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Diaspora Remittances for
April 2025 jump 6.4% y/y
to USD 422.89m
”

WEEKLY FIXED INCOME REPORT

Fuel Prices Hold Steady Despite Lower Landed Costs

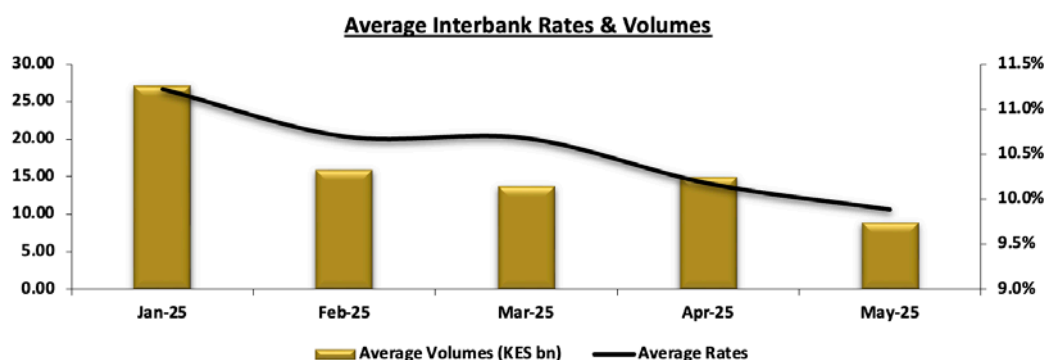
MONEY MARKET ANALYSIS

Interbank lending fell for the third consecutive week, with average traded volumes declining 23.6% to KES 7.49bn from KES 9.80bn in the previous week, despite a 13.3% rise the number of transactions. Meanwhile, the average interbank rate eased further to 9.85% from 9.91%, reflecting ongoing policy interventions by the CBK through open market operations. The table below summarizes the market liquidity indicators:

Average	Previous Week	Current Week	Change
Interbank Deals	15.00	17.00	13.33%
Inter- Bank volumes (KES bn)	9.80	7.49	(23.56%)
Inter – Bank Rates (bps)	9.91%	9.85%	(5.78)

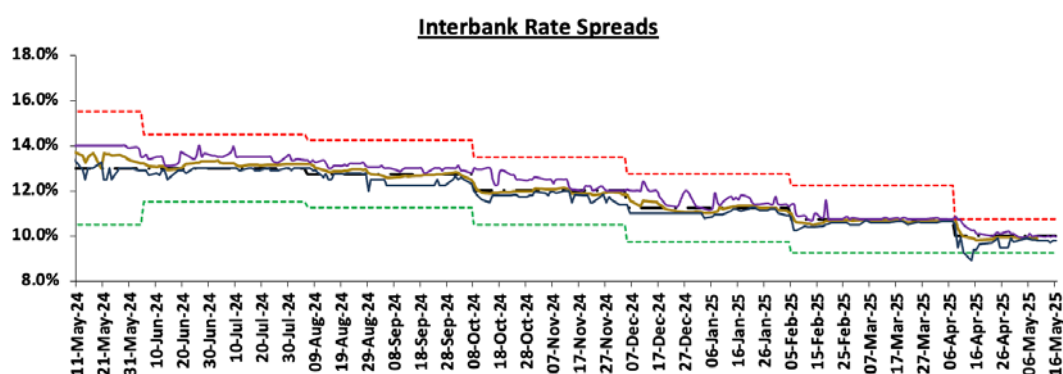
Source: Central Bank of Kenya (CBK), Table: SIB

May 2025 has so far carried a subdued tone, with average interbank lending trailing below historical norms. The restrained peer-to-peer activity suggests that market players are holding onto cash, despite the recent clearance of May maturities. See the chart below:



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

Interbank rates remain firmly anchored to the Central Bank Rate, with the highs slightly above the policy rate and the lows closer to the rate but squarely within the corridor. See the chart below;



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

GOVERNMENT SECURITIES MARKET

T-bills

Demand for Treasury bills remained robust, albeit lower than the previous week with the overall subscription dropping to 179.7%, from 219.5%. The 364-day paper drew the most interest, accounting for 68.8% of total bids with investors demand at KES 43.13bn. The fiscal agent accepted KES 37.4bn, translating to an acceptance rate of 86.8%.

Average accepted rates continued on a downward trend, albeit slower, with the 91-, 182-, and 364-day papers settling at 8.37% (- 1.16bps), 8.58% (1.79bps), and 10.00% (-0.76bps), respectively. See the summary below;

KES bn

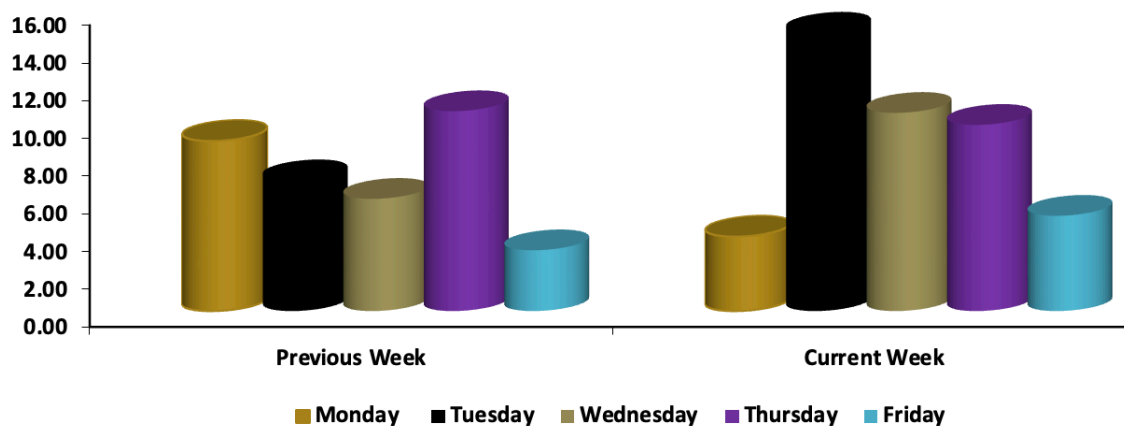
19-May-25	91-day	182-day	364-day	Totals
	18-Aug-25	17-Nov-25	18-May-26	
Amount offered	4.00	10.00	10.00	24.00
Bids received	8.09	5.36	29.68	43.13
Subscription rate (%)	202.2%	53.6%	296.8%	179.7%
Amount accepted	8.07	5.32	24.02	37.41
Acceptance rate (%)	99.8%	99.3%	80.9%	86.8%
Of which: Competitive Bids	1.04	5.21	17.04	23.29
Non-competitive bids	7.03	0.11	6.98	14.12
Rollover/Redemptions	2.43	14.98	17.98	35.40
New Borrowing/(Net Repayment)	5.64	(9.66)	6.04	2.02
Weighted Average Rate of Accepted Bids	8.37%	8.58%	10.00%	
Inflation	4.1%	4.1%	4.1%	
Real Return	4.3%	4.5%	5.9%	

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

T-Bonds

In the secondary bond market, turnover surged by 23.6% to KES 44.17bn, from KES 35.74bn the previous week, reflecting a more vibrant market compared to other securities in the exchange.

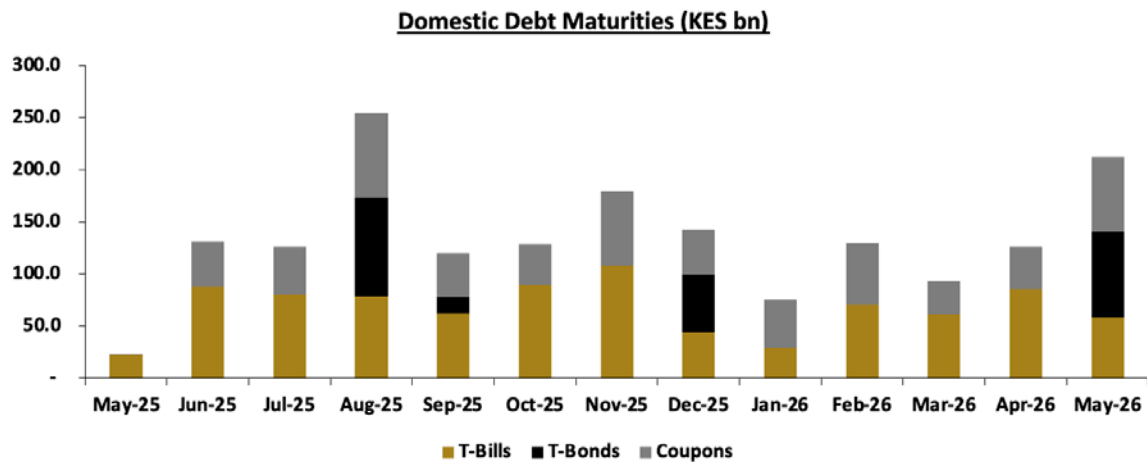
Bond Turnover (KES bn)



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

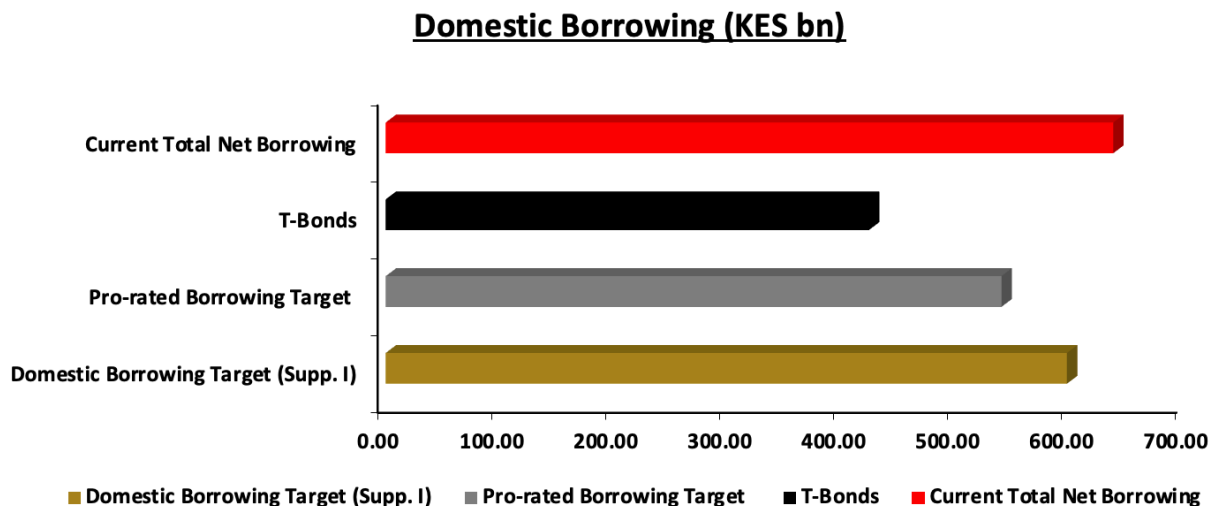
Outstanding Debt Maturities (T-Bills and T-Bonds):

As of this week, the Government's outstanding T-Bill and T-Bond maturities for the next 12 months are at KES 879.11bn and KES 247.27bn, respectively. August 2025 appears to be the next particularly stressful, with a total maturity profile of approximately KES 254.72bn, inclusive of coupon payments, as outlined below;



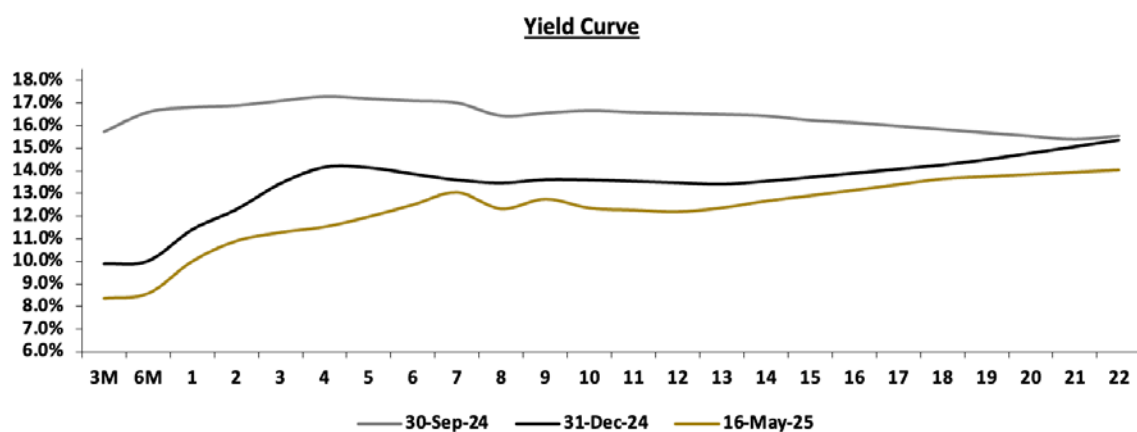
Source: Central Bank of Kenya (CBK), Chart: SIB

This week's auction pushed total domestic government borrowing for FY24/25 to KES 637.70bn. Treasury bonds retain the higher weighting, contributing a hefty KES 423.54bn — that's 70.9% of the domestic borrowing target of KES 597.15bn. We expect an attractive June offer to help bridge the gap and push bond borrowing closer to the target if revenue collections maintain the year's trend.



Yield Curve

The yield curve largely retraced last week's decline with short- to medium-term papers pulling the curve lower, offsetting gains at the very long end, which still inched higher. Overall, the curve registered a 3.58bps average week-on-week increase. Below is a visual representation;



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

The International Front

Kenyan Eurobonds

This week, Kenyan Eurobonds recorded mixed performance but no paper recorded an increase in yields. The reduced volatility likely reflects a calmer global backdrop after the recent constructive China-US talks. 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	2.0	2.8	5.8	7.0	9.0	22.8
31-Dec-24	8.5%	9.1%	10.1%	10.1%	10.1%	10.3%
8-May-25	8.1%	9.8%	10.9%	10.8%	10.6%	11.2%
12-May-25	7.8%	9.3%	10.5%	10.5%	10.3%	10.9%
13-May-25	7.7%	9.1%	10.3%	10.3%	10.1%	10.8%
14-May-25	7.7%	9.1%	10.2%	10.2%	10.1%	10.8%
15-May-25	7.8%	9.2%	10.3%	10.3%	10.3%	10.9%
Weekly Change	0.0%	(0.1%)	(0.2%)	(0.2%)	0.0%	0.0%
YTD Change	(0.7%)	0.1%	0.2%	0.2%	0.2%	0.6%

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

Currency Performance

The Kenyan shilling lost charge against most currencies that we track, with the exception of the USD and the Euro. The unit gained 0.2% against the Eurozone currency and held broadly steady against the USD, even as the dollar index firmed by 0.2 % over the week.

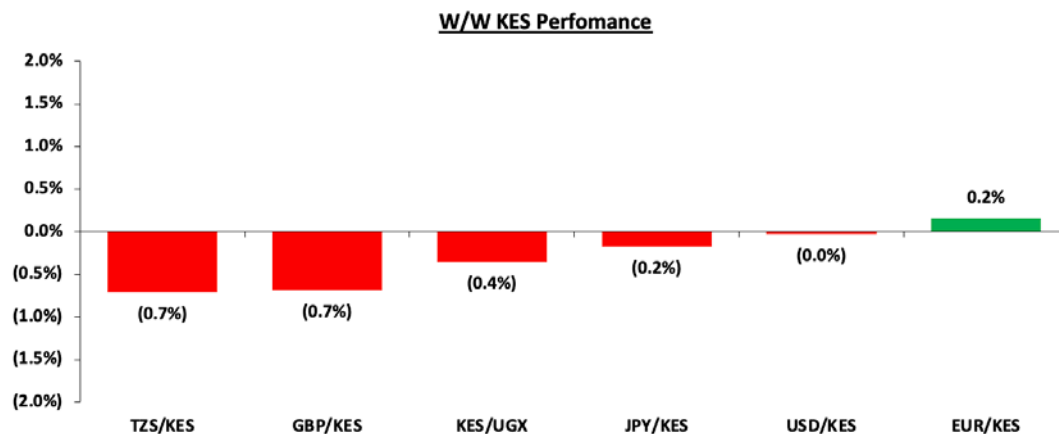
See the table below;

Currencies	31 Dec 2024 (vs KES)	Previous Week	Current	w/w Change	YTD change
TZS/KES	19.0	20.9	20.8	(0.7%)	9.4%
GBP/KES	162.3	171.1	172.3	(0.7%)	(6.2%)
KES/UGX	28.4	28.3	28.2	(0.4%)	(0.6%)
JPY/KES	82.1	88.8	89.0	(0.2%)	(8.3%)
USD/KES	129.3	129.3	129.3	0.0%	(0.0%)
EUR/KES	134.3	145.1	144.9	0.2%	(7.9%)

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;

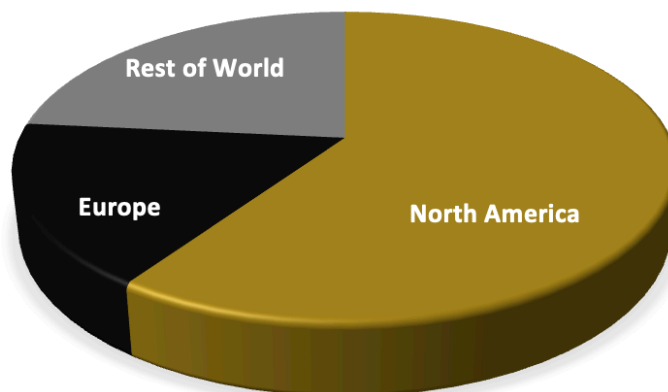


Source: Central Bank of Kenya (CBK), Chart: SIB

Meanwhile, Kenya's foreign exchange reserves dropped marginally to USD 10.16bn from USD 10.29bn, with import cover adjusting to 4.5 months from 4.6, last week.

On the other hand, diaspora remittances for the month of April held firm at USD 422.89m, unchanged from March 2025 but jumped 6.4% y/y from USD 397.30m, in April 2024. North America remained the largest source of Kenya's diaspora remittances contributing a whopping 59.6% of the total amount. A US House of Representatives Committee has this week approved a proposal to impose a 5% excise tax on remittances. See the chart below on Kenya's source of remittances for the month of April 2025;

April Diaspora Remittances (USD m)

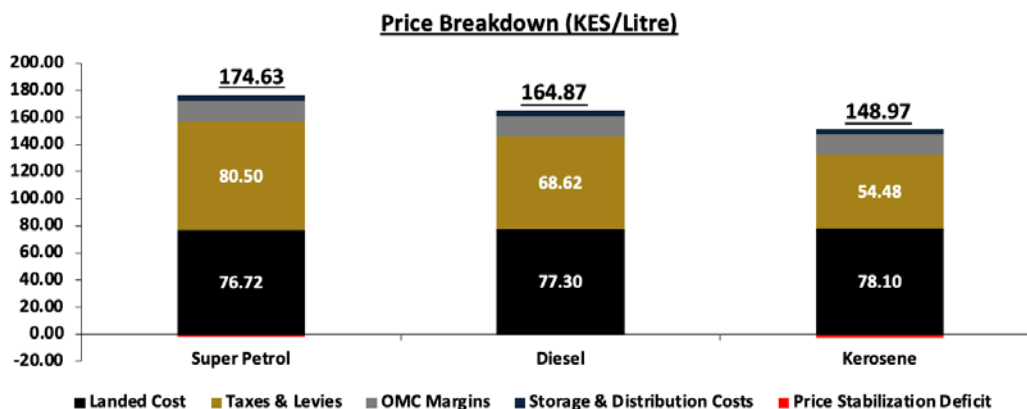


Source: Central Bank of Kenya (CBK), Chart: SIB

MARKET NEWS

Fuel Prices Hold Steady Despite Lower Landed Costs

The Energy and Petroleum Regulatory Authority (EPRA) announced fuel prices for the period from 15th May 2025 to 14th June 2025. The prices of petrol, diesel, and kerosene have remained unchanged with the retail prices at KES 174.63 per liter for petrol, KES 164.87 per liter for diesel, and KES 148.97 per liter for kerosene in Nairobi. See below the price breakdown;

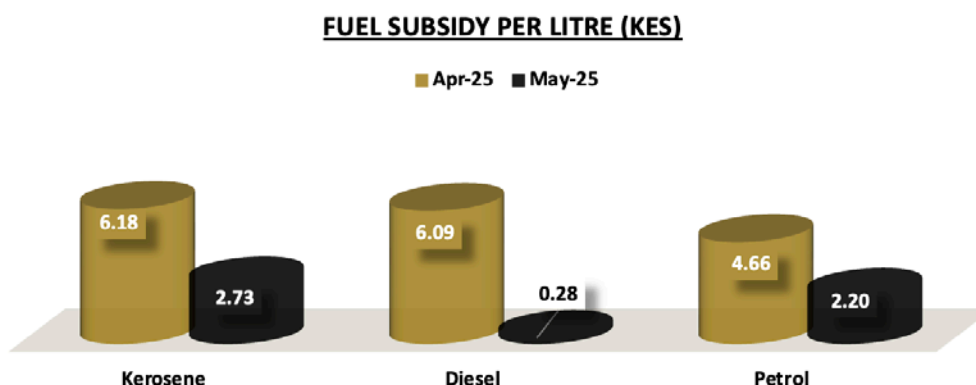


Source: EPRA, Chart: SIB

Notably, landed costs for petrol, diesel, and kerosene fell by 2.9 %, 6.6 %, and 4.5 %, per cubic meter respectively. Ordinarily, such reductions would have translated into lower pump prices for the May/June pricing cycle. However, this was not feasible, as fuel prices in the previous cycle had been subsidized—meaning the deferred subsidy costs had to be recovered in the current cycle before consumers could benefit from the lower landed costs.

Even so, the government was still compelled to cushion consumers from a price hike, given that the drop in landed costs was insufficient to fully offset the prior subsidy expenditure and guarantee stable—let alone lower fuel prices.

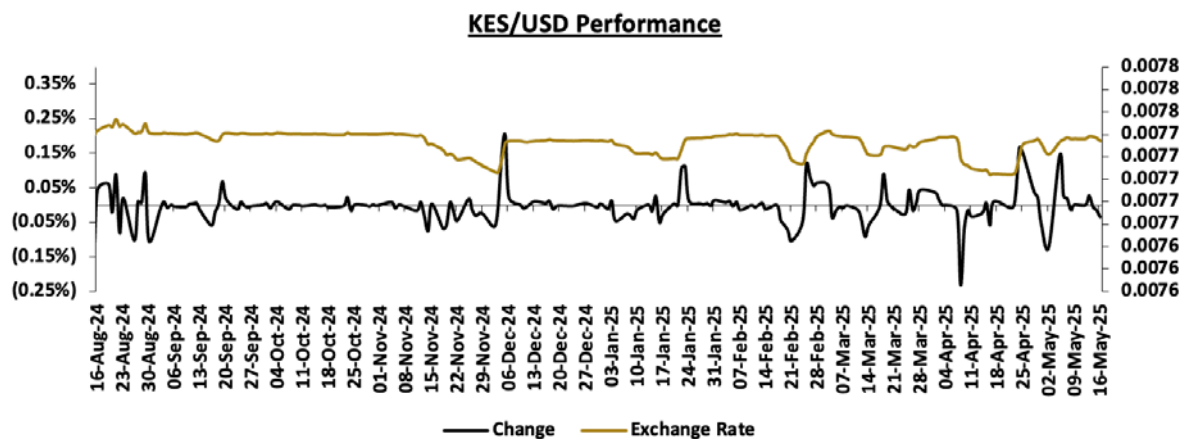
See a chart of the subsidies below;



Source: EPRA, Chart: SIB

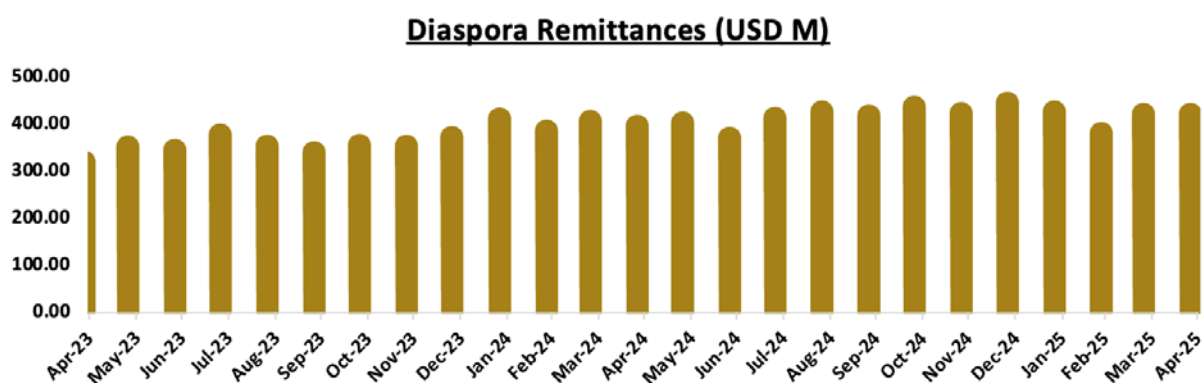
BACKGROUND CHARTS

KES/USD Performance



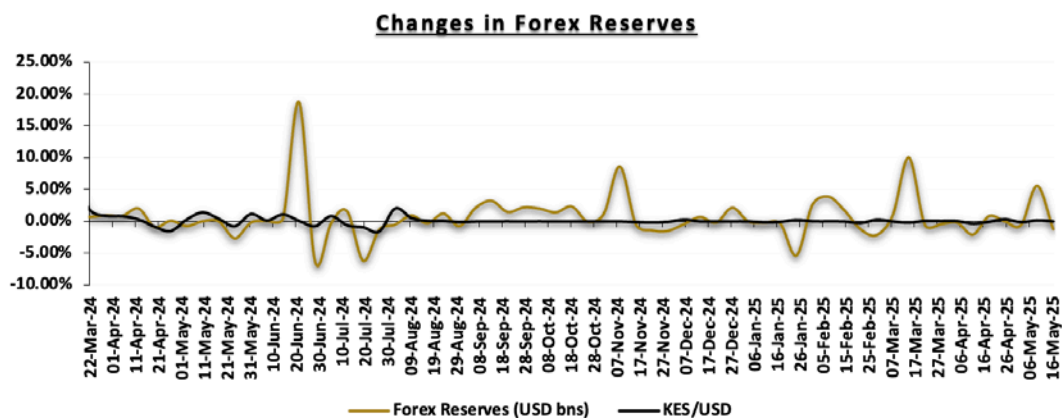
Source: Nairobi Securities Exchange (NSE)

Diaspora Remittances



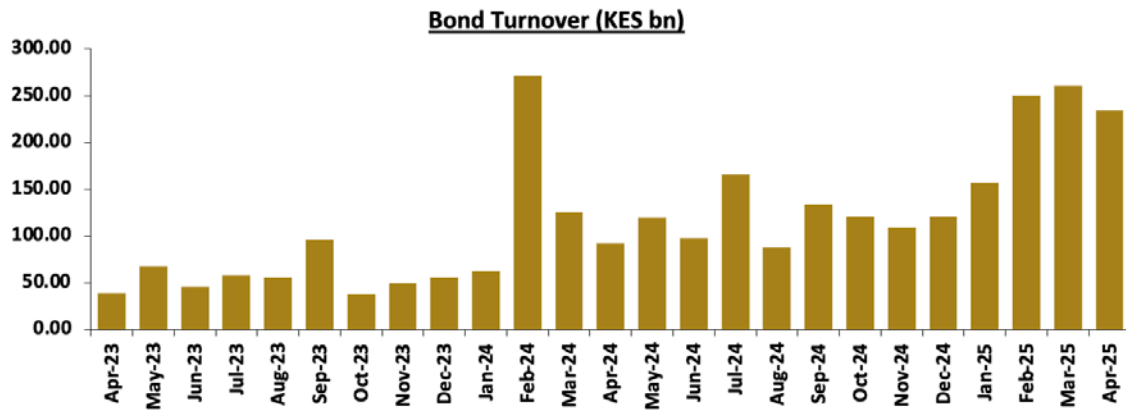
Source: Central Bank of Kenya (CBK)

Forex Reserves



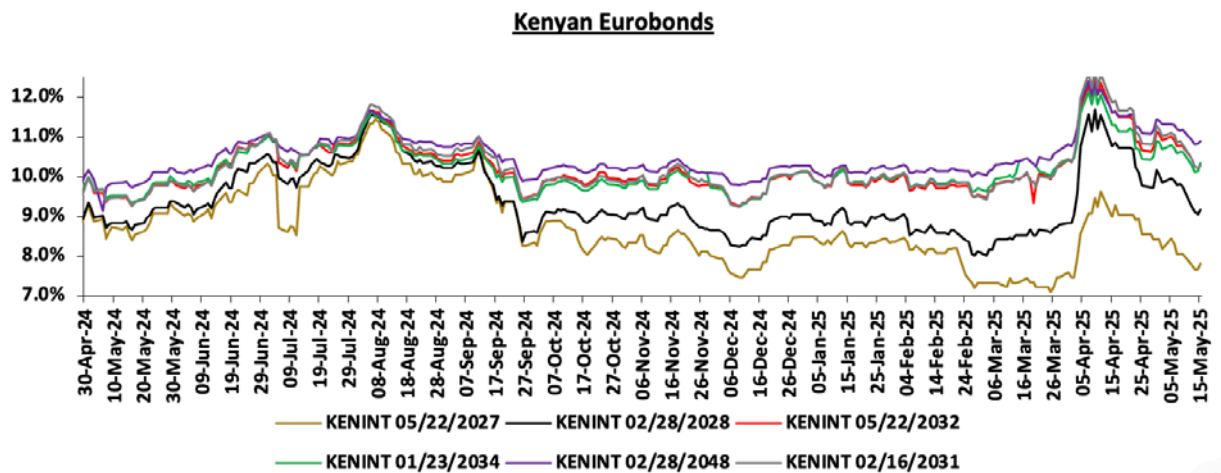
Source: Central Bank of Kenya (CBK)

Secondary Bond Market



Source: Nairobi Securities Exchange (NSE)

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