

**Pre—Auction Note
September 2026 Bonds**

The Central Bank of Kenya (CBK) is seeking to raise Kes 60Bn through two treasury bonds.

The details of the issuance are shown below:

	Capital Raising	
	Re-openings	
Paper	FXD1/2019/020	FXD1/2026/030
Maturity Date	21-Mar-39	13-Mar-56
Effective Tenor (Years)	12.6	29.6
Amount Floated (Kes. Bn)	60.00	
Amount Outstanding (Kes. Bn)	176.35	32.79
Coupon	12.8730%	12.5000%
Sale Period	Up to 16th September 2026	

Source: CBK | Chart: KSL

The auction comes against a backdrop of ample banking sector liquidity and an accommodative monetary policy stance, with the Central Bank Rate (CBR) maintained at 8.75%. However, inflation remains elevated at 6.6%, while the most recent auctions for FXD1/2019/020 and FXD1/2026/030 recorded relatively weak demand, with performance rates of 59.92% and 28.07%, respectively. The reopened bonds are currently trading at implied yields of 13.0798% and 13.5125%, respectively, indicating continued upward repricing, particularly at the longer end of the yield curve. Against this backdrop, we expect investors to remain selective, with bidding largely anchored around prevailing secondary market yields while factoring in the relative attractiveness of the two securities.

That said, our bidding estimates are as follows, considering the current market conditions and effective tenors:

Bond	Bidding Estimates
FXD1/2019/020	13.30% – 13.45%
FXD1/2026/030	14.10% – 14.25%

September 2026 has no Treasury bond maturities, limiting reinvestment liquidity from principal redemptions. However, four Treasury bonds are scheduled to pay coupons, with three payments due on 14th September 2026, ahead of the auction, and another on 21st September 2026, coinciding with settlement. The coupon inflows should provide some liquidity support, although not to the extent of principal maturities.

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