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364-day T-bill rate falls to
8.34% - lowest since 18th
October 2021

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WEEKLY FIXED INCOME REPORT

*Investors switch KES 18.4bn into longer duration bond
- FXD3/2019/015 - in oversubscribed auction*

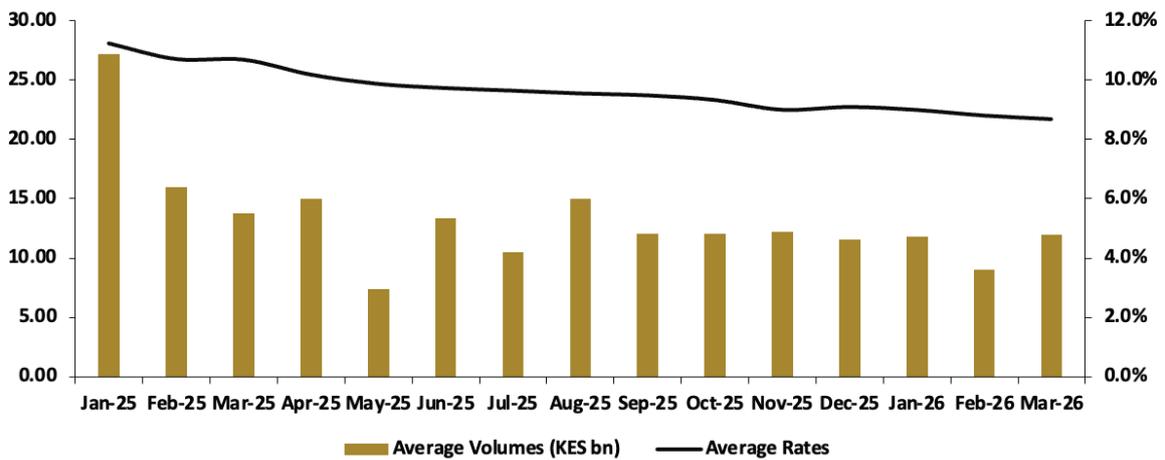
MONEY MARKET STATISTICS

Liquidity conditions remained largely stable in the week, with the Kenya Shilling Overnight Interbank Average (KESONIA) edging higher by 0.83bps w/w to an average of 8.68%. Interbank lending remained largely flat in the week, with average traded volumes at KES 11.96bn (-1.19% w/w). Notably, the average number of interbank deals came in at 24, up 14.29% w/w. Find the summary below:

Average	Previous Week – ended 12th March 2026	Current Week – ended 18th March 2026	w/w change
Interbank Deals	21.00	24.00	+14.29%
Inter-Bank volumes (KES bn)	12.10	11.96	-1.19%
KESONIA (bps)	8.67%	8.68%	+0.83
Window Borrowing Volumes (KES bn)	-	-	n/a

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

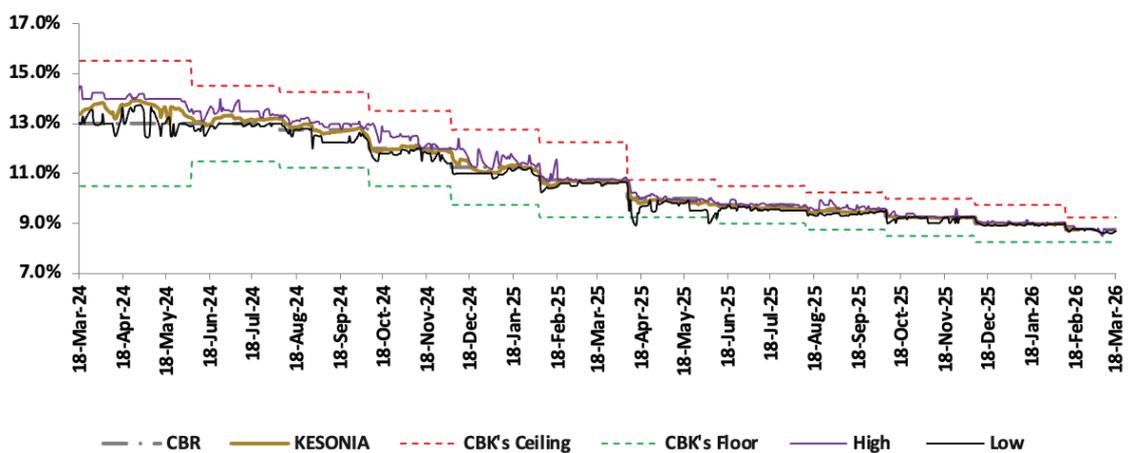
Average Interbank Rates & Volumes



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

The weighted average interbank rate (KESONIA) continues to track the Central Bank Rate (CBR) closely, 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:

This week, demand for Treasury Bills softened, with the overall subscription rate coming in at 146.9% from 182.3% in the previous week. Investors submitted bids totalling KES 35.3bn, of which the fiscal agent accepted 82.5%. This amount was higher than the maturity amounts, resulting in a net borrowing of KES 1.8bn. In absolute terms, the 91-day paper attracted the highest demand, receiving approximately 41.0% of the total submitted bids and a subscription rate of 361.3%, as investors weigh liquidity considerations in light of ongoing geopolitical tensions. The 364-day paper recorded a performance rate of 105.1%, while the 182-day paper reported a subscription rate of 103.0%. Overall, KES 29.1bn was accepted, with the weighted average rate of accepted bids at 7.57% (+0.43bps w/w), 7.84% (-0.58bps w/w), and 8.34%; lowest since 18th October 2021 (-13.6bps w/w) for the 91-day, 182-day, and 364-day papers, respectively. Below is a visual summary;

KES Bn

23-Mar-26	91-day	182-day	364-day	Totals
	22-Jun-26	21-Sept-26	22-Mar-27	
Amount offered	4.00	10.00	10.00	24.00
Bids received	14.45	10.30	10.51	35.26
Subscription rate (%)	361.3%	103.0%	105.1%	146.9%
Amount accepted	13.44	9.84	5.79	29.07
Acceptance rate (%)	93.0%	95.6%	55.1%	82.5%
Of which: Competitive Bids	11.50	6.76	3.36	21.62
Non-competitive bids	1.94	3.08	2.43	7.45
Rollover/Redemptions	3.54	5.79	17.92	27.25
New Borrowing/(Net Repayment)	9.90	4.05	-12.13	1.83
Weighted Average Rate of Accepted Bids	7.57%	7.84%	8.34%	
Inflation	4.3%	4.3%	4.3%	
Real Return	3.3%	3.5%	4.0%	

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

T-Bonds:

In the primary bond market, the CBK accepted bids worth KES 18.4bn from investors who opted to switch from FXD1/2021/005 to a higher-yielding and longer-dated FXD3/2019/015. Investors submitted bids worth KES 22.2bn vs. a target of KES 15.0bn, resulting in a subscription rate of 148.1%. We believe investors took the opportunity to extend the duration of their portfolios (especially fund managers keen to manage their cash flows), thereby locking in the comparatively attractive 12.34% coupon rate on FXD3/2019/015 amid recent rate declines. Furthermore, FXD3/2019/018 offered relatively lower withholding tax requirements (10.0% WHT rate), thereby improving net yield. The auction marked the second switch auction in FY25/26, which is part of the Government's liability management operations that seek to use buybacks and switches to actively manage maturity risk, reduce borrowing costs, and smooth the redemption profile of domestic debt. Find a summary of the performance below:

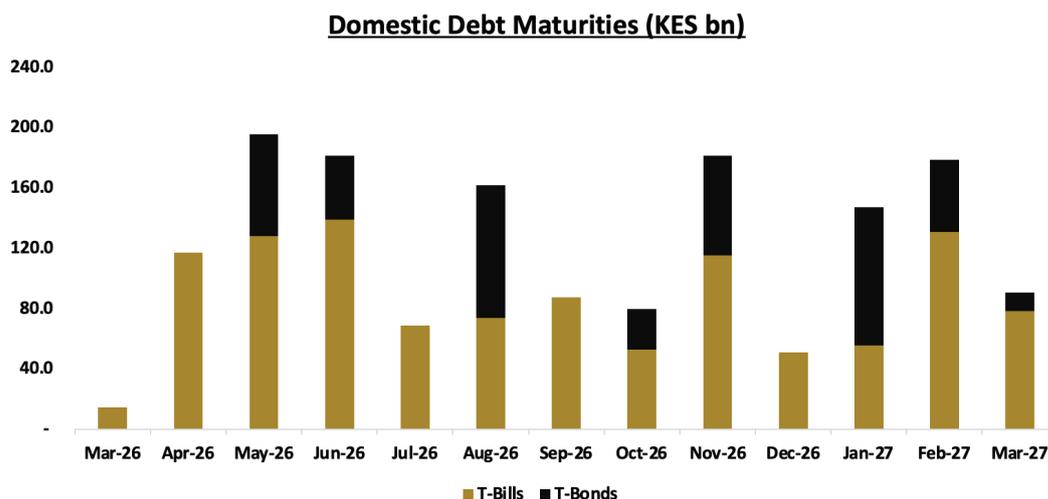
	Source Bond	Destination Bond
Issue Number	FXD1/2021/005	FXD3/2019/015
Effective tenor	0.6 years	11.3 years
Coupon Rates	11.28%	12.34%
Maturity Dates	09/11/2026	10/07/2034
Amount sought – KES Bn	15.0bn	
Amount received – KES Bn	22.2bn	
Amount accepted – KES Bn	18.4bn	
Subscription Rate (%)	148.1%	
Weighted average rate of accepted bids		11.59%
Outstanding amounts – post switch auction – KES Bn	47.7bn	147.5bn

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

Looking at secondary bond market turnover, the quantum rose to KES 83.1bn (+2.7%w/w) from KES 80.9bn in the prior week.

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

As of this week, the Government's outstanding maturities to March 2027 are at c.KES 1,111.96bn in T-Bills and c.KES 442.4bn in T-Bonds. When we factor in coupons, the total maturity profile is c.KES 2.2tn. Notably, the next bond maturity is expected in May 2026 (c.KES 67.3bn). See the chart below;

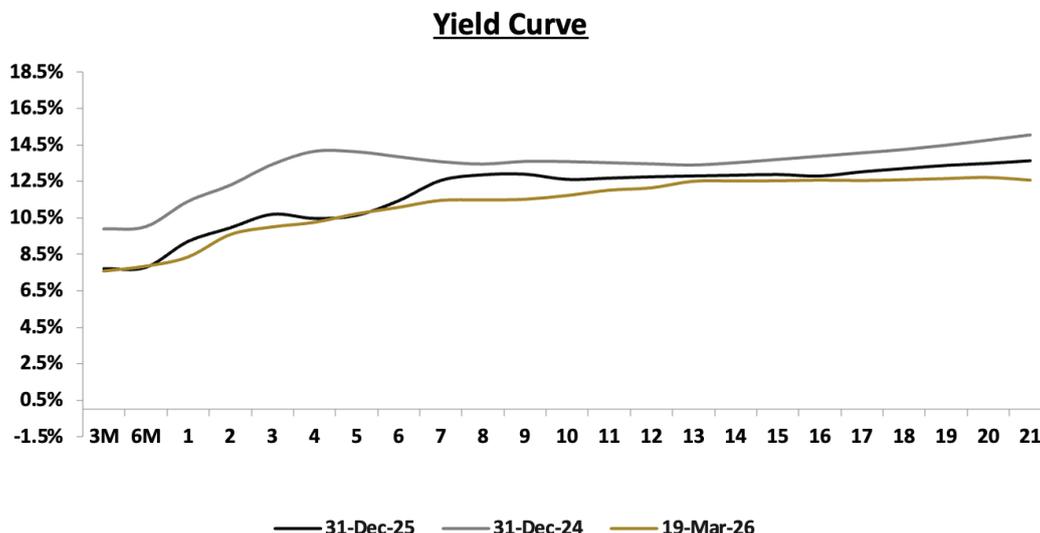


Source: Nairobi Securities Exchange (NSE), Chart: SIB

This week's auction pushed the Government's net domestic borrowing position to KES c.783.49bn, above the prorated target (performance rate of c.167.2%).

Yield Curve:

Local interest rates were largely stable in the week, with average yields on government securities inching lower by 2.5bps w/w, as upticks were partly offset by declines. Below is a visual representation;



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

THE INTERNATIONAL SCENE

Kenyan Eurobonds:

Yields on Kenyan Eurobonds exhibited signs of moderate volatility, with rates increasing by an average of c.9.6bps for the week dated 12th March 2026 to 19th March 2026, partly linked to the ongoing volatility in international markets. 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%
12-Mar-26	6.6%	8.0%	8.0%	8.9%	9.6%
13-Mar-26	6.7%	8.1%	8.0%	9.0%	9.7%
16-Mar-26	6.8%	8.1%	8.1%	9.0%	9.7%
17-Mar-26	6.7%	8.0%	8.0%	8.9%	9.5%
18-Mar-26	6.7%	8.2%	8.2%	9.0%	9.5%
19-Mar-26	6.7%	8.2%	8.2%	9.0%	9.5%
Weekly Change	0.070%	0.210%	0.180%	0.060%	(0.040%)
YTD Change	0.6%	1.1%	1.0%	1.2%	0.7%

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 local unit advanced against the Ugandan Shilling, British Pound, Japanese Yen, and Tanzanian Shilling by 0.45% w/w, 0.29% w/w, 0.17% w/w, and 0.05% w/w, respectively. On the other hand, the Kenyan Shilling depreciated slightly against the US dollar by 0.17%. while remaining flat against the Euro. Data from the Central Bank of Kenya indicates that the U.S. Dollar Index increased by 0.86% over the week, primarily due to escalating geopolitical risks that have driven greater demand for safe-haven assets.

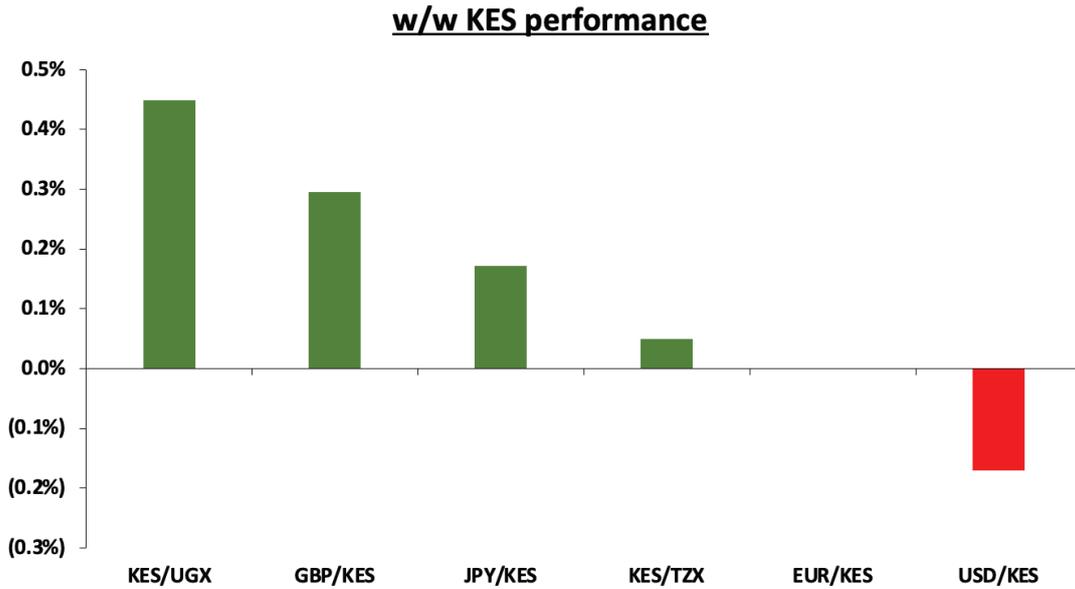
As global market uncertainty continues, the U.S. Federal Reserve and the Bank of Canada kept interest rates unchanged in the week due to ongoing inflation worries. Canada's annual inflation fell to 1.78% in February from 2.29% in January, easing pressures, while Eurozone inflation rose to 1.9% from 1.7%, driven by higher energy and service costs. Additionally, international oil prices stayed high due to the closure of the Strait of Hormuz. Murban crude oil increased to USD 95.91 per barrel on 18/03/2026, up from USD 92.13 per barrel on 12/03/2026. See the table below;

Currencies	31 Dec 2025	Previous Week	Current	w/w Change	YTD change – 31 st Dec 2025
KES/UGX	28.06	28.96	29.09	0.45%	3.67%
GBP/KES	173.65	173.00	172.49	0.29%	0.67%
JPY/KES	82.39	81.34	81.20	0.17%	1.44%
KES/TZX	19.03	20.10	20.11	0.05%	5.68%
EUR/KES	151.43	149.16	149.16	0.00%	1.50%
USD/KES	129.01	129.30	129.52	(0.17%)	(0.40%)

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

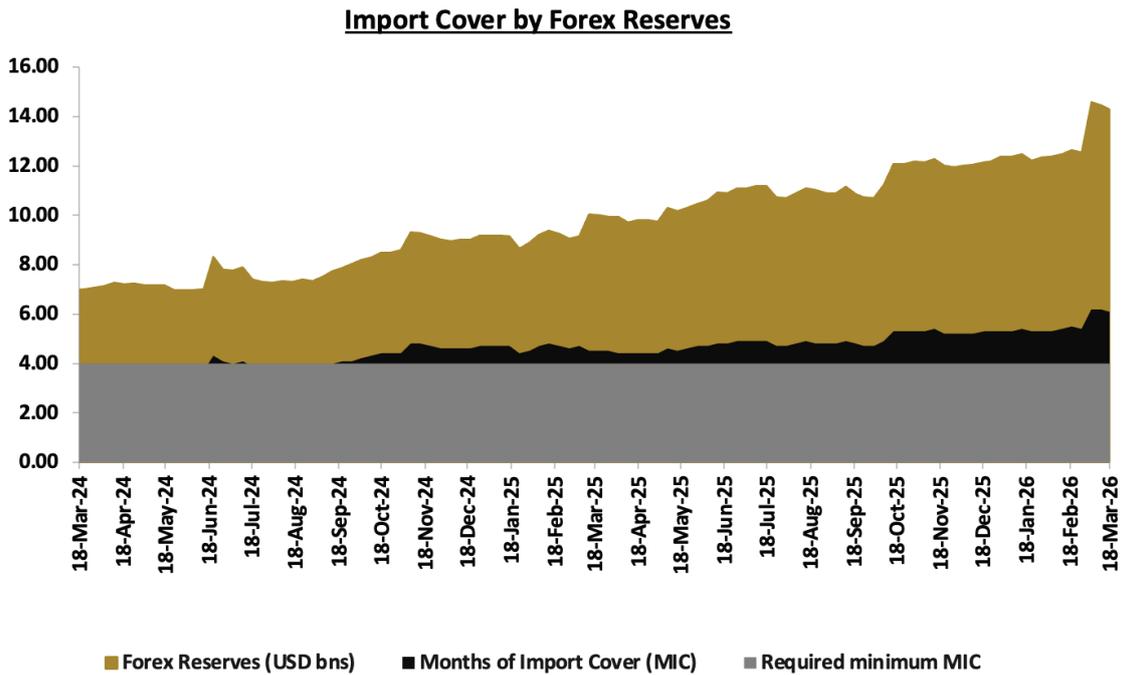
Abb: GBP – British Pound, EUR – Euro, USD – US Dollar, UGX – Ugandan Shilling, TZS – Tanzanian Shilling, JPY – Japanese Yen | FX rate is determined by calculating the weighted average rate of recorded spot trades in the interbank market

See also a visual representation;



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

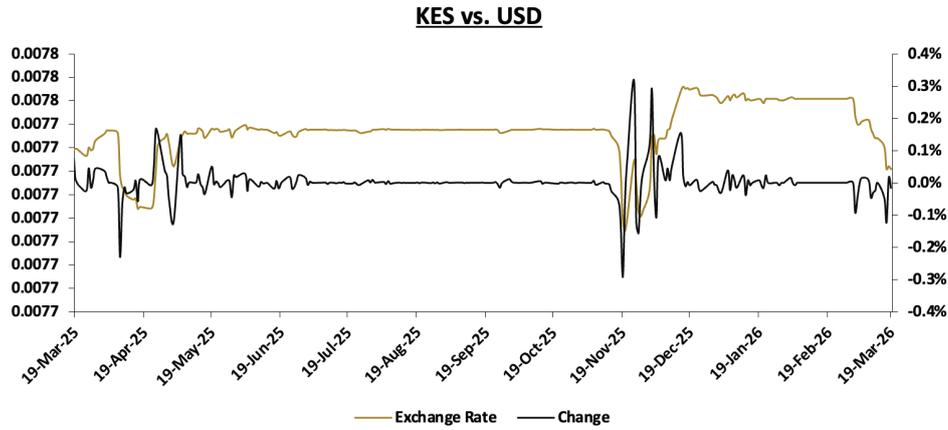
Kenya's foreign exchange eased slightly to USD 14.29bn (-1.2% w/w), maintaining the import cover at 6.1 months. See the chart below for a visual summary.



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

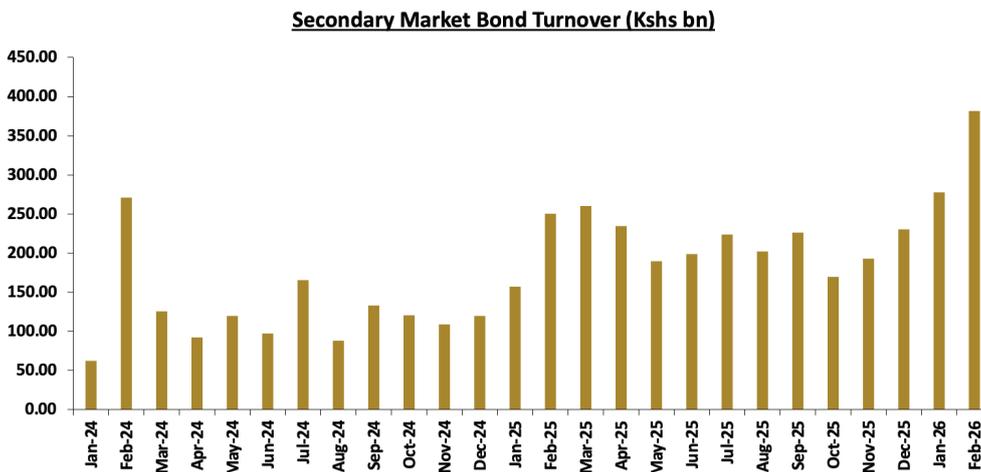
BACKGROUND CHARTS

KES/USD Performance



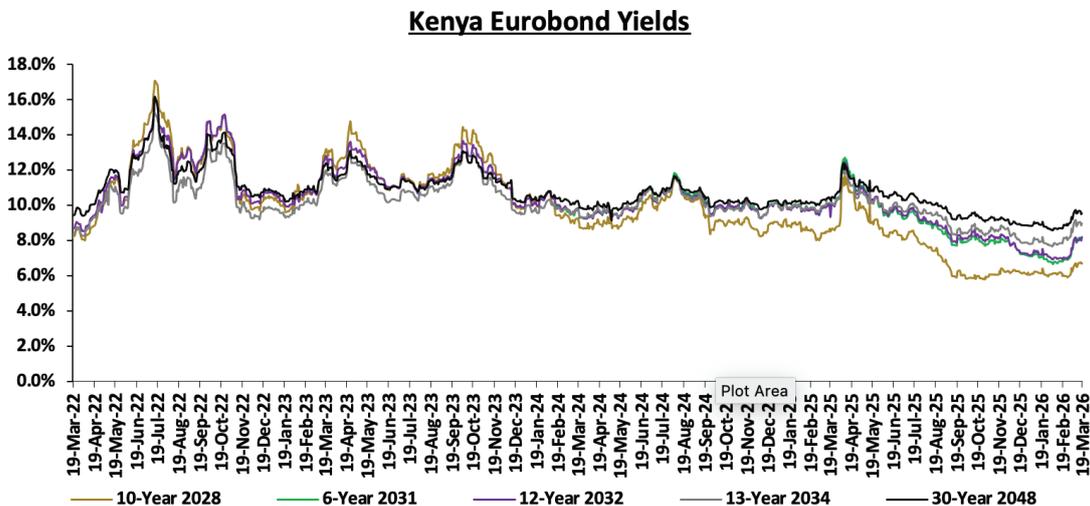
Source: Central Bank of Kenya (CBK)

Bond Turnover



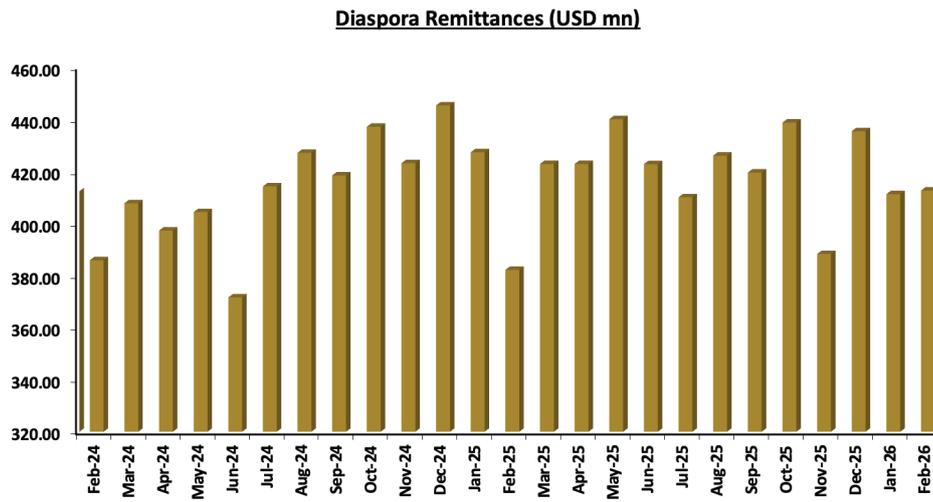
Source: Central Bank of Kenya (CBK)

Kenyan Eurobonds



Source: Central Bank of Kenya (CBK)

Diaspora Remittances



Source: Central Bank of Kenya (CBK)

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