

CAPITAL MARKETS RESEARCH UPDATE (CMRU)

Markets Update

- Annual Inflation falls slightly in May 2025
- CISes Assets under Management shy of KShs 500Bn
- Kenya's Public Debt Hits KShs 11.36 Trillion as at March 2025
- Insights from the CBK's Q1 2025 Credit Officer Survey Report

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Annual Inflation falls slightly in May 2025

Annual consumer price inflation as measured by the Consumer Price Index (CPI) was 3.8 per cent in May 2025. This implies that the general price level was 3.8 per cent higher in May 2025 than it was in May 2024. The price increase was primarily driven by rise in prices of items in the Food and Non-Alcoholic Beverages (6.3%); Transport (2.3%) and Housing, Water, Electricity, Gas and other fuels (0.8%) over the one-year period. These three divisions together account for over 57 per cent of the total weight across the 13 major expenditure categories.¹

CISes Assets under Management shy of KShs 500Bn

In the period ended March 31, 2025, the total assets under management by the CIS amounted to Kshs. 496.2 billion, being a 28% increase from Kshs.389.2 billion reported in the period ended December 31, 2024 (Q4 2024). Sanlam Unit Trust Scheme reported the highest AUM of Kshs. 90.2 billion for the first time, representing 18.2% market share, closely followed by CIC Unit Trust Scheme at Kshs. 87.5 billion representing 17.6% market share. The top five (5) of the CIS market manage AUM of Kshs. 318.9 billion, commanding a market share of 64%, with each managing AUM of more than Kshs. 30 billion.²

Kenya's Public Debt Hits KShs 11.36 Trillion as at March 2025

Kenya's public debt has continued its upward march, hitting KSh 11.36 trillion in March 2025, a record high that underscores the country's deepening fiscal pressures and the urgent need for sustainable debt management strategies. The last seven years have seen Kenya's debt rise, driven by large infrastructure projects, pandemic-related expenditures, and rising debt service costs. Nonetheless, Kenya's external obligations have eased somewhat in local currency terms thanks to a favourable exchange rate.³

Insights from the CBK's Q1 2025 Credit Officer Survey Report

The Kenyan Banking Sector asset base recorded a mixed trend in the quarter ended March 31, 2025, compared to the growth in the quarter ended December 31, 2024. The total assets increased by 0.4 percent to Ksh.7,673.6 billion in March 2025, from Ksh.7,645.8 billion in December 2024. However, total deposits decreased by 0.2 percent from Ksh.5,739.6 billion in December 2024, to Ksh.5,730.9 billion in March 2025. Gross

loans increased by 0.6 percent from Ksh.4,099.3 billion in December 2024, to Ksh.4,123.4 billion in March 2025 largely witnessed in the Personal and household, Trade, and Building and construction sectors.⁴

Russian Rubble and SA Rand gain against the Kenyan Shilling

Currency	Apr-25	May-25	% Change
1 USD	129.27	129.24	0.02%
1 Sterling (£)	173.18	174.15	0.56%
1 Euro (€)	147.05	146.64	0.28%
1 SA Rand	6.97	7.24	3.97%
1 USHS	0.04	0.04	0.00%
1 TSHS	0.05	0.05	0.00%
1 Brazilian Real	23.04	22.81	0.98%
1 Russian Rubble	1.58	1.68	6.44%
1 Indian Rupee	1.52	1.51	0.24%
1 Chinese Yuan	17.77	17.98	1.17%

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 SA Rand and Russian Rubble.

Equities Market Records Growth in May 2025

Indicators	Apr-25	May-25	Change
NSE 20 Share index	2,135.51	2,183.46	2.25%
NSE 25 Share Index	3,412.63	3,535.41	3.60%
NSE 10 Share Index	1,284.67	1,348.15	4.94%
NASI	126.08	134.21	6.45%
Mkt. Cap (Kshs. Bn)	1,981.79	2,111.21	6.53%
Volume (M)	361.61	500.95	38.53%
Equity Turnover (Kshs. Mn)	8,159.67	9,631.91	18.04%
Bond Turnover (Kshs Bn)	255.91	200.08	-21.81%

Green- Increase, Red-Decrease; Source: CMA

The NSE equity indices recorded growth month on month with the NSE 20, NSE 25, NSE 10 share and NASI indices growing by 2.25 percent, 3.60 percent, 4.94 percent and 6.45 percent respectively. The traded volume and turnover also increased during the period with the May figures being 500.95 million shares and KShs 9,631.91 Mn respectively. Conversely, the bond turnover declined by 21.81 percent to close at KShs 200.08 Bn down from KShs 255.91 Bn in April 2025.

¹ KNBS

² CMA CIS Report

³ Kenyan WallStreet

⁴ Central Bank of Kenya

Capital Markets Outlook

Performance of Collective Investment Schemes

The total assets under management by the CIS amounted to Kshs. 496.2 billion, being a 28% increase from Kshs.389.2 billion reported in the period ended December 31, 2024 (Q4 2024). The increase can be attributed to overall growth reported by existing CIS funds as well as additional funds registered by existing umbrella schemes and commenced reporting in Q1 2025. Evidently, the fund management segment has continued to attract great interest lately, as evidenced by increased number of applications for grant of fund manager license from new players, and existing (licensed) investment banks initially not in the fund management space expressing interest and applying to establish CIS businesses.

Growing Kenya's Public Debt

Debt servicing burden has also surged to unprecedented levels. In FY2023/24, debt servicing reached KShs 1.6 trillion — surpassing development spending by more than 1.5 times. By April 2025, the country has already paid KShs 1.25 trillion in debt interest for the current fiscal year (2024/25). The rapid buildup of domestic debt, especially in short-term Treasury Bills is also something to be on the lookout for. Treasury Bills accounted for over 15% of total domestic debt as of May 2025 — the highest share in two years. Evidently, Kenya's debt trajectory highlights an urgent need for comprehensive fiscal consolidation, enhanced revenue mobilization, and effective debt restructuring.

Insights from the CBK's Q1 2025 Credit Officer Survey Report

Indicators reveal that in the first quarter of 2025, the perceived demand for credit remained unchanged in ten economic sectors. It increased in the Trade sector. Respondents also revealed that the level of NPLs is expected to remain constant in ten economic sectors but increase in the Personal and Household sector during the next quarter (ending June 2025). Additionally, for the quarter ending June 30, 2025, banks expect to intensify their credit recovery efforts in eight economic sectors and retain them in three sectors (Mining and Quarrying, Energy and Water, and Financial Services). The intensified recovery efforts are aimed at improving the overall quality of the asset portfolio.



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