



Kenya Macro-Economic Highlights



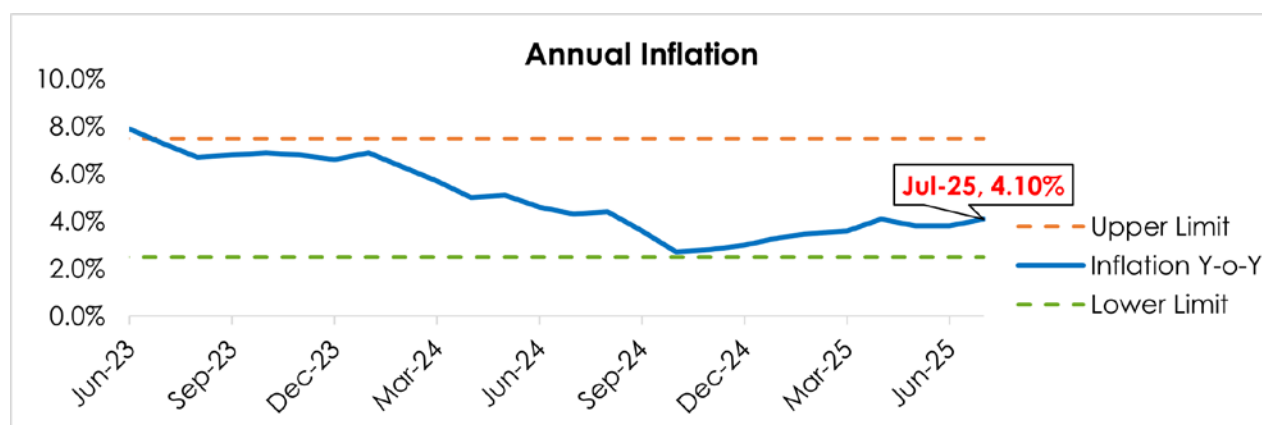
July 2025

For a Better Tomorrow

Inflation

The annual consumer price inflation, as measured by the Consumer Price Index (CPI), clocked at 4.1% in July 2025, indicating that the representative basket of goods and services cost 4.1% more than it did twelve months earlier, in July 2024. This increase was predominantly driven by higher prices within the Food and Non-Alcoholic Beverages (6.8%), Transport (4.1%), and Housing, Water, Electricity, Gas, and Other Fuels (1.3%) categories over the one-year period. Collectively, these three divisions constitute over 57% of the total weight across the 13 principal expenditure categories.

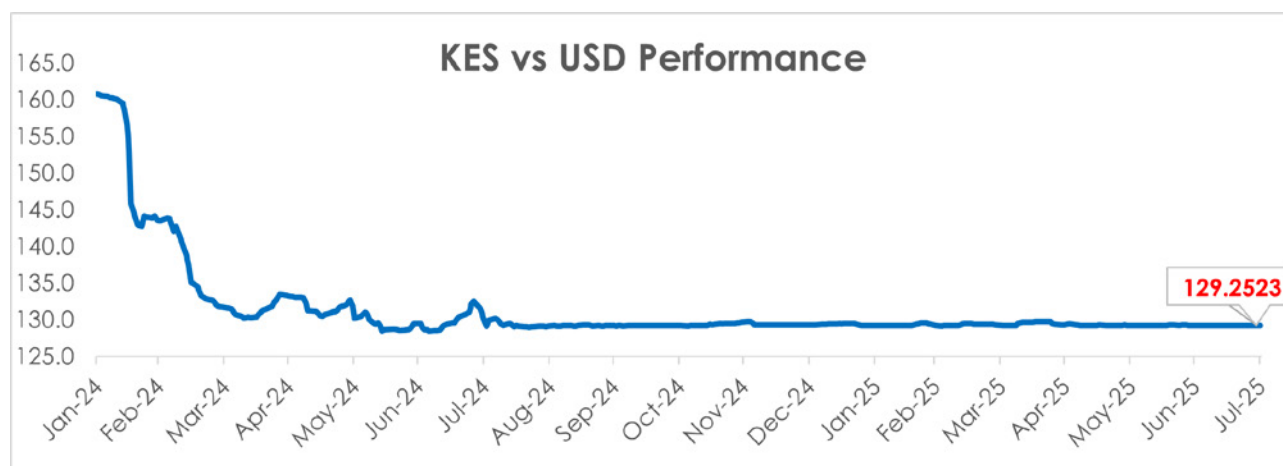
On a month-to-month basis, the rise in inflation was primarily attributed to increases of 0.7% and 0.8%, in the Housing, Water, Electricity, Gas, and Other Fuels and in the Transport categories respectively.



(Source: KNBS, OMIG Research)

Foreign Exchange Market

During the month of July, the Kenyan shilling posted a very slight downtick against the U.S. dollar, depreciating by roughly 0.4 basis points to KES 129.2394 per dollar from June's KES 129.2343. In the near term, the exchange rate is likely to remain broadly steady; yet the medium-to-long-run outlook is less stable due to the deferred World Bank disbursement of KES 96.9 billion (USD 750 million) to Kenya and the lack of an ongoing IMF programme. However, this has not severely eroded CBK's FX buffers.



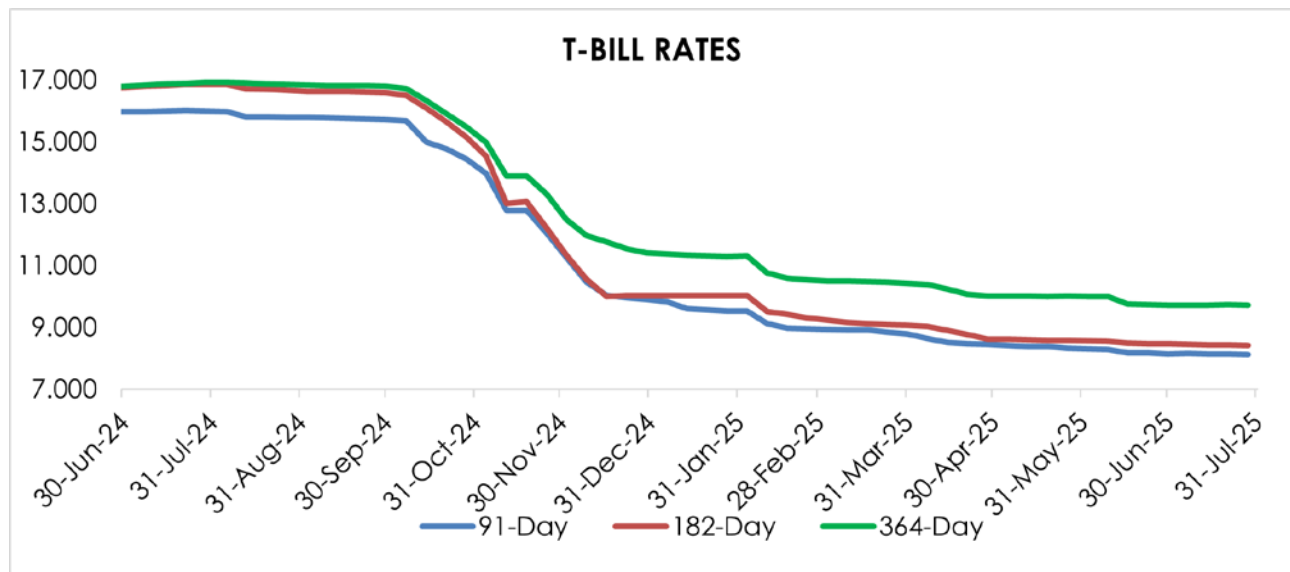
(Source: CBK, OMIG Research)

Yields and Yield Curve

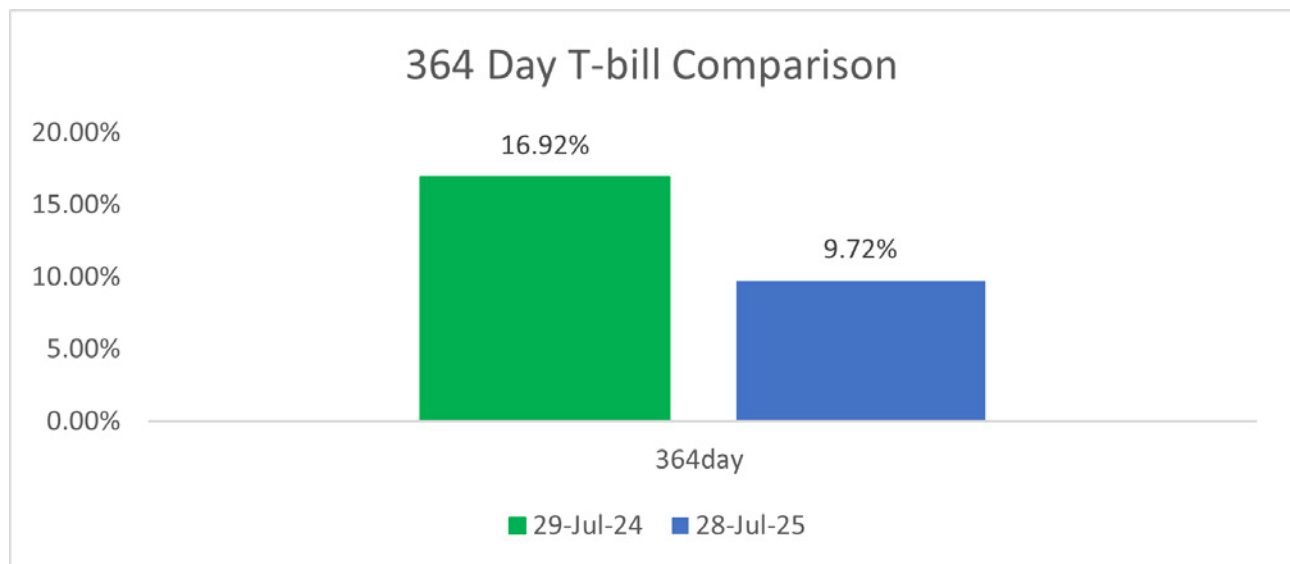
Treasury Bills

In July, demand for Treasury bills remained robust, as reflected in a total subscription rate of 117%, with the subscription rate declining from 179%, the month prior. Investor interest has varied across tenors, with the 91-day, 182-day, and 364-day issues attracting rates of 157%, 77%, and 141%, respectively, indicating a clear investor preference for the 91-day and 364-day papers with a clear weight toward the shorter dated paper.

Over the same period, rates trended downward, with the 91-day T-bill declining to 8.12% by the end of July, down from 8.14% the month prior. Similarly, the yield on the 182-day T-bill declined to 8.42% from 8.46%, while the 364-day instrument remained relatively steady at 9.72%, compared to close of June at 9.72%.



(Source: CBK, OMIG Research)

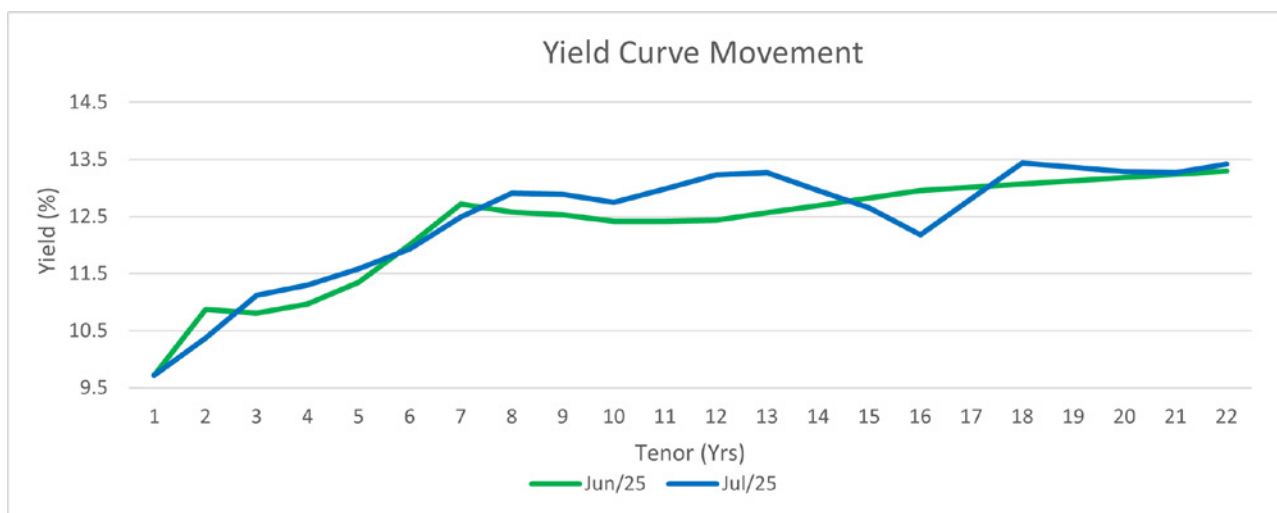


(Source: CBK, OMIG Research)

Treasury Bonds

In July, 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 79-basis-point steepening at the 11-year maturity, with a 68-basis-point compression at the 16-year maturity. In the near term, the curve appears set for a measured downward trend.

However, growing concerns around the deferred world Bank disbursement of KES 96.9 billion (USD 750 million) to Kenya, the lack of an ongoing IMF programme and 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, potentially putting upward pressure on the yield curve.



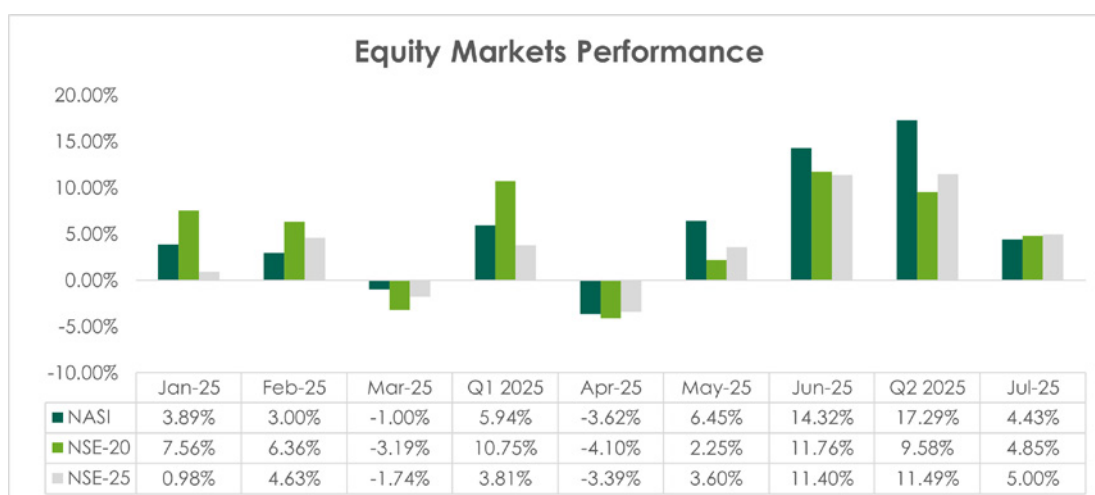
(Source: NSE, OMIG Research)

Equities Market Performance

In July, the equities market maintained its upward trajectory, though not as strong as the previous month. Overall, Q2 2025 recorded better growth compared to Q1 2025. The NSE All-Share Index rose by 4.4%, while the NSE-20 and NSE-25 gained 4.9% and 5.0%, respectively. Market capitalization expanded to KES 2.52 trillion, marking a 4.43 % month-on-month increase.

This growth was driven by the rise of the market's largest and liquid counters: Safaricom appreciated 54.25%, NCBA Group PLC 37.45%, Stanbic Holdings 29.14% and East African Breweries Plc 20.09%. Notably, Sameer Africa Plc and Trans-Century Plc recorded strong gains of 250.62% and 187.18%, respectively.

The decline in interest rates led to increased investor demand for listed equities over fixed-income securities.



(Source: NSE, OMIG Research)

Top & Bottom 5 Equity Stocks Performance

Top 5 Stock	Apr 2025 Performance
Sameer Africa Plc Ord 5.00	250.62%
Trans-Century Plc Ord 0.50AIMS	187.18%
Kenya Power & Lighting Co Plc Ord 2.50	134.93%
KenGen Co. Plc Ord. 2.50	102.20%
Kenya Re Insurance Corporation Ltd Ord 2.50	72.66%

Bottom 5 Stock	Apr 2025 Performance
Umeme Ltd Ord 0.50	-42.69%
Eveready East Africa Ltd Ord.1.00	-18.26%
The Limuru Tea Co. Plc Ord 20.00AIMS	-11.43%
Nairobi Business Ventures Plc Ord. 0.50GEMS	-8.96%
Nation Media Group Plc Ord. 2.50	-6.94%

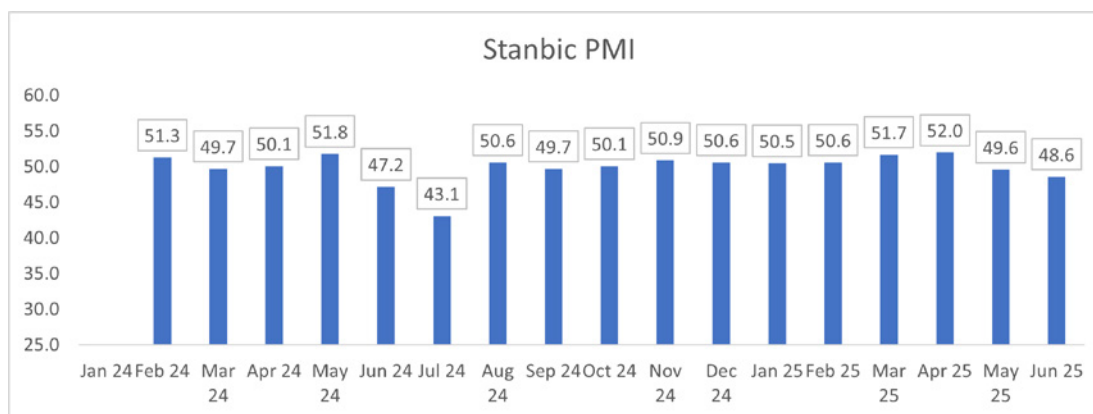
Top 10 Stocks Performance by Market Weight

Top 10 Stock	Market Weight	Apr 2025 Performance
Safaricom Plc Ord 0.05	41.74%	54.25%
Equity Group Holdings Plc Ord 0.50	7.55%	4.55%
East African Breweries Plc Ord 2.00	6.60%	20.09%
KCB Group Plc Ord 1.00	6.03%	13.94%
Standard Chartered Bank Kenya Ltd Ord 5.00	4.73%	13.05%
NCBA Group Plc Ord 5.00	4.32%	37.45%
ABSA Bank Kenya Plc Ord 0.50	4.20%	8.03%
The Co-operative Bank of Kenya Ltd Ord 1.00	3.95%	3.34%
Stanbic Holdings Plc ord.5.00	2.78%	29.14%
I&M Group Plc Ord 1.00	2.53%	1.10%

(Source: NSE, OMIG Research)

Stanbic PMI

In June, the Stanbic Kenya PMI contracted for a second consecutive month, with the headline index showing weaker overall business conditions. However, the additional PMI indicators show a mixed picture. The dip in activity was due to output and new orders contracting because of weaker consumer spending, challenging economic conditions, and social protests reappearing in June. Quantities of purchases also fell, per reduced output and new orders, and work backlogs declined, albeit to a smaller extent.



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Source: Old Mutual Investment Group Research



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