

KINGDOM SECURITIES LIMITED

A Subsidiary of the Co-operative Bank of Kenya Ltd

WEEKLY FIXED INCOME AND MACRO REPORT

Week Ending 19th June 2026



kingdomresearch@co-opbank.co.ke

[Click here to connect with us on WhatsApp](#)

When discussing risk and return in investments, the concepts often appear abstract until they begin to materialize in real time. While 2026 initially started on a relatively stable footing, emerging developments continue to underscore the persistence of underlying uncertainties.

At present, global dynamics appear increasingly sensitive to developments between the US and Iran, which remain fluid and difficult to anchor in any stable trajectory. This has reinforced a generally fragile external environment, with risks skewed to the downside, especially on the inflation front. In turn, this is feeding into shifting interest rate expectations across global and domestic markets.

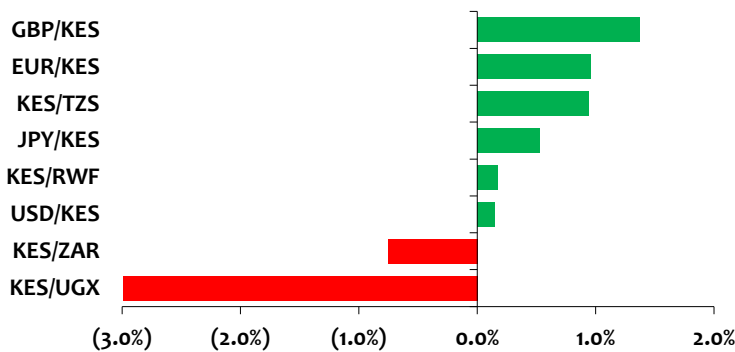
That said, there was limited new information over the week, particularly in the local market but the broader stance remains one of vigilance and close monitoring of evolving global and macro-financial conditions.

MACRO LENS

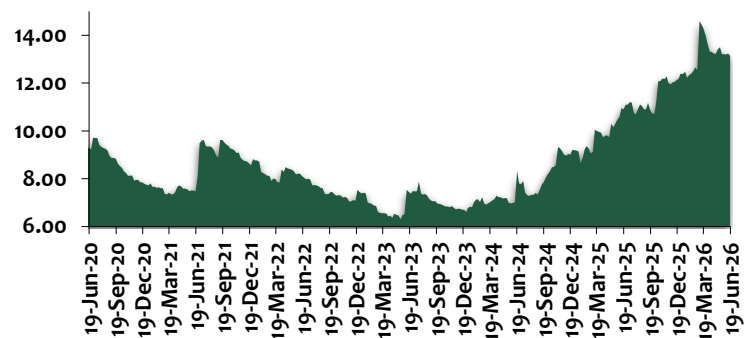
Foreign Exchange:

The Kenyan Shilling exhibited mixed performance, appreciating against most of the currencies tracked, save Ugandan Shilling and the South African Rand. YTD, the currency has remained largely stable against key trading partner currencies, with the most pronounced gain recorded against the Tanzanian Shilling. Foreign exchange reserves marginally to USD 13.15Bn, equivalent to 5.6 months of import cover, remaining well above statutory thresholds. See charts below:

W/W KES Performance



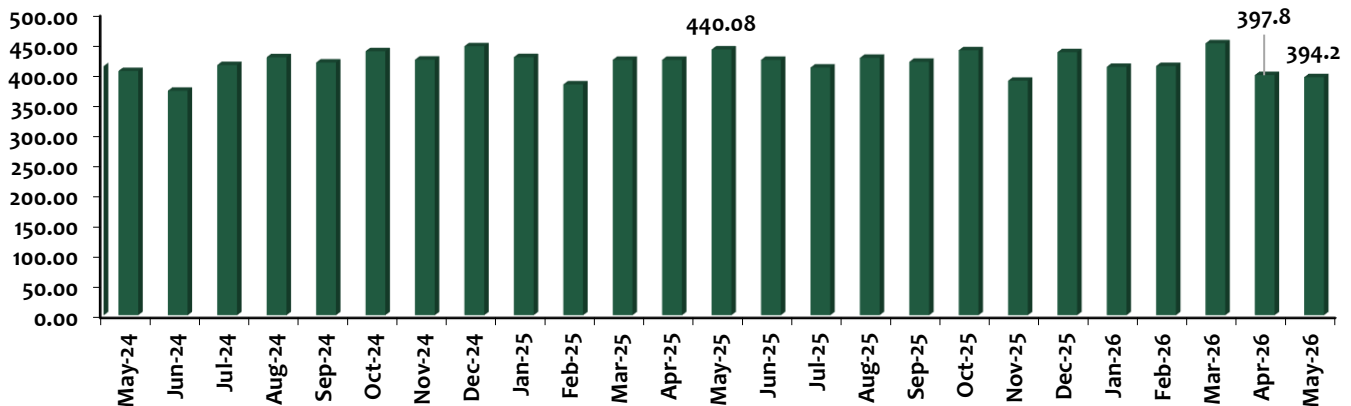
Kenya's Forex Reserves (USD Bn)



Source: CBK | Chart: KSL

The CBK published diaspora remittance data for May 2026, showing inflows of USD 394.20Mn. This represented a decline of 0.9% m/m from USD 397.78Mn recorded in April 2026 and a sharper contraction of 10.4% y/y from USD 440.08Mn recorded in May 2025. See the chart below;

Diaspora Remittances (USD bn)



Source:

CBK | Chart: KSL

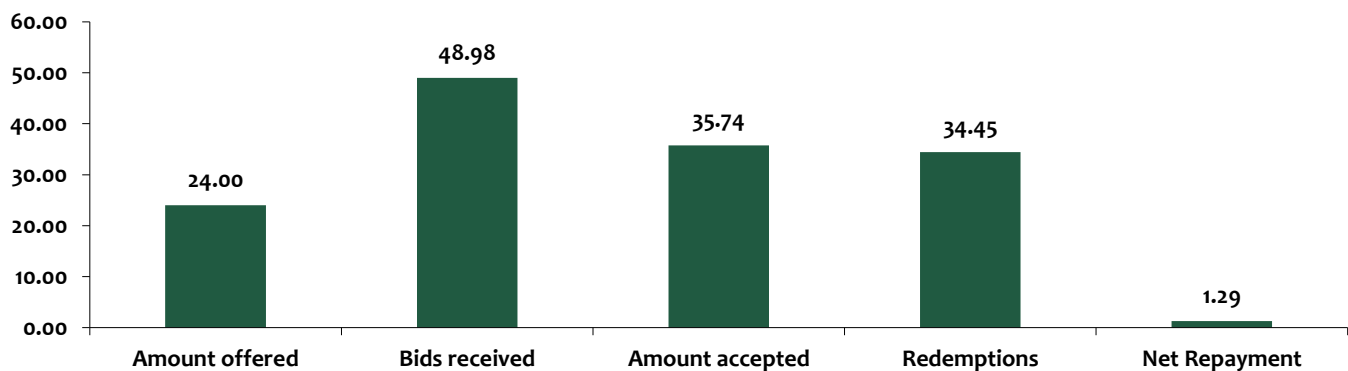
Primary Market Activity:

Demand for Treasury bills remained robust during the week, with the overall subscription rate rising to 204.1% from 163.9% in the previous auction.

Investor appetite was overwhelmingly concentrated in the 91-Day paper, which recorded a subscription rate of 921.2%, the highest level in more than two years. In contrast, the 182-Day and 364-Day tenors remained undersubscribed at 67.8% and 10.8%, respectively.

Despite the strong demand, the government maintained a selective stance, accepting only 73.0% of the bids received. The accepted amount marginally exceeded the value of maturing securities, resulting in a net borrowing position of Kes 1.29Bn. The overall performance of the T-Bills is summarized below;

T-Bills Performance (Kes Bn)



Source: CBK |

Chart: KSL

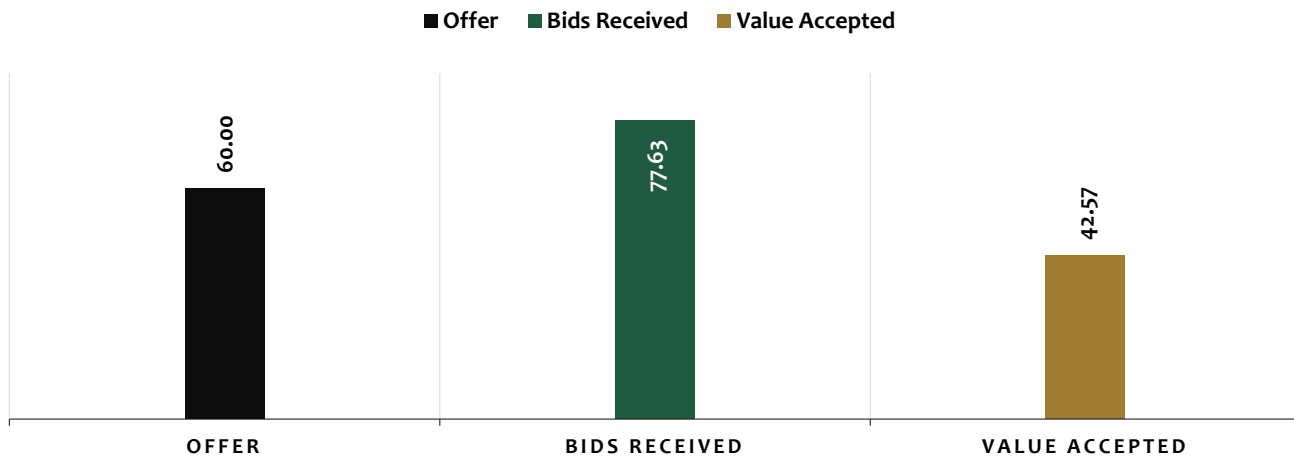
Yields on the short-term papers continued to increase, with the 91-day, 182-day, and 364-day papers printing at 8.82% (+11.39bps), 8.78% (+17.76bps), and 8.97% (+10.31bps).

Liquidity conditions remained broadly stable during the review period, despite a notable decline in interbank market activity. Average interbank volumes fell sharply to Kes 3.97Bn from Kes 11.33Bn. Meanwhile, some institutions accessed the CBK Discount Window, drawing Kes 5.5Bn through the lender-of-last-resort facility. The average interbank rate remained unchanged at 8.75%.

Treasury Bonds

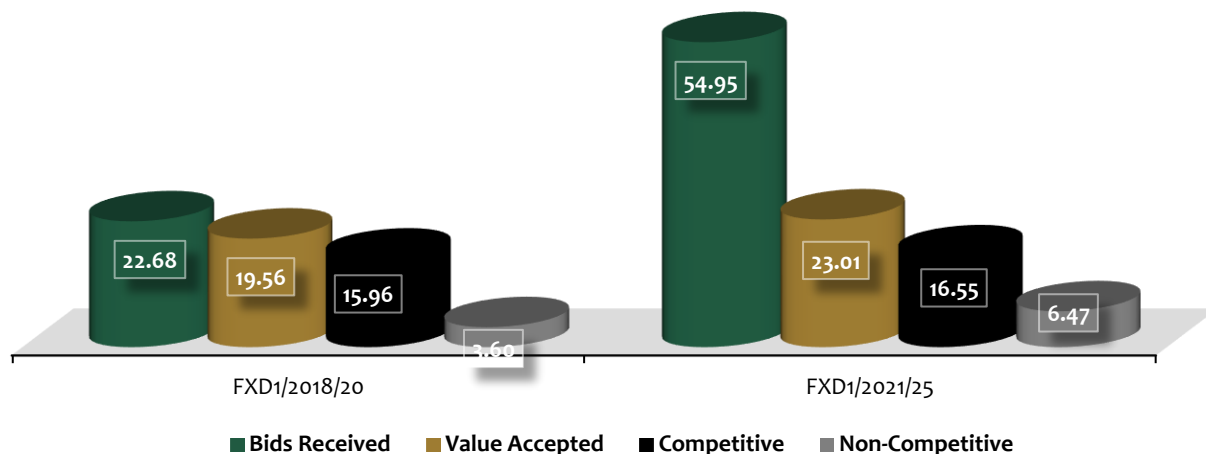
In the bond market, the CBK successfully raised Kes 42.57Bn from the second tranche of June bonds. This was despite strong interest from investors who bid a total of Kes 77.63Bn, equivalent to a 129.38% subscription rate. The auction was oversubscribed as we had expected. See the summary below;

JUNE 2026 BOND AUCTION (KES BN) - TRANCHE II



again as expected, the longer tenor bond, FXD1/2021/25 was the most preferred receiving bids worth Kes 54.95Bn. just like the treasury bills, the government rejected a good amount of the bids, with the acceptance rate standing at 54.8%. See more details below;

JUNE 2026 BOND ISSUANCE PERFORMANCE (KES. BN) - TRANCHE II



We attribute the low acceptance rate to the need for government to maintain rates low. That notwithstanding, the

weighted average rates of the two bonds came in at 13.99% and 14.86% higher than our bidding estimates as depicted below.

Paper	Weighted Average Rate	Our Projection
FXD1/2018/20	13.99%	13.54% - 13.74%
FXD1/2021/25	14.86%	14.32% - 14.42%

Secondary Market

Secondary bond market activity eased during the week, with turnover dropping 21.6% to KES 46.08Bn, from Kes 58.74Bn in the previous week.

This was in despite a 12.0% increase in the number of deals. See the table below:

	Previous Week	Current Week	Change
Turnover in Bonds (Kes Bn)	58.74	46.08	-21.6%
Number of Deals	1029	1152	12.0%

Source: NSE | Table: KSL

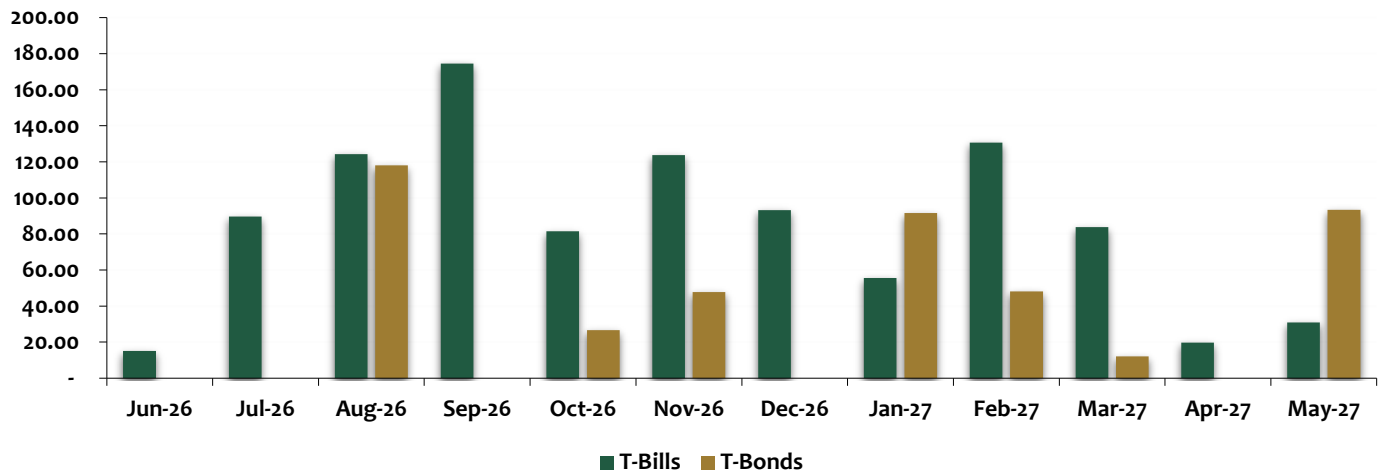
Domestic Debt Service Schedule:

The maturity profile for the next one year is as follows:

- i. KES 1,022.54Bn in Treasury Bills;
- ii. KES 437.71Bn in Treasury Bonds;
- iii. KES 761.27Bn in coupon payments;

See the chart below for a visual presentation:

T-Bill vs. T-Bond Maturities (Kes. Bn)

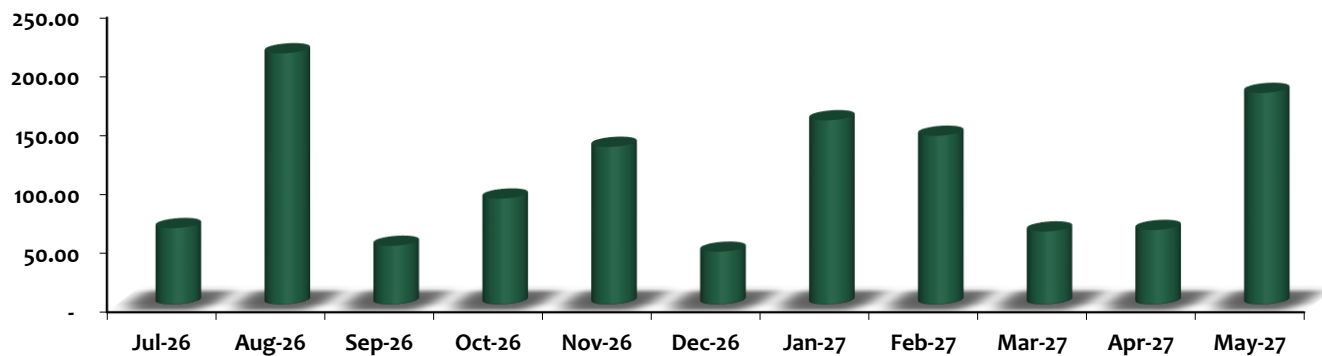


Source:

CBK, NSE | Chart: KSL

Further, the chart below illustrates upcoming bond debt-servicing obligations, including both principal repayments and coupon payments. August stands out as the month with the highest redemption burden.

Debt Service Obligations (Kes Bn)

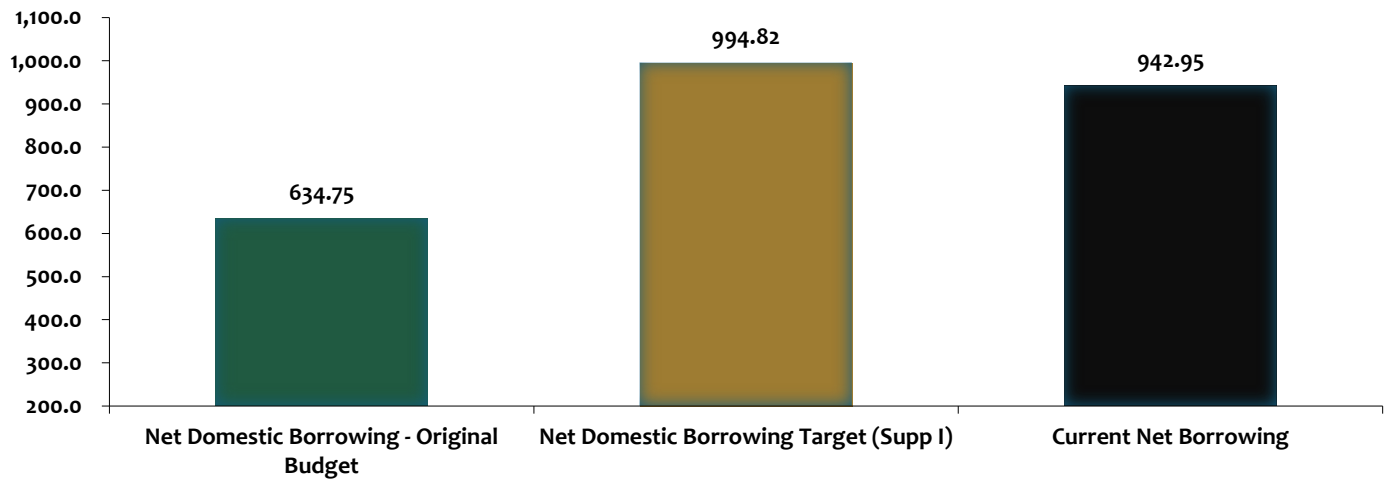


Government Borrowing Position:

As of this week, the government’s net domestic borrowing stands at Kes 942.95Bn, equivalent to 94.8% of the FY2025/26 revised target. With the new target and a Kes 60Bn pending auction, the government is likely to miss the target by a smaller margin than we had previously anticipated, given that the revised target is significantly lower. Our bet is that net domestic borrowing for the fiscal year will close at around Kes 950.0Bn.

See the visual below:

ACTUAL DOMESTIC BORROWING VS. TARGET



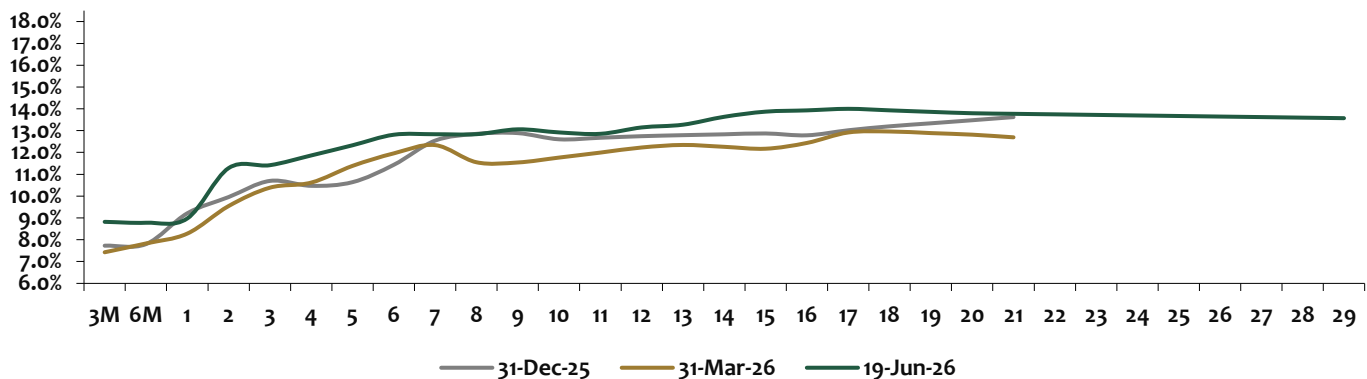
Source:

CBK, NSE | Chart: KSL

Local & International Yields

The local yield curve trended lower, with yields easing across the belly and longer end of the curve. Gains in short-dated and select mid-tenor bonds however weighed on the decline as most in overall yields. See the chart below:

NSE Yield Curve



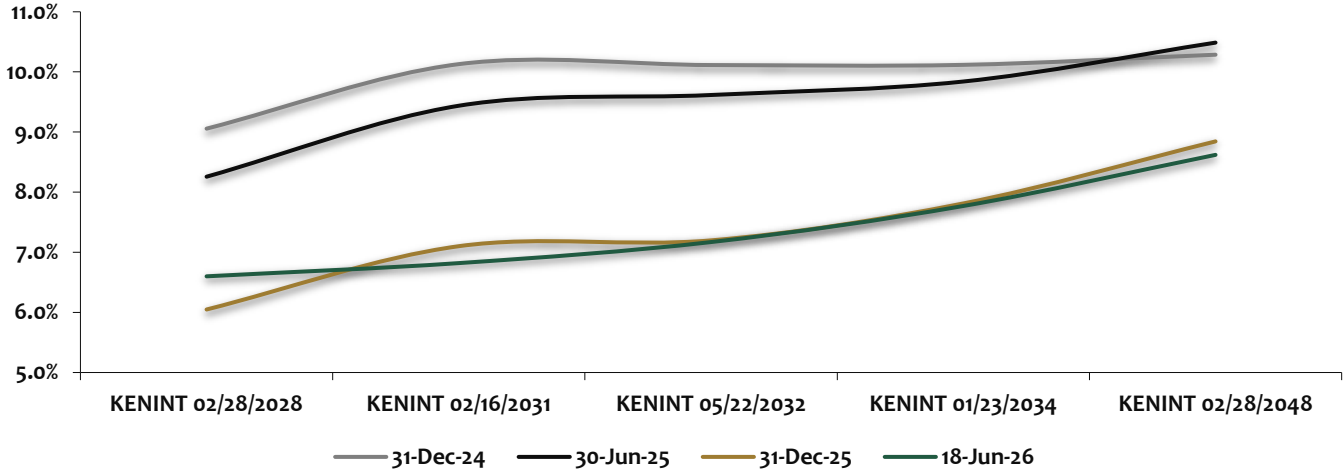
Source: NSE |

Chart: KSL

Similarly, yields on Kenyan Eurobonds trended lower, mirroring broader global fixed income movements. The decline was largely influenced by shifting international risk sentiment and evolving expectations around global developments. Looking ahead, persistent macroeconomic and geopolitical uncertainty is likely to sustain

heightened volatility in the external debt markets, with movements remaining closely tied to global risk appetite and interest rate expectations. The chart below illustrates the movement of the yields over the year:

Kenyan Eurobond Yields



Source: CBK

Chart: KSL

Research Analyst Certification:

The research analyst(s) primarily responsible for the preparation and content of all or any identified portion of this research report hereby certifies that all of the views expressed herein accurately reflect their personal views. Each research analyst(s) also certify that no part of compensation was, is, or will be, directly or indirectly, related to the view(s) expressed by that research analyst in this research report.

Terms of Use- Disclaimer:

This report should be construed as an offer or solicitation to sell or buy any investment or product. Any opinions expressed herein reflect the analyst's judgment as of the date of publication and neither Kingdom Securities Limited nor any of its affiliates or employees accepts any responsibility in respect of the accuracy of the information or recommendations contained herein. Unless otherwise stated, the opinions contained in this material are as of the date of publication and are subject to change at any time without prior notice. Past performance is not a guarantee or indication of future results. The information and opinions contained in this Material have been derived from sources believed to be reliable and in good faith or confidence. Kingdom Securities' judgement as at the date of this research, but no warranty is made as to their accuracy and any opinions are subject to change and may be superseded without notice. In no circumstances will Kingdom Securities or its employees be liable to you for any errors or omissions in this report or for any losses you may incur in following any recommendations in the report. Kingdom Securities is a Subsidiary of Co-operative Bank of Kenya.

Research Department

Stellah Swakei	sswakei@co-opbank.co.ke	+254711049152
Chrisanthus Lunani	clunani@co-opbank.co.ke	+254711049973

Sales Team

Moffat Asena	amoffat@co-opbank.co.ke	+254 711049663
Gloria Ohito	gohito@co-opbank.co.ke	+254711049993

Client Service and Operation

Kingdom Securities Ltd – A subsidiary of Co-operative Bank Limited. Co-operative Bank House- 5th floor, P.O Box 48231 - 00100 Nairobi, Kenya

Office: 0711049016 Email: info@kingdomsecurities.co.ke