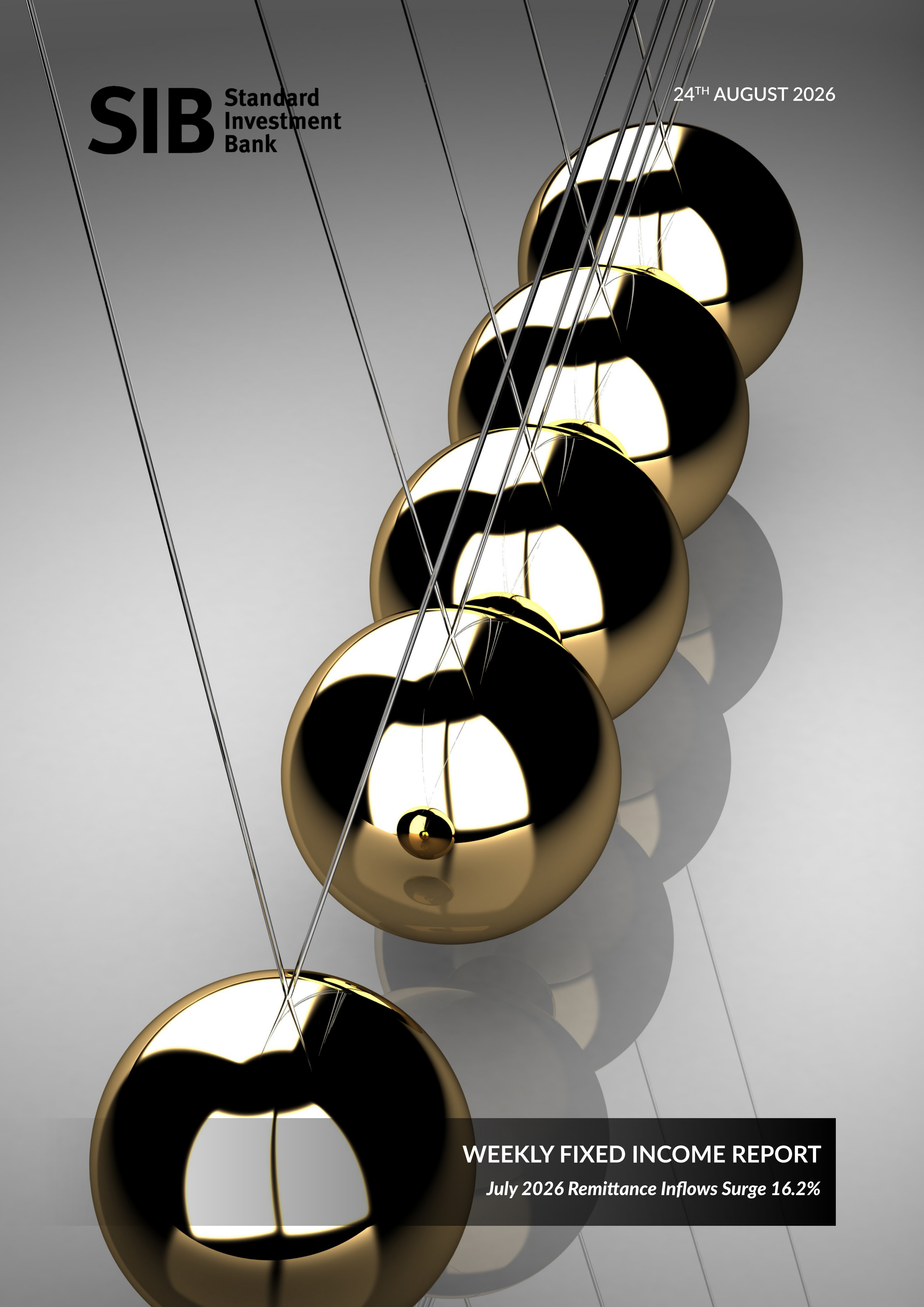
Standard Investment Bank

24TH AUGUST 2026



# WEEKLY FIXED INCOME REPORT

*July 2026 Remittance Inflows Surge 16.2%*

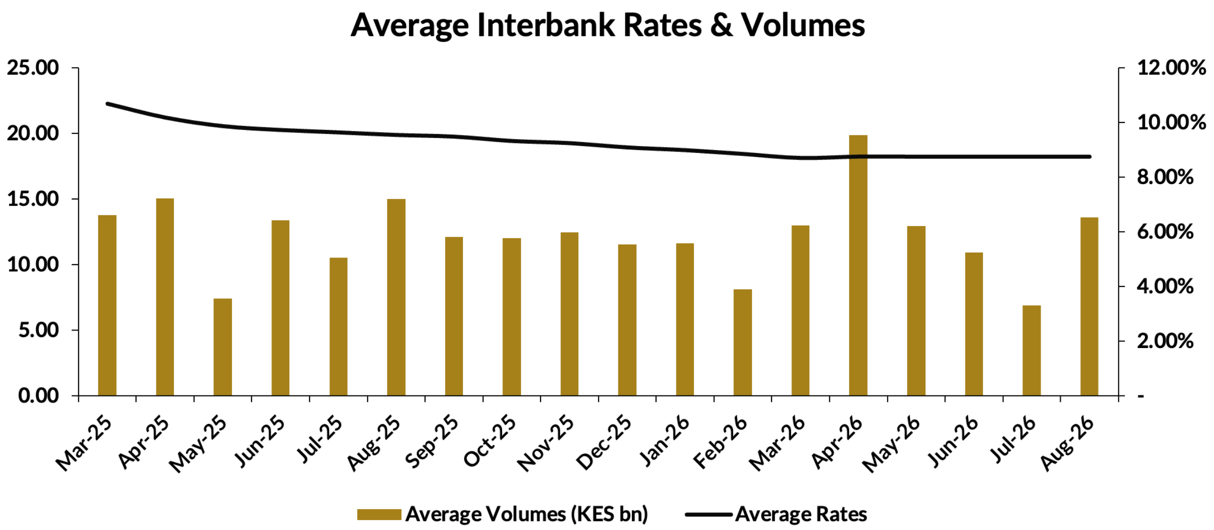
# MONEY MARKET STATISTICS

Liquidity conditions remained stable in the week, with the Kenya Shilling Overnight Interbank Average (KESONIA) closing at an average of 8.75%. Interbank lending decreased by 6% in the week, with average traded volumes coming in at KES 18Bn from last week's KES 19Bn. Notably, the interbank deals decreased by 6% to close the week at 23, compared to the 25 recorded in the previous week.

Find the summary below:

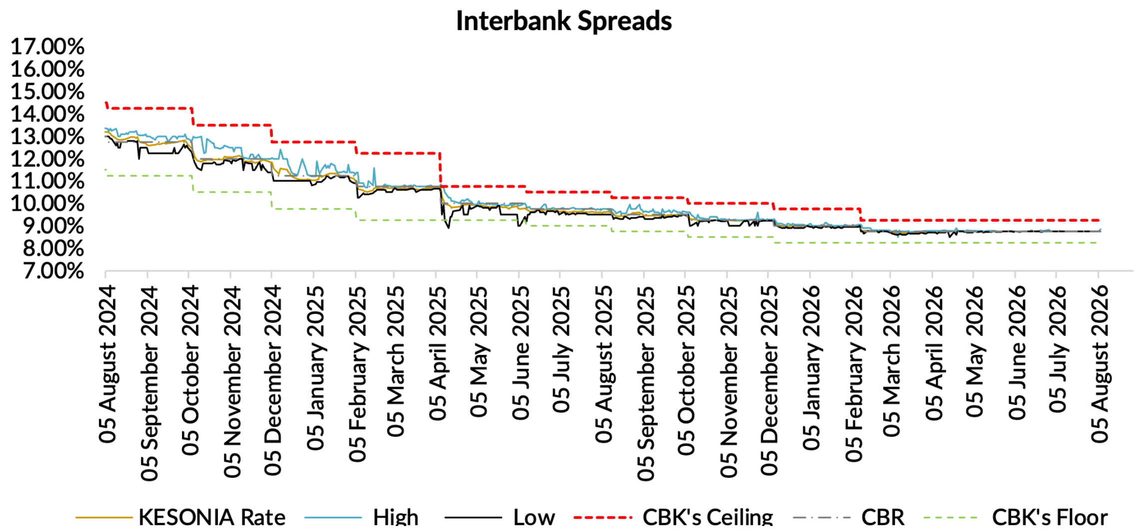
| Average | Previous Week - 13th August | Current Week - ended 20th August 2026 | Change |
|---|---|---|---|
| Interbank Deals (Total) | 25.00 | 23.00 | (8.00%) |
| Inter- Bank volumes (KES bn) | 18.80 | 17.65 | (6.14%) |
| KESONIA (bps) | 8.75% | 8.75% | 0.00 |

*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:

Treasury Bill demand remained steady this week, with Investors submitting bids totalling KES 71.65Bn, of which the fiscal agent accepted KES 57.63Bn resulting in the subscription rate of 80% and a performance rate of 256% lower than the subscription rate of 91%, recorded the previous week.

The 91-day Treasury Bill remained the most attractive debt instrument, registering a staggering performance rate of 471%. The auction received KES 38Bn in bids compared to the KES 8.0Bn on offer.

Below is a visual summary;

*KES Bn*

| 23-Aug-26 | 91-day | 182-day | 364-day | Totals |
|---|---|---|---|---|
| | 22-Nov-26 | 21-Feb-27 | 22-Aug-27 | |
| Amount offered | 8.00 | 10.00 | 10.00 | 28.00 |
| Bids received | 37,674.42 | 18,571.64 | 15,405.95 | 71,652.01 |
| Bids Accepted | 32,439.12 | 9,784.11 | 15,405.95 | 57,629.18 |
| **Subscription rate (%)** | **86.10%** | **52.68%** | **100.00%** | **80.43%** |
| **Performance rate (%)** | **470.93%** | **185.72%** | **154.06%** | **255.90%** |
| Rollover/Redemptions | 12,164.50 | 11,675.00 | 8,034.65 | 31,874.15 |
| **New Borrowing/(Net Repayment)** | **20,274.62** | **-1,890.89** | **7,371.30** | **25,755.03** |
| Weighted Average Rate of Accepted Bids | 8.77% | 8.95% | 9.04% | |
| Inflation | 6.5% | 6.5% | 6.5% | |
| **Real Return** | **2.3%** | **2.4%** | **2.5%** | |

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

## T-Bonds CBK Deploys Sixth 2026 Switch to Extend Maturity Profile

The Central Bank of Kenya (CBK) has initiated a voluntary KES 15Bn debt switch auction—marking its third Treasury bill-to-bond switch on record and sixth overall switch in 2026—signalling a strategic pivot toward using liability management tools as active domestic debt management instruments.

The operation allows investors to convert three short-term Treasury bills maturing concurrently on 7 September 2026 (91-day #2685/091, 182-day #2646/182, and 364-day #2574/364) alongside a 2027 paper (FXD1/2012/015, 11.00% coupon) into FXD4/2019/010, a 12.28% coupon bond maturing on 12 November 2029.

By targeting 22.4% of the KES 67.07Bn originally accepted across the three source bills—which initially saw massive investor demand, including an 820.68% performance rate on the 91-day paper—the National Treasury aims to push immediate refinancing pressure out by over three years. With settlement set for 26 August 2026, just 12 days ahead of the concentrated bill maturity wall, the switch effectively extends government debt duration while replacing short-dated weighted average yields of ~8.68% with a long-term fixed obligation

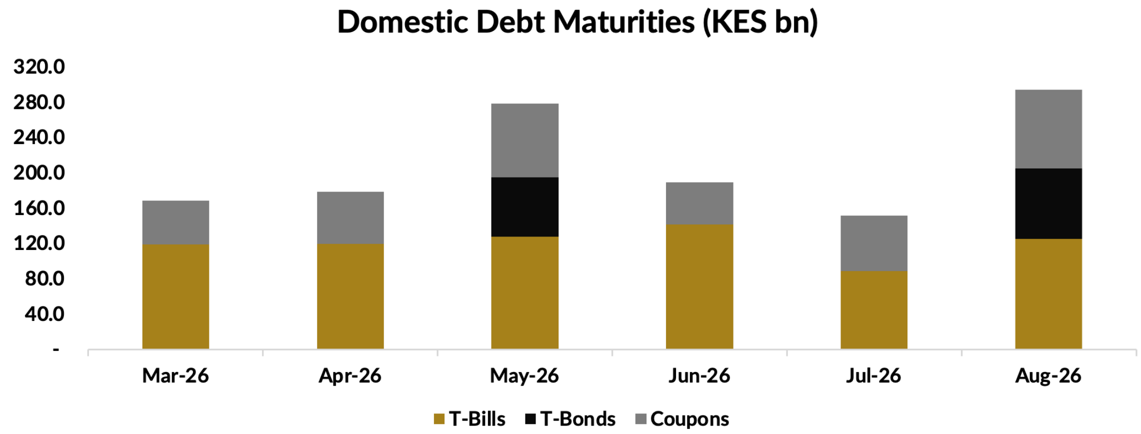
| | SWITCH OFFER | T-Bills. | | | |
|---|---|---|---|---|---|
| Issue | FXD1/2012/15 - Source Bond | 2685/091 | 2464/182 | 2574/364 | FXD4/2019/010- Destination Bond |
| Tenor to Maturity | 1.03 Yrs | 0.03 Yrs | 0.03 Yrs | 0.03 Yrs | 3.23 Yrs |
| Coupon Rate | **11.00%** | **0.00%** | **0.00%** | **0.00%** | **12.28%** |
| **Offered Amount** | **KES 15Bn** | | | | |
| Period of Sale | 30th July 2026 to 24th August 2026 | | | | |
| Value Date | 24th August 2026 | | | | |
| Minimum Bidding Amount | KES 50,000.00 | | | | |
| **Taxation** | **10.00%** | | | | |

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

Looking at secondary bond market turnover, the quantum increased to KES 122Bn (+146%w/w) from KES 50Bn in the prior week. Month on Month, bond turnover decreased by 17.73% to KES 202Bn in July from KES 246Bn in June 2026.

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

Total domestic debt maturities in August 2026 are at KES 294Bn compared to KES 152Bn in July 2026. See the chart below;



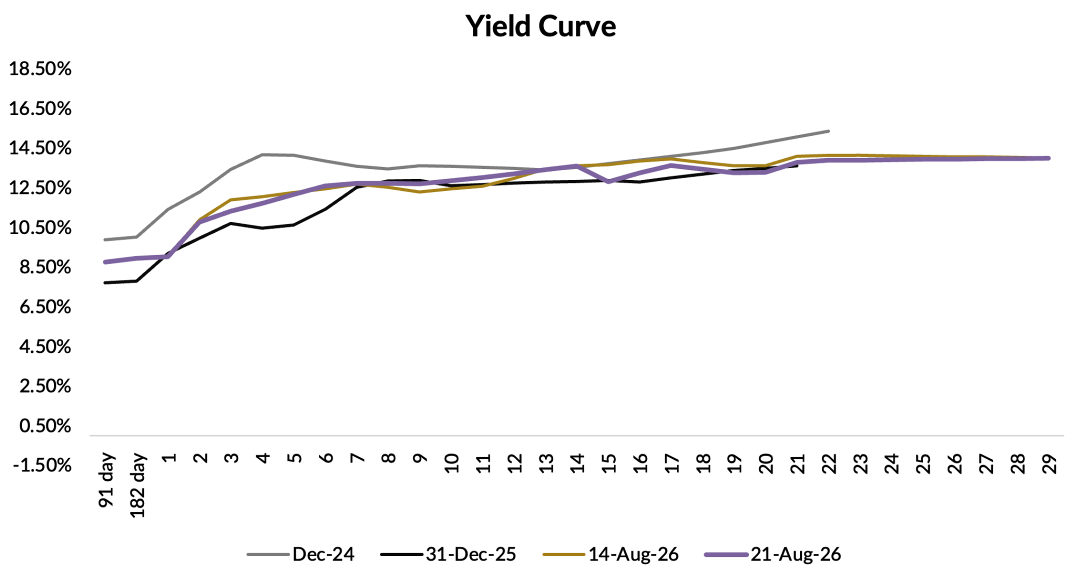

*Source: Nairobi Securities Exchange (NSE), Chart: SIB*

## Yield Curve

Local interest rates were largely stable during the week, with average government securities yields inching slightly lower by c.0.0115% w/w.

With the government expected to lean heavily on the domestic market to plug its budget deficits, borrowing demands will stay high, keeping consistent upward pressure on local yields over the medium term despite high liquidity conditions.

Below is a visual representation;




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

# THE INTERNATIONAL SCENE

### Weekly Insight: Cooling US Inflation, Dollar Weakness, and Rising Oil Shapes Global Markets

Global macroeconomic conditions were defined by a shift toward softer U.S. economic metrics alongside cautious central bank positioning. U.S. headline CPI eased slightly to 3.4% year-on-year (0.1% month-on-month), while wholesale inflation via the PPI registered cooler-than-expected gains. Concurrently, U.S. retail sales declined 0.6% in July—marking the first monthly contraction in nine months—suggesting consumer spending momentum is slowing. These softer prints, paired with the release of the latest Federal Reserve meeting minutes, led money markets to increase the implied probability of a Fed interest rate hold to ~69%, reducing short-term expectations for further rate hikes.

### Geopolitical Friction & Commodity Supply Pressures

Geopolitical developments in the Middle East continued to generate systemic risk premiums across energy and bulk commodity channels. A resurgence in maritime security concerns—marked by tanker incidents near the Strait of Hormuz and stalled bilateral diplomatic talks—restricted commercial vessel passage and inflated shipping transit insurance. The renewed geopolitical friction pushed crude benchmarks sharply higher, with UK Brent Crude surging 7.5% to $88.46 per barrel and U.S. WTI Crude rising 6.7% to $82.34 per barrel. Meanwhile, persistent safe-haven demand lifted spot Gold above $4,400 per ounce.

### Foreign Exchange Dynamics & Dollar Weakness

Foreign exchange markets were characterized by broad-based U.S. Dollar weakness following the cooler macroeconomic releases. The EUR/USD pair rallied to multi-month highs near 1.1585–1.1600, while the GBP/USD pair advanced toward 1.3560, supported by solid UK GDP growth data of 0.4% quarter-on-quarter. Meanwhile, the USD/JPY exchange rate consolidated around the 158.90–159.00 corridor, with the Yen stabilizing following the prior week's official currency interventions as the market turned its focus toward upcoming central bank commentary.

## Kenyan Eurobonds

Yields on Kenyan Eurobonds exhibited signs of volatility, with rates decreasing by an average of c.0.075% for the week dated 14th August 2026 to 20th August 2026, partly linked to the ongoing volatility in international markets. The table below summarizes the performance across maturities:

| | KENINT 02/28/2028 | KENINT 02/16/2031 | KENINT 05/22/2032 | KENINT 01/23/2034 | KENINT 02/28/2048 |
|---|---|---|---|---|---|
| Issuance | 10-Year 2028 | 6-Year 2031 | 12-Year 2032 | 13-Year 2034 | 30-Year 2048 |
| Maturity Date | 28-Feb-28 | 16-Feb-31 | 22-May-32 | 1-Jun-34 | 28-Feb-48 |
| Tenor to Maturity | 1.6 | 4.6 | 5.8 | 7.9 | 21.6 |
| 31-Dec-25 | 6.0% | 7.1% | 7.2% | 7.8% | 9.3% |
| 14-Aug-26 | 6.6% | 7.3% | 7.5% | 8.0% | 8.9% |
| 17-Aug-26 | 6.6% | 7.4% | 7.6% | 8.0% | 9.0% |
| 18-Aug-26 | 6.7% | 7.4% | 7.6% | 8.1% | 9.0% |
| 19-Aug-26 | 6.6% | 7.4% | 7.5% | 8.0% | 9.0% |
| 20-Aug-26 | 6.6% | 7.4% | 7.6% | 8.1% | 9.0% |
| Weekly Change | 0.055% | (0.106%) | (0.066%) | (0.127%) | (0.130%) |
| YTD Change | 0.5% | 0.3% | 0.4% | 0.3% | (0.2%) |

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

## Currency Performance

The Kenyan Shilling displayed mixed week-over-week (w/w) performance against major global and regional currencies. Against global majors, the Shilling weakened against most counters, depreciating by (1.4%) against the Euro (EUR/KES), (1.2%) against the British Pound (GBP/KES), (0.5%) against the Japanese Yen (JPY/KES), and (0.2%) against the U.S. Dollar (USD/KES). Regionally, performance was similarly mixed: the Shilling gained 0.1% against the Tanzanian Shilling (KES/TZX), while weakening slightly by (0.1%) against the Ugandan Shilling (KES/UGX).

The U.S. Dollar index weakened by 0.4% during the week.

Murban crude oil prices increased to USD 79.29 per barrel on August 13, up from USD 72.54 per barrel on August 6, driven by heightened uncertainties arising from the conflict in the Middle East during the week. Spot gold prices increased to USD 4,350.16 per ounce from USD 4,239.23 per ounce in the previous week.

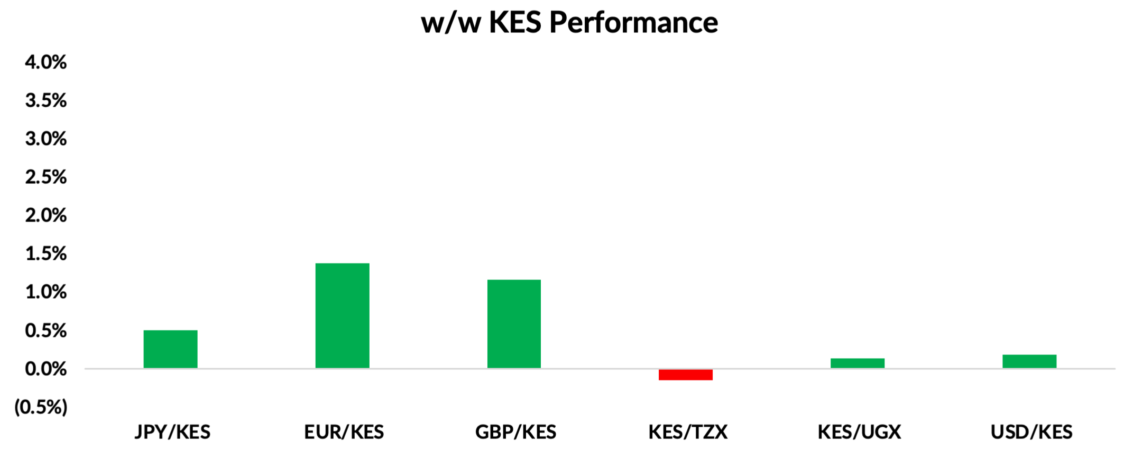
See the table below;

| Currencies | 31 Dec 2025 (vs KES) | Previous | Current | w/w Change | YTD change |
|---|---|---|---|---|---|
| GBP/KES | 173.65 | 174.45 | 176.48 | 1.2% | 1.6% |
| EUR/KES | 151.43 | 149.15 | 151.20 | 1.4% | (0.1%) |
| KES/TZX | 19.03 | 20.46 | 20.43 | (0.1%) | 7.4% |
| KES/UGX | 28.06 | 28.70 | 28.74 | 0.1% | 2.4% |
| JPY/KES | 82.39 | 81.12 | 81.53 | 0.5% | (1.0%) |
| USD/KES | 129.01 | 129.23 | 129.47 | 0.2% | 0.4% |

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

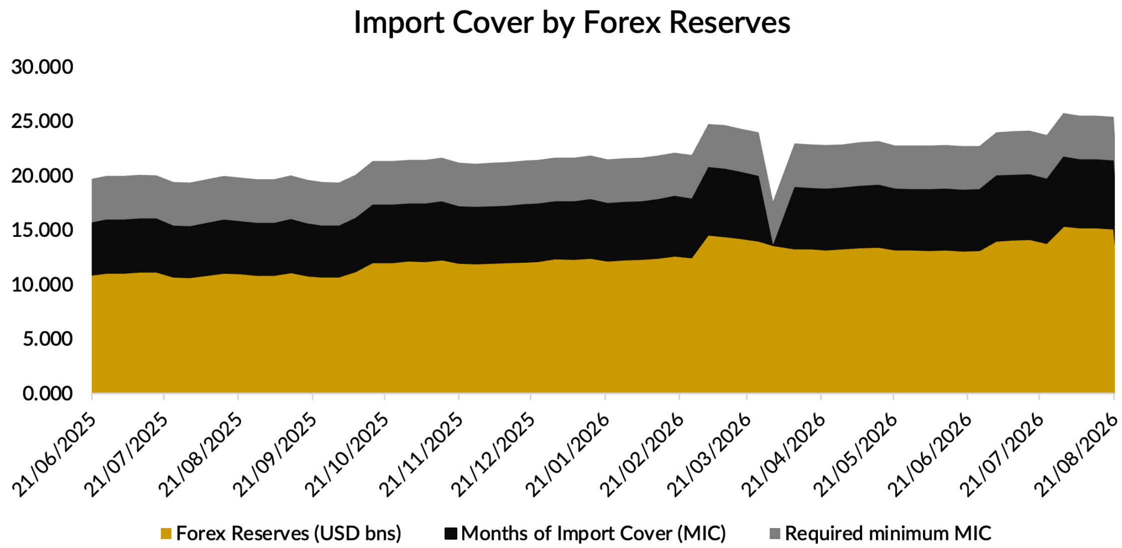
*Abb: GBP – British Pound, EUR – Euro, USD – US Dollar, UGX – Ugandan Shilling, TZS – Tanzanian Shilling, JPY – Japanese Yen I FX rate is determined by calculating the weighted average rate of recorded spot trades in the interbank market*

See also a visual representation;




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

Kenya's foreign exchange reserves decreased by -0.6% to close at USD 15.16bn, with import cover closing at 6.3 months. See the chart below for a visual summary.

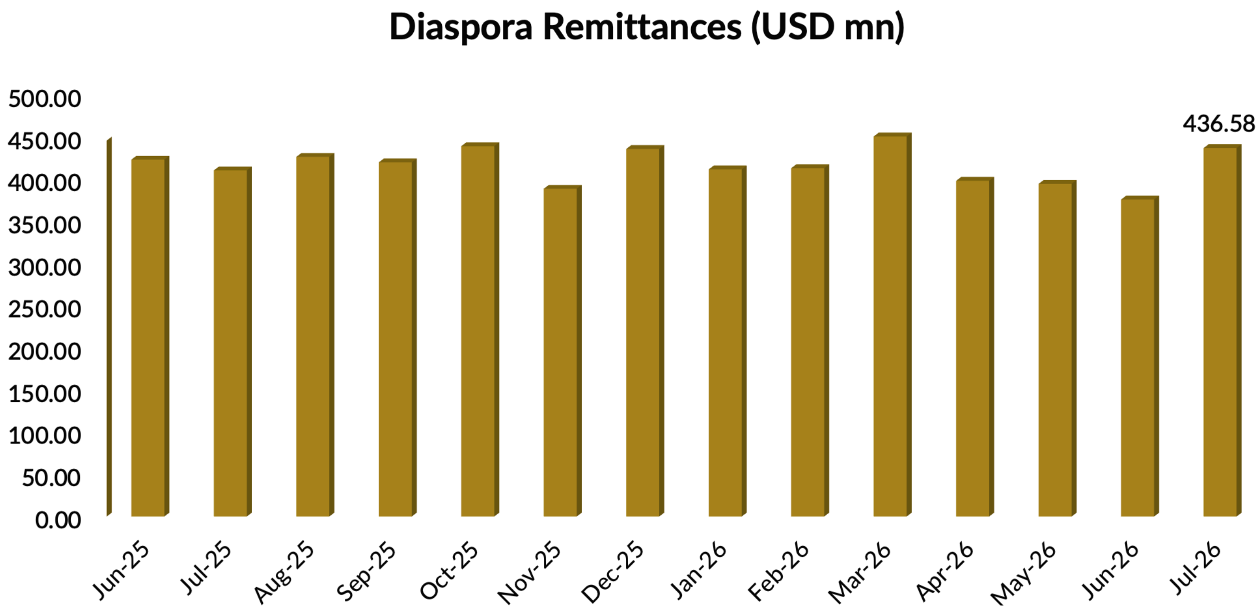



*Source: Central Bank of Kenya (CBK), Chart: SIB*

## July 2026 Remittance Inflows Surge 16.2%

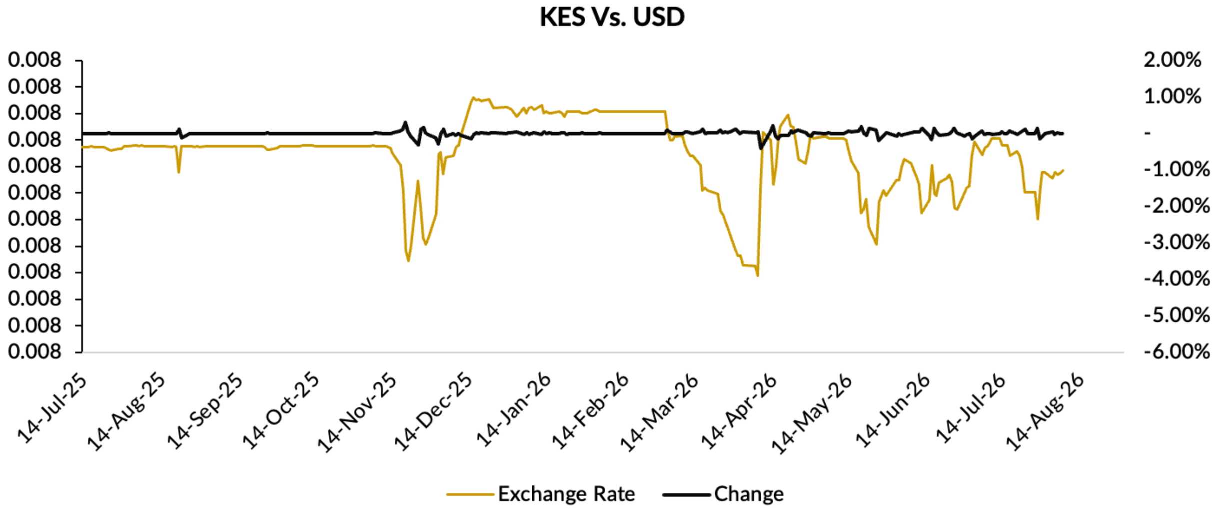
Diaspora remittance inflows to Kenya experienced a sharp rebound in July 2026, reaching USD 437Mn—a 16.2% month-on-month increase from the USD 376Mn recorded in June 2026. This significant expansion was driven by stronger inflows originating from major source markets.

Despite this monthly surge, 12-month cumulative inflows through July 2026 edged down by 1.8% to USD 4,987Mn, compared to USD 5,080Mn over the same period in 2025. Nevertheless, diaspora remittances continue to serve as a vital source of foreign exchange for the country, providing critical support to Kenya's balance of payments and broader currency stability.



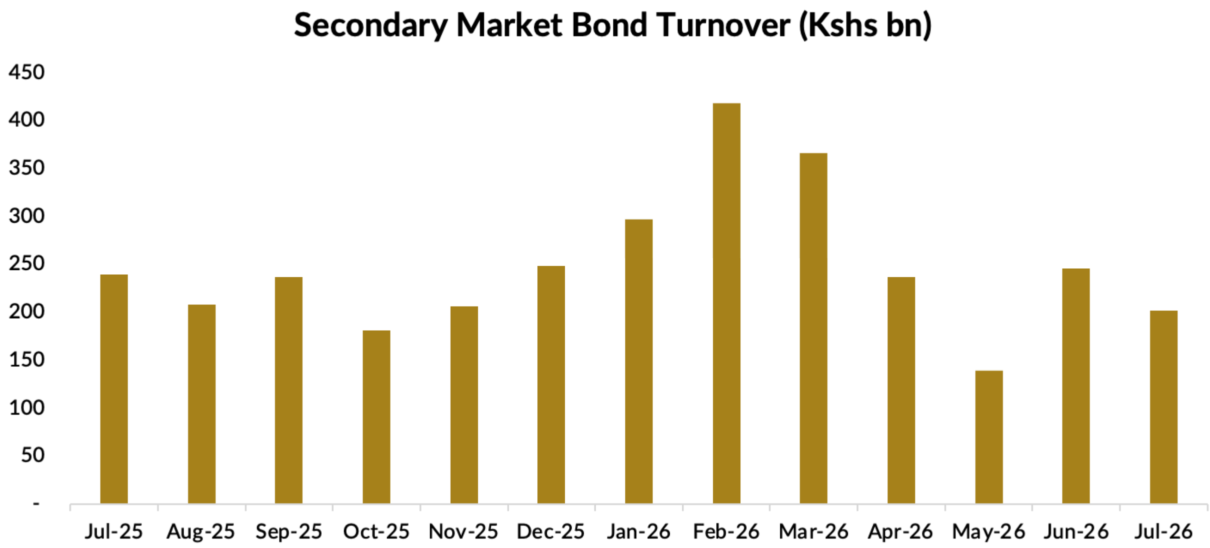
# BACKGROUND CHARTS

## KES/USD Performance



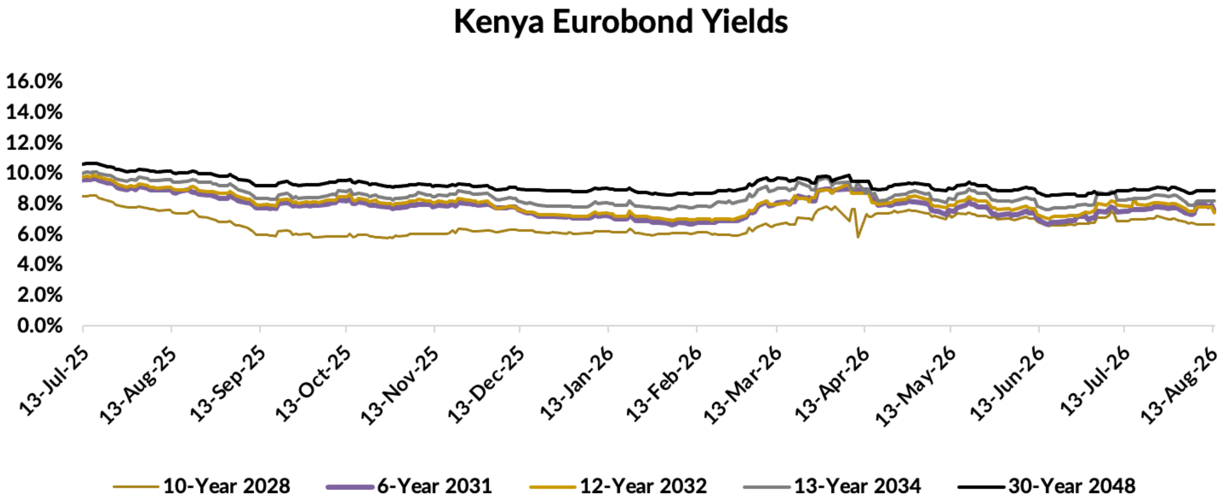

*Source: Central Bank of Kenya (CBK)*

## Bond Turnover

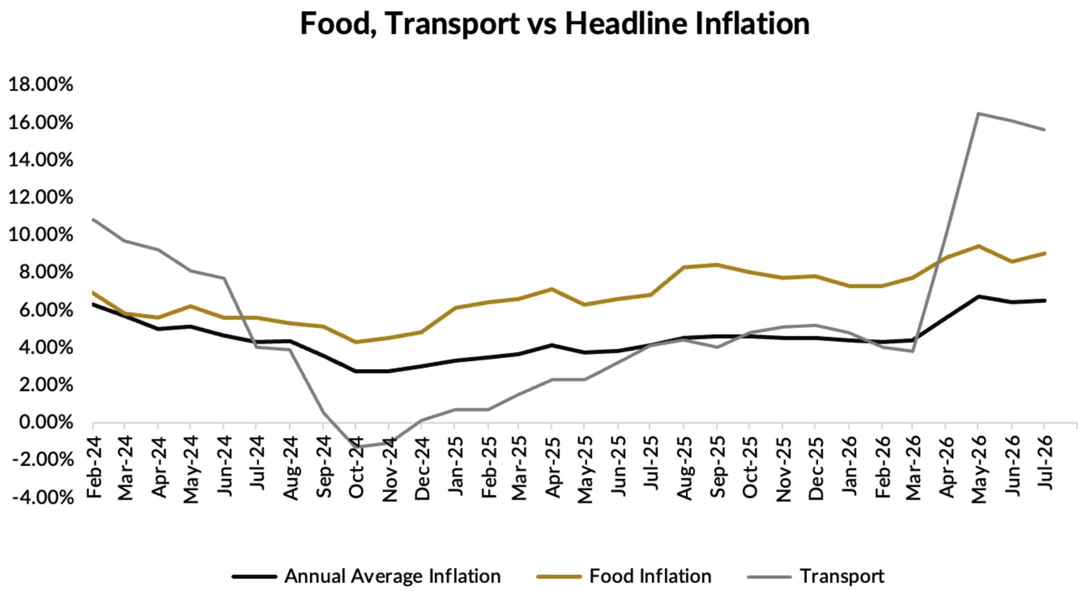



*Source: Central Bank of Kenya (CBK)*

## Kenyan Eurobonds




*Source: Central Bank of Kenya (CBK)*




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

# 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

Anjali Patel
apatel@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

Robin Mathenge
rmathenge@sib.co.ke

### Corporate Finance

Job Kihumba
jkihumba@sib.co.ke

Fred Opondo
fopondo@sib.co.ke

Lorna Wambui
wndungi@sib.co.ke

### Marketing & Communications

Victor Ooko
communications@sib.co.ke

Client Services
clientservice@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 20 227 7000, +254 20 227 7100

Email: clientservices@sib.co.ke