

CAPITAL MARKETS RESEARCH UPDATE (CMRU)

Markets Update

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OCTOBER

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25

CBK Cuts Benchmark Rate to 9.25 percent

The Central Bank of Kenya cut its benchmark Central Bank Rate (CBR) by 25 basis points to 9.25 percent, marking the eighth consecutive reduction since February 2024 and the lowest rate since January 2023. This unprecedented easing, totalling 375 basis points, aims to stimulate lending and support economic recovery amid stable inflation, which stood at 4.6 percent in both September¹ and October 2025².

Kenya's Foreign Reserves Hit US\$ 12Bn After Eurobond

Kenya's foreign-exchange reserves have reached a record high of USD 12.07 billion (KShs.1.56 trillion), the largest amount since records began. This increase followed a USD 1.36 billion rise in the first two weeks of October 2025, primarily driven by proceeds from the government's Eurobond issuance, which raised USD 1.5 billion. As a result, Kenya's import cover improved from 4.7 to 5.3 months. The stronger reserve position enhances Kenya's ability to service external debt and manage currency volatility.³

Family Bank Shareholders Approve 2026 NSE Listing

Family Bank shareholders have approved the lender's plan to list shares on the Nairobi Securities Exchange (NSE) in 2026 through a listing by introduction. The move will allow trading of the bank's 1.305 billion existing shares without issuing new equity, offering liquidity to shareholders while avoiding immediate ownership dilution.⁴

The Kenyan Shilling Remain Stable

Currency	Sep-25	Oct-25	% Change
1 USD	129.24	129.24	0.00%
1 Sterling (£)	173.46	170.12	1.93%
1 Euro (€)	151.65	149.63	1.33%
1 SA Rand	7.48	7.47	0.13%
1 USHS	0.04	0.04	0.00%
1 TSHS	0.05	0.05	0.00%
1 Brazilian Real	24.30	24.05	1.03%
1 Russian Rubble	1.56	1.62	3.85%
1 Indian Rupee	1.46	1.46	0.00%
1 Chinese Yuan	18.15	18.17	0.11%

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 basis in October 2025.

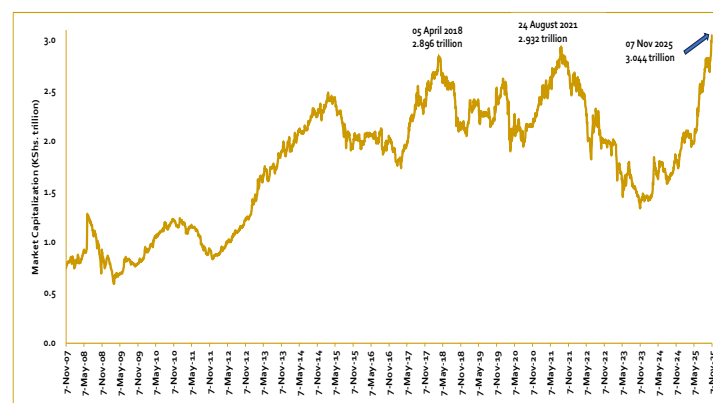
Equities Market Maintains Positive Momentum in October

Indicators	Sep-25	Oct-25	%Δ
NSE 20 Share index	2,972.64	3,116.69	4.85%
NSE 25 Share Index	4,624.72	4,998.39	8.08%
NSE 10 Share Index	1,783.31	1,910.77	7.15%
NASI	176.74	188.29	6.54%
Mkt. Cap (Kshs. Bn)	2,784.47	2,966.46	6.54%
Volume (M)	847.61	466.60	44.95%
Equity Turnover (Kshs. Bn)	22.92	11.46	50.00%
% Foreign Participation to ET	28.01	36.00	28.54%
Bond Turnover (Kshs Bn)	237.66	180.97	23.86%
NSE Bond Index	1,179.47	1,175.76	0.31%

Green- Increase, Red-Decrease; Source: CMA

The equity market recorded a mixed performance in October relative to September 2025. The major equity indices gained as well as market capitalisation, indicating positive price movements and improved investor sentiment. However, equity and bond turnover significantly decreased, signalling reduced transactions across both markets.

NSE Market Capitalization Crosses 3 trillion



Source: CMA

The Nairobi Securities Exchange (NSE) market has crossed a historic milestone, with market capitalization reaching KShs.3.044 trillion, driven by a sustained rally in equities. This has marked a 54.2 percent year-to-date growth. Blue-chip counters such as Safaricom, Equity Group, and KCB have powered the rally, while small-cap stocks like Sameer Africa, Home Afrika, and NSE Plc have surged by over 200 percent.

¹ [CBK Rate](#)

² [KNBS](#)

³ [Kenya Foreign Reserves](#)

⁴ [Family Bank Listing on NSE](#)

October 2025

Capital Markets Outlook

Monetary Easing and Capital Markets Dynamics

The continuous reduction of the Central Bank Rate (CBR) by the Central Bank of Kenya is expected to positively influence capital markets by enhancing liquidity and generally reducing borrowing costs. In the equities market, the lower policy rate is anticipated to support stronger corporate earnings and improve investor sentiment, thereby fueling the ongoing rally in share prices as investors seek higher returns in riskier equity assets compared to fixed-income instruments. In the bonds market, the rate cut is likely to encourage increased issuance of corporate and government bonds due to more favorable financing conditions. Meanwhile, prices of existing bonds are expected to rise as yields decline, making them more attractive to investors. Overall, the persistent monetary easing is expected to stimulate the capital markets by encouraging investment and improving market performance.

Foreign Reserves surge and Market Confidence

The surge in foreign reserves is expected to enhance macroeconomic stability and boost investor confidence. The improved reserve position is likely to strengthen the external liquidity and supports exchange rate stability, providing a stronger buffer against global shocks. Surge in foreign reserves may contribute to lower sovereign risk premiums, improving access to external financing for both the government and corporates. In medium term, the capital markets could benefit from increased long-term portfolio inflows, particularly if policy markets leverage this position to reinforce fiscal discipline and maintain macroeconomic credibility. However, to sustain this momentum, emphasis should remain on implementing policies that support export growth, boost remittance inflows, and diversify foreign earnings.

Family Bank Listing: Market Liquidity and Investor Participation

The anticipated listing of Family Bank is expected to further deepen and broaden the capital markets by expanding investor participation. The listing will likely to enhance liquidity for existing shareholders while boosting transparency and governance standards. Additionally, the listing is expected to attract both institutional and retail investors seeking exposure to medium-cap banking shares. This move is also expected to further reinforce the renewed momentum in equities market, heightened local investors participation and support the introduction of new product offerings, thereby contributing to the overall vibrancy and depth of the capital markets

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