



Central Bank of Kenya

Weekly Bulletin

December 6, 2024



RECENT MONETARY AND FINANCIAL DEVELOPMENTS

Monetary Policy Committee Meeting

The Monetary Policy Committee (MPC) met on December 5, 2024, and decided to lower the Central Bank Rate (CBR) from 12.00 percent to 11.25 percent. The MPC noted that overall inflation was expected to remain below the midpoint of the target range in the near term, supported by low fuel inflation, stable food inflation, and exchange rate stability. Additionally, the Committee noted that Non-food-non-fuel (NFNF) inflation has moderated and is expected to remain stable, while central banks in the major economies have lowered their interest rates further, with expectations of a gradual pace of reductions in the coming months. Further, the MPC noted economic growth in the first half of 2024 had decelerated, and therefore concluded that there was scope for a further easing of the monetary policy stance to support economic activity, while ensuring exchange rate stability.

Inflation

Overall inflation increased marginally to 2.8 percent in November 2024, from 2.7 percent in October 2024 mainly on account of a modest increase in food and fuel inflation. Food inflation increased slightly to 4.5 percent from 4.3 percent in October, due to increases in prices of select food items. Fuel inflation recorded a marginal increase to -1.6 percent from -1.7 percent in October 2024 due to increases in prices of some non-energy components. NFNF inflation eased reflecting muted demand pressures. It decreased to 3.2 percent in November 2024 from 3.3 percent in October 2024 (**Chart 1**).

Exchange Rates

The Kenya Shilling remained stable against major international and regional currencies during the week ending December 5. It exchanged at KSh 129.33 per US dollar on December 5, compared to KSh 129.64 per US dollar on November 28 (**Table 1**).

Foreign Exchange Reserves

The usable foreign exchange reserves remained adequate at USD 8,969 million (4.6 months of import cover) as of December 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 December 5 supported by open market operations. Commercial banks' excess reserves stood at KSh 24 billion in relation to the 4.25 percent cash reserves requirement (CRR). The average interbank rate was at 11.83 percent on December 5 compared to 11.93 on November 28. During the week ending December 5, the average number of interbank deals increased to 52 from 37 in the previous week, while the average value traded increased to KSh 38.8 billion from KSh 23.1 billion in the previous week (**Table 3**).

Government Securities Market

The Treasury bill auction of December 5 received bids totalling KSh 42.3 billion against an advertised amount of KSh 24.0 billion, representing a performance of 176.3 percent. Interest rate on the 91-day, 182-day, and 364-day Treasury bills declined (**Table 4**).

During the Treasury bond auction of December 4, the reopened 10-year and 20-year fixed rate Treasury bonds received bids totalling KSh 71.3 billion against an advertised amount of KSh 25.0 billion, representing a performance of 285.3 percent (**Table 5**).

Equity Market

Equity Market at the Nairobi Securities Exchange, the NASI and NSE 25 share price indices increased by 3.3 percent and 1.7 percent, respectively, while NSE 20 declined by 3.0 percent during the week ending December 5. Market capitalization increased by 3.3 percent while equity turnover and total shares traded declined by 15.6 percent and 9.5 percent, respectively (**Table 6**).

Bond Market

Bond Market Bond turnover in the domestic secondary market declined by 9.1 percent during the week ending December 5 (**Table 6**). In the international market, yields on Kenya's Eurobonds on average decreased by 27.27 basis

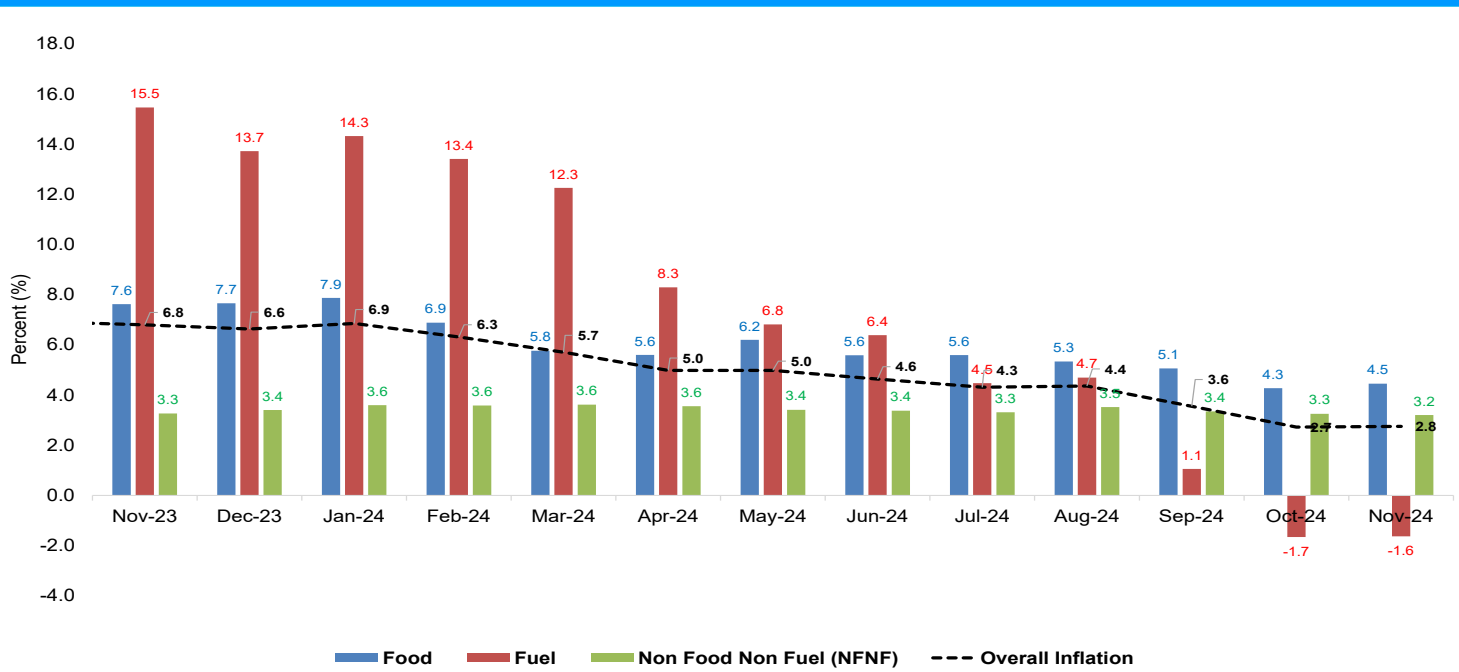
points. The yield on the 10- year Eurobond for Angola also increased (**Chart 3**).

Global Trends

Inflation in advanced economies has moderated. In the Eurozone, inflation increased slightly to 2.3 percent in November, up from 2.0 percent in October, while core inflation held steady at 2.7 percent. The US dollar index weakened by 0.39 percent against a basket of major currencies during the week ending December 5, 2024.

International oil prices decreased during the week ending December 5. The price of Murban oil declined to USD 71.86 on December 5, 2024, from USD 72.75 on November 29. This is despite OPEC+'s decision to delay its planned production increase by three months, shifting it to April 2025. Additionally, the group extended the timeline for fully unwinding production cuts by another year, now targeting the end of 2026.

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*
22-Nov-24	129.58	163.91	136.49	84.06	28.52	20.45	10.60	22.80
25-Nov-24	129.56	163.13	135.74	83.98	28.60	20.53	10.54	22.80
26-Nov-24	129.57	162.58	135.73	84.32	28.59	20.45	10.54	22.80
27-Nov-24	129.61	162.92	135.80	85.12	28.59	20.41	10.55	22.79
28-Nov-24	129.64	164.20	136.79	85.56	28.46	20.40	10.55	22.79
Nov 22-28	129.59	163.35	136.11	84.61	28.55	20.45	10.56	22.80
29-Nov-24	129.68	164.82	137.09	86.38	28.46	20.40	10.55	22.78
2-Dec-24	129.76	164.65	136.56	86.13	28.44	20.35	10.64	22.77
3-Dec-24	129.77	164.12	136.13	86.45	28.43	20.42	10.63	22.77
4-Dec-24	129.59	164.47	136.30	86.38	28.40	20.33	10.56	22.80
5-Dec-24	129.33	164.34	136.07	86.11	28.45	20.34	10.45	22.85
Nov 29-Dec 5	129.63	164.48	136.43	86.29	28.44	20.37	10.56	22.79

*Units of currency per Kenya Shilling

Source: Central Bank of Kenya

Table 2: Usable Foreign Exchange Reserves (USD Million)

	7-Nov-24	14-Nov-24	21-Nov-24	28-Nov-24	5-Dec-24
1. CBK Usable Foreign Exchange Reserves (USD Million)*	9,323	9,276	9,144	9,007	8,969
2. CBK Usable Foreign Exchange Reserves (Months of Import Cover)**	4.8	4.8	4.7	4.6	4.6

*Excludes encumbered reserves

**Based on 36 months average of imports of goods and non-factor services

Source: Central Bank of Kenya

Table 3: Money Market

Date	Number of Deals	Value (KSh M)	Average Interbank Rate (%)
22-Nov-24	43	23,150.00	11.82
25-Nov-24	37	29,480.00	11.88
26-Nov-24	43	23,130.00	11.90
27-Nov-24	37	22,900.00	11.92
28-Nov-24	27	16,940.00	11.93
Nov 22-28	37	23,120.00	11.89
29-Nov-24	36	24,000.00	11.93
2-Dec-24	38	30,050.00	11.90
3-Dec-24	57	40,400.00	11.86
4-Dec-24	59	45,900.00	11.85
5-Dec-24	71	53,670.00	11.83
Nov 29-Dec 5	52	38,804.00	11.87

Source: Central Bank of Kenya

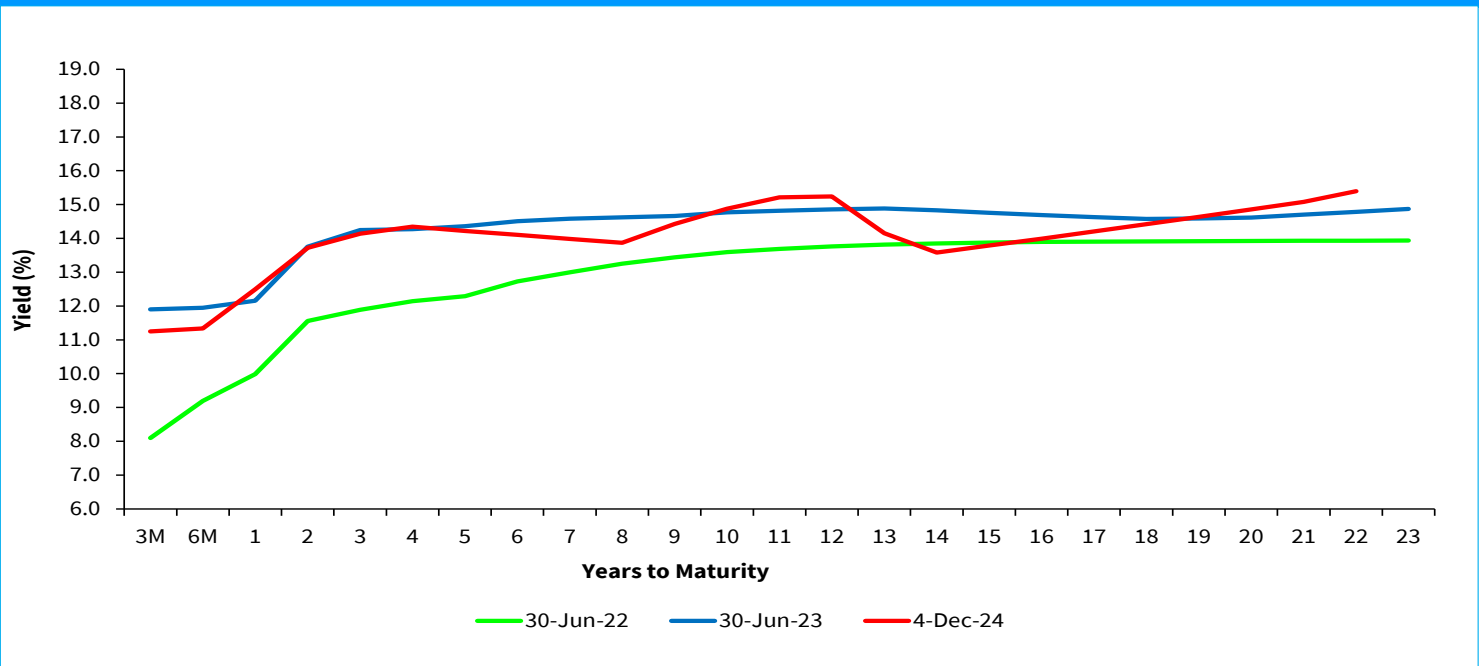
Table 4: Performance of Treasury Bill Auctions						
91-Day Treasury Bills						
Date of Auction	27-Jun-24	29-Aug-24	26-Sep-24	31-Oct-24	28-Nov-24	5-Dec-24
Amount Offered (KSh M)	4,000.00	4,000.00	4,000.00	4,000.00	4,000.00	4,000.00
Bids Received (KSh M)	4,361.03	17,496.40	6,919.23	15,007.98	18,817.44	18,927.94
Amount Accepted (KSh M)	2,745.34	16,953.43	3,370.90	7,366.03	15,938.75	18,906.52
Maturities (KSh M)	3,922.10	18,029.30	2,377.75	13,721.90	17,516.75	21,957.15
Average Interest Rate (%)	15.977	15.784	15.718	13.966	11.250	10.456
182-Day Treasury Bills						
Date of Auction	27-Jun-24	29-Aug-24	26-Sep-24	31-Oct-24	28-Nov-24	5-Dec-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)	1,494.42	4,451.13	5,437.90	23,241.04	10,416.04	6,763.58
Amount Accepted (KSh M)	1,479.67	4,443.43	3,330.51	5,783.01	4,208.53	6,707.74
Maturities (KSh M)	293.25	2,088.35	2,144.40	5,518.70	9,724.25	6,407.05
Average Interest Rate (%)	16.764	16.633	16.589	14.523	11.338	10.549
364-Day Treasury Bills						
Date of Auction	27-Jun-24	29-Aug-24	26-Sep-24	31-Oct-24	28-Nov-24	5-Dec-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)	1,833.64	2,254.39	8,567.15	23,917.48	21,422.50	16,621.92
Amount Accepted (KSh M)	1,828.51	2,248.06	5,764.78	14,990.38	14,507.31	16,600.92
Maturities (KSh M)	1,679.00	567.65	522.70	978.25	2,102.30	774.65
Average Interest Rate (%)	16.791	16.842	16.800	14.968	12.490	11.967

Source: Central Bank of Kenya

Table 5: Performance of Treasury Bond Auctions								
Date of Auction	09-Oct-24		17-Oct-24	06-Nov-24		13-Nov-24	4-Dec-24	
	RE-OPEN		TAP	RE-OPEN		RE-OPEN	RE-OPEN	
Tenor	FXD1/ 2016/010	FXD1/ 2022/010	FXD1/ 2022/010	FXD1/ 2023/010	FXD1/ 2022/015	FXD1/ 2024/010		
Amount offered (KSh M)	30,000.00		15,000.00	25,000.00		20,000.00	25,000.00	
Bids received (KSh M)	36,615.53	14,349.29	16,497.15	16,331.02	16,717.40	55,575.58	47,395.28	23,922.30
Amount Accepted (KSh M)	28,026.11	3,251.00	15,092.95	10,286.04	15,397.04	30,515.91	34,922.07	18,488.38
Maturities (KSh M)								
Average interest Rate (%)	16.98	16.95	16.95	15.97	16.30	15.86	14.69	15.11

Source: Central Bank of Kenya

Chart 2: Government Securities Yield Curve



Source: Nairobi Securities Exchange (NSE)

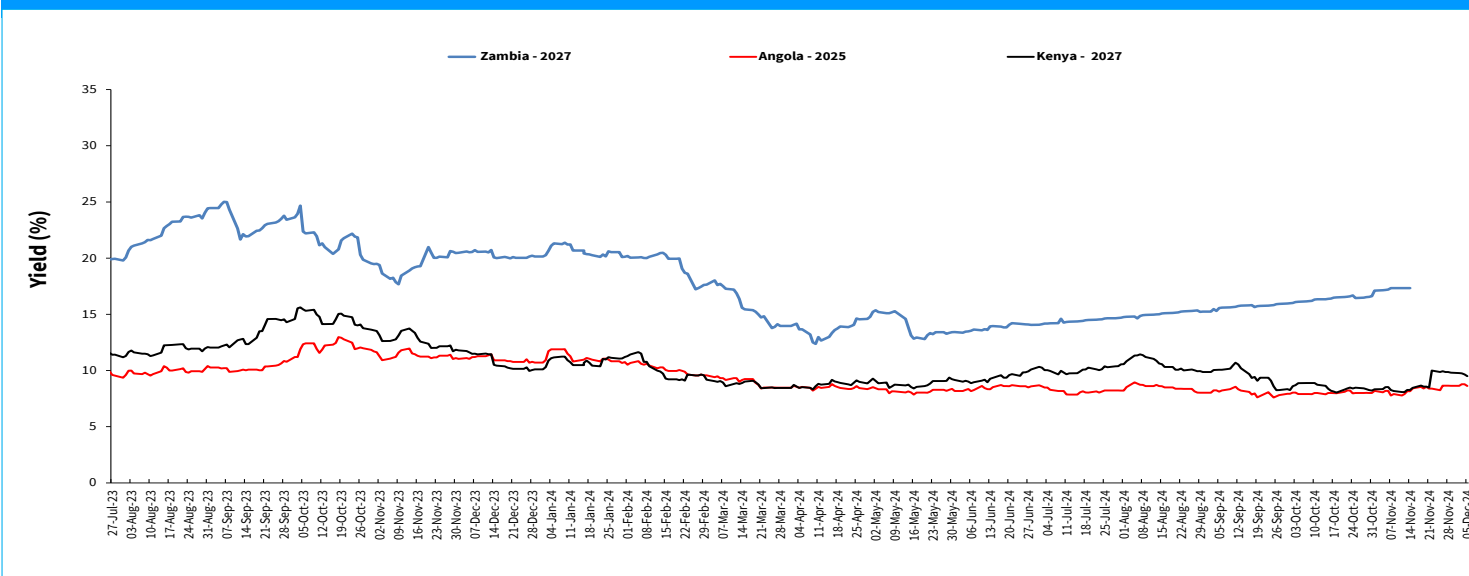
Table 6: Performance of Key Market Indicators

INDICATOR	NASI 100=2008	NSE 25 Share Index	NSE 20 Share Index 100=1996	Total Deals (Equity)	Total Shares Traded (Mil- lion)	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
22-Nov-24	112.74	3,118.32	1,891.18	1,413	23.02	240.74	1764.87	4457.40	8.389	8.957	9.994	9.878	10.183	8.388
25-Nov-24	112.26	3,094.61	1,884.30	1,793	26.80	351.40	1757.25	8678.50	8.015	8.727	9.868	9.753	10.085	8.247
26-Nov-24	111.38	3,074.30	1,885.31	1,563	30.72	419.13	1743.54	7342.50	8.113	8.729	9.931	9.780	10.118	8.653
27-Nov-24	110.68	3,063.59	1,881.19	1,635	30.43	472.37	1732.61	6076.50	8.118	8.686	9.869	9.782	10.102	8.645
28-Nov-24	110.65	3,064.59	1,879.72	1,383	64.33	1017.21	1732.07	3561.70	8.118	8.686	9.869	9.782	10.102	8.645
Nov 22-28	110.7	3,064.59	1,879.72	7,787	175	2,501	1,732	30,117	8.118	8.686	9.869	9.782	10.102	8.645
29-Nov-24	111.53	3,063.32	1,861.35	1,457	23.81	336.45	1745.88	2263.00	8.025	8.641	9.806	9.733	10.085	8.642
2-Dec-24	112.74	3,088.21	1,866.73	1,491	25.19	296.97	1764.83	5676.20	7.932	8.642	9.774	9.684	10.069	8.639
3-Dec-24	112.07	3,069.79	1,835.01	1,459	24.21	174.50	1754.24	5446.15	7.933	8.597	9.743	9.685	10.069	8.777
4-Dec-24	112.27	3,068.53	1,827.72	1,355	11.18	184.15	1757.52	2947.95	7.84	8.552	9.649	9.586	10.005	8.775
5-Dec-24	114.31	3,116.54	1,823.17	1,406	74.32	1119.79	1789.36	11051.20	7.654	8.417	9.494	9.466	9.910	8.625
Nov 29 - Dec 5	114.3	3,116.54	1,823.2	7,168	159	2,112	1,789	27,385	7.654	8.417	9.494	9.466	9.91	8.625
Weekly Changes (%)	3.31	1.70	-3.01	-7.95	-9.46	-15.55	3.31	-9.07	-0.464*	0.269*	-375*	0.316*	0.192*	0.020*

* Percentage points

Source: Nairobi Securities Exchange (NSE) and Thomson Reuters

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



Source: London Stock Exchange

Table 7: Government Domestic Debt (KSh Billion)

	29-Dec-23	28-Jun-24	31-Jul-24	28-Aug-24	30-Sep-24	30-Oct-24	27-Nov-24	4-Dec-24
1. Treasury Bills (Excluding Repos)	546.90	615.89	651.89	673.95	712.45	760.13	834.73	842.21
<i>(As % of total securities)</i>	11.35	11.75	12.32	12.47	12.96	13.66	14.71	14.84
2. Treasury Bonds	4,271.82	4,627.12	4,637.89	4,729.22	4,785.63	4,802.76	4,840.35	4,831.79
<i>(As % of total securities)</i>	88.65	88.25	87.68	87.53	87.04	86.34	85.29	85.16
3. Total Securities (1+2)	4,818.72	5,243.01	5,289.78	5,403.17	5,498.08	5,562.89	5,675.08	5,674.00
4. Overdraft at Central Bank	94.13	61.02	60.53	49.43	0.00	28.63	51.82	31.77
5. Other Domestic debt*	137.26	106.25	103.06	103.07	103.64	103.69	102.09	102.09
of which IMF funds on-lent to Government	104.24	83.54	82.61	82.61	82.63	82.63	81.08	81.08
6. Gross Domestic Debt (3+4+5)	5,050.11	5,410.28	5,453.37	5,555.66	5,601.71	5,695.22	5,828.99	5,807.87

* 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)

	29-Dec-23	28-Jun-24	31-Jul-24	28-Aug-24	30-Sep-24	30-Oct-24	27-Nov-24	4-Dec-24
Treasury bills (Excluding Repos)	10.83	11.38	11.95	12.13	12.72	13.35	14.32	14.50
Treasury bonds	84.59	85.52	85.05	85.12	85.43	84.33	83.04	83.19
Overdraft at Central Bank	1.86	1.13	1.11	0.89	0.00	0.50	0.89	0.55
Other domestic debt	2.72	1.96	1.89	1.86	1.85	1.82	1.75	1.76
of which IMF fund on lent to government	2.06	1.54	1.51	1.49	1.48	1.45	1.39	1.40
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)

	29-Dec-23	28-Jun-24	31-Jul-24	28-Aug-24	30-Sep-24	30-Oct-24	27-Nov-24	4-Dec-24
Banking Institutions	46.07	45.12	45.12	44.81	44.38	45.09	45.55	45.34
Insurance Companies	7.23	7.23	7.21	7.20	7.22	7.20	7.12	7.14
Parastatals	5.47	5.13	5.08	5.34	5.35	5.45	5.41	5.43
Pension Funds*	29.93	29.60	29.39	29.14	29.44	29.16	28.84	28.90
Other Investors	11.30	12.92	13.19	13.50	13.60	13.11	13.09	13.19
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	May-24	Jun-24	Sep-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	5,319.89	5,410.28	5,601.71
Public & Publicly Guaranteed External debt (USD Bn)	36.90	36.58	37.88	38.76	38.27	38.92	39.18	39.30	39.77	40.16
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	5,118.31	5,150.84	5,188.37
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	10,438.19	10,561.12	10,790.08

* Provisional

Source: The National Treasury and Central Bank of Kenya