



Central Bank of Kenya

# Weekly Bulletin

December 29, 2023



## RECENT MONETARY AND FINANCIAL DEVELOPMENTS

### Inflation

Overall inflation declined further in December 2023, mainly supported by easing prices of selected food and fuel items. It declined to 6.6 percent from 6.8 percent in November. Food inflation remained sticky at 7.7 percent compared to 7.6 percent in November, on account of increase in prices of some vegetable items. Fuel inflation, however, declined to 13.7 percent from 15.5 percent in November, driven by a downward adjustment in pump prices by the Energy and Petroleum Regulatory Authority (EPRA). Non-food-non-fuel (NFNF) inflation remained stable at 3.4 percent in December, compared to 3.3 percent in November reflecting muted demand pressures and continued impact of monetary policy decisions **(Chart 1)**.

### GDP Growth

The economy recorded strong growth in the third quarter of 2023, largely supported by the continued rebound of the agriculture sector and strong performance of services sectors. It grew by 5.9 percent compared to 4.3 percent in a similar quarter of 2022. The agriculture sector continued to recover strongly supported by favourable weather conditions experienced in most parts of the country. It grew by 6.7 percent compared to a contraction of 1.3 percent in a similar quarter of 2022. The services sector maintained the strong growth momentum and grew by 7.1 percent compared to 5.9 percent in a similar quarter of 2022. Growth was mainly supported by strong performance of financial and insurance, real estate, wholesale and trade, information and communication, and accommodation and food services sectors. Industrial activity remained positive and increased by 2.8 percent compared to 2.6 percent in a similar quarter of 2022. Growth was supported by increased activity in manufacturing and construction sectors **(Table 1)**.

### Exchange Rates

The Kenya Shilling remained relatively stable against major international and regional currencies during the week ending December 28. It exchanged at KSh 156.09 per US dollar on December 28, compared to KSh 154.69 per US dollar on December 21 **(Table 2)**.

### Foreign Exchange Reserves

The usable foreign exchange reserves remained adequate at USD 6,612 million (3.5 months of import cover) as at December 28. This meets the CBK's statutory requirement to endeavor to maintain at least 4 months of import cover **(Table 3)**.

### Money Market

Liquidity in the money market declined during the week ending December 28. Commercial banks' excess reserves stood at KSh 10.1 billion in relation to the 4.25 percent cash reserves requirement (CRR). Open market operations remained active. The average interbank rate was 13.78 percent on December 28 compared to 12.31 percent on December 21. During the week, the average number of interbank deals declined marginally to 46 from 47 in the previous week, while the average value traded decreased to KSh 26.1 billion from KSh 33.3 billion in the previous week **(Table 4)**.

### Government Securities Market

The Treasury bill auction of December 28 received bids totaling KSh 10.5 billion against an advertised amount of KSh 24.0 billion, representing a performance of 43.8 percent. Interest rates remained stable, with the 182-day rates declining, while the 91-day and 364-day rates increased marginally **(Table 5)**.

### Equity Market

At the Nairobi Securities Exchange, the NASI, NSE 25 and NSE 20 share price indices increased by 1.4 percent, 1.4 percent and 1.9 percent, respectively, during the week ending December 28. Equity turnover and total shares traded decreased by 32.2 percent and 33.3 percent, respectively, while market capitalization increased by 1.4 percent **(Table 7)**.

### Bond Market

Bonds turnover in the domestic secondary market decreased by 79.0 percent during the week ending December 28 **(Table 7)**. In the international market, yields on Kenya's Eurobonds declined by an average of 1.08

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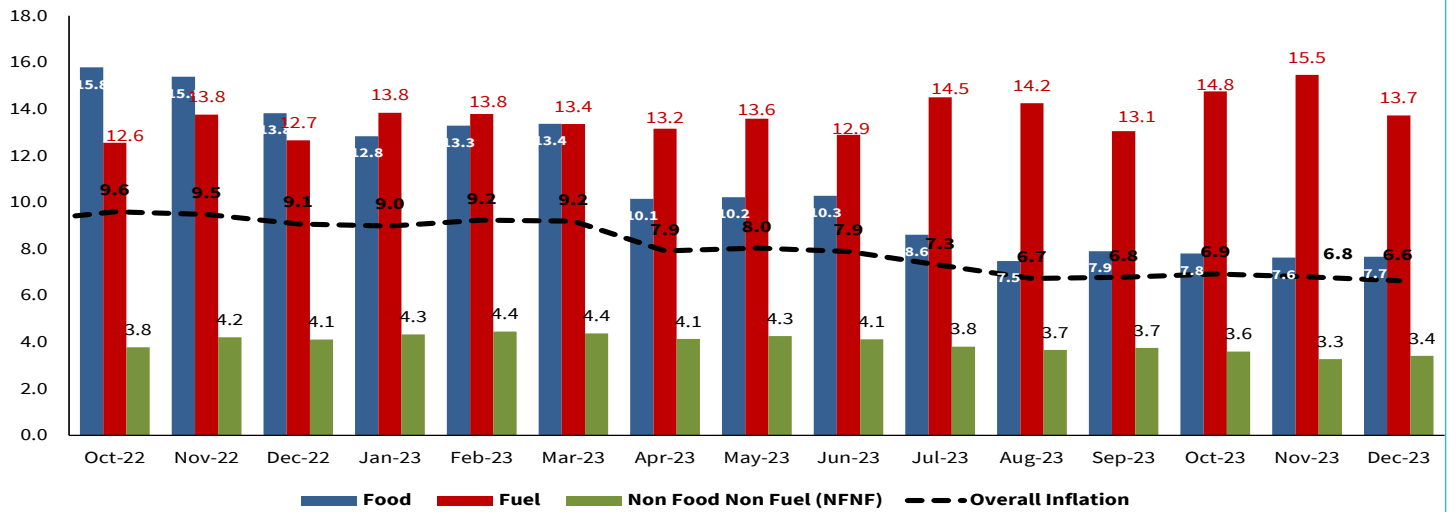
basis points, with yields on the 2024 maturity bond increasing by 17.0 basis points. The yield on the 10-year Eurobond for Angola and for Zambia declined **(Chart 3)**.

### Global Trends

Concerns about inflation in advanced economies continued to ease during the week ending December 28. Trading in the main global financial markets was muted on account of the holidays. The US dollar index weakened by 0.60 percent against a basket of major currencies during the week ending December 28.

International oil prices declined during the week ending December 28, as the Red Sea shipping disruptions eased. Murban oil prices declined to USD 79.55 per barrel on December 28 compared to USD 80.05 per barrel on December 22.

**Chart 1: Inflation (Percent)**



Source: Central Bank of Kenya and Kenya National Bureau of Statistics

**Table 1: Real GDP Growth by Sector (Percent)**

	2023				
	Q3	Q4	Q1	Q2	Q3
<b>Agriculture</b>	-1.3	-0.9	6.1	8.2	6.7
<b>2. Non-Agriculture (o/w)</b>	<b>5.3</b>	<b>4.6</b>	<b>5.3</b>	<b>4.8</b>	<b>5.7</b>
<b>2.1 Industry</b>	<b>2.6</b>	<b>2.4</b>	<b>2.5</b>	<b>2.0</b>	<b>2.8</b>
Mining & Quarrying	-4.5	1.6	3.3	5.2	1.1
Manufacturing	1.8	1.8	2.0	1.4	2.6
Electricity & water supply	6.0	4.9	2.5	0.8	1.9
Construction	3.5	2.4	3.1	2.6	3.8
<b>2.2 Services</b>	<b>5.9</b>	<b>5.2</b>	<b>6.2</b>	<b>5.9</b>	<b>7.1</b>
Wholesale & Retail Trade	3.6	2.7	5.7	4.2	4.8
Accommodation & Food Services	16.9	14.9	21.5	12.2	26.0
Transport & Storage	5.1	2.7	6.2	3.0	2.8
Information & Communication	11.8	8.0	9.0	6.4	7.3
Financial & Insurance	9.6	9.4	5.8	13.5	14.7
Public administration	3.4	4.7	6.6	3.8	4.2
Professional, Administration & Support Services	9.0	5.3	7.3	5.5	9.5
Real estate	4.0	2.9	5.2	5.8	6.2
Education	3.9	6.1	3.0	4.0	4.7
Health	3.7	4.3	5.4	5.0	5.1
Other services	5.7	4.0	3.2	1.6	7.4
FISIM	2.3	1.6	0.6	6.1	3.8
<b>2.3 Taxes on products</b>	<b>7.3</b>	<b>5.3</b>	<b>5.3</b>	<b>4.0</b>	<b>2.8</b>
<b>Real GDP Growth</b>	<b>4.3</b>	<b>3.7</b>	<b>5.5</b>	<b>5.5</b>	<b>5.9</b>

Source: Kenya National Bureau of Statistics

Table 2: Kenya Shilling Exchange Rates (Indicative Mean Rates)								
	USD	Sterling Pound	Euro	100 Japanese Yen	Uganda Shilling*	Tanzania Shilling*	Rwandese Franc*	Burundi Franc*
15-Dec-23	153.74	195.00	167.77	108.41	24.55	16.33	8.14	18.52
18-Dec-23	153.78	195.82	168.16	108.22	24.52	16.29	8.14	18.52
19-Dec-23	154.16	195.14	168.21	107.97	24.45	16.25	8.12	18.46
20-Dec-23	154.39	196.41	169.05	107.01	24.39	16.29	8.12	18.43
21-Dec-23	154.69	195.83	169.33	107.89	24.31	16.26	8.11	18.41
<b>Dec 15 - 21</b>	<b>154.15</b>	<b>195.64</b>	<b>168.50</b>	<b>107.90</b>	<b>24.44</b>	<b>16.28</b>	<b>8.13</b>	<b>18.47</b>
22-Dec-23	155.09	196.14	170.03	108.97	24.24	16.15	8.10	18.36
25-Dec-23	Public Holiday							
26-Dec-23	Public Holiday							
27-Dec-23	155.47	197.16	170.84	109.06	24.20	16.18	8.09	18.32
28-Dec-23	156.09	198.97	172.65	110.53	24.12	16.11	8.06	18.25
<b>Dec 22-28</b>	<b>155.55</b>	<b>197.42</b>	<b>171.17</b>	<b>109.52</b>	<b>24.19</b>	<b>16.15</b>	<b>8.08</b>	<b>18.31</b>

\*Units of currency per Kenya Shilling

Source: Central Bank of Kenya

Table 3: Official Foreign Exchange Reserves (USD Million)					
	30-Nov-23	7-Dec-23	14-Dec-23	21-Dec-23	28-Dec-23
1. CBK Usable Foreign Exchange Reserves (USD Million)	6,740	6,743	6,711	6,710	6,612
2. CBK Usable Foreign Exchange Reserves (Months of Import Cover)*	3.62	3.61	3.59	3.59	3.54

\*Based on 36 months average of imports of goods and non –factor services

Source: Central Bank of Kenya

Table 4: Money Markets			
Date	Number of Deals	Value (KSh M)	Average Interbank Rate (%)
15-Dec-23	39	22,970.00	11.47
18-Dec-23	54	36,120.00	11.67
19-Dec-23	43	32,070.00	11.86
20-Dec-23	49	40,580.00	12.11
21-Dec-23	48	34,765.00	12.31
<b>Dec 15-21</b>	<b>47</b>	<b>33,301.00</b>	<b>11.88</b>
22-Dec-23	50	24,940.00	11.47
25-Dec-23	Public Holiday		
26-Dec-23	Public Holiday		
27-Dec-23	45	24,370.00	13.55
28-Dec-23	43	28,920.00	13.78
<b>Dec 22-28</b>	<b>46</b>	<b>26,076.67</b>	<b>12.93</b>

Source: Central Bank of Kenya

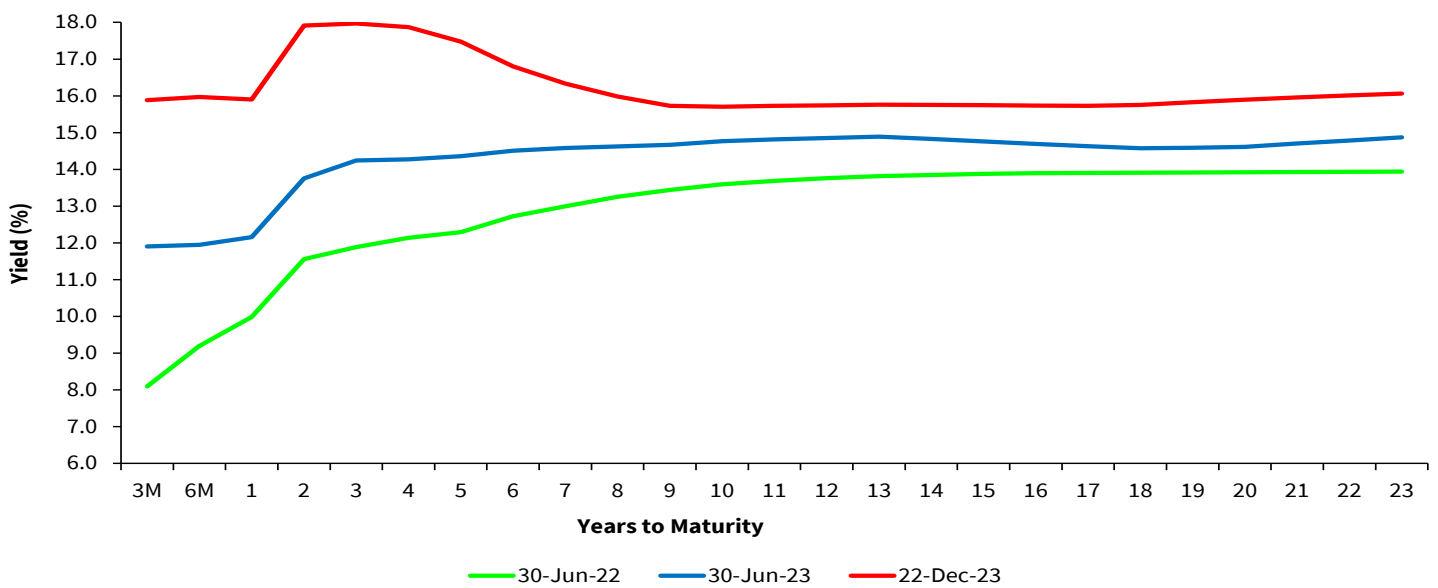
Table 5: Performance of Treasury Bill Auctions						
91-Day Treasury Bills						
Date of Auction	30-Mar-23	29-Jun-23	26-Oct-23	30-Nov-23	21-Dec-23	28-Dec-23
Amount Offered (KSh M)	4,000.00	4,000.00	4,000.00	4,000.00	4,000.00	4,000.00
Bids Received (KSh M)	2,904.04	5,779.97	10,638.80	19,398.85	16,634.14	8,516.51
Amount Accepted (KSh M)	2,765.00	2,705.12	8,142.58	18,291.41	16,516.80	6,986.46
Maturities (KSh M)	2,158.40	2,814.15	5,955.85	22,053.85	15,903.40	3,254.55
Average Interest Rate (%)	9.907	11.904	15.111	15.529	15.883	15.983
182-Day Treasury Bills						
Date of Auction	30-Mar-23	29-Jun-23	26-Oct-23	30-Nov-23	21-Dec-23	28-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)	3,547.05	2,195.96	5,668.39	2,697.97	2,286.09	322.85
Amount Accepted (KSh M)	3,457.80	1,300.96	5,668.39	2,695.22	2,283.77	322.85
Maturities (KSh M)	3,176.30	442.15	906.65	563.30	2,059.10	1,365.20
Average Interest Rate (%)	10.399	11.947	15.129	15.550	15.972	15.967
364-Day Treasury Bills						
Date of Auction	30-Mar-23	29-Jun-23	26-Oct-23	30-Nov-23	21-Dec-23	28-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)	1,810.42	1,514.41	1,843.30	1,966.06	1,919.04	1,661.91
Amount Accepted (KSh M)	1,810.42	1,514.41	1,843.30	1,846.10	1,919.04	1,661.91
Maturities (KSh M)	2,660.05	2,417.65	3,911.45	2,780.45	2,122.85	1,858.45
Average Interest Rate (%)	10.800	12.157	15.387	15.727	15.901	16.100

Source: Central Bank of Kenya

Table 6: 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/ 2023/005	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 2: Government Securities Yield Curve**



Source: Nairobi Securities Exchange (NSE)

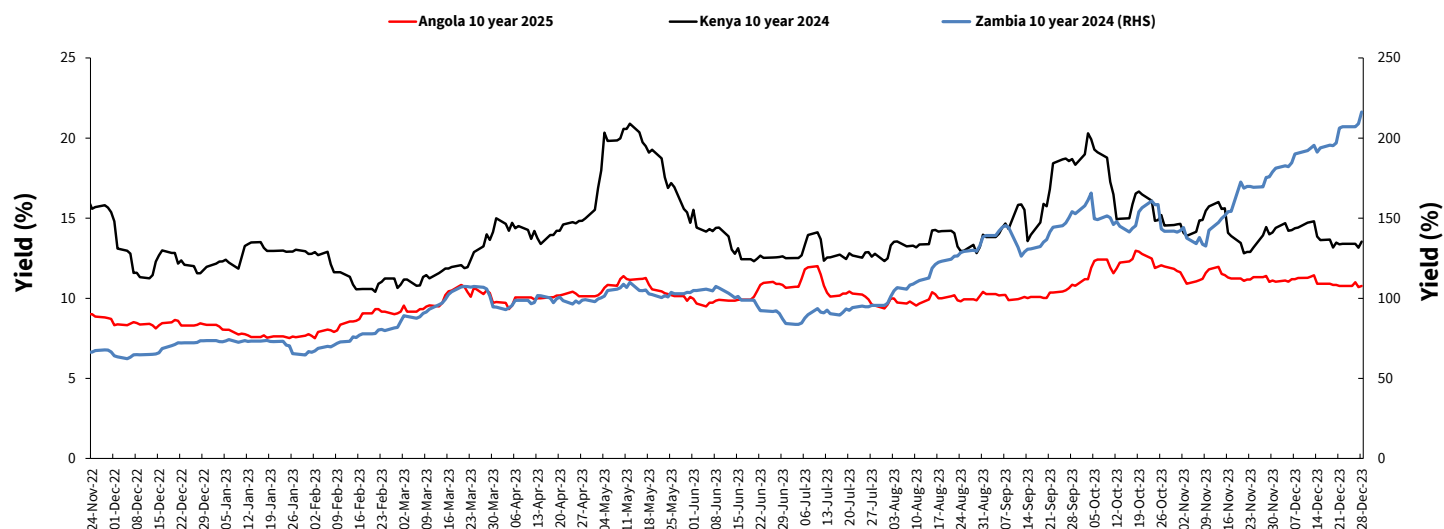
**Table 7: Performance of Key Market Indicators**

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
15-Dec-23	92.00	2375.67	1491.92	818	5.33	41.19	1,437.38	4,047.18	10.438	13.63	10.078	10.096	9.739	10.394
18-Dec-23	91.17	2357.70	1481.17	693	7.78	111.96	1,424.45	1,907.25	10.378	13.668	10.04	10.123	9.716	10.377
19-Dec-23	89.99	2336.64	1475.07	941	14.75	222.31	1,406.00	3,175.00	10.255	13.165	9.963	10.045	9.646	10.327
20-Dec-23	90.37	2348.36	1484.54	801	9.29	158.36	1,411.94	5,314.37	10.195	13.472	9.886	9.993	9.599	10.277
21-Dec-23	90.45	2343.92	1480.27	830	9.11	163.14	1,413.18	3,669.95	10.148	13.37	9.854	9.917	9.58	10.261
<b>Dec 15-21</b>	<b>90.45</b>	<b>2343.92</b>	<b>1480.27</b>	<b>4,083.00</b>	<b>46.26</b>	<b>696.97</b>	<b>1,413.18</b>	<b>18,113.75</b>	<b>10.148</b>	<b>13.37</b>	<b>9.854</b>	<b>9.917</b>	<b>9.58</b>	<b>10.261</b>
22-Dec-23	91.01	2363.67	1489.13	763	5.93	111.91	1,421.91	1,526.30	10.151	13.403	9.855	9.944	9.557	10.244
25-Dec-23	Public Holiday								10.151	13.403	9.855	9.944	9.557	10.244
26-Dec-23	Public Holiday								10.279	13.403	9.895	9.996	9.627	10.278
27-Dec-23	91.23	2368.07	1496.84	667	17.02	245.57	1,425.42	831.20	9.964	13.155	9.778	9.892	9.488	10.179
28-Dec-23	91.68	2377.63	1508.91	690	7.92	115.38	1,432.37	1,441.50	10.037	13.54	9.822	9.894	9.56	10.212
<b>Dec 22-28</b>	<b>91.68</b>	<b>2377.63</b>	<b>1508.91</b>	<b>2,120.00</b>	<b>30.87</b>	<b>472.86</b>	<b>1,432.37</b>	<b>3,799.00</b>	<b>10.037</b>	<b>13.54</b>	<b>9.822</b>	<b>9.894</b>	<b>9.56</b>	<b>10.212</b>
<b>Weekly Changes (%)</b>	<b>1.36</b>	<b>1.44</b>	<b>1.93</b>	<b>-48.08</b>	<b>-33.26</b>	<b>-32.15</b>	<b>1.36</b>	<b>-79.03</b>	<b>-0.111*</b>	<b>0.170*</b>	<b>-0.032*</b>	<b>-0.023*</b>	<b>-0.020*</b>	<b>-0.049*</b>

\* Percentage points

Source: Nairobi Securities Exchange (NSE) and Thomson Reuters

**Chart 3: Yields on 10-Year Eurobonds for Selected Countries**



Source: Thomson Reuters

**Table 8: Government Domestic Debt (KSh Billion)**

	30-Jun-23	31-Jul-23	31-Aug-23	29-Sep-23	31-Oct-23	24-Nov-23	15-Dec-23	22-Dec-23
1. Treasury Bills (Excluding Repos)	614.73	585.13	567.70	558.21	557.23	554.55	551.22	545.47
<i>(As % of total securities)</i>	<b>13.28</b>	<b>12.50</b>	<b>12.06</b>	<b>11.86</b>	<b>11.81</b>	<b>11.60</b>	<b>11.47</b>	<b>11.32</b>
2. Treasury Bonds	4,013.89	4,097.24	4,139.72	4,149.81	4,159.08	4,224.91	4,255.53	4,271.82
<i>(As % of total securities)</i>	<b>86.72</b>	<b>87.50</b>	<b>87.94</b>	<b>88.14</b>	<b>88.19</b>	<b>88.40</b>	<b>88.53</b>	<b>88.68</b>
3. Total Securities (1+2)	4,628.62	4,682.38	4,707.42	4,708.02	4,716.31	4,779.46	4,806.75	4,817.28
4. Overdraft at Central Bank	76.46	61.12	72.05	75.70	73.93	83.70	87.85	94.45
5. Other Domestic debt*	127.04	130.03	132.86	133.75	122.79	122.78	122.78	126.28
<i>of which IMF funds on-lent to Government</i>	<b>95.52</b>	<b>97.70</b>	<b>98.82</b>	<b>99.52</b>	<b>98.28</b>	<b>98.28</b>	<b>98.28</b>	<b>101.87</b>
<b>6. Gross Domestic Debt (3+4+5)</b>	<b>4,832.11</b>	<b>4,873.53</b>	<b>4,912.34</b>	<b>4,917.47</b>	<b>4,913.03</b>	<b>4,985.94</b>	<b>5,017.38</b>	<b>5,038.01</b>

\* Other domestic debt includes clearing items in transit, advances from commercial banks and Pre-1997 Government Overdraft.

Source: Central Bank of Kenya



**Table 9: Composition of Government Domestic Debt by Instrument (Percent)**

	30-Jun-23	31-Jul-23	31-Aug-23	29-Sep-23	31-Oct-23	24-Nov-23	15-Dec-23	22-Dec-23
Treasury bills (Excluding Repos)	12.72	12.01	11.56	11.35	11.34	11.12	10.99	10.83
Treasury bonds	83.07	84.07	84.27	84.39	84.65	84.74	84.82	84.79
Overdraft at Central Bank	1.58	1.25	1.47	1.54	1.50	1.68	1.75	1.87
Other domestic debt	2.63	2.67	2.70	2.72	2.50	2.46	2.45	2.51
of which IMF fund on lent to government	1.98	2.00	2.01	2.02	2.00	1.97	1.96	2.02
<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 Domestic Debt by Holder (Percent)**

	30-Dec-22	31-Mar-23	30-Jun-23	29-Sep-23	31-Oct-23	24-Nov-23	15-Dec-23	22-Dec-23
Banking Institutions	46.84	46.13	46.17	45.18	44.15	46.00	45.86	45.94
Insurance Companies	7.37	7.39	7.31	7.35	7.20	7.21	7.25	7.23
Parastatals	6.06	6.04	5.98	5.95	5.77	5.52	5.51	5.48
Pension Funds	33.31	33.42	33.42	32.23	30.39	30.16	30.07	30.02
Other Investors	6.43	7.01	7.13	9.30	12.48	11.10	11.31	11.32
<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 11: 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	4,912.34	4,917.47
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)	<b>8,470.37</b>	<b>8,579.06</b>	<b>9,145.98</b>	<b>9,686.81</b>	<b>10,278.67</b>	<b>10,416.17</b>	<b>10,526.43</b>	<b>10,585.27</b>

\* Provisional

Source: The National Treasury and Central Bank of Kenya