Standard Investment Bank

9TH FEBRUARY 2026

Jan 2026 Stanbic PMI slows to 51.9 from 53.7 in Dec 2025 as momentum decelerates

WEEKLY FIXED INCOME REPORT

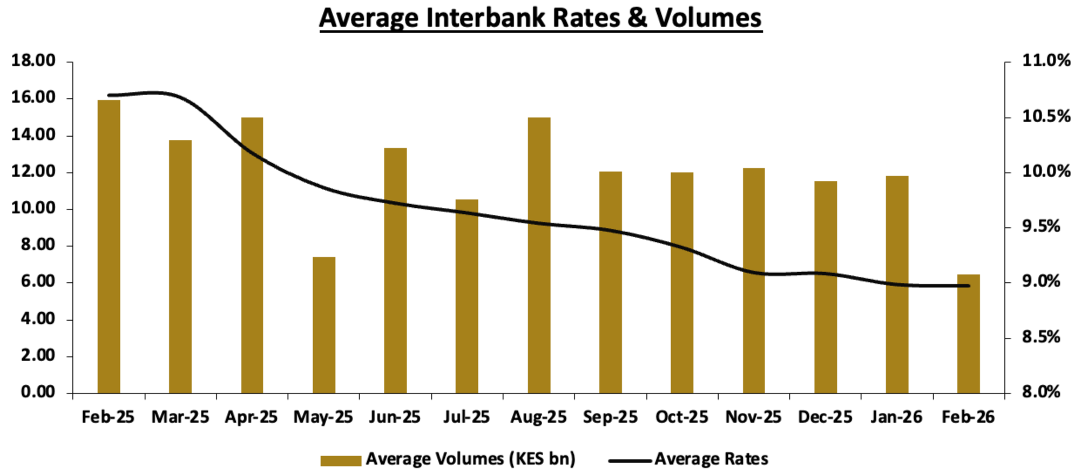
CBK seeks to raise KES 50.0bn via two long-term reopened papers

MONEY MARKET STATISTICS

Liquidity conditions remained largely stable in the week, with the Kenya Shilling Overnight Interbank Average (KESONIA) easing by 0.62bps w/w to an average of 8.98%. Interbank lending inched lower, with average traded volumes easing by 46.5% w/w to KES 6.68bn, from KES 12.49bn in the prior week. The slowdown was mirrored by a lower transaction count (-46.52% w/w to 14). Find a summary below:

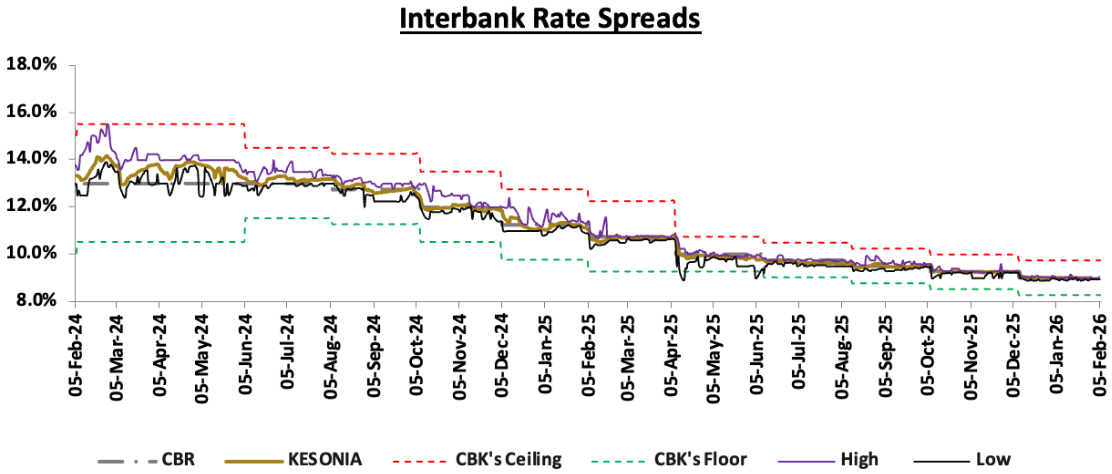
Average	Previous Week – ended 29th January 2026	Current Week – ended 5th February 2026	w/w change
Interbank Deals	21.00	14.00	**-33.33%**
Inter-Bank volumes (KES bn)	12.49	6.68	**-46.52%**
KESONIA (bps)	8.99%	8.98%	**-0.62**
Window Borrowing Volumes (KES bn)	-	-	**n/a**

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



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

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



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

GOVERNMENT SECURITIES MARKET

T-Bills:

This week, demand for Treasury Bills soared, with the overall subscription rate climbing to 267.8% from 196.7% in the previous week. Investors submitted bids totalling KES 64.28bn, of which the fiscal agent accepted 77.8%. This amount was lower than the maturity amounts, resulting in a net repayment of KES 11.25bn. In absolute terms, the 364-day paper received the highest demand, garnering 79.1% of the total submitted bids and an outsized subscription rate of 508.3%. The 91-day paper recorded a performance rate of 323.9%, while the 184-day paper came in at a dismal 5.0%. Overall, KES 50.04bn was accepted, with the weighted average rate of accepted bids at 7.63% (-0.28bps w/w), 7.79% (-1.19% bps w/w), and 9.20% (-0.67bps w/w) for the 91-day, 182-day, and 364-day papers, respectively. Below is a visual summary;

KES Bn

09-Feb-26	91-day	182-day	364-day	Totals
	11-May-26	10-Aug-26	08-Feb-27	
Amount offered	4.00	10.00	10.00	24.00
Bids received	12.96	0.50	50.83	64.28
Subscription rate (%)	323.9%	5.0%	508.3%	267.8%
Amount accepted	**12.96**	**0.50**	**36.58**	**50.04**
Acceptance rate (%)	100.0%	100.0%	72.0%	77.8%
Of which: Competitive Bids	11.84	0.03	32.84	44.71
Non-competitive bids	1.11	0.47	3.75	5.33
Rollover/Redemptions	15.29	7.58	38.42	61.29
New Borrowing/(Net Repayment)	**-2.33**	**-7.09**	**-1.84**	**-11.25**
Weighted Average Rate of Accepted Bids	7.63%	7.79%	9.20%	
Inflation	4.4%	4.4%	4.4%	
Real Return	**3.2%**	**3.4%**	**4.8%**	

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

T-Bonds:

In the Primary market, the fiscal agent seeks to raise KES 50.0bn through two reopened bonds: FXD3/2019/015 and FXD1/2018/025, with effective tenors of 8.4 and 17.3 years, respectively. The bonds have coupon rates of 12.34% and 13.40% for FXD3/2019/015 and FXD1/2018/025, respectively, with the sale period for both papers from 22nd January 2026 until 11th February 2026. The total outstanding amount for the bonds stands at KES 239.8bn, with the longer tenured paper (FXD1/2018/025) holding a larger allocation (KES 165.7bn). Given recent auction trends, we anticipate increased investor demand for FXD1/2018/025, given its comparably higher coupon rate despite a longer tenor. See below a summary of the offer:

Bond	Maturity Date	Effective Tenor	Amount Offered (in KES Bn)	Coupon	Sale Period	Expected Outcome Range
FXD3/2019/015	10-Jul-34	8.40	50.00	12.34%	22nd January 2026 to 11th February 2026	12.20% - 12.50%
FXD1/2018/025	25-May-43	17.30		13.40%		13.20% - 13.50%

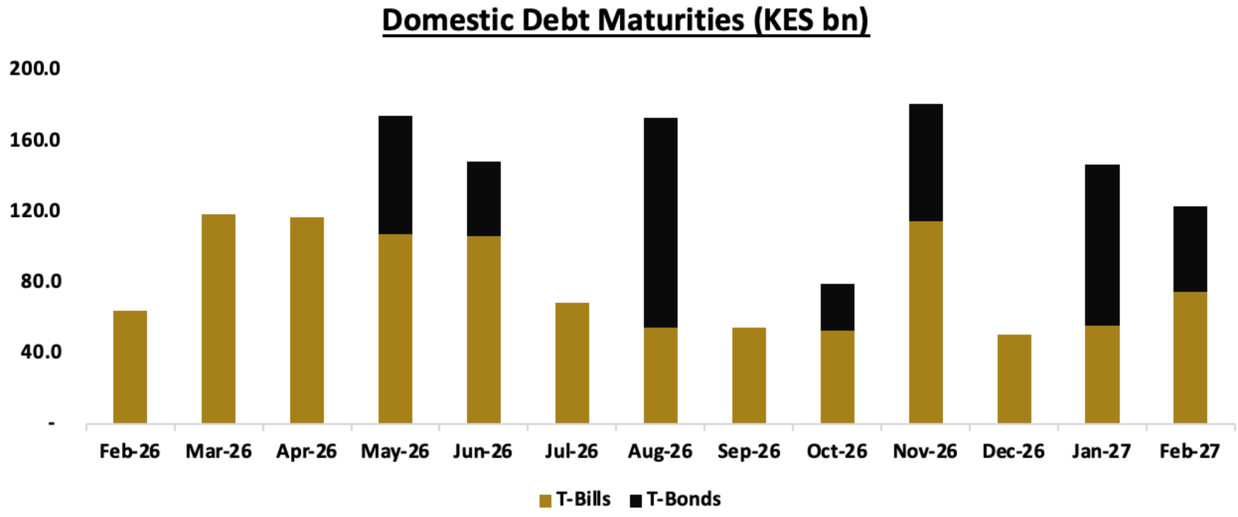
Source: Central Bank of Kenya (CBK) | Table: SIB

Secondary bond market turnover declined to KES 57.5bn (-20.2%w/w) from KES 72.1bn in the prior week.

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

As of this week, the Government's outstanding maturities to February 2027 are at c.KES 1,042.24bn in T-Bills and c.KES 460.21bn in T-Bonds. When we factor in coupons, the total maturity profile comes in at c.KES 2.2tn. Notably, the next bond maturity is expected in May 2026 (c.KES 66.9bn), affording the government much-needed breathing space on its repayment schedule.

See the chart below;

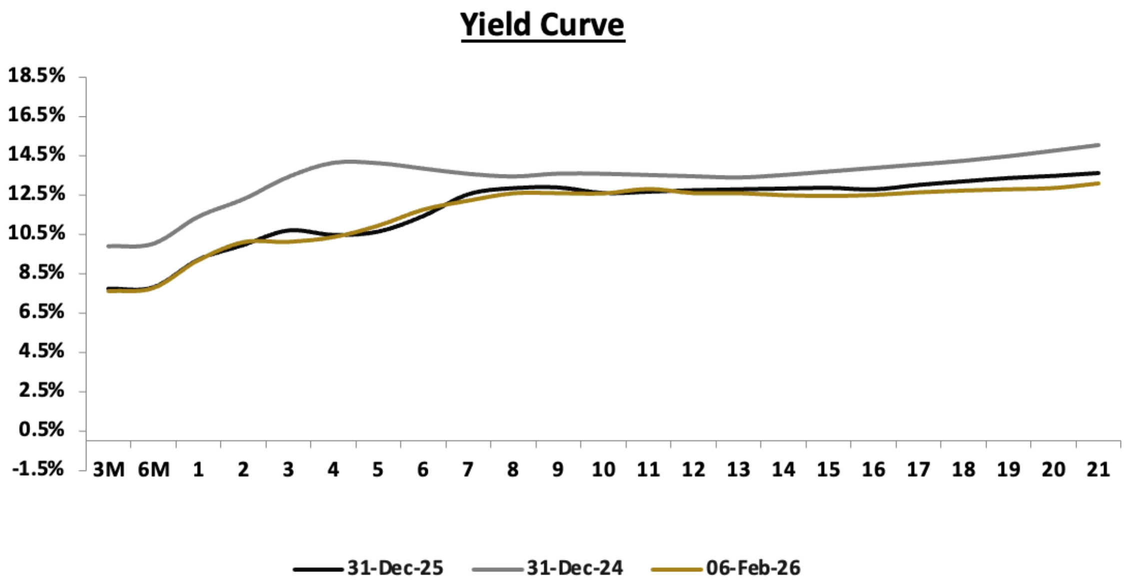


Source: Nairobi Securities Exchange (NSE), Chart: SIB

This week's auction pushed the Government's net domestic borrowing position to KES c.562.1bn, above the prorated target (performance rate of c.141.8%).

Yield Curve:

Week-on-week, yields remained largely stable (average 5.5 bps increase), with slight upticks observes towards the tail end of the curve. Below is a visual representation;



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

THE INTERNATIONAL SCENE

Kenyan Eurobonds:

Yields on Kenyan Eurobonds remained stable in the week, with rates declining by an average of c.3.9bps for the week dated 2nd February 2026 to 05th February 2026. The table below summarizes the performance across maturities:

Kenyan Eurobonds					
Issuance	10-Year 2028	6-Year 2031	12-Year 2032	13-Year 2034	30-Year 2048
31-Dec-25	6.0%	7.1%	7.2%	7.8%	8.8%
29-Jan-26	**6.0%**	**6.8%**	**7.1%**	**7.8%**	**8.7%**
30-Jan-26	6.1%	6.8%	7.1%	7.7%	8.7%
02-Feb-26	6.1%	6.8%	7.0%	7.7%	8.6%
03-Feb-26	6.1%	6.7%	7.0%	7.7%	8.6%
04-Feb-26	6.1%	6.7%	6.9%	7.7%	8.6%
05-Feb-26	6.1%	6.7%	7.0%	7.8%	8.7%
Weekly Change	**0.120%**	**(0.110%)**	**(0.110%)**	**(0.020%)**	**(0.050%)**
YTD Change	**0.1%**	**(0.5%)**	**(0.3%)**	**(0.1%)**	**(0.3%)**

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

Currency Performance

The Kenyan shilling performed well during the week compared to the currencies we track. In particular, the local unit gained 1.7% w/w, 1.4% w/w, 1.2% w/w, 1.0% w/w, and 0.1% w/w against the Japanese Yen, British Pound, Tanzanian Shilling, Euro, and Ugandan Shilling, respectively. Furthermore, the Kenyan shilling remained largely flat against the US dollar, keeping with recent trends. According to data from the CBK, the U.S. Dollar Index strengthened by 1.6% during the week ending 5th February 2025, reflecting rising market sentiments following the announcement of the new Fed chair, Kevin Warsh.

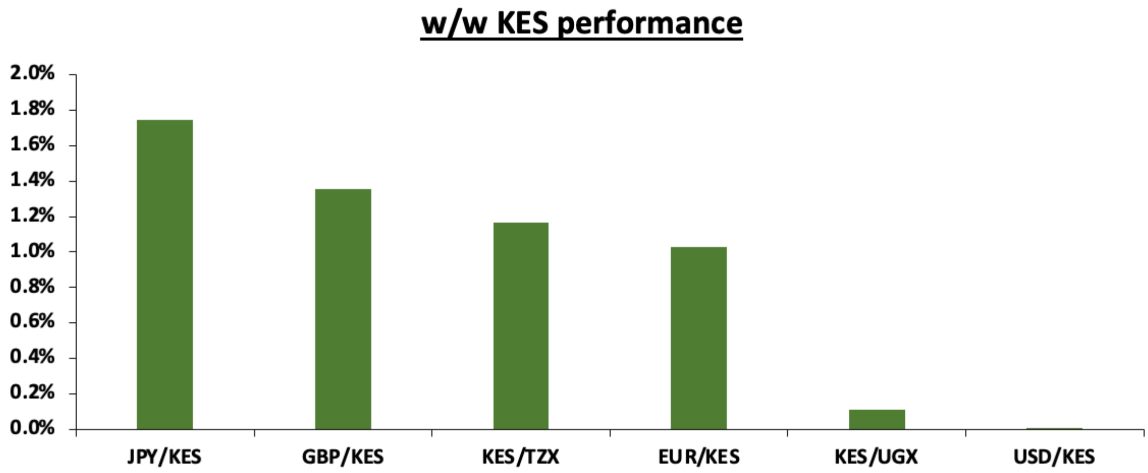
See the table below;

Currencies	31 Dec 2025	Previous Week	Current	w/w Change	YTD change – 31st Dec 2025
JPY/KES	82.39	83.77	82.31	**1.7%**	0.1%
GBP/KES	173.65	177.42	175.02	**1.4%**	(0.8%)
KES/TZX	19.03	19.72	19.95	**1.2%**	4.8%
EUR/KES	151.43	153.80	152.22	**1.0%**	(0.5%)
KES/UGX	28.06	27.56	27.59	**0.1%**	(1.7%)
USD/KES	129.01	129.03	129.02	**0.0%**	(0.0%)

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

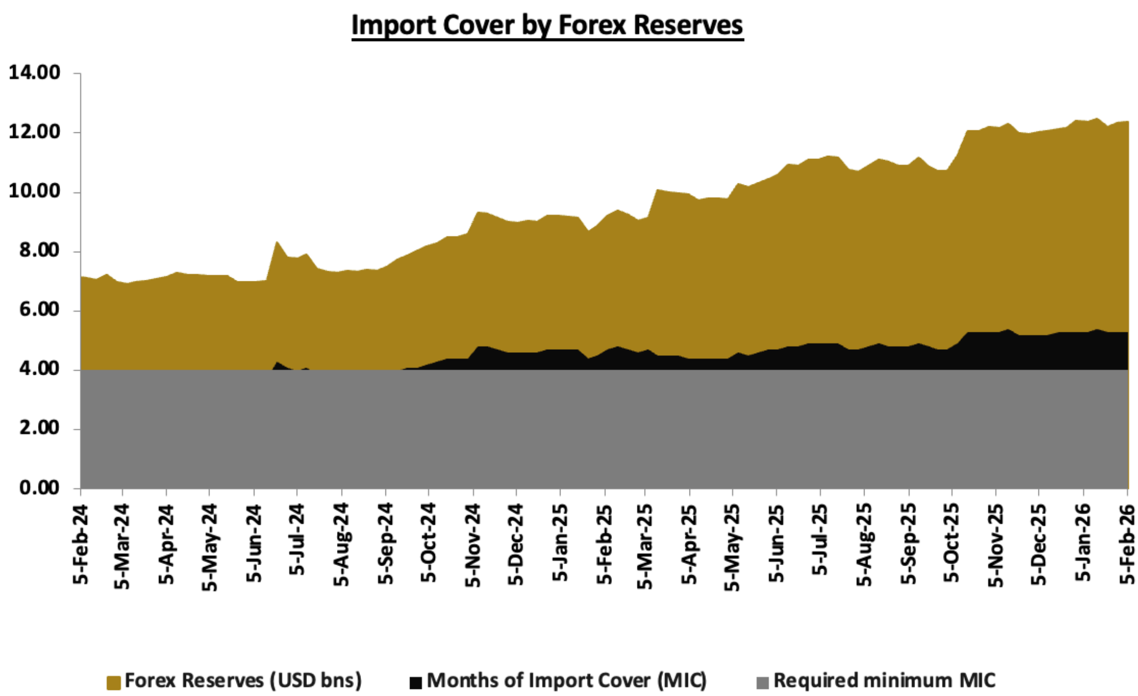
Abb: GBP – British Pound, EUR – Euro, USD – US Dollar, UGX – Ugandan Shilling, TZS – Tanzanian Shilling, JPY – Japanese Yen I FX rate is determined by calculating the weighted average rate of recorded spot trades in the interbank market

See also a visual representation;



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

Kenya's foreign exchange reserves rose to USD 12.39bn (+0.4% w/w), maintaining the import cover at 5.3 months. See the chart below for a visual summary.

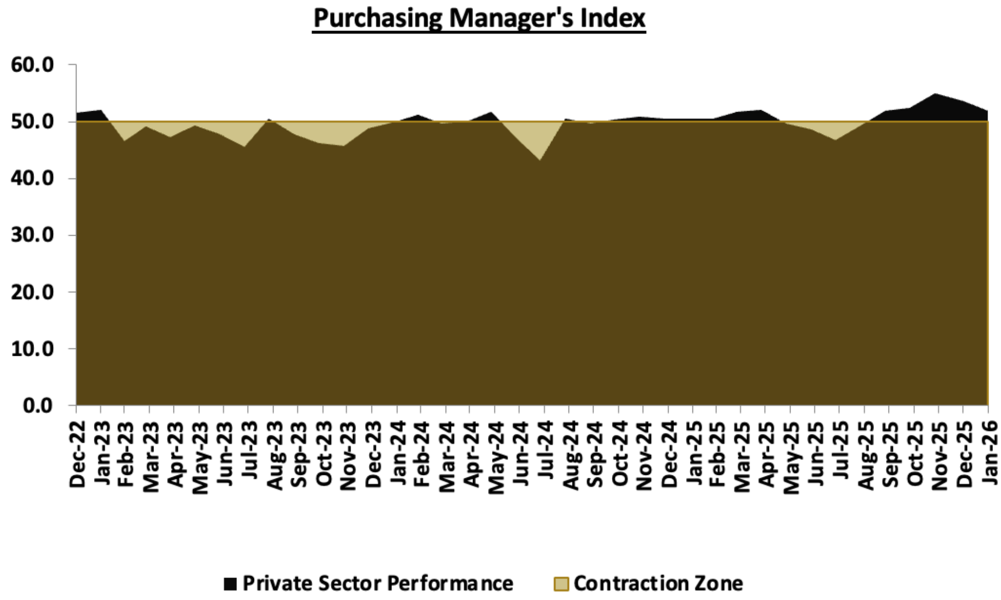


Source: Central Bank of Kenya (CBK), Chart: SIB

THE MACRO WRAP

1. Jan 2026 Stanbic PMI slows to 51.9 from 53.7 in Dec 2025 as momentum decelerates

According to the Purchasing Managers' Index (PMI) survey conducted by Stanbic Bank Kenya, business conditions improved at a slower pace in January 2026, in part due to a hushed uplift in sales. Companies reported a slower increase in employment and purchasing, along with a reduction in backlogs and concerns about excess inputs. **In particular, the index came in at 51.9 – a slight dip from 53.7 recorded in December 2025**, partly squeezed by subdued demand in the construction and wholesale & retail sectors. The PMI has been above 50 for five consecutive months, indicating sustained expansion in private-sector activity, although the momentum has slowed. 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 relative to the previous month, while readings below 50.0 indicate deterioration.*

According to the survey findings, business expansion remained much quicker than the long-run trend, with firms signalling that the rise in outputs was mainly demand-driven. Additionally, firms reported increased customer referrals, higher order books, and new contracts in response to competitive pricing and marketing strategies. While sectoral differences were marked, manufacturing companies most often recorded sales growth. Operationally, companies reduced backlogs at the fastest pace since April 2021 and enjoyed a full year of improving supplier delivery times, pointing to more efficient processes and easing supply bottlenecks. Despite inventories growing at a slower pace and easing purchasing growth, the overall uplift was still robust. Some headwinds persisted in the month, with new order growth decelerating to its weakest in four months, and wholesale & retail firms reporting outright demand declines. Firms scaled back hiring, with operating expenses rising solidly, driven by higher raw material prices, tax charges, import fees, and technology costs. Although output prices increased, markups were only marginal due to market saturation and concerns over slowing growth.

Survey respondents expressed optimism regarding output growth, which has improved to a five-month high. This positive outlook is driven by strong expansion plans and hopes of enhancing their order books through increased marketing, new locations, diversification, and contract bids. In our view, the latest figures reflect a cautiously constructive outlook despite a slight slowdown, as the private sector remains in expansion territory, supported by better credit availability, relatively solid demand, and ongoing gains in supply chain efficiency. However, sectoral weakness in certain sectors (e.g., construction and retail), and persistent input cost pressures imply that the recovery could be uneven and sensitive to shifts in tax policy, import costs, and competitive dynamics. If inflation remains contained, firms may benefit from more stable demand and policy space, but sustaining stronger private sector performance will likely require a broader improvement in domestic demand beyond manufacturing and a vigilant balance between cost containment and investment.

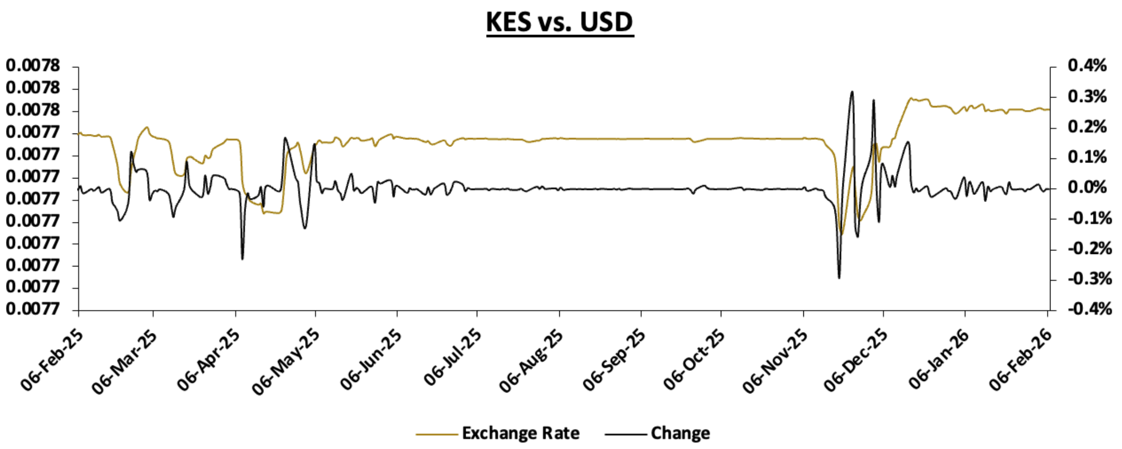
Expected in the week:

i. Central Bank Monetary Policy Committee (MPC) meeting.

ii. February - March 2026 EPRA pump price review.

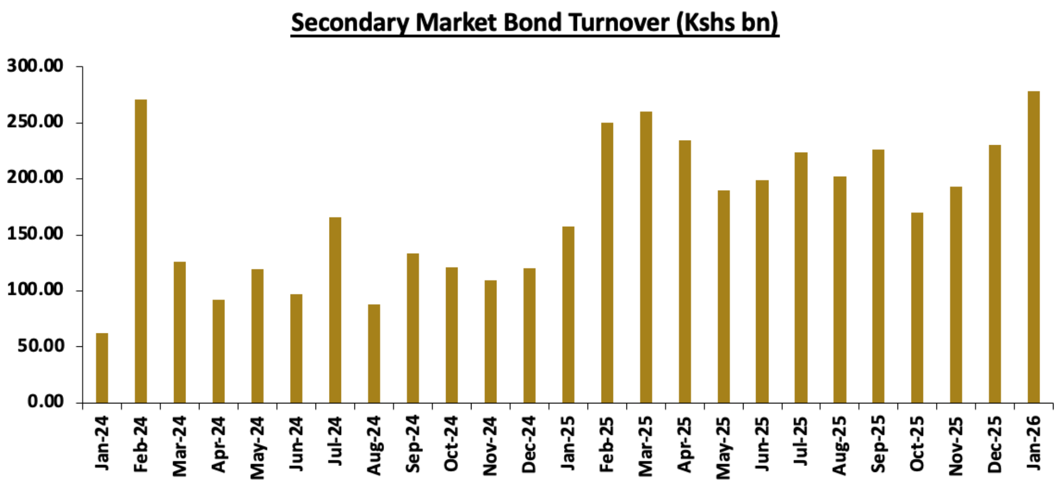
BACKGROUND CHARTS

KES/USD Performance



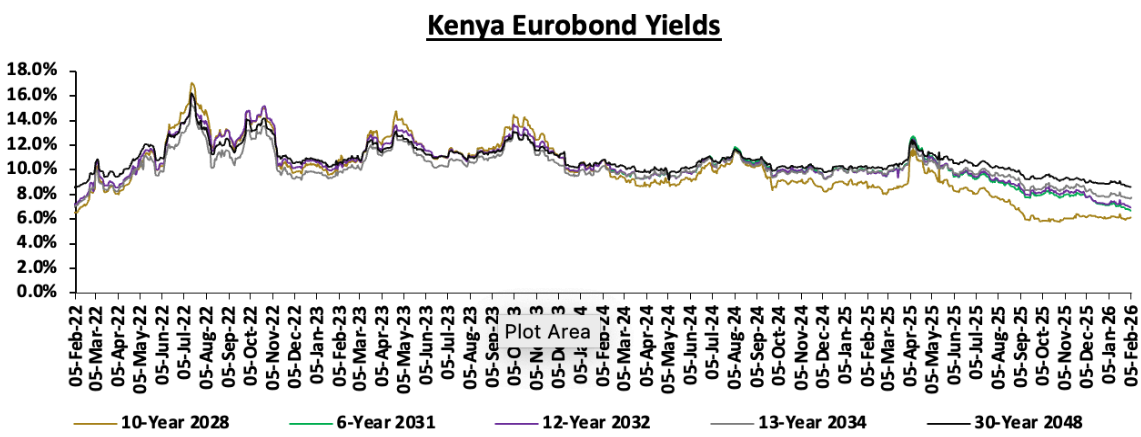
Source: Central Bank of Kenya (CBK)

Bond Turnover



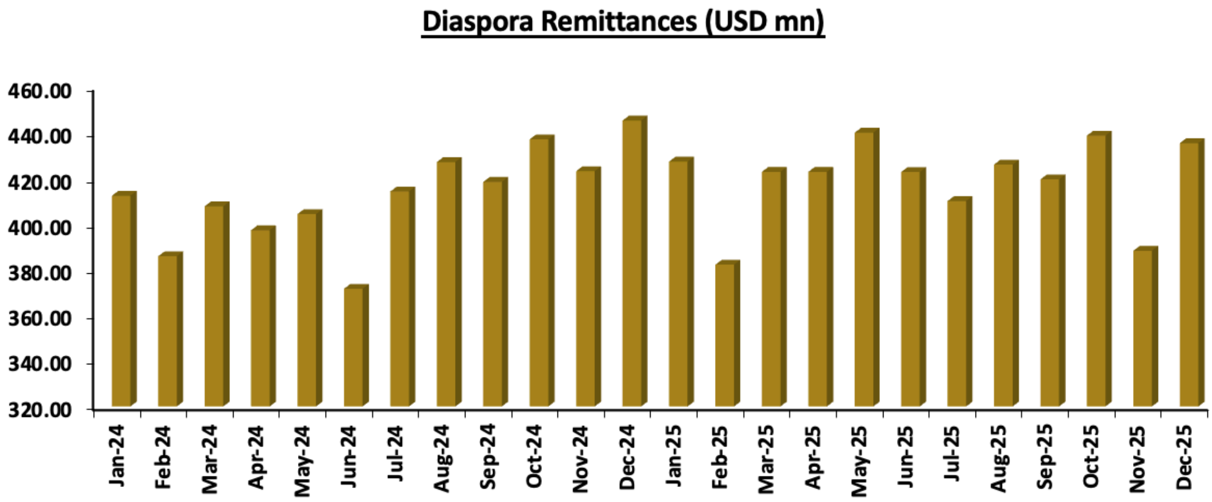
Source: Central Bank of Kenya (CBK)

Kenyan Eurobonds



Source: Central Bank of Kenya (CBK)

Diaspora Remittances



Source: Central Bank of Kenya (CBK)

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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