



Central Bank of Kenya

# Weekly Bulletin

August 2, 2024



## RECENT MONETARY AND FINANCIAL DEVELOPMENTS

### Inflation

Overall inflation declined to 4.3 percent in July from 4.6 percent in June 2024, mainly driven by lower energy prices. Food inflation remained unchanged at 5.6 percent in June and July 2024, with increases in prices of key vegetable items were offset by declines in prices of key non-vegetable items. Fuel inflation declined to 4.5 percent from 6.4 percent in June 2024, mainly due to lower electricity and pump prices. Non-Food Non-Fuel (NFNF) inflation moderated to 3.3 percent from 3.4 percent in June 2024, reflecting the impact of monetary policy measures (**Chart 1**).

### Exchange Rates

The Kenya Shilling strengthened against major international and regional currencies during the week ending August 1. It exchanged at KSh 129.15 per US dollar on August 1, compared to KSh 132.22 per US dollar on July 25 (**Table 1**).

### Foreign Exchange Reserves

The usable foreign exchange reserves remained adequate at USD 7,274 million (3.8 months of import cover) as of August 1. 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 1, supported by open market operations. Commercial banks' excess reserves stood at KSh 19.3 billion in relation to the 4.25 percent cash reserves requirement (CRR). The average interbank rate increased to 13.19 percent on August 1 from 13.14 percent on July 25. During the week, the average number of interbank deals increased to 54 from 38 in the previous week, while the average value traded increased to KSh 35.3 billion from KSh 21.9 billion in the previous week (**Table 3**).

### Government Securities Market

The Treasury bill auction of August 1 received bids totaling KSh 24.4 billion against an advertised amount of KSh 24.0 billion, representing a performance of 101.7 percent. Interest rate on the 91-day, 182-day, and 364-day Treasury bills remained stable (**Table 4**).

### Equity Market

At the Nairobi Securities Exchange, the NASI, NSE 25 and NSE 20 share price indices declined by 1.3 percent, 1.2 percent and 1.4 percent, respectively, during the week ending August 1. Market capitalization and total shares traded declined by 1.3 percent and 0.4 percent respectively, while equity turnover increased by 6.2 percent (**Table 6**).

### Bond Market

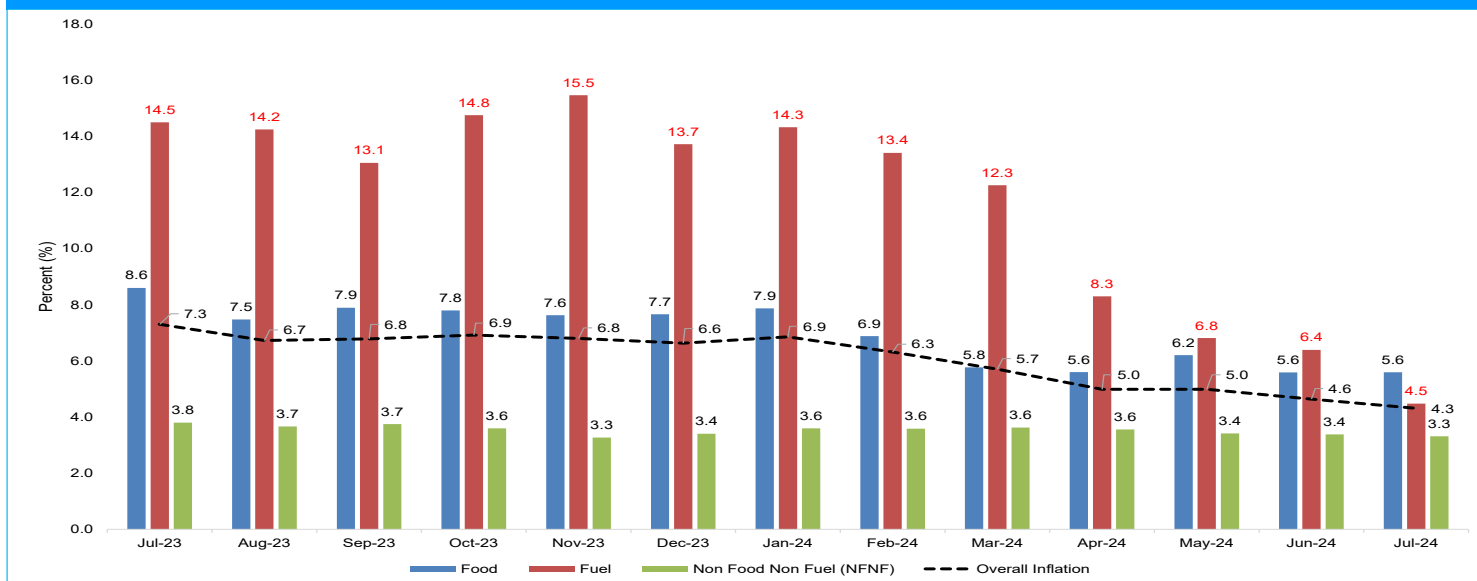
Bond turnover in the domestic secondary market increased by 21.2 percent during the week ending August 1 (**Table 6**). In the international market, yields on Kenya's Eurobonds increased by 13.67 basis points on average. The yield on the 10-year Eurobond for Angola declined while that of Zambia increased (**Chart 3**).

### Global Trends

Inflation concerns in advanced economies continue to ease. Eurozone inflation remained broadly stable at 2.6 percent in July 2024 compared to 2.5 percent in June 2024. The Bank of England lowered its main interest rate by 25 basis points while the US Fed kept its policy rate unchanged at 5.25-5.50 percent during the week. The US dollar index strengthened by 0.06 percent against a basket of major currencies during the week ending August 1.

International oil prices decreased during the week ending August 1, following the decision by the Organization of the Petroleum Exporting Countries (OPEC+) to maintain oil production cut by 5.86 million barrels per day. Murban oil price decreased to USD 78.80 on August 1 compared to USD 81.38 on July 25.

**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*
19-Jul-24	130.47	168.81	142.06	82.72	28.32	20.58	10.04	22.08
22-Jul-24	130.73	168.84	142.30	83.20	28.26	20.54	10.02	22.02
23-Jul-24	130.89	169.19	142.54	83.73	28.23	20.51	10.01	22.01
24-Jul-24	131.05	168.97	142.19	84.75	28.23	20.49	10.00	21.98
25-Jul-24	132.22	170.45	143.37	86.64	28.16	20.42	9.91	21.79
<b>Jul 19-25</b>	<b>131.07</b>	<b>169.25</b>	<b>142.49</b>	<b>84.21</b>	<b>28.24</b>	<b>20.51</b>	<b>10.00</b>	<b>21.97</b>
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
<b>Jul 26-Aug 1</b>	<b>130.78</b>	<b>168.07</b>	<b>141.72</b>	<b>85.41</b>	<b>28.50</b>	<b>20.64</b>	<b>10.04</b>	<b>22.02</b>

\*Units of currency per Kenya Shilling

Source: Central Bank of Kenya

**Table 2: Official Foreign Exchange Reserves (USD Million)**

	4-Jul-24	11-Jul-24	18-Jul-24	25-Jul-24	1-Aug-24
1. CBK Usable Foreign Exchange Reserves (USD Million)	7,775	7,896	7,409	7,311	7,274
2. CBK Usable Foreign Exchange Reserves (Months of Import Cover)*	4.0	4.1	3.9	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 (%)
19-Jul-24	42	26,450.00	13.13
22-Jul-24	30	13,200.00	13.16
23-Jul-24	43	23,860.00	13.15
24-Jul-24	38	21,050.00	13.16
25-Jul-24	36	24,855.00	13.14
<b>Jul 19-25</b>	<b>38</b>	<b>21,883.00</b>	<b>13.15</b>
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
<b>Jul 26-Aug 1</b>	<b>54</b>	<b>35,336.00</b>	<b>13.18</b>

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	18-Jul-24	25-Jul-24	1-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	10,882.53	25,810.20	14,859.22
Amount Accepted (KSh M)	3,867.98	17,437.83	2,745.34	9,824.66	19,642.88	13,597.00
Maturities (KSh M)	7,215.65	12,607.70	3,922.10	5,904.40	5,729.00	10,094.85
<b>Average Interest Rate (%)</b>	<b>16.729</b>	<b>15.955</b>	<b>15.977</b>	<b>16.022</b>	<b>16.000</b>	<b>15.988</b>
182-Day Treasury Bills						
Date of Auction	28-Mar-24	30-May-24	27-Jun-24	18-Jul-24	25-Jul-24	1-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	7,264.90	4,147.37	8,470.42
Amount Accepted (KSh M)	2,049.15	9,012.98	1,479.67	6,084.98	1,622.70	8,470.41
Maturities (KSh M)	552.85	2,805.50	293.25	6,295.10	5,592.95	1,763.15
<b>Average Interest Rate (%)</b>	<b>16.888</b>	<b>16.608</b>	<b>16.764</b>	<b>16.852</b>	<b>16.851</b>	<b>16.850</b>
364-Day Treasury Bills						
Date of Auction	28-Mar-24	30-May-24	27-Jun-24	18-Jul-24	25-Jul-24	1-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	2,836.87	1,688.45	1,075.50
Amount Accepted (KSh M)	7,596.50	6,339.81	1,828.51	2,832.41	1,676.37	943.75
Maturities (KSh M)	1,915.90	2,867.20	1,679.00	2,629.85	352.75	183.50
<b>Average Interest Rate (%)</b>	<b>16.990</b>	<b>16.706</b>	<b>16.791</b>	<b>16.897</b>	<b>16.921</b>	<b>16.921</b>

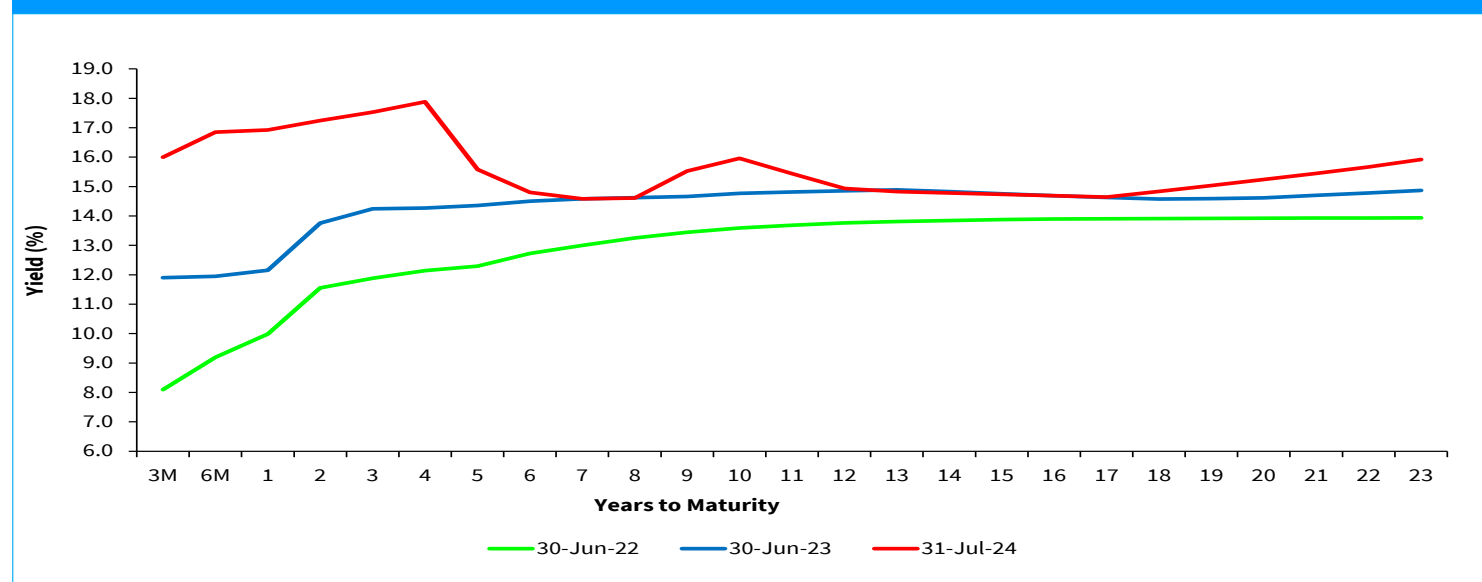
Source: Central Bank of Kenya

**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 2: Government Securities Yield Curve**



Source: Nairobi Securities Exchange (NSE)

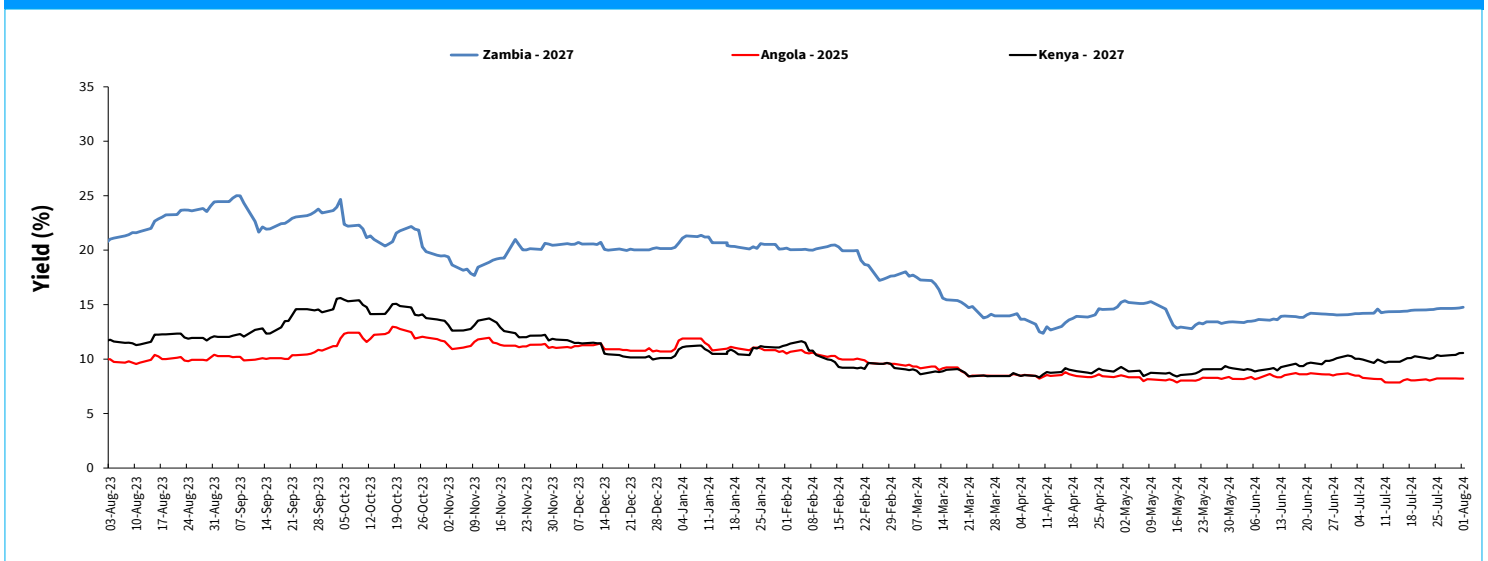
**Table 6: Performance of Key Market Indicators**

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
19-Jul-24	108.61	2886.90	1701.69	999	7.91	208.14	1,696.89	5,436.65	10.261	10.35	10.850	10.798	10.805	10.960
22-Jul-24	107.73	2871.46	1691.61	1,218	9.80	137.95	1,683.14	2,752.38	10.103	10.262	10.788	10.597	10.753	10.923
23-Jul-24	107.42	2860.99	1688.79	1,180	15.18	375.73	1,678.29	4,373.83	10.027	10.309	10.663	10.598	10.621	10.814
24-Jul-24	106.59	2837.80	1689.07	1,134	11.61	142.87	1,665.34	5,659.23	10.112	10.542	10.694	10.831	10.596	10.850
25-Jul-24	105.57	2821.26	1683.44	1,228	27.77	479.89	1,649.42	5,631.15	10.371	10.542	10.885	10.831	10.784	10.998
<b>Jul 19-25</b>	<b>105.57</b>	<b>2,821.26</b>	<b>1,683.44</b>	<b>5,759.00</b>	<b>72.27</b>	<b>1,344.58</b>	<b>1,649.42</b>	<b>23,853.25</b>	<b>10.371</b>	<b>10.542</b>	<b>10.885</b>	<b>10.831</b>	<b>10.784</b>	<b>10.998</b>
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
<b>Jul 26- Aug 1</b>	<b>104.18</b>	<b>2,787.88</b>	<b>1,659.46</b>	<b>5,885.00</b>	<b>71.95</b>	<b>1,428.33</b>	<b>1,627.61</b>	<b>28,915.95</b>	<b>10.567</b>	<b>10.694</b>	<b>11.080</b>	<b>11.011</b>	<b>10.924</b>	<b>11.092</b>
<b>Weekly Changes (%)</b>	<b>-1.32</b>	<b>-1.18</b>	<b>-1.42</b>	<b>2.19</b>	<b>-0.44</b>	<b>6.23</b>	<b>-1.32</b>	<b>21.22</b>	<b>0.196*</b>	<b>0.152*</b>	<b>0.195*</b>	<b>0.180*</b>	<b>0.140*</b>	<b>0.094*</b>

\* 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	28-Mar-24	29-May-24	26-Jun-24	24-Jul-24	31-Jul-24
1. Treasury Bills (Excluding Repos)	671.51	614.73	546.90	557.01	588.92	615.89	639.68	651.89
<i>(As % of total securities)</i>	<b>15.32</b>	<b>13.28</b>	<b>11.35</b>	<b>11.06</b>	<b>11.48</b>	<b>11.75</b>	<b>12.12</b>	<b>12.32</b>
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>	<b>84.68</b>	<b>86.72</b>	<b>88.65</b>	<b>88.94</b>	<b>88.52</b>	<b>88.25</b>	<b>87.88</b>	<b>87.68</b>
3. Total Securities (1+2)	4,382.13	4,628.62	4,818.72	5,035.54	5,128.68	5,243.01	5,277.57	5,289.78
4. Overdraft at Central Bank	58.50	76.46	94.13	92.18	80.56	61.02	91.80	60.53
5. Other Domestic debt*	32.76	127.04	137.26	107.46	107.46	105.08	103.62	103.61
<b>of which IMF funds on-lent to Government</b>		<b>95.52</b>	<b>104.24</b>	<b>84.70</b>	<b>84.70</b>	<b>83.54</b>	<b>82.61</b>	<b>82.61</b>
<b>6. Gross Domestic Debt (3+4+5)</b>	<b>4,473.39</b>	<b>4,832.11</b>	<b>5,050.11</b>	<b>5,235.19</b>	<b>5,316.70</b>	<b>5,409.11</b>	<b>5,472.99</b>	<b>5,453.92</b>

\* 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	24-Jul-24	31-Jul-24
Treasury bills (Excluding Repos)	15.01	12.72	10.83	10.64	11.08	11.39	11.69	11.95
Treasury bonds	82.95	83.07	84.59	85.55	85.39	85.54	84.74	85.04
Overdraft at Central Bank	1.31	1.58	1.86	1.76	1.52	1.13	1.68	1.11
Other domestic debt	0.73	2.63	2.72	2.05	2.02	1.94	1.89	1.90
of which IMF fund on lent to government		1.98	2.06	1.62	1.59	1.54	1.51	1.51
<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 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	24-Jul-24	31-Jul-24
Banking Institutions	46.84	46.17	46.07	45.78	45.59	45.11	45.51	45.12
Insurance Companies	7.37	7.31	7.23	7.13	7.19	7.23	7.19	7.21
Parastatals	6.06	5.98	5.47	5.25	5.19	5.13	5.08	5.08
Pension Funds*	33.31	33.42	29.93	29.35	29.43	29.61	29.31	29.39
Other Investors	6.43	7.13	11.30	12.50	12.59	12.92	12.91	13.19
<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>

\* 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	Mar-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)	<b>8,206.74</b>	<b>8,579.06</b>	<b>9,145.98</b>	<b>10,278.67</b>	<b>10,585.27</b>	<b>10,887.25</b>	<b>11,139.69</b>	<b>10,868.22</b>	<b>10,398.61</b>

\* Provisional

Source: The National Treasury and Central Bank of Kenya