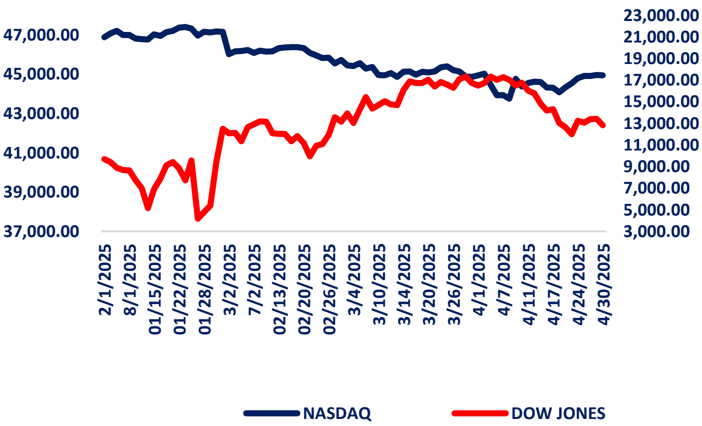
Monthly Bulletin

APRIL 2025

ORIENT ASSET MANAGERS LIMITED
INVESTING IN DREAMS

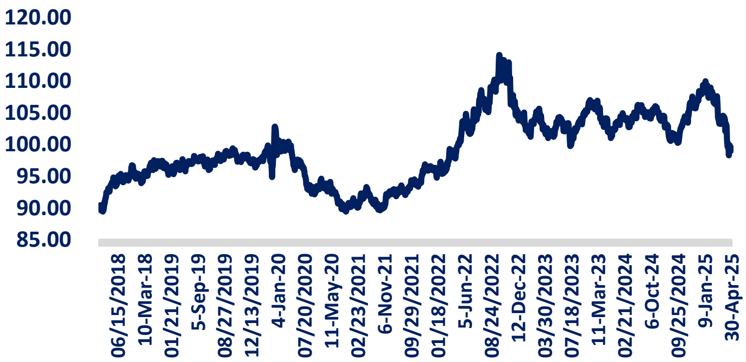
1. GLOBAL EQUITIES MARKETS- US INDICES

Volatility in global markets surged during the month, driven by the imposition of U.S. tariffs and retaliatory measures from other major economies such as China. Major global indices posted mixed performances, with the NASDAQ gaining ***0.85%*** while the Dow Jones declined by **3.17%**.



Market volatility is anticipated to remain heightened in the mid- to- long term due to the possibility of a full blown 'trade war' despite a 90 day pause in tariff to facilitate negotiation as other tariffs remain in place. The Global growth outlook remains highly uncertain on the backdrop of the escalation of the geopolitical tensions, particularly the conflict in the Middle East and the Russia-Ukraine war, and the implementation of new tariffs on imports to the United States, and retaliatory tariffs by trading partners remains key risks to growth.

2. Dollar Index.



Source: OAML Research

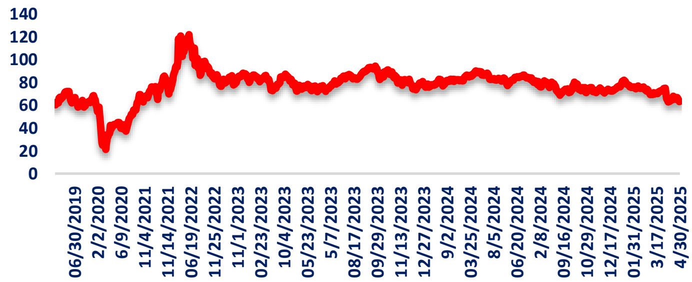
The U.S Dollar index dropped below the 100.00 threshold, settling at 99.47, marking its lowest level in nearly three years. Month on Month, the index declined by 4.55%. The decline was driven by stagflation fears, trade tensions, and political uncertainty. The yields on U.S. 10-year Treasury bond closed at 4.17% in the month of April due to expectations of Federal Reserve rate cuts, economic contraction concerns, and investor reactions to inflation data.

3. US 10 YEAR BOND YIELD

Source: OAML Research, Investing.com

4. GLOBAL OIL PRICES

Global oil prices saw a significant decline in April 2025, with Brent crude dropping to below $63 per barrel, marking its lowest level since April 2021. Month on Month the price per barrel decline by 15.58% from $74.77 per barrel.



Source: Orient Asset Managers Limited, World Bank

We expect the oil prices to come under pressure to an average of $60 per barrel on account of OPEC+ oversupply and a subdued demand within the markets.

5. KENYA'S ECONOMIC GROWTH

Kenya's Gross Domestic Product (GDP) stood at KES 16.2 trillion in 2024, reflecting a moderated growth rate of 4.7%, down from 5.7% in 2023. This is attributable to the slowdown to broader global trends, noting that world GDP growth had similarly eased from 3.3% to 3.2% over the same period.

Projected revenue collection for FY 2024/25 to hit Kes. 3.1 trillion, translating to a revenue-to-GDP ratio of 19.2%, up from 17.43% the previous year.

Looking ahead the Kenyan economy is expected to remain resilient in 2025, with growth expected to be fuelled by a robust services sector and improved agricultural productivity supported by favorable weather conditions, government-subsidized farm inputs, anticipated declines in interest rates and stable oil prices as key enablers of economic expansion.

6. KENYA'S INFLATION

Headline inflation rose to 4.1% in the month of April, for the sixth consecutive month from March's 3.6% mainly driven by an increase in food and transport cost during the month.
The inflation remains within the target range of 2.5% -7.5% and below the Central Bank's target midpoint of 5%.

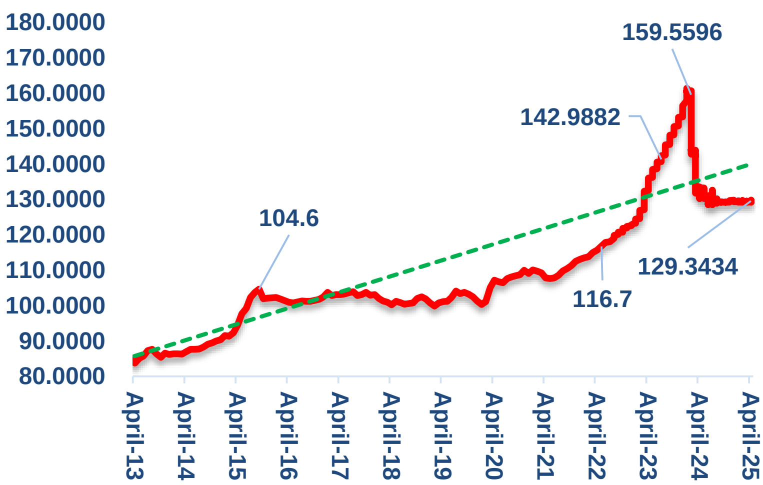
Inflation is expected to remain within the 5%-75% range with potential pressure from imported commodities such as palm oil and wheat, a decline in sugar and oil prices as well as the gains from the local currency could offset the impact.

7. **CURRENCY MARKET & MONETARY POLICY**

The Kenyan Shilling has marginally depreciated by 0.04% Year-to-Date against the U.S dollar to close the month the April at Kes. 129.3434, compared to the 17.4% appreciation recorded in 2024.

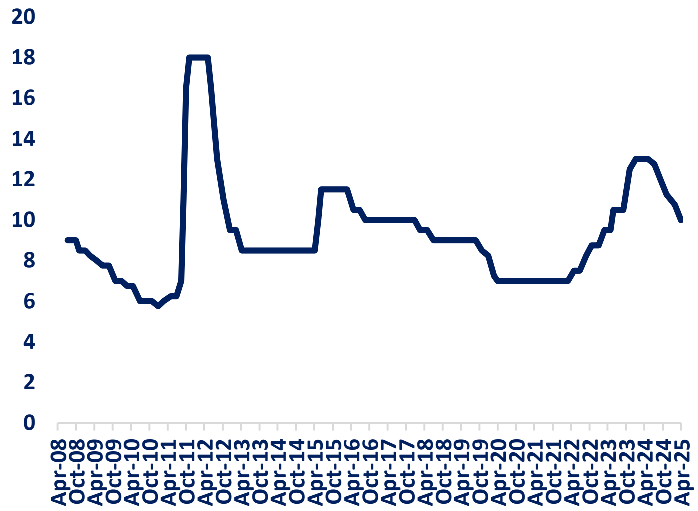
The Kenyan Shilling is expected to gain support from anticipated foreign exchange inflows, including upcoming loan disbursements from the World Bank and the UAE loan facility, which should help strengthen forex reserves and stabilize the currency going forward further stabilized in the long term by the government's stance of a UAE private bond placement & the new Eurobond issuance.

Kenya Shilling Movement



Source: Orient Asset Managers Limited

The Central Bank of Kenya through its Monetary and Policy Committee (MPC), lowered the Central Bank rate by a further 75 basis points to 10.00%. This was targeted to increase economic activity through lending to private sector as lending rates are anticipated to decline.

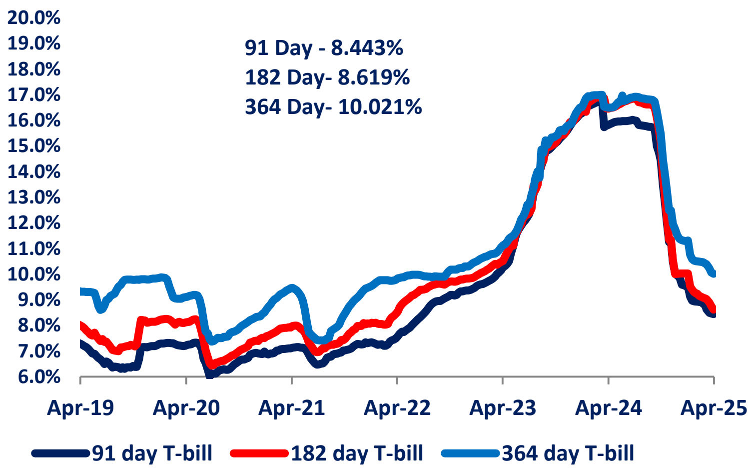


The banking sector remains stable as most banks are compliant with preserving atleast 20% of their cash balances as per the statutory liquidity requirement. Further the CBK strives to ensure the lending rate are in tandem with the Central bank Rate (CBR).

8. **SHORT-TERM RATE**

Yields on all the T-bills are now firmly below 10.50% with the 91,182, and 364-day papers moving down to 8.44%, 8.62% and 10.02%. We expect the rates to decline further driven by the eased market liquidity.

Treasury bill Rates



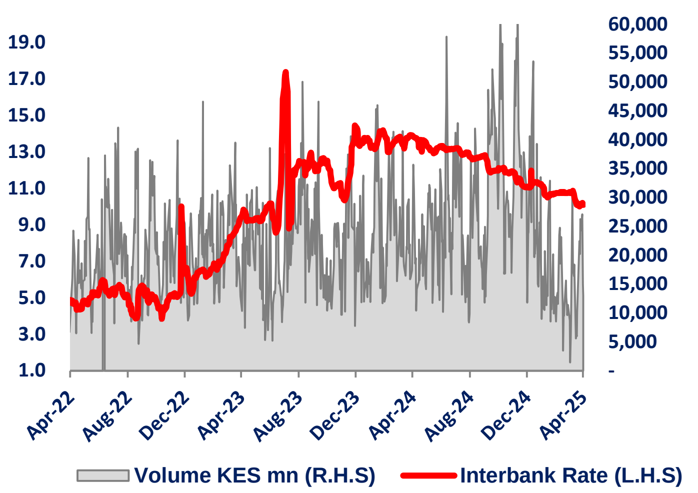
Source: Orient Asset Managers Limited

9. INTERBANK MARKET

Liquidity conditions across the money market eased as evidenced by the 605 basis points i.e. 0.65% decrease in average interbank rate to 10.1% from 10.75% recorded in the prior month.

It is anticipated the upside potential to remain limited following the narrowing of the interest rate corridor to 75bps from 150bps, with the interbank rate expected to hover around the 10.00% mark in the near term.

Interbank Rates

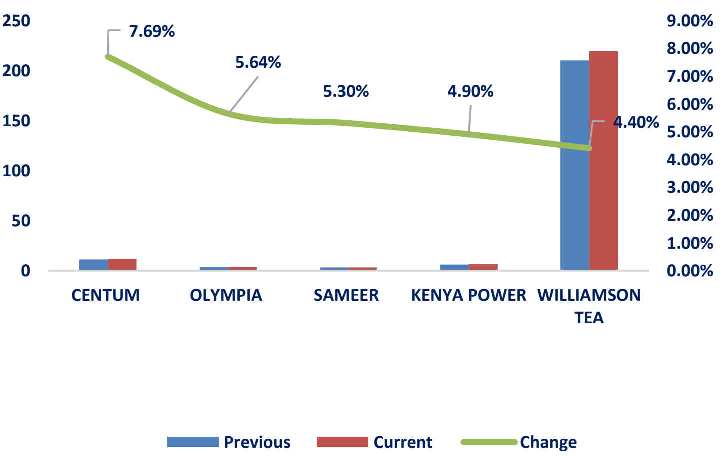


Source: Orient Asset Managers Limited

10. EQUITIES MARKET

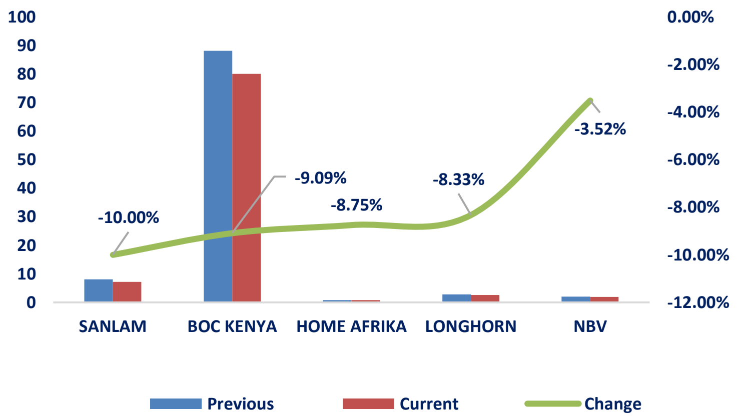
Equity turnover decreased by **(23.6%)** from KES 8.11Bn in March to KES 7.52 Bn in April 2025.

The top gainers during the month were;



Source: Orient Asset Managers Limited & NSE

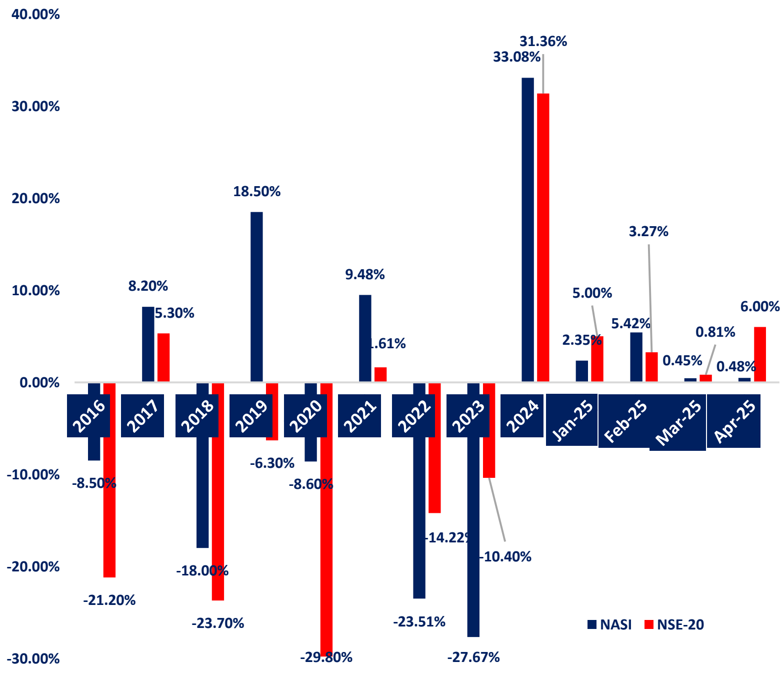
The top losers were;



Source: Orient Asset Managers Limited & NSE

Equities market may remain volatile in the coming months as a ripple effect of global market performance as trade wars remain imminent. Banking sector is anticipated to continue posting good returns as the fundamentals of the companies remain strong.

Equities Market



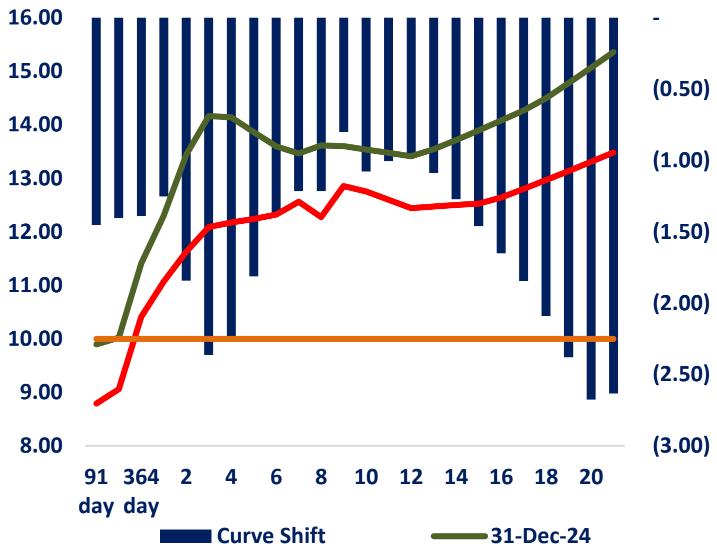
Source: Orient Asset Managers Limited

__Disclaimer__: The views expressed in this publication are those of the writers where particulars are not warranted.

11. FIXED INOME

In the first tranche of the May primary bond auction, the National Treasury reopened FXD1/2022/015 and FXD1/2022/025, seeking to raise Kes. 50.0 billion. The second tranche targets an additional Kes. 30.0 billion through the reopening of FXD1/2012/020. Proceeds for both issuances will be utilized to support the national budget.

12. Yield Curve Developments



Source: Orient Asset Managers Limited

April primary bonds auction was oversubscribed with Kes. 84.97Bn while the government accepting a total of Kes.83.99Bn to give 105.0% performance against a government target of Kes.70Bn. The performance was largely supported by bond re-investments and a tap-sale auction which contributed a total of Kes. 12.59Bn of the accepted amount.

The government obligations for the month of May 2025 stands at roughly Kes.164.24Bn. The funds are to cover the Kes.80.6Bn coupon payments and Kes. 83.6Bn bond maturities.

Long-term yields continue to decline rapidly since the last MPC meeting – signaling rising longer term investor confidence.

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