SIB Standard Investment Bank
Regulated by the Capital Markets Authority

30TH JUNE 2025

"June 2025 inflation estimate: 3.6% - 3.8%"

WEEKLY FIXED INCOME REPORT

Liquidity Pressures Drag T-Bill Demand to a 13-Week Low

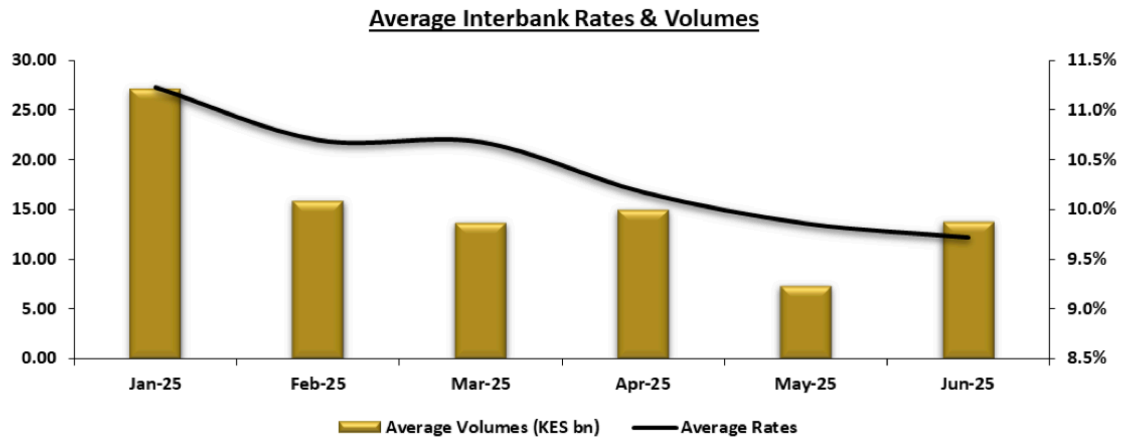
MONEY MARKET STATISTICS

Interbank lending surged to KES 23.04bn from KES 4.47bn, reflecting a similar rise in transaction volumes over the week. Meanwhile, the average interbank rate held largely steady, inching up slightly to 9.72%—a sign of market calm following the recent rate cut having been fully priced in. The table below summarizes the market liquidity indicators:

Average	Previous Week	Current Week	Change
Interbank Deals	14.00	34.00	142.86%
Inter- Bank volumes (KES bn)	4.47	23.04	415.73%
Inter – Bank Rates (bps)	9.70%	9.72%	2.18

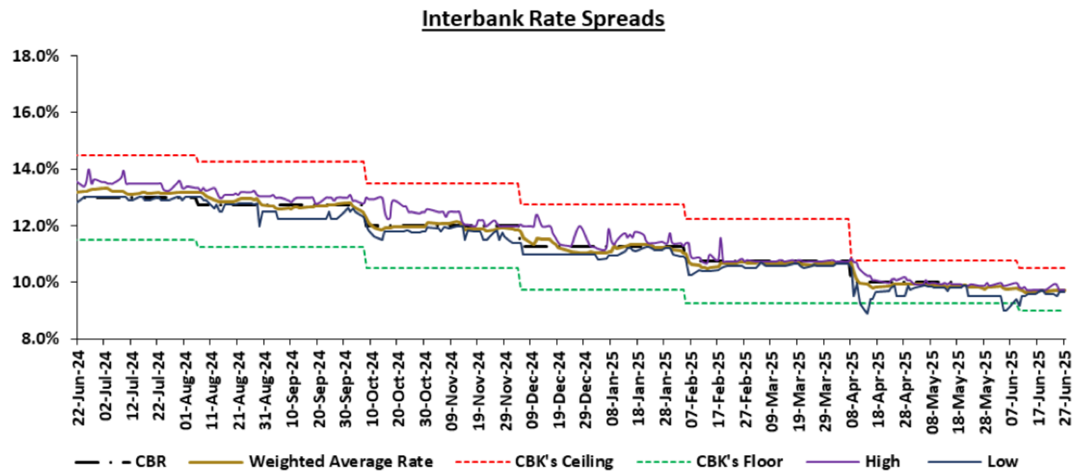
Source: Central Bank of Kenya (CBK), Table: SIB

On a month-on-month basis, average monthly traded volumes appear to have picked up momentum in June, reversing the brief trend that was observed in May. See the chart below:



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

Interbank rates remain well anchored within the corridor. See the chart below;



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

GOVERNMENT SECURITIES MARKET

T-Bills: Liquidity Pressures Drag Demand to a 13-Week Low

Demand for Treasury bills weakened during the week, with the overall subscription rate falling to 60.4%—a 13-week low. The decline in appetite was likely driven by tighter liquidity conditions, as concurrent maturities amounted to just KES 5.10bn.

Given the lower subscription, the fiscal agent accepted relatively all the bids—resulting to a net borrowing of KES 9.34bn. Competitive bids dominated, particularly in the 364-day tenor.

That said, the average accepted rates currently stand at 8.14% (- 3.0bps), 8.46% (1.48bps), and 9.72% (-1.67bps), for the 91-, 182-, and 364-day papers, respectively. See the summary below;

KES bn

30-June-25	91-day	182-day	364-day	Totals
	91-day	182-day	364-day	
Due Date	**29-Sep-25**	**29-Dec-25**	**29-Jun-26**	
Amount offered	4.00	10.00	10.00	24.00
Bids received	1.45	1.20	11.84	14.49
Subscription rate (%)	36.2%	12.0%	118.4%	60.4%
Amount accepted	**1.44**	**1.20**	**11.80**	**14.44**
Acceptance rate (%)	99.6%	99.8%	99.7%	99.7%
Of which: Competitive Bids	0.54	0.59	9.62	10.75
Non-competitive bids	0.90	0.61	2.18	3.69
Rollover/Redemptions	2.68	0.32	2.09	5.10
New Borrowing/(Net Repayment)	**(1.24)**	**0.88**	**9.70**	**9.34**
Weighted Average Rate of Accepted Bids	8.14%	8.46%	9.72%	
Inflation	3.8%	3.8%	3.8%	

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

T-Bonds:

In the primary bond market, the fiscal agent has kicked off the new fiscal year by reopening two bonds—FXD1/2018/20 and FXD1/2018/25—seeking to raise KES 50bn. July appears relatively light, with no maturities expected. However, the reopened bonds carry higher coupon rates and come with longer tenors. Notably, both instruments rank among the top ten largest outstanding issues, with a combined value of KES 209.58bn.

See a summary of the offer below;

Bond Auction	Maturity Date	Effective Tenor	Amount Offered	Coupon	Sale Period
FXD1/2018/020	01-Mar-38	12.7	50.00	13.20%	Up to 9th July 2025
FXD1/2018/025	25-May-43	17.9		13.40%	

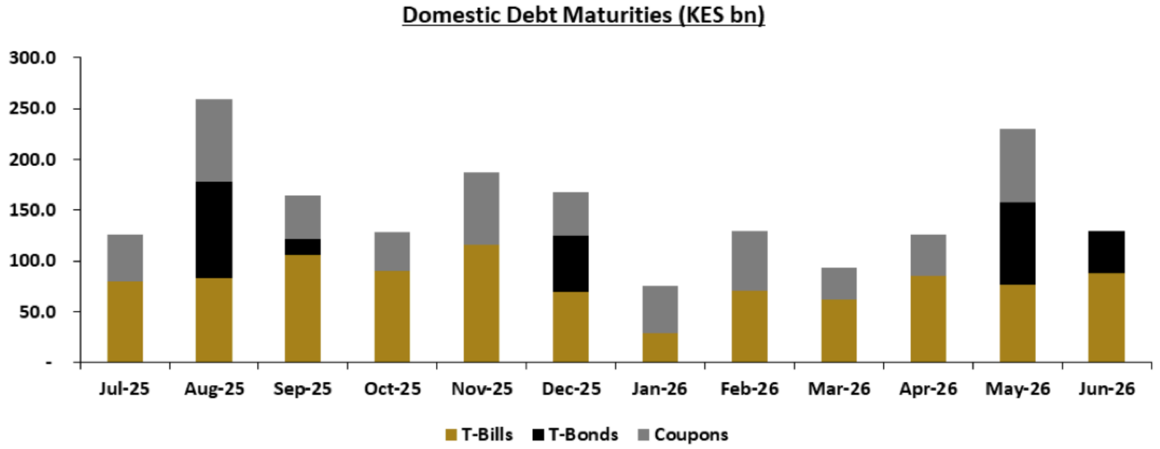
We shall provide more information including our bidding estimates in due course.

In the secondary bond market, turnover dropped by 6.9% to KES 66.38bn, up from KES 71.33bn in the previous week.

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

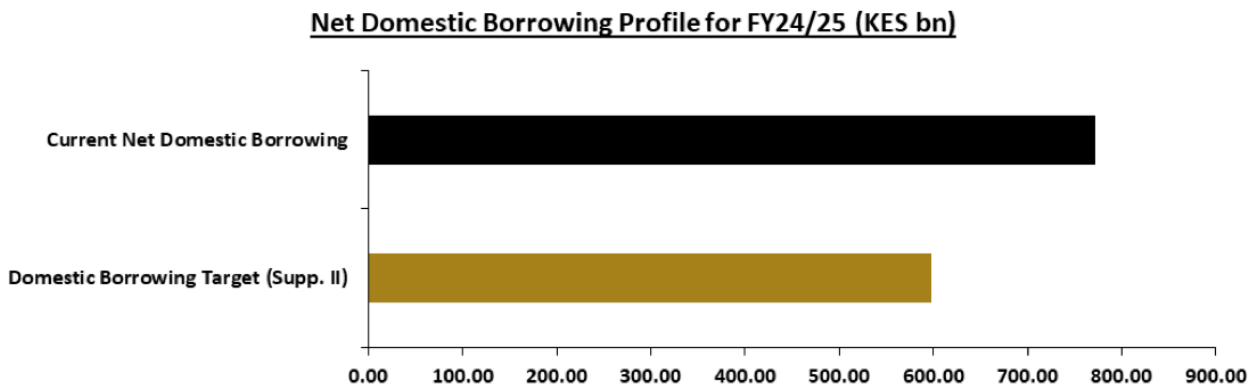
As of this week, the Government's outstanding T-Bill and T-Bond maturities for the next 12 months are at KES 955.74bn and KES 289.92bn, respectively. August 2025 emerges as the next significant maturity month, with a total maturity profile of approximately KES 259.23bn, inclusive of coupon payments.

See the chart below;



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

This week's auction pushed the net domestic government borrowing from Treasury Bills and bonds for FY24/25 to KES 771.99bn — which is 29.3% above the target of KES 597.15bn for FY24/25 under supplementary budget II. See the chart below;

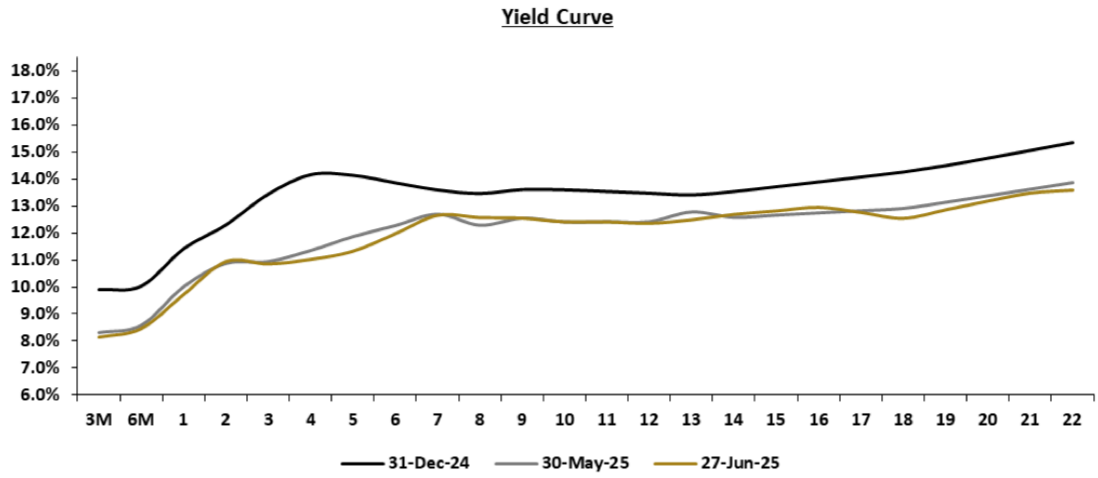


Source: Central Bank of Kenya (CBK), National Treasury, SIB Estimates, Chart: SIB

Yield Curve:

During the week, local interest rates trended slightly downward, with yields on government securities easing by an average a 4.31bps w/w compared to the 17.42bps jump the previous week.

Below is a visual representation;



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

THE INTERNATIONAL SCENE

Kenyan Eurobonds:

Kenyan Eurobonds resumed their downward trend after a brief week of gains, with yields exhibiting less volatility—an indication of limited material developments that would otherwise trigger strong market movements. During the week, yields on the international papers eased by an average of 14bps.

Below is a summary of the performance;

Issuance	KENINT 02/28/2028	KENINT 02/16/2031	KENINT 05/22/2032	KENINT 01/23/2034	KENINT 02/28/2048
Maturity Date	28-Feb-28	16-Feb-31	22-May-32	1-Jun-34	28-Feb-48
Tenor to Maturity	2.7	5.6	6.9	8.9	22.7
31-Dec-24	9.1%	10.1%	10.1%	10.1%	10.3%
19-Jun-25	8.5%	9.7%	9.8%	10.0%	10.7%
23-Jun-25	8.5%	9.8%	9.9%	10.2%	10.7%
24-Jun-25	8.4%	9.6%	9.7%	10.0%	10.6%
25-Jun-25	8.3%	9.5%	9.6%	9.9%	10.6%
26-Jun-25	8.3%	9.5%	9.7%	9.9%	10.6%
Weekly Change	(0.2%)	(0.2%)	(0.1%)	(0.1%)	(0.1%)
YTD Change	(0.7%)	(0.6%)	(0.4%)	(0.2%)	0.3%

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

Currency Performance

The Kenyan shilling was broadly in the red, weakening against 15 of the 21 currencies tracked by the Central Bank. It appreciated against only two and remained relatively unchanged against the remaining four, including the US dollar. Notably, the shilling has maintained a stable range—oscillating between 128 and 129—for nearly a year against the USD. Amongst the currencies that we track (Large lenders and trading partners), the shilling lost the most against the British pound.

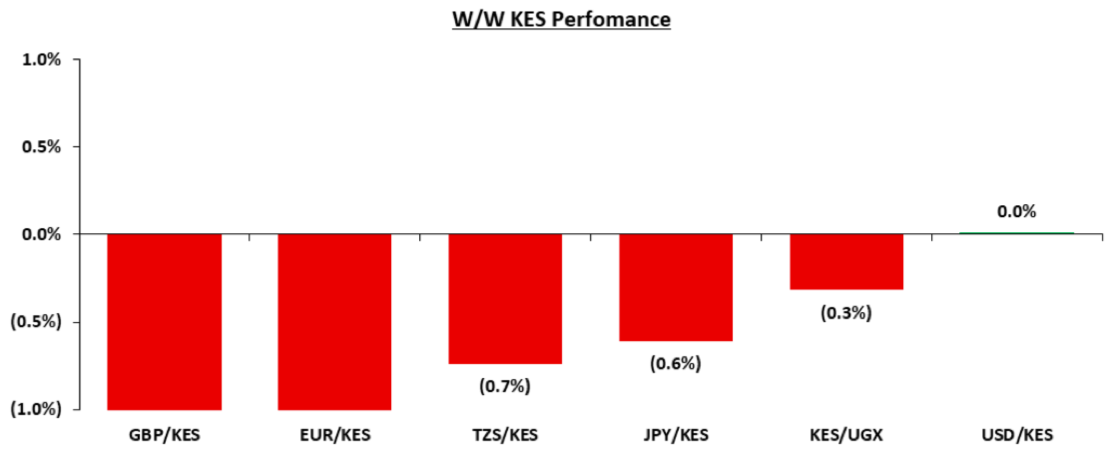
See the table below;

Currencies	30 April 2025 (vs KES)	Previous Week	Current	w/w Change	M/m change
GBP/KES	162.3	174.4	177.4	(1.7%)	(9.3%)
EUR/KES	134.3	148.9	151.1	(1.4%)	(12.5%)
TZS/KES	19.0	20.5	20.3	(0.7%)	7.0%
JPY/KES	82.1	88.9	89.4	(0.6%)	(8.9%)
KES/UGX	28.4	27.9	27.8	(0.3%)	(2.1%)
USD/KES	129.3	129.3	129.3	0.0%	0.0%

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

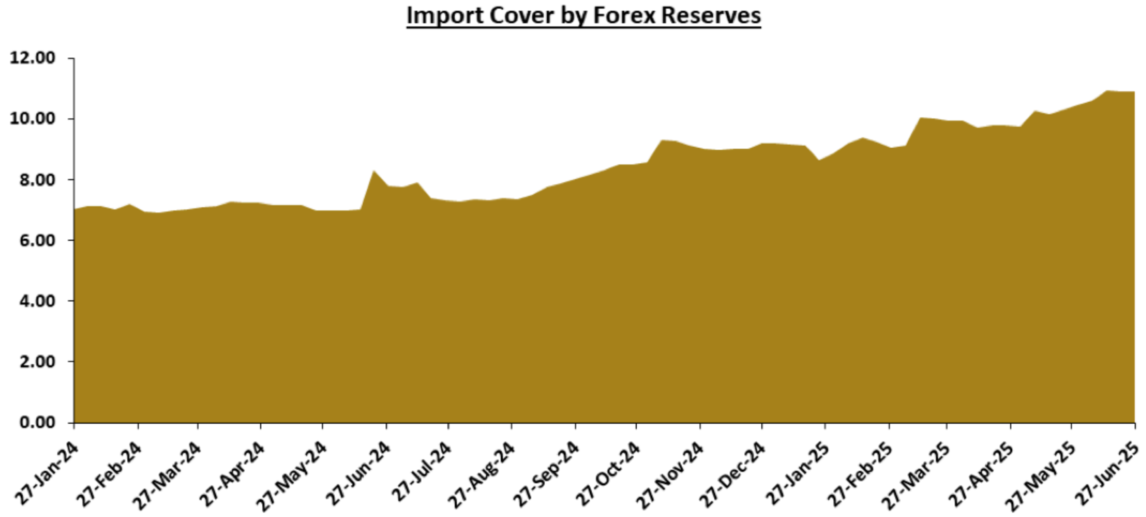
Abb: GBP – British Pound, EUR – Euro, USD – US Dollar, UGX – Ugandan Shilling, TZS – Tanzanian Shilling, JPY – Japanese Yen I FX rate is determined by calculating the weighted average rate of recorded spot trades in the interbank market

See also a visual representation;



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

Concurrently, Kenya's foreign exchange reserves edged down slightly to USD 10.89bn from USD 10.91bn, providing 4.9 months of import cover. Despite the marginal dip, reserves remain among the highest levels ever recorded in the country. See the chart below;



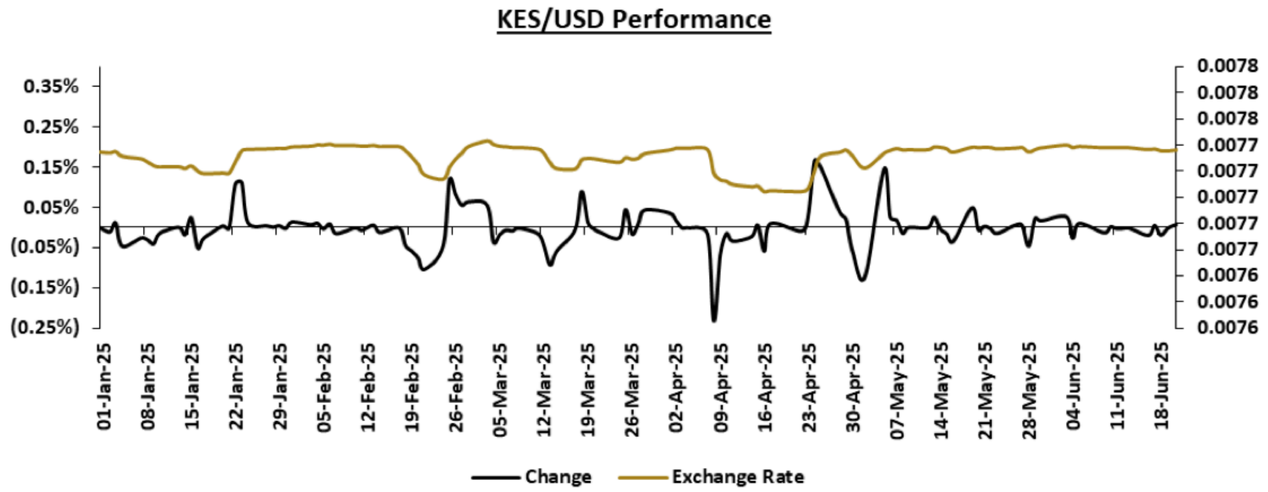
Source: Central Bank of Kenya (CBK), Chart: SIB

Hot on the Horizon: June 2025 Inflation Numbers

The Kenya National Bureau of Statistics (KNBS) is set to release the inflation figures for the month of June in the coming week. We project the year-on-year (y/y) inflation rate to fall within the range of 3.6% to 3.8%, with our estimate at 3.77%.

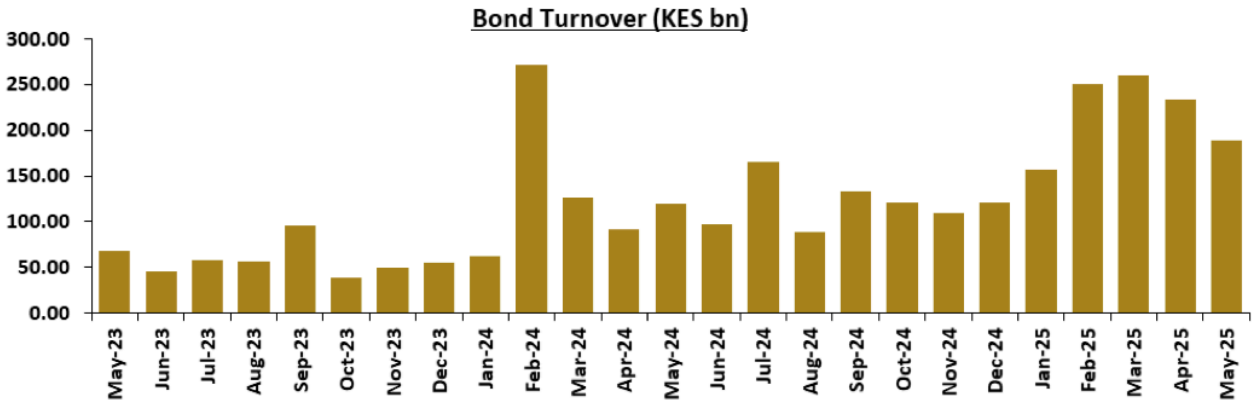
BACKGROUND CHARTS

KES/USD Performance



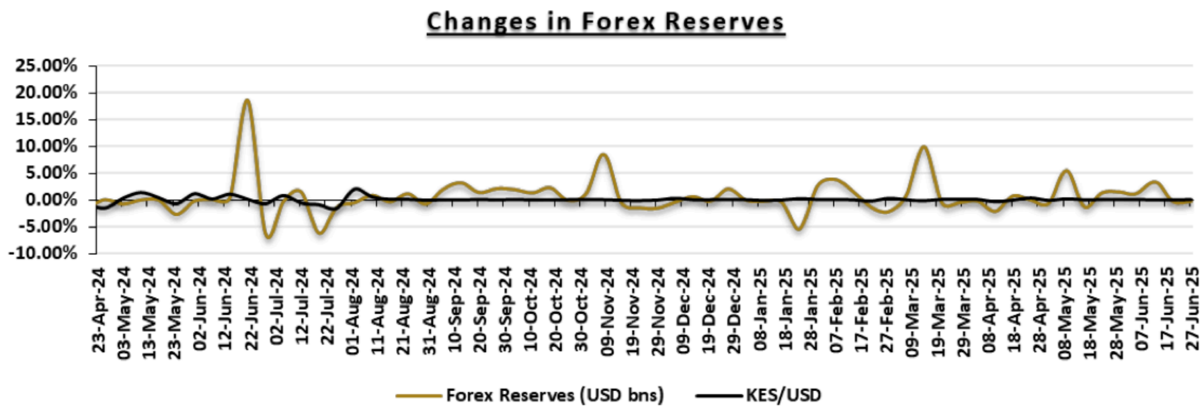
Source: Nairobi Securities Exchange (NSE)

Bond Turnover



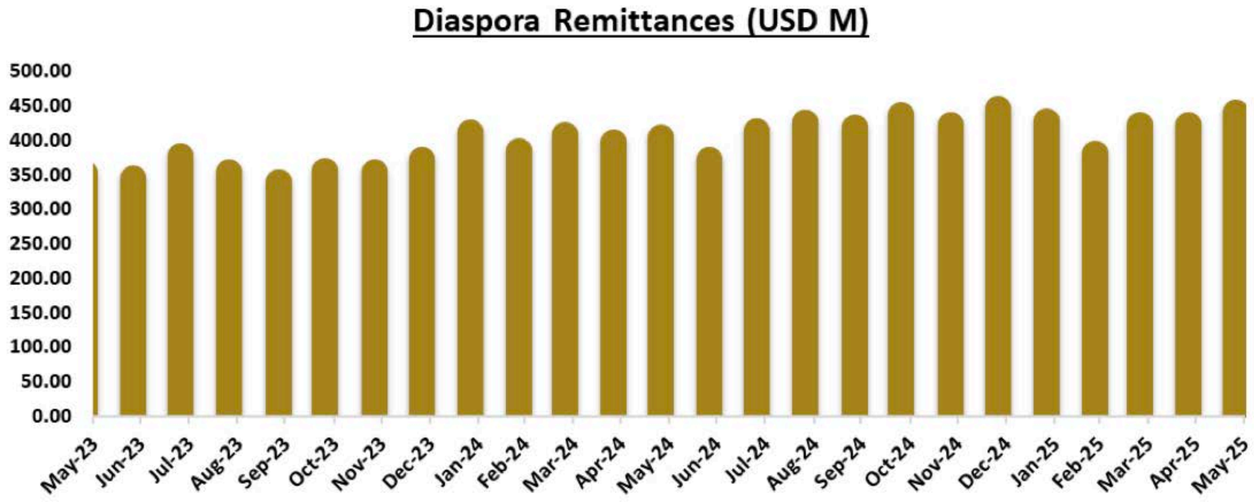
Source: Central Bank of Kenya (CBK)

Forex Reserves



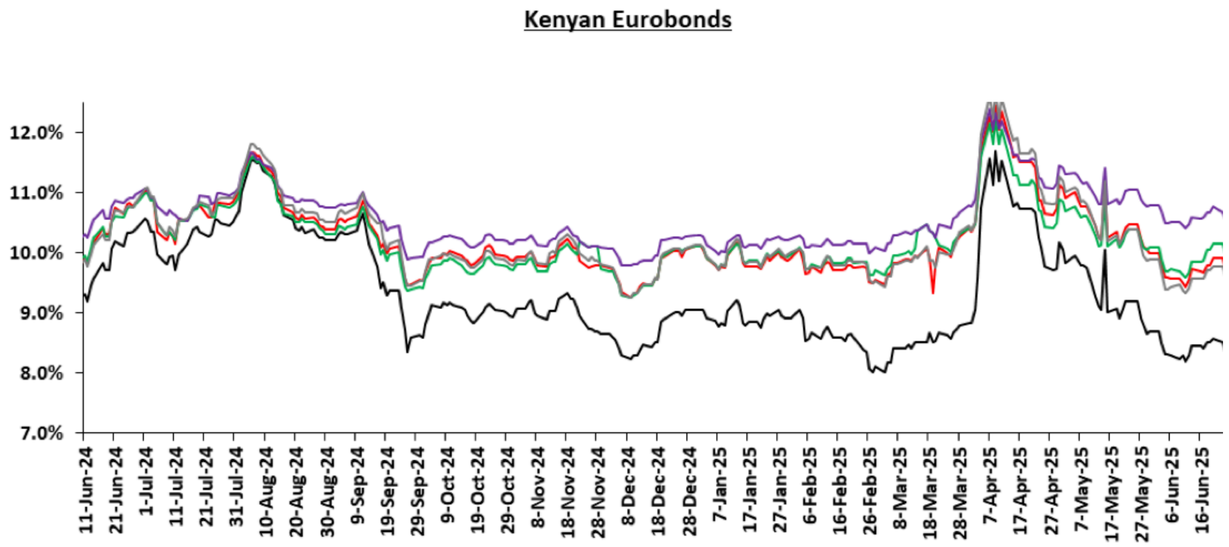
Source: Central Bank of Kenya (CBK)

Diaspora Remittances



Source: Nairobi Securities Exchange (NSE)

Kenyan Eurobonds



Source: Central Bank of Kenya (CBK)

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