

KINGDOM SECURITIES LIMITED

A Subsidiary of the Co-operative Bank of Kenya Ltd

WEEKLY FIXED INCOME AND MACRO REPORT

Week Ending 26th June 2026



kingdomresearch@co-opbank.co.ke

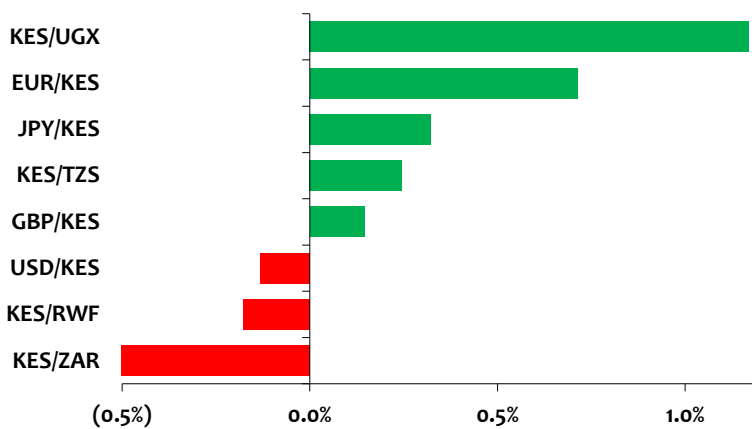
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MACRO LENS

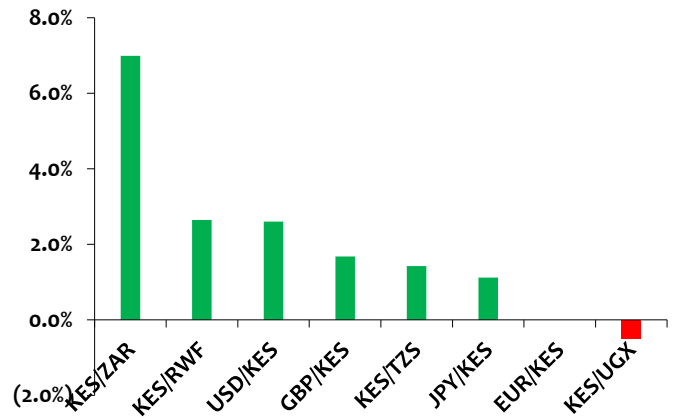
Foreign Exchange:

The Kenyan Shilling exhibited mixed performance, appreciating against most of the currencies tracked, save for the South African Rand, Rwandese Franc and US Dollar. YTD, the currency has remained largely stable against key trading partners' currencies, with the most pronounced gain recorded against the Tanzanian Shilling. See the charts below:

W/W KES Performance



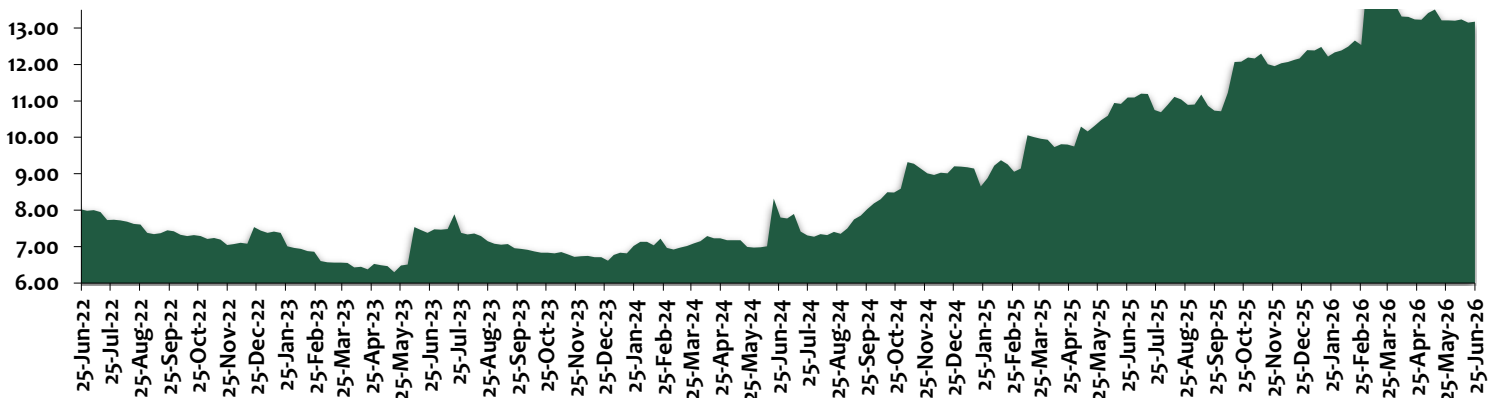
YTD KES Performance



Source: CBK | Chart: KSL

Foreign exchange reserves eased marginally to USD 13.17Bn, equivalent to 5.6 months of import cover, remaining well above statutory thresholds. See the chart below;

Kenya's Forex Reserves (USD BN)



Source: CBK | Chart: KSL

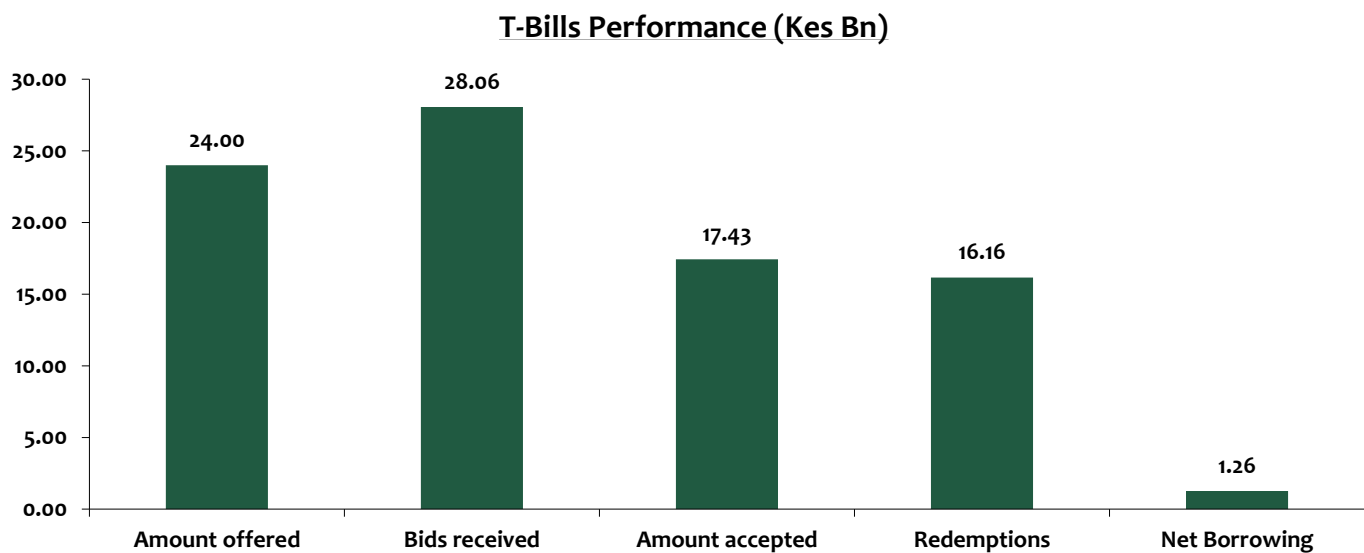
FIXED INCOME PULSE

Primary Market Activity:

Demand for Treasury bills weakened but the auction was still oversubscribed. Overall subscription rate dropped to 116.9%, from 204.1% in the previous auction.

Investor appetite remained concentrated in the 91-Day paper, which recorded a subscription rate of 575.3%, down from 921.2%. In contrast, the 182-Day and 364-Day tenors remained undersubscribed at for the 7th and 3rd consecutive weeks, respectively.

The government received bids worth Kes 28.06Bn and accepted Kes 17.43Bn resulting to a net borrowing of Kes 1.26Bn, considering the Kes 16.16Bn maturities as shown below;



Source: CBK | Chart: KSL

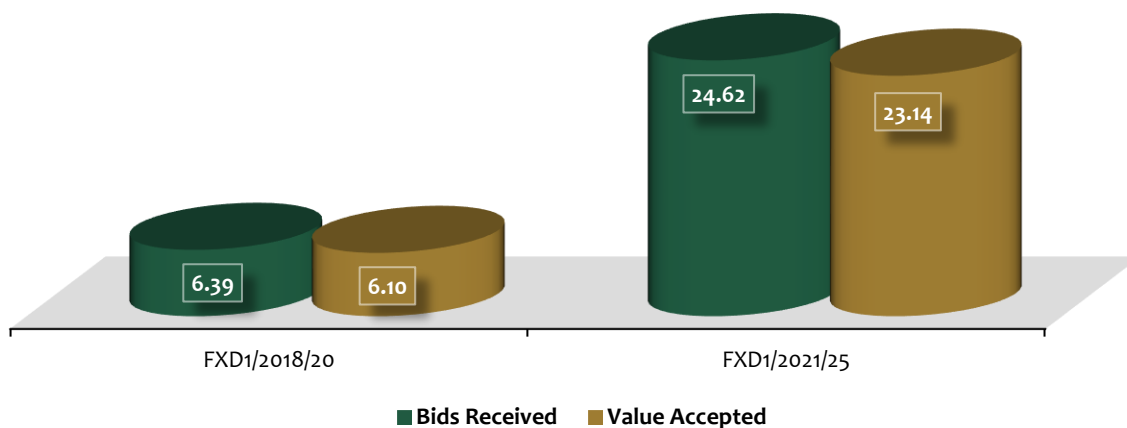
It is Yields on the short-term papers continued to increase, with the 91-day, 182-day, and 364-day papers printing at 8.83% (+0.69bps), 8.84% (+6.56bps), and 8.99% (+1.86bps).

During the week, activity in the interbank market improved with the average volumes increasing to Kes 17.84Bn, from Kes 6.29Bn. However, there was increased activity on the CBK discount window with a total of Kes 15.20Bn being borrowed from the lender of last resort. This signals that some players definitely had liquidity challenges.

Treasury Bonds

In the bond market, the CBK successfully raised Kes 29.24Bn from the tap sale on the second tranche of June bonds. The government was targeting Kes 20.0Bn. As seen in the reopening, FXD1/2021/25 garnered the most interest accounting for 79.1% of the accepted bids. See the summary below;

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



Source: CBK | Chart: KSL

For the month of July, the government is targeting a twin offer mixing capital raising and a switch offer. The reopening targets Kes 70.0Bn and the period of sale is up to 8th July 2026. The switch offer targets FXD1/2021/05 with an outstanding amount of Kes 47.68Bn. The destination bond is FXD1/2012/20 with an outstanding maturity of Kes 201.74Bn. The period of sale ends on 13th July 2026. See the summary below:

Paper	Capital Raising			Switch Offer	
	FXD1/2022/10	FXD1/2021/20	FXD1/2026/30	FXD1/2021/005 - Source Bond	FXD1/2012/20 - Destination Bond
Maturity Date	03-May-32	22-Jul-41	13-Mar-56	09-Nov-26	01-Nov-32
Effective Tenor (Years)	5.8	15.1	29.7	0.4	6.3
Amount Floated (Kes. Bn)	70.00			10.0	
Amount Outstanding (Kes. Bn)	80.90	152.10	23.49	47.68	201.74
Coupon	13.49%	13.44%	12.50%	11.28%	12.00%
Sale Period	Up to 8th July 2026			Up to 13th July 2026	

Source: CBK | Chart: KSL

Secondary Market

Secondary bond market activity improved during the week, with turnover surging 72.7% to KES 79.58Bn, from Kes 46.08Bn in the previous week.

This was in tandem with a 25.5% increase in the number of deals. See the table below:

	Previous Week	Current Week	Change
Turnover in Bonds (Kes Bn)	46.08	79.58	72.7%
Number of Deals	1152	1446	25.5%

Source: NSE | Table: KSL

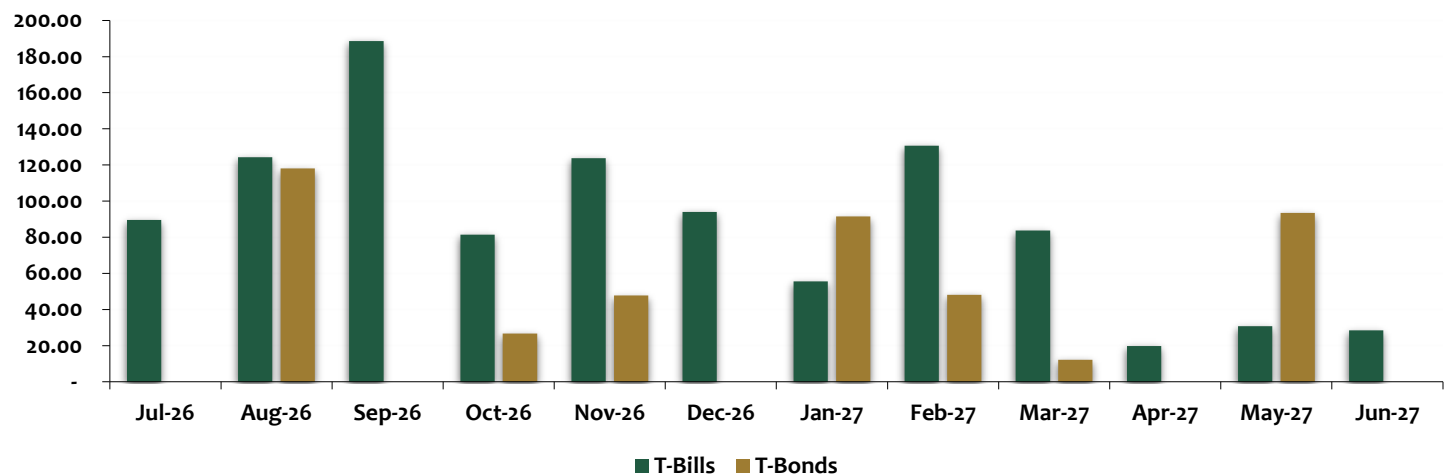
Domestic Debt Service Schedule:

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

- i. KES 1,022.48Bn 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)

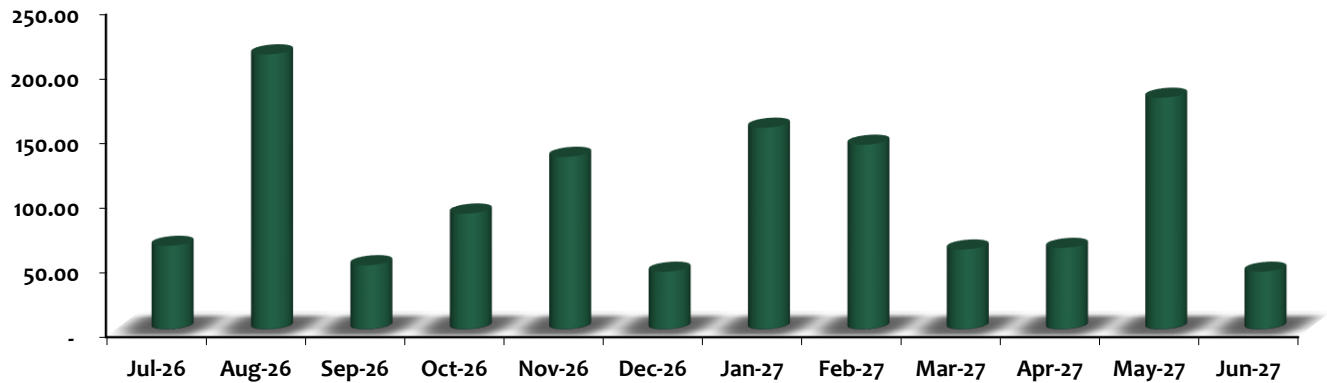


Source: CBK, NSE | Chart: KSL

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)

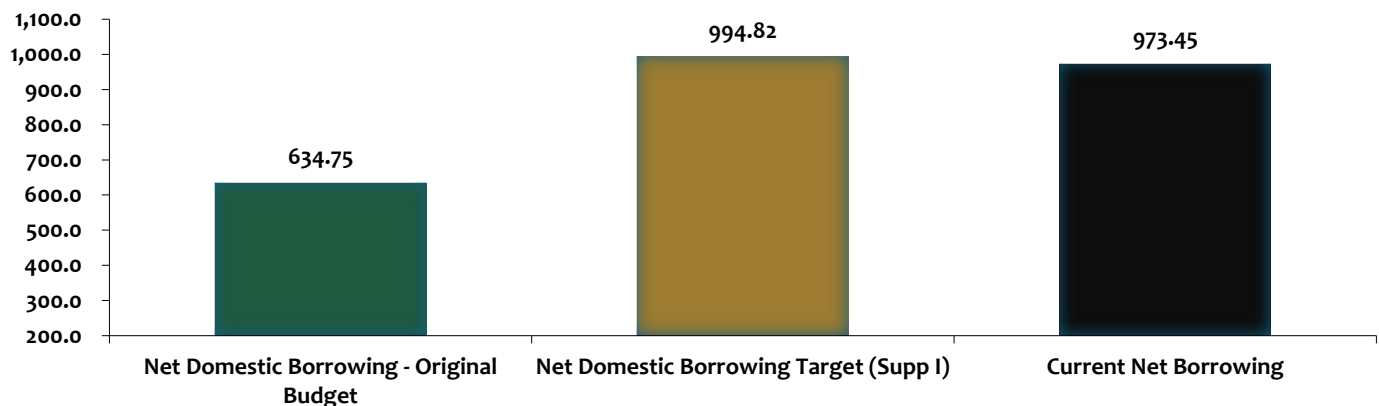


Source: CBK, NSE | Chart: KSL

Government Borrowing Position:

As of this week, the government's net domestic borrowing stood at KES 973.45Bn, equivalent to 97.9% of the revised FY2025/26 Supplementary I. The fiscal year is therefore set to close with the Treasury falling only marginally short of its borrowing target, a significantly narrower gap than we had initially anticipated. Our earlier expectation, based on the assumptions underpinning the First Supplementary Budget, was for net domestic borrowing to close at around KES 950.0Bn. See the visual below:

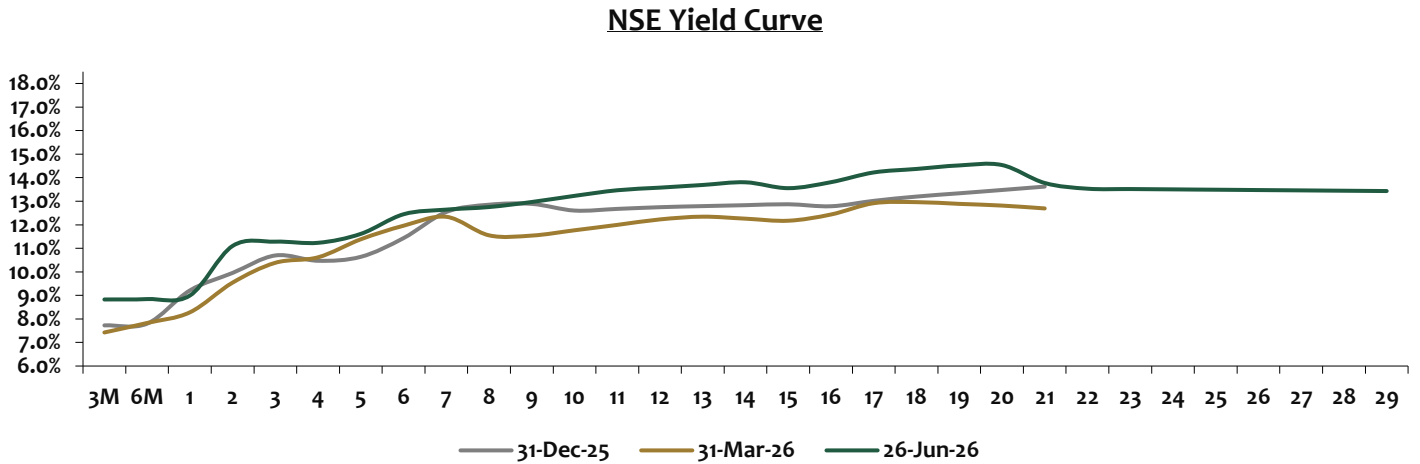
ACTUAL DOMESTIC BORROWING VS. TARGET



Source: CBK, NSE | Chart: KSL

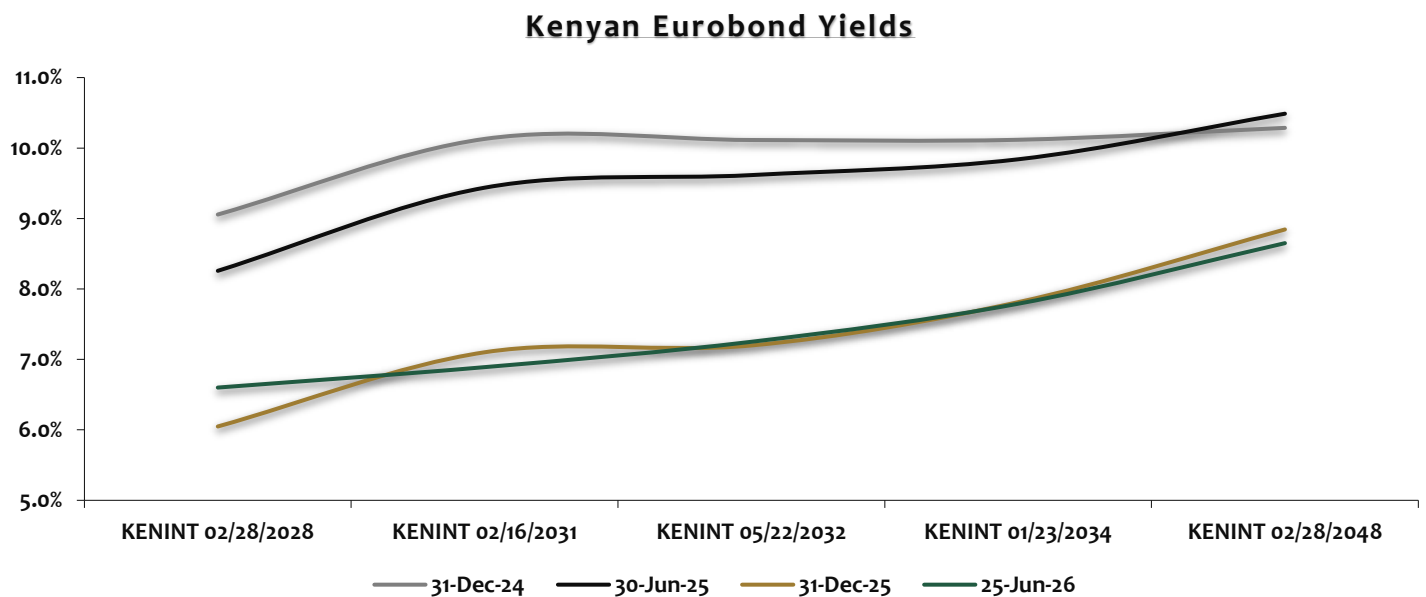
Local & International Yields

The local yield curve remained stable, with declines offsetting the select gains across the curve. See the chart below:



Source: NSE | Chart: KSL

Similarly, yields on Kenyan Eurobonds remained stable, mirroring broader global fixed income movements. The decline was largely influenced by shifting international risk sentiment and evolving expectations around global developments. The chart below illustrates the movement of the yields over the year:



Source: CBK | Chart: KSL

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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