



Central Bank of Kenya

Weekly Bulletin

October 11, 2024



RECENT MONETARY AND FINANCIAL DEVELOPMENTS

Monetary Policy Committee Meeting

The Monetary Policy Committee (MPC) met on October 8, 2024, and decided to lower the Central Bank Rate (CBR) to 12.00 percent. The MPC noted that overall inflation has declined further and was expected to remain below the midpoint of the target range in the near term, supported by stable food inflation attributed to improved supply from the ongoing harvests, a stable exchange rate, and lower fuel inflation. 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 continued to lower interest rates in response to easing inflationary pressures, with expectations of further reductions in the coming months. The MPC also noted the sharp deceleration in credit to the private sector, and the slowdown in growth in the second quarter of 2024, and concluded that there was scope for a further easing of the monetary policy stance to support economic activity, while ensuring exchange rate stability.

Exchange Rates

The Kenya Shilling remained stable against major international and regional currencies during the week ending October 9. It exchanged at KSh 129.19 per US dollar on October 9, compared to KSh 129.19 per US dollar on October 3 (**Table 1**).

Foreign Exchange Reserves

The usable foreign exchange reserves remained adequate at USD 8,299 million (4.3 months of import cover) as of October 9. 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 October 9, supported by open market operations. Commercial banks' excess reserves stood at KSh 33.0 billion in relation to the 4.25 percent cash reserves requirement (CRR). The average interbank rate was 12.09 percent on October 9 compared to 12.71 percent on October 3. During the week, the average number of interbank deals increased to 40 from 33 in the previous week, while the average value traded increased to KSh 28.5 billion from KSh 17.4 billion in the previous week (**Table 3**).

Government Securities Market

The Treasury bill auction of October 9 received bids totaling KSh 73.0 billion against an advertised amount of KSh 24.0 billion, representing a performance of 304.3 percent. Interest rate on the 91-day, 182-day, and 364-day Treasury bills declined (**Table 4**).

During the Treasury bond auction of October 9, the reopened 10-year fixed rate Treasury bonds received bids totalling KSh 51.0 billion against an advertised amount of KSh 30.0 billion, representing a performance of 169.9 percent (**Table 5**).

Equity Market

Equity Market at the Nairobi Securities Exchange, the NASI, NSE 25 and NSE 20 share price indices increased by 0.7 percent, 0.8 percent and 1.4 percent, respectively during the week ending October 9. Market capitalization increased by 0.7 percent while equity turnover and total shares traded declined by 50.6 percent and 34.0 percent respectively, on account of a short trading week (**Table 6**).

Bond Market

Bond Market Bond turnover in the domestic secondary market declined by 25.2 percent during the week ending October 10 (**Table 6**). In the international market, yields on Kenya's Eurobonds on average increased by 16.0 basis points. The yield on the 10-year Eurobond for Angola declined marginally while that of Zambia increased (**Chart 2**).

Global Trends

Concerns about inflation continue to ease in advanced economies. The US headline inflation declined from 2.5 percent in August to 2.4 percent in September, mainly on account of lower energy prices. The US dollar index strengthened by 0.9 percent against a basket of major currencies during the week ending October 9.

International oil prices increased during the week ending October 9, mainly driven by geopolitical tensions in the Middle East. The price of Murban oil increased to USD 78.62 on October 9, from USD 76.54 on October 3.

Table 1: Kenya Shilling Exchange Rates

	USD	Sterling Pound	Euro	100 Japanese Yen	Uganda Shilling*	Tanzania Shilling*	Rwandese Franc*	Burundi Franc*
27-Sep-24	129.20	173.49	144.48	89.30	28.59	21.13	10.37	22.45
30-Sep-24	129.20	173.03	144.24	90.97	28.58	21.13	10.38	22.45
1-Oct-24	129.19	172.85	143.91	89.51	28.51	21.09	10.40	22.50
2-Oct-24	129.20	171.45	142.86	89.93	28.39	21.09	10.58	22.56
3-Oct-24	129.19	170.35	142.48	88.11	28.42	21.09	10.44	22.46
Sep 27- Oct 3	129.19	172.23	143.59	89.56	28.50	21.11	10.43	22.48
4-Oct-24	129.18	169.66	142.47	88.36	28.39	21.13	10.35	22.46
7-Oct-24	129.19	169.41	141.67	87.00	28.39	21.05	10.47	22.52
8-Oct-24	129.20	169.16	141.90	87.34	28.45	21.09	10.41	22.46
9-Oct-24	129.19	169.15	141.73	86.99	28.45	21.09	10.42	22.46
10-Oct-24	Public Holiday							
Oct 4-9	129.19	169.34	141.94	87.42	28.42	21.09	10.41	22.48

*Units of currency per Kenya Shilling

Source: Central Bank of Kenya

Table 2: Usable Foreign Exchange Reserves (USD Million)

	12-Sep-24	19-Sep-24	26-Sep-24	3-Oct-24	9-Oct-24
1. CBK Usable Foreign Exchange Reserves (USD Million)*	7,744	7,856	8,027	8,186	8,299
2. CBK Usable Foreign Exchange Reserves (Months of Import Cover)**	4.0	4.1	4.1	4.2	4.3

*Excludes encumbered reserves

**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 (%)
27-Sep-24	40	14,100.00	12.76
30-Sep-24	36	23,500.00	12.80
1-Oct-24	30	11,800.00	12.82
2-Oct-24	36	24,942.00	12.82
3-Oct-24	24	12,850.00	12.71
Sep 27-Oct 3	33	17,438.40	12.78
4-Oct-24	27	16,600.00	12.64
7-Oct-24	34	21,750.00	12.48
8-Oct-24	45	26,850.00	12.29
9-Oct-24	55	48,628.00	12.09
10-Oct-24	Public Holiday		
Oct 4-10	40	28,457.00	12.37

Source: Central Bank of Kenya

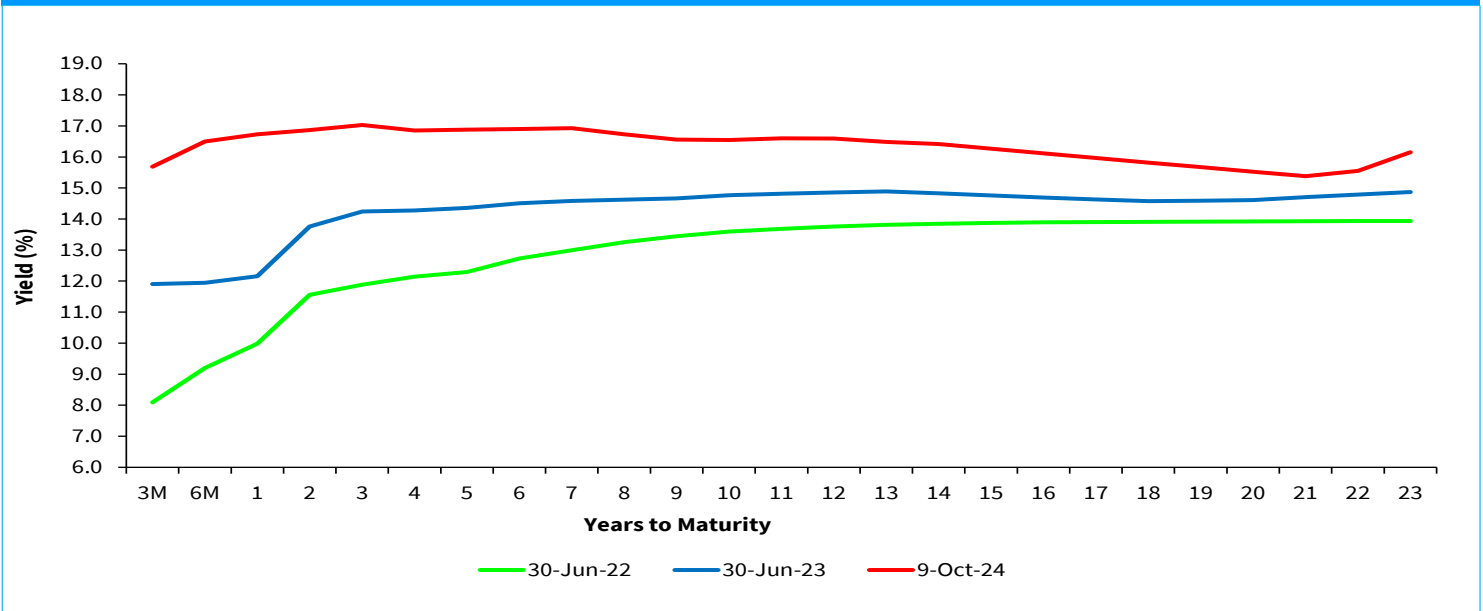
Table 4: Performance of Treasury Bill Auctions						
91-Day Treasury Bills						
Date of Auction	28-Dec-23	27-Jun-24	29-Aug-24	26-Sep-24	3-Oct-24	9-Oct-24
Amount Offered (KSh M)	4,000.00	4,000.00	4,000.00	4,000.00	4,000.00	4,000.00
Bids Received (KSh M)	8,516.51	4,361.03	17,496.40	6,919.23	17,353.30	18,508.15
Amount Accepted (KSh M)	6,986.46	2,745.34	16,953.43	3,370.90	12,490.78	6,089.38
Maturities (KSh M)	3,254.55	3,922.10	18,029.30	2,377.75	13,242.30	13,515.85
Average Interest Rate (%)	15.983	15.977	15.784	15.718	15.686	14.990
182-Day Treasury Bills						
Date of Auction	28-Dec-23	27-Jun-24	29-Aug-24	26-Sep-24	3-Oct-24	9-Oct-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)	322.85	1,494.42	4,451.13	5,437.90	20,211.39	28,789.43
Amount Accepted (KSh M)	322.85	1,479.67	4,443.43	3,330.51	7,214.16	10,560.94
Maturities (KSh M)	1,365.20	293.25	2,088.35	2,144.40	5,345.90	11,375.80
Average Interest Rate (%)	15.967	16.764	16.633	16.589	16.500	16.095
364-Day Treasury Bills						
Date of Auction	28-Dec-23	27-Jun-24	29-Aug-24	26-Sep-24	3-Oct-24	9-Oct-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)	1,661.91	1,833.64	2,254.39	8,567.15	16,395.46	25,740.32
Amount Accepted (KSh M)	1,661.91	1,828.51	2,248.06	5,764.78	9,532.34	14,506.32
Maturities (KSh M)	1,858.45	1,679.00	567.65	522.70	2,688.90	3,377.05
Average Interest Rate (%)	16.100	16.791	16.842	16.800	16.729	16.338

Source: Central Bank of Kenya

Table 5: Performance of Treasury Bond Auctions									
Date of Auction	17-Jul-24		14-Aug-24		29-Aug-24	18-Sep-24		09-Oct-24	
	RE-OPEN		RE-OPEN		TAP	RE-OPEN		RE-OPEN	
Tenor	FXD1/ 2024/010	FXD1/ 2008/020	IFB1/ 2023/6.5	IFB1/ 2023/17	IFB1/ 2023/17	FXD1/ 2024/010	FXD1/ 2016/020	FXD1/ 2024/010	FXD1/ 2008/020
Amount offered (KSh M)	30,000.00		50,000.00		15,000.00	30,000.00		30,000.00	
Bids received (KSh M)	7,067.73	7,614.51	96,861.91	29,460.52	35,185.70	13,396.00	9,246.10	36,615.53	14,349.29
Amount Accepted (KSh M)	6,752.15	3,014.08	74,167.60	14,530.92	32,024.23	11,565.37	7,711.12	28,026.11	3,251.00
Maturities (KSh M)									
Average interest Rate (%)	16.59	18.29	18.30	17.73	17.73	16.87	17.29	16.98	16.95

Source: Central Bank of Kenya

Chart 1: Government Securities Yield Curve



Source: Nairobi Securities Exchange (NSE)

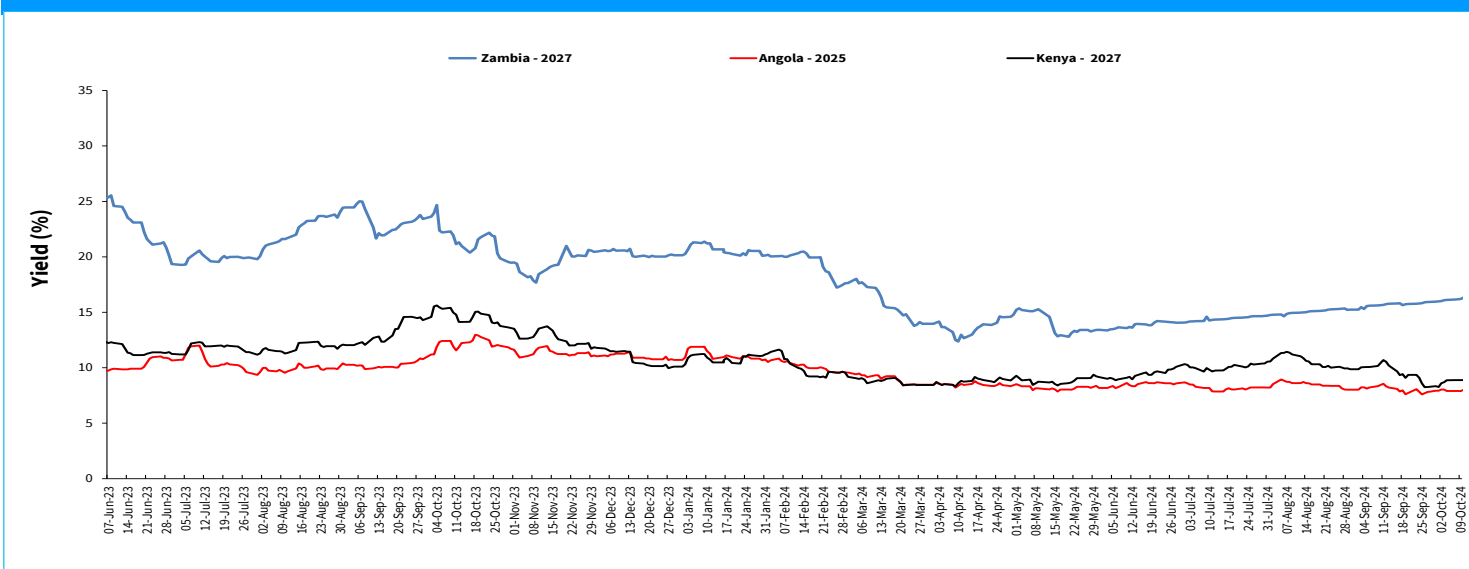
Table 6: Performance of Key Market Indicators

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 Capitalization (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
27-Sep-24	107.16	2903.36	1777.31	1252.00	9.16	190.37	1,677.51	8,593.60	8.254	8.581	9.442	9.471	9.390	9.907
30-Sep-24	107.08	2899.20	1775.67	1264.00	5.13	76.35	1,676.24	5,024.50	8.342	8.627	9.532	9.553	9.439	9.939
1-Oct-24	107.31	2906.02	1779.75	1204.00	9.90	137.46	1,679.86	4,051.35	8.259	8.583	9.532	9.526	9.416	9.939
2-Oct-24	107.68	2919.87	1788.16	1297.00	31.92	545.38	1,685.52	4,047.75	8.606	8.806	9.683	9.663	9.562	10.050
3-Oct-24	108.14	2944.34	1779.29	1258.00	10.45	226.26	1,692.73	6,198.25	8.701	8.988	9.898	9.831	9.687	10.165
Sep 27-Oct 3	108.14	2944.34	1779.29	6275.00	66.55	1,175.82	1,692.73	27,915.45	8.701	8.988	9.898	9.831	9.687	10.165
4-Oct-24	108.31	2947.93	1772.99	1238.00	3.82	25.04	1,695.43	9,561.85	8.879	9.125	9.898	9.915	9.787	10.181
7-Oct-24	108.20	2946.06	1772.23	1358.00	12.20	154.54	1,693.75	2,854.15	8.882	9.081	9.960	9.916	9.813	10.231
8-Oct-24	108.81	2972.35	1791.28	1456.00	7.77	97.05	1,703.27	4,395.05	8.886	9.172	9.991	10.000	9.864	10.264
9-Oct-24	108.91	2967.13	1804.91	1396.00	20.10	304.83	1,704.85	4,071.65	8.889	9.128	9.960	9.973	9.865	10.264
10-Oct-24	Public Holiday								8.814	9.179	9.991	10.032	9.918	10.297
Oct 4-10	108.91	2967.13	1804.91	5448.00	43.90	581.46	1,704.85	20,882.70	8.814	9.179	9.991	10.032	9.918	10.297
Weekly Changes (%)	0.71	0.77	1.44	-13.18	-34.04	-50.55	0.72	-25.19	0.113*	0.191*	0.093*	0.201*	0.231*	0.132*

* Percentage points

Source: Nairobi Securities Exchange (NSE) and Thomson Reuters

Chart 2: Yields on 10-Year Eurobonds for Selected Countries



Source: London Stock Exchange

Table 7: Government Domestic Debt (KSh Billion)

	30-Jun-23	29-Dec-23	28-Jun-24	31-Jul-24	28-Aug-24	25-Sep-24	2-Oct-24	9-Oct-24
1. Treasury Bills (Excluding Repos)	614.73	546.90	615.89	651.89	673.95	703.76	712.45	721.94
<i>(As % of total securities)</i>	13.28	11.35	11.75	12.32	12.47	12.82	12.96	13.18
2. Treasury Bonds	4,013.89	4,271.82	4,627.12	4,637.89	4,729.22	4,785.62	4,785.63	4,753.68
<i>(As % of total securities)</i>	86.72	88.65	88.25	87.68	87.53	87.18	87.04	86.82
3. Total Securities (1+2)	4,628.62	4,818.72	5,243.01	5,289.78	5,403.17	5,489.38	5,498.08	5,475.62
4. Overdraft at Central Bank	76.46	94.13	61.02	60.53	49.43	63.36	0.01	55.99
5. Other Domestic debt*	127.04	137.26	106.25	103.06	103.07	104.73	105.66	105.67
of which IMF funds on-lent to Government	95.52	104.24	83.54	82.61	82.61	83.52	84.44	84.44
6. Gross Domestic Debt (3+4+5)	4,832.11	5,050.11	5,410.28	5,453.37	5,555.66	5,657.47	5,603.74	5,637.28

* 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-Jun-23	29-Dec-23	28-Jun-24	31-Jul-24	28-Aug-24	25-Sep-24	2-Oct-24	9-Oct-24
Treasury bills (Excluding Repos)	12.72	10.83	11.38	11.95	12.13	12.44	12.71	12.81
Treasury bonds	83.07	84.59	85.52	85.05	85.12	84.59	85.40	84.33
Overdraft at Central Bank	1.58	1.86	1.13	1.11	0.89	1.12	0.00	0.99
Other domestic debt	2.63	2.72	1.96	1.89	1.86	1.85	1.89	1.87
of which IMF fund on lent to government	1.98	2.06	1.54	1.51	1.49	1.48	1.51	1.50
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-Jun-23	29-Dec-23	28-Jun-24	31-Jul-24	28-Aug-24	25-Sep-24	2-Oct-24	9-Oct-24
Banking Institutions	46.17	46.07	45.12	45.12	44.81	45.00	44.40	44.96
Insurance Companies	7.31	7.23	7.23	7.21	7.20	7.15	7.22	7.10
Parastatals	5.98	5.47	5.13	5.08	5.34	5.30	5.35	5.32
Pension Funds*	33.42	29.93	29.60	29.39	29.14	29.12	29.43	29.09
Other Investors	7.13	11.30	12.92	13.19	13.50	13.43	13.59	13.53
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

	Jun-22	Dec-22	Jun-23	Sep-23	Dec-23	Mar-24	Apr-24	May-24	June-24*
Domestic debt (KSh Bn)	4,288.33	4,472.84	4,832.11	4,917.47	5,050.11	5,235.19	5,323.71	5,319.89	5,410.28
Public & Publicly Guaranteed External debt (USD Bn)	36.58	37.88	38.76	38.27	38.92	39.18	39.01	39.30	39.77
Public & Publicly Guaranteed External debt (KSh Bn)	4,290.73	4,673.14	5,446.56	5,667.80	6,089.58	5,163.42	5,198.81	5,118.31	5,150.84
Public debt (KSh Bn)	8,579.06	9,145.98	10,278.67	10,585.27	11,139.69	10,398.61	10,522.52	10,438.19	10,561.12

* Provisional

Source: The National Treasury and Central Bank of Kenya