



## Pre—Auction Note June 2026 Bonds

The Central Bank of Kenya (CBK) is seeking to raise Kes 60.0Bn through the second tranche of June bonds, with the auction scheduled for tomorrow, 17th June 2026, which also marks the bidding deadline. The fiscal agent is reopening FXD1/2018/20 and FXD1/2021/25.

FXD1/2018/20 is being reopened for the first time this year. The bond was reopened twice in 2025 and was undersubscribed on both occasions, largely because it was offered alongside bonds carrying higher coupon rates, in our assessment. FXD1/2021/25, on the other hand, has been reopened once this year and attracted strong investor demand, resulting in an oversubscription. However, the government rejected a significant portion of the bids received.

The two bonds carry coupon rates of 13.20% and 13.92% for FXD1/2018/20 and FXD1/2021/25, respectively, with effective tenors to maturity of 11.7 years and 19.8 years.

Our bidding estimates for the two bonds are as follows:

Bond	Bidding Estimates
FXD1/2018/20	13.54% - 13.74%
FXD1/2021/25	14.32% - 14.42%

It is worth noting that the last two issuances were undersubscribed. In our view, this was largely driven by expectations of higher interest rates, which encouraged a wait-and-see approach as investors held out for potentially better opportunities in future issuances.

With the CBK having maintained the Central Bank Rate at 8.75% and supply chain disruptions now appearing to ease, we expect investors to gradually shift their focus back to returns rather than holding onto cash. As such, we anticipate FXD1/2021/25 to attract the strongest demand, supported by its relatively higher coupon.

See below the details of the bonds:

Paper	FXD1/2018/20	FXD1/2021/25
Maturity Date	01-Mar-38	09-Apr-46
Effective Tenor (Years)	11.7	19.8
Amount Floated (Kes. Bn)	60.00	
Amount Outstanding (Kes. Bn)	171.20	180.91
Coupon	13.20%	13.92%
Sale Period	Up to 17th June 2026	

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