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August 2025 diaspora
remittance ticks up by 3.9%
m/m to USD 426.10m

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WEEKLY FIXED INCOME REPORT

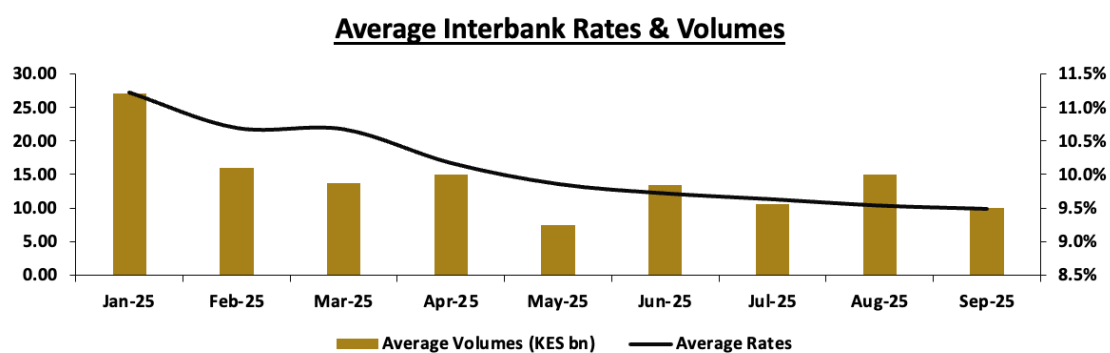
Fuel Price Fall Amid Lower Landed Costs – Narrower Subsidies

MONEY MARKET STATISTICS

This week, the overnight interbank lending rate, now known as the Kenya Shilling Overnight Interbank Average (KESONIA), eased to an average of 9.46% from 9.54% the previous week. Interbank activity remained largely steady (+0.53% w/w), averaging KES 11.41bn against KES 11.35bn a week earlier. The slight increase was mirrored in a marginally higher transaction count (+5.00% w/w), with a handful of players resorting to the discount window, as shown below:

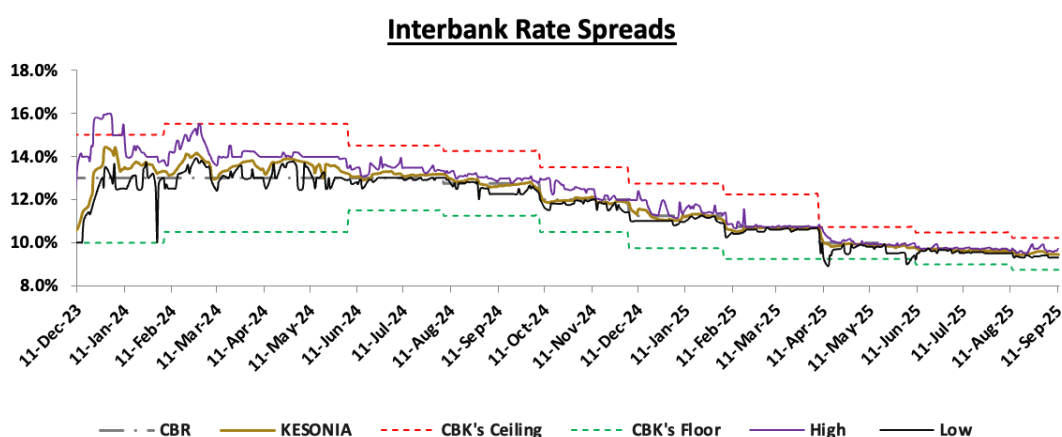
Average	Previous Week – ended 4 th September 2025	Current Week – ended 11 th September 2025	Change
Interbank Deals	20.00	21.00	5.00%
Inter-Bank volumes (KES bn)	11.35	11.41	0.53%
KESONIA (bps)	9.54%	9.46%	(8.67)
Window Borrowing Volumes (KES bn)	0.45	0.26	(42.22%)

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



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

Interbank rates continued to trade closely in line with the Central Bank Rate (CBR), as illustrated below:



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

GOVERNMENT SECURITIES MARKET

T-Bills:

This week, demand for Treasury bills strengthened, with overall subscription rising to 161.5% from 141.2% in the previous week. Investors submitted bids worth KES 38.77bn, of which the fiscal agent accepted 74.6%, comfortably meeting redemption obligations.

The 91-day paper led the rally, posting a subscription rate of 385.2% (from 146.7% the week prior), marking a shift from last week when investors largely favored the 364-day paper (its subscription rate eased slightly to 202.3% vs 231.0% the week prior).

Weighted average rates on accepted bids were broadly lower slightly at 7.97% (-1.49bps), 8.02% (-1.37bps), and 9.58% (-3.07bps) for the 91, 182, and 364-day papers, respectively, as the fiscal agent continues to signal a softer near-term interest rate outlook.

15-Sept-25	91-day	182-day	364-day	Totals
	15-Dec-25	16-Mar-26	14-Sept-26	
Amount offered	4.00	10.00	10.00	24.00
Bids received	15.41	3.13	20.23	38.77
Subscription rate (%)	385.2%	31.3%	202.3%	161.5%
Amount accepted	14.73	3.13	11.06	28.91
Acceptance rate (%)	95.6%	100.0%	54.7%	74.6%
Of which: Competitive Bids	2.97	1.99	10.08	15.04
Non-competitive bids	11.76	1.14	0.98	13.87
Rollover/Redemptions	11.83	10.21	4.21	26.25
New Borrowing/(Net Repayment)	2.89	-7.08	6.85	2.66
Weighted Average Rate of Accepted Bids	7.97%	8.02%	9.55%	
Inflation	4.5%	4.5%	4.5%	
Real Return	3.4%	3.5%	5.0%	

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

T-Bonds: CBK Sustains Issuance of Long-term Bonds in the Primaries

In the primary bond market, the fiscal agent remained active, seeking to raise KES 40.0bn through the reopening of FXD1/2018/20 and FXD1/2022/25 (total outstanding amount on the papers at KES 236.3bn). Among the issuances, we expect stronger demand for FXD1/2018/20 given its shorter tenor to maturity and relatively attractive coupon. The two papers remain on offer until 17th September 2025. See the issuance summary below:

Bond Auction	Maturity Date	Effective Tenor	Amount Offered	Coupon	Sale Period
FXD1/2018/20	01-Mar-38	12.5	40.00	13.20%	Up to 17th September 2025
FXD1/2022/25	23-Sep-47	22.1		14.19%	

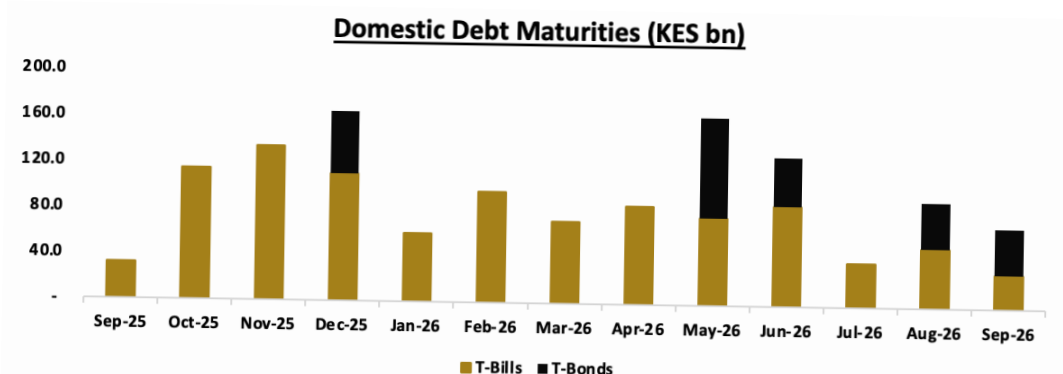
Source: Central Bank of Kenya (CBK), Table: SIB

While most metrics at the Nairobi Securities Exchange closed in the green, secondary bond market turnover fell 18.9% to KES 39.36bn in the week ended 12th September from KES 48.54bn the previous week, signalling a shift in capital flows.

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 989.61bn in T-Bills and KES 265.60bn in T-Bonds. When coupons are factored in, the total maturity profile rises to KES 1.91tn. For September, bond maturities remain limited (IFB/2013/12 - KES 16.06bn that matures on 15th September 2025), a trend that extends through December, affording the government much-needed breathing space on its repayment schedule.

See the chart below;



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

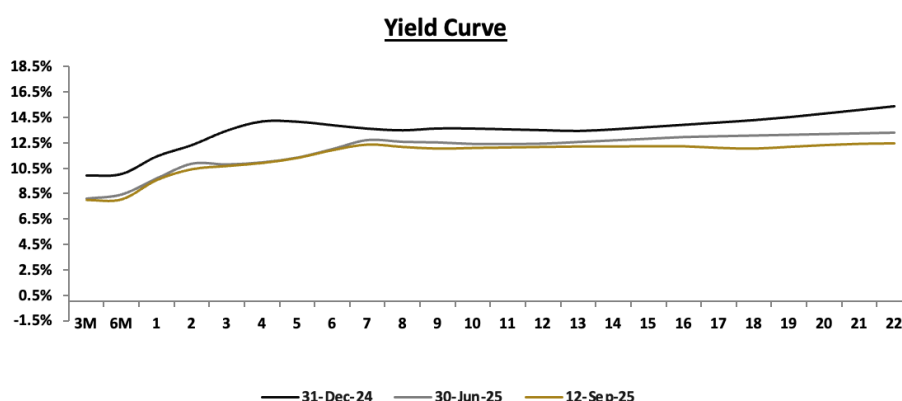
This week's auction lifted the Government's net domestic borrowing position to KES 255.1bn, remaining within the prorated target.

Earlier in the week, the National Treasury published the **Annual Borrowing Plan for the Financial Year 2025/2026**, which details the Government's borrowing as specified in the Approved Budget and Medium-Term Debt Management Strategy. Key to note is that the National Treasury has penciled a KES 65.0bn sustainability-linked bond in March 2026, a KES 22.1bn Samurai Bond (Japanese Yen denominated Bond) in December 2025, a KES 130.0bn loan from the Abu Dhabi Fund (UAE) in December 2025, as well as a Debt for Food Security Swap of KES 130.0bn in March 2026 in the financial year. Additionally, liability management operations, including buybacks and switches, are expected to be actively utilised to manage maturity risk and smooth out the redemption profile of domestic debt. There is only one new domestic issuance planned for April 2026, while all other domestic issuances will involve re-openings.

Yield Curve:

Local interest rates showed a mixed performance across different tenors, though overall movement was muted. Yields on most papers held broadly stable, recording an average decline of 7.78bps.

Below is a visual representation;



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

THE INTERNATIONAL SCENE

Kenyan Eurobonds:

During the week, yields on Kenyan Eurobonds continued to decline, with the rates now approaching pre-2022 levels. 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	5.4	6.7	8.7	22.5
31-Dec-24	9.1%	10.1%	10.1%	10.1%	10.3%
04-Sept-25	6.6%	8.3%	8.6%	9.1%	9.7%
05-Sept-25	6.6%	8.2%	8.5%	8.9%	9.6%
08-Sept-25	6.4%	8.1%	8.3%	8.8%	9.5%
09-Sept-25	6.3%	8.1%	8.3%	8.7%	9.5%
10-Sept-25	6.2%	7.9%	8.1%	8.5%	9.3%
11-Sept-25	6.0%	7.7%	8.0%	8.4%	9.2%
Weekly Change	(0.7%)	(0.6%)	(0.6%)	(0.7%)	(0.5%)
YTD Change	(3.1%)	(2.4%)	(2.1%)	(1.7%)	(1.1%)

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

Currency Performance

The Kenyan shilling's performance weakened against tracked currencies in the week. The highest decline was recorded against the Tanzanian shilling, while the unit held largely steady against the USD, extending the resilience it has maintained for over a year now. A weaker labor market is expected to drive the US Fed to cut its benchmark rate this week.

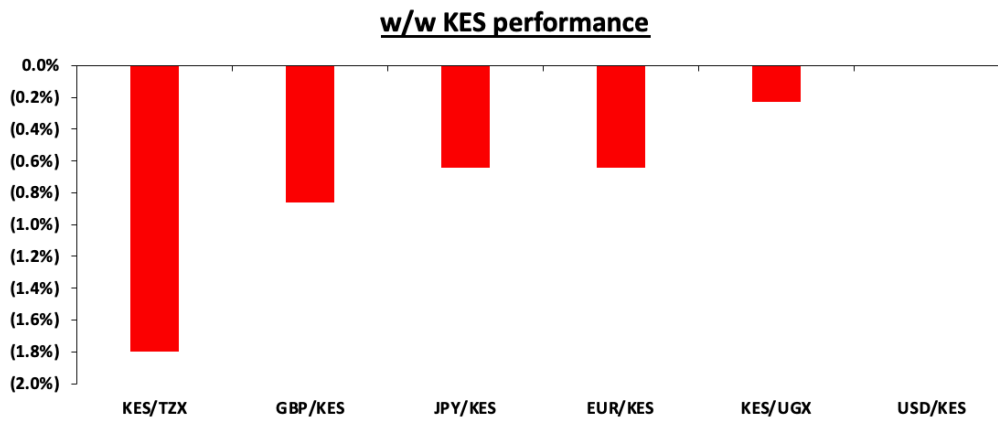
See the table below;

Currencies	31 Dec 2024	Previous Week	Current	w/w Change	Y/y change
KES/TZX	19.0	19.4	19.0	(1.8%)	2.2%
GBP/KES	162.3	173.7	175.2	(0.9%)	(7.5%)
JPY/KES	82.1	87.1	87.6	(0.6%)	(7.0%)
EUR/KES	134.3	150.6	151.6	(0.6%)	(12.2%)
KES/UGX	28.4	27.2	27.2	(0.2%)	(3.3%)
USD/KES	129.3	129.2	129.2	(0.0%)	0.0%

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

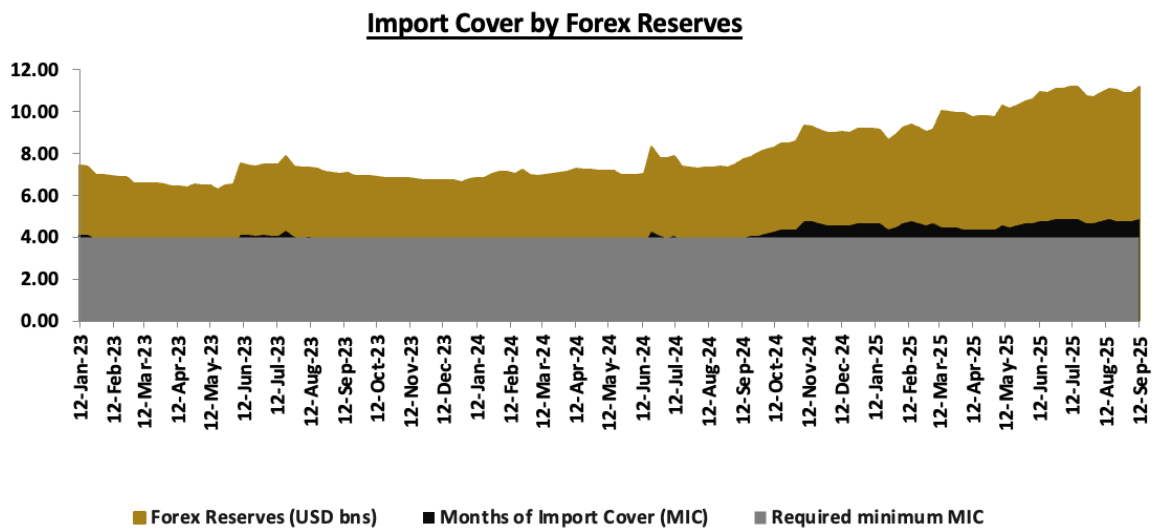
Abb: GBP – British Pound, EUR – Euro, USD – US Dollar, UGX – Ugandan Shilling, TZS – Tanzanian Shilling, JPY – Japanese Yen | FX rate is determined by calculating the weighted average rate of recorded spot trades in the interbank market

See also a visual representation;



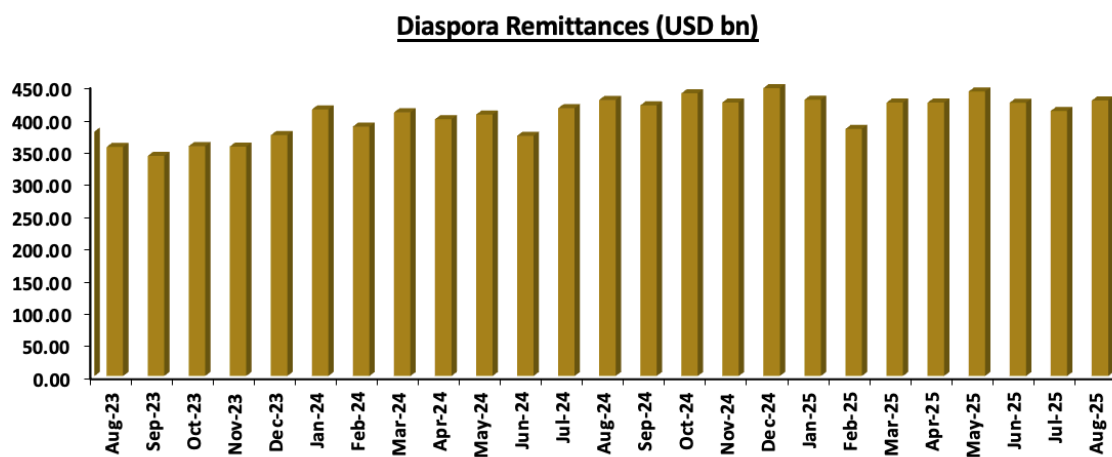
Source: Central Bank of Kenya (CBK), Chart: SIB

Kenya's foreign exchange reserves rose to USD 11.17bn from USD 10.90bn (+2.5% w/w), maintaining import cover at 4.9 months. See the chart below for a visual summary;



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

Meanwhile, diaspora remittances remained resilient, with August 2025 inflows rising by 3.9% m/m to USD 426.10m from USD 410.09m in July 2025 (slight 0.3%y/y decline from USD 427.20m in August 2024). Cumulative inflows for 2025 so far stand at USD 3.35bn. Notably, the 12-month cumulative inflows to August 2025 jumped 9.4% to USD 5.08bn. See the chart below for a visual summary.



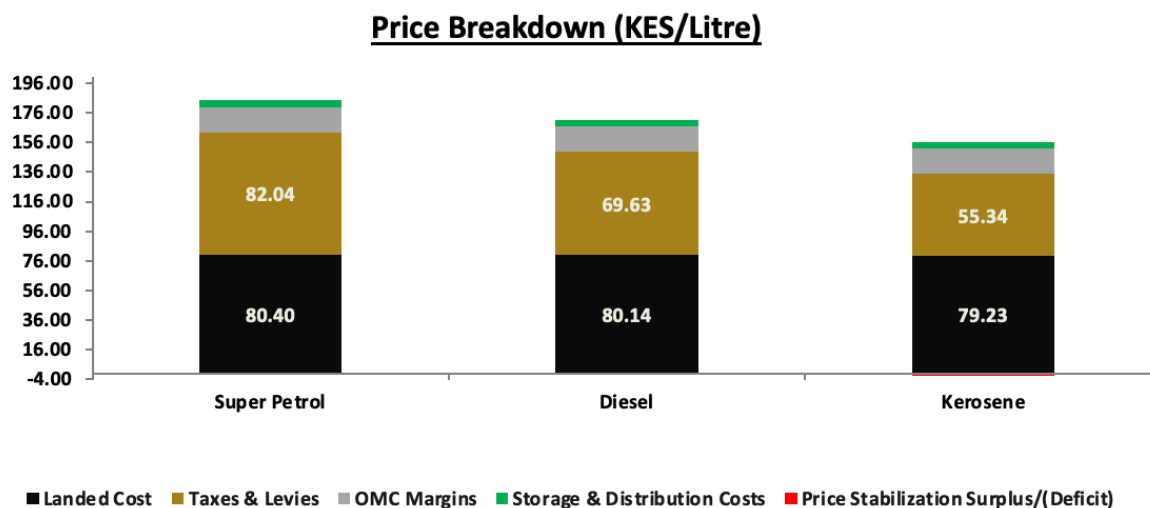
Source: Central Bank of Kenya (CBK), Chart: SIB

THE MACRO WRAP

Fuel prices fall amid lower landing costs as the government stabilizes Kerosene prices

The Energy and Petroleum Regulatory Authority (EPRA) released fuel prices for the pricing cycle running 15th September –14th October 2025. Petrol, Diesel and kerosene edged lower by 0.4%, 0.1% and 0.5% to KES 184.52, KES 171.47 and KES 154.78 per litre, respectively, in Nairobi over the review period.

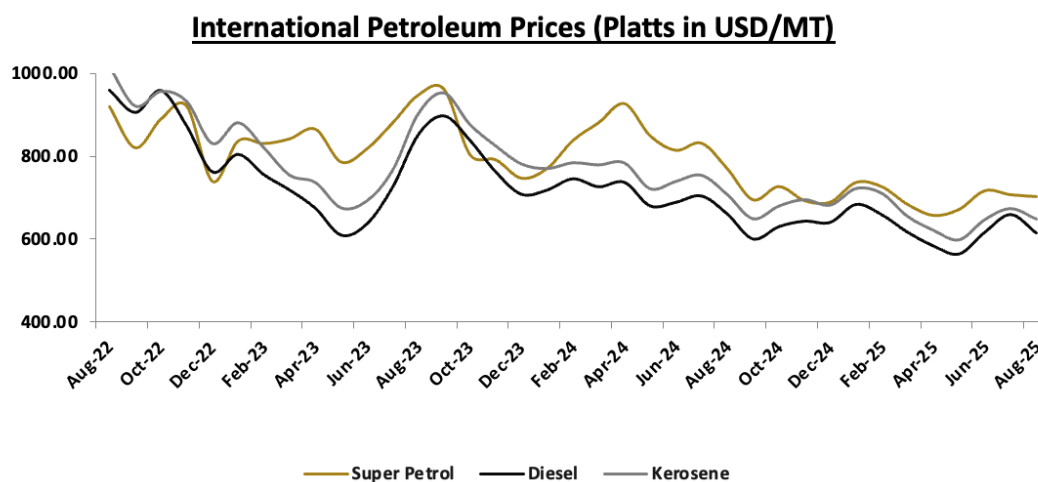
See below the price breakdown;



Source: EPRA, Chart: SIB

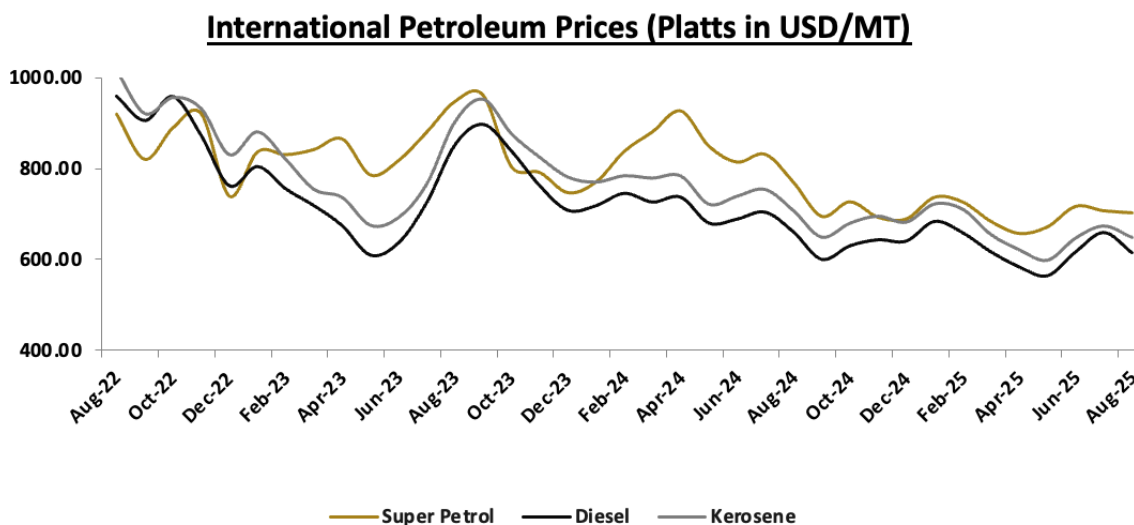
On the key pricing metrics, we note the following:

- i. Landed costs per litre imported declined in the period, with Petrol landed costs easing by 0.8% m/m and Diesel and Kerosene landed costs inching lower by 2.5% m/m each. This trend is consistent with the performance of landed costs in USD per cubic metre as well as movements in the Platts prices, as illustrated below;



Source: EPRA, Chart: SIB

- ii. The price stabilisation component for kerosene was lowered to KES 1.38 from KES 2.86. Super petrol and Diesel prices were not moderated in this cycle.
- iii. A 9.7% uptick in crude oil prices in July to USD 69.81 per barrel, from USD 63.62 per barrel (Bbl), breaking the downward trend observed since April 2025, as shown below;

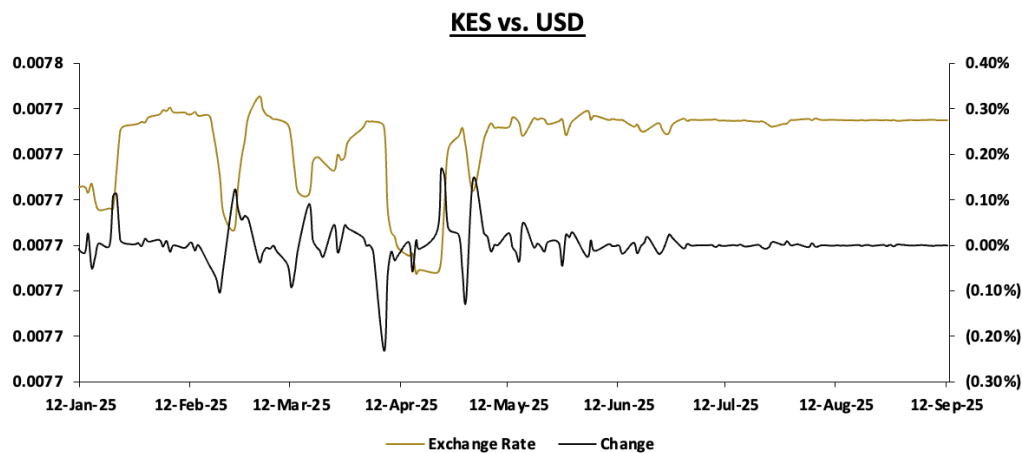


Source: EPRA, Chart: SIB

The September/October fuel review cycle has not shown significant changes, as fuel prices have decreased slightly. This stability is anticipated to provide some relief within the business environment and may reduce the pressure on the prices of goods and services. However, it is important to note that fluctuations in fuel prices remain uncertain, particularly due to the government's discretionary application of the stabilization levy, as well as potential supply disruptions arising from the conflicts in the Middle East and Ukraine.

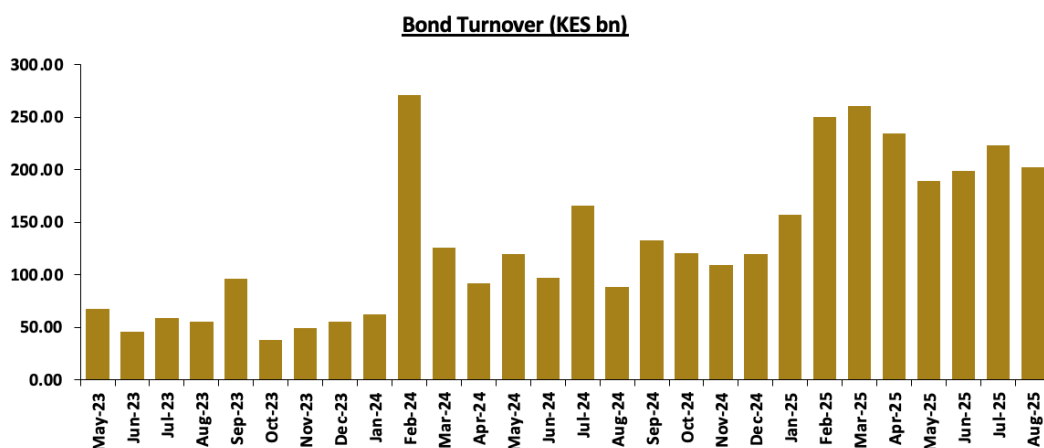
BACKGROUND CHARTS

KES/USD Performance



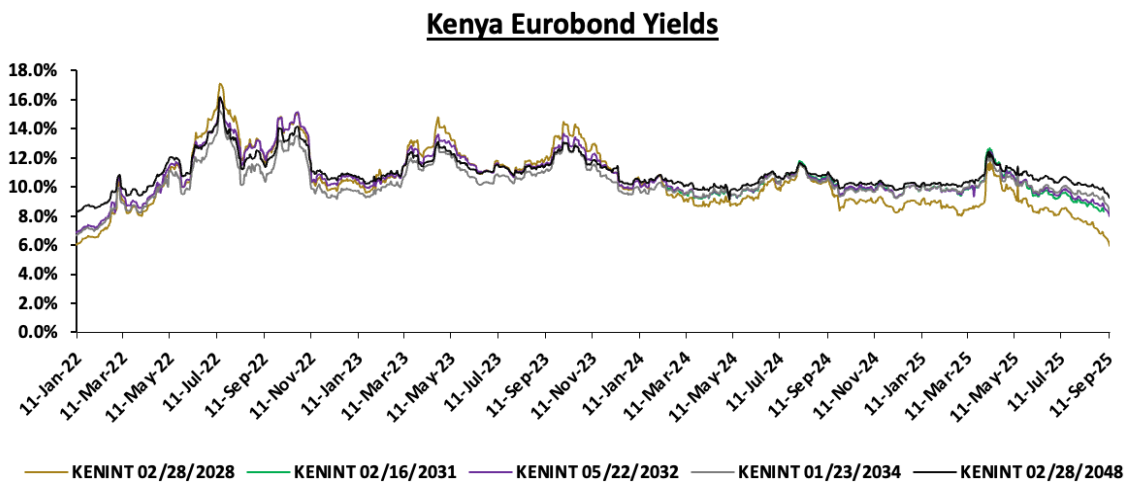
Source: Central Bank of Kenya (CBK)

Bond Turnover



Source: Central Bank of Kenya (CBK)

Forex Reserves



Source: Central Bank of Kenya (CBK)

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