



Central Bank of Kenya

Weekly Bulletin

September 6, 2024



RECENT MONETARY AND FINANCIAL DEVELOPMENTS

Inflation

Overall inflation increased marginally to 4.4 percent in August 2024 from 4.3 percent in July 2024. Food inflation declined to 5.3 percent from 5.6 percent in July, mainly supported by decreases in prices of key vegetable items. Fuel inflation increased marginally to 4.7 percent compared to 4.5 percent in July 2024, mainly on account of increases in select prices of energy and transport items. Non-food non-fuel (NFNF) inflation edged up slightly in August, mainly reflecting increases in price of cigarettes. It increased to 3.5 percent from 3.3 percent in July (**Chart 1**)

Exchange Rates

The Kenya Shilling remained stable against major international and regional currencies during the week ending September 5. It exchanged at KSh 129.19 per US dollar on September 5, compared to KSh 129.04 per US dollar on August 29 (**Table 1**).

Foreign Exchange Reserves

The usable foreign exchange reserves remained adequate at USD 7,503 million (3.9 months of import cover) as of September 5. This meets the CBK's statutory requirement to endeavour to maintain at least 4 months of import cover (**Table 2**).

Money Market

Liquidity in the money market remained adequate during the week ending September 5, supported by open market operations. Commercial banks' excess reserves stood at KSh 16.4 billion in relation to the 4.25 percent cash reserves requirement (CRR). The average interbank rate was 12.59 percent on September 5 compared to 12.80 percent on August 29. During the week, the average number of interbank deals increased to 47 from 31 in the previous week, while the average value traded increased to KSh 25.5 billion from KSh 15.2 billion in the previous week (**Table 3**).

Government Securities Market

The Treasury bill auction of September 5 received bids totaling KSh 38.9 billion against an advertised amount

of KSh 24.0 billion, representing a performance of 162.3 percent. Interest rate on the 91-day, 182-day, and 364-day Treasury bills declined (**Table 4**).

Equity Market

At the Nairobi Securities Exchange, the NASI, NSE 25 and NSE 20 share price indices increased by 2.3 percent, 2.2 percent and 1.5 percent, respectively, during the week ending September 5. Market capitalization and total shares traded increased by 2.5 percent and 12.9 percent, respectively, while equity turnover decline by 4.2 percent (**Table 6**).

Bond Market

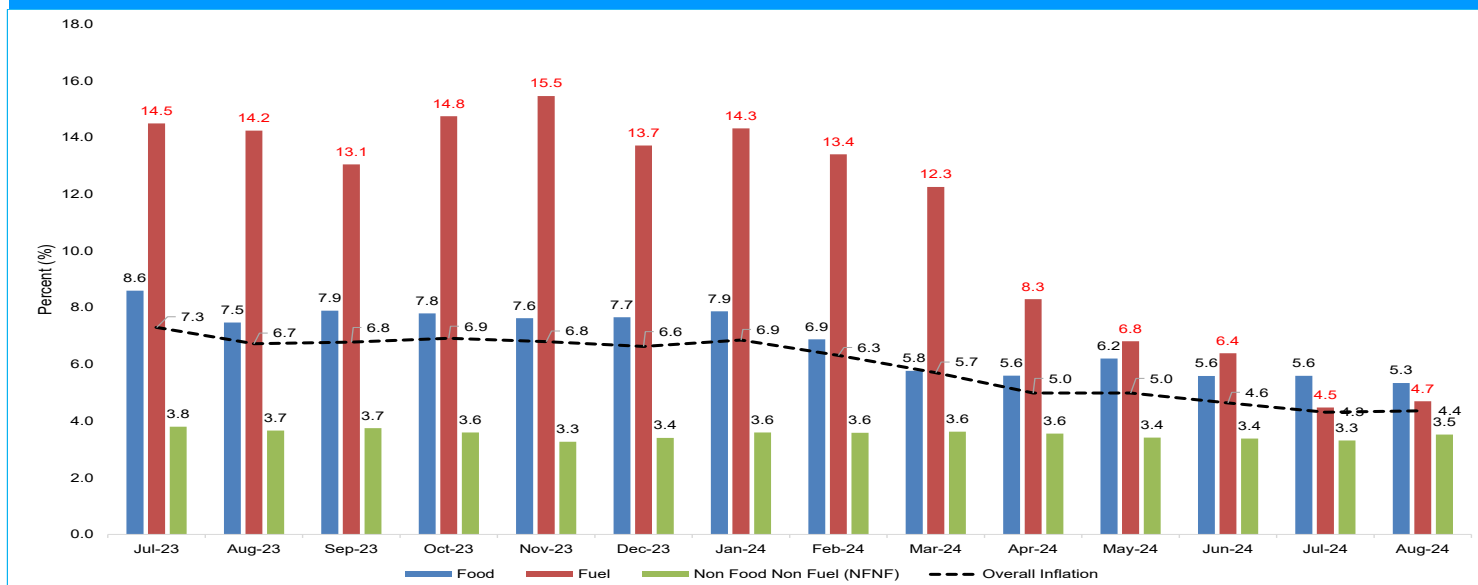
Bond turnover in the domestic secondary market increased by 32.2 percent during the week ending September 5 (**Table 6**). In the international market, yields on Kenya's Eurobonds increased by an average of 6.8 basis points. The yield on the 10- Year Eurobonds for Angola and Zambia also increased (**Chart 3**).

Global Trends

The Gross Domestic Product (GDP) for United States and Canada rose faster in the second quarter of 2024 compared to the first quarter of 2024, mainly driven by increase in private sector consumption. However, GDP slowed marginally in the UK and Italy, while it contracted in Germany. The US dollar index weakened by 0.2 percent against a basket of major currencies during the week ending September 5.

International oil prices declined during the week ending September 5. The decline was on account of slowing global oil demand, amid production increases as Libya paused oil production cuts. The Murban oil price declined to USD 74.70 on September 5 from USD 79.83 on August 29.

Chart 1: Inflation (Percent)



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

Table 1: Kenya Shilling Exchange Rates

	USD	Sterling Pound	Euro	100 Japanese Yen	Uganda Shilling*	Tanzania Shilling*	Rwandese Franc*	Burundi Franc*
23-Aug-24	129.05	169.20	143.61	88.63	28.79	21.05	10.26	22.38
26-Aug-24	129.18	170.49	144.43	89.62	28.76	20.98	10.22	22.29
27-Aug-24	129.17	170.38	144.25	89.22	28.74	20.98	10.27	22.36
28-Aug-24	129.16	170.96	144.24	89.51	28.74	21.02	10.28	22.35
29-Aug-24	129.04	170.38	143.44	89.08	28.83	21.06	10.31	22.38
Aug 23-29	129.12	170.28	143.99	89.21	28.77	21.02	10.27	22.35
30-Aug-24	129.17	169.94	143.04	88.91	28.76	20.98	10.29	22.35
2-Sep-24	129.18	169.55	142.80	88.16	28.81	21.06	10.30	22.36
3-Sep-24	129.19	169.67	142.79	88.38	28.78	21.04	10.30	22.38
4-Sep-24	129.19	169.42	142.84	88.99	28.87	21.05	10.30	22.36
5-Sep-24	129.19	169.90	143.13	90.03	28.80	21.05	10.30	22.36
Aug 30-Sep 5	129.18	169.70	142.92	88.90	28.80	21.04	10.30	22.36

*Units of currency per Kenya Shilling

Source: Central Bank of Kenya

Table 2: Usable Foreign Exchange Reserves (USD Million)

	8-Aug-24	15-Aug-24	22-Aug-24	29-Aug-24	5-Sep-24
1. CBK Usable Foreign Exchange Reserves (USD Million)*	7,340	7,316	7,404	7,349	7,503
2. CBK Usable Foreign Exchange Reserves (Months of Import Cover)**	3.8	3.8	3.8	3.8	3.9

*Excludes encumbered reserves

**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 (%)
23-Aug-24	31	12,740.00	12.97
26-Aug-24	35	23,050.00	12.96
27-Aug-24	41	23,420.00	12.93
28-Aug-24	24	8,600.00	12.96
29-Aug-24	26	8,350.00	12.80
Aug 23-29	31	15,232.00	12.92
30-Aug-24	29	9,830.00	12.74
2-Sep-24	64	37,200.00	12.69
3-Sep-24	56	28,350.00	12.69
4-Sep-24	52	29,130.00	12.63
5-Sep-24	34	22,960.00	12.59
Aug 30-Sept 5	47	25,494.00	12.67

Source: Central Bank of Kenya

Table 4: Performance of Treasury Bill Auctions

91-Day Treasury Bills						
Date of Auction	28-Mar-24	30-May-24	27-Jun-24	25-Jul-24	29-Aug-24	5-Sep-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)	5,380.72	17,863.94	4,361.03	25,810.20	17,496.40	23,206.53
Amount Accepted (KSh M)	3,867.98	17,437.83	2,745.34	19,642.88	16,953.43	21,220.98
Maturities (KSh M)	7,215.65	12,607.70	3,922.10	5,729.00	18,029.30	24,866.35
Average Interest Rate (%)	16.729	15.955	15.977	16.000	15.784	15.768
182-Day Treasury Bills						
Date of Auction	28-Mar-24	30-May-24	27-Jun-24	25-Jul-24	29-Aug-24	5-Sep-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)	2,702.14	9,171.79	1,494.42	4,147.37	4,451.13	10,166.13
Amount Accepted (KSh M)	2,049.15	9,012.98	1,479.67	1,622.70	4,443.43	10,127.80
Maturities (KSh M)	552.85	2,805.50	293.25	5,592.95	2,088.35	10,868.70
Average Interest Rate (%)	16.888	16.608	16.764	16.851	16.633	16.626
364-Day Treasury Bills						
Date of Auction	28-Mar-24	30-May-24	27-Jun-24	25-Jul-24	29-Aug-24	5-Sep-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)	7,753.83	6,474.59	1,833.64	1,688.45	2,254.39	5,568.34
Amount Accepted (KSh M)	7,596.50	6,339.81	1,828.51	1,676.37	2,248.06	5,559.07
Maturities (KSh M)	1,915.90	2,867.20	1,679.00	352.75	567.65	3,096.10
Average Interest Rate (%)	16.990	16.706	16.791	16.921	16.842	16.823

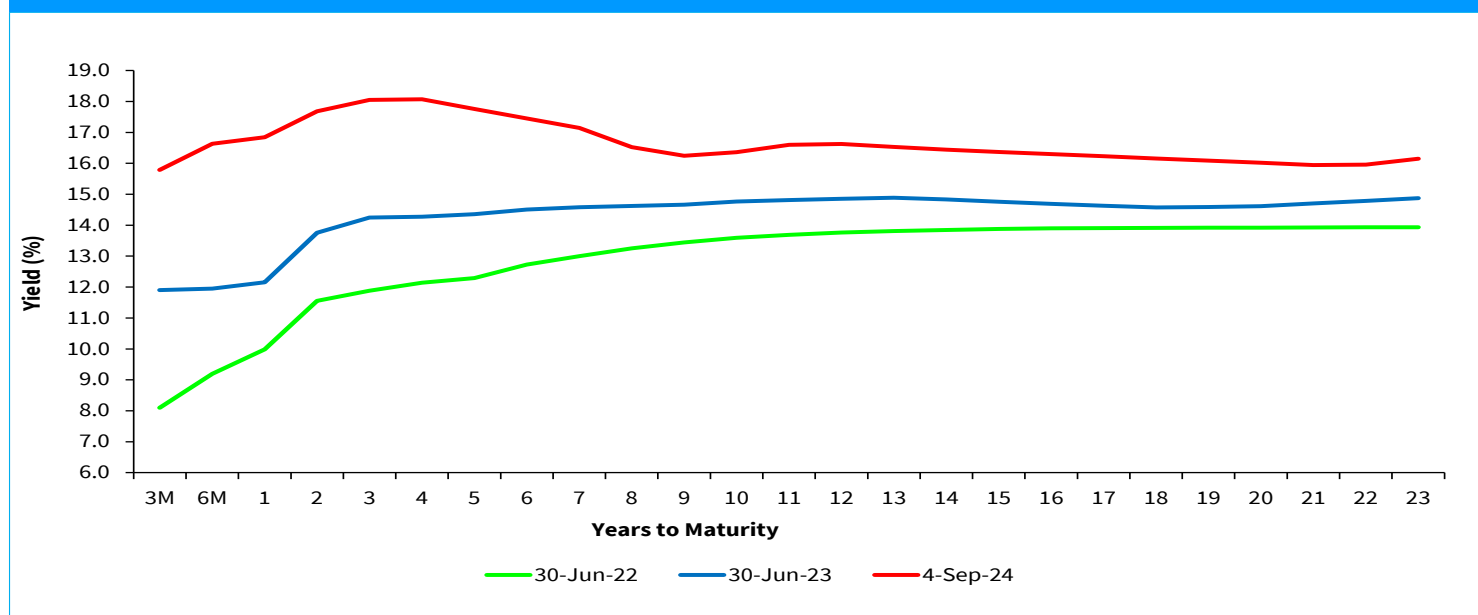
Source: Central Bank of Kenya

Table 5: Performance of Treasury Bond Auctions

Date of Auction	20-Jun-24				4-Jul-24	17-Jul-24		14-Aug-24		29-Aug-24
Tenor	FXD1/ 2023/002	FXD1/ 2024/003	FXD1/ 2023/005	FXD1/ 2023/010	FXD1/ 2023/002	FXD1/ 2024/010	FXD1/ 2008/020	IFB1/ 2023/6.5	IFB1/ 2023/17	IFB1/ 2023/17
Amount offered (KSh M)	20,000.00				20,000.00	30,000.00		50,000.00		15,000.00
Bids received (KSh M)	1,799.80	3,265.80	11,228.55	8,840.10	487.50	7,067.73	7,614.51	96,861.91	29,460.52	35,185.70
Amount Accepted (KSh M)	1,795.73	3,316.47	10,811.16	7,936.60	486.48	6,752.15	3,014.08	74,167.60	14,530.92	32,024.23
Maturities (KSh M)	0.00				0.00					
Average interest Rate (%)	17.12	17.59	18.16	16.39	17.12	16.00	13.75	18.30	17.73	17.73

Source: Central Bank of Kenya

Chart 2: Government Securities Yield Curve



Source: Nairobi Securities Exchange (NSE)

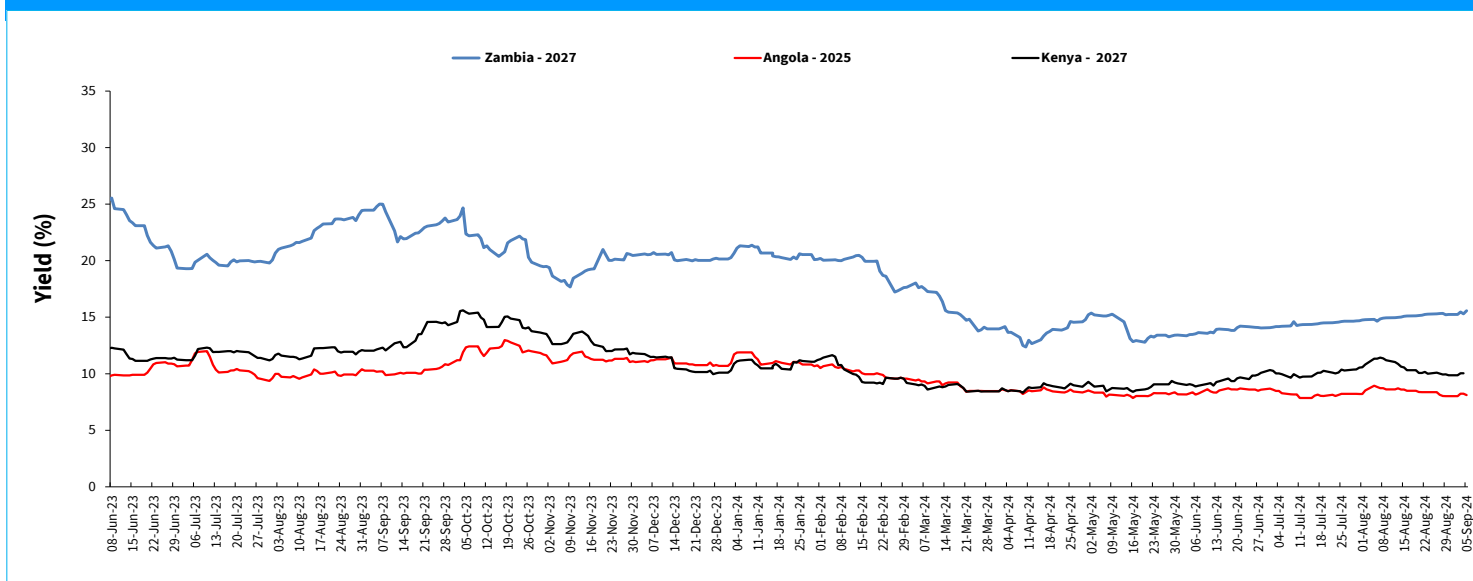
Table 6: Performance of Key Market Indicators

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 Capitalization (KSh Billion)	Bonds Turnover (KSh Million)	Eurobond Yields (%)					
									7-Year 2027	10-Year 2028	6-Year 2031	12-Year 2032	13-Year 2034	30-Year 2048
23-Aug-24	104.93	2825.40	1699.29	1,065.00	11	194	1637.059	7,775	10.006	10.334	10.675	10.565	10.518	10.873
26-Aug-24	104.66	2834.58	1685.91	1,335.00	8	95	1635.196	4,035	10.096	10.382	10.676	10.594	10.519	10.874
27-Aug-24	104.21	2818.85	1694.90	1,233.00	22	404	1628.138	5,496	10.016	10.292	10.644	10.538	10.468	10.837
28-Aug-24	103.42	2802.22	1683.75	1,383.00	30	397	1615.769	2,870	9.935	10.248	10.55	10.452	10.417	10.765
29-Aug-24	103.34	2800.89	1678.21	1,371.00	36	775	1614.563	3,105	9.949	10.254	10.55	10.426	10.367	10.765
Aug 23- 29	103.34	2800.89	1678.21	6,387.00	106.96	1,865.08	1,614.56	23,281.85	9.949	10.254	10.550	10.426	10.367	10.765
30-Aug-24	103.67	2812.75	1678.21	1,391.00	50	625	1619.780	3,991	9.869	10.210	10.519	10.398	10.316	10.747
2-Sep-24	104.50	2830.01	1690.96	1,246.00	11	138	1632.724	5,243	9.869	10.210	10.519	10.398	10.316	10.747
3-Sep-24	105.10	2856.39	1705.44	1,241.00	20	271	1642.099	13,644	10.044	10.304	10.677	10.542	10.447	10.801
4-Sep-24	105.20	2856.07	1708.47	1,407.00	27	571	1646.839	5,915	10.049	10.352	10.709	10.572	10.422	10.819
5-Sep-24	105.73	2861.85	1702.68	1,180.00	13	182	1655.030	1,975	10.064	10.312	10.646	10.517	10.399	10.783
Aug 30- Sep 5	105.73	2861.85	1702.68	6,465.00	120.75	1,787.67	1,655.03	30,768.55	10.064	10.312	10.646	10.517	10.399	10.783
Weekly Changes (%)	2.31	2.18	1.46	1.22	12.89	-4.15	2.51	32.16	0.115*	0.058*	0.096*	0.091*	0.032*	0.018*

* Percentage points

Source: Nairobi Securities Exchange (NSE) and Thomson Reuters

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



Source: Bloomberg, London Stock Exchange

Table 7: Government Domestic Debt (KSh Billion)

	30-Dec-22	30-Jun-23	29-Dec-23	31-May-24	28-Jun-24	31-Jul-24	28-Aug-24	4-Sep-24
1. Treasury Bills (Excluding Repos)	671.51	614.73	546.90	588.92	615.89	651.89	673.95	678.17
<i>(As % of total securities)</i>	15.32	13.28	11.35	11.48	11.75	12.32	12.47	12.46
2. Treasury Bonds	3,710.62	4,013.89	4,271.82	4,539.76	4,627.12	4,637.89	4,729.22	4,764.35
<i>(As % of total securities)</i>	84.68	86.72	88.65	88.52	88.25	87.68	87.53	87.54
3. Total Securities (1+2)	4,382.13	4,628.62	4,818.72	5,128.68	5,243.01	5,289.78	5,403.17	5,442.52
4. Overdraft at Central Bank	58.50	76.46	94.13	84.96	61.02	60.53	49.43	46.70
5. Other Domestic debt*	32.21	127.04	137.26	106.25	106.25	103.06	103.07	102.68
of which IMF funds on-lent to Government		95.52	104.24	83.54	83.54	82.61	82.61	83.52
6. Gross Domestic Debt (3+4+5)	4,472.84	4,832.11	5,050.11	5,319.89	5,410.28	5,453.37	5,555.66	5,591.90

* 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-Dec-22	30-Jun-23	29-Dec-23	28-Mar-24	28-Jun-24	31-Jul-24	28-Aug-24	4-Sep-24
Treasury bills (Excluding Repos)	15.01	12.72	10.83	10.64	11.38	11.95	12.13	12.13
Treasury bonds	82.95	83.07	84.59	85.55	85.52	85.05	85.12	85.20
Overdraft at Central Bank	1.31	1.58	1.86	1.76	1.13	1.11	0.89	0.84
Other domestic debt	0.73	2.63	2.72	2.05	1.96	1.89	1.86	1.84
of which IMF fund on lent to government		1.98	2.06	1.62	1.54	1.51	1.49	1.49
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-Dec-22	30-Jun-23	29-Dec-23	28-Mar-24	28-Jun-24	31-Jul-24	28-Aug-24	4-Sep-24
Banking Institutions	46.84	46.17	46.07	45.78	45.12	45.12	44.81	44.89
Insurance Companies	7.37	7.31	7.23	7.13	7.23	7.21	7.20	7.20
Parastatals	6.06	5.98	5.47	5.25	5.13	5.08	5.34	5.31
Pension Funds*	33.31	33.42	29.93	29.35	29.60	29.39	29.14	29.11
Other Investors	6.43	7.13	11.30	12.50	12.92	13.19	13.50	13.49
Total	100.00	100.00	100.00	100.00	100.00	100.00	100.00	100.00

* Includes pension funds and custodial/Nominee Accounts

Source: Central Bank of Kenya

Table 10: Public Debt

	Jun-22	Dec-22	Jun-23	Sep-23	Dec-23	Mar-24	Apr-24	May-24	June-24*
Domestic debt (KSh Bn)	4,288.33	4,472.84	4,832.11	4,917.47	5,050.11	5,235.19	5,323.71	5,319.89	5,410.28
Public & Publicly Guaranteed External debt (USD Bn)	36.58	37.88	38.76	38.27	38.92	39.18	39.01	39.30	39.77
Public & Publicly Guaranteed External debt (KSh Bn)	4,290.73	4,673.14	5,446.56	5,667.80	6,089.58	5,163.42	5,198.81	5,118.31	5,150.84
Public debt (KSh Bn)	8,579.06	9,145.98	10,278.67	10,585.27	11,139.69	10,398.61	10,522.52	10,438.19	10,561.12

* Provisional

Source: The National Treasury and Central Bank of Kenya