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Discount Window
Reopens After Six Weeks
of Dormancy

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WEEKLY FIXED INCOME REPORT

April 2025 inflation estimate: 3.6% - 3.8%

MONEY MARKET ANALYSIS

Interbank lending experienced a notable increase during the week, with average traded volumes more than tripling to KES 23.31bn from KES 6.99bn the previous week. This was accompanied by a 41.7% jump in the number of transactions. The movement aligns with recent trends, where interbank activity has been alternating between weeks of expansion and contraction.

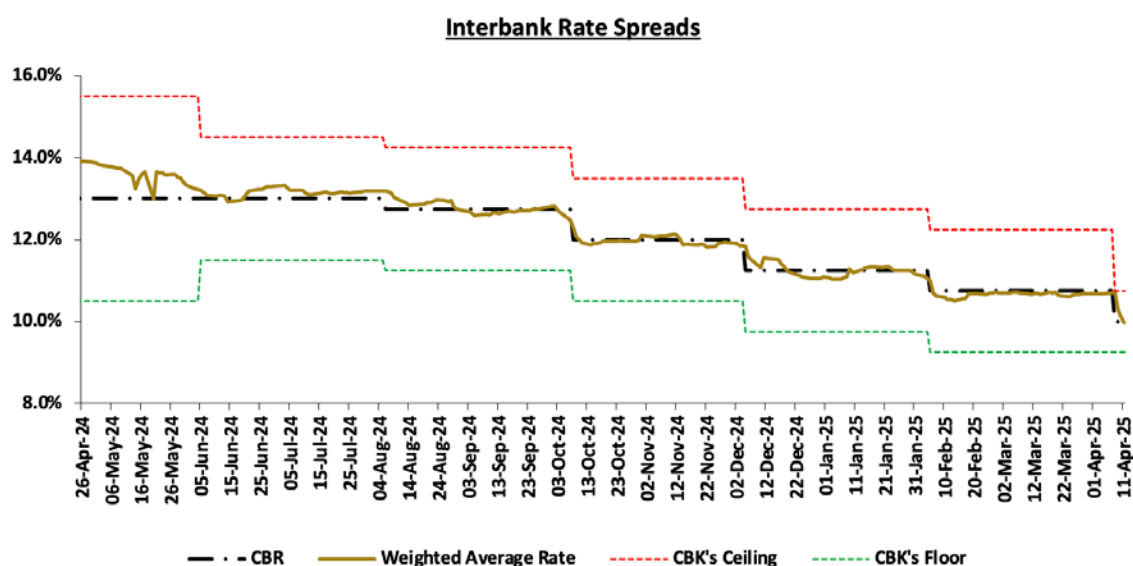
Meanwhile, the average interbank rate rose marginally to 9.91%, from 9.86%, bucking the recent downward trend. After six weeks of inactivity, the discount window reopened, with KES 3.50bn traded. The table below summarizes the market liquidity indicators:

Average	Previous Week	Current Week	Change
Interbank Deals	24.00	34.00	41.67%
Inter- Bank volumes (KES bn)	6.99	23.31	233.55%
Inter – Bank Rates (bps)	9.86%	9.91%	5.40
Window Borrowing Volumes	-	3.50	-

Source: Central Bank of Kenya (CBK), Table: SIB

In the Open Market Operations, the Central Bank of Kenya continued to mop up liquidity to maintain the interbank lending rate within the set corridor.

As has been the trend, interbank rates remain firmly anchored to the Central Bank Rate, with the highs consistently aligned with the upper end and the lows now squarely within the discount window. See the chart below;



Source: Central Bank of Kenya (CBK), Chart: SIB

GOVERNMENT SECURITIES MARKET

T-bills

Demand for Treasury bills remained robust, with the overall subscription rate rising to 178.5%, up from last week's 160.1%. Tables turned for the 364-day paper, which has recently been commanding the most interest, as the once-glorious 91-day paper reclaimed its dominance. The 3-month note recorded an impressive 401.4% subscription rate, accounting for 37.5% of the total bids. Overall, investors injected KES 42.85bn, with the fiscal agent accepting nearly all the bids.

Average accepted rates continued on a downward trend, with the 91-, 182-, and 364-day papers settling at 8.44% (- 2.65bps), 8.62% (-13.95bps), and 10.02% (-5.04bps), respectively. See the summary below;

KES bn

28-Apr-25	91-day	182-day	364-day	Totals
	28-Jul-25	27-Oct-25	27-Apr-26	
Amount offered	4.00	10.00	10.00	24.00
Bids received	16.06	15.22	11.57	42.85
Subscription rate (%)	401.4%	152.2%	115.7%	178.5%
Amount accepted	16.05	15.15	11.56	42.77
Acceptance rate (%)	100.0%	99.6%	99.9%	99.8%
Of which: Competitive Bids	0.13	9.59	9.86	19.58
Non-competitive bids	15.92	5.57	1.70	23.19
Rollover/Redemptions	17.06	11.71	10.60	39.36
New Borrowing/(Net Repayment)	(1.00)	3.45	0.96	3.41
Weighted Average Rate of Accepted Bids	8.44%	8.62%	10.02%	
Inflation	3.6%	3.6%	3.6%	
Real Return	4.8%	5.0%	6.4%	

Source: Central Bank of Kenya (CBK), Table: SIB

T-Bonds

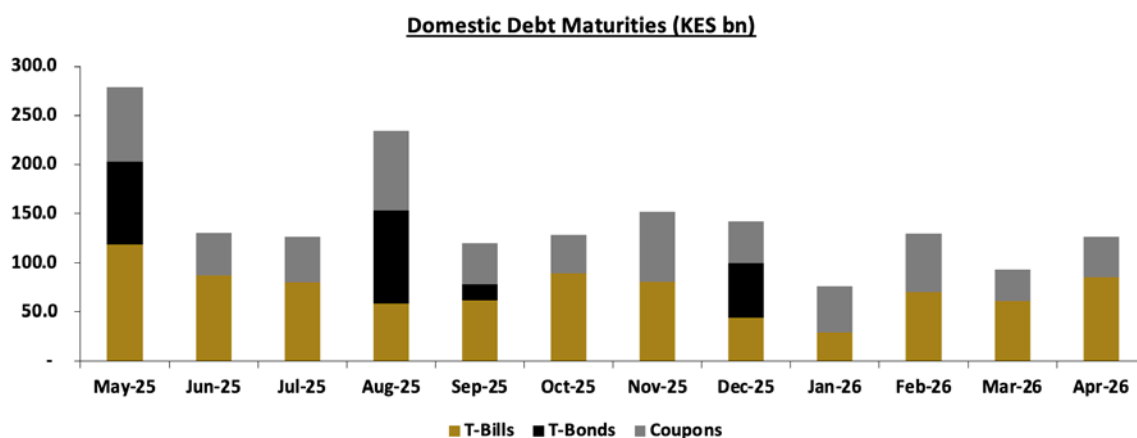
In the primary bond market, the CBK still seeks KES 80bn through the reopening of three bonds; FXD1/2022/015 and FXD1/2022/025, available for sale up to 30th April; and FXD1/2022/020 for sale until 7th May 2025. See below a summary of the offers;

Bond Auction	Maturity Date	Effective Tenor	Amount Offered	Coupon	Sale Period
FXD1/2022/015	06-Apr-37	12.0	50.00	13.94%	Up to 30th April 2025
FXD1/2022/025	23-Sep-47	22.4		14.19%	
FXD1/2012/020	01-Nov-32	7.5	30.0	12.00%	Up to 7th May 2025

Source: Central Bank of Kenya (CBK), Table: SIB

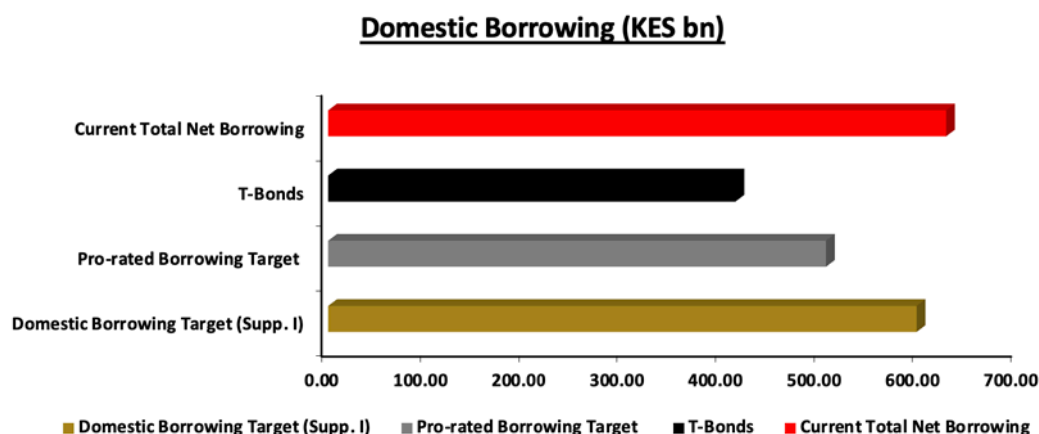
Outstanding Debt Maturities (T-Bills and T-Bonds):

As of this week, the Government's outstanding T-Bill and T-Bond maturities for the next 12 months are at KES 869.58bn and KES 249.24bn, respectively. May 2025 appears particularly stressful, with the total maturity profile is approximately KES 119.25bn, as outlined below;



Source: Central Bank of Kenya (CBK), Chart: SIB

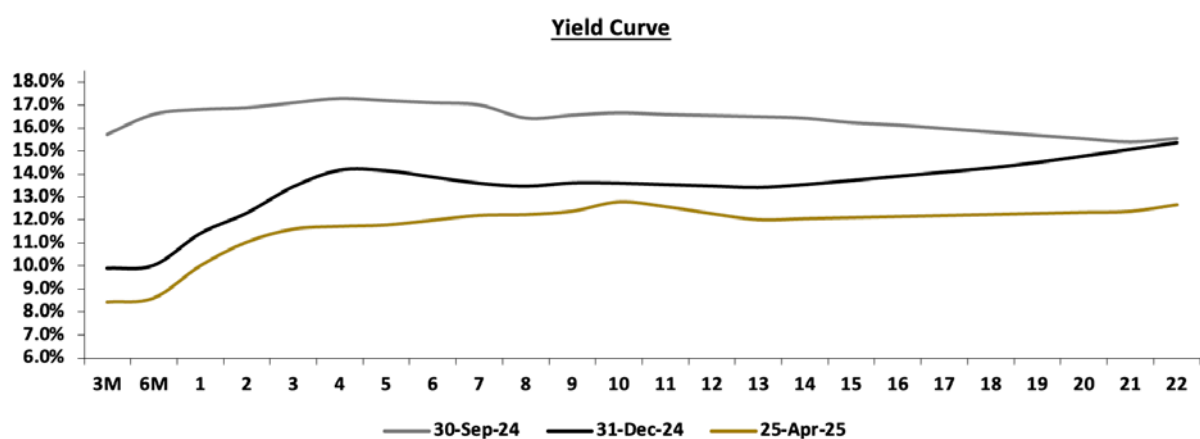
Total domestic government borrowing for FY24/25 now stands at KES627.03bn, drawn from both Treasury bills and bonds. Of this, Treasury bonds have contributed a hefty KES413.49bn, translating to 69.2% of the domestic borrowing target for FY24/25 currently set at KES 597.15bn.



Yield Curve

The yield curve was largely on a downward trend with the average decline coming in at 17.14bps week-on-week, signaling a gradual transmission of the recent rate cut.

Below is a visual representation;



Source: Nairobi Securities Exchange (NSE), Chart: SIB

The International Front

Kenyan Eurobonds

This week, yields on Kenyan Eurobonds trended downward, likely supported by the successful private placement of USD 500m from the UAE loan and the financial commitments on investment and infrastructure secured by the Kenyan President during his 5-day visit to China. Below is a summary of the performance;

Issuance	KENINT 05/22/2027	KENINT 02/28/2028	KENINT 02/16/2031	KENINT 05/22/2032	KENINT 01/23/2034	KENINT 02/28/2048
Maturity Date	22-May-27	28-Feb-28	16-Feb-31	22-May-32	1-Jun-34	28-Feb-48
Tenor to Maturity	2.1	2.8	5.8	7.1	9.1	22.9
31-Dec-24	8.5%	9.1%	10.1%	10.1%	10.1%	10.3%
16-Apr-25	9.3%	10.8%	11.9%	11.6%	11.3%	11.6%
20-Apr-25	9.0%	10.7%	11.7%	11.5%	11.1%	11.5%
21-Apr-25	9.0%	10.7%	11.7%	11.5%	0.1%	11.6%
22-Apr-25	9.0%	10.7%	11.7%	11.4%	11.1%	11.5%
23-Apr-25	8.9%	10.2%	11.1%	10.9%	10.7%	11.3%
Weekly Change	(0.1%)	(0.5%)	(0.5%)	(0.6%)	(0.4%)	(0.3%)
YTD Change	0.4%	1.2%	1.0%	0.8%	0.6%	1.0%

Source: Central Bank of Kenya (CBK), Table: SIB

Currency Performance

The Kenyan shilling appreciated against all currencies we track, except for the GBP, which depreciated by 0.3%, and the TZS pair, which remained unchanged. The shilling also gained a further 0.3% against the USD, even as the USD Index strengthened by 0.1% during the week.

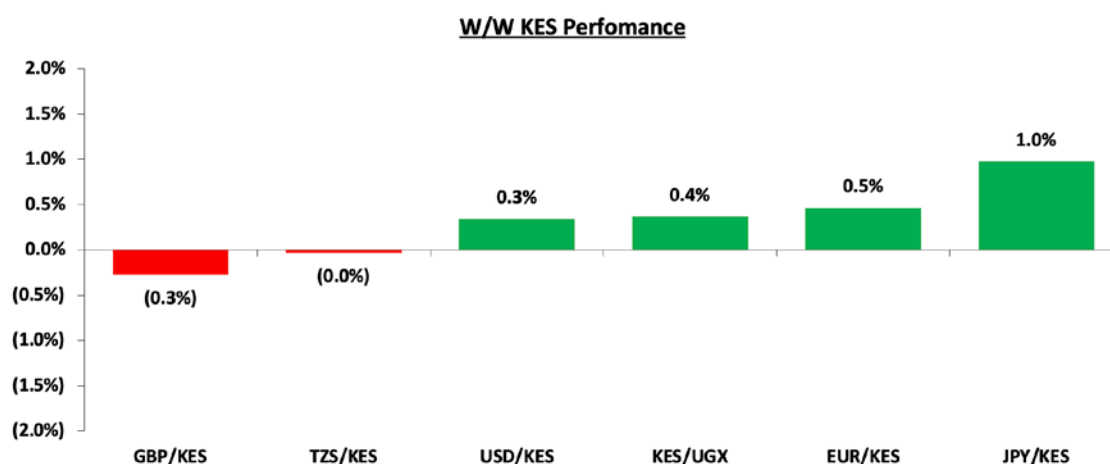
See the table below;

Currencies	31 Dec 2024 (vs KES)	Previous Week	Current	w/w Change	YTD change
GBP/KES	162.3	171.4	171.9	(0.3%)	(5.9%)
TZS/KES	19.0	20.6	20.6	0.0%	8.5%
USD/KES	129.3	129.8	129.3	0.3%	(0.0%)
KES/UGX	28.4	28.2	28.3	0.4%	(0.2%)
EUR/KES	134.3	147.4	146.7	0.5%	(9.2%)
JPY/KES	82.1	90.9	90.0	1.0%	(9.6%)

Source: Central Bank of Kenya (CBK), Chart: SIB

Abb: GBP – British Pound, EUR – Euro, USD – US Dollar, UGX – Ugandan Shilling, TZS – Tanzanian Shilling, JPY – Japanese Yen | FX rate is determined by calculating the weighted average rate of recorded spot trades in the interbank market

See also a visual representation;



Source: Central Bank of Kenya (CBK), Chart: SIB

Kenya's foreign exchange reserves remained relatively unchanged at USD 9.81bn, as was the previous week with import cover remaining at 4.4 months.

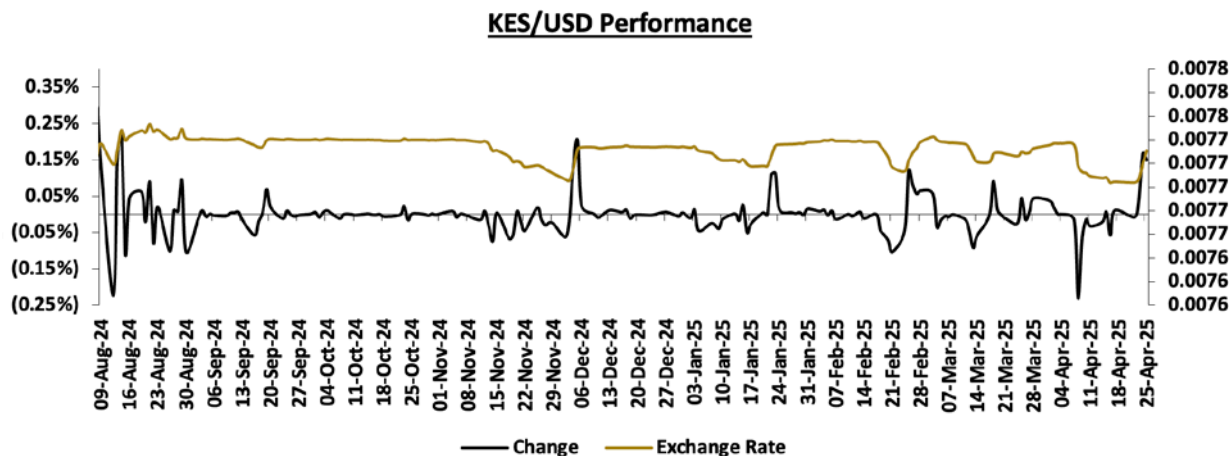
UPCOMING EVENTS

April 2025 Inflation Rate Estimate

The Kenya National Bureau of Statistics (KNBS) is set to release the inflation figures for the month of April in the coming week. We estimate the year-on-year (y/y) inflation rate to fall within the range of 3.6% to 3.8%, on the back of lower fuel prices but persistently higher fruit and vegetable prices.

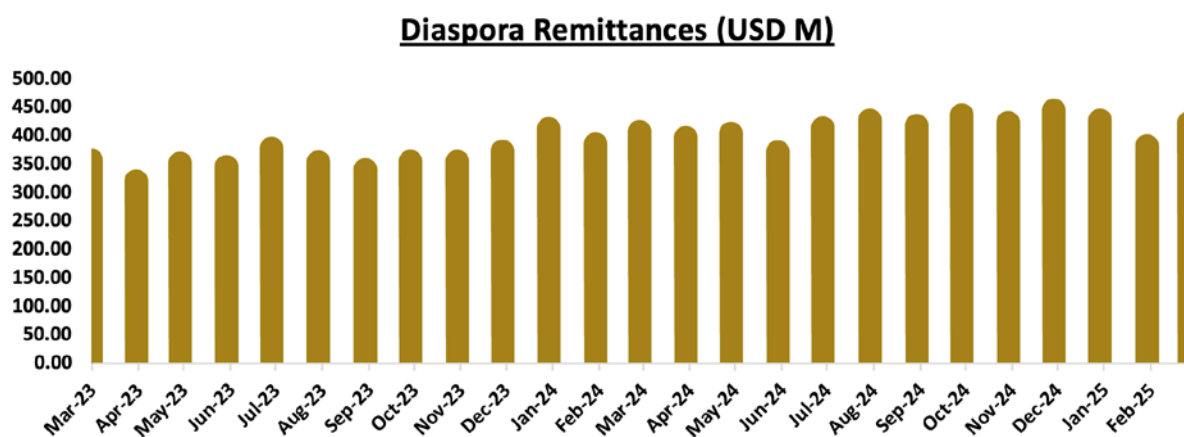
BACKGROUND CHARTS

KES/USD Performance



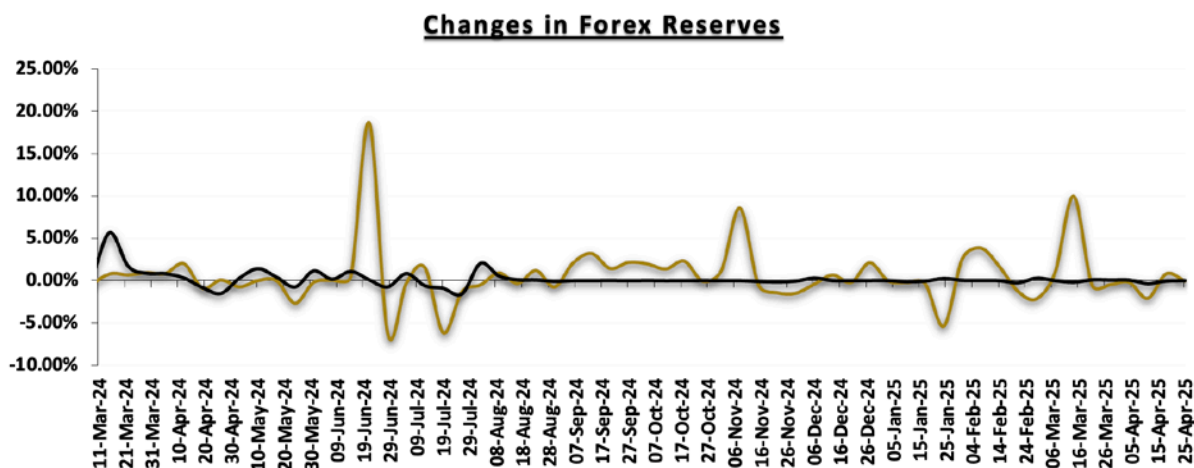
Source: Nairobi Securities Exchange (NSE)

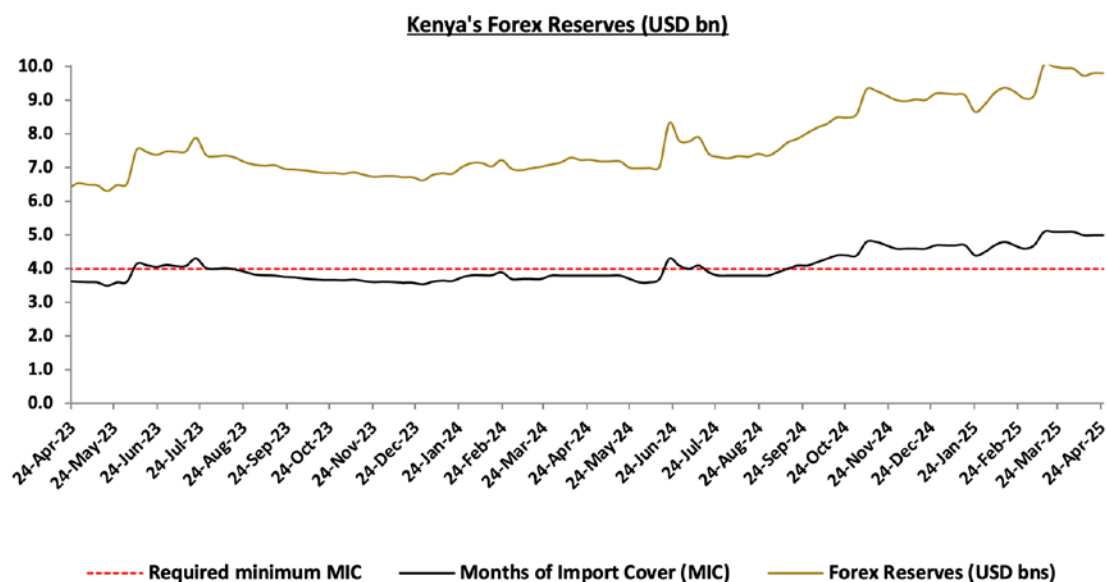
Diaspora Remittances



Source: Central Bank of Kenya (CBK)

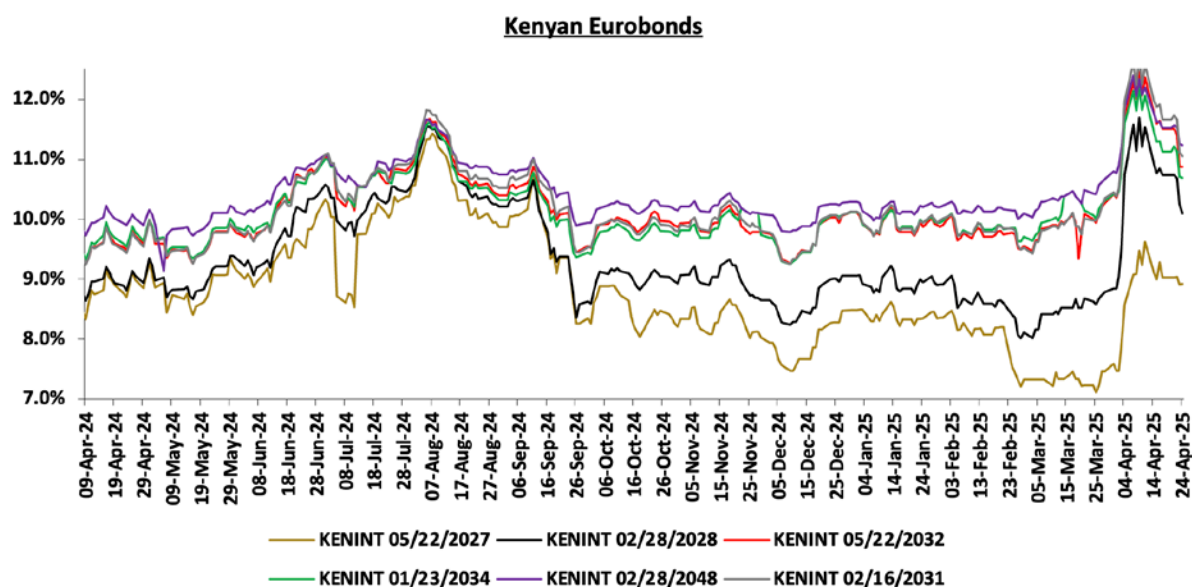
Forex Reserves





Source: Central Bank of Kenya (CBK)

Kenyan Eurobonds



Source: Central Bank of Kenya (CBK)

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CONTACTS

Research

Eric Musau
emusau@sib.co.ke

Stellah Swakei
sswakei@sib.co.ke

Wesley Manambo
wmanambo@sib.co.ke

Melodie Gatuguta
mgatuguta@sib.co.ke

Equity Trading

Tony Waweru
awaweru@sib.co.ke

Foreign Equity Sales

John Mucheru
jmucheru@sib.co.ke

Fixed Income Trading

Brian Mutunga
bmutunga@sib.co.ke

Barry Omotto
bomotto@sib.co.ke

Global Markets

Nahashon Mungai
nmungai@sib.co.ke

Nickay Wangunyu
nwangunyu@sib.co.ke

Corporate Finance

Job Kihumba
jkihumba@sib.co.ke

Lorna Wambui
wndungi@sib.co.ke

Distribution

Victor Marangu
vmarangu@sib.co.ke

Marketing & Communications

Victor Ooko
communications@sib.co.ke

Investment Solutions

Robin Mathenge
rmathenge@sib.co.ke

Private Client Services

Boniface Kiundi
bkiundi@sib.co.ke

Frankline Kirigia
fkirigia@sib.co.ke

Laban Githuki
lgithuki@sib.co.ke

Client Services
clientservices@sib.co.ke



Headquarters

JKUAT Towers (Formerly ICEA Building),
16th Floor , Kenyatta Avenue, Nairobi,
Kenya.

Telephone: +254 777 333 000,
+254 20 227 7000, +254 20 227 7100

Email: clientservices@sib.co.ke