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EPRA buttresses pump
prices through the
stabilization fund, leaving
prices unchanged

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WEEKLY FIXED INCOME REPORT

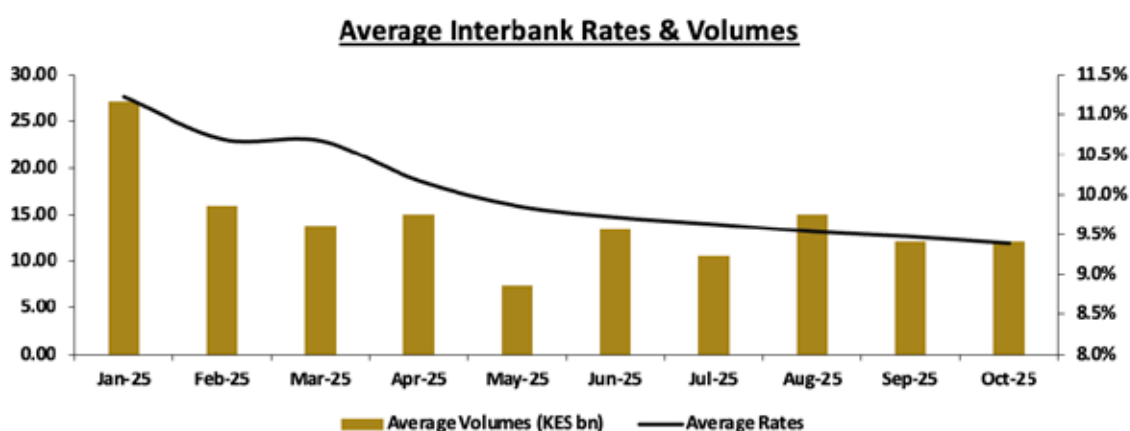
*CBK surpasses October issuance target as investors zero in on higher returns
despite longer tenors*

MONEY MARKET STATISTICS

Interbank lending contracted during the week, with the average traded volumes inching 55.4% w/w lower to KES 7.1bn, from KES 15.91bn the prior week. In addition, the number of interbank deals reduced by 36.0% w/w. The Kenya Shilling Overnight Interbank Average (KESONIA) tapered by 23.04bps w/w to an average of 9.24% as market players continued to price in the recent 25bps CBR rate cut. Notably, no actor utilized the CBK borrowing window in the week.

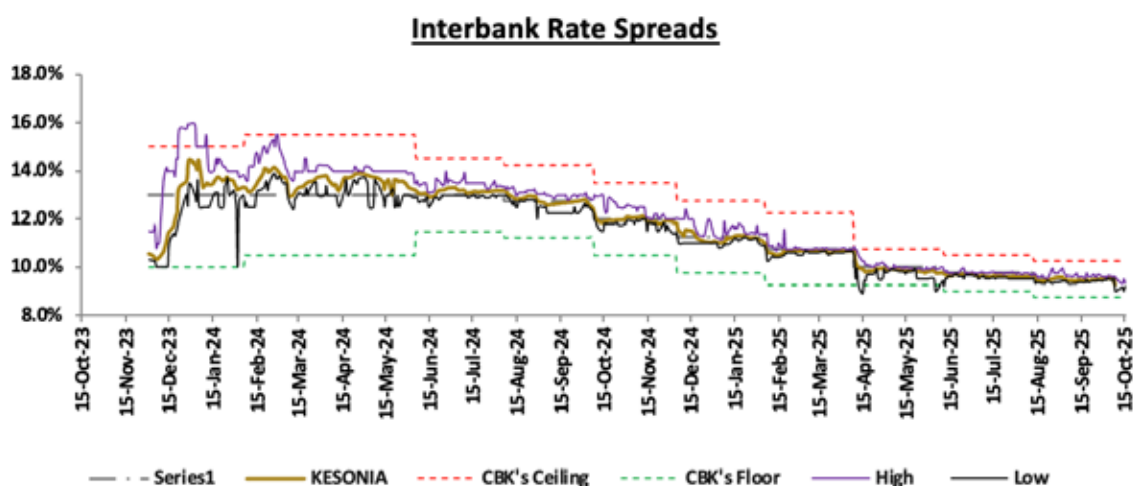
Average	Previous Week – ended 9th October 2025	Current Week – ended 15th October 2025	Change
Interbank Deals	25.00	16.00	(36.00%)
Inter-Bank volumes (KES bn)	15.91	7.10	(55.39%)
KESONIA (bps)	9.47%	9.24%	(23.04)
Window Borrowing Volumes (KES bn)	-	-	n/a

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



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:

Demand for Treasury bills improved in the week ended 16th October 2025, with overall subscription rising to 114.7% from 106.9% in the previous week. Investors submitted bids worth KES 27.30bn, of which the fiscal agent accepted 99.1%. This quantum was slightly below the value of maturities, resulting in a net repayment of KES 0.6bn.

In line with recent trends, the 364-day paper led the performance, posting a subscription rate of 213.5% (higher than the 192.0% recorded in the week prior). The 91-day paper followed, with its subscription rate at 91.0% vs 90.0% in the week prior, while the 182-day paper garnered a much lower subscription rate of 25.5% vs 85.5%.

The weighted average rates on accepted bids declined in the week, with the 91-day, 182-day, and 364-day rates narrowing by 3.20bps w/w, 2.10bps w/w, and 2.56bps w/w to 7.8591%, 7.9091% and 9.3648%, respectively.

KES Bn

20-Oct-25	91-day	182-day	364-day	Totals
	19-Jan-26	20-Apr-26	19-Oct-26	
Amount offered	4.00	10.00	10.00	24.00
Bids received	3.64	2.55	21.35	27.54
Subscription rate (%)	91.0%	25.5%	213.5%	114.7%
Amount accepted	3.64	2.55	21.11	27.30
Acceptance rate (%)	100.0%	100.0%	98.9%	99.1%
Of which: Competitive Bids	2.16	2.12	15.95	20.22
Non-competitive bids	1.48	0.44	5.16	7.07
Rollover/Redemptions	1.95	7.79	18.16	27.90
New Borrowing/(Net Repayment)	1.68	-5.23	2.95	-0.60
Weighted Average Rate of Accepted Bids	7.86%	7.91%	9.36%	
Inflation	4.6%	4.6%	4.6%	
Real Return	3.3%	3.3%	4.8%	

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

T-Bonds:

In the primary bond market, the October bond issuance successfully raised KES 85.27bn through the reopening of FXD1/2018/015 and FXD1/2021/020. Notably, the government decided to absorb more funds, given that the fiscal agent is slightly ahead of the borrowing curve (c.107.5%). Investor appetite was strong, further supported by ample liquidity, with total bids amounting to KES 118.89bn— more than double the offered amount. As expected, FXD1/2021/020 attracted the most interest, signalling investor preference for higher returns despite a longer duration, given the falling interest rates in the market. The weighted average rate of accepted bids stood at 12.65% for FXD1/2018/015— slightly lower than our expected outcome range —and 13.53% for FXD1/2021/020, landing at the upper bound of our projection.

See a summary of the performance below;

20-Oct-25	FXD1/2018/015	FXD1/2021/020	Totals
Due Date	09-May-33	22-Jul-14	
Amount offered (KES bn)			50.00
Bids received (KES bn)	44.99	73.90	118.89
Subscription rate (%)	89.98%	147.79%	237.78%
Amount accepted	31.57	53.70	85.27
Acceptance rate (%)	70.17%	72.68%	71.73%
Of which: Competitive Bids	24.65	42.41	67.06
Non-competitive bids	6.92	11.29	18.21
Bid to Cover ratio	1.43	1.38	1.39
Redemptions			
New Borrowing/(Net Repayment)			85.27
Market weighted average rate of accepted bids	12.65%	13.53%	
Coupon Rate	12.65%	13.44%	
Price per Kshs 100 at average yield	105.32	101.99	
Inflation	4.60%	4.60%	
Real Return	8.05%	8.93%	

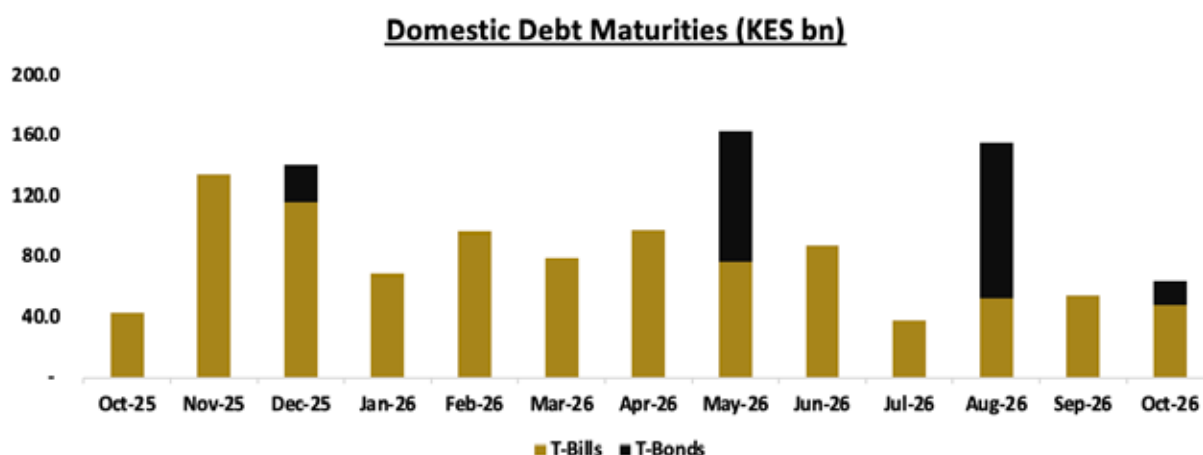
Source: Central Bank of Kenya (CBK), SIB Estimates | Table: SIB

Secondary bond market turnover eased slightly to KES 30.21bn (-1.8% w/w) in the week ended 16th October from KES 30.76bn posted in 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 are at KES 991.6bn in T-Bills and KES 232.0bn in T-Bonds. When coupons are factored in, the total maturity profile comes in at c.KES 1.9tn. The next bond maturity is expected in December 2025, affording the government much-needed breathing space on its repayment schedule.

See the chart below;



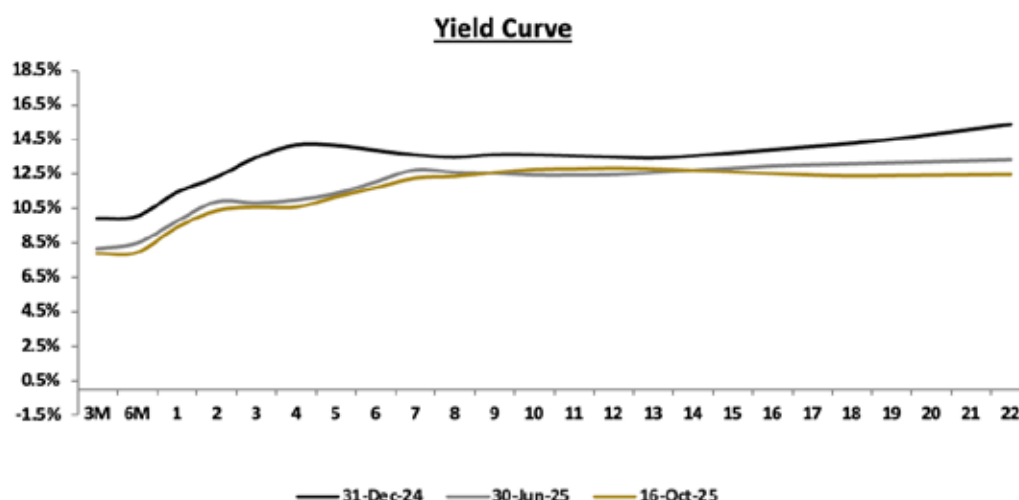
Source: Nairobi Securities Exchange (NSE), Chart: SIB

This week's auction pushed the Government's net domestic borrowing position to KES 398.8bn, slightly above the prorated target.

Yield Curve:

Local interest rates exhibited mixed performance in the week; however, a majority of the papers recorded a decline, with the yield curve recording an average dip of 7.0bps w/w.

Below is a visual representation;



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

THE INTERNATIONAL SCENE

Kenyan Eurobonds:

During the week, yields on Kenyan Eurobonds remained stable, with the rates inching lower by an average of 1.85bps w/w. While a majority of the papers recorded a decline, the 13-year paper (KENINT 01/23/2034) experienced a slight uptick in the week (an average of +0.028% w/w). 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	2.4	5.3	6.6	8.6	22.4
31-Dec-24	9.1%	10.1%	10.1%	10.1%	10.3%
09-Oct-25	5.9%	8.1%	8.3%	8.6%	9.4%
10-Oct-25	5.9%	8.2%	8.5%	8.9%	9.6%
13-Oct-25	5.9%	8.2%	8.5%	8.8%	9.5%
14-Oct-25	6.0%	8.3%	8.6%	9.0%	9.6%
15-Oct-25	5.8%	8.0%	8.3%	8.7%	9.4%
16-Oct-25	5.9%	8.0%	8.2%	8.6%	9.4%
Weekly Change	(0.009%)	(0.039%)	(0.028%)	0.028%	(0.044%)
YTD Change	(3.2%)	(2.1%)	(1.9%)	(1.5%)	(0.9%)

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

Currency Performance

The Kenyan shilling recorded a mixed performance against tracked currencies in the week, with the local unit easing against the Japanese Yen (-1.0% w/w) and Euro (-0.2%w/w). On the other hand, the Kenyan Shilling strengthened against the regional currencies (+0.7%w/w against the Ugandan Shilling and +0.2%w/w against the Tanzanian Shilling) as well as the British Pound (+0.1%w/w). Additionally, the local unit held steady against the US dollar despite the Dollar Index softening by c.1.0% in the week as the US government shutdown dragged on for the third week.

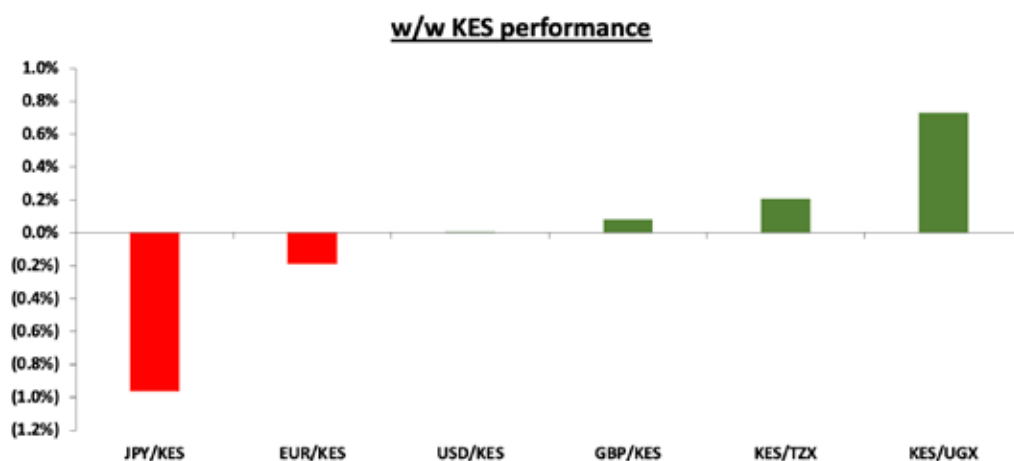
See the table below;

Currencies	31 Dec 2024	Previous Week	Current	w/w Change	Y/y change
JPY/KES	82.12	84.70	85.52	(1.0%)	(7.0%)
EUR/KES	134.29	150.35	150.64	(0.2%)	(12.2%)
USD/KES	129.29	129.24	129.24	0.0%	0.0%
GBP/KES	162.27	173.52	173.38	0.1%	(7.5%)
KES/TZX	18.99	18.96	19.00	0.2%	2.2%
KES/UGX	28.41	26.58	26.77	0.7%	(3.3%)

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

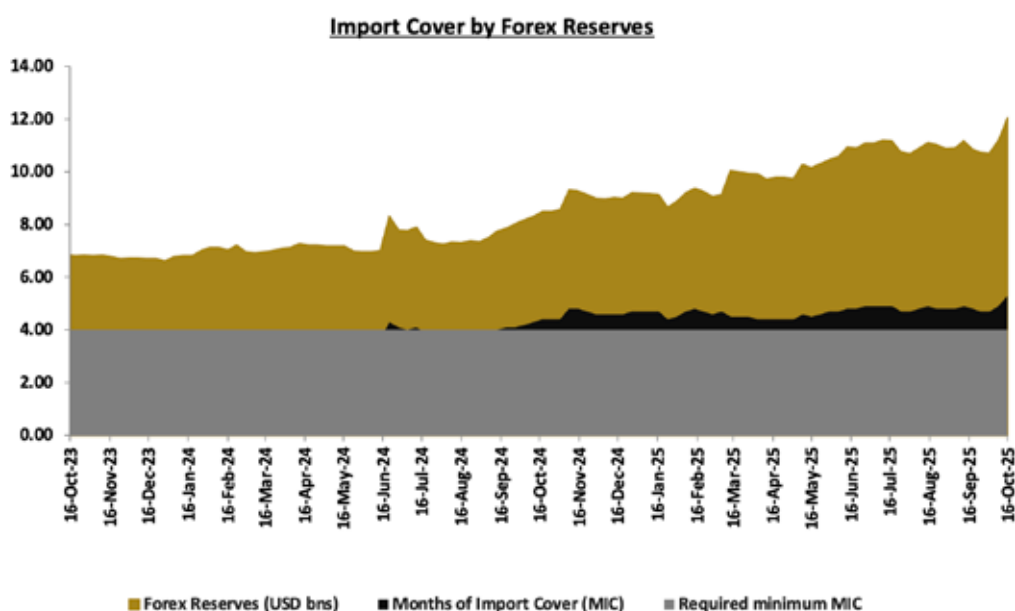
Abb: GBP – British Pound, EUR – Euro, USD – US Dollar, UGX – Ugandan Shilling, TZS – Tanzanian Shilling, JPY – Japanese Yen | FX rate is determined by calculating the weighted average rate of recorded spot trades in the interbank market

See also a visual representation;



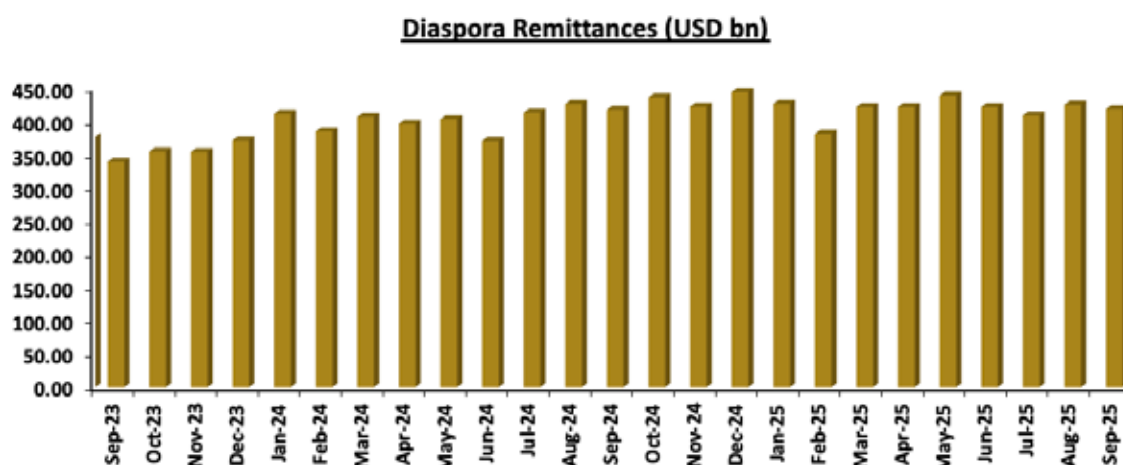
Source: Central Bank of Kenya (CBK), Chart: SIB

Kenya's foreign exchange reserves rose to a record high of USD 12.07bn from USD 11.23bn (+7.5% w/w, which we portend is linked to dollar inflows from the recent Eurobond issue), maintaining import cover at 5.3 months. See the chart below for a visual summary;



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

Meanwhile, diaspora remittances remained resilient, with September 2025 inflows rising by 0.3% y/y to USD 419.6m from USD 418.5m in September 2024 (slight 1.5% m/m decline from USD 426.10m in August 2025). Cumulative inflows for 2025 so far stand at USD 3.8bn. Notably, the 12-month cumulative inflows to September 2025 climbed by 7.6% y/y to USD 5.08bn from USD 4.72bn in September 2024. See the chart below for a visual summary.



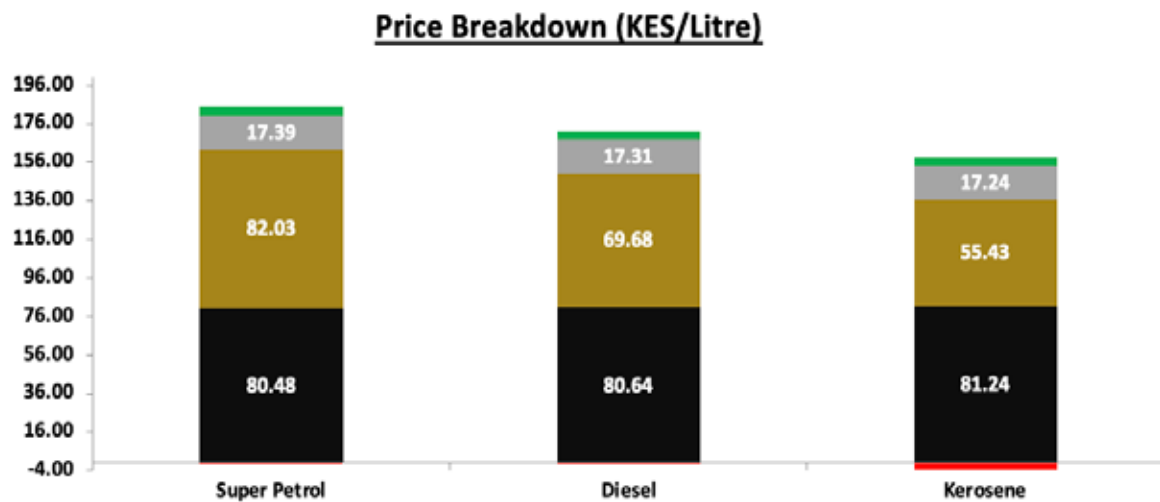
Source: Central Bank of Kenya (CBK), Chart: SIB

THE MACRO WRAP

1. Fuel prices remain unchanged as the government stabilizes pump prices

The Energy and Petroleum Regulatory Authority (EPRA) released fuel prices for the pricing cycle running from 15th October –14th November 2025. Petrol, Diesel, and kerosene pump prices remained unchanged from the previous cycle at KES 184.52, KES 171.47, and KES 154.78 per litre, respectively, in Nairobi over the review period.

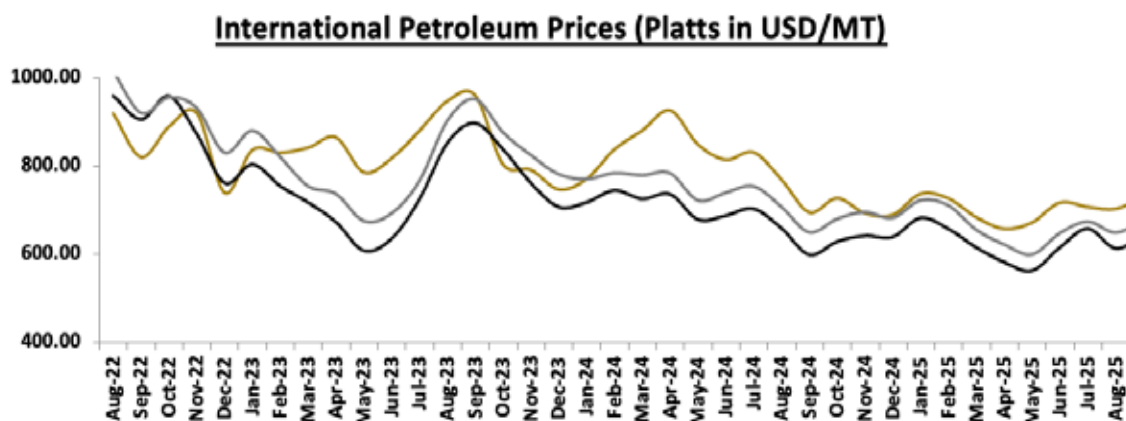
See below the price breakdown;



Source: EPRA, Chart: SIB

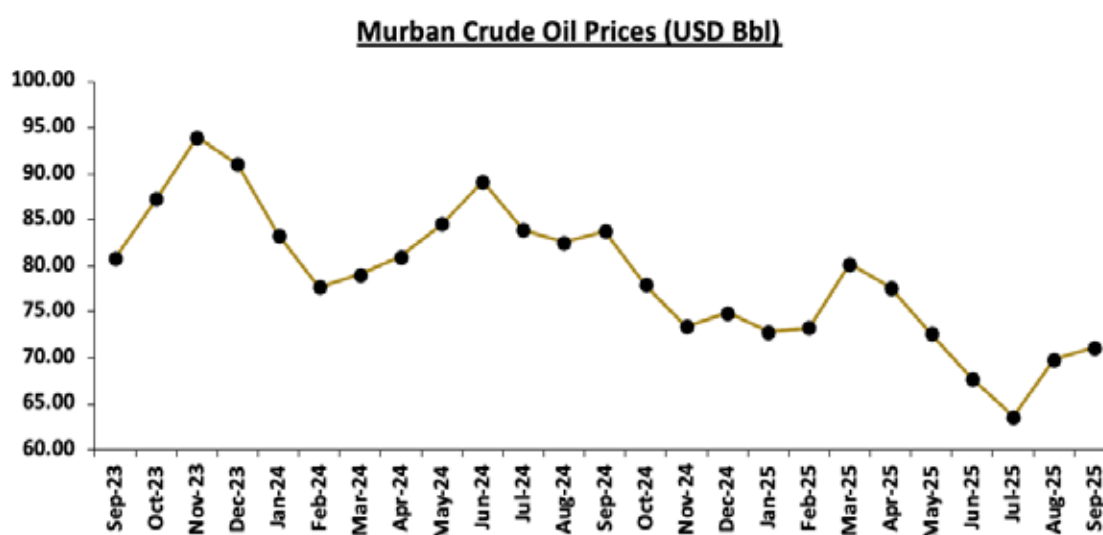
On the key pricing metrics, we note the following:

- i. Landed costs per litre imported rose in the period, with Petrol, Diesel, and Kerosene landed costs inching higher by 0.1% m/m, 0.6% m/m, and 2.5% m/m, respectively. This trend is consistent with the performance of landed costs in USD per cubic metre as well as movements in the Platts prices (3.7%/m for Petrol, 4.6% m/m for Diesel, and 4.3% m/m for Kerosene) as illustrated below;



Source: EPRA, Chart: SIB

- ii. In a bid to anchor fuel prices, the price stabilisation component was utilized in the period, with Super Petrol, Diesel, and Kerosene subsidized by KES 0.07 per litre, KES 0.54 per litre, and KES 3.48 per litre, respectively.
- iii. A slight 1.9% m/m uptick in crude oil prices in September to USD 71.12 per barrel, from USD 69.81 per barrel (Bbl), sustaining the upward trend witnessed from August 2025 as shown below:



Source: EPRA, Chart: SIB

The October/November 2025 fuel review cycle has not generated significant shifts, as fuel prices remained unchanged. A combination of stable recent prices, relatively stable forex rates, and moderate global crude price trends suggests a cautious but stable petroleum price environment over the medium term, unless disrupted by external shocks (such as geopolitical tensions) or policy shifts (particularly due to the government's discretionary application of the stabilization levy). Furthermore, the apex bank, during its October 2025 MPC meeting, pointed out that it expects overall inflation to remain below the midpoint of the target range in the near term, supported by stable energy prices and continued exchange rate stability. This stability is expected to sustain some relief within the business environment and may ease pressure on the prices of goods and services.

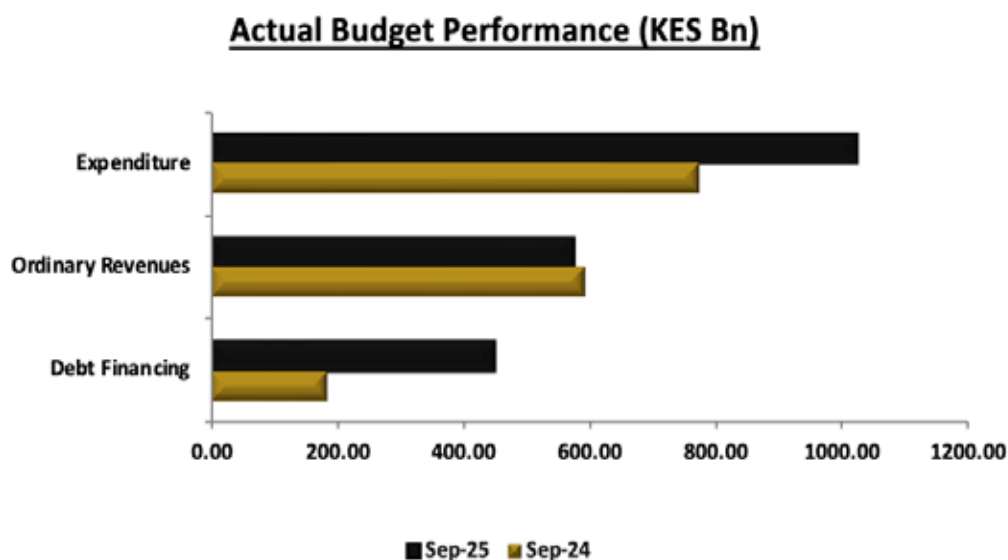
2. Cumulative Tax Revenues to September rise 5.3%y/y to KES 553.67bn, as non-tax revenues struggle

The National Treasury published the actual receipts and releases for the first quarter of FY 2025/26, and below is our assessment;

2.1 Year-on-year Performance

- Overall, the Government collected KES 575.24bn in ordinary revenues, reflecting a 2.6% decline from KES 590.87bn collected during the same period in FY2024/25. Within this, tax revenues rose by 5.3% y/y, reaching KES 553.67bn, up from KES 525.55bn. Notably, non-tax revenue tapered by 67.0% y/y to KES 21.58bn, from KES 65.32bn.
- Total expenditure stood at KES 1,002.70bn, marking a 32.5% y/y uptick from KES 771.71bn in the corresponding period of FY2024/25. This performance was partly attributable to a 30.8% y/y and 56.0% y/y rise in recurrent expenditure and debt servicing to KES 366.49bn and KES 509.59bn, respectively.
- The total borrowings amounted to KES 449.98bn, representing a 1.4x increase from KES 184.85bn recorded in FY2024/25 over the same period. The budget shortfall was financed through a mix of external and domestic borrowing, with the latter accounting for 94.6% of the amount.

See the chart below for a quick summary;



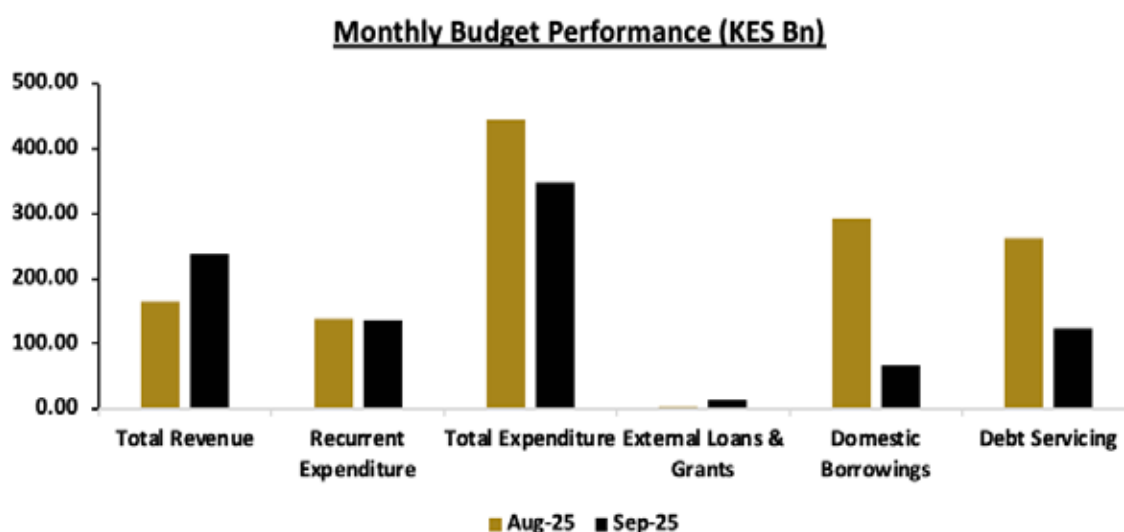
Source: Treasury, Table: SIB

Overall, actual development spending decreased by 36.8% y/y to KES 43.31bn, down from KES 68.54bn over the same period in FY24/25. Below, we provide a breakdown of the m/m performance.

2.2 Month-on-month Performance

- Total expenditure for September eased by 21.6% m/m to KES 348.7bn, from KES 444.77bn in August 2025. The performance was largely on a c.43.0% m/m dip in CFS Exchequer issuances to KES 150.0bn in September, and flat recurrent expenditure (-1.9% m/m to KES 136.1bn). On the other hand, development expenditure for the month rose 1.9x m/m to KES 29.5bn.
- Domestic borrowing for the same period softened to KES 65.92bn (-77.5% m/m), compared to the KES 292.56bn borrowed in August 2025. External financing increased to KES 14.0bn, up 199% m/m from KES 4.7bn in August 2025. Overall, the total financing softened to KES 83.7bn (-72.0% m/m) in the month.
- Meanwhile, the total revenue performance for the month of September recorded a 43.1% m/m jump to KES 224.9bn, from KES 157.22bn in August 2025 (which we suspect is a cyclical occurrence).

See the chart below for a summary;



Source: Treasury, Table: SIB

2.3 Tax Revenue Performance

Over the first quarter of FY25/26, cumulative tax revenue grew by 5.3%/y. In September alone, collections reached KES 224.91bn, marking a 5.7%/y rise from KES 212.72bn in FY24/25 (+43.1 m/m from July 2025).

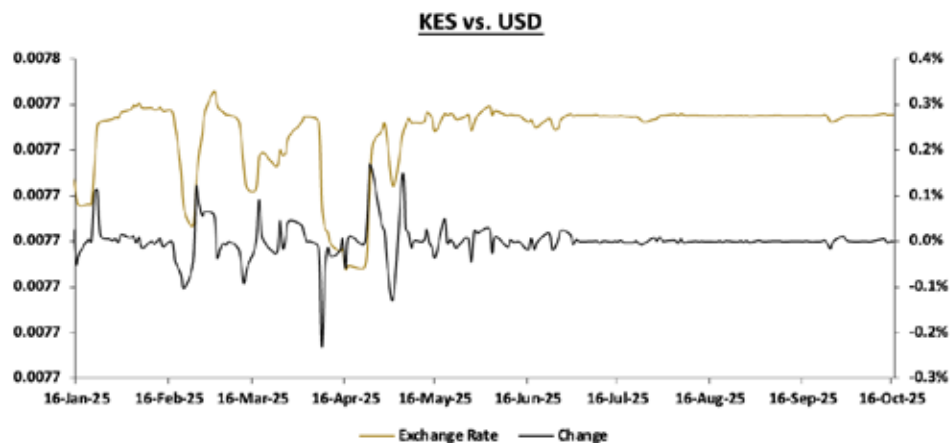
See the table below for a summary;

Tax Revenue Collections			
Month	FY 23/24	FY 24/25	FY 25/26
July	155.07	159.51	171.53
August	162.51	153.33	157.22
September	196.68	212.72	224.91
October	170.48	171.13	
November	162.60	160.32	
December	203.50	217.06	
January	165.57	177.82	
February	157.61	151.82	
March	161.04	175.73	
April	210.69	221.39	
May	183.06	210.62	
June	232.26	246.36	
Total	1,928.82	2,257.81	553.67

Source: Treasury, Table: SIB

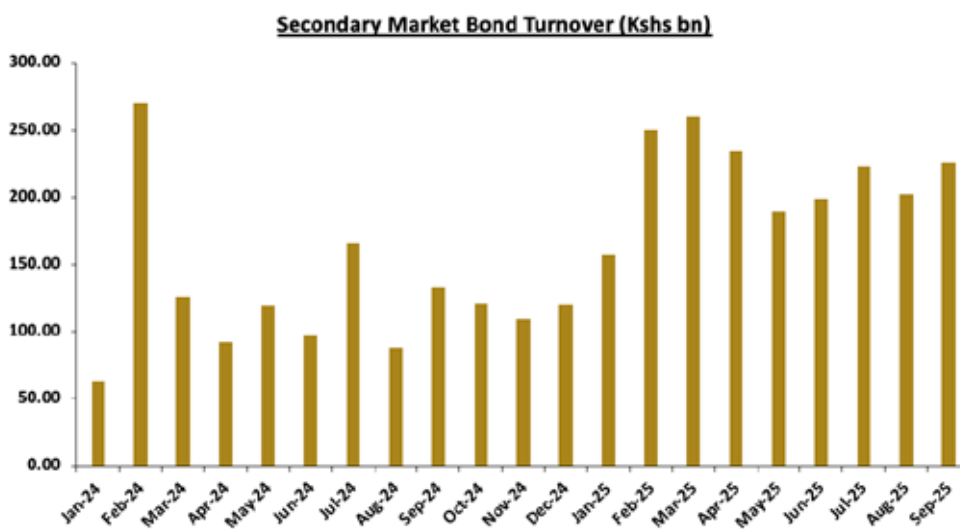
BACKGROUND CHARTS

KES/USD Performance



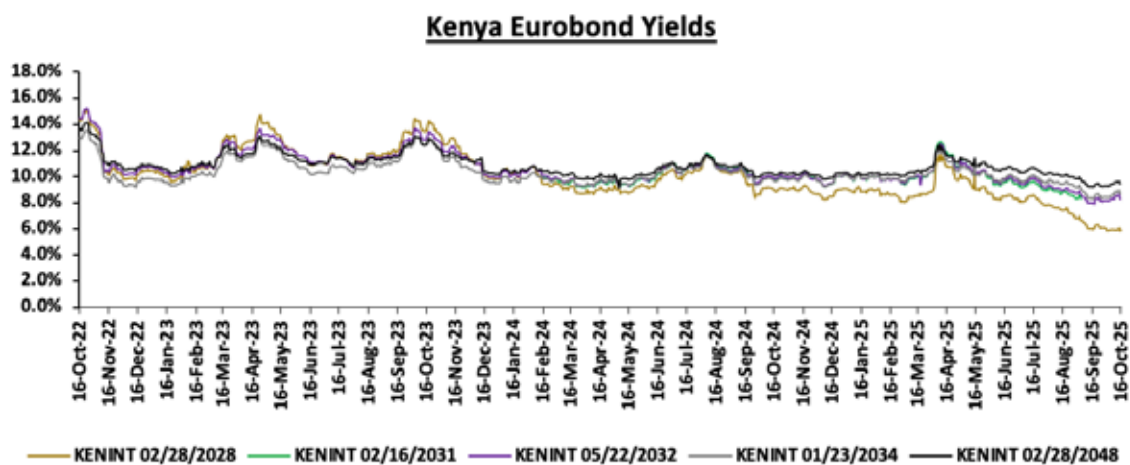
Source: Central Bank of Kenya (CBK)

Bond Turnover



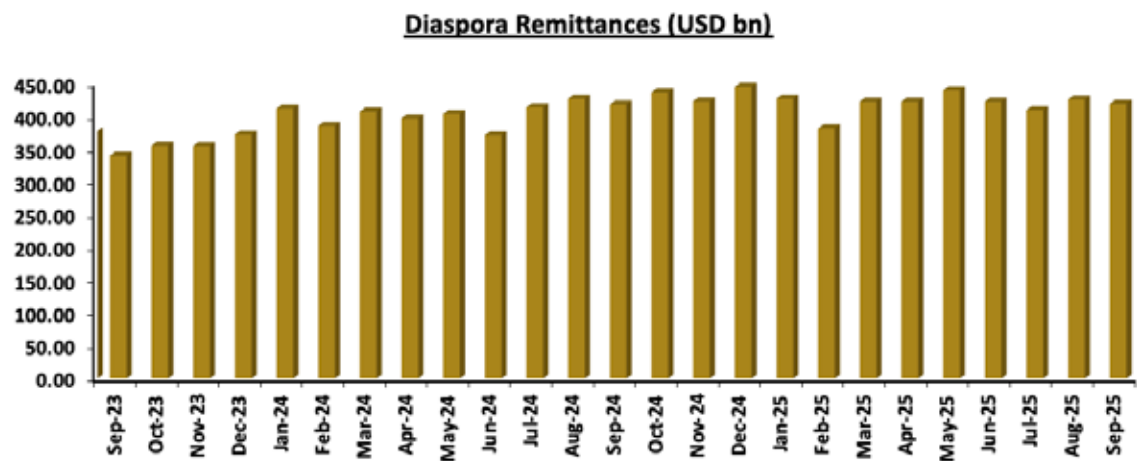
Source: Central Bank of Kenya (CBK)

Kenyan Eurobonds



Source: Central Bank of Kenya (CBK)

Diaspora Remittances



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