



Central Bank of Kenya

Weekly Bulletin

July 5, 2024



RECENT MONETARY AND FINANCIAL DEVELOPMENTS

Inflation

Overall inflation declined in June 2024 to its lowest since October 2020, largely driven by decreases in prices of select non-vegetable items and electricity. It declined to 4.6 percent from 5.0 percent in May. Food inflation declined to 5.6 percent from 6.2 percent in May, while fuel inflation moderated further to 6.4 percent from 6.8 percent in May. Non-Food-Non-Fuel inflation remained stable at 3.4 percent (**Chart 1**).

GDP Growth

The economy remained resilient in the first quarter of 2024, growing by 5.0 percent compared to 5.5 percent in a similar quarter of 2023, largely driven by strong growth of agriculture and service sectors. The agriculture sector grew by 6.1 percent compared to 6.4 percent in a similar quarter of 2023, supported by favourable weather conditions and government interventions. The services sector grew by 6.2 percent compared to 6.8 percent in a similar quarter of 2023. Industrial sector performance remained subdued, with growth of the sector decelerating further to 0.1 percent from 1.5 percent in the first quarter of 2023 (**Table 1**).

Exchange Rates

The Kenya Shilling remained stable against major international and regional currencies during the week ending July 4. It exchanged at KSh 128.71 per US dollar on July 4, compared to KSh 129.15 per US dollar on June 27 (**Table 2**).

Foreign Exchange Reserves

The usable foreign exchange reserves remained adequate at USD 7,775 million (4.0 months of import cover) as of July 4. 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 remained adequate during the week ending July 4, supported by Government payments and open market operations. Commercial banks' excess reserves stood at KSh 17.6 billion in relation to the 4.25 percent cash reserves requirement (CRR). The average interbank rate was 13.26 percent on July 4 compared to 13.30 percent on June 27. During the week, the average number of interbank deals decreased to 36 from 44 in the previous week, while the average value

traded increased to KSh 24.2 billion from KSh 18.4 billion in the previous week (**Table 4**).

Government Securities Market

The Treasury bills auction of July 4 received bids totaling KSh 29.9 billion against an advertised amount of KSh 24.0 billion, representing a performance of 124.4 percent. Interest rates on the 91-day, 182-day and 364-day Treasury bills remained stable (**Table 5**).

During the Treasury bond tap sale of July 4, the 2-year fixed rate Treasury bond received bids totaling KSh 0.5 billion against an advertised amount of KSh 20 billion, representing a performance rate of 2.4 percent (**Table 6**).

Equity Market

At the Nairobi Securities Exchange, the NASI and NSE 25 share price index decreased by 0.31 percent and 0.26 percent, respectively while the and NSE 20 share price index increased by 1.5 percent during the week ending July 4. Market capitalization declined by 0.31 percent, while equity turnover and total shares traded increased by 13.5 percent and 12.8 percent, respectively (**Table 7**).

Bond Market

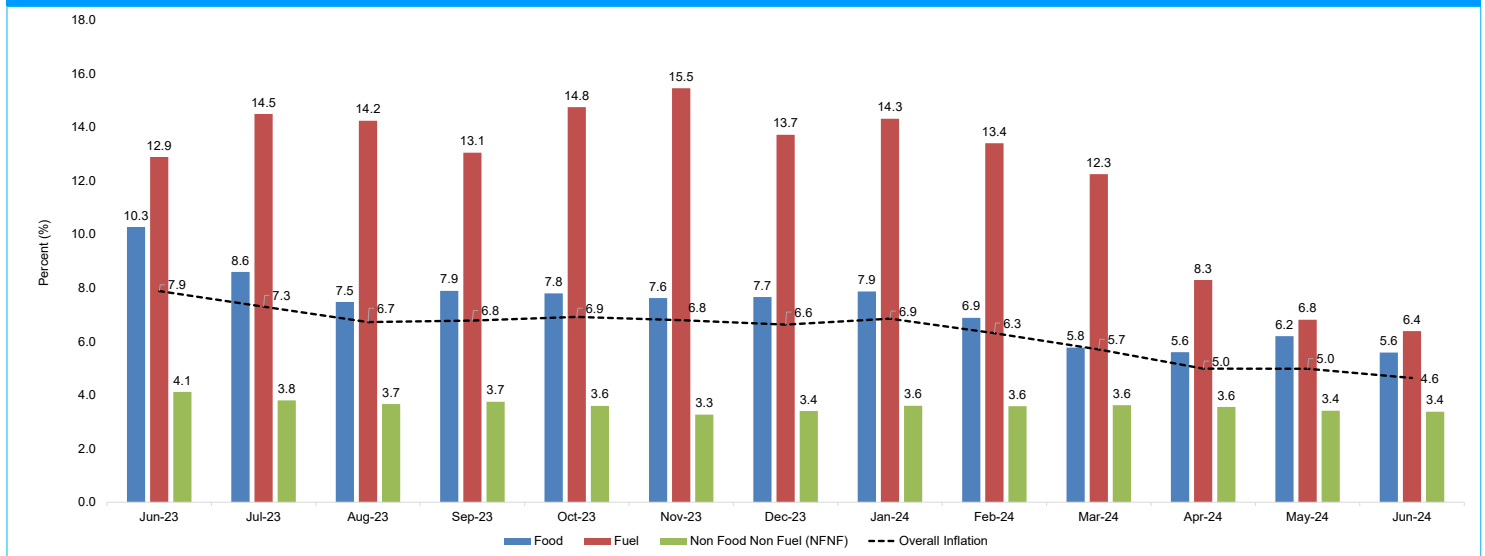
Bond turnover in the domestic secondary market increased by 27.8 percent during the week ending July 4 (**Table 7**). In the international market, yields on Kenya's Eurobonds increased by an average of 8.4 basis points. However, the yields on the 10- Year Eurobonds for Angola and Zambia decreased (**Chart 3**).

Global Trends

Eurozone inflation eased to 2.5 percent in June 2024 from 2.6 percent in May 2024, although core inflation remained sticky at 2.9 percent. The US composite PMI index for June 2024 rose, supported by accelerated activity in both services and manufacturing sectors. However, the Euro area composite PMI index declined on account of production fall in the manufacturing sector. The US dollar index weakened by 0.74 percent against a basket of major currencies during the week ending July 4.

International oil prices rose during the week ending July 4, reflecting geopolitical tension in the Middle East and increased US oil demand. Murban oil price rose to USD 87.44 per barrel on July 4 compared to USD 85.56 per barrel on June 27.

Chart 1: Inflation (Percent)



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

Table 1: Real GDP Growth by Sector (Percent)

	2023				2024
	Q1	Q2	Q3	Q4	Q1
Agriculture	6.4	7.8	5.1	6.2	6.1
2. Non-Agriculture (o/w)	5.2	5.1	6.2	4.9	4.7
2.1 Industry	1.5	1.4	3.1	1.4	0.1
Mining & Quarrying	-11.0	-8.3	0.8	-6.9	-14.8
Manufacturing	1.7	1.5	2.8	2.0	1.4
Electricity & water supply	3.8	2.8	3.3	1.3	2.4
Construction	3.0	2.7	4.0	2.2	0.1
2.2 Services	6.8	6.8	7.8	6.5	6.2
Wholesale & Retail Trade	2.9	2.1	3.1	2.8	4.9
Accommodation & Food Services	47.1	42.7	34.5	18.1	28.0
Transport & Storage	6.6	4.6	5.1	8.5	3.8
Information & Communication	9.5	7.6	8.8	11.0	7.8
Financial & Insurance	5.9	13.2	15.5	6.3	7.0
Public administration	7.6	3.2	4.6	3.4	5.8
Professional, Administration & Support Services	8.6	6.6	9.7	12.8	9.9
Real estate	7.3	8.1	7.7	6.2	6.6
Education	2.0	3.1	3.5	3.9	4.0
Health	5.1	4.7	5.0	4.8	5.5
Other services	4.6	2.4	6.4	2.9	2.5
FISIM	0.6	4.9	2.9	2.5	5.8
2.3 Taxes on products	3.0	1.8	1.9	2.0	4.7
Real GDP Growth	5.5	5.6	6.0	5.1	5.0

Source: Kenya National Bureau of Statistics

Table 2: Kenya Shilling Exchange Rates

	USD	Sterling Pound	Euro	100 Japanese Yen	Uganda Shilling*	Tanzania Shilling*	Rwandese Franc*	Burundi Franc*
21-Jun-24	128.55	163.10	137.94	80.99	29.13	20.42	10.14	22.37
24-Jun-24	128.55	163.10	137.94	80.99	29.13	20.42	10.14	22.37
25-Jun-24	128.70	163.42	138.27	80.78	29.00	20.40	10.18	22.35
26-Jun-24	128.76	163.34	137.79	80.66	28.77	20.46	10.13	22.34
27-Jun-24	129.15	163.23	137.85	80.57	28.77	20.40	10.26	22.28
Jun 21-27	128.74	163.24	137.96	80.80	28.96	20.42	10.17	22.34
28-Jun-24	129.53	163.90	138.87	80.76	28.64	20.27	10.09	22.21
1-Jul-24	129.52	163.74	138.60	80.80	28.64	20.50	10.09	22.21
2-Jul-24	128.90	163.62	138.69	79.94	28.79	20.52	10.14	22.32
3-Jul-24	128.70	163.11	138.17	79.70	28.75	20.55	10.15	22.36
4-Jul-24	128.71	164.00	138.82	79.68	28.69	20.86	10.16	22.36
Jun 28 - Jul 4	129.07	163.68	138.63	80.18	28.70	20.54	10.13	22.29

*Units of currency per Kenya Shilling

Source: Central Bank of Kenya

Table 3: Official Foreign Exchange Reserves (USD Million)

	6-Jun-24	13-Jun-24	20-Jun-24	27-Jun-24	4-Jul-24
1. CBK Usable Foreign Exchange Reserves (USD Million)	6,981	7,012	8,321	7,800	7,775
2. CBK Usable Foreign Exchange Reserves (Months of Import Cover)*	3.6	3.7	4.3	4.1	4.0

*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 (%)
21-Jun-24	58	24,685.00	13.19
24-Jun-24	39	14,780.00	13.22
25-Jun-24	51	26,700.00	13.23
26-Jun-24	37	13,550.00	13.24
27-Jun-24	33	12,245.00	13.30
Jun 21-27	44	18,392.00	13.24
28-Jun-24	43	34,875.00	13.30
1-Jul-24	39	31,178.00	13.31
2-Jul-24	41	22,232.00	13.31
3-Jul-24	35	22,568.00	13.33
4-Jul-24	24	10,200.00	13.26
Jun 28 - Jul 4	36	24,210.60	13.30

Source: Central Bank of Kenya

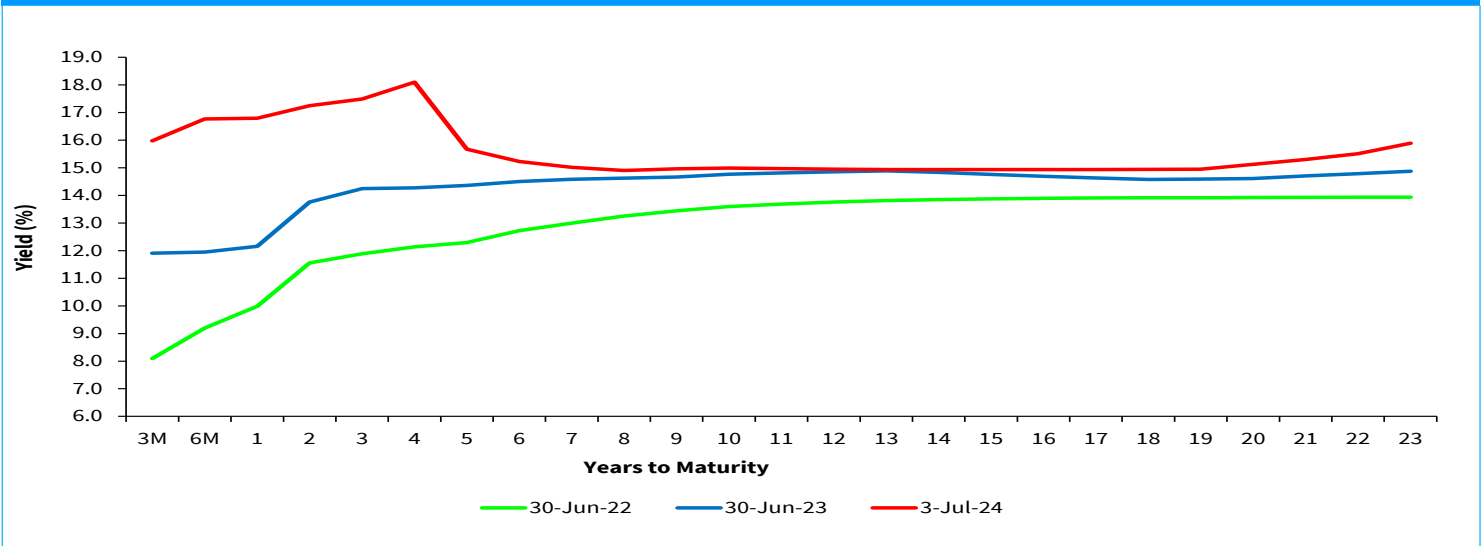
Table 5: Performance of Treasury Bill Auctions						
91-Day Treasury Bills						
Date of Auction	29-Jun-23	28-Dec-23	28-Mar-24	30-May-24	27-Jun-24	4-Jul-24
Amount Offered (KSh M)	4,000.00	4,000.00	4,000.00	4,000.00	4,000.00	4,000.00
Bids Received (KSh M)	5,779.97	8,516.51	5,380.72	17,863.94	4,361.03	14,803.88
Amount Accepted (KSh M)	2,705.12	6,986.46	3,867.98	17,437.83	2,745.34	12,842.87
Maturities (KSh M)	2,814.15	3,254.55	7,215.65	12,607.70	3,922.10	8,128.05
Average Interest Rate (%)	11.904	15.983	16.729	15.955	15.977	15.987
182-Day Treasury Bills						
Date of Auction	29-Jun-23	28-Dec-23	28-Mar-24	30-May-24	27-Jun-24	4-Jul-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	9,171.79	1,494.42	9,419.93
Amount Accepted (KSh M)	1,300.96	322.85	2,049.15	9,012.98	1,479.67	9,419.93
Maturities (KSh M)	442.15	1,365.20	552.85	2,805.50	293.25	5,005.65
Average Interest Rate (%)	11.947	15.967	16.888	16.608	16.764	16.795
364-Day Treasury Bills						
Date of Auction	29-Jun-23	28-Dec-23	28-Mar-24	30-May-24	27-Jun-24	4-Jul-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	6,474.59	1,833.64	5,632.46
Amount Accepted (KSh M)	1,514.41	1,661.91	7,596.50	6,339.81	1,828.51	5,632.46
Maturities (KSh M)	2,417.65	1,858.45	1,915.90	2,867.20	1,679.00	2,528.60
Average Interest Rate (%)	12.157	16.100	16.990	16.706	16.791	16.830

Source: Central Bank of Kenya

Table 6: Performance of Treasury Bond Auctions									
Date of Auction	5-Jun-24		12-Jun-24		20-Jun-24				4-Jul-24
	RE-OPEN		RE-OPEN		TAP				TAP
Tenor	FXD1/ 2023/002	FXD1/ 2024/003	FXD1/ 2023/005	FXD1/ 2023/010	FXD1/ 2023/002	FXD1/ 2024/003	FXD1/ 2023/005	FXD1/ 2023/010	FXD1/ 2023/002
Amount offered (KSh M)	30,000.00		30,000.00		20,000.00				20,000.00
Bids received (KSh M)	8,445.84	24,393.57	31,942.72	9,616.66	1,799.80	3,265.80	11,228.55	8,840.10	487.50
Amount Accepted (KSh M)	7,075.38	23,808.75	22,586.77	7,583.81	1,795.73	3,316.47	10,811.16	7,936.60	486.48
Maturities (KSh M)	0.00		0.00		0.00				0.00
Average interest Rate (%)	17.12	17.59	18.16	16.39	17.12	17.59	18.16	16.39	17.12

Source: Central Bank of Kenya

Chart 2: Government Securities Yield Curve



Source: Nairobi Securities Exchange (NSE)

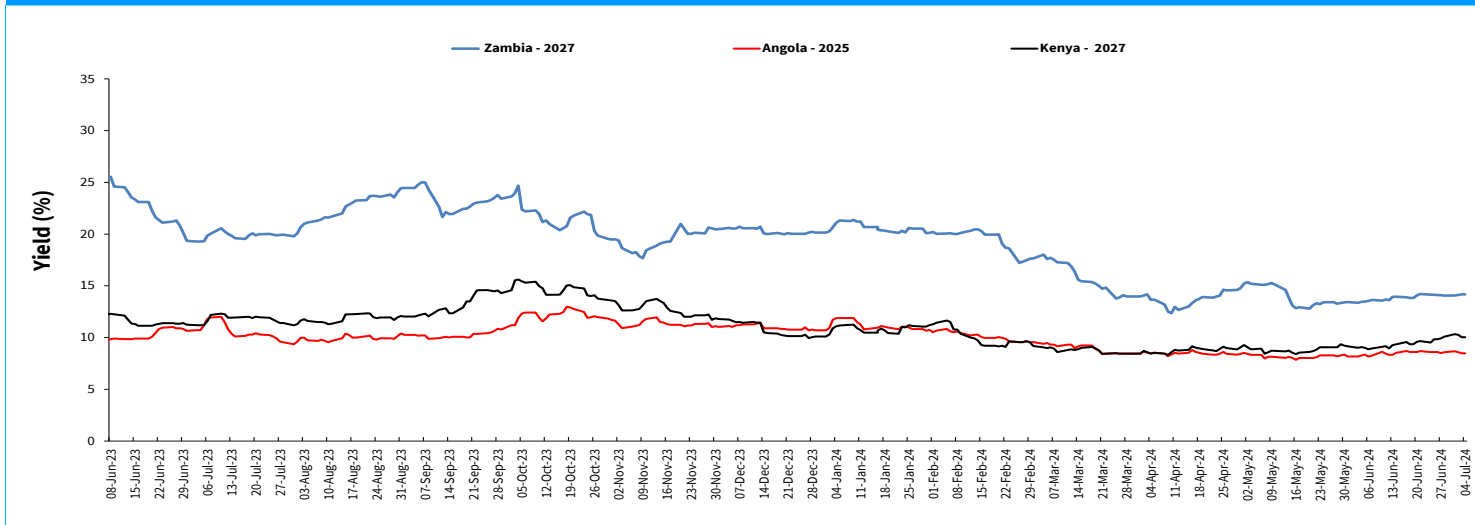
Table 7: Performance of Key Market Indicators

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 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
21-Jun-24	112.75	2924.81	1730.28	1,153.00	9.83	188.42	1,761.55	3,907.90	9.672	10.199	10.711	10.746	10.616	10.865
24-Jun-24	112.76	2926.42	1726.96	1,315.00	6.16	72.89	1,761.70	8,281.05	9.522	10.113	10.681	10.661	10.591	10.828
25-Jun-24	111.76	2888.68	1711.94	851.00	9.23	117.50	1,746.05	5,055.32	9.834	10.336	10.774	10.805	10.724	10.883
26-Jun-24	111.00	2885.87	1651.93	1,011.00	18.21	358.37	1,734.26	3,024.20	9.837	10.338	10.775	10.835	10.778	10.920
27-Jun-24	109.02	2847.05	1642.39	1,070.00	9.15	182.08	1,703.35	8,396.55	9.927	10.344	10.745	10.779	10.755	10.920
Jun 21-27	109.02	2847.05	1642.39	5,400.00	52.57	919.26	1,703.35	28,665.02	9.927	10.344	10.745	10.779	10.755	10.920
28-Jun-24	109.49	2861.04	1656.50	1,033.00	9.6	163.9	1,710.6	8470.5	10.088	10.391	10.839	10.838	10.809	10.976
1-Jul-24	109.62	2856.21	1655.48	1,130.00	5.5	75.4	1,712.6	5,656.4	10.328	10.572	11.074	11.042	10.998	11.069
2-Jul-24	109.25	2847.32	1649.15	1,139.00	11.2	211.7	1,706.9	6,123.3	10.258	10.532	11.093	11.044	11.000	11.051
3-Jul-24	109.00	2842.28	1648.98	1,104.00	18.0	293.7	1,702.9	8,351.2	10.034	10.359	10.936	10.872	10.869	10.903
4-Jul-24	108.68	2839.69	1666.76	1,009.00	15.0	298.8	1,698.0	8,030.8	10.034	10.359	10.936	10.872	10.869	10.903
Jun 28- Jul 4	108.68	2,839.69	1,666.76	5,415.00	59.32	1,043.60	1,698.04	36,632.10	10.034	10.359	10.936	10.872	10.869	10.903
Weekly Changes (%)	-0.31	-0.26	1.48	0.28	12.83	13.53	-0.31	27.79	0.107*	0.015*	0.191*	0.093*	0.114*	-0.017*

* 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-Dec-22	30-Jun-23	29-Dec-23	29-Feb-24	28-Mar-24	29-May-24	26-Jun-24	3-Jul-24
1. Treasury Bills (Excluding Repos)	671.51	614.73	546.90	549.07	557.01	588.92	615.89	616.00
<i>(As % of total securities)</i>	15.32	13.28	11.35	11.00	11.06	11.48	11.75	11.75
2. Treasury Bonds	3,710.62	4,013.89	4,271.82	4,442.10	4,478.54	4,539.76	4,627.12	4,627.12
<i>(As % of total securities)</i>	84.68	86.72	88.65	89.00	88.94	88.52	88.25	88.25
3. Total Securities (1+2)	4,382.13	4,628.62	4,818.72	4,991.17	5,035.54	5,128.68	5,243.01	5,243.12
4. Overdraft at Central Bank	58.50	76.46	94.13	94.32	92.18	80.56	61.02	61.42
5. Other Domestic debt*	32.76	127.04	137.26	128.84	107.46	107.46	105.08	106.24
<i>of which IMF funds on-lent to Government</i>		95.52	104.24	106.49	84.70	84.70	83.54	83.54
6. Gross Domestic Debt (3+4+5)	4,473.39	4,832.11	5,050.11	5,214.33	5,235.19	5,316.70	5,409.11	5,410.79

* 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-Dec-22	30-Jun-23	29-Dec-23	29-Feb-24	28-Mar-24	29-May-24	26-Jun-24	3-Jul-24
Treasury bills (Excluding Repos)	15.01	12.72	10.83	10.53	10.64	11.08	11.39	11.38
Treasury bonds	82.95	83.07	84.59	85.19	85.55	85.39	85.54	85.52
Overdraft at Central Bank	1.31	1.58	1.86	1.81	1.76	1.52	1.13	1.14
Other domestic debt	0.73	2.63	2.72	2.47	2.05	2.02	1.94	1.96
<i>of which IMF fund on lent to government</i>		1.98	2.06	2.04	1.62	1.59	1.54	1.54
TOTAL	100.00	100.00	100.00	100.00	100.00	100.00	100.00	100.00

Source: Central Bank of Kenya

Table 10: Government Domestic Debt by Holder (Percent)

	30-Dec-22	30-Jun-23	29-Dec-23	23-Feb-24	28-Mar-24	29-May-24	26-Jun-24	3-Jul-24
Banking Institutions	46.84	46.17	46.07	46.25	45.78	45.59	45.11	45.12
Insurance Companies	7.37	7.31	7.23	7.16	7.13	7.19	7.23	7.22
Parastatals	6.06	5.98	5.47	5.29	5.25	5.19	5.13	5.12
Pension Funds*	33.31	33.42	29.93	29.06	29.35	29.43	29.61	29.60
Other Investors	6.43	7.13	11.30	12.24	12.50	12.59	12.92	12.94
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 11: 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)	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