



Central Bank of Kenya

Weekly Bulletin

August 9, 2024



RECENT MONETARY AND FINANCIAL DEVELOPMENTS

Monetary Policy Committee Meeting

The Monetary Policy Committee (MPC) met on August 6, 2024, and decided to lower the Central Bank Rate (CBR) to 12.75 percent. The MPC noted that its previous measures have lowered overall inflation to below the mid-point of the target range, stabilized the exchange rate, and anchored inflationary expectations. The Committee further noted that non-food-non-fuel inflation has moderated, while central banks in advanced economies have lowered interest rates in response to easing inflationary pressures, with indications that other central banks will soon embark on a similar trajectory. The MPC concluded that there was scope for a gradual easing of the monetary policy stance, while ensuring continued exchange rate stability.

Exchange Rates

The Kenya Shilling remained relatively stable against major international and regional currencies during the week ending August 8. It exchanged at KSh 129.41 per US dollar on August 8, compared to KSh 129.15 per US dollar on August 1 (**Table 1**).

Foreign Exchange Reserves

The usable foreign exchange reserves remained adequate at USD 7,340 million (3.80 months of import cover) as of August 8. 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 August 8, supported by open market operations. Commercial banks' excess reserves stood at KSh 14.0 billion in relation to the 4.25 percent cash reserves requirement (CRR). The average interbank rate was 13.13 percent on August 8 compared to 13.19 percent on August 1. During the week, the average number of interbank deals decreased to 52 from 54 in the previous week, while the average value traded decreased to KSh 33.1 billion from KSh 35.3 billion (**Table 3**).

Government Securities Market

The Treasury bill auction of August 8 received bids totaling KSh 39.3 billion against an advertised amount of KSh 24.0 billion, representing a performance of 163.7 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 declined by 2.7 percent, 2.9 percent and 2.1 percent, respectively during the week ending August 8. Market capitalization also declined by 2.7 percent while total shares traded and equity turnover increased by 58.8 percent and 48.0 percent, respectively (**Table 6**).

Bond Market

Bond turnover in the domestic secondary market declined by 70.6 percent during the week ending August 8 (**Table 6**). In the international market, yields on Kenya's Eurobonds on average increased by 57.00 basis points. The yield on the 10- year Eurobond for Angola and Zambia also increased (**Chart 2**).

Global Trends

Global inflation concerns have eased, leading to increased market expectations of monetary policy easing in other major economies, including the US Fed. The US dollar index weakened by 1.17 percent against a basket of major currencies during the week ending August 8.

International oil prices declined during the week ending August 8, mainly reflecting concerns about weak demand in China. Murban oil price decreased to USD 81.70 on August 8 from to USD 84.48 on August 1.

Table 1: Kenya Shilling Exchange Rates

	USD	Sterling Pound	Euro	100 Japanese Yen	Uganda Shilling*	Tanzania Shilling*	Rwandese Franc*	Burundi Franc*
26-Jul-24	132.57	170.54	143.94	86.25	28.21	20.29	9.89	21.73
29-Jul-24	131.57	169.41	142.90	85.71	28.31	20.52	9.97	21.89
30-Jul-24	130.68	167.77	141.29	84.77	28.51	20.66	10.07	22.05
31-Jul-24	129.92	166.84	140.42	84.14	28.64	20.82	10.12	22.18
1-Aug-24	129.15	165.80	140.05	86.20	28.81	20.92	10.17	22.26
Jul 26-Aug 1	130.78	168.07	141.72	85.41	28.50	20.64	10.04	22.02
2-Aug-24	129.95	166.05	140.21	86.65	28.74	20.78	10.11	22.18
5-Aug-24	130.16	166.60	142.32	90.94	28.59	20.74	10.10	22.14
6-Aug-24	130.11	166.17	142.42	89.21	28.67	20.75	10.11	22.15
7-Aug-24	129.79	164.65	141.68	89.89	28.70	20.80	10.34	22.21
8-Aug-24	129.41	164.28	141.46	88.50	28.82	20.83	10.17	22.27
Aug 2 - 8	129.88	165.55	141.62	89.04	28.70	20.78	10.16	22.19

*Units of currency per Kenya Shilling

Source: Central Bank of Kenya

Table 2: Usable Foreign Exchange Reserves (USD Million)

	11-Jul-24	18-Jul-24	25-Jul-24	1-Aug-24	8-Aug-24
1. CBK Usable Foreign Exchange Reserves (USD Million)	7,896	7,409	7,311	7,274	7340
2. CBK Usable Foreign Exchange Reserves (Months of Import Cover)*	4.1	3.9	3.8	3.8	3.8

*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 (%)
26-Jul-24	62	38,440.00	13.15
29-Jul-24	43	29,750.00	13.18
30-Jul-24	56	39,050.00	13.19
31-Jul-24	66	41,220.00	13.18
1-Aug-24	43	28,220.00	13.19
July 26-Aug 1	54	35,336.00	13.18
2-Aug-24	51	31,755.00	13.20
5-Aug-24	58	42,900.00	13.19
6-Aug-24	55	33,750.00	13.19
7-Aug-24	47	30,700.00	13.17
8-Aug-24	48	26,610.00	13.13
Aug 2-8	52	33,143.00	13.18

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	1-Aug-24	8-Aug-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	14,859.22	12,549.08
Amount Accepted (KSh M)	3,867.98	17,437.83	2,745.34	19,642.88	13,597.00	8,575.71
Maturities (KSh M)	7,215.65	12,607.70	3,922.10	5,729.00	10,094.85	17,600.55
Average Interest Rate (%)	16.729	15.955	15.977	16.000	15.988	15.818
182-Day Treasury Bills						
Date of Auction	28-Mar-24	30-May-24	27-Jun-24	25-Jul-24	1-Aug-24	8-Aug-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	8,470.42	19,313.49
Amount Accepted (KSh M)	2,049.15	9,012.98	1,479.67	1,622.70	8,470.41	18,813.68
Maturities (KSh M)	552.85	2,805.50	293.25	5,592.95	1,763.15	10,116.60
Average Interest Rate (%)	16.888	16.608	16.764	16.851	16.850	16.715
364-Day Treasury Bills						
Date of Auction	28-Mar-24	30-May-24	27-Jun-24	25-Jul-24	1-Aug-24	8-Aug-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	1,075.50	7,436.22
Amount Accepted (KSh M)	7,596.50	6,339.81	1,828.51	1,676.37	943.75	6,938.61
Maturities (KSh M)	1,915.90	2,867.20	1,679.00	352.75	183.50	862.65
Average Interest Rate (%)	16.990	16.706	16.791	16.921	16.921	16.914

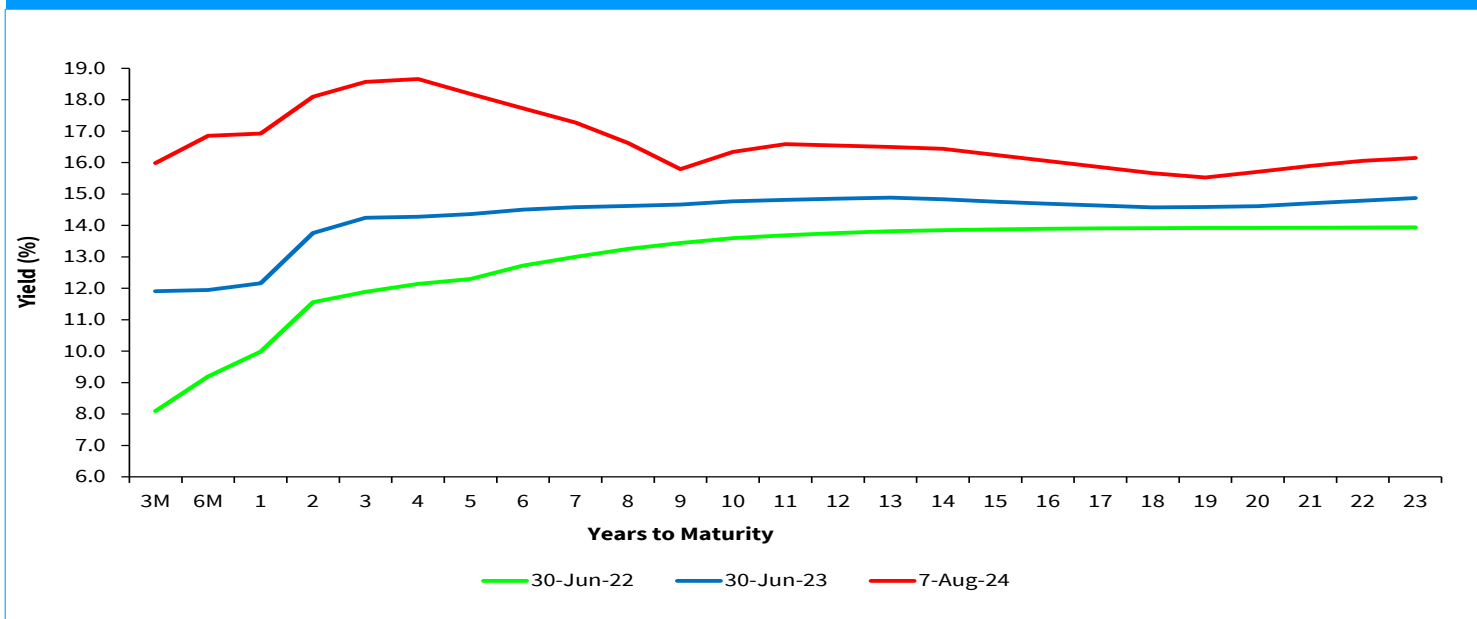
Source: Central Bank of Kenya

Table 5: Performance of Treasury Bond Auctions

Date of Auction	12-Jun-24		20-Jun-24				4-Jul-24	17-Jul-24	
	RE-OPEN		TAP				TAP	RE-OPEN	
Tenor	FXD1/ 2023/005	FXD1/ 2023/010	FXD1/ 2023/002	FXD1/ 2024/003	FXD1/ 2023/005	FXD1/ 2023/010	FXD1/ 2023/002	FXD1/ 2024/010	FXD1/ 2008/020
Amount offered (KSh M)	30,000.00		20,000.00				20,000.00	30,000.00	
Bids received (KSh M)	31,942.72	9,616.66	1,799.80	3,265.80	11,228.55	8,840.10	487.50	7,067.73	7,614.51
Amount Accepted (KSh M)	22,586.77	7,583.81	1,795.73	3,316.47	10,811.16	7,936.60	486.48	6,752.15	3,014.08
Maturities (KSh M)	0.00		0.00				0.00		
Average interest Rate (%)	18.16	16.39	17.12	17.59	18.16	16.39	17.12	16.00	13.75

Source: Central Bank of Kenya

Chart 1: Government Securities Yield Curve



Source: Nairobi Securities Exchange (NSE)

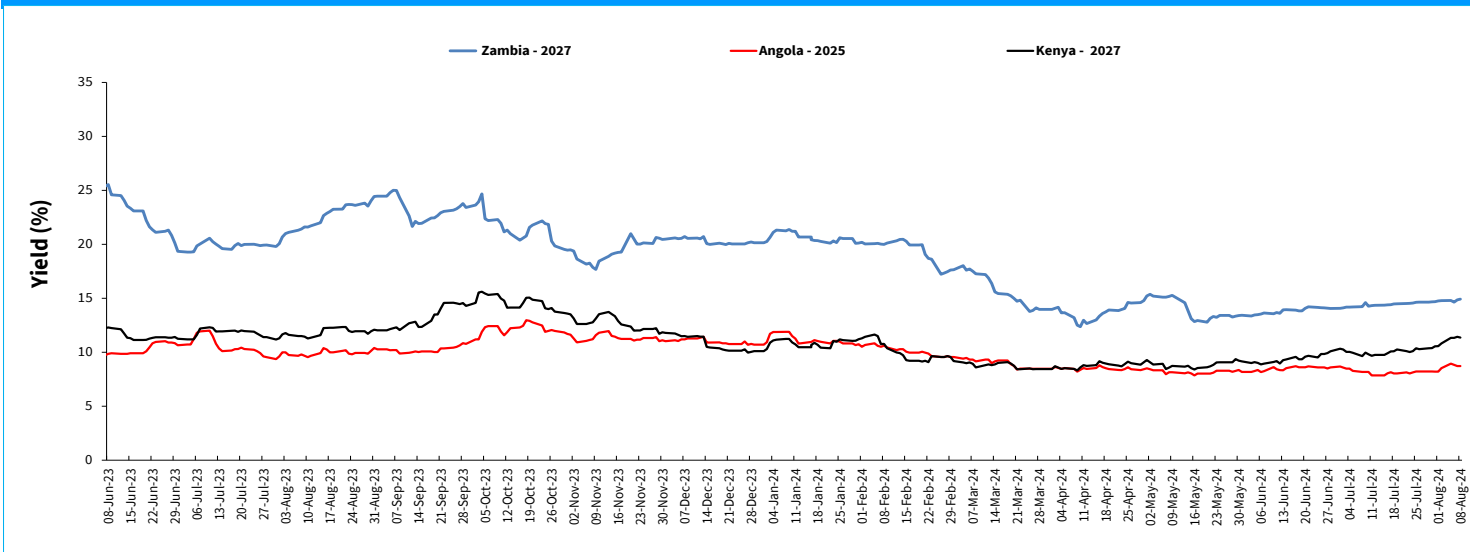
Table 6: Performance of Key Market Indicators

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 Capitaliza- tion (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
26-Jul-24	104.22	2798.53	1674.10	1,377	32.82	463	1628.33	8,376.55	10.294	10.499	10.917	10.832	10.785	10.998
29-Jul-24	104.62	2795.26	1680.04	1,140	15.35	461	1634.56	3,822.90	10.376	10.454	10.917	10.802	10.758	10.961
30-Jul-24	106.38	2822.18	1681.07	1,248	10.71	257	1662.09	7,198.40	10.381	10.502	10.918	10.861	10.786	10.998
31-Jul-24	105.73	2806.48	1669.73	1,034	8.79	185	1651.83	4,409.80	10.551	10.595	10.982	10.921	10.840	11.017
1-Aug-24	104.18	2787.88	1659.46	1,086	4.28	63	1627.61	5,108.30	10.567	10.694	11.080	11.011	10.924	11.092
Jul 26- Aug 1	104.18	2,787.88	1,659.46	5,885.00	71.95	1,428.33	1,627.61	28,915.95	10.567	10.694	11.080	11.011	10.924	11.092
2-Aug-24	103.36	2770.07	1658.96	1,260	17.54	253.96	1,613.31	987.20	10.822	11.021	11.274	11.249	11.170	11.323
5-Aug-24	101.15	2725.28	1642.76	1,494	22.24	386.27	1,580.26	1,235.50	11.334	11.541	11.816	11.644	11.563	11.663
6-Aug-24	102.15	2733.52	1633.94	1,426	32.12	518.34	1,595.99	2,006.25	11.34	11.544	11.803	11.675	11.621	11.643
7-Aug-24	101.40	2710.66	1634.65	1,324	19.95	401.68	1,584.22	2,554.55	11.432	11.500	11.737	11.615	11.509	11.562
8-Aug-24	101.40	2706.81	1624.99	1,134	22.37	553.08	1,584.31	1,708.15	11.367	11.509	11.740	11.619	11.540	11.582
Aug 2- 8	101.40	2,706.81	1,624.99	6,638.00	114.22	2,113.33	1,584.31	8,491.65	11.367	11.509	11.740	11.619	11.540	11.582
Weekly Changes (%)	-2.67	-2.91	-2.08	12.80	58.75	47.96	-2.66	-70.63	0.800*	0.815*	0.660*	0.608*	0.616*	0.490*

* Percentage points

Source: Nairobi Securities Exchange (NSE) and Thomson Reuters

Chart 2: 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	28-Mar-24	29-May-24	26-Jun-24	31-Jul-24	7-Aug-24
1. Treasury Bills (Excluding Repos)	671.51	614.73	546.90	557.01	588.92	615.89	651.89	662.90
<i>(As % of total securities)</i>	15.32	13.28	11.35	11.06	11.48	11.75	12.32	12.51
2. Treasury Bonds	3,710.62	4,013.89	4,271.82	4,478.54	4,539.76	4,627.12	4,637.89	4,637.89
<i>(As % of total securities)</i>	84.68	86.72	88.65	88.94	88.52	88.25	87.68	87.49
3. Total Securities (1+2)	4,382.13	4,628.62	4,818.72	5,035.54	5,128.68	5,243.01	5,289.78	5,300.79
4. Overdraft at Central Bank	58.50	76.46	94.13	92.18	80.56	61.02	60.53	51.16
5. Other Domestic debt*	32.76	127.04	137.26	107.46	107.46	105.08	103.61	103.06
<i>of which IMF funds on-lent to Government</i>		95.52	104.24	84.70	84.70	83.54	82.61	82.61
6. Gross Domestic Debt (3+4+5)	4,473.39	4,832.11	5,050.11	5,235.19	5,316.70	5,409.11	5,453.92	5,455.01

* 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	29-May-24	26-Jun-24	31-Jul-24	7-Aug-24
Treasury bills (Excluding Repos)	15.01	12.72	10.83	10.64	11.08	11.39	11.95	12.15
Treasury bonds	82.95	83.07	84.59	85.55	85.39	85.54	85.04	85.02
Overdraft at Central Bank	1.31	1.58	1.86	1.76	1.52	1.13	1.11	0.94
Other domestic debt	0.73	2.63	2.72	2.05	2.02	1.94	1.90	1.89
<i>of which IMF fund on lent to government</i>		1.98	2.06	1.62	1.59	1.54	1.51	1.51
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	29-May-24	26-Jun-24	31-Jul-24	7-Aug-24
Banking Institutions	46.84	46.17	46.07	45.78	45.59	45.11	45.12	45.13
Insurance Companies	7.37	7.31	7.23	7.13	7.19	7.23	7.21	7.21
Parastatals	6.06	5.98	5.47	5.25	5.19	5.13	5.08	5.16
Pension Funds*	33.31	33.42	29.93	29.35	29.43	29.61	29.39	29.39
Other Investors	6.43	7.13	11.30	12.50	12.59	12.92	13.19	13.11
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

	Dec-21	Jun-22	Dec-22	Jun-23	Sep-23	Dec-23	Mar-24	Apr-24	May-24*
Domestic debt (KSh Bn)	4,032.37	4,288.33	4,472.84	4,832.11	4,917.47	5,050.11	5,235.19	5,323.71	5,319.89
Public & Publicly Guaranteed External debt (USD Bn)	36.90	36.58	37.88	38.76	38.27	38.92	39.18	39.01	39.30
Public & Publicly Guaranteed External debt (KSh Bn)	4,174.37	4,290.73	4,673.14	5,446.56	5,667.80	6,089.58	5,163.42	5,198.81	5,118.31
Public debt (KSh Bn)	8,206.74	8,579.06	9,145.98	10,278.67	10,585.27	11,139.69	10,398.61	10,522.52	10,438.19

* Provisional

Source: The National Treasury and Central Bank of Kenya