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August 2025 inflation  
estimate:  
4.1% - 4.3%

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## WEEKLY FIXED INCOME REPORT

*CBK Turns Tables with KES 179.77bn Tap Haul, after Snubbing 70.6% of Bids in the Primaries*

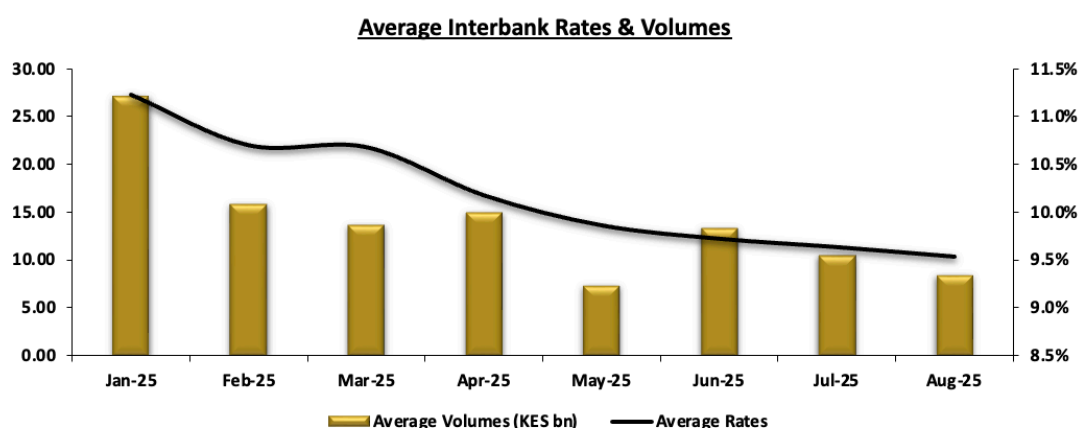
## MONEY MARKET STATISTICS

Interbank lending volumes retreated to KES 6.20bn from KES 9.79bn over the week, in line with lower transaction activity. The average interbank rate eased to 9.45% from 9.53%, as monetary policy adjustments continue to transmit into the interbank market. The table below summarizes market liquidity indicators:

Average	Previous Week	Current Week	Change
Interbank Deals	23.00	13.00	(43.48%)
Inter- Bank volumes (KES bn)	9.79	6.20	(36.69%)
Inter – Bank Rates (bps)	9.53%	9.45%	(8.66)

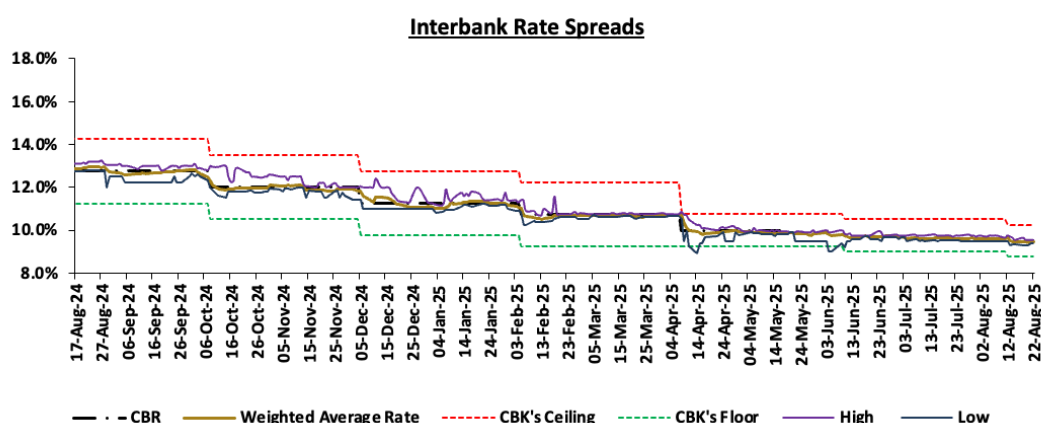
Source: Central Bank of Kenya (CBK), Table: SIB

Overall, activity in the interbank market remains subdued, with greater focus shifting towards Open Market Operations (OMO). The chart below illustrates the trends in volumes and rates:



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

With the updated corridor, interbank rates continue to hover closely around the CBR, as illustrated below;



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

## GOVERNMENT SECURITIES MARKET

### T-Bills:

This week's Treasury bills auction attracted robust investor appetite, with overall subscription rising to 113.5% from 96.6% in the previous week. Investors placed bids worth KES 27.24bn, out of which the fiscal agent accepted 89.1%, slightly above the week's redemption requirements.

The 182-day paper drew the most interest in absolute terms, recording a subscription rate of 120.8% – the highest in more than three months, signaling renewed investor preference for the mid-tenor, following six consecutive weeks of undersubscription.

The weighted average rates of accepted bids edged lower to 8.0% (-1.07bps), 8.07% (-4.89bps), and 9.57% (-0.90bps) for the 91-, 182-, and 364-day papers, respectively, as the fiscal agent continues to signal a softer interest rate environment in the near term.

KES Bn

22-Aug-25	91-day	182-day	364-day	Totals
	24-Nov-25	23-Feb-26	24-Aug-26	
Amount offered	4.00	10.00	10.00	24.00
Bids received	7.77	12.08	7.39	27.24
Subscription rate (%)	194.3%	120.8%	73.9%	113.5%
<b>Amount accepted</b>	<b>7.69</b>	<b>9.20</b>	<b>7.38</b>	<b>24.27</b>
Acceptance rate (%)	98.9%	76.2%	99.9%	89.1%
Of which: Competitive Bids	3.04	8.17	5.67	16.88
Non-competitive bids	4.65	1.03	1.71	7.39
Rollover/Redemptions	4.54	12.86	6.37	23.77
<b>New Borrowing/(Net Repayment)</b>	<b>3.15</b>	<b>(3.65)</b>	<b>1.00</b>	<b>0.50</b>
Weighted Average Rate of Accepted Bids	8.00%	8.07%	9.57%	
Inflation	4.1%	4.1%	4.1%	
<b>Real Return</b>	<b>3.9%</b>	<b>3.9%</b>	<b>5.4%</b>	

Source: Central Bank of Kenya (CBK), Table: S1B

### T-Bonds: CBK Turns the Tables with KES 179.77bn Tap Haul, after Snubbing 70.6% of Bids in the Primaries

After rejecting 70.6% of bids in the August infrastructure bond auction, the fiscal agent returned to the market with KES 50.0bn tap sale on the same issuance. Investors, still flush with liquidity due to a concurrent redemption, responded aggressively, submitting KES 207.45bn in bids, equivalent to a 414.9% subscription rate. The fiscal agent accepted KES 179.77bn, more than double the offered amount.

Cumulatively, the two bond sales mobilized KES 274.79bn, though after accounting for redemptions, roughly KES 180.15bn has effectively exited the market. As was the initial auction, the shorter-tenor IFB1/2018/15 attracted the lion's share of demand, reaffirming investor confidence in the near-term outlook. Outstanding amounts now stand at KES 143.62bn for IFB1/2018/15 and KES 194.52bn for IFB1/2022/19.

See the summary of performance below:

25-Aug-25	IFB1/2018/15	IFB1/2022/19	Totals
<b>Due Date</b>	<b>10-Jan-33</b>	<b>28-Jan-41</b>	
Amount offered			50.00
Bids received	130.34	77.11	207.45
Subscription rate (%)	132.40%	154.23%	414.91%
<b>Amount accepted</b>	<b>127.98</b>	<b>51.79</b>	<b>179.77</b>
Adjusted Average Price (per KES 100)	99.39	94.85	
Coupon Rate	12.5%	13.0%	

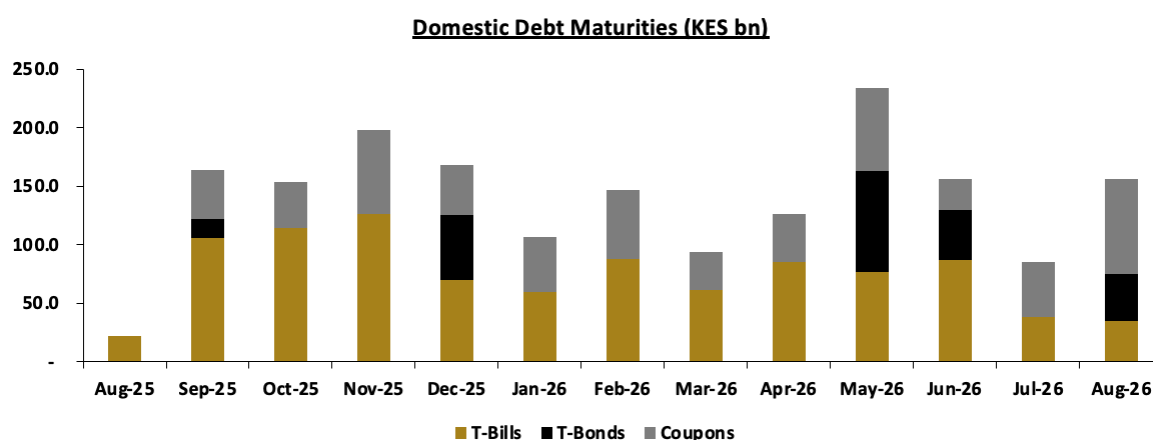
Source: Central Bank of Kenya (CBK), SIB Estimates | Table: SIB

In the secondary bond market, turnover more than doubled to KES 57.28bn, from KES 27.90bn the previous week.

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

As of this week, the Government's outstanding maturities for the next 12 months stand at KES 973.16bn in T-Bills and KES 240.54bn in T-Bonds. When coupons are factored in, the total maturity profile rises to KES 1.82tn. For immediate obligations, the maturity curve is weighted towards the last four months of the year, with a concentration in short-term T-Bill obligations. Nevertheless, we expect a smooth rollover given prevailing liquidity conditions and sustained investor demand.

See the chart below;



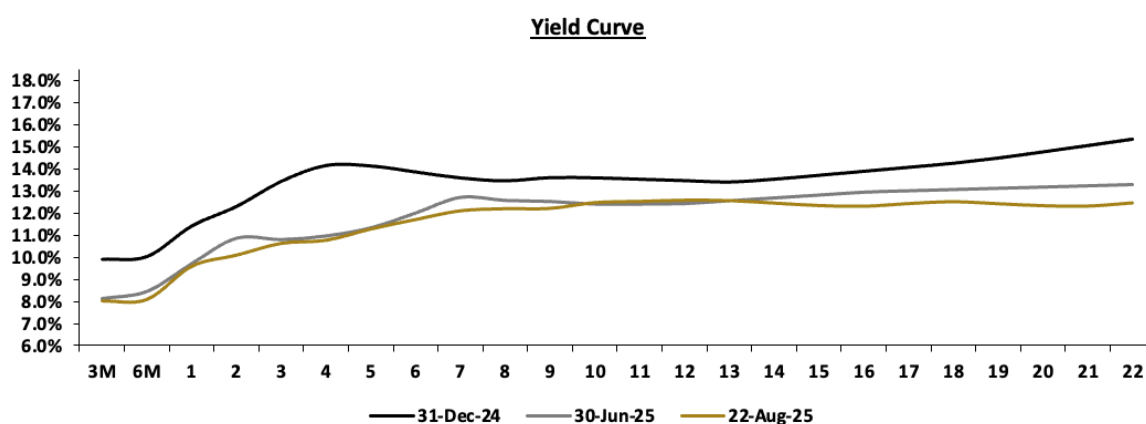
Source: Central Bank of Kenya (CBK), Chart: SIB

The tap sale on the August bonds pushed Government's net domestic borrowing position to KES 255.13bn—three times more than the prorated borrowing target.

### Yield Curve:

Local interest rates continued on a downward trend, with average yields on government securities falling 27.93bps w/w, though at a slower pace compared to the 42.70bps drop the previous week. Notably, the longest-dated paper (22-year tenor) bucked the easing trend, recording an uptick in yield to maturity.

Below is a visual representation;



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

## THE INTERNATIONAL SCENE

### Kenyan Eurobonds:

Yields on Kenyan Eurobonds reversed course, rising by an average of 8.10 bps over the week. Still, on a YTD basis, the yields on the international papers remain on a downward trend. The table below summarizes the performance across maturities:

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	2.5	5.5	6.7	8.8	22.5
31-Dec-24	9.1%	10.1%	10.1%	10.1%	10.3%
14-Aug-25	7.4%	8.7%	8.9%	9.4%	10.0%
18-Aug-25	7.4%	8.9%	9.0%	9.5%	10.1%
19-Aug-25	7.5%	8.9%	9.1%	9.5%	10.1%
20-Aug-25	7.6%	8.8%	9.1%	9.6%	10.2%
21-Aug-25	7.4%	8.8%	9.0%	9.5%	10.1%
Weekly Change	0.0%	0.1%	0.1%	0.1%	0.1%
YTD Change	(1.6%)	(1.4%)	(1.1%)	(0.6%)	(0.2%)

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

S&P Global Ratings assigned its 'B' long-term issue rating to the proposed benchmark size senior unsecured Eurobond to be issued by Kenya (B/Stable/B) at the close of last week. This is an upgrade from B-.

### Currency Performance

The Kenyan shilling posted a mixed performance across tracked currencies, slipping only against the TZS. Notably, KES/TZS volatility has heightened in recent weeks, largely on the back of Tanzania's economic headwinds and policy uncertainties.

The unit held steady against the USD, extending the resilience it has maintained for a year now.

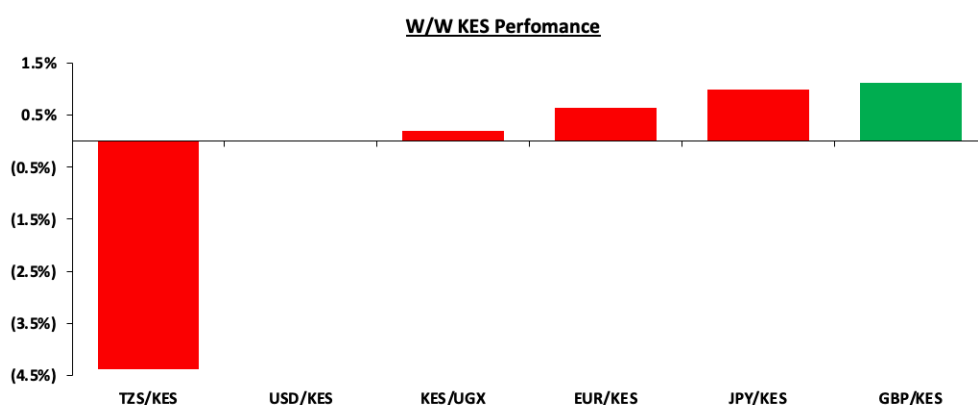
See the table below;

Currencies	30 April 2025 (vs KES)	Previous Week	Current	w/w Change	M/m change
KES/TZS	19.0	20.3	19.4	(4.4%)	2.1%
USD/KES	129.3	129.2	129.2	0.0%	0.0%
KES/UGX	28.4	27.5	27.6	0.2%	(2.9%)
EUR/KES	134.3	150.7	149.7	0.6%	(11.5%)
JPY/KES	82.1	87.8	86.9	1.0%	(5.9%)
GBP/KES	162.3	175.1	173.1	1.1%	(6.7%)

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

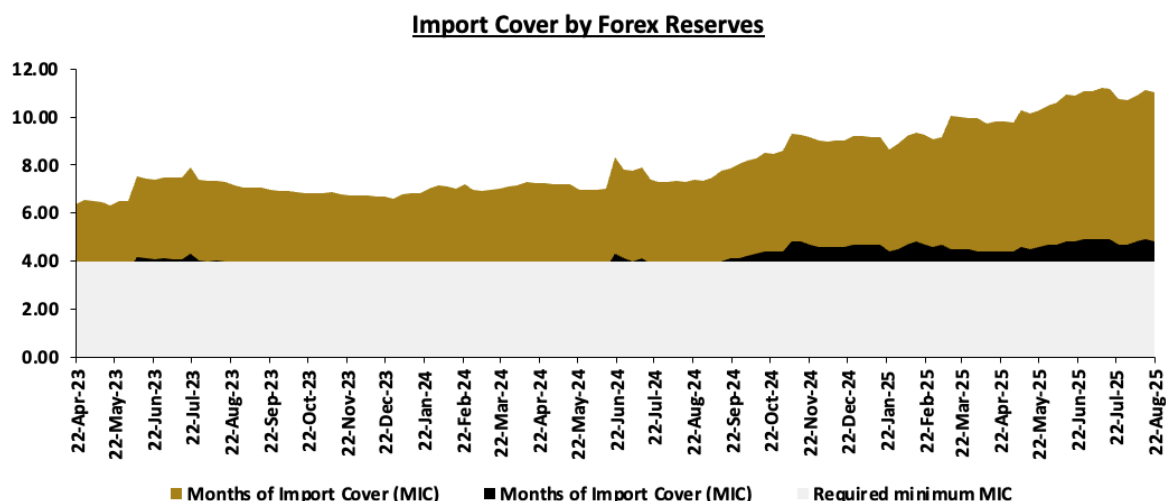
Abb: GBP – British Pound, EUR – Euro, USD – US Dollar, UGX – Ugandan Shilling, TZS – Tanzanian Shilling, JPY – Japanese Yen | FX rate is determined by calculating the weighted average rate of recorded spot trades in the interbank market

See also a visual representation;



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

Kenya's foreign exchange reserves slipped to USD 11.04bn from USD 11.11bn, trimming import cover to 4.8 months. See the chart below for a visual summary;



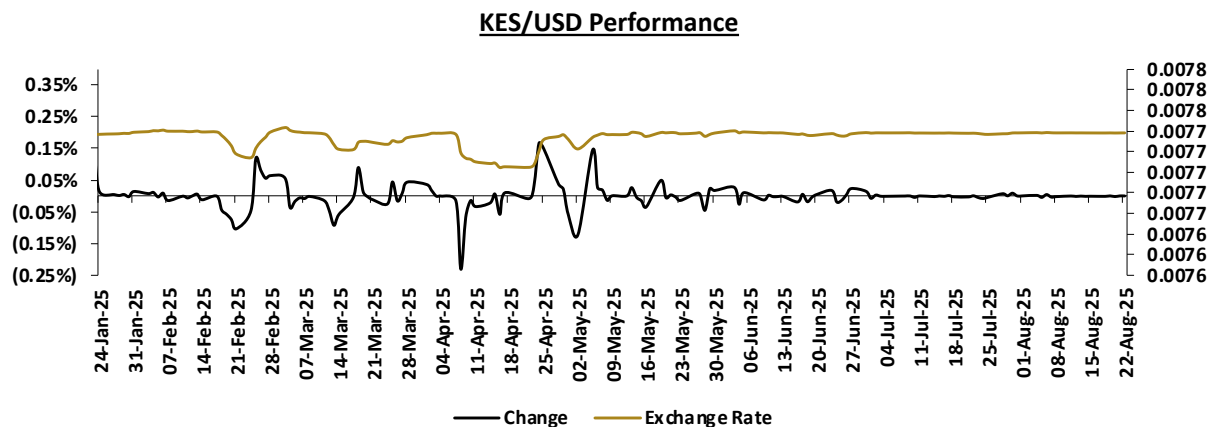
Source: Central Bank of Kenya (CBK), Chart: SIB

## Hot on the Horizon: August 2025 Inflation Numbers

The Kenya National Bureau of Statistics (KNBS) is set to release the inflation figures for the month of August in the coming week. We project the year-on-year (y/y) inflation rate to fall within the range of 4.1% to 4.3%.

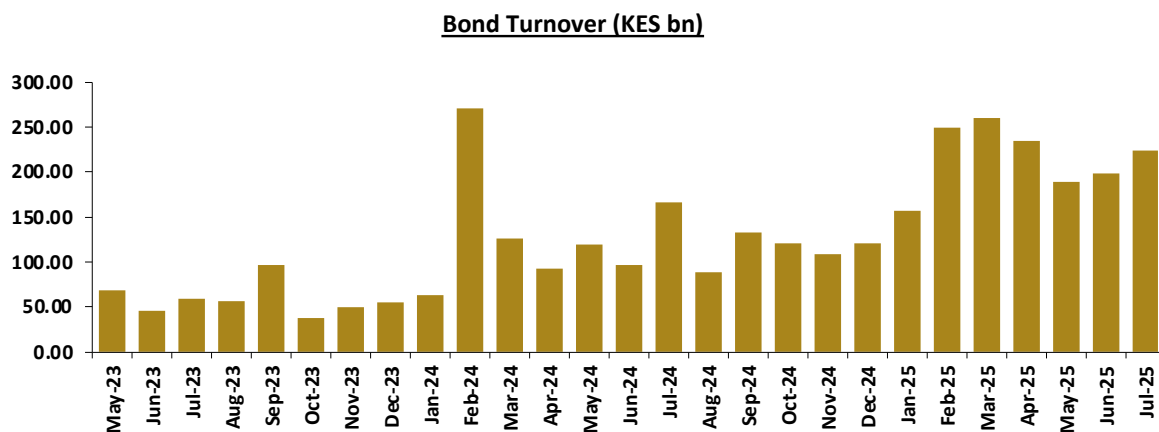
## BACKGROUND CHARTS

### KES/USD Performance



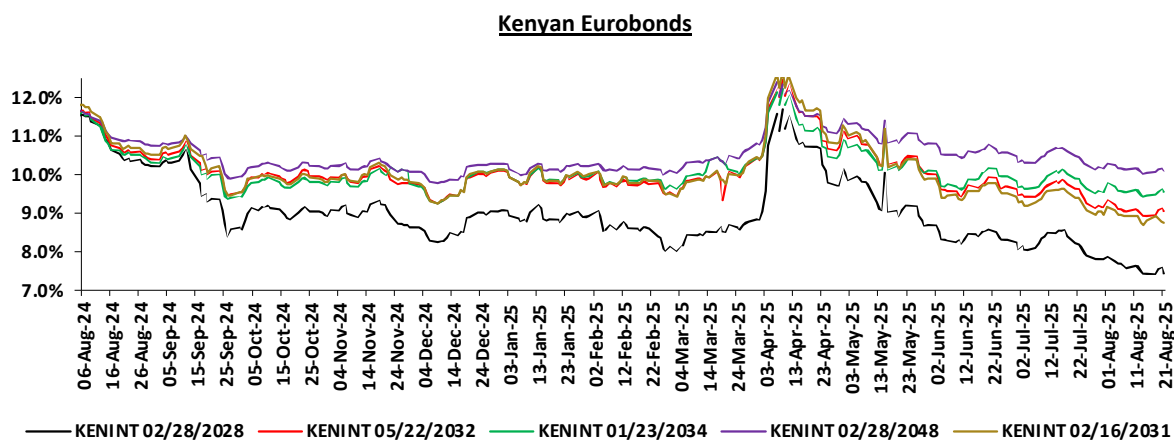
Source: Nairobi Securities Exchange (NSE)

### Bond Turnover



Source: Central Bank of Kenya (CBK)

### Kenyan Eurobonds



Source: Central Bank of Kenya (CBK)



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