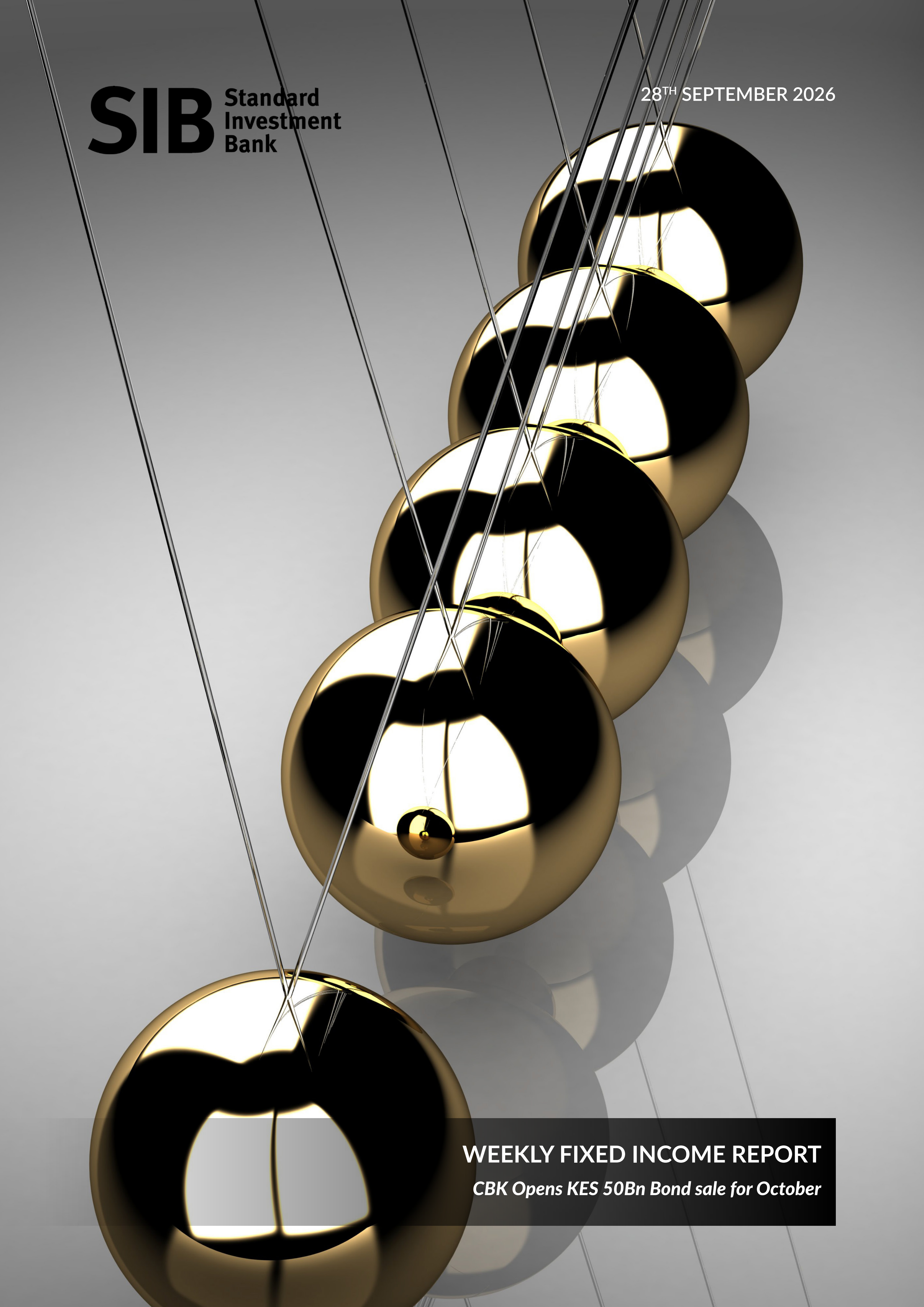
Standard Investment Bank

28TH SEPTEMBER 2026



WEEKLY FIXED INCOME REPORT

CBK Opens KES 50Bn Bond sale for October

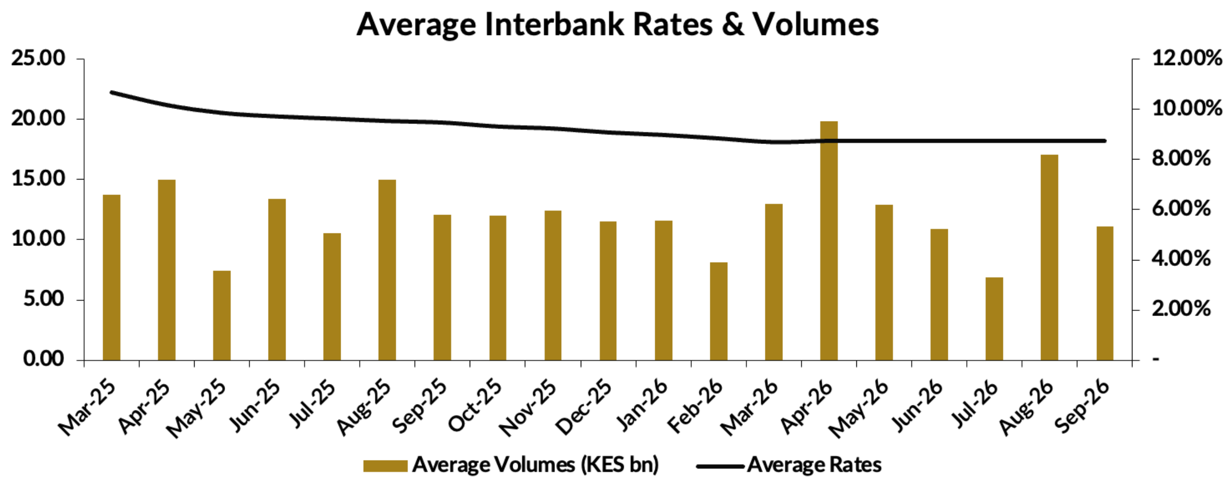
MONEY MARKET STATISTICS

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 11% in the week, with average traded volumes coming in at KES 14.50Bn from last week's KES 13.10Bn. Notably, the interbank deals increased by 42% to close the week at 27, compared to the 19 recorded in the previous week.

Find the summary below:

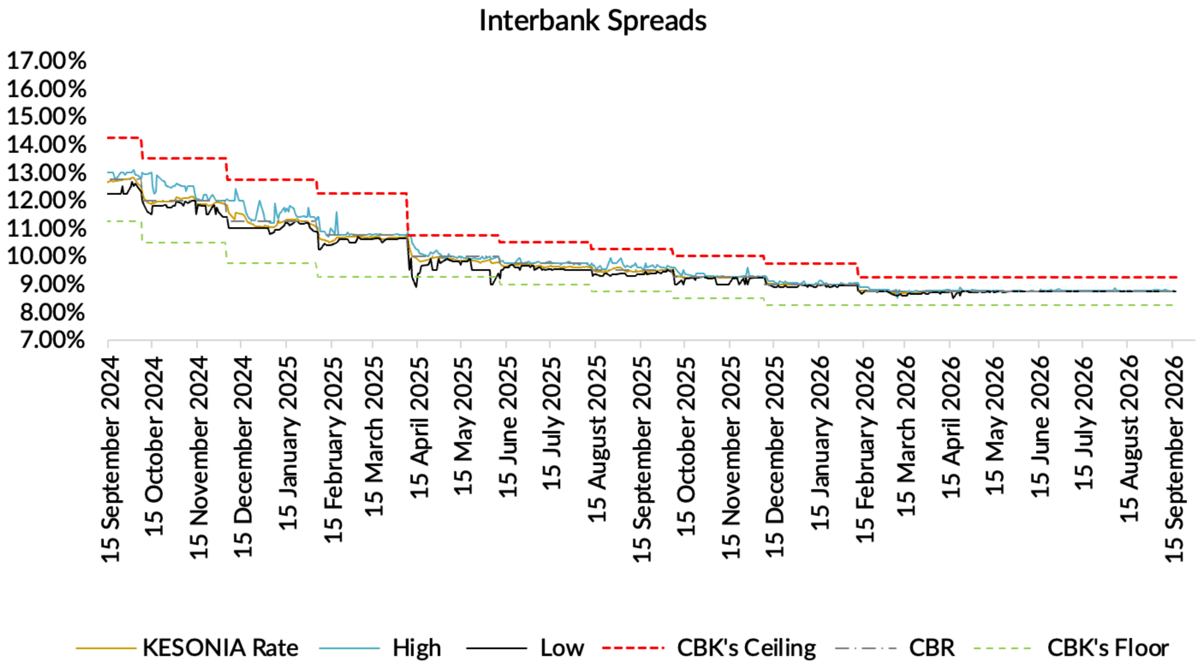
Average	Previous Week - ended 03/09/2026	Current Week - ended 11/09/2026	Change
Interbank Deals (Total)	19.00	27.00	42.11%
Inter- Bank volumes (KES bn)	13.10	14.50	10.69%
KESONIA (bps)	8.75%	8.75%	0.00

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:

Investor appetite for Treasury Bills softened this week as total submitted bids fell to KES 41.72 billion compared to KES 42.72 billion recorded last week, of which the fiscal agent accepted KES 33.35Bn resulting in the subscription rate of 80% and a performance rate of 149%; underperforming the subscription rate of 99%, recorded the previous week.

The 91-day Treasury Bill remained the most attractive debt instrument, registering a performance rate of 222%. The auction was significantly oversubscribed, receiving KES 18Bn in bids compared to the KES 8.0Bn on offer.

Below is a visual summary;

KES Bn

28/09/2026	91-day	182-day	364-day	Totals
	20-Dec-26	21-Mar-27	19-Sept-27	
Amount offered	8.00	10.00	10.00	28.00
Bids received	17,739.93	12,756.12	11,228.22	41,724.27
Bids Accepted	16,546.14	10,260.23	6,543.85	33,350.22
Subscription rate (%)	93.27%	80.43%	58.28%	79.93%
Performance rate (%)	221.75%	127.56%	112.28%	149.02%
Rollover/Redemptions	14,471.40	2,731.85	12,347.70	29,550.95
New Borrowing/ (Net Repayment)	2,074.74	7,528.38	-5,803.85	3,799.27
Weighted Average Rate of Accepted Bids	8.78%	8.89%	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

In the primary space, the CBK has announced KES 50Bn domestic borrowing program for October 2026 to participate in the re-opened papers listed below: FXD3/2019/015 and FXD1/2019/020.

Find below a summary of the offer:

Issue	FXD1/2019/020 - Re-opened	FXD1/2026/030 - Re-opened
Tenor to Maturity	12.6 Years	29.5 Years
Coupon Rate	**12.87%**	**12.50%**
Offered Amount	**KES 60Bn**	
Bids Received (KES Mn)	43,803.82	37,601.48
Amount Accepted (KES Mn)	**33,456.74**	**16,718.32**
Market Weighted Average Rate (%)	**13.680%**	**14.468%**
Weighted Average Rate of Accepted Bids (%)	13.611%	14.236%
Adjusted Average Price (Per KES 100)	101.547	93.278
New Borrowing/Net Repayment	**KES 50Bn**	

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

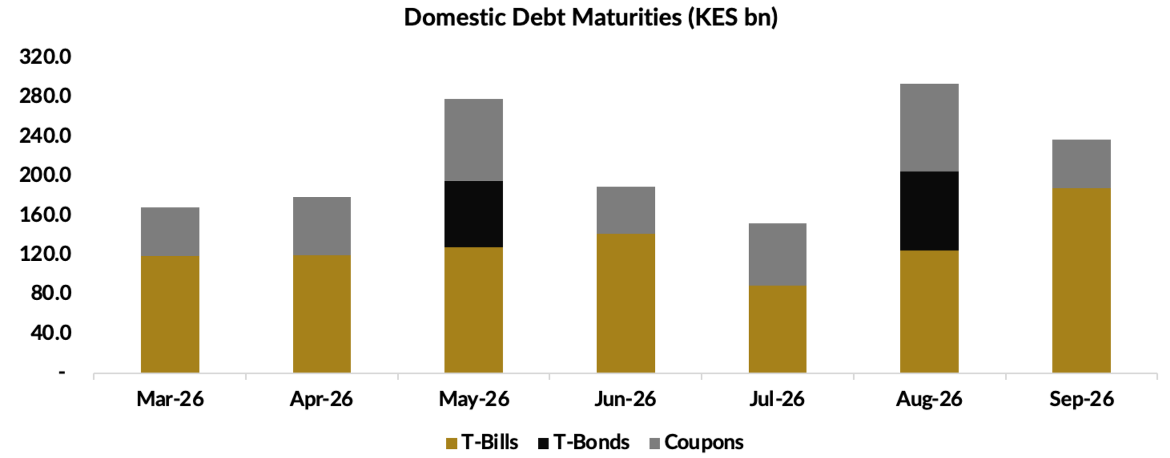
Simultaneously, the CBK is floating a voluntary KES 10Bn Switch Bond auction as a liability management tool. Running through October 5 2026, this move helps the CBK avoid major lump-sum payouts and prevents debt rollovers from crowding out new budgetary borrowing.

	SWITCH OFFER		
Issue	**FXD1/2024/003- Source Bond**	**FXD2/2013/015- Source Bond**	**FXD1/2018/015- Destination Bond**
Tenor to Maturity	0.3 Yrs	1.5 Yrs	6.6 Yrs
Coupon Rate	**18.39%**	**12.00%**	**12.65%**
Offered Amount	**KES 10Bn**		
Period of Sale	24th September 2026 to 5th October 2026		
Value Date	5th October 2026		
Minimum Bidding Amount	KES 50,000.00		
Taxation	10.00%		

Looking at secondary bond market turnover, the quantum increased to KES 77Bn (+127%w/w) from KES 34Bn in the prior week. Month on Month, bond turnover increased by 69% to KES 342Bn in August from KES 202Bn in July 2026.

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

Total domestic debt maturities in September 2026 are at KES 238Bn compared to KES 294Bn in August 2026. See the chart below;



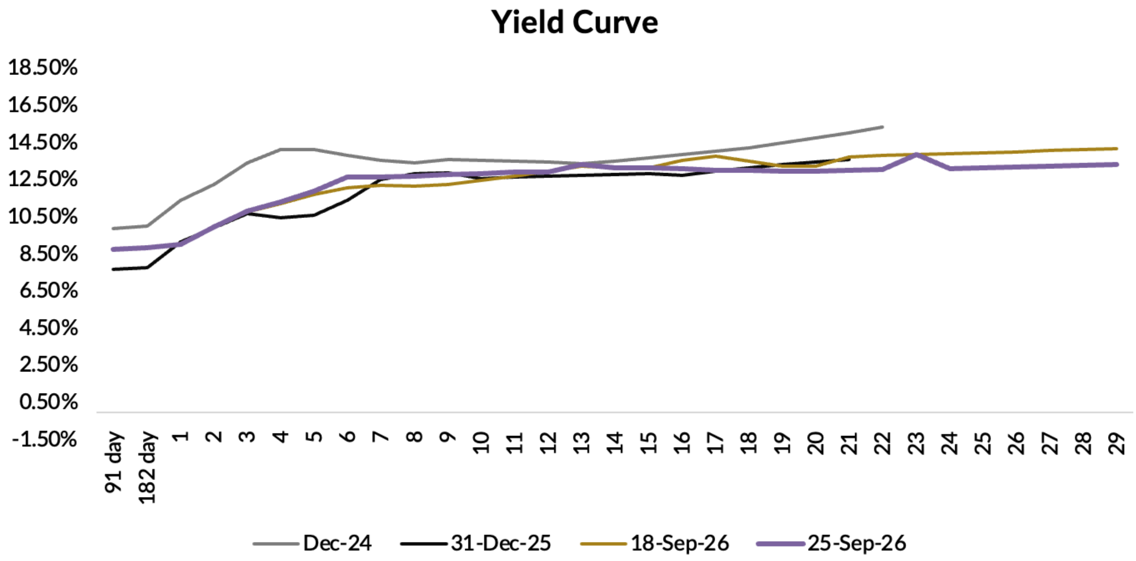
Source: Nairobi Securities Exchange (NSE), Chart: SIB

Yield Curve

Local interest rates were largely stable during the week, with average government securities yields inching slightly lower by c.0.184% w/w.

With the government expected to lean heavily on the domestic market to plug its budget deficits, borrowing demands will likely 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: Synchronized Hikes, Energy Friction, and Global Yield Expansion

Throughout September 2026, global financial markets navigated an increasingly complex stagflationary environment driven by supply-side geopolitical shocks and a synchronized hawkish pivot by major central banks. Severe maritime blockades and infrastructure disruptions around the Strait of Hormuz drastically curtailed Middle Eastern crude oil and natural gas shipments, driving European gas prices past €81/MWh, pushing oil benchmarks toward triple digits, and sparking a severe energy import deficit across net-importing economies. To anchor medium-term inflation expectations and defend against currency volatility, both the U.S. Federal Reserve (raising rates to 3.75%–4.00%) and the Bank of Japan (hiking to a 31-year high of 1.25%) executed key interest rate increases, while the European Central Bank maintained a restrictive hold amid elevated near-term HICP inflation targets. Consequently, global sovereign bond yields expanded sharply, U.S. Dollar liquidity demand surged, and frontier currencies—including the Kenyan Shilling—faced mixed trading dynamics, balancing stable domestic policy rates (8.75% CBR) and local fuel price freezes against escalating middle-distillate landed import costs.

Global Flash PMIs & Softening Manufacturing Sentiment

Flash Purchasing Managers' Index (PMI) survey releases for September revealed broadening growth divergence across major advanced economies. While services sector expansion remained resilient in the U.S. and key Asian markets, Eurozone manufacturing contractive headwinds deepened as regional output was hampered by sustained energy freight overheads and softening export orders. S&P Global survey metrics showed persistent supply chain delays across European industrial hubs, contrasting with steady underlying U.S. business investment and private domestic demand.

Temporary Oil Retrenchment & Emerging Market Rate Actions

Global commodity markets experienced volatile consolidation following earlier geopolitical spikes. Murban crude prices eased back to $97.36 per barrel (after touching $100+ earlier in the month), as speculative risk premiums moderated on reports of diplomatic overtures and expanding ship-to-ship transfer operations around Oman's Sohar port outside the Strait of Hormuz. Despite the slight reprieve in crude benchmarks, secondary inflation effects prompted action in emerging markets; the South African Reserve Bank (SARB) raised its repo rate by 25 basis points to 3.75% on September 23 to combat persistent energy-driven domestic price pressures.

Sovereign Yield Stabilization & Post-FOMC Fed speak

Global fixed income markets digested the prior week's monetary tightening decisions from the U.S. Federal Reserve (rate hike to 3.75%–4.00%) and Bank of Japan (1.25%). U.S. Treasury yields consolidated near recent highs, with the 10-year yield holding near 4.80%–4.95% and the 2-year yield closing elevated at 4.75% as a slate of hawkish Federal Reserve commentary reinforced expectations that interest rates will remain restrictive through late 2026. European sovereign debt yields remained under long-end upward pressure as markets continued to price in widening fiscal deficits and term premiums across key euro area issuers.

U.S. Dollar Rebound & Major Currency Consolidation

Foreign exchange desks saw renewed U.S. Dollar strength following hawkish central bank guidance and a flight to liquidity. The U.S. Dollar Index (DXY) rebounded by 1.06% over the week, pressuring European and major Asian currency counters. The Euro (EUR/USD) and British Pound (GBP/USD) both eased roughly 0.2% to 0.5% against the Greenback, while the Japanese Yen (USD/JPY) consolidated in the 158.50–159.50 zone following the BoJ's September rate increase, balancing narrowing yield differentials against strong U.S. Dollar momentum.

Kenyan Eurobonds

Yields on Kenyan Eurobonds declined marginally by average of c.0.081% during the week dated 11th September 2026 to 17th September 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%
18-Sept-26	6.7%	7.6%	7.8%	8.3%	9.2%
21-Sept-26	6.7%	7.5%	7.7%	8.2%	9.1%
22-Sept-26	6.7%	7.4%	7.7%	8.1%	9.1%
23-Sept-26	6.8%	7.7%	7.9%	8.4%	9.2%
24-Sept-26	6.9%	7.8%	8.0%	8.5%	9.4%
Weekly Change	(0.121%)	(0.206%)	(0.196%)	(0.165%)	(0.115%)
YTD Change	0.8%	0.7%	0.8%	0.7%	0.1%

Currency Performance

The Kenyan Shilling displayed mixed week-over-week (w/w) performance against major global and regional currencies. Against major global currencies, the Shilling remained virtually flat against the U.S. Dollar (USD/KES), edging down slightly by (0.1%). Conversely, it experienced broader weakness across European and Asian counters, depreciating by (1.5%) against the British Pound (GBP/KES), (1.3%) against the Euro (EUR/KES), and (2.0%) against the Japanese Yen (JPY/KES). Regionally, performance was similarly split: while the Shilling gained 0.3% against the Tanzanian Shilling (KES/TZX), it saw minor losses against the Ugandan Shilling (KES/UGX), dropping by (0.2%).

The U.S. Dollar Index strengthened by 1.06% during the week.

Murban crude oil prices rose to USD 97.36 per barrel on September 24, from USD 94.70 per barrel on September 17, due to oil supply concerns attributed to the conflict in the Middle East. Spot gold prices declined to USD 4,277.98 per ounce from USD 4,340.09 per ounce in the previous week

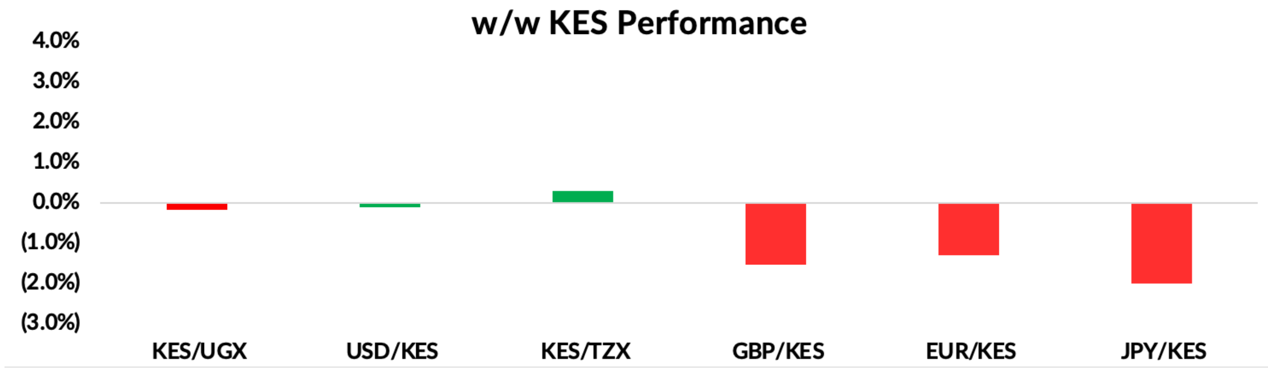
See the table below;

Currencies	31 Dec 2025 (vs KES)	Previous	Current	w/w Change	YTD change
KES/UGX	28.06	30.19	30.14	(0.2%)	7.4%
USD/KES	129.01	129.62	129.48	(0.1%)	0.4%
KES/TZX	19.03	20.40	20.46	0.3%	7.5%
GBP/KES	173.65	174.40	171.73	(1.5%)	(1.1%)
EUR/KES	151.43	149.56	147.62	(1.3%)	(2.5%)
JPY/KES	82.39	83.54	81.87	(2.0%)	(0.6%)

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

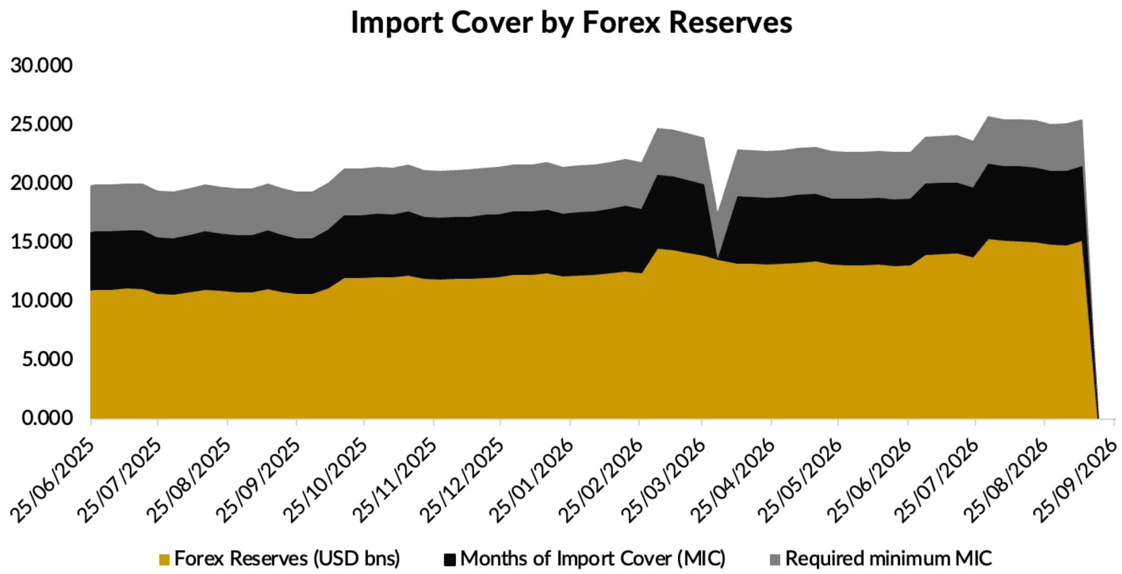
Abb: GBP – British Pound, EUR – Euro, USD – US Dollar, UGX – Ugandan Shilling, TZS – Tanzanian Shilling, JPY – Japanese Yen I FX rate is determined by calculating the weighted average rate of recorded spot trades in the interbank market

See also a visual representation;



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

Kenya's foreign exchange reserves decreased marginally by 0.3% to close at USD 15.04bn, with import cover closing at 6.1 months. See the chart below for a visual summary.



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

Exchequer releases August 2026.

Kenya's fiscal outturn as of August 31st, 2026 (Month 2 of FY2026/27) showed total tax revenue collections reaching KES 178.22Bn, representing a 13.35% y/y increase. Non-tax revenue stood at KES 5.89Bn, while total domestic financing was heavily anchored by domestic borrowing at KES 325.59Bn, alongside KES 1.23Bn in other domestic financing. External support remained modest, with loans and grants contributing KES 3.94Bn.

On the expenditure side, debt obligations dominated public outlays, with public debt service consuming KES 267.09Bn. Recurrent spending took up KES 141.19Bn, while development spending lagged at KES 14.98Bn. Transfers to regional governments via the Counties' Equitable Share accounted for KES 34.24Bn.

September pump prices.

The Energy and Petroleum Regulatory Authority (EPRA) has kept pump prices unchanged for the September 15 to October 14, 2026 pricing cycle, offering consumers temporary relief.

In major towns, fuel will retail at the following capped prices:

- **Nairobi**: Super Petrol at **KES 214.03**, Diesel at **KES 217.86**, and Kerosene at **KES 191.38**.
- **Mombasa**: Super Petrol at **KES 210.87**, Diesel at **KES 214.58**, and Kerosene at **KES 188.09**.
- **Nakuru**: Super Petrol at **KES 212.92**, Diesel at **KES 217.27**, and Kerosene at **KES 190.81**.
- **Eldoret**: Super Petrol at **KES 213.69**, Diesel at **KES 218.09**, and Kerosene at **KES 191.63**.

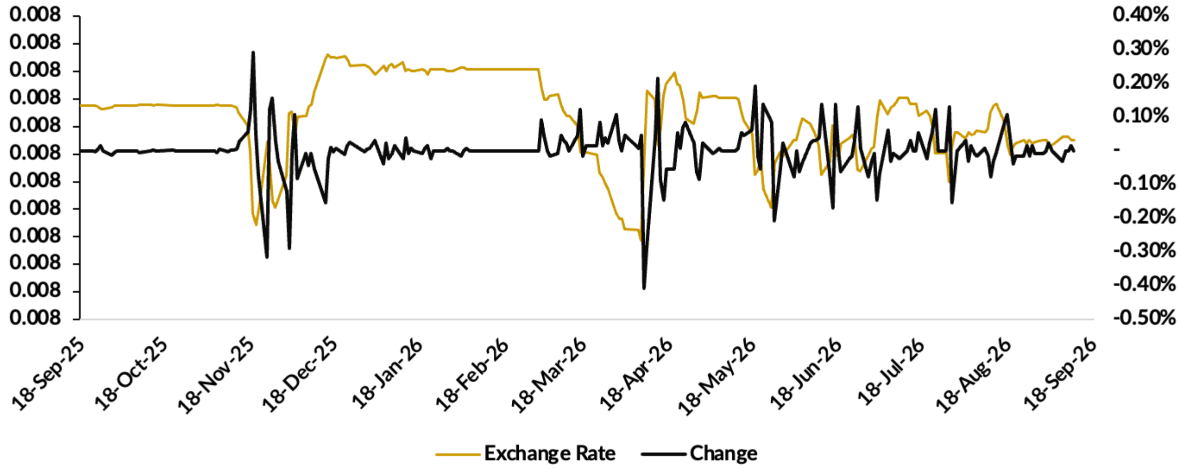
The steady pricing comes despite mixed shifts in imported landed costs between July and August 2026. While the landed cost of Super Petrol dropped 7.87% (to $874.26 per cubic metre), Diesel and Kerosene rose by 11.86% (to $957.05 per cubic metre) and 9.71% (to $1,003.87 per cubic metre) respectively. Foreign exchange rates remained largely flat, with the USD/KES rate shifting slightly from 129.52 in September 2025 to 129.72 in August 2026.

Looking ahead, Potential supply chain risks and regional infrastructure disruptions could drive additional upward pressure into the final quarter of 2026. Unless the government introduces extended VAT relief or further price-stabilization measures, domestic pump prices are likely to face sustained upward pressure in the near term.

BACKGROUND CHARTS

KES/USD Performance

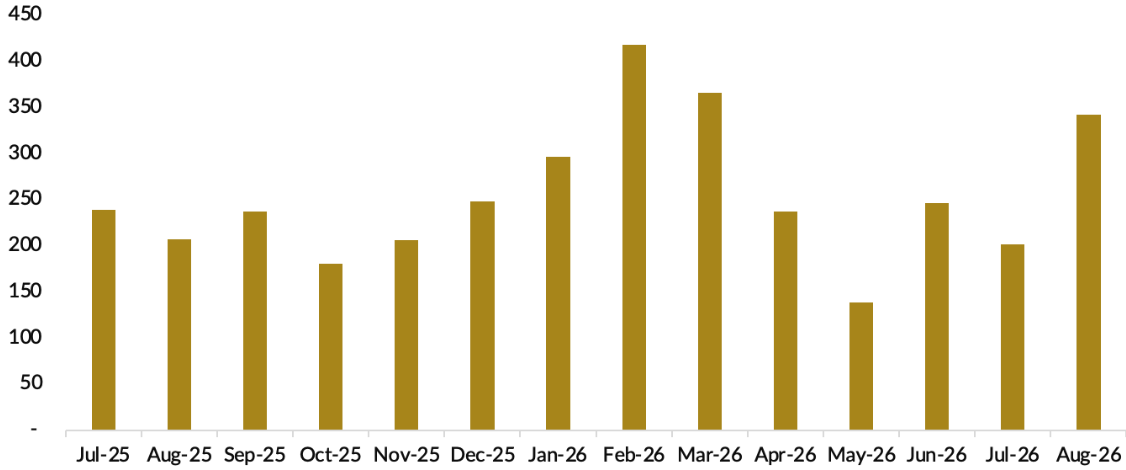
KES Vs. USD



Source: Central Bank of Kenya (CBK)

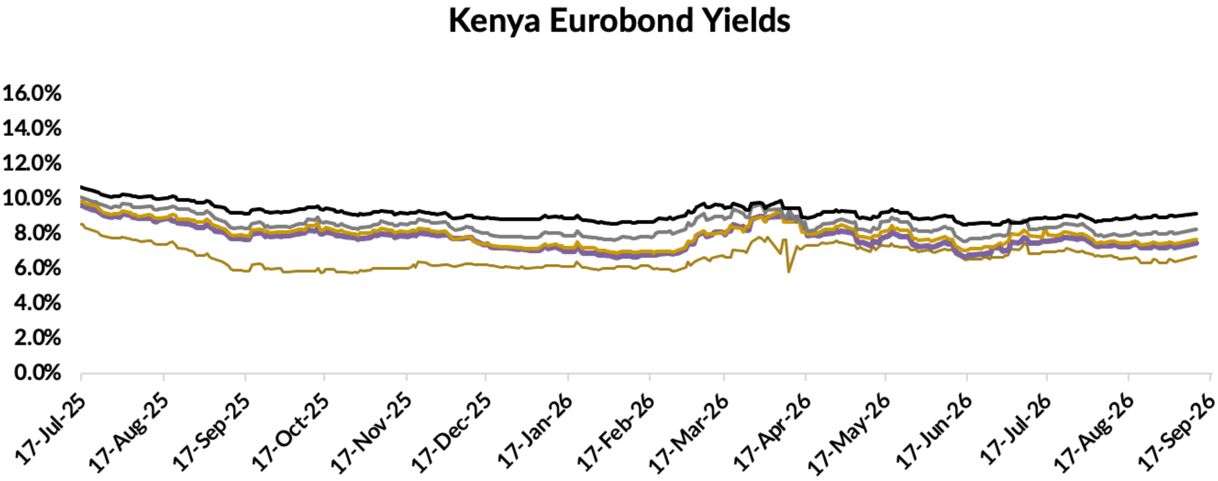
Bond Turnover

Secondary Market Bond Turnover (Kshs bn)

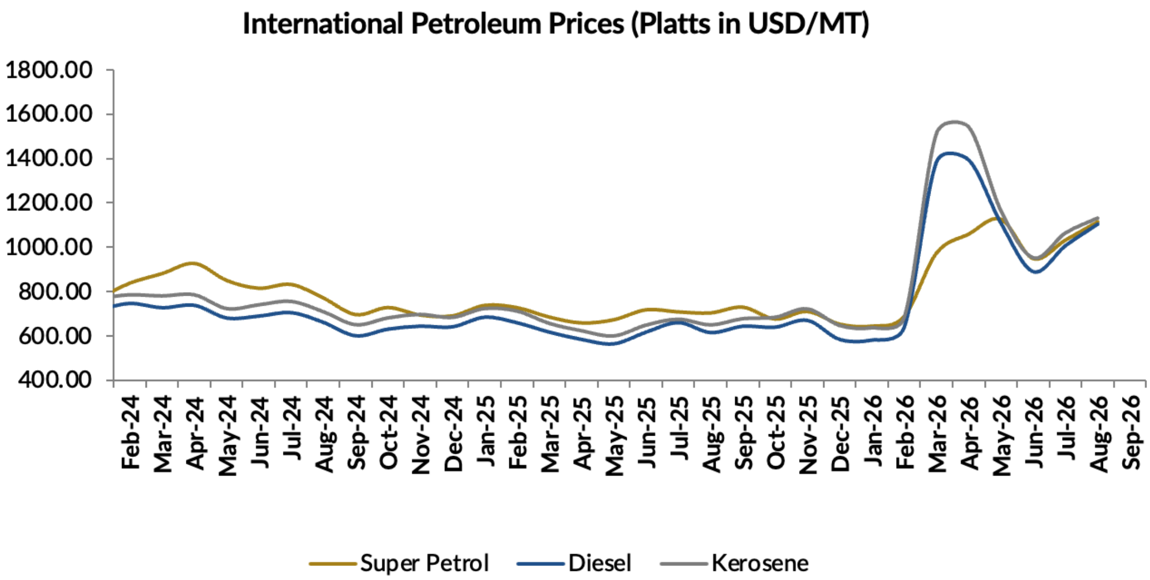


Source: Central Bank of Kenya (CBK)

Kenyan Eurobonds



Source: Central Bank of Kenya (CBK)



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

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