

In the primary bond market, the CBK floated a twin offer comprising a switch bond and the reopening of two existing bonds. However today, we will focus on the reopening.

The fiscal agent is seeking to raise Kes 60bn through FXD1/2019/020 and FXD1/2022/025, with effective tenures of 13.2 and 21.7 years. FXD1/2022/025—the longest paper, was reopened six times in 2025 including this auction, while FXD1/2019/020 did not see a reopening in 2025.

FXD1/2019/020 with a coupon rate of 12.87%, has an outstanding maturity of Kes 83.35Bn while FXD1/2022/025 with a coupon rate of 14.19%, has an outstanding maturity of Kes 141.08Bn.

With interest rates continuing to trend downwards, these bonds present attractive opportunities for duration investors and those seeking profit in the secondary market, particularly for investors not planning to hold to maturity. Key details:

Investors looking for long-term yield or potential trading gains may find these offerings particularly compelling. That said, our bidding estimates for the two bonds are:

Bond	Base Case Estimates	Aggressive Estimates
FXD1/2019/20	12.95% - 13.10%	13.10% - 13.30%
FXD1/2022/25	13.69% - 13.84%	13.84% - 13.99%

For the shorter tenor, auction dynamics point to a 13-handle bias, while the longer tenor reflects a firm 13-handle environment, skewed toward the upper half of the range. Although redemption pressures are limited, elevated interest payment obligations continue to weigh on funding needs. In addition, the switch offer strengthens the case for a higher acceptance rate by the government. Nonetheless, we expect stronger demand for the longer tenor (FXD1/2022/25), supported by its relatively higher coupon, which is likely to attract

yield-seeking investors. See below a summary of the offer:

	Capital Raising	
	Reopening	
Paper	FXD1/2019/20	FXD1/2022/25
Maturity Date	21-Mar-39	23-Sep-47
Effective Tenor (Years)	13.2	21.7
Amount Floated	60.0	
Amount Outstanding	83.35	141.08
Coupon	12.87%	14.19%
Sale Period	Up to 7 th January 2026	

Source: CBK | Chart: KSL

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