

CAPITAL MARKETS RESEARCH UPDATE (CMRU)

Markets Update

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FEBRUARY | 20
25

Ziidi Shariah Money Market Fund Approved

The Capital Markets Authority (CMA) granted approval to Gulfcap Investment Bank to register the Ziidi Shariah Money Market Fund. The fund is a Shariah-compliant investment product designed to cater to the growing demand for Islamic finance in Kenya. The Ziidi Shariah Money Market Fund will operate as a standalone fund with its own distinct incorporation documents and promoter. The fund will target registered M-PESA customers who either profess the Islamic faith or prefer to invest in Shariah-compliant financial products.¹

Unit Trusts Total AUMs edges closer to KShs 400Billion

In the period ended December 31, 2024, the total assets under management by the CIS amounted to Kshs.389.2 billion, a 23% increase from Kshs.316.4 billion reported on September 30, 2024 (Q3, 2024). In this period 42% (Kshs.164.8 billion) of the total assets under management were invested in government securities. Additionally, the number of investors in the various CIS Funds has continued to grow steadily over time. As of December 31, 2024, there were a total of 1,409,343 investors, this represents 7% increase from 1,299,300 investors in June 2024.²

IOSCO's Thematic Review on Market surveillance

In February 2025, the International Organization of Securities Commissions (IOSCO) published a Thematic Review on the status of implementation of its recommendations on Technological Challenges to Effective Market Surveillance issued in 2013. The Review found that most market authorities have implemented the recommendations and have made significant progress in addressing technological challenges to market surveillance, particularly in more complex markets. However, challenges such as technical regulatory capabilities in supervising technological developments were identified as areas of improvement.³

Annual inflation stands at 3.5% in February 2025

The annual consumer price inflation as measured by the Consumer Price Index (CPI) was 3.5 per cent in February 2025, up from 3.3 per cent in January 2025. The price increase was primarily driven by rising prices in the Food and Non-Alcoholic Beverages category (6.4%); and Transport category (0.7%) over the same period. There was a decline in prices in the

Housing, Water, Electricity, Gas and other fuels category by 0.8 per cent over the one-year period.⁴

Shilling remains stable against major currencies

Currency	Jan-25	Feb-25	% Change
1 USD	129.26	129.23	0.02%
1 Sterling (£)	160.38	162.61	1.39%
1 Euro (€)	135.36	134.23	0.84%
1 SA Rand	7.04	6.99	0.70%
1 USHS	0.04	0.04	0.00%
1 TSHS	0.05	0.05	0.00%
1 Brazilian Real	22.00	22.17	0.76%
1 Russian Rubble	1.31	1.48	12.47%
1 Indian Rupee	1.50	1.48	1.31%
1 Chinese Yuan	17.84	17.73	0.57%

Red-Depreciate; Green-Appreciate; Source: CMA

The Kenya Shilling continued its stability in the month of February, a feature observed in the end of year 2024. The currency remained stable against major currencies such as the Dollar, Sterling Pound, Euro and East African currencies. Movement was experience against the Russian Rubble with the shilling depreciating by 12.47 percent against it in the one-month period.

NSE indices record month-on-month increase.

Indicators	Jan-25	Feb-25	Change
NSE 20 Share index	2,162.58	2,300.17	6.36%
NSE 25 Share Index	3,436.04	3,595.08	4.63%
NSE 10 Share Index	1,312.58	1,366.92	4.14%
NASI	128.28	132.13	3.00%
Mkt. Cap (Kshs. Bn)	1,983.70	2,076.83	4.69%
Volume (M)	632.23	472.75	25.22%
Equity Turnover (Kshs. Mn)	9,570.43	8,569.40	10.46%
Bond Turnover (Kshs Bn)	168.73	271.44	60.88%

Green- Increase, Red-Decrease; Source: CMA

At the Nairobi Securities Exchange, the benchmark indices of NASI, NSE 20 and NSE 25 all recorded increases of 3.00 percent, 6.36 percent and 4.63 percent respectively. Similarly, the equities markets capitalization increased by 4.69 percent to close at KShs.2,076.83 Billion in February 2025. Conversely equity volumes traded, and turnover declined by 25.22 percent and 10.46 percent respectively. Bond turnover increased by 60.88 percent to close at KShs 271.44 Billion in February 2025.⁵

¹ [CMA press release](#)

² [Q4 2024 CIS Report](#)

³ [IOSCO](#)

⁴ [KNBS](#)

⁵ NSE

Capital Markets Outlook

Continued Interest in Islamic Finance Instruments

The Islamic finance holds immense potential for driving financial inclusion and access. Growth of Islamic Finance can be unlocked through creating an enabling environment for its products and services. With the approval of the Ziidi Shariah Money Market Fund, the number of licensed firms offering Shariah-compliant unit trust funds in Kenya now stands at seven, further reflecting the increasing interest and growth potential of Islamic finance in the country.

Continued growth of the Collective Investment Schemes Asset Class

This growth can be attributed to the additional funds registered and the heightened interest in money market funds among investors. The increase is also a result of intensified marketing efforts by the fund managers. The tremendous growth from KShs.61 Billion in December 2018, KShs.105 Billion in December 2020 and now KShs.389 Billion in December 2024 is testament to the sustained interest of retail investors towards this asset class. With over 40 percent of these funds currently invested in government securities, it would be important to note that their returns are affected by the interest rate returns of these underlying securities.

IOSCO's Thematic Review on Technological Challenges to Effective Market Surveillance

IOSCO prescribes that securities regulators must always endeavour to keep abreast of technological developments affecting their markets. IOSCO's recent review highlighted the significant progress made by majority of its members in addressing technological challenges to market surveillance in line with IOSCO's 2013 recommendations. The Capital Markets Authority will leverage insights from the review to strengthen market surveillance in the domestic market.



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