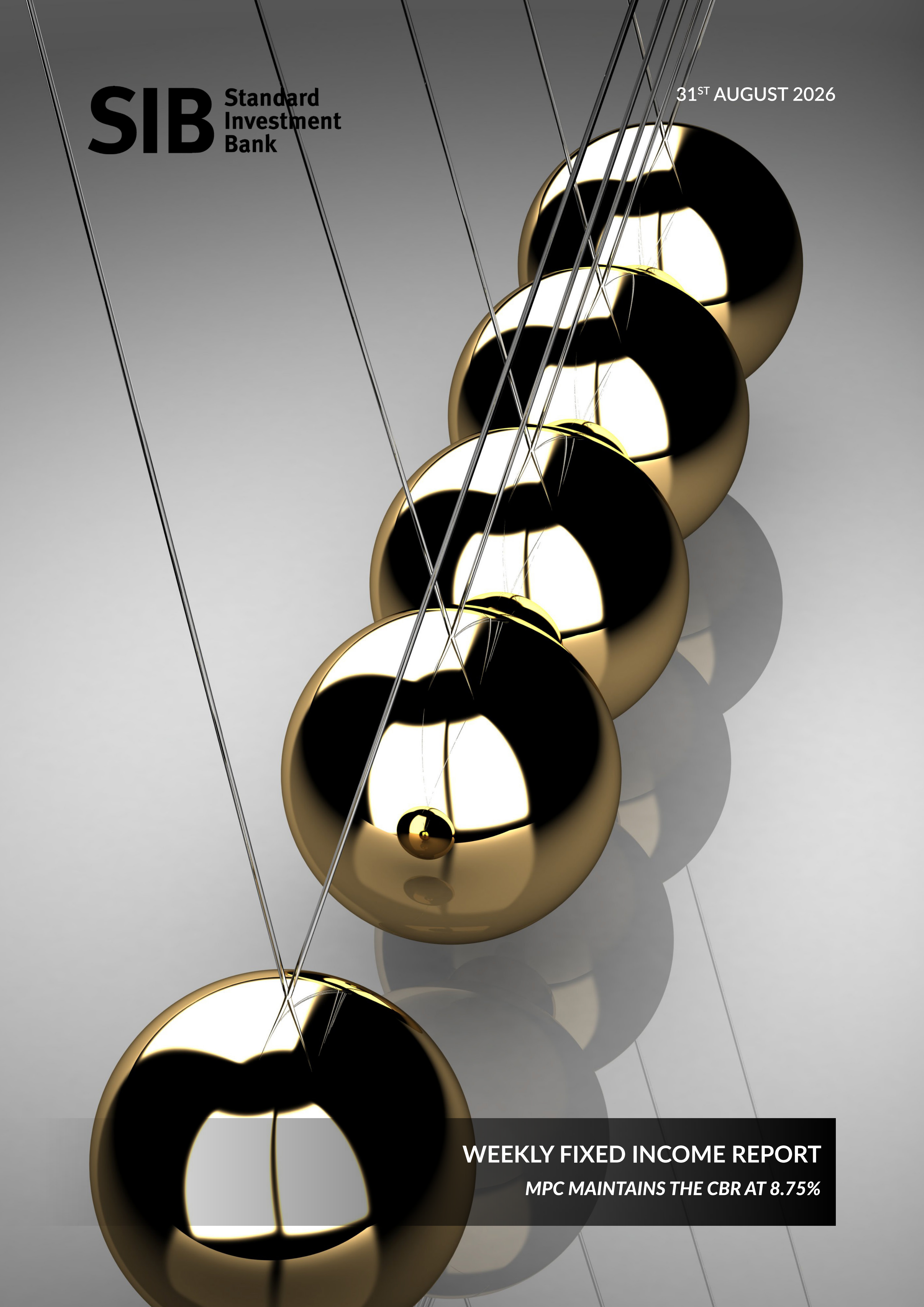
Standard Investment Bank

31ST AUGUST 2026



WEEKLY FIXED INCOME REPORT

MPC MAINTAINS THE CBR AT 8.75%

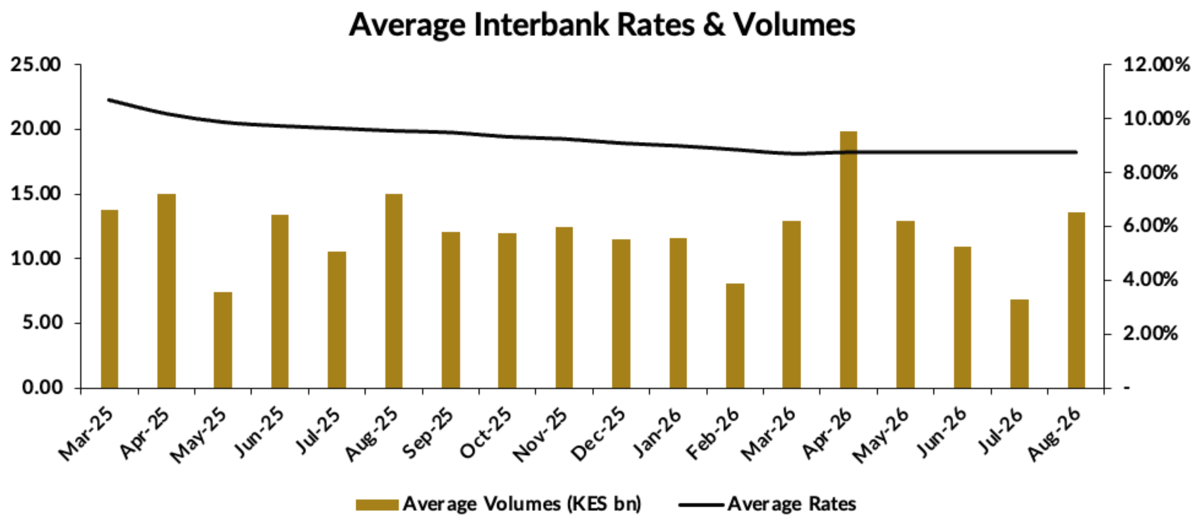
MONEY MARKET STATISTICS

Liquidity conditions remained stable in the week, with the Kenya Shilling Overnight Interbank Average (KESONIA) closing at an average of 8.75%. Interbank lending increased by 8% in the week, with average traded volumes coming in at KES 19.10Bn from last week's KES 17.65Bn. Notably, the interbank deals increased by 13% to close the week at 26, compared to the 23 recorded in the previous week.

Find the summary below:

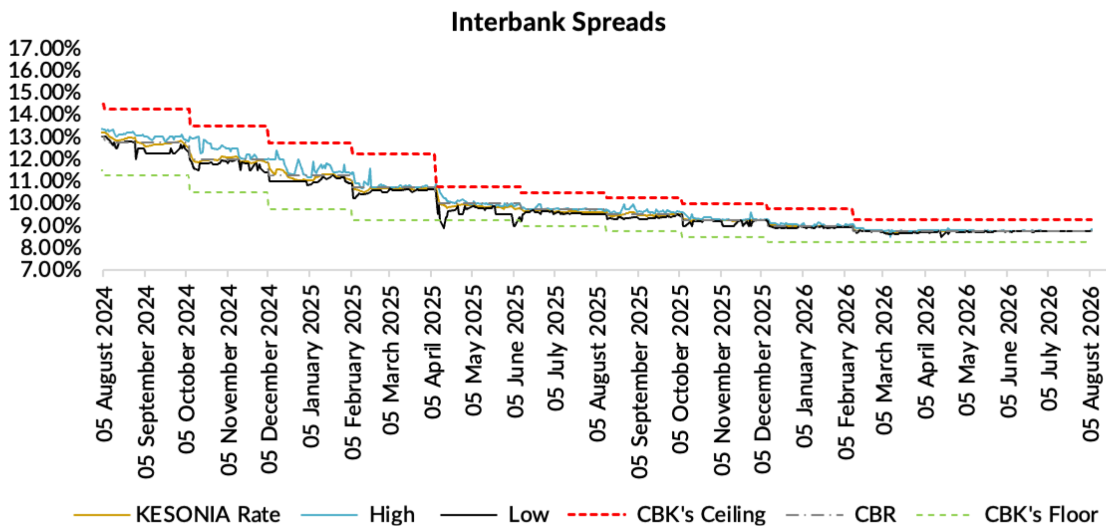
Average	Previous Week - ended 20/08/2026	Current Week - ended 26/08/2026	Change
Interbank Deals (Total)	23.00	26.00	13.04%
Inter- Bank volumes (KES bn)	17.65	19.10	8.25%
KESONIA (bps)	8.75%	8.75%	0.00

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 56.74Bn, of which the fiscal agent accepted KES 44.32Bn resulting in the a subscription rate of 78% and a performance rate of 202% - lower than the subscription rate of 80%, recorded the previous week.

The 91-day Treasury Bill remained the most attractive debt instrument, registering a performance rate of 296%. The auction was significantly oversubscribed, receiving KES 24Bn in bids compared to the KES 8.0Bn on offer.

Below is a visual summary;

KES Bn

31-Aug-26	91-day	182-day	364-day	Totals
	30-Nov-26	01-Mar-27	30-Aug-27	
Amount offered	8.00	10.00	10.00	28.00
Bids received	23,697.72	26,876.20	6,161.29	56,735.21
Bids Accepted	23,108.63	15,053.79	6,159.48	44,321.90
Subscription rate (%)	**97.51%**	**56.01%**	**99.97%**	**78.12%**
Performance rate (%)	**296.22%**	**268.76%**	**61.61%**	**202.63%**
Rollover/Redemptions	14,294.95	807.80	11,190.65	26,293.40
New Borrowing/(Net Repayment)	**8,813.68**	**14,245.99**	**-5,031.17**	**18,028.50**
Weighted Average Rate of Accepted Bids	8.77%	8.94%	9.03%	
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) 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 apex bank receiving KES 22.58Bn in bids with KES 22.51Bn being accepted, resulting to a subscription rate of 151% and acceptance rate of 99.68% respectively.

	SWITCH OFFER
Issue	**FXD4/2019/010- Destination Bond**
Tenor to Maturity	3.23 Yrs
Coupon Rate	**12.28%**
Offered Amount	**KES 15.00Bn**
Bids Received (KES Mn)	22,582.52
Amount Accepted (KES Mn)	**22,510.93**
Market Weighted Average Rate (%)	**11.240%**
Weighted Average Rate of Accepted Bids (%)	11.293%
Adjusted Average Price (Per KES 100)	106.085

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

CBK Seeks KSh60Bn for Budgetary Support in September Treasury Bonds Sale

In the primary space, the CBK has announced KES 60Bn domestic borrowing program for August 2026 to participate in the re-opened papers listed below: FXD1/2019/015 and FXD1/2011/030.

Simultaneously, the CBK is floating a voluntary KES 10Bn Switch Bond auction as a liability management tool. The switch allows investors to move out of a 15-year bond maturing in February 2028 (11.25% coupon) into a 10-year bond maturing in November 2029 (12.28% coupon). Running through September 7, 2026, this move helps the CBK avoid major lump-sum payouts and prevents debt rollovers from crowding out new budgetary borrowing.

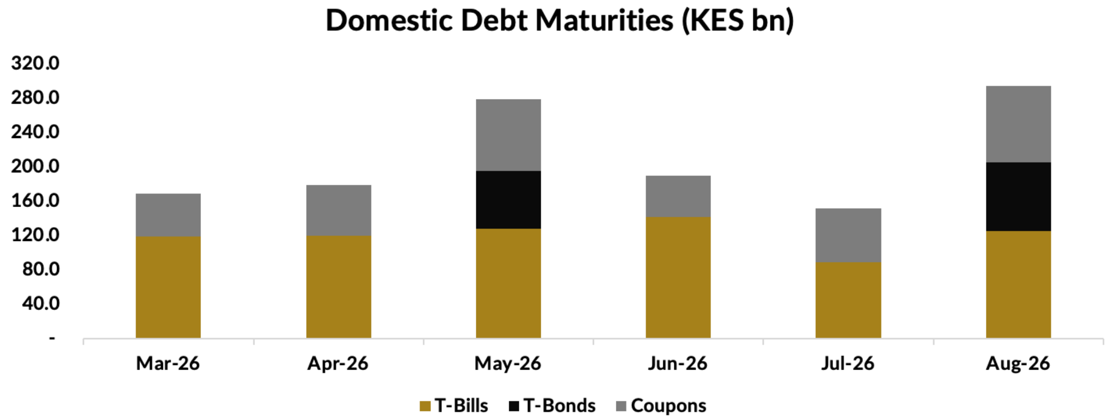
Issue	FXD3/2019/015 - Re-opened	SDB1/2011/030- Re-opened
Tenor to Maturity	7.9 Years	14.4 Years
Coupon Rate	**12.34%**	**12.00%**
Offered Amount	**KES 60Bn**	
Period of Sale	27th August 2026 - 2nd September 2026	
Value Date	7th September 2026	
Minimum Bidding Amount	KES 50,000	
Taxation	10.00%	

	SWITCH OFFER	
Issue	**FXD1/2013/015 - Source Bond**	**FXD4/2019/010- Destination Bond**
Tenor to Maturity	1.4 Yrs	3.23 Yrs
Coupon Rate	**11.25%**	**12.28%**
Offered Amount	**KES 10.00Bn**	
Period of Sale	27th August 2026 - 7th September 2026	
Value Date	9th September 2026	
Minimum Bidding Amount	KES 50,000.00	
Taxation	**10.00%**	

Looking at secondary bond market turnover, the quantum decreased to KES 103Bn (-15%w/w) from KES 122Bn 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;



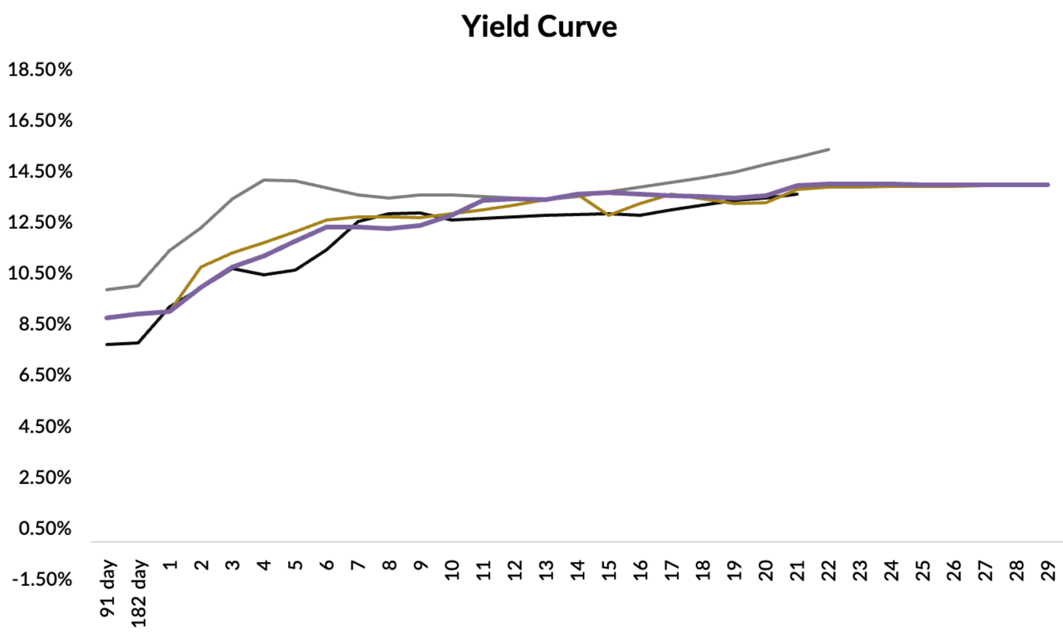
Source: Nairobi Securities Exchange (NSE), Chart: SIB

Yield Curve

Local interest rates were largely stable during the week, with average government securities yields inching slightly lower by c.0.024% w/w.

With the government expected to continue leaning 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: Hawkish Fed Signals, Energy-Driven Inflation & Yield Curve Pressures

Global Macroeconomic Divergence & Fed Policy Focus

The primary macro catalyst during the final full week of August was the Federal Reserve Bank of Kansas City's Jackson Hole Economic Policy Symposium. In his highly anticipated debut address as Fed Chair, Kevin Warsh adopted a distinctly hawkish tone, emphasizing that controlling stubborn inflation remains the central bank's primary duty while leaving the door open for potential rate increases. Data released by the U.S. Bureau of Economic Analysis confirmed Q2 annualized GDP growth held at 1.5%, though underlying consumer spending jumped 3.2%, underscoring resilient domestic demand despite broader corporate momentum slowing down.

Escalating Geopolitical Friction & Commodity Dynamics

Middle East geopolitical risks deepened as diplomatic negotiations regarding safe transit routes through the Strait of Hormuz hit a stalemate. Renewed security concerns and potential shipping penalties pushed global energy prices higher, with supply disruption risks remaining heavily priced into regional freight and cargo insurance. The persistent geopolitical friction, combined with lower real yield adjustments, sustained strong safe-haven inflows into precious metals, keeping gold trading elevated near historic high levels.

Sovereign Yield Curves & Bond Market Shifts

Global sovereign bond yields remained elevated as debt issuance overhead and persistent energy-driven inflation pressures challenged central bank targets. The U.S. 30-year Treasury yield fluctuated in the 5.17%–5.20% corridor—holding near multi-year highs—while 10-year yields hovered near 4.70%. Internationally, Japanese Government Bond (JGB) 10-year yields tested the 2.90%–3.00% threshold as domestic inflation accelerated to 1.9% year-on-year for July, while German 10-year Bund yields held firm on expectations of continued European monetary tightness.

Foreign Exchange Trends & Currency Volatility

Foreign exchange markets were driven by heightened volatility stemming from inflation data and central bank rate expectations. Japanese Yen movement was framed by rising money market expectations of a Bank of Japan interest rate hike at its upcoming September meeting, holding the USD/JPY pair near 159.00 following previous official intervention rounds. Concurrently, the U.S. Dollar faced broad pressure against major peers as trade policy uncertainties between the U.S. and North American partners emerged, allowing the Euro (EUR/USD) and British Pound (GBP/USD) to maintain firm trading ranges throughout the week.

Kenyan Eurobonds

Yields on Kenyan Eurobonds exhibited signs of volatility, with rates increasing by an average of c.0.138% for the week dated 21st August 2026 to 28th 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%
21-Aug-26	**6.6%**	**7.4%**	**7.6%**	**8.1%**	**9.0%**
24-Aug-26	6.6%	7.4%	7.6%	8.1%	9.0%
25-Aug-26	6.5%	7.3%	7.5%	8.0%	9.0%
26-Aug-26	6.4%	7.2%	7.4%	8.0%	8.9%
27-Aug-26	6.4%	7.2%	7.4%	8.0%	8.9%
Weekly Change	**0.170%**	**0.160%**	**0.170%**	**0.090%**	**0.100%**
YTD Change	**0.3%**	**0.1%**	**0.2%**	**0.2%**	**(0.3%)**

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.

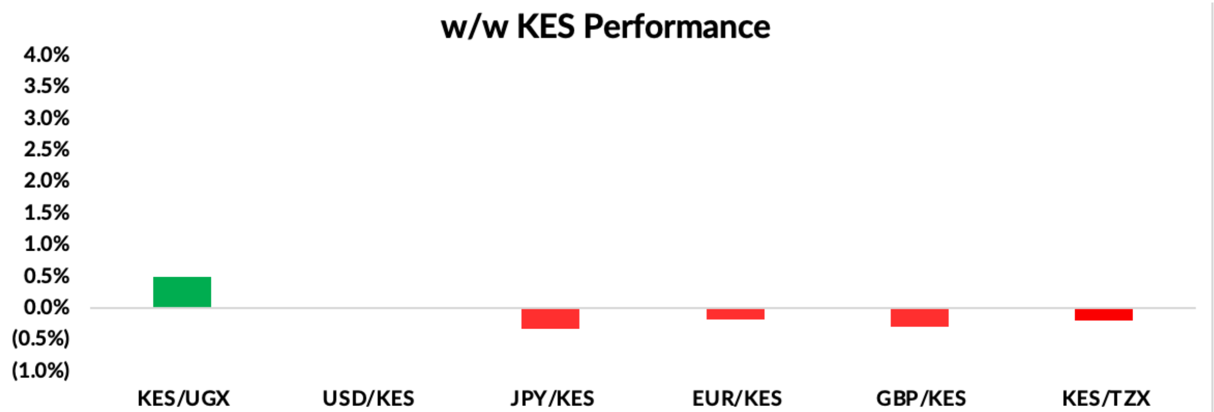
See the table below;

Currencies	31 Dec 2025 (vs KES)	Previous	Current	w/w Change	YTD change
GBP/KES	173.65	176.48	175.95	(0.3%)	1.3%
EUR/KES	151.43	151.20	150.91	(0.2%)	(0.3%)
KES/TZX	19.03	20.43	20.39	(0.2%)	7.1%
KES/UGX	28.06	28.74	28.88	0.5%	2.9%
JPY/KES	82.39	81.53	81.26	(0.3%)	(1.4%)
USD/KES	129.01	129.47	129.47	0.0%	0.4%

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

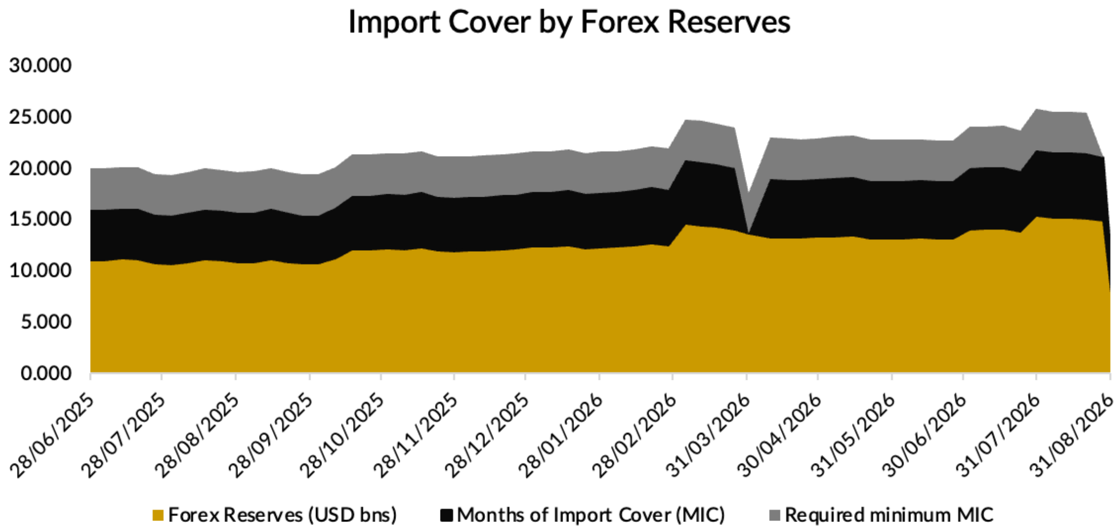
Abb: GBP – British Pound, EUR – Euro, USD – US Dollar, UGX – Ugandan Shilling, TZS – Tanzanian Shilling, JPY – Japanese Yen I FX rate is determined by calculating the weighted average rate of recorded spot trades in the interbank market

See also a visual representation;



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

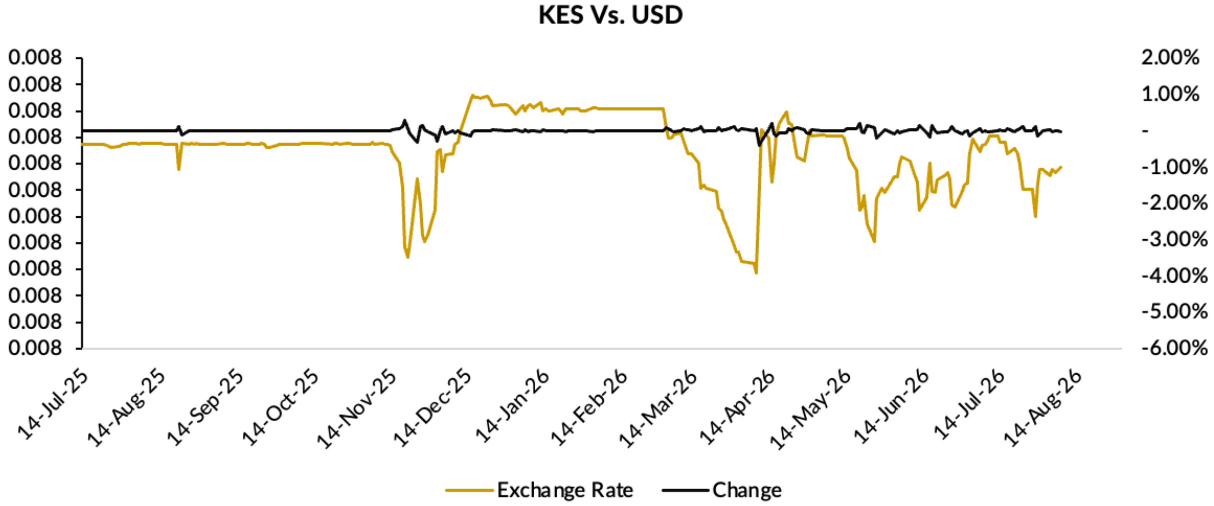
Kenya's foreign exchange reserves decreased by -1.5% to close at USD 14.93bn, with import cover closing at 6.2 months. See the chart below for a visual summary.



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

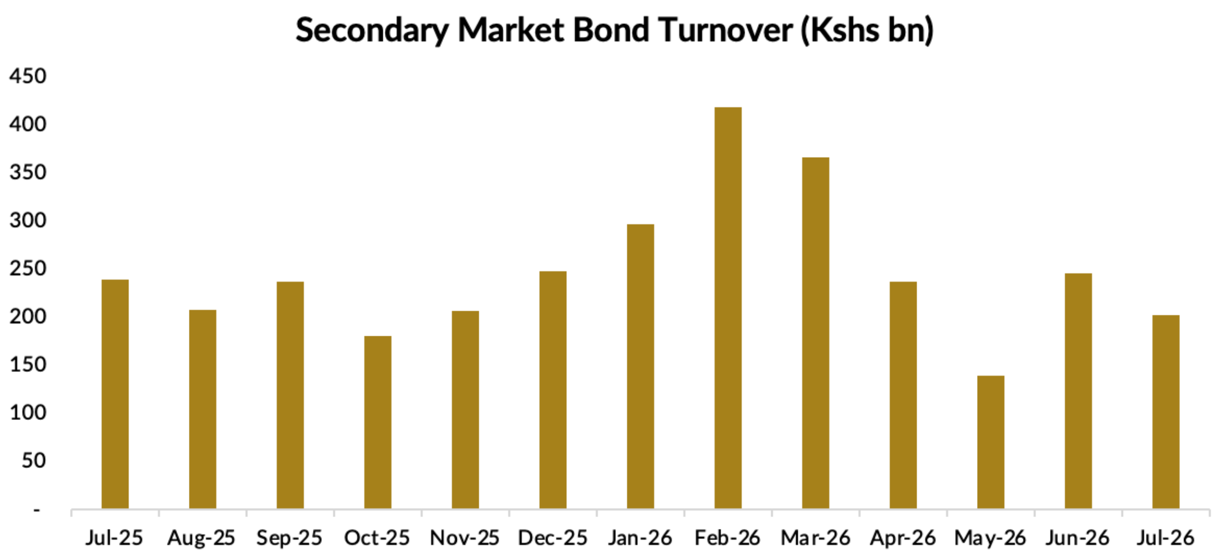
BACKGROUND CHARTS

KES/USD Performance



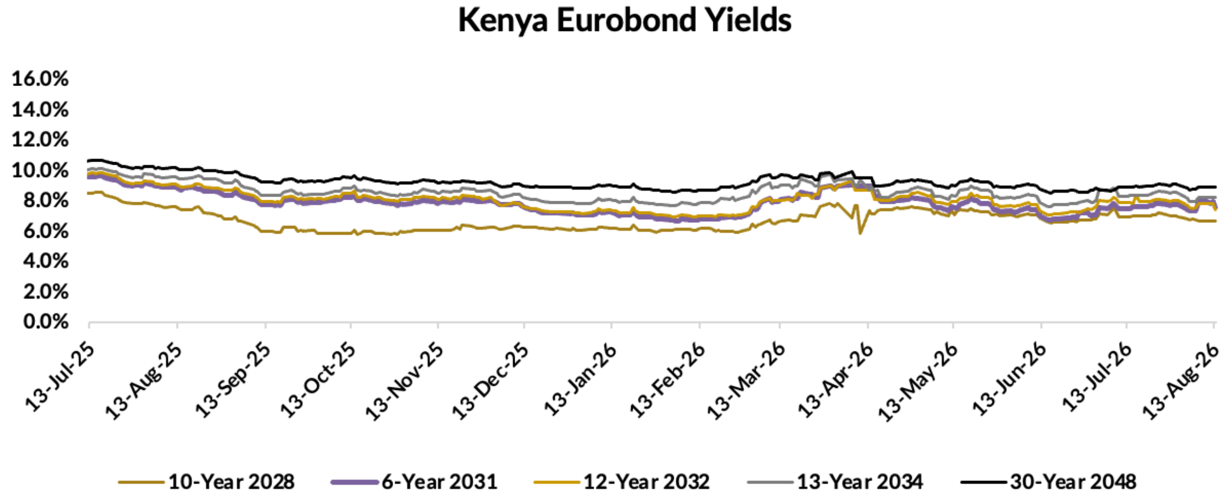
Source: Central Bank of Kenya (CBK)

Bond Turnover

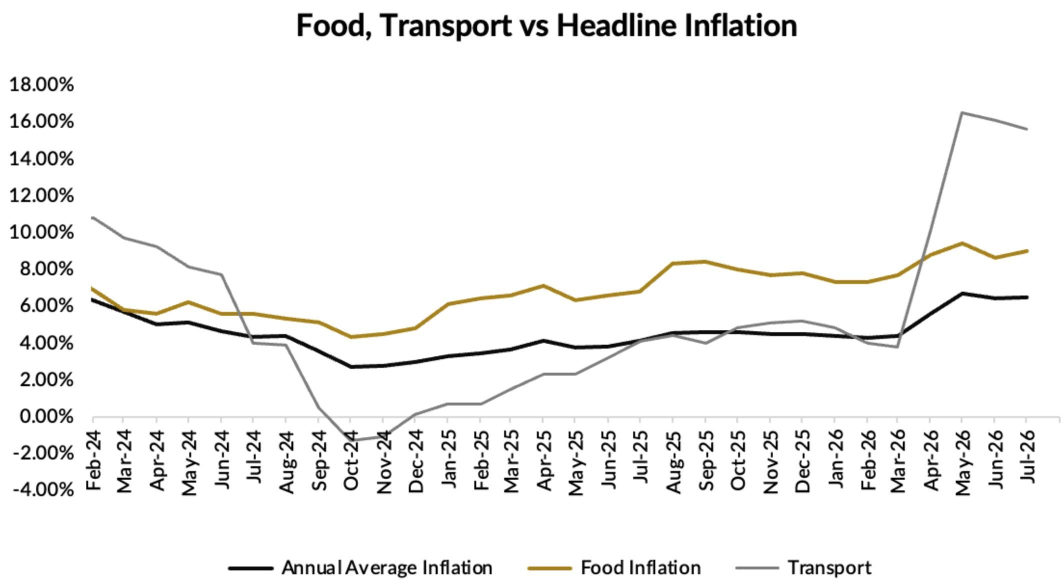


Source: Central Bank of Kenya (CBK)

Kenyan Eurobonds



Source: Central Bank of Kenya (CBK)



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

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