Kenya
Macro-Economic Highlights

October 2025

For a Better Tomorrow

Central Bank Rate (CBR)

The Monetary Policy Committee (MPC) decided to lower the Central Bank Rate (CBR) by 25 basis points to **9.25%** from **9.50%**, during its meeting held on October 7, 2025.

The Committee noted that:

- Global growth has remained resilient in 2025, supported by front-loading of exports to the United States ahead of implementation of higher tariff rates on trade, improved financial conditions, and strong consumer spending. Growth is however projected to slow down in 2026 on account of higher effective tariff rates and elevated trade policy uncertainty.

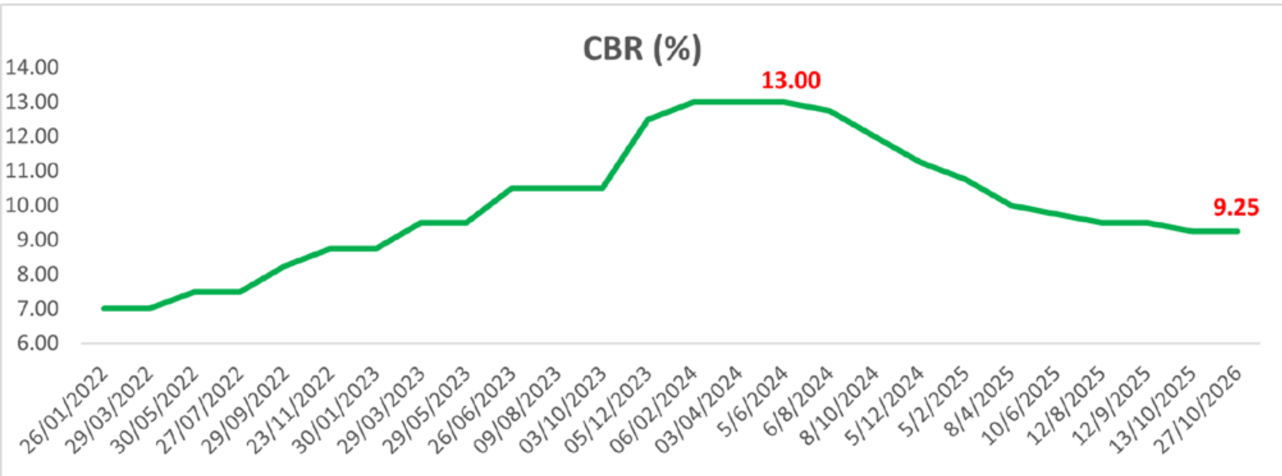
- Inflation in major economies has risen modestly in recent months, driven by higher food prices and tariff-related cost pressures. Global inflation is projected to decline in 2025 and 2026, mainly driven by lower energy prices, and reduced global demand. Central banks in the major economies have remained cautious in lowering interest rates, depending on their inflation and growth outlooks.

- Kenya's GDP grew by **5.0%** in Q2 2025, up from **4.6%** in Q2 2024, underscoring continued economic resilience. This reflected a rebound in activity in the industrial sector, stable growth of the agriculture sector, and resilience of key service sectors particularly transport and storage, finance and insurance, information and communication, and wholesale and retail trade.

- The current account deficit widened slightly to **2.1% of GDP** in the 12 months to August 2025, from **1.6%** a year earlier, reflecting increased imports of intermediate and capital goods. Goods exports increased by **3.6%** due to higher domestic exports which rose by **8.5%,** driven by horticulture, coffee, manufactured goods, and apparel. Goods imports rose by **9.2%**, reflecting increases in intermediate and capital goods imports.

- The banking sector remains stable and resilient, with strong liquidity and capital adequacy ratios. The ratio of gross non-performing loans (NPLs) to gross loans was **17.1%** in September 2025 down from 17.6% in June. Decreases in NPLs were noted in the building and construction, real estate, tourism, restaurant and hotels, and trade sectors. Banks have continued to make adequate provisions for the NPLs.

- The MPC noted that the revised banking sector Risk-Based Credit Pricing (RBCP) model, which will be fully operational by March 2026, will improve the transmission of monetary policy decisions to commercial banks' lending interest rates, and enhance transparency in the pricing of loans by banks.



(Source: CBK, OMIG Research)

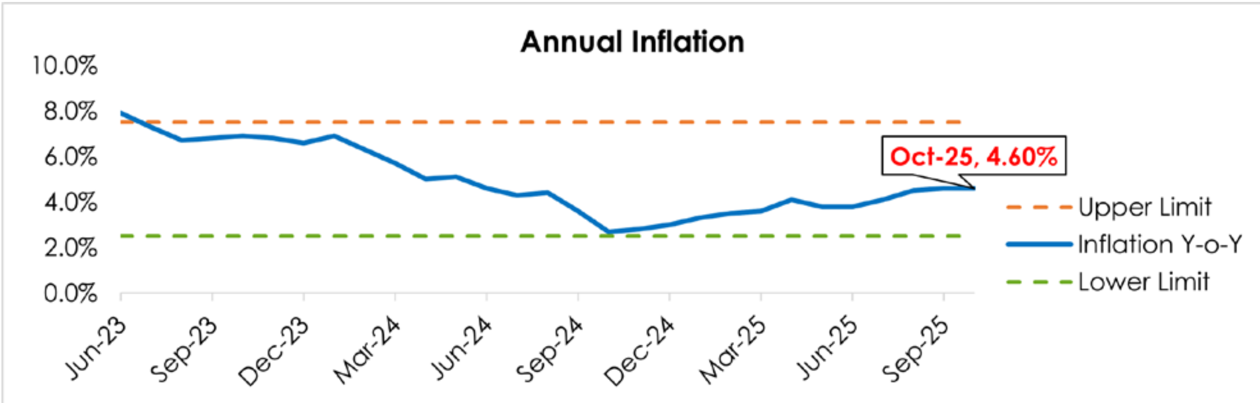
The Committee will meet again in December 2025

Inflation

The annual consumer price inflation, as measured by the Consumer Price Index (CPI), remained unchanged at **4.6%** in October 2025.

The **4.6%** CPI indicates that the representative basket of goods and services cost **4.6%** more than it was twelve months earlier. The stagnant rate was due to an increase in non-core inflation to from **9.6%** to **9.9%** while core inflation reduced from **2.9%** to **2.7%**.

On a year-on-year basis, the rise was driven by increases of **0.3%** and **0.2%**, in the Housing, Water, Electricity, Gas, and Other Fuels, and in the food and Non-Alcoholic beverages categories respectively.

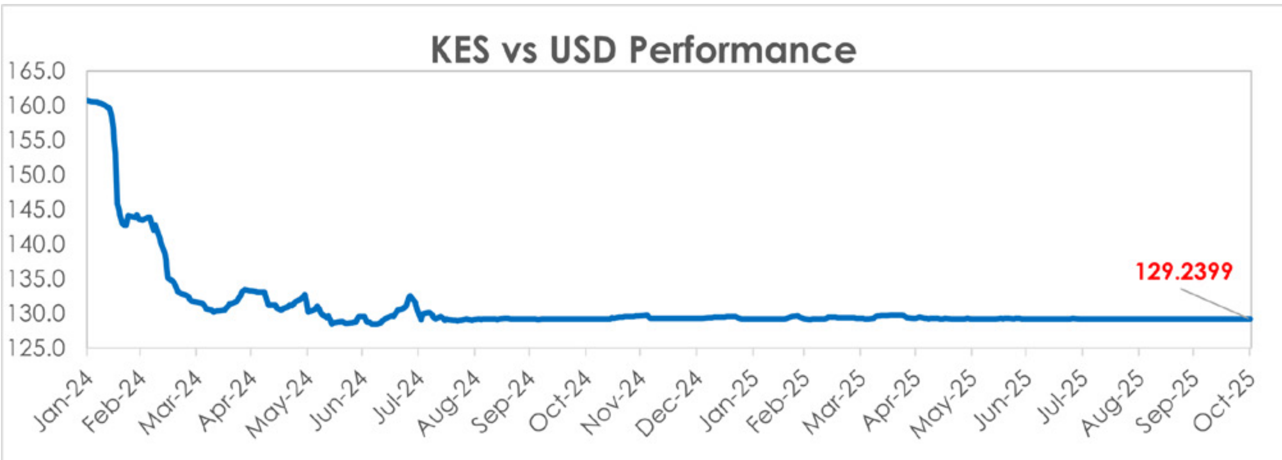


(Source: KNBS, OMIG Research)

Foreign Exchange Market

For the month of October, the Kenya shilling remained steady against the U.S. Dollar, closing the month at 129.24.

Official forex reserves remained were at USD 12,194 million (5.3 months of import cover). This is above the 4 months target.



(Source: CBK, OMIG Research)

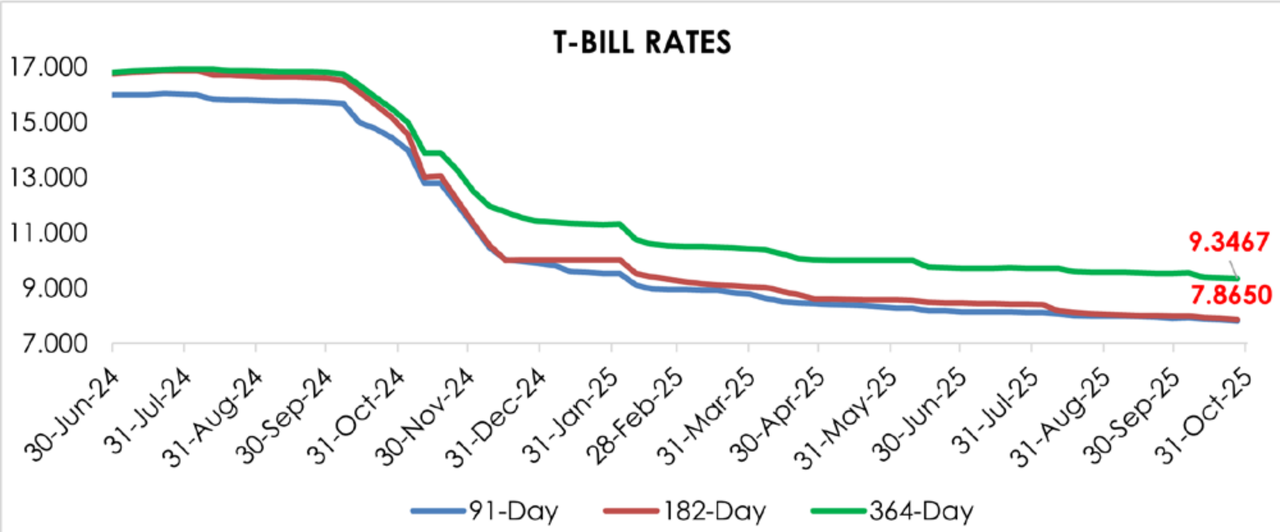
Yields and Yield Curve

Treasury Bills

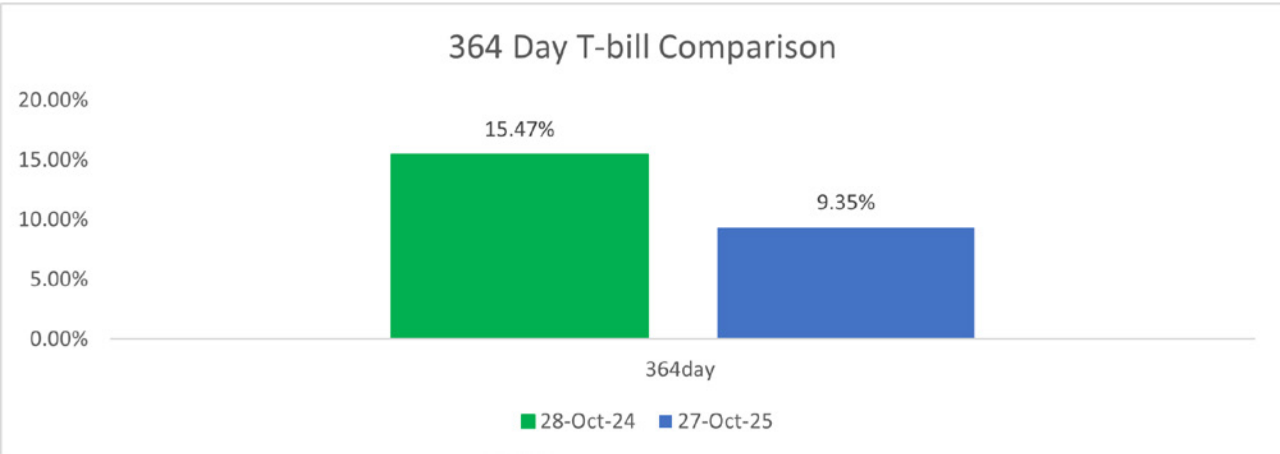
In October, demand for Treasury bills experienced a slight drop, to a total subscription rate of **95.79%**, from **115.31%** in September 2025. Investor interest has varied across tenors, with the 91-day, 182-day, and 364-day issues having subscription rates of **143.07%**, **41.96%**, and **130.71%**, respectively, indicating a continued investor preference for the 91-day and 364-day papers.

During the same period, interest rates declined, with the 91-day T-bill marginally easing to **7.83%** from **7.92%**, the 182-day to **7.87%** from **7.98%**, and the 364-day decreasing to **9.35%** from **9.54%**.

Treasury bills subscription rates have declined due to lower interest rates.



(Source: CBK, OMIG Research)

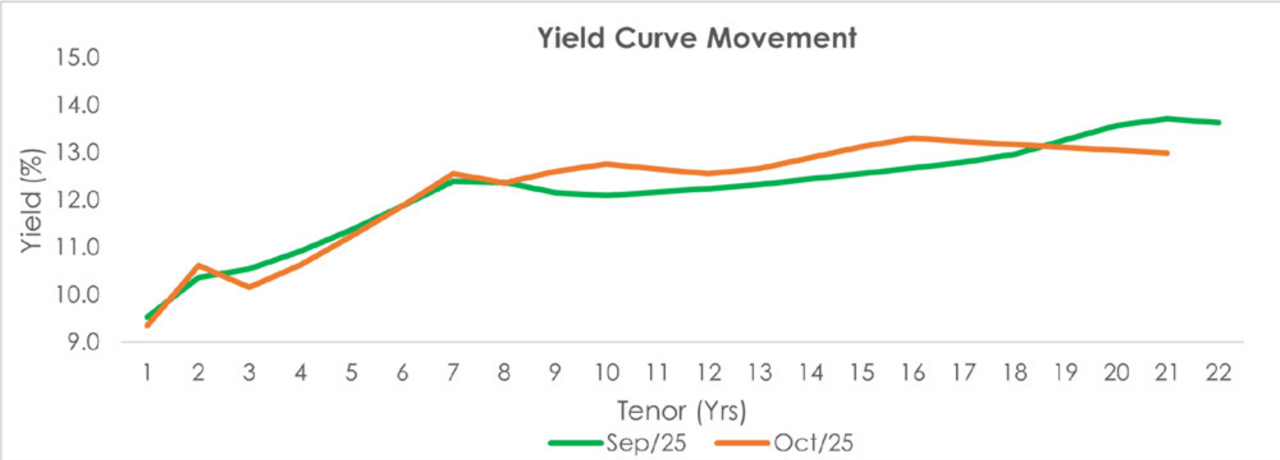


(Source: CBK, OMIG Research)

Treasury Bonds

In October, the Kenyan yield curve remained upward sloping, with shorter-term maturities offering significantly lower yields compared to longer tenors. However, overall yields were lower than those observed in 2024. Notably, the 9- to 18-year segment experienced positive volatility, largely driven by activity in select primary auctions and increased participation in the secondary market. At the longer end of the curve, yields on the 20-year paper decreased.

Going forward, government buybacks and issuance of longer-dated bonds at relatively lower yields, to manage domestic maturities are expected to influence yields.



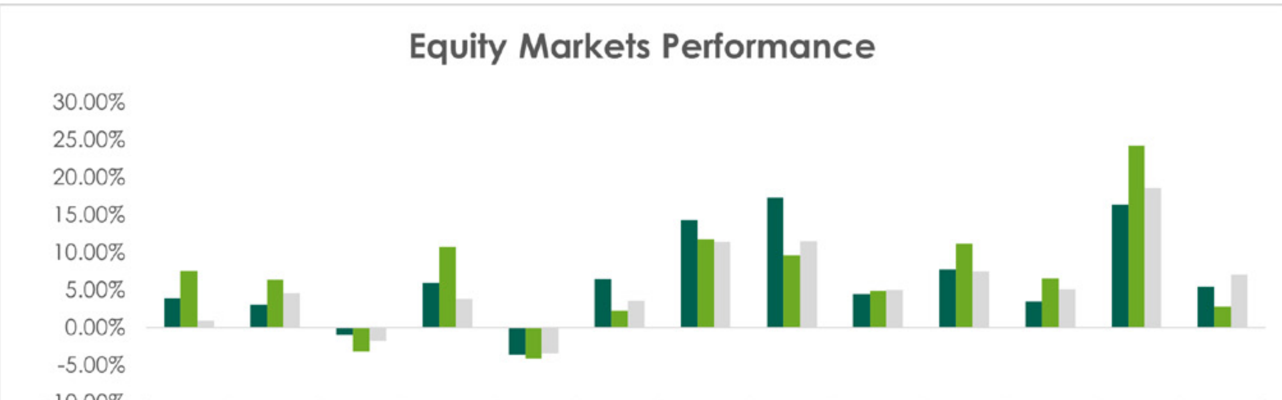
(Source: NSE, OMIG Research)

Equities Market Performance

The market maintained its upward momentum in October, with the NSE All-Share Index (NASI) rising by **5.48%** for the month and **16.34%** for Q3, bringing its year-to-date performance to **52.5%**. The NSE 20 and NSE 25 indices also posted monthly gains of **2.83%** and **7.06%**, respectively. Market capitalisation is at Kes 2.97Trillion.

The highest gainers in the month were: TotalEnergies Marketing Kenya **(+37.28%)**, NCBA Group (**+24.38%**), and Car & General (**+19.23%**). On the downside: Williamson Tea Kenya (-40.14%), Kapchorua Tea (**-39.86%**), Crown Paints (**-16.6%**) and Express Kenya (**-13.75%**).

Overall market performance was supported by attractive valuations and improved investor sentiment.



	Jan-25	Feb-25	Mar-25	Q1 2025	Apr-25	May-25	Jun-25	Q2 2025	Jul-25	Aug-25	Sep-25	Q3 2025	Oct-25
NASI	3.89%	3.00%	-1.00%	5.94%	-3.62%	6.45%	14.32%	17.29%	4.43%	7.73%	3.42%	16.34%	5.48%
NSE -20	7.56%	6.36%	-3.19%	10.75%	-4.10%	2.25%	11.76%	9.58%	4.85%	11.22%	6.51%	24.21%	2.83%
NSE-25	0.98%	4.63%	-1.74%	3.81%	-3.39%	3.60%	11.40%	11.49%	5.00%	7.45%	5.08%	18.55%	7.06%

(Source: NSE, OMIG Research)

Top & Bottom 5 Equity StocksPerformance

Top 5 Stock	Oct 2025 YTD Performance
Sameer Africa Plc Ord 5.00	544.00%
Trans-Century Plc Ord 0.50AIMS	187.20%
Kenya Power & Lighting Co Plc Ord 2.50	166.10%
Nairobi Securities Exchange Plc Ord 4.00	143.30%
KenGen Co. Plc Ord. 2.50	140.70%

Bottom 5 Stock	Oct 2025 YTD Performance
Umeme Ltd Ord 0.50	-43.30%
Nairobi Business Ventures Plc Ord. 0.50GEMS	-19.40%
The Limuru Tea Co. Plc Ord 20.00AIMS	-11.40%
Nation Media Group Plc Ord. 2.50	-7.60%
Kenya Airways Ltd Ord 1.00	-2.30%

Top 10 Stocks Performance by Market Weight

Top 10 Stock	Market Weight	Oct 2025 YTD Performance
Safaricom Plc Ord 0.05	40.8560%	77.4%
Equity Group Holdings Plc Ord 0.50	8.4277%	37.2%
KCB Group Plc Ord 1.00	6.6621%	47.8%
East African Breweries Plc Ord 2.00	6.1778%	32.1%
NCBA Group Plc Ord 5.00	4.8874%	82.6%
ABSA Bank Kenya Plc Ord 0.50	4.2113%	27.4%
The Co-operative Bank of Kenya Ltd Ord 1.00	4.1732%	28.3%
Standard Chartered Bank Kenya Ltd Ord 5.00	3.8595%	8.3%
Stanbic Holdings Plc ord.5.00	2.6120%	42.8%
I&M Group Plc Ord 1.00	2.5752%	21.1%

(Source: NSE, OMIG Research)

Stanbic Kenya PMI

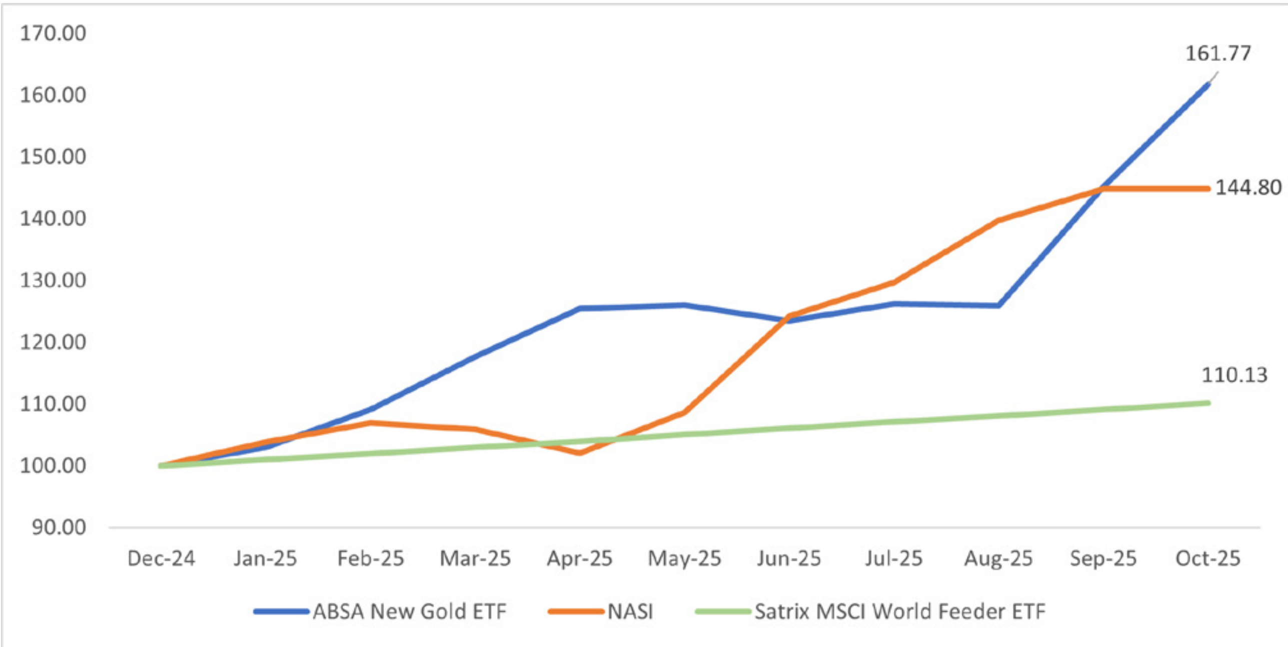
The Kenya PMI rose to 51.9 in September, up from 49.4 in August and above the 50.0 neutral mark. Implying the start of a recovery after the disruptions that followed protests in Q2:25. New orders and output strengthened as consumer demand improved, despite some firms reporting caution from clients due to still challenging economic conditions. Employment meanwhile increased due to gains from new orders and output. However, low sales in recent months led to sustained weakness in firms' buying decisions; quantities purchased fell in September, although inventory stocks rose.

Global Markets

The U.S. government remains shut down amid congressional budget disputes, disrupting key services and delaying economic data releases. Ceasefire talks between Hamas and Israel are making slow progress, keeping global sentiment cautious.

The Satrix MSCI ETF gives local investors access to Developed market equities weighted as per the MSCI World Developed market Index. Developed market Equities have continued their positive performance on US tech stocks going higher. These are stocks such as: Apple, Nvidia, Microsoft, Alphabet and Tesla. The MSCI world YTD is at **10.13%**.

In addition to that, Gold ETF has outperformed the NASI at **61.77%** up YTD. This is due to investors' preference for Gold arising out of Geopolitical events and Central Bank of Kenya purchases of the metal for their reserves.



(Source: Bloomberg, OMIG Research)

Source: Old Mutual Investment Group Research

Enwealth

For a better tomorrow

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