

# CAPITAL MARKETS RESEARCH UPDATE (CMRU)

## Markets Update

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### NSE Lists First Global Equity ETF

The Nairobi Securities Exchange (NSE) has listed the Satrix MSCI World Feeder ETF, offering local investors exposure to global markets. The ETF, issued by South Africa's Satrix, tracks the MSCI Emerging Markets Index. This marks a key milestone in enhancing market depth, investor diversification, and aligning Kenya's capital markets with international standards.<sup>1</sup>

### Annual Inflation Rose Moderately in July 2025

The annual consumer price inflation as measured by the Consumer Price Index (CPI) was 4.1 per cent in July 2025 comparing current prices to those of February 2019, the base period. According to Kenya Bureau of Statistics, the price increase was primarily driven by rise in price of items in the Food and Non-Alcoholic Beverages (6.8%), Transport (4.1%) and Housing, Water, Electricity, Gas and other fuels (1.3%) over the one-year period.<sup>2</sup>

### Cabinet Approves KPC Privatization Ahead of NSE Listing

The Cabinet has given formal approval for the partial privatization of Kenya Pipeline Company (KPC), marking a major step towards the long-awaited initial public offering (IPO) of the state-owned energy utility. The decision, made during a Cabinet meeting on July 29, 2025, reinstates KPC into the government's privatization programme and clears the path for a landmark listing on the Nairobi Securities Exchange (NSE) targeted for September. The move comes just a week after President William Ruto, speaking at the NSE, confirmed plans to list KPC by September 2025. The Cabinet's approval signals a significant policy shift by reducing direct state involvement in commercial enterprises and enabling the private sector and professional managers to drive growth, efficiency, and innovation. The KPC listing will democratize ownership, unlock commercial potential, and set a new benchmark for state enterprise reforms.<sup>3</sup>

### NSE drops minimum 100 shares trading rule

The Nairobi Securities Exchange (NSE) has abolished the long-standing 100-share minimum purchase rule, allowing investors to buy as little as one share starting August 1, 2025. This change, approved by the Capital Markets Authority (CMA), eliminates the Odd Lot Board and is expected to enhance financial inclusion by making the stock market more accessible to low-income and first-time investors. NSE CEO Frank Mwititi stated that the change aims to offer greater

flexibility in stock trading while supporting broader investor participation. The NSE has also directed the trading participants to update clients and systems ahead of the rollout.<sup>4</sup>

### Kenyan Shilling remains stable against major international currencies

Currency	Jun-25	Jul-25	% Change
1 USD	129.23	129.24	0.01%
1 Sterling (£)	177.52	171.51	3.39%
1 Euro (€)	151.65	147.87	2.49%
1 SA Rand	7.28	7.19	1.24%
1 USHS	0.04	0.04	0.00%
1 TSHS	0.05	0.05	0.00%
1 Brazilian Real	23.55	23.22	1.40%
1 Russian Rubble	1.64	1.60	2.44%
1 Indian Rupee	1.51	1.48	1.99%
1 Chinese Yuan	18.04	17.97	0.39%

Red-Depreciate; Green- Appreciate; Source: CMA

According to the Central Bank of Kenya, the Kenya Shilling remained stable against major international and regional currencies on a month-on-month comparison. However, it registered a slight depreciation against the US Dollar, exchanging at Ksh.129.24 in July compared to Ksh.129.23 in June.

### Capital Markets Maintain Positive Momentum in July 2025

Indicators	Jun-25	Jul-25	%Δ
NSE 20 Share index	2,440.26	2,558.63	4.85%
NSE 25 Share Index	3,938.28	4,135.28	5.00%
NSE 10 Share Index	1,516.93	1,578.79	4.08%
NASI	153.43	160.22	4.43%
Mkt. Cap (Kshs. Bn)	2,417.06	2,524.22	4.43%
Volume (M)	471.23	487.21	3.39%
Equity Turnover (Kshs. Mn)	8,127.21	12,514.46	53.98%
Bond Turnover (Kshs Mn)	285.16	239.01	16.18%
% Foreign Participation to ET	31.03	50.00	61.13%
Total Accepted (KShs.Bn)	35.25	66.65	89.09%

Green- Increase, Red-Decrease; Source: CMA

The equity market demonstrated solid performance from June to July 2025, with all major indices recording gains. Market capitalization rose by 4.43 percent, reflecting increased investor interest and improving valuations. Trading activity remained strong, with equity turnover appreciating by 53.98 percent. In contrast the bond market registered a decline in turnover, which fell by 16.18 percent. Overall, the capital markets sustained positive momentum driven by robust equity market participation.

<sup>1</sup> [Satrix Global ETF](#)

<sup>2</sup> [KNBS](#)

<sup>3</sup> [KPC Privatization Approval](#)

<sup>4</sup> [Single Share Trading Approved](#)

### Capital Markets Outlook

#### **Listing of First Equity-Based Global ETF on NSE**

The dual listing of the Satrix ETF represents a pivotal advancement toward integrating Kenya's capital markets with global investment flows. By offering local investors affordable access to over 1,300 global equities, it promotes international diversification and positions the NSE as a gateway to global markets. This listing is expected to enhance market depth and liquidity, attract foreign capital, and increase investor sophistication, thereby strengthening the resilience of the NSE. With robust regulatory frameworks and enhanced investor education, such innovative listings could elevate the NSE's stature as a regional hub for cross-border investments, fostering sustained growth and broader market development in the coming years.

#### **Cabinet Approves KPC Privatization Ahead of NSE Listing**

The anticipated listing of KPC marks a significant development for Kenya's capital markets. This move is expected to deepen market liquidity by introducing a new large-cap counter to the bourse, providing institutional and retail investors with a fresh investment opportunity. As the first major state IPO since Safaricom in 2008, the listing is likely to further reignite interest in primary equity markets and boost investor confidence. It will also enhance Energy and Petroleum sector representation at the NSE, reduce Safaricom's market concentration, and potentially trigger index rebalancing, thereby improving sectoral balance and mitigating systemic risk by diversifying market exposure. However, to avoid potential market distortion, such as index imbalances or liquidity pressures, the KPC listing must be carefully structured, supported by a clear assessment of market readiness and depth to ensure sustainable absorption and long-term post listing investor interest.

#### **NSE Scraps 100-Share Rule to Encourage Retail Participation**

The NSE's removal of the 100-share minimum rule democratizes equity market access by allowing single-share purchases, lowering barriers for low-income and first-time investors, including informal sector participants such as mama mboga and boda boda operators. This reform is expected to boost retail participation, deepen liquidity, and increase turnover. Over time, it will strengthen the retail investor base, expand domestic ownership, and promote sustainable market development, enhancing stability by reducing risks from foreign investor flight. The initiative supports the Government's Bottom-up Economic Transformation Agenda (BETA) by advancing inclusive growth and financial inclusion through capital markets.



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