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Private sector credit growth  
hits 5-year high as business  
activity picks up

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## WEEKLY FIXED INCOME REPORT

*CBK successfully raises KES 47.1bn as investors hunt for higher returns despite longer duration*

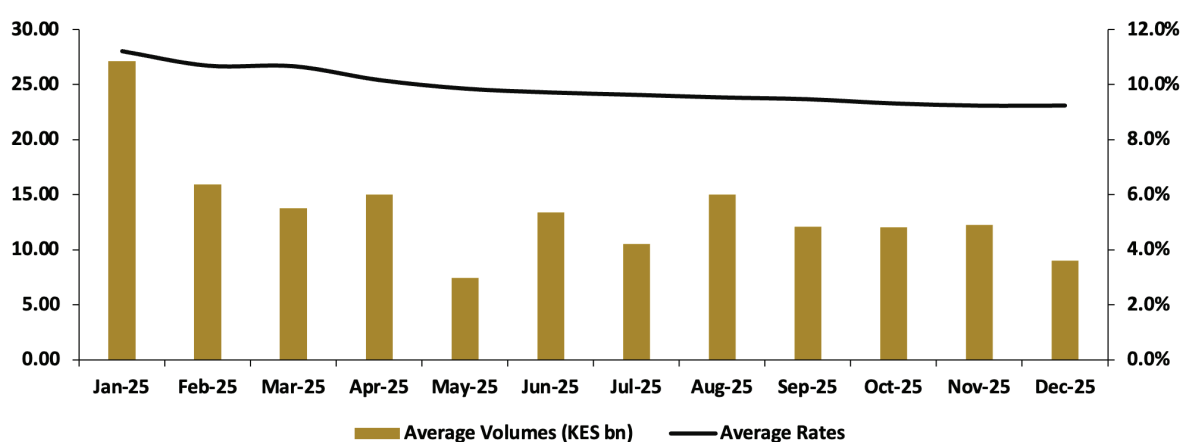
## MONEY MARKET STATISTICS

Interbank lending eased during the week, with the average traded volumes declining by 26.9% w/w to KES 11.85bn, from KES 16.24bn in the prior week. As a result, the average number of interbank deals inched lower by 32.0% w/w to 17. The Kenya Shilling Overnight Interbank Average (KESONIA) remained largely stable at 9.25% (-0.25bps w/w). Notably, no actor utilized the CBK borrowing window in the week.

Average	Previous Week – ended 27th November 2025	Current Week – ended 4th November 2025	Change
Interbank Deals	25	17	(32.00%)
Inter-Bank volumes (KES bn)	16.24	11.85	(26.99%)
KESONIA (bps)	9.25%	9.25%	(0.25)
Window Borrowing Volumes (KES bn)	-	-	n/a

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

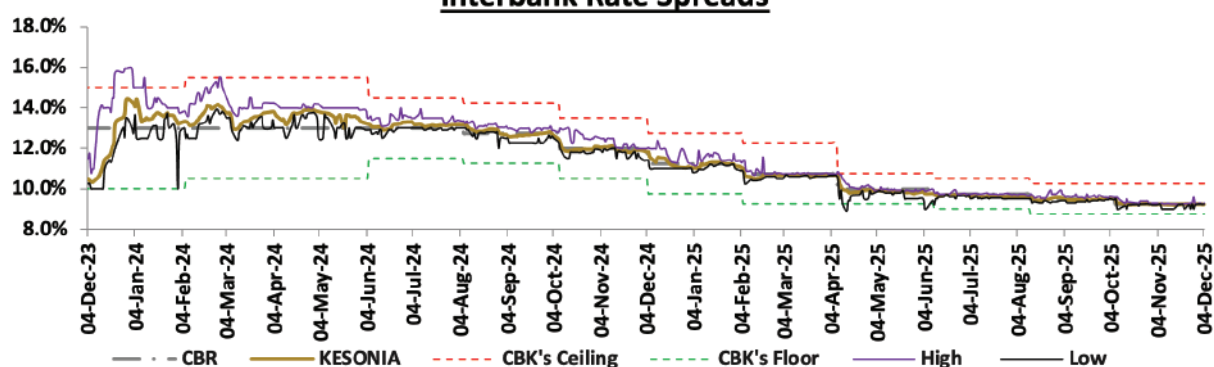
### Average Interbank Rates & Volumes



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:

### Interbank Rate Spreads



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 220.2% from 186.7% last week. Investors submitted bids totalling KES 52.9bn, of which the fiscal agent accepted 76.4% of the bids. This amount was slightly higher than the maturity amounts, resulting in a net borrowing of KES 5.6bn. In absolute terms, the 364-day paper received the highest interest, with the paper garnering 57.4% of the total bids. Despite the 364-day paper recording a strong performance rate of 303.7%, the Central Bank accepted 58.9% of the bids. The 91-day paper followed suit, recording a performance rate of 212.2%, while the 182-day paper hit 140.0%. Overall, KES 40.36bn was accepted, with the weighted average rate of accepted bids at 7.78% (+0.09bps), 7.80% (+0.43bps), and 9.37% (-0.78bps) for the 91-day, 182-day, and 364-day papers, respectively, as shown below;

KES Bn

08-Dec-25	91-day	182-day	364-day	Totals
	09-Mar-26	08-Jun-26	07-Dec-26	
Amount offered	4.00	10.00	10.00	24.00
Bids received	8.49	14.00	30.37	52.86
Subscription rate (%)	212.2%	140.0%	303.7%	220.2%
<b>Amount accepted</b>	<b>8.48</b>	<b>13.99</b>	<b>17.88</b>	<b>40.36</b>
Acceptance rate (%)	99.9%	99.9%	58.9%	76.4%
Of which: Competitive Bids	4.95	6.74	12.32	24.00
Non-competitive bids	3.53	7.26	5.56	16.35
Rollover/Redemptions	5.56	10.76	18.45	34.78
<b>New Borrowing/(Net Repayment)</b>	<b>2.92</b>	<b>3.23</b>	<b>-0.57</b>	<b>5.58</b>
Weighted Average Rate of Accepted Bids	7.78%	7.80%	9.37%	
Inflation	4.5%	4.5%	4.5%	
<b>Real Return</b>	<b>3.3%</b>	<b>3.3%</b>	<b>4.9%</b>	

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

### T-Bonds:

In the primary bond market, the fiscal agent successfully raised KES 47.1bn through two reopened bonds: SDB1/2011/030 and FXD1/2021/025. Markedly, the Government opted to absorb slightly more funds than its target of KES 40.0bn. The auction garnered bids worth KES 53.1bn, slightly higher than the amount sought. As anticipated, FXD1/2021/025 received the highest demand, indicating investor preference for greater returns despite a longer duration, supported by an appealing coupon rate. In particular, the paper recorded a subscription rate of 121.36% vs a meagre 11.47% printed by SDB1/2011/030. The latter has significantly lagged in recent auctions, with subscription rates of 33.25% in June 2025 and 40.35% in September 2025. This underperformance may be attributed to the paper's lower coupon rate relative to its long tenor. The weighted average rate of accepted bids stood at 13.32% (slightly higher than our expected outcome range) for SDB1/2011/030 and 13.62% (within our expected outcome range) for FXD1/2021/025. See a summary of the performance below:

08-Dec-25	SDB1/2011/030	FXD1/2021/025	Totals
<b>Due Date</b>	<b>21-Jan-41</b>	<b>09-Apr-46</b>	
Amount offered (KES 'Mn)			40,000.00
Bids received (KES 'Mn)	4,589.49	48,542.38	53,131.87
Subscription rate (%)	11.47%	121.36%	289.65%
<b>Amount accepted</b>	<b>3,901.19</b>	<b>43,208.92</b>	<b>47,110.11</b>
Acceptance rate (%)	85.00%	89.01%	88.67%
Of which: Competitive Bids	2,292.04	35,377.53	37,669.57
Non-competitive bids	1,609.15	7,831.39	9,440.54
Bid to Cover ratio	1.18	1.12	1.13
Redemptions	0.00	0.00	25,199.80
<b>New Borrowing/(Net Repayment)</b>			<b>21,910.31</b>
Market weighted average rate of accepted bids	13.32%	13.62%	
Coupon Rate	12.00%	13.92%	
Price per Kshs 100 at average yield	95.34	103.38	
Inflation	4.50%	4.50%	

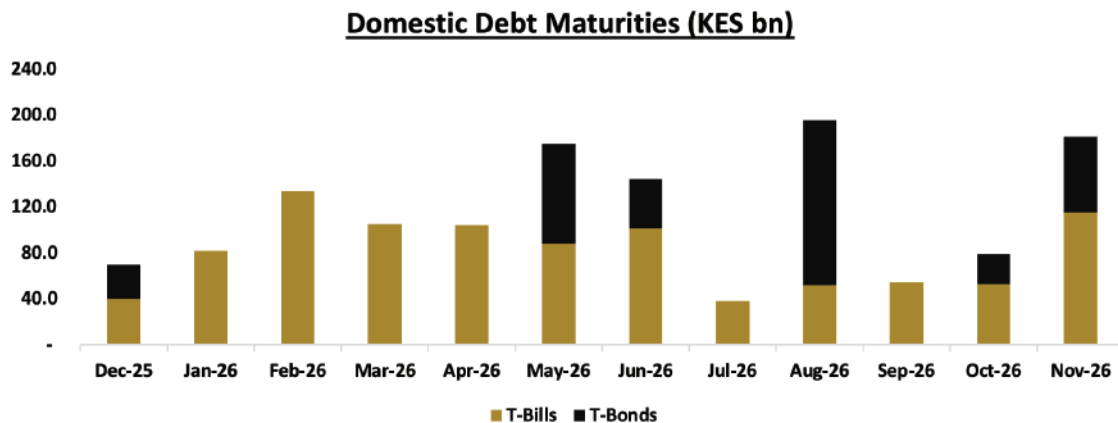
Source: Central Bank of Kenya (CBK), SIB Estimates | Table: SIB

Looking at the secondary bond market, turnover softened marginally to KES 60.5bn (-1.76% w/w) in the week from KES 61.6bn 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 969.2bn in T-Bills and c.KES bn in T-Bonds. When we factor in coupons, the total maturity profile comes in at c.KES 2.0tn. Markedly, the next domestic bond maturity is expected on 8th December 2025 (FXD2/2010/015 at KES 25.2bn).

See the chart below;

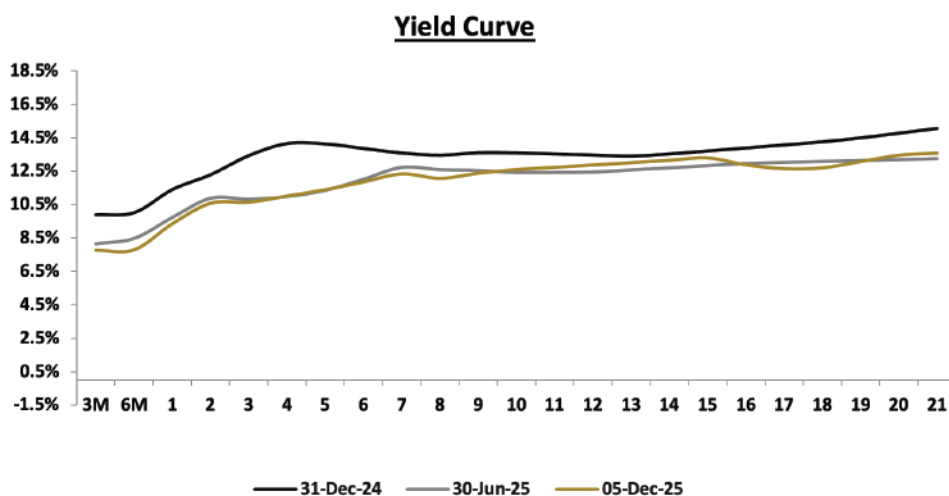


Source: Nairobi Securities Exchange (NSE), Chart: SIB

This week's auction pushed the Government's net domestic borrowing position to KES c.484.4bn, above the prorated target (performance rate of c.192.0%).

### Yield Curve:

Week-on-week, yields remained largely stable (by an average of 1.1bps w/w), with declines offset by upticks. Below is a visual representation;



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

## THE INTERNATIONAL SCENE

### Kenyan Eurobonds:

During the week, yields on Kenyan Eurobonds softened, with rates declining by an average of 25.7bps w/w. The table below summarizes the performance across maturities:

Kenyan Eurobonds					
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	2.2	5.2	6.5	8.5	22.2
31-Dec-24	9.1%	10.1%	10.1%	10.1%	10.3%
<b>27-Nov-25</b>	<b>6.2%</b>	<b>8.0%</b>	<b>8.2%</b>	<b>8.7%</b>	<b>9.2%</b>
28-Nov-25	6.2%	7.9%	8.1%	8.6%	9.1%
01-Dec-25	6.3%	8.0%	8.2%	8.7%	9.2%
02-Dec-25	6.3%	8.0%	8.0%	8.6%	9.1%
03-Dec-25	6.2%	7.9%	7.9%	8.5%	9.0%
04-Dec-25	6.1%	7.8%	7.7%	8.3%	8.9%
<b>Weekly Change</b>	<b>(0.068%)</b>	<b>(0.178%)</b>	<b>(0.461%)</b>	<b>(0.338%)</b>	<b>(0.238%)</b>
<b>YTD Change</b>	<b>(2.9%)</b>	<b>(2.4%)</b>	<b>(2.4%)</b>	<b>(1.8%)</b>	<b>(1.3%)</b>

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

### Currency Performance

The Kenyan shilling exhibited mixed performance during the week compared to the currencies we track. In particular, the Kenyan Shilling lost ground against the Ugandan Shilling, Japanese Yen, and British Pound by 1.8% w/w, 0.7% w/w, and 0.6%w/w to KES 27.41, KES 83.58, and KES 172.91, respectively. In addition, the local unit weakened by 0.3% w/w against the Tanzanian Shilling and Euro to KES 18.91 and KES 150.90, respectively. On the other hand, the Kenyan Shilling strengthened slightly against the dollar, up 0.4% w/w to KES 129.31. Labour market conditions remained weak in the US despite weekly initial jobless claims falling to the lowest level. Furthermore, the U.S. Dollar Index weakened by 0.6 percent during the week ending December 4.

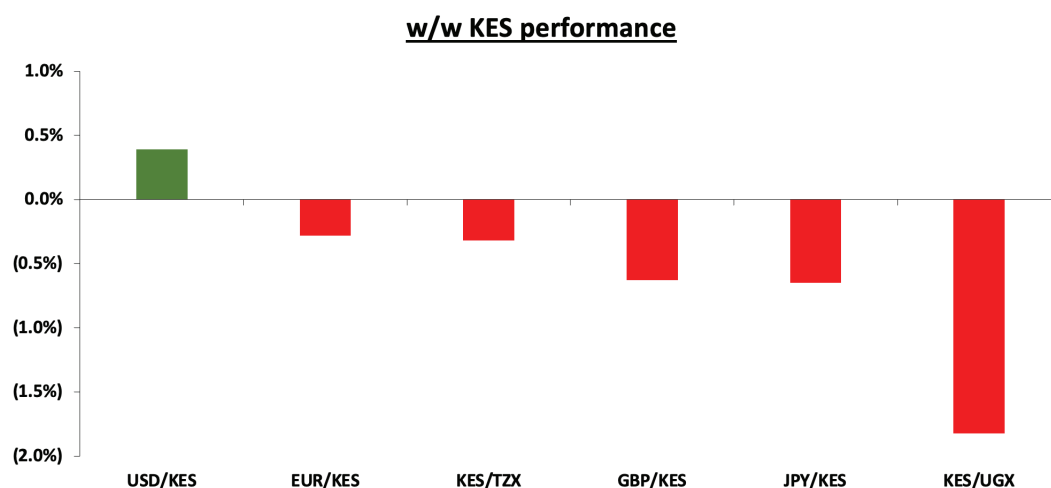
See the table below;

Currencies	31 Dec 2024	Previous Week	Current	w/w Change	YTD change
<b>USD/KES</b>	<b>129.29</b>	<b>129.82</b>	<b>129.31</b>	<b>0.4%</b>	<b>(0.0%)</b>
<b>EUR/KES</b>	<b>134.29</b>	<b>150.47</b>	<b>150.90</b>	<b>(0.3%)</b>	<b>(12.4%)</b>
<b>KES/TZX</b>	<b>18.99</b>	<b>18.97</b>	<b>18.91</b>	<b>(0.3%)</b>	<b>(0.4%)</b>
<b>GBP/KES</b>	<b>162.27</b>	<b>171.83</b>	<b>172.91</b>	<b>(0.6%)</b>	<b>(6.6%)</b>
<b>JPY/KES</b>	<b>82.12</b>	<b>83.04</b>	<b>83.58</b>	<b>(0.7%)</b>	<b>(1.8%)</b>
<b>KES/UGX</b>	<b>28.41</b>	<b>27.92</b>	<b>27.41</b>	<b>(1.8%)</b>	<b>(3.5%)</b>

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

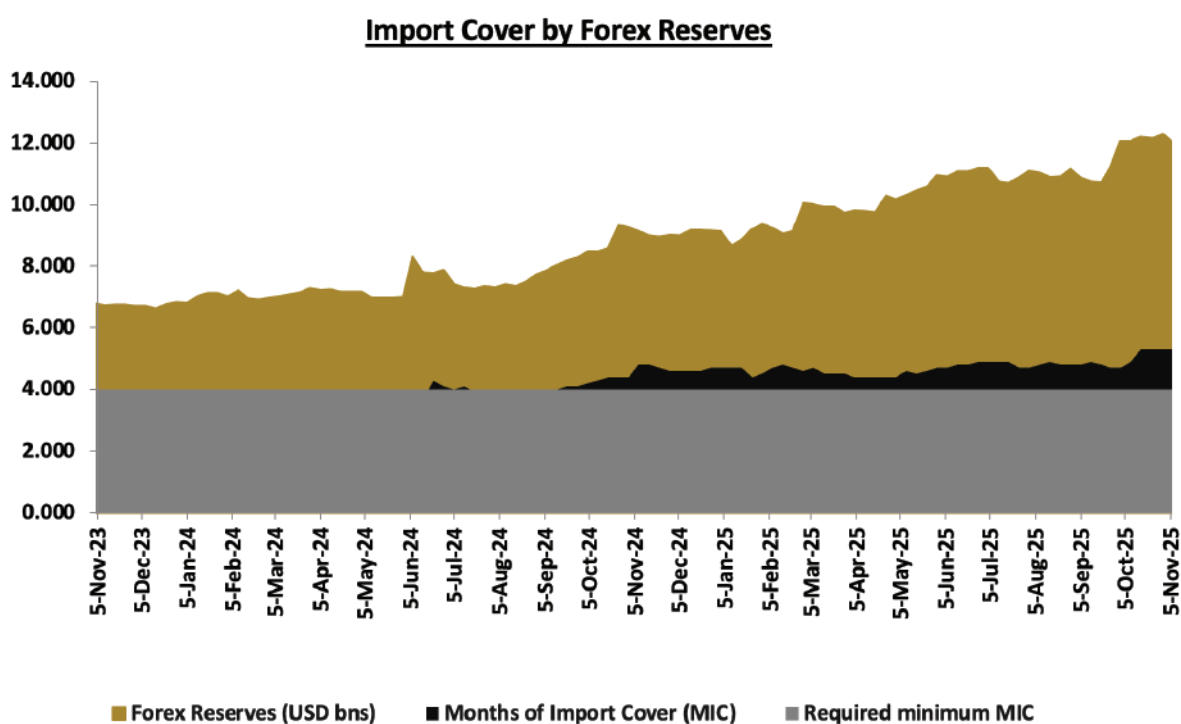
Abb: GBP – British Pound, EUR – Euro, USD – US Dollar, UGX – Ugandan Shilling, TZS – Tanzanian Shilling, JPY – Japanese Yen | FX rate is determined by calculating the weighted average rate of recorded spot trades in the interbank market

See also a visual representation;



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

Kenya's foreign exchange reserves rose to USD 12.30bn (+0.7% w/w), maintaining the import cover at 5.2 months. See the chart below for a visual summary;



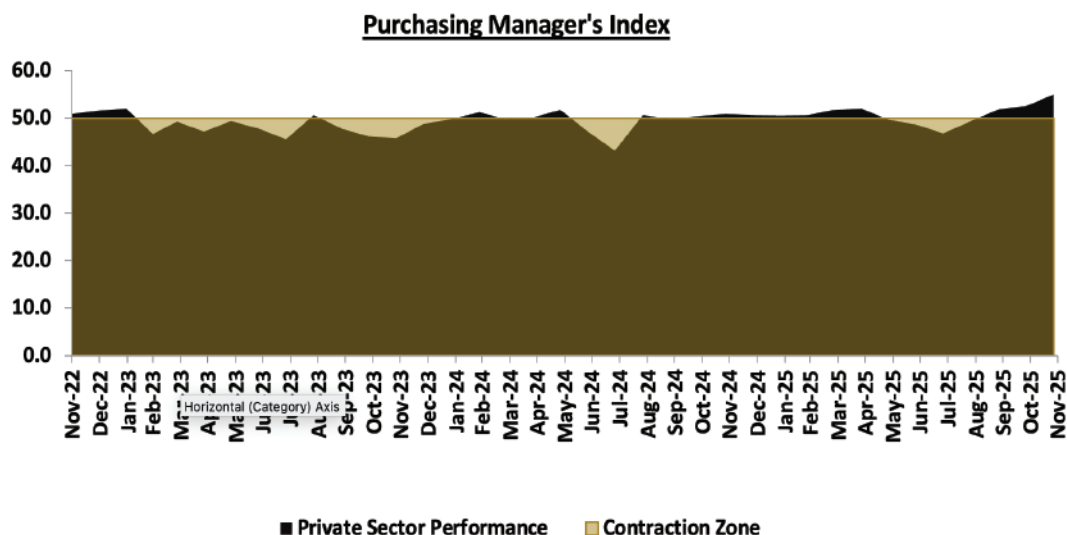
Source: Central Bank of Kenya (CBK), Chart: SIB



## THE MACRO WRAP

### Private Sector Performance hits 5-year high as business activity picks up

According to the PMI survey conducted by Stanbic Bank Kenya, business conditions in the private sector continued to improve in November 2025, as business activity and new work both expanded at the sharpest rates in over five years. In particular, the index climbed to 55.0 – the highest since October 2020, up from 52.5 recorded in October 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 customer sales and relatively soft inflationary pressures largely drove November's upturn amid broader economic strengthening. In particular, firms linked increased purchasing activity to successful new product launches, marketing campaigns, new products, coupled with increased customer referrals. Consequently, employment increased for the tenth consecutive month at the second-fastest rate since August 2023 (the rate of job creation was the second-fastest in over two years). Furthermore, purchases of inputs rose at the fastest rate in just over five years to meet client demand. The survey noted a welcome moderation in inflationary pressures, with input costs rising at the smallest extent in 18 months and selling charges increasing only slightly. Additionally, supply chain efficiency improved as supplier delivery times shortened, which respondents attributed to increased competition among vendors, coupled with higher purchases, leading to a robust expansion of input inventories.

Despite positive data, some headwinds persist, primarily related to cost and confidence. Firms continued to note that rising material prices and higher taxation are impacting their operating margins, with these being the main factors where an increase in costs was recorded. Additionally, while overall confidence remains positive, optimism for the business outlook over the next twelve months softened for the third consecutive month since the recent high in August 2025. This indicates that while current conditions are strong, there is a degree of subdued sentiment about the longer-term future. Lastly, while outstanding business has fallen for six consecutive months, the overall fall in backlogs was the slowest since June, due to a rise in work-in-hand among manufacturers.

In our view, the latest figures reflect a strengthening macroeconomic backdrop. For now, we are cautiously optimistic that stimulus measures (e.g., Central Bank rate cuts, pump price stabilization initiatives) put in place by authorities over the past year are now beginning to show up in the real economy, which is a good sign for sustained growth. Nonetheless, business confidence remains vulnerable to fiscal pressures, potential inflation uptick, external and regional shocks, and the impact of higher taxation.

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:

### 1. CBK Monetary Policy Committee Meeting

The Central Bank of Kenya's Monetary Policy Committee (MPC) is expected to meet on **Tuesday, 9th December 2025**, to review the Central Bank Rate (CBR). We believe the committee has scope to cut the benchmark rate by at least **25 basis points**, guided by:

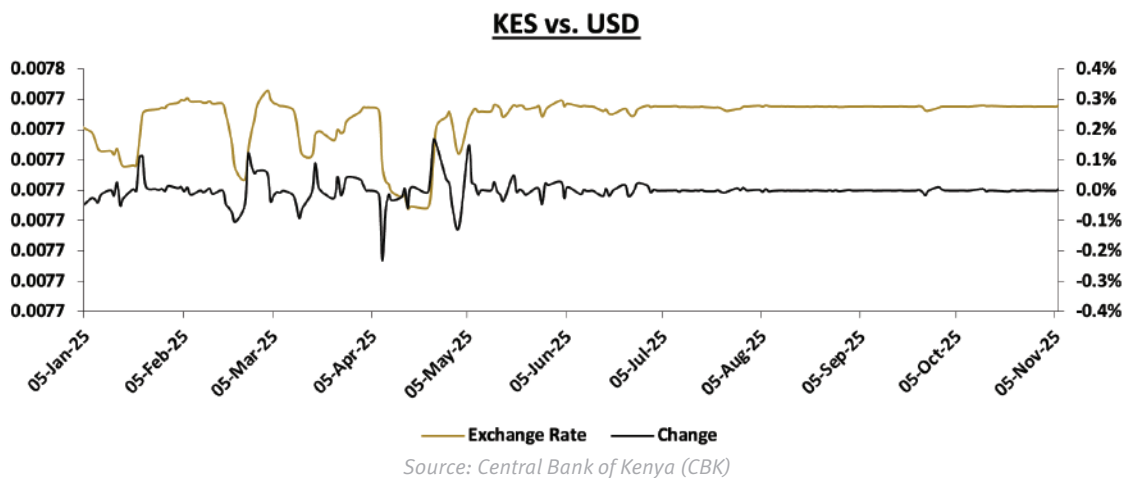
- Inflation remains contained, with the metric remaining below the mid-point of CBK's target range of  $5 \pm 2.5\%$  (decline in core inflation has helped offset the uptick in non-core inflation).
- Though gradually improving, credit growth remains in the single digits despite notable consecutive benchmark rate cuts, with NPL ratios still in the high teens.
- Foreign currency reserves remain robust and continue to provide adequate cover and a buffer against any short-term shocks in the foreign exchange market (further supported by a largely stable currency).



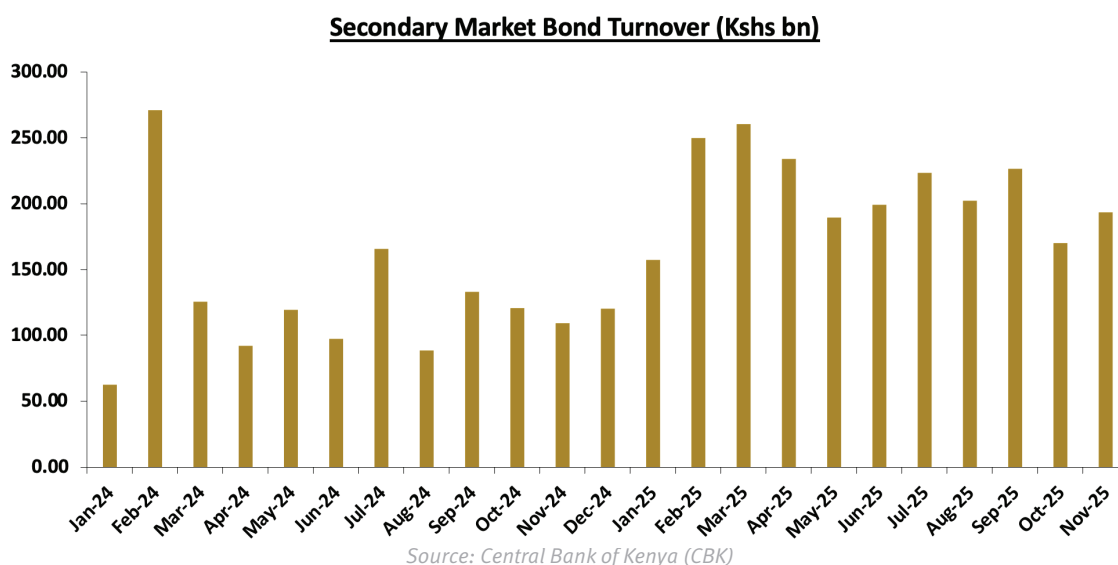


## BACKGROUND CHARTS

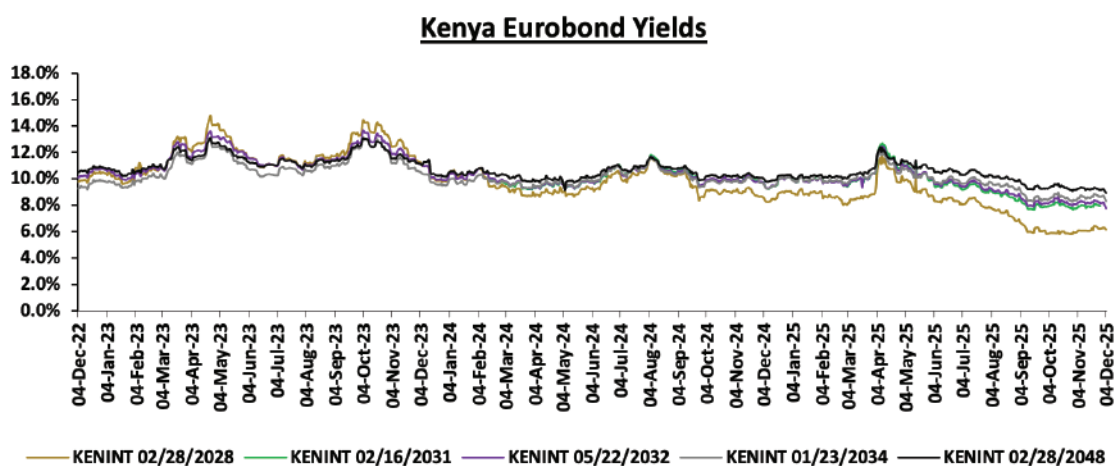
### KES/USD Performance



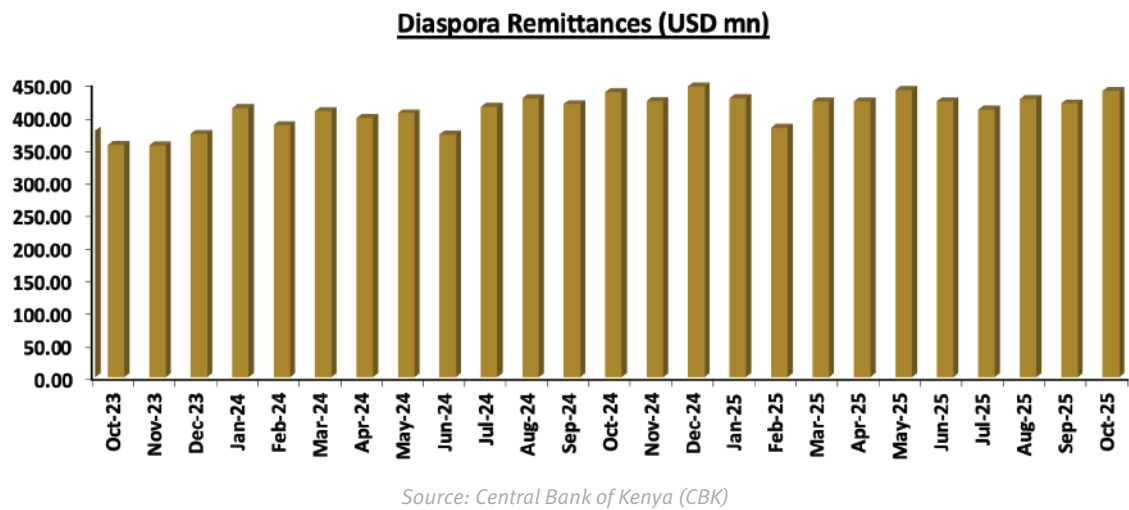
### Bond Turnover



### Kenyan Eurobonds



Diaspora Remittances



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