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Kenya Macro-Economic Highlights

May 2025

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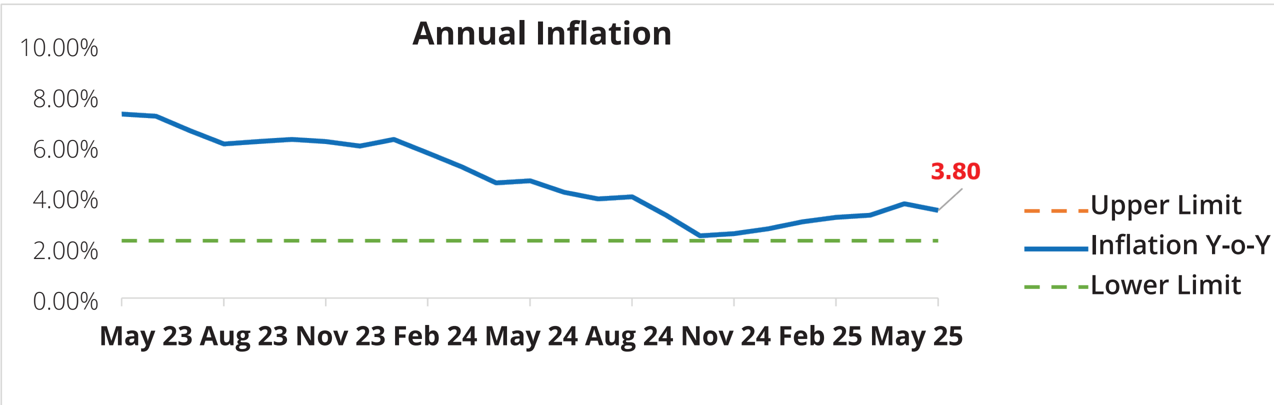
Inflation

The annual consumer price inflation, as measured by the Consumer Price Index (CPI), clocked at 3.8% in May 2025, indicating that the representative basket of goods and services cost 3.8% more than it did twelve months earlier, in May 2024. This increase was predominantly driven by higher prices within the Food and Non-Alcoholic Beverages (6.3%), Transport (2.3%), and Housing, Water, Electricity, Gas, and Other Fuels (0.8%) categories over the one-year period. Collectively, these three divisions constitute over 57% of the total weight across the 13 principal expenditure categories.

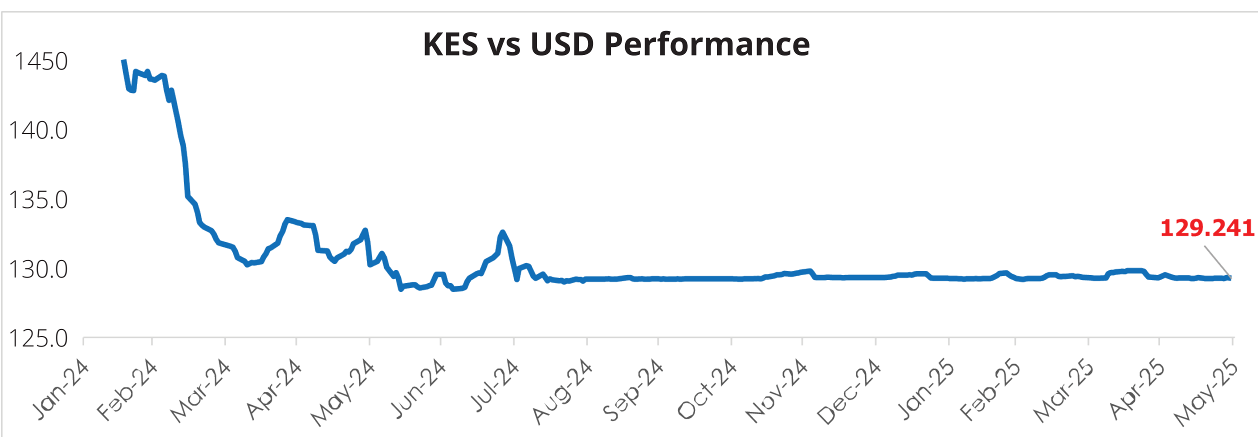
On a month-to-month basis, the rise in inflation was primarily attributed to increases of 1.2% and 0.2%, in the Food and Non-Alcoholic Beverages and in the Transport categories.



(Source: KNBS, OMIG Research)

Foreign Exchange Market

During May, the Kenyan shilling posted a very slight uptick against the U.S. dollar, appreciating by roughly eight basis points to KES 129.24 per dollar from April's KES 129.34. In the near term, the exchange rate is likely to remain broadly steady; yet the medium-to-long-run outlook is less stable. The suspension of the IMF's final US$850 million tranche, the absence of a follow-on Fund programme, and a demanding external-debt-service calendar all point to the prospect of heightened exchange-rate volatility. A forthcoming World Bank disbursement of about KES 97 billion should provide some interim breathing space for the balance of payments and the Treasury.



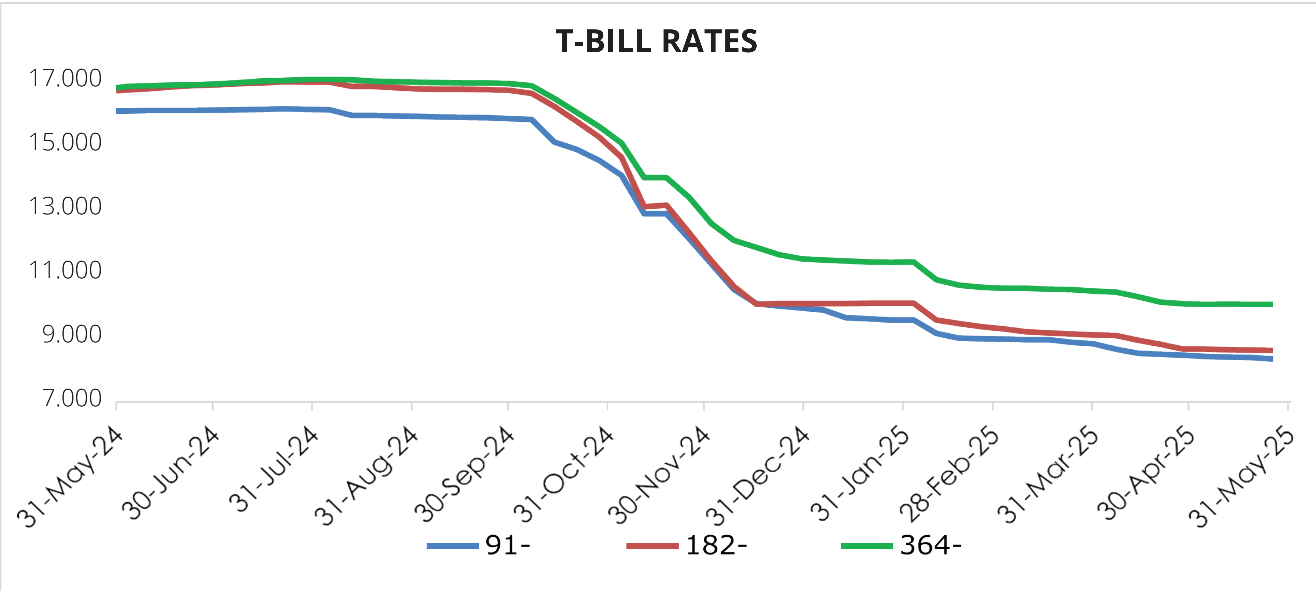
(Source: CBK, OMIG Research)

Yields and Yield Curve

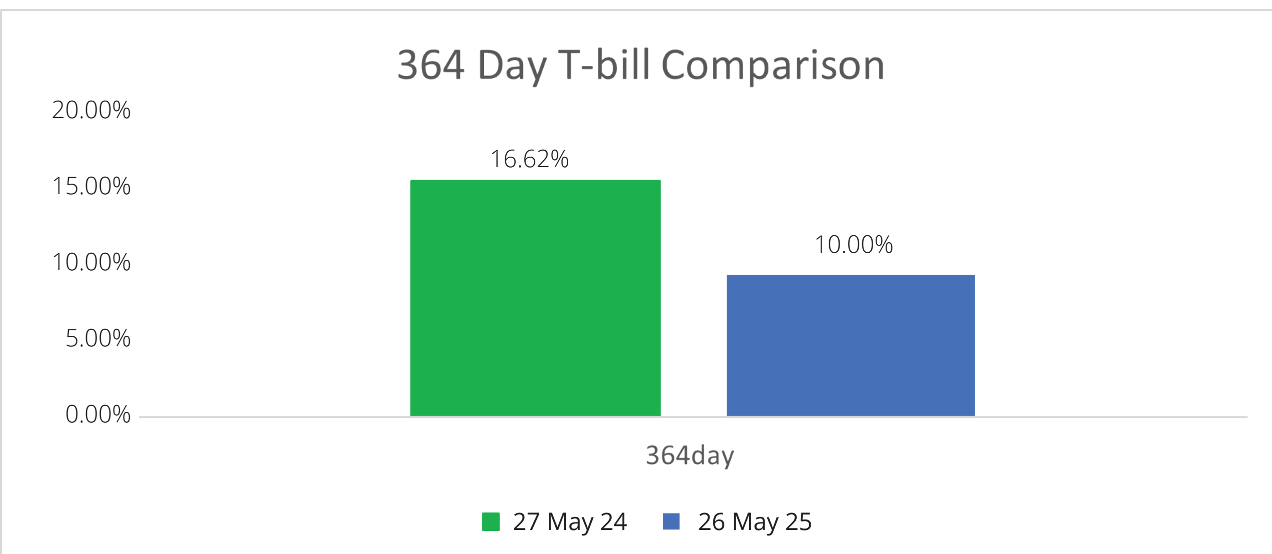
Treasury Bills

In May, demand for Treasury bills remained robust, as reflected in a total subscription rate of 154%, though the subscription rate has experienced a decline. Investor interest varied significantly across tenors, with the 91-day, 182-day, and 364-day issues attracting subscription rates of 157%, 97%, and 210%, respectively, indicating a clear investor preference for the 91-day and 364-day papers with a clear weight toward the longer dated paper.

Over the same period, rates trended downward, with the 91-day T-bill declining to 8.32% by the end of May, down from 8.44% the month prior. Similarly, the yield on the 182-day T-bill moderated to 8.58% from 8.62%, while the 364-day instrument saw its yield decrease to 10.00%, compared to 10.02%.



(Source: CBK, OMIG Research)

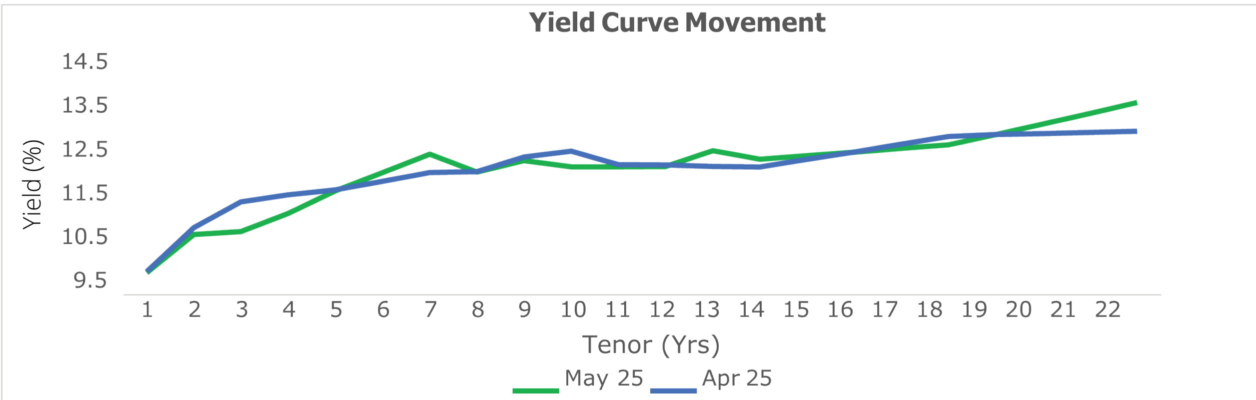


(Source: CBK, OMIG Research)

Treasury Bonds

In May, the yield curve experienced some localized volatility driven by primary auctions of select papers as well as heightened turnover in the secondary market. The most pronounced adjustment was a 66-basis-point steepening at the 22-year maturity, juxtaposed with a 68-basis-point compression at the 3-year point. In the near term, the curve appears poised for a measured downward drift.

owever, growing concerns around a potentially more expansive fiscal deficit in the upcoming fiscal year suggests that the Treasury may be compelled to augment its reliance on domestic borrowing. Should that scenario materialise, auction participants are likely to demand higher clearing yields, thereby exerting upward pressure on the curve.

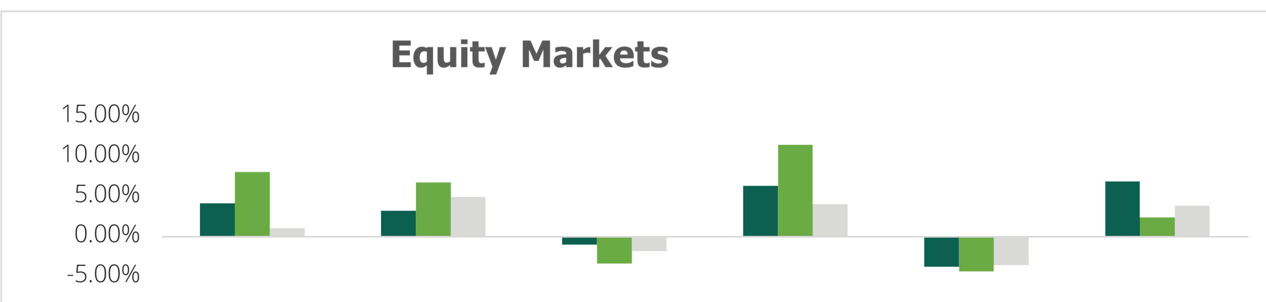


(Source: NSE, OMIG Research)

Equities Market Performance

After a two-month lull in March and April, Kenyan equities regained traction in May. The NSE All- Share Index posted a 6.5 % advance, while the NSE 20 and NSE 25 indices rose 2.3 % and 3.6 %, respectively. Market capitalization expanded to KES 2.11 trillion, marking a 6.53 % month-on-month increase.

This improvement was anchored by the sharp rise of the market's largest and most liquid counters: Safaricom appreciated 17.4 %, KCB Bank 9.5 %, and Co-operative Bank 7.6 %. Their gains outweighed declines in other heavyweight names—Stanbic Bank (-12.9 %), Standard Chartered Kenya (-10.5 %), and BAT (-6.3 %). Taken together, the figures point to a selective rotation back toward growth-oriented franchises, even as pockets of weakness persist among certain blue-chip issuers.



	Jan-25	Feb-25	Mar-25	Q1 2025	Apr-25	May-25
NASI	3.89%	3.00%	-1.00%	5.94%	-3.62%	6.45%
NSE -20	7.56%	6.36%	-3.19%	10.75%	-4.10%	2.25%
NSE-25	0.98%	4.63%	-1.74%	3.81%	-3.39%	3.60%

(Source: NSE, OMIG Research)

Top & Bottom 5 equity stocks performance

Top 5 Stock	May 2025 Performance
Kenya Power & Lighting Co Plc Ord 2.50	22.12%
Safaricom Plc Ord 0.05	17.38%
Kenya Re Insurance Corporation Ltd Ord 2.50	17.09%
Jubilee Holdings Ltd Ord 5.00	13.50%
I&M Group Plc Ord 1.00	12.96%

Bottom 5 Stock	May 2025 Performance
E.A. Portland Cement Co. Ltd Ord 5.00	-28.11%
E.A. Cables Ltd Ord 0.50	-25.87%
Uchumi Supermarket Plc Ord 5.00	-23.53%
Eveready East Africa Ltd Ord.1.00	-17.31%
Kakuzi Plc Ord.5.00	-17.05%

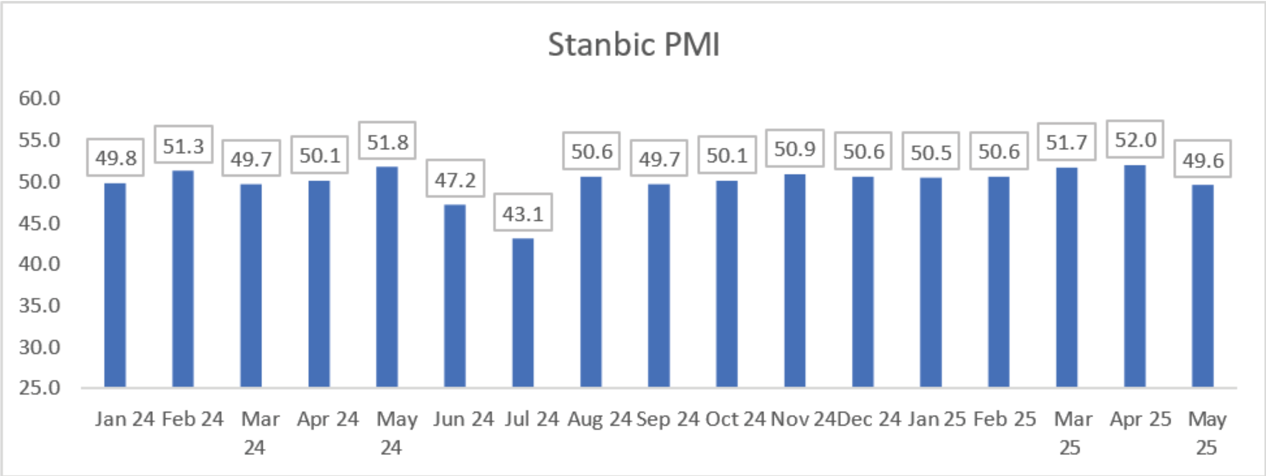
Top 10 Stocks Performance by Market Weight

Top 10 Stock	Market Weight	May 2025 Performance
Safaricom Plc Ord 0.05	39.09%	17.38%
Equity Group Holdings Plc Ord 0.50	7.69%	-5.80%
East African Breweries Plc Ord 2.00	6.72%	3.16%
KCB Group Plc Ord 1.00	6.41%	9.49%
Standard Chartered Bank Kenya Ltd Ord 5.00	4.81%	-10.50%
ABSA Bank Kenya Plc Ord 0.50	4.71%	0.83%
The Co-operative Bank of Kenya Ltd Ord 1.00	4.31%	7.64%
NCBA Group Plc Ord 5.00	4.25%	0.93%
Stanbic Holdings Plc ord.5.00	2.86%	-12.46%
I&M Group Plc Ord 1.00	2.80%	12.96%

(Source: NSE, OMIG Research)

Stanbic PMI

Kenya's Purchasing Managers' Index slid below the 50-point equilibrium mark in May, indicating a mild contraction in private-sector activity. Elevated input prices eroded household purchasing power, curbing demand and softening output. The setback halts a seven-month spell of gradually improving operating conditions, yet the pullback was modest: firms continued to restock inventories and add to workforce capacity even as overall momentum cooled.



(Source: Stanbic Bank Kenya, OMIG Research)

Source: Old Mutual Investment Group Research

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