

“

October 2025 inflation
holds steady at 4.6%
as core inflation trends
lower

”

WEEKLY FIXED INCOME REPORT

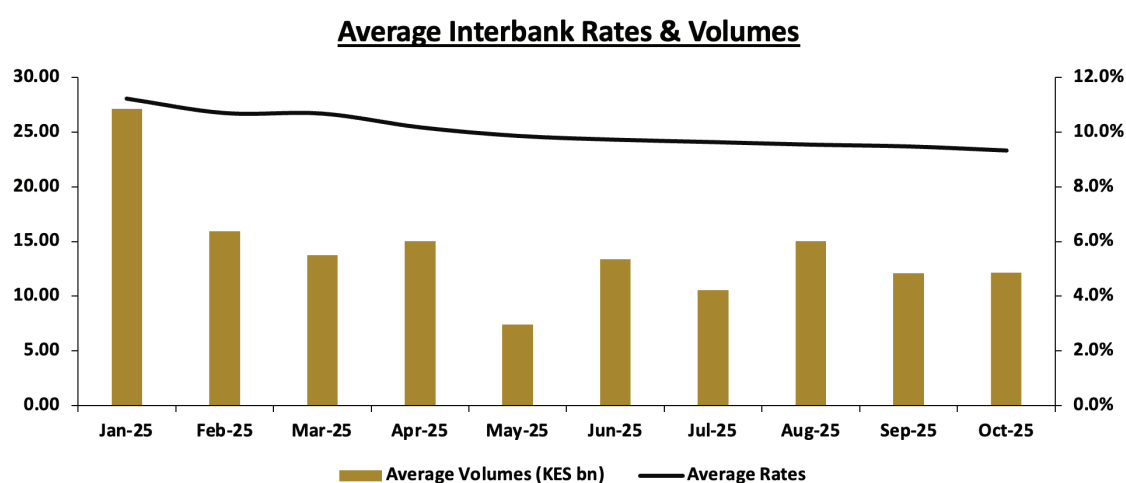
CBK seeks KES 40.0bn through two reopened bonds

MONEY MARKET STATISTICS

Interbank lending declined during the week, with the average traded volumes softening by 22.51% w/w to KES 11.26bn, from KES 14.53bn the prior week. Consequently, the number of interbank deals edged lower by 23.33% w/w to 23. The Kenya Shilling Overnight Interbank Average (KESONIA) remained largely stable (+0.67bps w/w) at an average of 9.26%. Notably, no actor utilized the CBK borrowing window in the week.

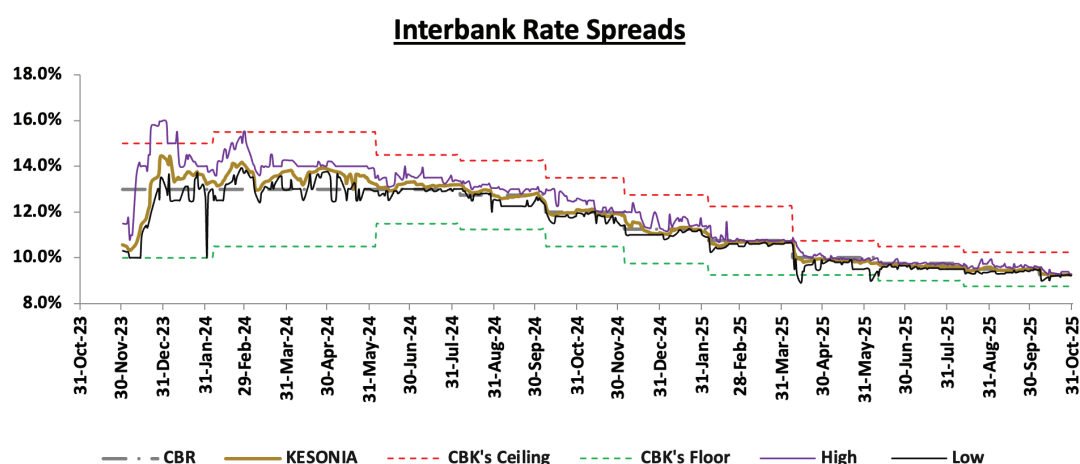
Average	Previous Week – ended 23rd October 2025	Current Week – ended 30th October 2025	Change
Interbank Deals	30.00	23.00	(23.33%)
Inter-Bank volumes (KES bn)	14.53	11.26	(22.51%)
KESONIA (bps)	9.25%	9.26%	0.67
Window Borrowing Volumes (KES bn)	-	-	n/a

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 softened slightly in the week ended 31st October 2025, with overall subscription inching lower to 101.1% from 105.9% in the previous week. Investors submitted bids worth KES 24.25bn, of which the fiscal agent accepted 100.0% of the bids. This quantum was higher than the value of maturities, resulting in a net borrowing of KES 3.77bn.

The 364-day paper led the performance, posting a subscription rate of 208.2% (much higher than the 53.7% recorded in the week prior). The 91-day paper followed, with a much lower subscription rate at 46.7% vs 325.0% in the week prior, while the 182-day paper garnered a dismal subscription rate of 15.6% vs 70.3% last week. The weighted average rates on accepted bids exhibited mixed performance in the week, with the 182-day paper notching higher to 7.90% (+3.5bps w/w). Conversely, the weighted average rate on accepted bids on the 91-day and 364-day papers eased by 1.95bps w/w and 0.63bps w/w to 7.81% and 9.34%, respectively.

KES Bn

03-Nov-25	91-day	182-day	364-day	Totals
	02-Feb-26	04-May-26	02-Nov-26	
Amount offered	4.00	10.00	10.00	24.00
Bids received	1.87	1.56	20.82	24.25
Subscription rate (%)	46.7%	15.6%	208.2%	101.1%
Amount accepted	1.87	1.56	20.82	24.25
Acceptance rate (%)	99.8%	99.7%	100.0%	100.0%
Of which: Competitive Bids	0.16	0.08	17.91	18.14
Non-competitive bids	1.71	1.48	2.92	6.11
Rollover/Redemptions	1.98	1.32	17.17	20.48
New Borrowing/ (Net Repayment)	-0.12	0.24	3.65	3.77
Weighted Average Rate of Accepted Bids	7.81%	7.90%	9.34%	
Inflation	4.6%	4.6%	4.6%	
Real Return	3.2%	3.3%	4.7%	

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

T-Bonds:

In the primary bond market, the fiscal agent is seeking to raise KES 40.0bn through two reopened bonds: FXD1/2012/020 and FXD1/2022/015 with effective tenors of 7.0 and 11.4 years, respectively. The bonds have coupon rates of 12.00% and 13.94% for FXD1/2012/020 and FXD1/2022/015, respectively, with the sale period for both papers running until 5th November 2025. The total outstanding amount for the bonds stands at KES 260.0bn, with the shorter tenured paper (FXD1/2012/020) holding a slightly larger allocation (KES 130.8bn). Given the steady decline in bond yields, as well as recent auction trends, we anticipate increased investor demand for FXD1/2022/015, due to its comparably higher coupon rate. See below a summary of the offer:

Bond Auction	Maturity Date	Effective Tenor	Amount Offered (in KES Bn)	Coupon	Sale Period	Expected Outcome Range
FXD1/2012/020	26-Nov-12	7.0	40.00	12.00%	Up to 5th November 2025	12.10% - 12.35%
FXD1/2022/015	25-Apr-22	11.4		13.94%		13.2% - 13.30%

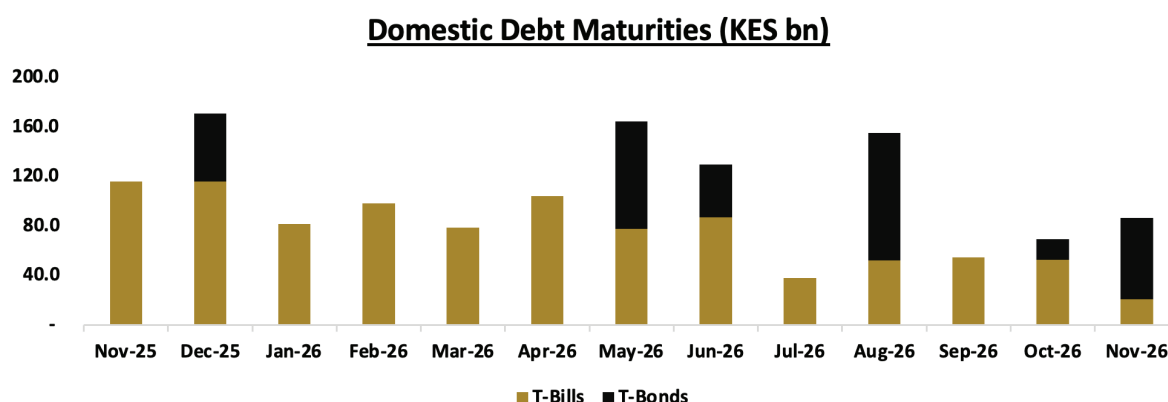
Source: Central Bank of Kenya (CBK), SIB Estimates | Table: SIB

Secondary bond market turnover tapered to KES 38.0bn (-30.4% w/w) in the week ended 31st October from KES 54.5bn posted in the previous week. Notably, bond turnover softened by 24.8% m/m to KES 170.0bn in October 2025 from KES 226.0bn in September 2025.

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

As of this week, the Government's outstanding maturities to November 2026 are at c.KES 980.13bn 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 382.5bn, above the prorated target.

Kenya Publishes Draft National Sovereign Wealth Fund Bill

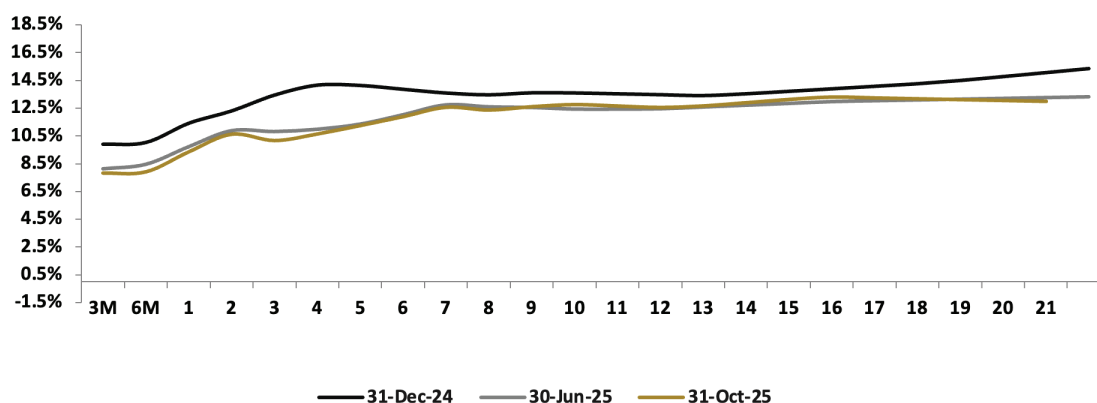
The National Treasury is inviting public comments on the proposed National Sovereign Wealth Fund Bill. This bill aims to establish the Kenya Sovereign Wealth Fund to protect the national government from fluctuations in resource revenue, finance strategic infrastructure projects, and build a savings base for future generations as mineral and petroleum resources are depleted. The Kenya Sovereign Wealth Fund will have three distinct components, i.e, the Stabilisation Fund, the Strategic Infrastructure Investment Fund, and the Future Generation (Urithi) Fund.

The Fund's revenue sources include the government's share of upstream petroleum profits (excluding certain specified shares), all petroleum and mining royalties payable to the government, bonus payments triggered by production or price milestones, payments on mining rights grants or assignments, earnings from the government's participation in mineral and petroleum operations, proceeds from divestment of government-held interests, and any other mineral or petroleum revenues as determined by the Cabinet Secretary through official notice. In particular, the National Infrastructure Fund will help to ease the fiscal space by taking commercially financeable investments off budget and then crowd in emerging sources of funding, e.g., development financing, other sovereign wealth funds, as well as climate-focused financing.

Yield Curve:

The yield curve reversed its downward movement, save for a few yields on the short end of the curve. Week-on-week, yields rose by an average of 27.8bps w/w, with the tail end of the curve experiencing a notable uptick. Below is a visual representation;

Yield Curve



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

THE INTERNATIONAL SCENE

Kenyan Eurobonds:

During the week, yields on Kenyan Eurobonds remained largely stable, with rates inching lower by an average of 11.66bps w/w. While a majority of the papers recorded a decline, the 10-year paper experienced a slight uptick in the week (+0.105% 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%
23-Oct-25	5.9%	7.9%	8.3%	8.6%	9.3%
24-Oct-25	5.9%	7.9%	8.1%	8.5%	9.2%
27-Oct-25	5.8%	7.8%	8.0%	8.3%	9.1%
28-Oct-25	5.8%	7.8%	8.0%	8.3%	9.1%
29-Oct-25	5.8%	7.7%	7.9%	8.3%	9.1%
30-Oct-25	6.0%	7.8%	8.1%	8.4%	9.2%
Weekly Change	0.105%	(0.140%)	(0.200%)	(0.190%)	(0.158%)
YTD Change	(3.1%)	(2.3%)	(2.1%)	(1.7%)	(1.1%)

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 1.4% w/w, 1.1% w/w, and 0.3% w/w against the British Pound, Japanese Yen, and Euro Shilling, respectively. On the contrary, the Kenyan shilling weakened against the regional currencies, down 0.1% w/w and 0.9% w/w against the Ugandan Shilling and Tanzanian Shilling, respectively. Keeping with trends in the year, the local currency remained stable against the US dollar. Notably, the US Federal Reserve cut its federal funds rate by 25bps to a target range of 3.75%–4.00% amid high inflation, weak economic activity, and labor market softness. Meanwhile, the Bank of Canada also lowered its policy rate by 25bps to 2.25%. In contrast, the European Central Bank and the Bank of Japan kept their rates steady at 2.0% and 0.5%, respectively. Following the Fed's announcement, the U.S. dollar index rose 0.6% as markets adjusted to expectations of no further rate cuts at the December Federal Reserve meeting.

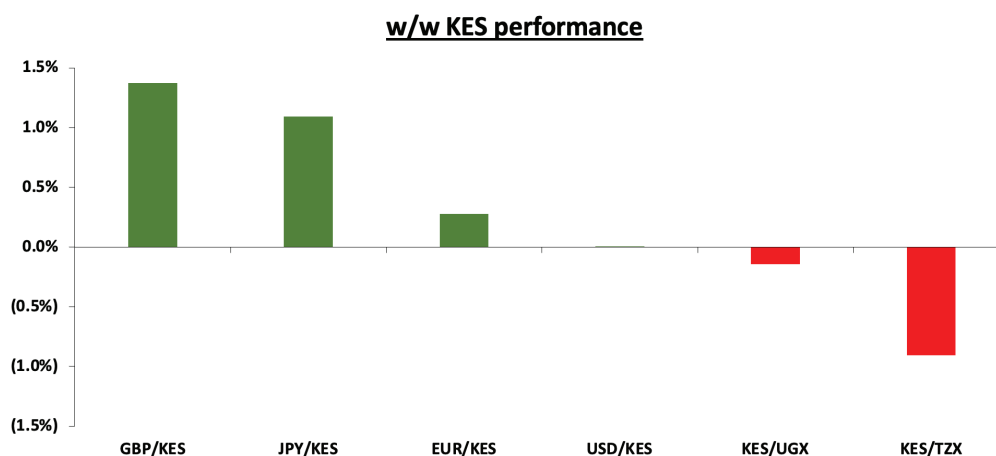
See the table below;

Currencies	31 Dec 2024	Previous Week	Current	w/w Change	Y/y change
GBP/KES	162.27	172.48	170.12	1.4%	(7.5%)
JPY/KES	82.12	84.74	83.81	1.1%	(7.0%)
EUR/KES	134.29	150.05	149.63	0.3%	(12.2%)
USD/KES	129.29	129.24	129.24	0.0%	0.0%
KES/UGX	28.41	27.00	26.97	(0.1%)	(3.3%)
KES/TZX	18.99	19.21	19.03	(0.9%)	2.2%

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

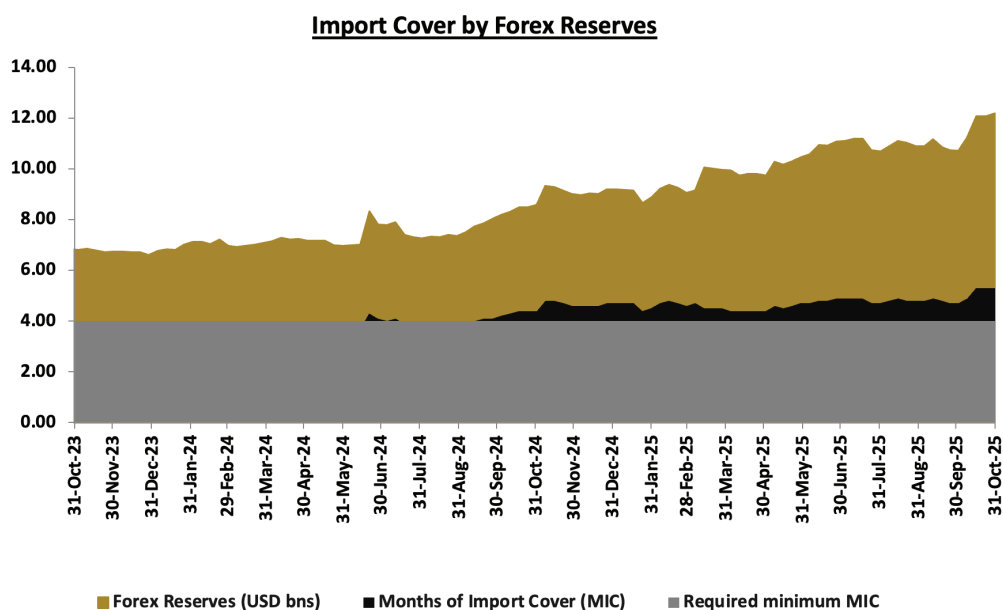
Abb: GBP – British Pound, EUR – Euro, USD – US Dollar, UGX – Ugandan Shilling, TZS – Tanzanian Shilling, JPY – Japanese Yen | FX rate is determined by calculating the weighted average rate of recorded spot trades in the interbank market

See also a visual representation;



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

Kenya's foreign exchange reserves rose marginally to USD 12.19bn (+0.9% w/w), maintaining import cover at 5.3 months. See the chart below for a visual summary;



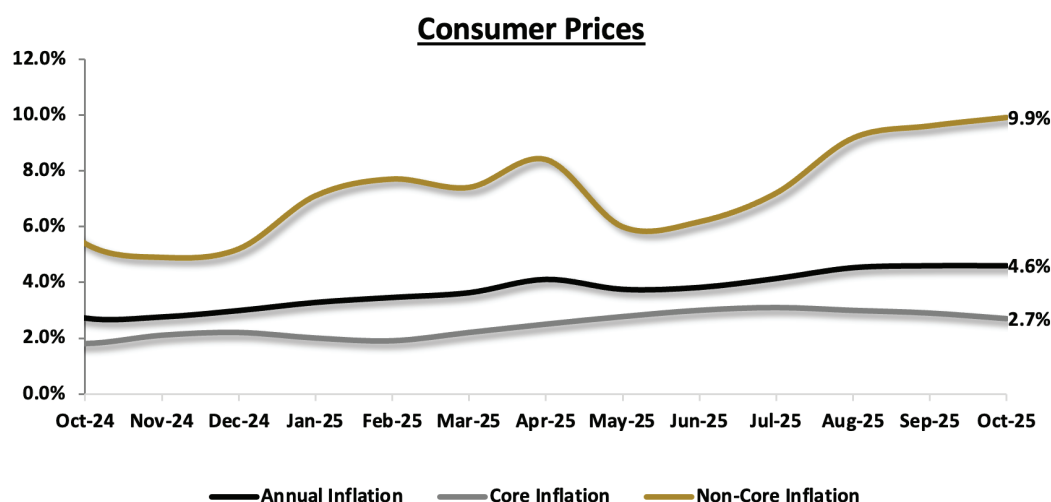
Source: Central Bank of Kenya (CBK), Chart: SIB

THE MACRO WRAP

1. October inflation holds steady at 4.6% as core inflation trends lower

In October 2025, consumer prices remained unchanged at 4.6% y/y, with core inflation easing slightly to 2.7% from 2.9% in September 2025. Conversely, non-core inflation jumped to 9.90% from 9.60% in September 2025, largely on the back of higher prices of items in the Food and Non-Alcoholic Beverages, Transport, and Housing, Water, Electricity, Gas, and other fuels divisions over the one-year period. Overall, headline inflation remained anchored within the central bank's target; however, non-core inflation continued to exhibit volatility.

See the chart below;

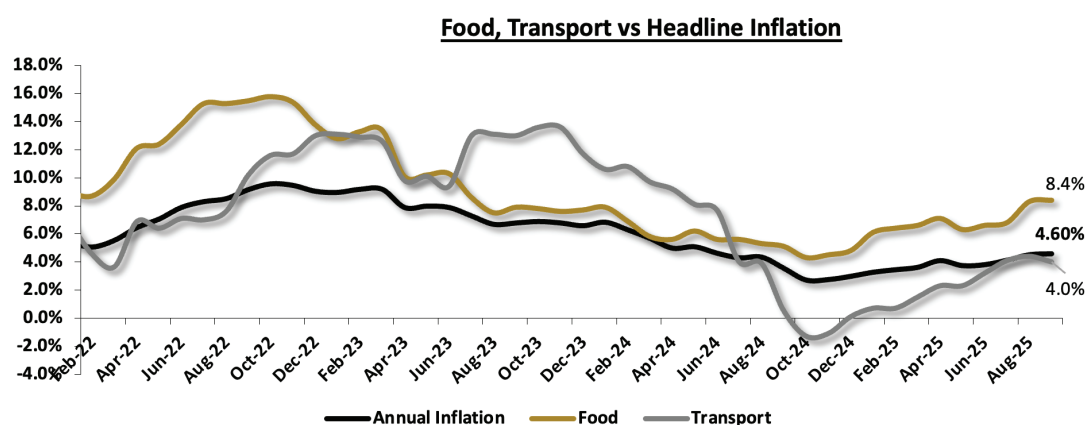


Source: KNBS, Chart: SIB

The y/y performance of non-core inflation was largely attributable to a jump in energy and transport costs, coupled with higher food prices, with food inflation reported at 8.0% (albeit slower than the 8.4% recorded in September 2025) from 4.3% in October 2024. Notably, prices of several food items recorded mixed movements in the month e.g. the prices of maize flour (sifted) and fortified maize flour decreased by 2.3% m/m and 2.2% m/m, respectively, while those of eggs (exotic), kale, beans, and sugar dropped by between 0.5% m/m and 1.2% m/m.

The Transport index grew at a rate of 4.8% in the year, largely driven by higher petrol prices. Month on month, the cost of country bus and matatu fares for travel between towns increased by 1.4%. In contrast, the cost of international flights declined by 0.6% m/m, while prices of petrol and diesel remained unchanged in the month.

The Household Utilities Index recorded a faster growth of 1.9% compared to 1.4% in September 2025 over the one-year period, pushed upwards by electricity prices (up 2.3%). On the other hand, the price of gas (LPG) decreased by 0.6% m/m (down 1.6% over the year). The chart below illustrates the growth trajectory of the food and non-alcoholic beverages, as well as transport indices (both of which constitute more than 40% of the consumer basket), against the headline inflation.



Source: KNBS, Chart: SIB

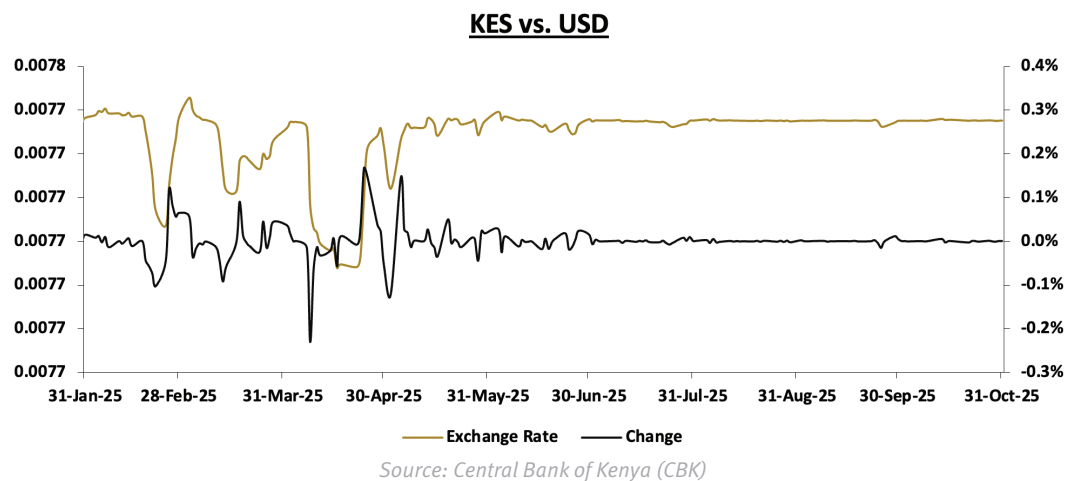
On a month-on-month basis, consumer prices rose by 0.2%, similar to the performance recorded in September 2025, reflecting relative stability across key indices. However, upward pressure persists, driven by rising food prices on select items, further squeezed by higher electricity and transport prices. Overall, core inflation points to continued price stability, anchored by a steady shilling against the US dollar, as underlying, long-term price pressures in the economy soften.

Hot on the Horizon:

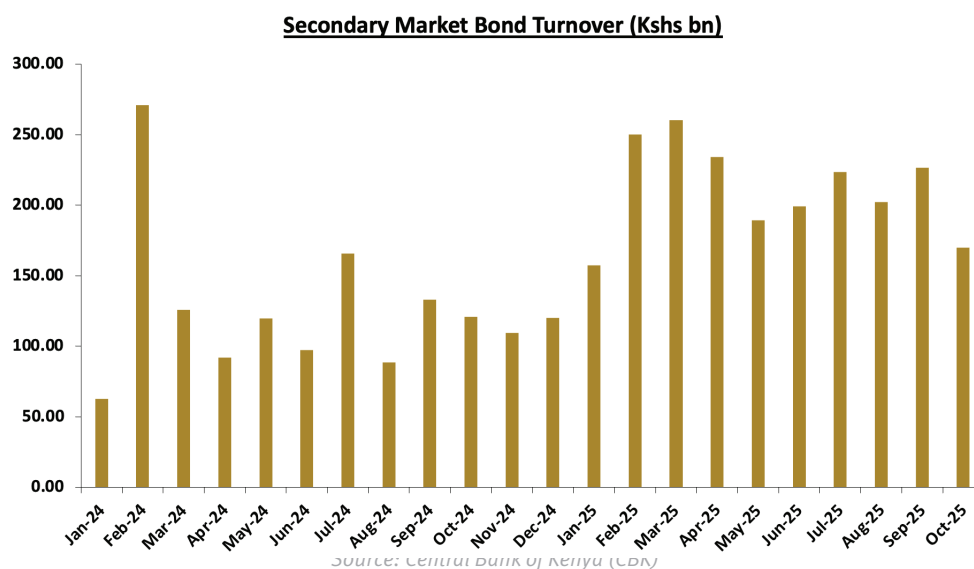
1. Stanbic October 2025 Purchasing Managers' Index (PMI)

BACKGROUND CHARTS

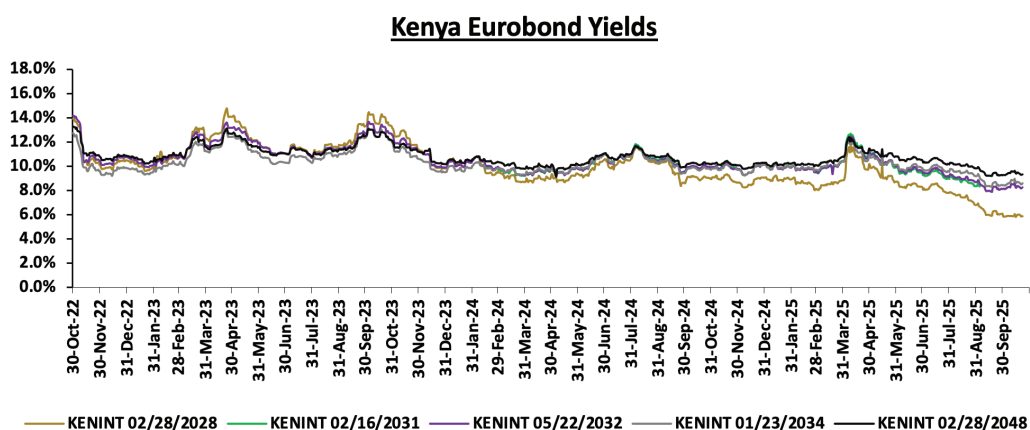
KES/USD Performance



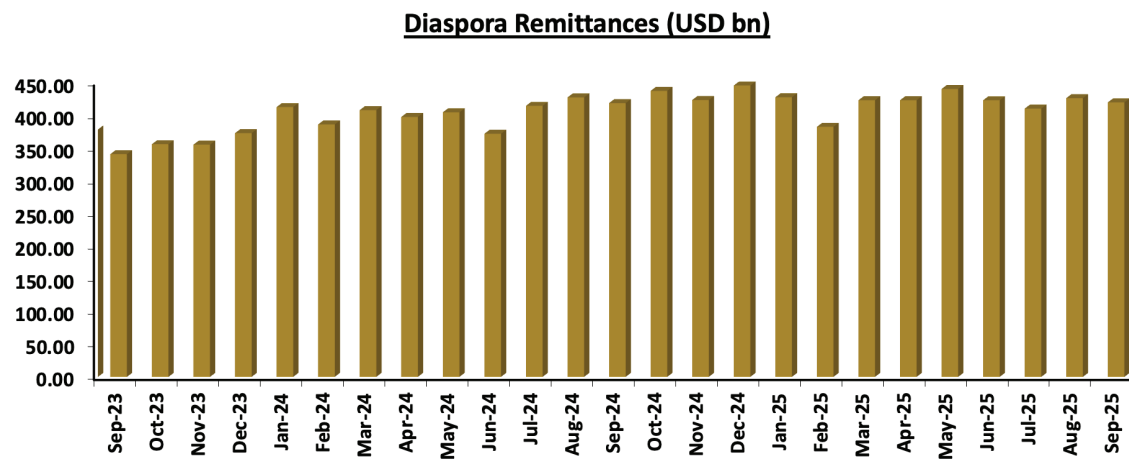
Bond Turnover



Kenyan Eurobonds



Diaspora Remittances



Disclosure and Disclaimer

Analyst Certification Disclosure: The research analyst or analysts responsible for the content of this research report certify that: (1) the views expressed and attributed to the research analyst or analysts in the research report accurately reflect their personal opinion(s) about the subject securities and issuers and/or other subject matter as appropriate; and, (2) no part of his or her compensation was, is or will be directly or indirectly related to the specific recommendations or views contained in this research report.

Shariah Compliant Disclosure: The research analyst or analysts responsible for the content of this research report certify that: The information provided in this report reflects SIB's approach to Sharia Compliant investing as at the date of this report and is subject to change without notice. We do not undertake to update any of such information in this report. Any references to Halal equities or similar terms in this report are intended as references to the internally defined criteria of the Firm or our businesses only, as applicable, and not to any jurisdiction-specific regulatory definition.

Global Disclaimer: Standard Investment Bank (SIB) and/or its affiliates makes no representation or warranty of any kind, express, implied or statutory regarding this document or any information contained or referred to in the document. The information in this document is provided for information purposes only. It does not constitute any offer, recommendation or solicitation to any person to enter into any transaction or adopt any hedging, trading or investment strategy, nor does it constitute any prediction of likely future movements in rates or prices, or represent that any such future movements will not exceed those shown in any illustration. The stated price of the securities mentioned herein, if any, is as of the date indicated and is not any representation that any transaction can be effected at this price. While reasonable care has been taken in preparing this document, no responsibility or liability is accepted for errors of fact or for any opinion expressed herein. The contents of this document may not be suitable for all investors as it has not been prepared with regard to the specific investment objectives or financial situation of any particular person. Any investments discussed may not be suitable for all investors. Users of this document should seek professional advice regarding the appropriateness of investing in any securities, financial instruments or investment strategies referred to in this document and should understand that statements regarding future prospects may not be realised. Opinions, forecasts, assumptions, estimates, derived valuations, projections and price target(s), if any, contained in this document are as of the date indicated and are subject to change at any time without prior notice. Our recommendations are under constant review. The value and income of any of the securities or financial instruments mentioned in this document can fall as well as rise and an investor may get back less than invested. Future returns are not guaranteed, and a loss of original capital may be incurred. Foreign-currency denominated securities and financial instruments are subject to fluctuation in exchange rates that could have a positive or adverse effect on the value, price or income of such securities and financial instruments. Past performance is not indicative of comparable future results and no representation or warranty is made regarding future performance. While we endeavour to update on a reasonable basis the information and opinions contained herein, there may be regulatory, compliance or other reasons that prevent us from doing so. Accordingly, information may be available to us which is not reflected in this material, and we may have acted upon or used the information prior to or immediately following its publication. SIB is not a legal or tax adviser, and is not purporting to provide legal or tax advice. Independent legal and/or tax advice should be sought for any queries relating to the legal or tax implications of any investment. SIB and/or its affiliates may have a position in any of the securities, instruments or currencies mentioned in this document. SIB has in place policies and procedures and physical information walls between its Research Department and differing business functions to help ensure confidential information, including 'inside' information is not disclosed unless in line with its policies and procedures and the rules of its regulators. Data, opinions and other information appearing herein may have been obtained from public sources. SIB makes no representation or warranty as to the accuracy or completeness of such information obtained from public sources. You are advised to make your own independent judgment (with the advice of your professional advisers as necessary) with respect to any matter contained herein and not rely on this document as the basis for making any trading, hedging or investment decision. SIB accepts no liability and will not be liable for any loss or damage arising directly or indirectly (including special, incidental, consequential, punitive or exemplary damages) from the use of this document, howsoever arising, and including any loss, damage or expense arising from, but not limited to, any defect, error, imperfection, fault, mistake or inaccuracy with this document, its contents or associated services, or due to any unavailability of the document or any part thereof or any contents or associated services. This material is for the use of intended recipients only and, in any jurisdiction in which distribution to private/retail customers would require registration or licensing of the distributor which the distributor does not currently have, this document is intended solely for distribution to professional and institutional investors.

CONTACTS

Research

Eric Musau
emusau@sib.co.ke

Wesley Manambo
wmanambo@sib.co.ke

Melodie Gatuguta
mgatuguta@sib.co.ke

Equity Trading

Tony Waweru
awaweru@sib.co.ke

Foreign Equity Sales

John Mucheru
jmucheru@sib.co.ke

Fixed Income Trading

Brian Mutunga
bmutunga@sib.co.ke

Barry Omotto
bomotto@sib.co.ke

Global Markets

Nahashon Mungai
nmungai@sib.co.ke

Nickay Wangunyu
nwangunyu@sib.co.ke

Corporate Finance

Job Kihumba
jkihumba@sib.co.ke

Lorna Wambui
wndungi@sib.co.ke

Marketing & Communications

Victor Ooko
communications@sib.co.ke

Client Services
clientservices@sib.co.ke

Investment Solutions

Robin Mathenge
rmathenge@sib.co.ke

Private Client Services

Boniface Kiundi
bkiundi@sib.co.ke

Frankline Kirigia
fkirigia@sib.co.ke

Laban Githuki
lgithuki@sib.co.ke



Headquarters

JKUAT Towers (Formerly ICEA Building),
16th Floor , Kenyatta Avenue, Nairobi,
Kenya.

Telephone: +254 777 333 000,
+254 20 227 7000, +254 20 227 7100

Email: clientservices@sib.co.ke