SIB Standard Investment Bank

Regulated by the Capital Markets Authority

10TH NOVEMBER 2025

"Private sector performance in October sees the strongest growth since February 2022"

WEEKLY FIXED INCOME REPORT

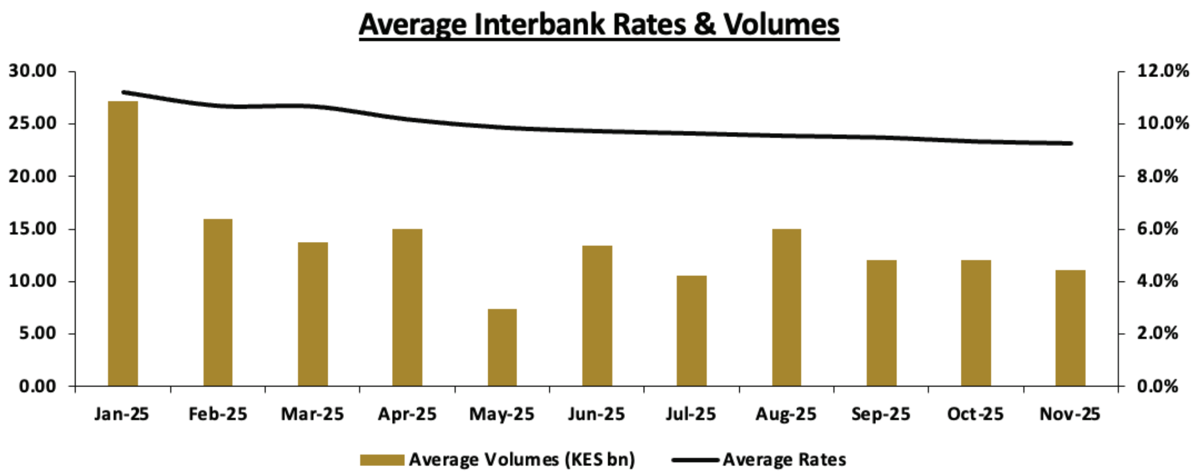
CBK surpasses issuance target as investors rush to lock in higher returns despite longer tenors

MONEY MARKET STATISTICS

Interbank lending eased during the week, with the average traded volumes softening by 38.88% w/w to KES 6.88bn, from KES 11.26bn the prior week. Consequently, the number of interbank deals edged lower by 21.74% w/w to 18. The Kenya Shilling Overnight Interbank Average (KESONIA) remained largely stable (-0.96bps w/w) at an average of 9.25%. Notably, no actor utilized the CBK borrowing window in the week.

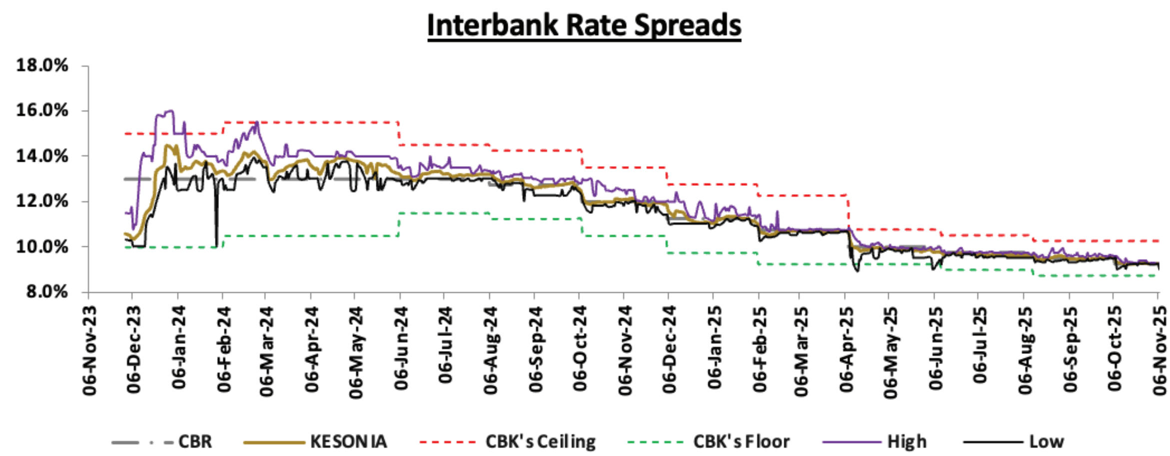
Average	Previous Week – ended 30th October 2025	Current Week – ended 6th November 2025	Change
Interbank Deals	23	18	**(21.74%)**
Inter-Bank volumes (KES bn)	11.26	6.88	**(38.88%)**
KESONIA (bps)	9.26%	9.25%	**(0.96)**
Window Borrowing Volumes (KES bn)	-	-	**n/a**

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



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

The weighted average interbank rate continues to closely track the Central Bank Rate, underscoring the stability and effectiveness of the monetary policy framework:



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

GOVERNMENT SECURITIES MARKET

T-Bills:

The T-bill auction for the week was oversubscribed, with overall performance increasing to 166.1% from 101.1% in the previous week. Investors submitted bids worth KES 39.85bn, of which the fiscal agent accepted 100.0% of the bids. This quantum was lower than the maturity amounts, resulting in a net repayment of KES 8.6bn. In absolute terms, the 364-day paper received the highest interest, with the paper garnering 91.4% of the total bids. On the other hand, the 91-day paper reported the highest subscription rate of 383.1%, with the 182-day paper recording a dismal performance of 26.0%. Notably, the 91-day and 184-day paper rates are close to achieving parity. Ultimately, KES 39.85bn was accepted at 7.79% (-1.76bps), 7.79% (-10.66bps), and 9.35% (+0.50bps) for the 91-day, 182-day, and 364-day papers, respectively, as shown below;

KES Bn

10-Nov-25	91-day	182-day	364-day	Totals
	09-Feb-26	11-May-26	09-Nov-26	
Amount offered	4.00	10.00	10.00	24.00
Bids received	15.33	2.60	21.93	39.85
Subscription rate (%)	383.1%	26.0%	219.3%	166.1%
Amount accepted	**15.32**	**2.60**	**21.92**	**39.85**
Acceptance rate (%)	100.0%	100.0%	100.0%	100.0%
Of which: Competitive Bids	13.99	0.04	16.13	30.16
Non-competitive bids	1.33	2.56	5.79	9.68
Rollover/Redemptions	3.70	21.61	23.10	48.42
New Borrowing/(Net Repayment)	**11.62**	**-19.01**	**-1.18**	**-8.57**
Weighted Average Rate of Accepted Bids	7.79%	7.79%	9.35%	
Inflation	4.6%	4.6%	4.6%	
Real Return	**3.2%**	**3.2%**	**4.7%**	

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

T-Bonds:

In the primary bond market, the fiscal agent successfully raised KES 52.8bn through two reopened bonds: FXD1/2012/020 and FXD1/2022/015. Markedly, the Government opted to absorb slightly more funds than its target of KES 40.0bn, rejecting expensive bids in the process. Indeed, the auction garnered bids worth KES 92.2bn, more than double the amount sought in the auction. As anticipated, FXD1/2022/015 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 12.47% and 13.34% for FXD1/2012/020 and FXD1/2022/015, respectively (slightly higher than our expected outcome ranges for both papers). See below a summary of the performance:

10-Nov-25	FXD1/2012/020	FXD1/2022/015	Totals
Due Date	**01-Nov-32**	**06-Apr-37**	
Amount offered (KES 'Mn)			40.00
Bids received (KES 'Mn)	35,322.41	57,583.71	92,906.12
Subscription rate (%)	88.31%	143.96%	232.27%
Amount accepted	**19,476.65**	**33,349.73**	**52,826.38**
Acceptance rate (%)	55.14%	57.92%	56.86%
Of which: Competitive Bids	10,978.07	18,033.84	29,011.91
Non-competitive bids	8,498.58	15,315.89	23,814.47
Bid to Cover ratio	1.81	1.73	1.76
Redemptions			0
New Borrowing/(Net Repayment)			**52,826.38**
Market weighted average rate of accepted bids	12.47%	13.34%	
Coupon Rate	12.00%	13.94%	
Price per Kshs 100 at average yield	97.84	104.27	
Inflation	4.60%	4.60%	
Real Return	**7.87%**	**8.74%**	

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

Meanwhile, the Central Bank of Kenya is in the market for a bond buyback, aiming to partly settle in advance, one paper: FXD1/2023/003. The offer targets a redemption of KES 30.0bn, whose total outstanding amount comes in at KES 76.5bn—translating to a c.39.2% potential settlement. The buyback settlement largely coincides with the amount sought for the two reopened bonds (KES 40.0bn), which have lower coupon rates as well as longer maturity profiles. This reiterates the National Treasury's liquidity management strategy that focuses on managing maturity risk and smoothing the redemption profile of domestic debt. Notably, this is the first buyback in the current financial year (despite a late start), with five more slated in the financial year as outlined in the Annual Borrowing Plan for FY25/26.

See a summary of the offer:

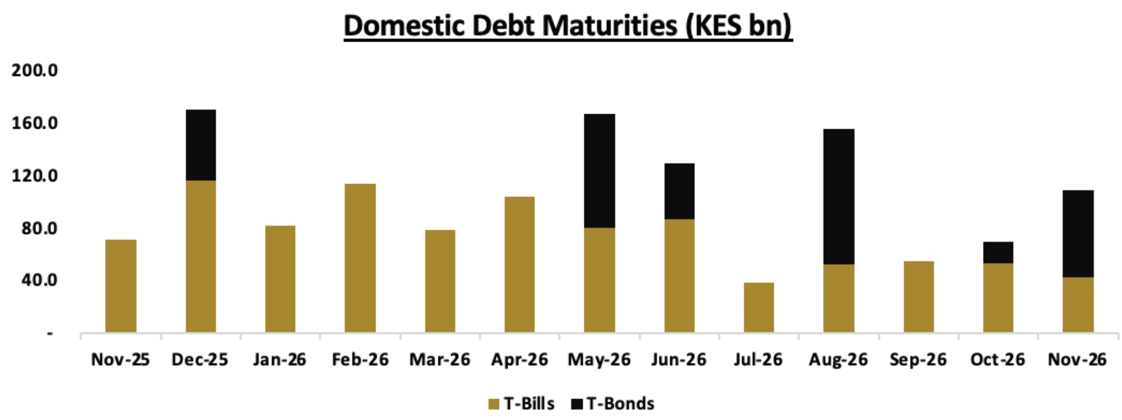
Bond	Maturity Date	Effective Tenor	Target Amount (in KES Bn)	Coupon	Outstanding Amount (in KES Bn)	Pending Coupon Payment (in KES Bn)	Sale Period
FXD1/2023/003	11-May-26	0.6	30.00	14.23%	76.54	5.44	Up to 17th November 2025

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

Secondary bond market turnover rose to KES 40.9bn (+7.9% w/w) in the week from KES 37.9bn posted in the previous week.

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

As of this week, the Government's outstanding maturities to November 2026 are at c.KES 975.0bn in T-Bills and c.KES 370.44bn in T-Bonds. When we factor in coupons, the total maturity profile comes in at c.KES 2.0tn. See the chart below;

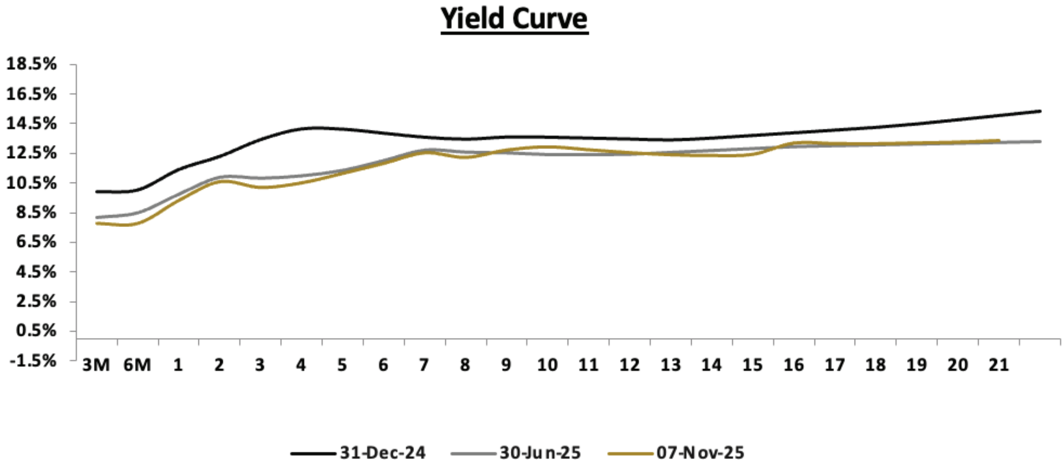


Source: Nairobi Securities Exchange (NSE), Chart: SIB

This week's auction pushed the Government's net domestic borrowing position to KES c.426.78bn, above the prorated target.

Yield Curve:

Week-on-week, yields dipped slightly by an average of 2.9bps w/w, with the belly of the curve experiencing a notable decline. Below is a visual representation;



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

THE INTERNATIONAL SCENE

Kenyan Eurobonds:

During the week, yields on Kenyan Eurobonds rose marginally; likely in response to concerns around the recent Tanzanian Elections, with rates notching higher by an average of 15.40bps w/w, with the 13-year paper recording the highest jump (+0.199% 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	2.3	5.3	6.6	8.6	22.4
31-Dec-24	9.1%	10.1%	10.1%	10.1%	10.3%
30-Oct-25	**6.0%**	**7.8%**	**8.1%**	**8.4%**	**9.2%**
31-Oct-25	5.9%	7.7%	8.1%	8.4%	9.1%
03-Nov-25	6.0%	7.8%	8.1%	8.4%	9.2%
04-Nov-25	6.1%	7.9%	8.2%	8.5%	9.3%
05-Nov-25	6.1%	7.9%	8.2%	8.5%	9.3%
06-Nov-25	6.1%	7.9%	8.2%	8.6%	9.3%
Weekly Change	0.106%	0.161%	0.173%	0.199%	0.129%
YTD Change	(3.0%)	(2.2%)	(1.9%)	(1.5%)	(1.0%)

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

Currency Performance

The Kenyan shilling exhibited mixed performance against the currencies we track during the week. In particular, the local unit appreciated by 0.3% w/w against the British Pound and Euro, respectively. In addition, the Kenyan Shilling strengthened against the regional currencies, up 0.2% each. Conversely, the Kenyan Shilling weakened against the Japanese Yen, down 0.5% w/w. Keeping with trends in the year, the local currency remained largely stable against the US dollar. Notably, the U.S. Dollar index strengthened by 0.2% during the week, reflective of the US policy outlook as financial markets expect no further rate cuts at the December Fed meeting.

Inflation concerns in advanced economies eased during the week. In the Euro Area, the headline inflation decreased to 2.1% in October 2025, down from 2.2% in September 2025, while core inflation remained stable at 2.4%. Additionally, the Bank of England kept its policy rate unchanged at 4.0%.

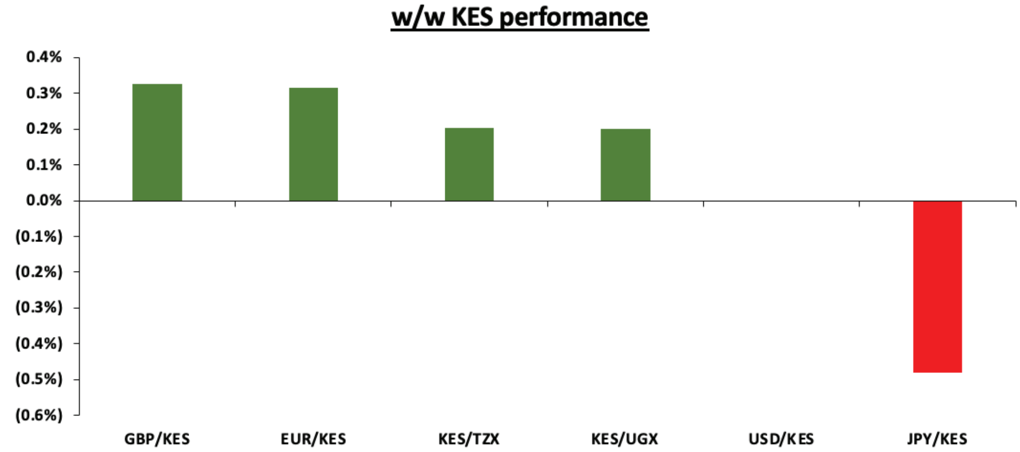
See the table below;

Currencies	31 Dec 2024	Previous Week	Current	w/w Change	YTD change
GBP/KES	162.27	170.12	169.56	0.3%	(4.5%)
EUR/KES	134.29	149.63	149.16	0.3%	(11.1%)
KES/TZX	18.99	19.03	19.07	0.2%	0.4%
KES/UGX	28.41	26.97	27.02	0.2%	(4.9%)
USD/KES	129.29	129.24	129.24	(0.0%)	0.0%
JPY/KES	82.12	83.81	84.21	(0.5%)	(2.6%)

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

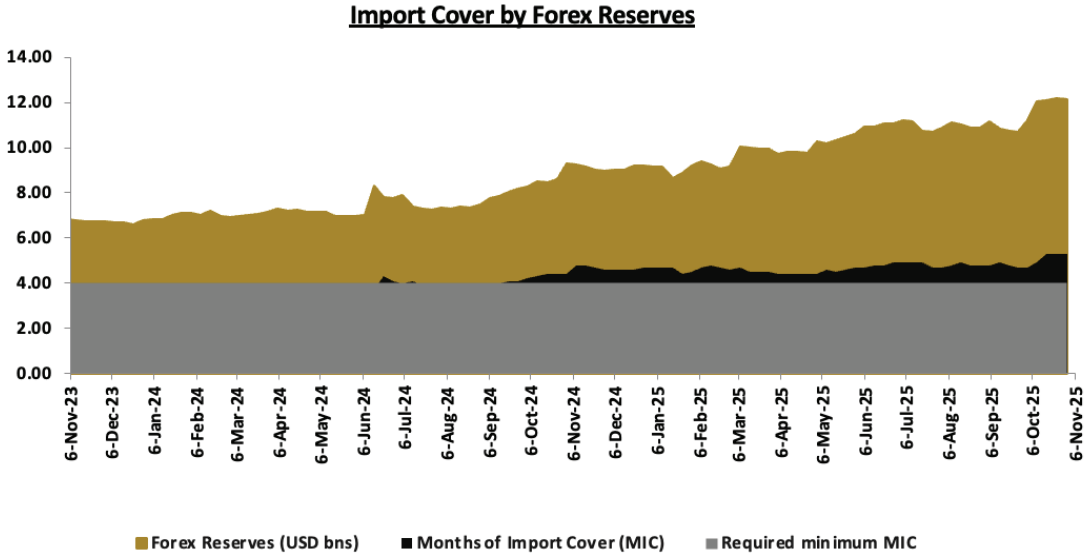
Abb: GBP – British Pound, EUR – Euro, USD – US Dollar, UGX – Ugandan Shilling, TZS – Tanzanian Shilling, JPY – Japanese Yen I FX rate is determined by calculating the weighted average rate of recorded spot trades in the interbank market

See also a visual representation;



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

Kenya's foreign exchange reserves softened marginally to USD 12.16bn (-0.3% w/w), maintaining import cover at 5.3 months. See the chart below for a visual summary;

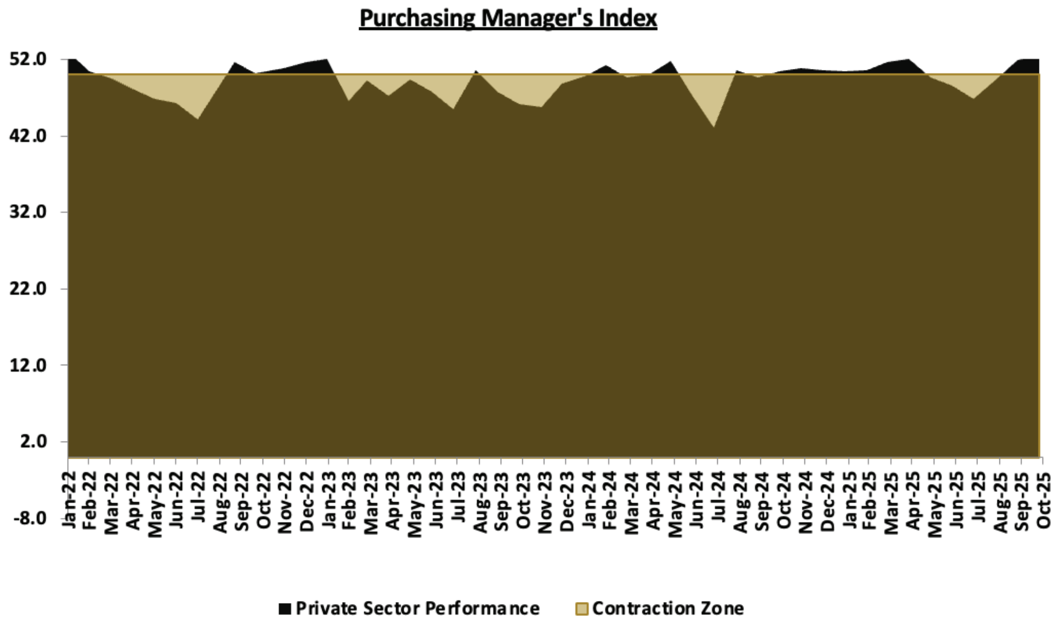


Source: Central Bank of Kenya (CBK), Chart: SIB

THE MACRO WRAP

Private Sector Performance in October sees the strongest growth since February 2022

According to the PMI survey conducted by Stanbic Bank Kenya, business conditions in the private sector showed ongoing signs of recovery in October 2025. This marks a continued rebound following the disruptions caused by protests during the second quarter of the year. The index climbed to 52.5 – the highest since Feb 2022, up from 51.9 recorded in September 2025. See the chart below;



Source: Stanbic, S&P Global, Chart: SIB

**The headline figure derived from the survey is the Stanbic Bank Kenya PMI®(PMI). Readings above 50.0 signal an improvement in business conditions on the previous month, while readings below 50.0 show a deterioration.*

Improved new business intakes and output growth largely drove October's upturn amid broader economic strengthening and stable costs. In particular, output growth was reported as being the strongest since December 2021. Additionally, survey respondents noted increased purchasing activity for the first time since April and an expansion of input inventories as economic prospects and demand conditions improved. Supply chains improved with lead times shortening for the ninth consecutive month due to increased efficiency and vendor competition. Inflation pressures eased in the month, as input costs rose at the slowest pace in over a year, with modest increases in purchase prices, staff costs, and output prices. Markedly, Kenya's producer inflation rate printed at -0.79% in September 2025 (0.15% in June 2025 and -5.67% in March 2025), pointing to subdued industrial inflationary pressures in the year. Furthermore, firms also cleared outstanding orders, reducing backlogs, while promotional pricing and new product launches helped boost demand.

On the other hand, job creation was minimal; however, employment levels remained stable. Expectations for output fell to a four-month low, although they were still strong overall. When price increases were reported, they were attributed to rising import costs and higher taxes, such as VAT and fuel duties. Additionally, the pace of supply chain improvements slowed compared to September 2025, which had reached a four-year high. Businesses expressed decreased optimism about future output conditions, with exactly 20% of survey respondents forecasting an increase in activity by October 2026, while the rest maintained a neutral outlook for the private sector.

In our view, the latest figures reflect an improving macroeconomic backdrop. For now, we are cautiously optimistic that favorable weather and steady energy prices may provide temporary relief for businesses. Nonetheless, business confidence remains vulnerable to fiscal pressures, potential inflation uptick, external and regional shocks (e.g., potential disruptions in Tanzania following the recent elections), and introduction of new charges (e.g., the standards levy).

The Stanbic Bank Kenya PMI®(PMI) is compiled by S&P Global from responses to questionnaires sent to purchasing managers in a panel of around 400 private sector companies. The panel is stratified by detailed sector and company workforce size, based on contributions to GDP.

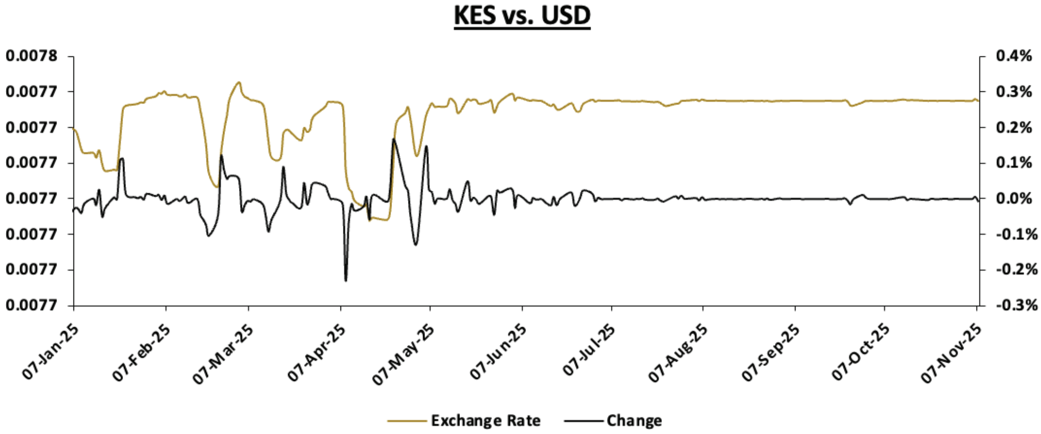
Hot on the Horizon:

i. **The Exchequer Receipts & Releases for October 2025.**

ii. **EPRA review of fuel prices for the November/December 2025 cycle.**

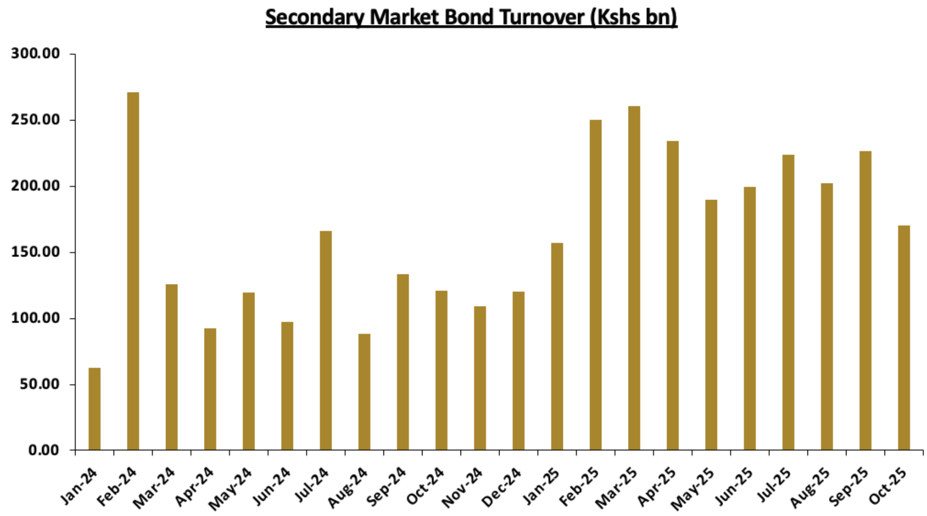
BACKGROUND CHARTS

KES/USD Performance



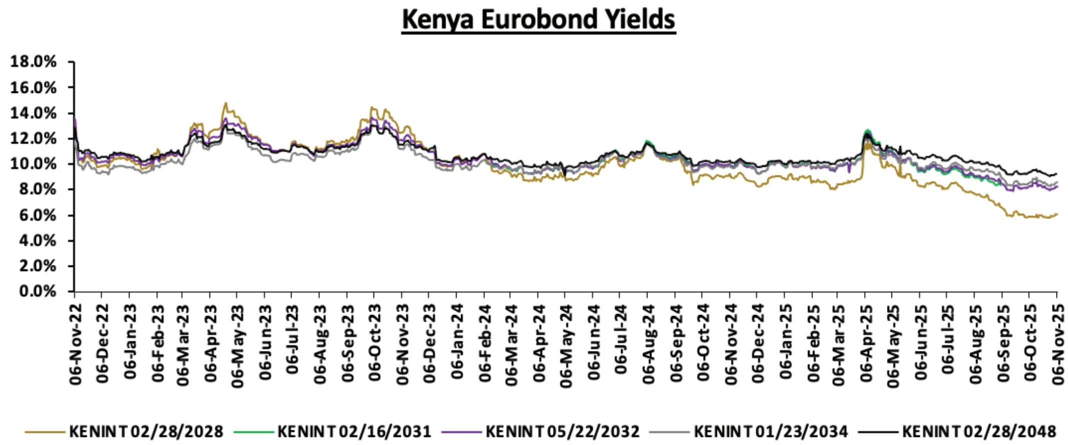
Source: Central Bank of Kenya (CBK)

Bond Turnover



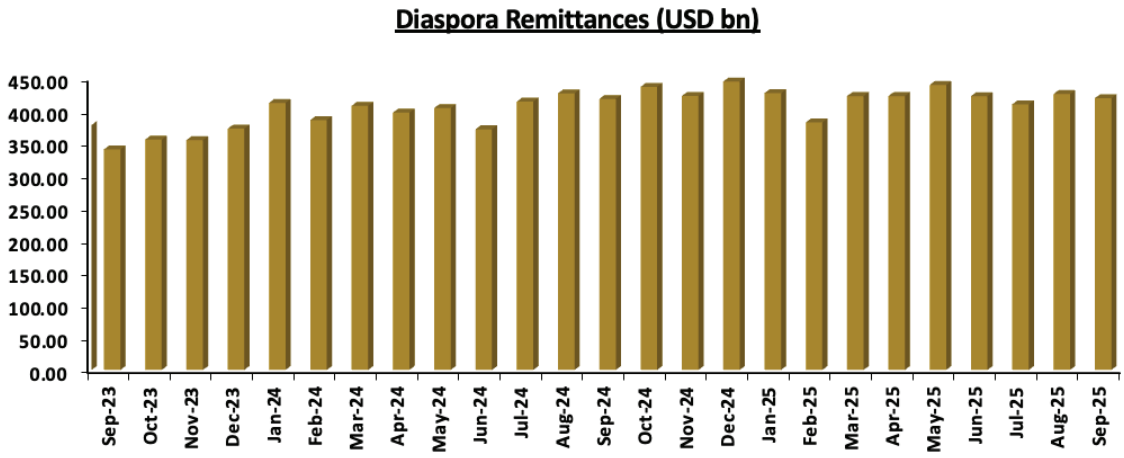
Source: Central Bank of Kenya (CBK)

Kenyan Eurobonds



Source: Central Bank of Kenya (CBK)

Diaspora Remittances



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