

CAPITAL MARKETS RESEARCH UPDATE (CMRU)

Markets Update

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The Authority signs IOSCO's EMMoU

The Authority signed the Enhanced Multilateral Memorandum of Understanding (EMMoU). The EMMoU is set to enhance and advance mutual cooperation and the exchange of information among securities regulators across the globe with an objective to strengthen financial market integrity and investor protection. The EMMoU was signed during the 50th Annual Meeting of the International Organisation of Securities Commissions (IOSCO).¹

Annual Inflation remained stable in June 2025

The annual consumer price inflation as measured by the Consumer Price Index (CPI) was 3.8 per cent in June 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 (6.6%), Transport (3.2%) and Housing, Water, Electricity, Gas and other fuels (0.2%) over the one-year period.²

TransCentury, East African Cables Shares Suspended

The Nairobi Securities Exchange (NSE) indefinitely suspended trading in TransCentury Plc (NSE: TCL) and East African Cables Plc (NSE: CABL) shares, effective June 23, 2025. TransCentury was placed under receivership and East African Cables placed under administration on June 20, 2025, following the appointment of joint receivers and managers from PricewaterhouseCoopers (PWC).

East Africa Launches First Regional Stock Market Index – The EAE 20 Share Index

The East African Securities Exchanges Association (EASEA) has launched a new tool called the EAE 20 Share Index to help track the performance of top companies listed on stock markets in East Africa. This is the first regional index of its kind. It brings together the 20 biggest and most successful companies from stock exchanges in Kenya, Tanzania, Uganda, and Rwanda. These companies come from different industries, like banking, telecom, manufacturing, and consumer goods. Together, they represent over 85% of the total value of East Africa's stock markets.³

Somalia Launches First National Stock Exchange

The National Securities Exchange of Somalia (NSES) was officially launched on Thursday, 19th June 2025 to spur the country's long-term economic growth and its integration into

regional and global financial markets. NSES will initially operate as a private and self-regulatory organization model, working closely with relevant public institutions to oversee and ensure market integrity and transparency.⁴

Kenyan Shilling remains stable against major international currencies

Indicators	May-25	Jun-25	%Δ
1 USD	129.24	129.23	0.01%
1 Sterling (£)	174.15	177.52	1.90%
1 Euro (€)	146.64	151.65	3.30%
1 SA Rand	7.24	7.28	0.55%
1 USHS	0.04	0.04	0.00%
1 TSHS	0.05	0.05	0.00%
1 Brazilian Real	22.81	23.55	3.14%
1 Russian Rubble	1.68	1.64	2.44%
1 Indian Rupee	1.51	1.51	0.00%
1 Chinese Yuan	17.98	18.04	0.33%

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. Nonetheless there were depreciations against Kenyan shilling by the USD and Russian Rubble.

Capital Markets Maintain Positive Momentum in June 2025

Indicators	Jun-25	May-25	%Δ
NSE 20 Share index	2,440.26	2,183.46	11.76%
NSE 25 Share Index	3,938.28	3,535.41	11.40%
NSE 10 Share Index	1,516.93	1,348.15	12.52%
NASI	153.43	134.21	14.32%
Mkt. Cap (Kshs. Bn)*	2,417.06	2,111.21	14.49%
Volume (M)	579.89	500.95	15.76%
Equity Turnover (Kshs. Mn)	11,967.97	9,631.91	24.25%
Bond Turnover (Kshs Mn)	210,471.27	200,083.28	5.19%
NSE Bond Index	1,159.52	1,153.10	0.56%

Green- Increase, Red-Decrease; Source: CMA

The equity market demonstrated strong performance from May to June 2025. It was characterized by significant gains across all major stock indices. The market capitalization surged by 14.49 percent closing at KShs.2.42 trillion in June. The market also characterized by heightened trading activity. On the other hand, the bond market also showed positive momentum with increased turnover and a stable bond index indicating slightly rising trend in government bond prices.

¹ [EMMoU](#)

² [KNBS](#)

³ [Regional Stock Market Index, EAE 20](#)

⁴ [National Securities Exchange of Somalia \(NSES\)](#)

Capital Markets Outlook

Enhanced Multilateral Memorandum of Understanding

By signing of the Enhanced Multilateral Memorandum of Understanding (EMMoU), marks a pivotal advancement in regulatory alignment for the Kenyan capital markets. This milestone is expected to strengthen cross-border enforcement collaboration and sharing of information among cross-border securities regulators. The enhanced regulatory credibility will likely attract more foreign investors in the Kenyan capital markets, reduce regulatory arbitrage, and improve capital markets integrity. The active engagement at the international level, reinforces Authority's commitment to transparent and investors-proactive capital markets.

Market Concerns Following Suspension of TransCentury and EA. Cables

The indefinite suspension of shares of the two listed companies might raise concerns around corporate governance, financial reporting, and investor protection within the capital markets. Moreso, the indefinite suspension underscores systemic vulnerabilities related to corporate distress and the lack of proactive mechanisms for early detection and intervention. Such high profile cases in the capital markets environment, not only pose reputational risks for the market but also threaten retail investors confidence and participation. To mitigate future market disruptions caused by such incidences as well as efforts towards strengthening investors protection, the Authority should consider reinforcing or institutionalizing risk-based monitoring and stress testing systems or frameworks that may be crucial in flagging financial distress indicators such as declining liquidity, leverage spikes or sustained corporate losses. This would allow for timely response with at-risk issuers. By implementing this, the Authority not only safeguard market integrity but promote resilient, transparent, and well-governed issuers.

Launch of East Africa Regional Share Index

The launch of the East African Securities Exchanges Association (EASEA)'s EAE 20 Share Index is a major step toward regional market integration. By integrating top-performing stocks across the four East African countries helps to facilitate comparative benchmarking, support cross-border portfolio diversification and enhance market visibility. The regional market visibility could pave way for the creation of regional Exchange Traded Funds (ETFs) and speed up interconnectivity among regional exchanges. This will ultimately expand investors access to regional investment opportunities.