



Central Bank of Kenya

Weekly Bulletin

June 7, 2024



RECENT MONETARY AND FINANCIAL DEVELOPMENTS

Monetary Policy Committee Meeting

The Monetary Policy Committee met on June 5 and decided to retain the Central Bank Rate (CBR) at 13.00 percent. The Committee noted that its previous measures have lowered overall inflation to 5.1 percent in May 2024, stabilized the exchange rate, and anchored inflationary expectations. The MPC further noted that the non-food-non-fuel (NFNF) inflation had remained sticky in the recent months, and that interest rates in the major economies were likely to remain higher-for-longer due to the stickiness of inflation. The committee concluded that the current monetary policy stance will ensure that overall inflation remains stable around the mid-point of the target range in the near term, while ensuring continued stability of the exchange rate.

Inflation

Overall inflation remained broadly unchanged at 5.1 percent in May 2024 compared to 5.0 percent in April 2024. Food inflation edged up to 6.2 percent from 5.6 percent in April, due to increases in prices a select vegetable items following heavy rainfall and episodes of flooding in some parts of the country. Fuel inflation eased to 7.8 percent from 8.3 percent in April 2024 on account of lower pump prices. Non-food-non-fuel (NFNF) inflation eased reflecting the continued impact of monetary policy measures. It decreased to 3.4 percent in May 2024 from 3.6 percent in April 2024 (**Chart 1**).

Exchange Rates

The Kenya Shilling remained stable against major international and regional currencies during the week ending June 6. It exchanged at KSh 130.72 per US dollar on June 6 compared to 131.87 per US dollar on May 30 (**Table 1**).

Foreign Exchange Reserves

The usable foreign exchange reserves remained adequate at USD 6,981 million (3.6 months of import cover) as of June 6. 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 6, supported by open market operations. Commercial banks' excess reserves stood at KSh 12.6 billion in relation to the 4.25 percent cash reserves requirement (CRR). The average interbank rate was 13.14 percent on June 6 compared to 13.41 percent on May 30. During the week, the average number of interbank deals increased to 44 from 39 in the previous week, while the average value traded increased to KSh 28.9 billion from KSh 18.1 billion in the previous week (**Table 3**).

Government Securities Market

The Treasury bills auction of June 6 received bids totaling KSh 36.2 billion against an advertised amount of KSh 24.0 billion, representing a performance of 151.0 percent. Interest rates on the 91-day, 182-day, and 364-day Treasury bills remained stable (**Table 4**).

During the Treasury bond auction of June 5, the reopened 2-year and 3-year fixed rate Treasury bonds received bids totaling KSh 32.8 billion against an advertised amount of KSh 30.0 billion, representing a performance of 109.5 percent (**Table 5**).

Equity Market

At the Nairobi Securities Exchange, the NASI, NSE 25 and NSE 20 share price indices increased by 1.3 percent, 0.2 percent and 2.3 percent respectively during the week ending June 6. Market capitalization also increased by 1.3 percent while equity turnover and total shares traded declined by 80.5 percent and 63.4 percent, respectively (**Table 6**).

Bond Market

Bond turnover in the domestic secondary market increased by 25.1 percent during the week ending June 6 (**Table 6**). In the international market, yields on Kenya's Eurobonds decreased by an average of 19.4 basis points. The yield on the 10- Year Eurobond for Angola declined while that for Zambia increased (**Chart 3**).

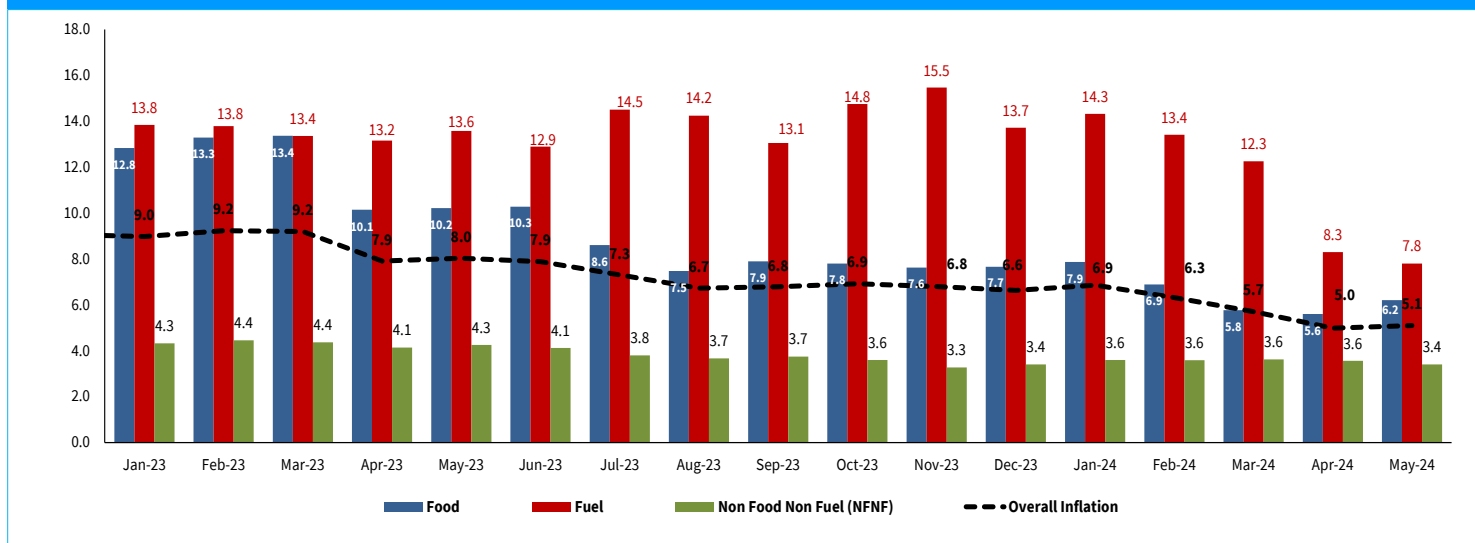
Global Trends

Inflation in advanced economies has remained sticky. The Eurozone headline inflation rose to 2.6 percent in May from

2.4 percent in April. However, the European Central Bank cut interest rates by 25 basis points, taking the deposit facility rate to 3.75 percent. The US dollar index weakened by 0.6 percent against a basket of major currencies during the week ending June 6.

International oil prices declined during the week ending June 6, reflecting the OPEC+'s decision to increase supply later in the year. Murban oil price fell to USD 79.41 per barrel on June 6 compared to USD 84.75 on May 30.

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*
24-May-24	132.03	168.22	143.23	84.21	28.86	19.68	9.89	21.73
27-May-24	131.73	167.80	143.03	84.04	29.04	19.74	9.84	21.79
28-May-24	132.41	169.19	144.01	84.48	28.74	19.64	9.79	21.68
29-May-24	132.71	169.56	144.14	84.59	28.73	19.63	9.77	21.64
30-May-24	131.87	167.39	142.33	83.91	28.91	19.72	9.84	21.78
May 17-23	132.15	168.43	143.35	84.25	28.85	19.68	9.83	21.72
31-May-24	130.23	165.68	140.89	83.07	29.30	19.96	9.97	22.05
3-Jun-24	130.47	166.22	141.59	82.87	29.25	19.93	9.95	22.01
4-Jun-24	130.74	166.58	141.90	83.44	29.19	19.89	9.93	21.97
5-Jun-24	131.03	167.29	142.40	84.59	29.08	19.92	9.92	21.92
6-Jun-24	130.72	166.85	142.02	83.67	29.07	20.01	9.95	21.98
May 31- Jun 6	130.64	166.52	141.76	83.53	29.18	19.94	9.94	21.99

*Units of currency per Kenya Shilling

Source: Central Bank of Kenya

Table 2: Official Foreign Exchange Reserves (USD Million)

	9-May-24	16-May-24	23-May-24	30-May-24	6-Jun-24
1. CBK Usable Foreign Exchange Reserves (USD Million)	7,180	7,130	6,989	6,975	6,981
2. CBK Usable Foreign Exchange Reserves (Months of Import Cover)*	3.8	3.8	3.7	3.6	3.6

*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 (%)
24-May-24	46	25,030.00	13.58
27-May-24	37	17,535.00	13.59
28-May-24	37	15,130.00	13.52
29-May-24	35	14,120.00	13.51
30-May-24	39	18,630.00	13.41
May 24-30	39	18,089.00	13.52
31-May-24	44	21,800.00	13.33
3-Jun-24	47	30,750.00	13.25
4-Jun-24	40	28,330.00	13.22
5-Jun-24	46	32,191.00	13.21
6-Jun-24	42	31,600.00	13.14
May 31-June 6	44	28,934.20	13.23

Source: Central Bank of Kenya

Table 4: Performance of Treasury Bill Auctions						
91-Day Treasury Bills						
Date of Auction	29-Jun-23	28-Dec-23	28-Mar-24	25-Apr-24	30-May-24	6-Jun-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)	5,779.97	8,516.51	5,380.72	5,985.83	17,863.94	25,061.08
Amount Accepted (KSh M)	2,705.12	6,986.46	3,867.98	5,732.45	17,437.83	24,002.50
Maturities (KSh M)	2,814.15	3,254.55	7,215.65	14,412.70	12,607.70	21,285.00
Average Interest Rate (%)	11.904	15.983	16.729	15.823	15.955	15.965
182-Day Treasury Bills						
Date of Auction	29-Jun-23	28-Dec-23	28-Mar-24	25-Apr-24	30-May-24	6-Jun-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)	2,195.96	322.85	2,702.14	6,932.54	9,171.79	5,973.07
Amount Accepted (KSh M)	1,300.96	322.85	2,049.15	6,924.47	9,012.98	5,968.46
Maturities (KSh M)	442.15	1,365.20	552.85	6,072.00	2,805.50	5,725.65
Average Interest Rate (%)	11.947	15.967	16.888	16.460	16.608	16.641
364-Day Treasury Bills						
Date of Auction	29-Jun-23	28-Dec-23	28-Mar-24	25-Apr-24	30-May-24	6-Jun-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)	1,514.41	1,661.91	7,753.83	10,644.22	6,474.59	5,199.86
Amount Accepted (KSh M)	1,514.41	1,661.91	7,596.50	10,644.22	6,339.81	4,187.76
Maturities (KSh M)	2,417.65	1,858.45	1,915.90	1,588.15	2,867.20	2,416.90
Average Interest Rate (%)	12.157	16.100	16.990	16.492	16.706	16.731

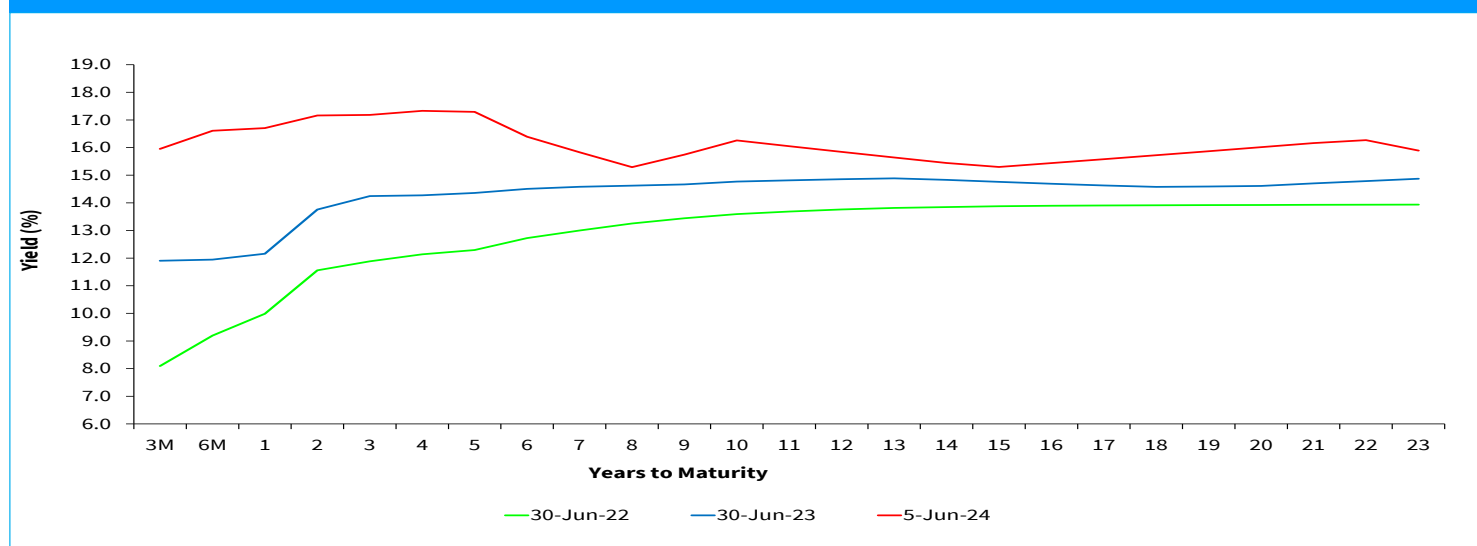
Source: Central Bank of Kenya

Table 5: Performance of Treasury Bond Auctions

Date of Auction	20-Mar-24		4-Apr-24		17-Apr-24	2-May-24	9-May-24	5-Jun-24	
	RE-OPEN		TAP		RE-OPEN	RE-OPEN	TAP	RE-OPEN	
Tenor	FXD1/ 2023/005	FXD1/ 2024/010	FXD1/ 2023/005	FXD1/ 2024/010	FXD1/ 2023/02	FXD1/ 2024/010	FXD1/ 2024/10	FXD1/ 2023/002	FXD1/ 2024/003
Amount offered (KSh M)	40,000.00		25,000.00		40,000.00	25,000.00	15,000.00	30,000.00	
Bids received (KSh M)	35,848.61	23,885.31	35,585.30	12,203.35	47,192.00	14,979.42	7,107.55	8,445.84	24,393.57
Amount Accepted (KSh M)	17,766.82	4,838.59	33,952.75	11,896.17	34,762.40	10,995.34	7,025.02	7,075.38	23,808.75
Maturities (KSh M)	0.00		0.0		0.00	39,201.40	0.00	0.00	
Average interest Rate (%)	18.41	16.52	18.41	16.52	16.99	16.23	16.23	17.12	17.59

Source: Central Bank of Kenya

Chart 2: Government Securities Yield Curve



Source: Nairobi Securities Exchange (NSE)

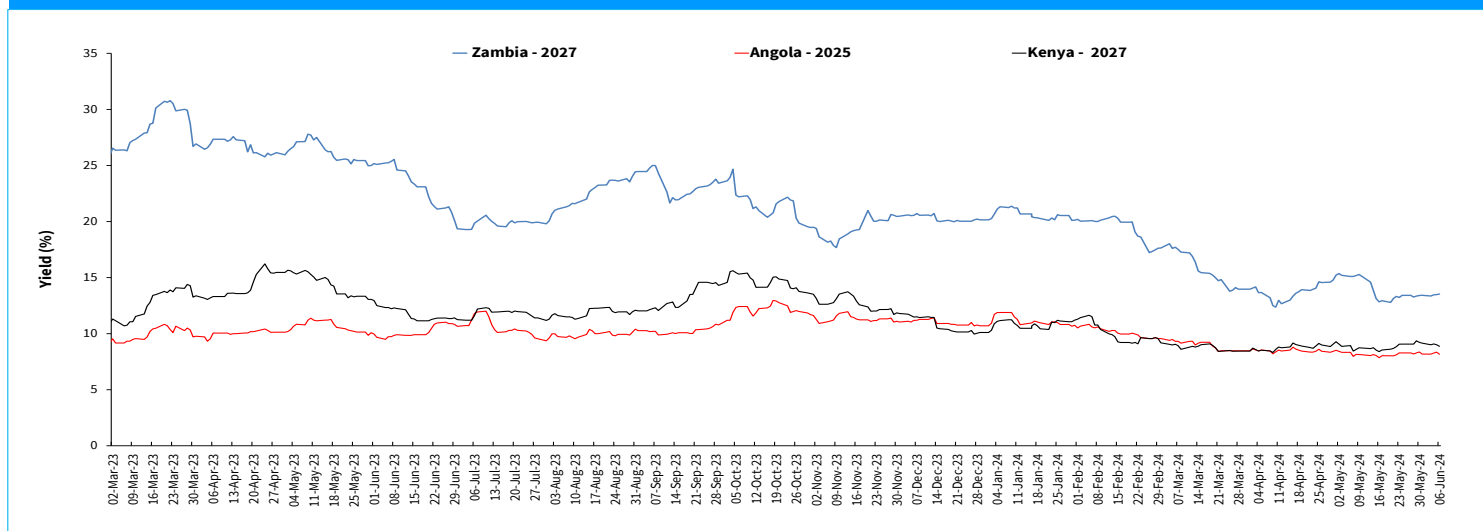
Table 6: Performance of Key Market Indicators

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 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
24-May-24	113.10	2,972.58	1,717.43	1,250.00	15.31	366.70	1,767.05	5,315.95	9.067	9.213	9.773	9.790	9.857	10.106
27-May-24	111.82	2,915.24	1,687.35	1,501.00	8.50	309.14	1,747.02	4,236.20	9.067	9.213	9.773	9.790	9.857	10.106
28-May-24	114.39	2,967.69	1,717.56	1,514.00	47.40	1,141.10	1,787.12	6,561.05	9.070	9.215	9.773	9.790	9.858	10.106
29-May-24	114.23	2,978.84	1,721.81	1,285.00	29.14	669.44	1,785.54	2,289.80	9.365	9.382	9.919	9.898	10.006	10.221
30-May-24	113.09	2,978.84	1,724.18	1,496.00	197.86	8,864.35	1,766.85	5,077.00	9.225	9.387	9.861	9.845	9.935	10.188
May 24-30	113.09	2,978.84	1,724.18	7,046.00	298.21	11,350.72	1,766.85	23,480.00	9.225	9.387	9.861	9.845	9.935	10.188
31-May-24	112.98	2,961.48	1,722.49	1,354.00	26.23	665.65	1,765.15	10,094.05	9.154	9.346	9.83	9.77	9.86	10.123
3-Jun-24	113.19	2,958.78	1,725.60	1,275.00	31.46	661.38	1,768.41	4,136.20	9.009	9.221	9.74	9.71	9.81	10.074
4-Jun-24	113.43	2,968.93	1,740.25	1,214.00	22.72	326.17	1,772.27	5,156.80	9.085	9.306	9.80	9.77	9.89	10.139
5-Jun-24	113.54	2,966.34	1,752.37	1,465.00	13.40	252.88	1,773.91	5,823.00	9.014	9.224	9.71	9.74	9.86	10.156
6-Jun-24	114.61	2,985.70	1,763.55	1,308.00	15.25	303.08	1,790.57	4,169.35	8.873	9.060	9.63	9.63	9.77	10.123
May 31- Jun 6	114.61	2,985.70	1,763.55	6,616.00	109.04	2,209.15	1,790.57	29,379.40	8.873	9.060	9.627	9.634	9.769	10.123
Weekly Changes (%)	1.3	0.2	2.3	-6.1	-63.4	-80.5	1.3	25.1	-0.352*	-0.327*	-0.234*	-0.211*	-0.166*	-0.065*

* Percentage points

Source: Nairobi Securities Exchange (NSE) and Thomson Reuters

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



Source: Thomson Reuters

Table 7: Government Domestic Debt (KSh Billion)

	30-Dec-22	30-Jun-23	29-Dec-23	29-Feb-24	28-Mar-24	30-Apr-24	29-May-24	5-Jun-24
1. Treasury Bills (Excluding Repos)	671.51	614.73	546.90	549.07	557.01	566.66	588.92	605.73
<i>(As % of total securities)</i>	15.32	13.28	11.35	11.00	11.06	11.05	11.48	11.77
2. Treasury Bonds	3,710.62	4,013.89	4,271.82	4,442.10	4,478.54	4,561.02	4,539.76	4,539.76
<i>(As % of total securities)</i>	84.68	86.72	88.65	89.00	88.94	88.95	88.52	88.23
3. Total Securities (1+2)	4,382.13	4,628.62	4,818.72	4,991.17	5,035.54	5,127.67	5,128.68	5,145.49
4. Overdraft at Central Bank	58.50	76.46	94.13	94.32	92.18	89.31	80.56	70.63
5. Other Domestic debt*	32.76	127.04	137.26	128.84	107.46	107.46	107.46	106.74
<i>of which IMF funds on-lent to Government</i>		95.52	104.24	106.49	84.70	84.70	84.70	85.20
6. Gross Domestic Debt (3+4+5)	4,473.39	4,832.11	5,050.11	5,214.33	5,235.19	5,324.44	5,316.70	5,322.86

* 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	29-Feb-24	28-Mar-24	30-Apr-24	29-May-24	5-Jun-24
Treasury bills (Excluding Repos)	15.01	12.72	10.83	10.53	10.64	10.64	11.08	11.38
Treasury bonds	82.95	83.07	84.59	85.19	85.55	85.66	85.39	85.29
Overdraft at Central Bank	1.31	1.58	1.86	1.81	1.76	1.68	1.52	1.33
Other domestic debt	0.73	2.63	2.72	2.47	2.05	2.02	2.02	2.01
<i>of which IMF fund on lent to government</i>		1.98	2.06	2.04	1.62	1.59	1.59	1.60
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	23-Feb-24	28-Mar-24	30-Apr-24	29-May-24	5-Jun-24
Banking Institutions	46.84	46.17	46.07	46.25	45.78	46.03	45.59	45.45
Insurance Companies	7.37	7.31	7.23	7.16	7.13	7.15	7.19	7.18
Parastatals	6.06	5.98	5.47	5.29	5.25	5.12	5.19	5.19
Pension Funds*	33.31	33.42	29.93	29.06	29.35	29.29	29.43	29.38
Other Investors	6.43	7.13	11.30	12.24	12.50	12.42	12.59	12.79
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	Nov-23	Dec-23	Feb-24	March-24*
Domestic debt (KSh Bn)	4,032.37	4,288.33	4,472.84	4,832.11	4,917.47	4,990.75	5,050.11	5,214.33	5,235.19
Public & Publicly Guaranteed External debt (USD Bn)	36.90	36.58	37.88	38.76	38.27	38.50	38.92	39.38	39.18
Public & Publicly Guaranteed External debt (KSh Bn)	4,174.37	4,290.73	4,673.14	5,446.56	5,667.80	5,896.50	6,089.58	5,653.89	5,163.42
Public debt (KSh Bn)	8,206.74	8,579.06	9,145.98	10,278.67	10,585.27	10,887.25	11,139.69	10,868.22	10,398.61

* Provisional

Source: The National Treasury and Central Bank of Kenya