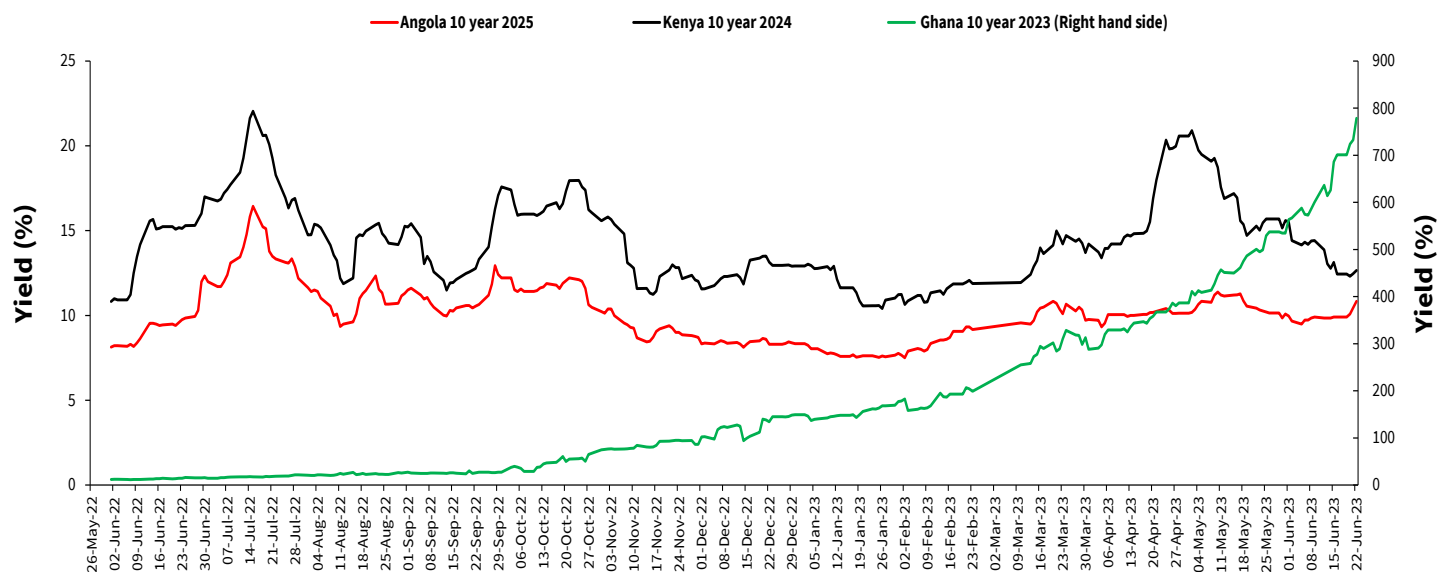
Table 6: Performance of Key Market Indicators

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
9-Jun-23	108.84	2738.85	1594.02	1,079.00	4.94	81.34	1,648.08	430.69	12.242	14.419	11.531	11.501	10.693	11.187
12-Jun-23	103.82	2711.58	1588.2	1,967.00	8.14	165.21	1,616.53	634.90	12.132	13.871	11.455	11.418	10.619	11.168
13-Jun-23	101.68	2673.4	1580.97	1,322.00	12.30	230.03	1,583.21	1,200.05	11.739	13.043	11.187	11.254	10.446	11.018
14-Jun-23	101.34	2665.59	1580.92	1,180.00	10.63	276.85	1,577.76	620.35	11.35	12.78	10.998	11.091	10.3	10.944
15-Jun-23	100.36	2638.93	1564.94	1,207.00	16.91	626.37	1,562.49	551.47	11.309	13.129	10.968	11.094	10.279	10.963
June 9-15	100.36	2638.93	1564.94	6,755.00	52.93	1,379.80	1,562.49	3,437.46	11.309	13.129	10.968	11.094	10.279	10.963
16-Jun-23	100.35	2634.7	1564.72	1,149.00	23.61	351.19	1562.346	1,048.90	11.145	12.437	10.894	11.04	10.183	10.927
19-Jun-23	103.39	2672.21	1562.27	825.00	5.91	53.74	1609.823	1,274.29	11.145	12.437	10.894	11.04	10.183	10.927
20-Jun-23	103.73	2666.57	1558.54	1,015.00	9.18	101.26	1615.242	1,798.10	11.148	12.312	10.858	10.96	10.208	10.908
21-Jun-23	105.29	2690.8	1567.39	984.00	8.37	169.97	1639.531	7,351.90	11.264	12.469	10.974	11.015	10.257	10.964
22-Jun-23	106.9	2705.6	1573.32	1,157.00	14.90	379.82	1664.674	4,117.40	11.33	12.657	11.056	11.044	10.283	11.019
June 16-22	106.90	2705.60	1573.32	5,130.00	61.97	1,055.98	1,664.67	15,590.59	11.330	12.657	11.056	11.044	10.283	11.019
Weekly Changes (%)	6.52	2.53	0.54	-24.06	17.08	-23.47	6.54	353.55	0.021*	-0.472*	0.088*	-0.050*	-0.004*	0.056*

* Percentage points

Source: Nairobi Securities Exchange (NSE) and Thomson Reuters

Chart 2: Yields on 10-Year Eurobonds for Selected Countries



Source: Thomson Reuters

*Published yields data on Ghana 10 year 2023 Euro bond, were last updated on 5th April 2023.

Table 7: Government Domestic Debt (KSh Billion)

	24-Jun-22	30-Sep-22	30-Dec-22	31-Mar-23	28-Apr-23	26-May-23	9-Jun-23	16-Jun-23
1. Treasury Bills (Excluding Repos)	620.28	672.28	671.51	665.86	665.88	627.57	622.05	627.12
<i>(As % of total securities)</i>	14.88	15.61	15.32	15.01	14.97	14.16	14.00	14.10
2. Treasury Bonds	3,549.53	3,634.86	3,710.62	3,771.03	3,781.43	3,804.12	3,821.20	3,821.34
<i>(As % of total securities)</i>	85.12	84.39	84.68	84.99	85.03	85.84	86.00	85.90
3. Total Securities (1+2)	4,169.81	4,307.14	4,382.13	4,436.89	4,447.31	4,431.69	4,443.26	4,448.46
4. Overdraft at Central Bank	65.86	27.25	58.50	77.98	69.60	74.15	78.97	75.06
5. Other Domestic debt*	30.55	30.90	32.76	24.73	24.73	25.41	25.40	25.61
6. Gross Domestic Debt (3+4+5)	4,266.23	4,365.29	4,473.39	4,539.59	4,541.64	4,531.24	4,547.63	4,549.13

* 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	28-Apr-23	26-May-23	9-Jun-23	16-Jun-23
Treasury bills (Excluding Repos)	14.54	15.40	15.01	14.67	14.66	13.85	13.68	13.79
Treasury bonds	83.20	83.27	82.95	83.07	83.26	83.95	84.03	84.00
Overdraft at Central Bank	1.54	0.62	1.31	1.72	1.53	1.64	1.74	1.65
Other domestic debt	0.72	0.71	0.73	0.54	0.54	0.56	0.56	0.56
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	28-Apr-23	26-May-23	9-Jun-23	16-Jun-23
Banking Institutions	48.74	47.60	46.84	46.13	45.65	45.39	45.39	45.25
Insurance Companies	7.14	7.32	7.37	7.39	7.50	7.61	7.57	7.56
Parastatals	5.84	6.09	6.06	6.04	6.14	6.19	6.18	6.16
Pension Funds	32.39	32.75	33.31	33.42	33.64	33.82	34.21	34.16
Other Investors	5.89	6.24	6.43	7.01	7.08	6.99	6.66	6.87
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	Jan-23	Feb-23	Mar-23
Domestic debt (KSh Bn)	4,032.37	4,191.77	4,288.33	4,366.30	4,472.84	4,501.71	4,551.56	4,539.59
Public & Publicly Guaranteed External debt (USD Bn)	36.90	36.82	36.58	36.00	37.88	37.63	37.13	36.66
Public & Publicly Guaranteed External debt (KSh Bn)	4,174.37	4,209.56	4,290.73	4,334.80	4,673.14	4,681.12	4,709.72	4,851.09
Public debt (KSh Bn)	8,206.74	8,401.33	8,579.06	8,701.10	9,145.98	9,182.83	9,261.28	9,390.69

* Provisional

Source: The National Treasury and Central Bank of Kenya