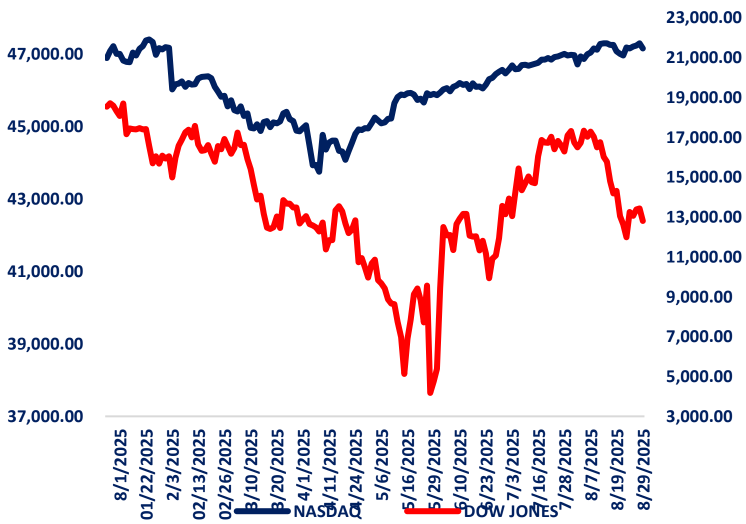
Monthly Bulletin August 2025

ORIENT ASSET MANAGERS LIMITED
INVESTING IN DREAMS

1. GLOBAL QUITIES MARKETS- US INDICES

In the month of August the offshore equities market maintained its positive trend as all major US indices showed solid gains supported by corporate earnings exceeding expectations, dovish Fed Signals on rate cuts, and strong performance in the technology sector drove despite concerns about an 'AI Bubble'.

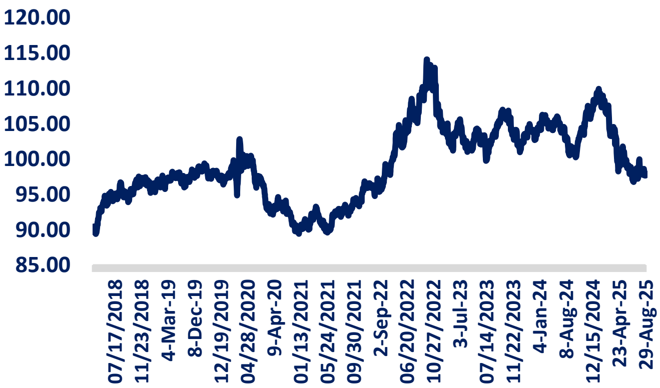
The major global indices rallied with NASDAQ **1.58%**, Dow Jones **3.20%** and S&P500 **1.91%.**



Source: OAML Research, Investing.com

Market sentiment for the remaining period of the year remains cautiously optimistic with expectations for continued growth but at a more moderate pace due to increased volatility due to tariff policy uncertainties, Federal Reserve policy stance, and corporate earnings facing pressure from higher valuations.

2. Dollar Index.



Source: OAML Research

The dollar index continues trading below the 100 mark for the third consecutive month as the dollar remains volatile to other global currencies. Month on month the index dipped by 2.28% from USD 99.97 to USD 97.69 mainly driven by the Fed's monetary policy stance to maintain the rates steady, inflation remaining elevated above the 2% target and concerns around economic growth momentum thus affecting the investor sentiments towards the greenback.

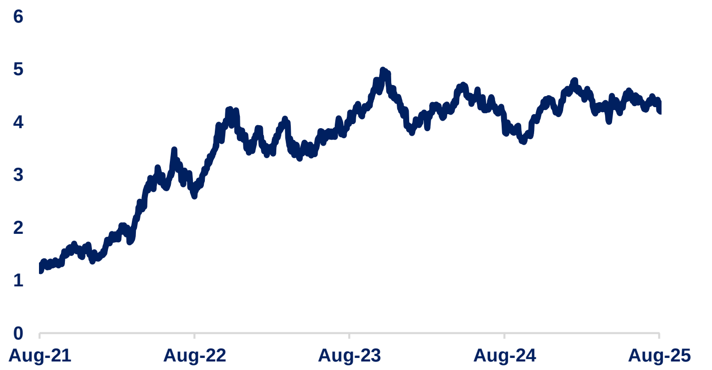
We anticipate the trades will be between USD 95 and USD 99 with a bearish bias, mainly driven by the Fed's steady policy stance, elevated inflation, and concerns around slowing US economic growth. While safe-haven demand may provide intermittent support, overall sentiment points to dollar weakness for the remainder of the year

US 10 YEAR BOND YIELD

The yields on U.S. 10-year Treasury bond declined by 2.82% to 4.24% in the month of August from 4.36% recorded in July.

The August performance shows yields were relatively stable around 4.23-4.25%, with key drivers being the Fed's hawkish stance due to persistent inflation above the 2% target, and ongoing concerns about tariff policies.

We anticipate the yields will be volatile for the remaining period of 2025 and range from 4% to 5.5% on the back of uncertainty on the Federal Reserve policy, inflation expectations and economic growth prospects.

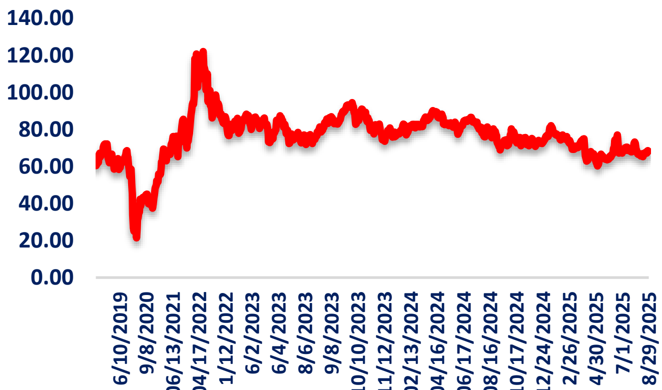


Source: OAML Research, Investing.com

3. GLOBAL OIL PRICES

Oil price declined by 6.08% month on month to close at $68.12 per barrel from $72.53 per barrel recorded in the previous month. The price decline was mainly driven by the looming oil glut.

This remains a challenging time for oil markets, with prices trending lower due to demand concerns, supply increases from OPEC+, and broader economic uncertainties affecting energy consumption patterns.



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

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Source: Orient Asset Managers Limited, World Bank

4. KENYA'S INFLATION

Overall inflation for August 2025 was 4.5% increasing by 0.4% from the previous month's 4.1% mainly driven by higher food prices. The food inflation index rose by 25 basis points to 8.3% from 6.8% recorded in the previous month as prices of maize and selected vegetable increased.

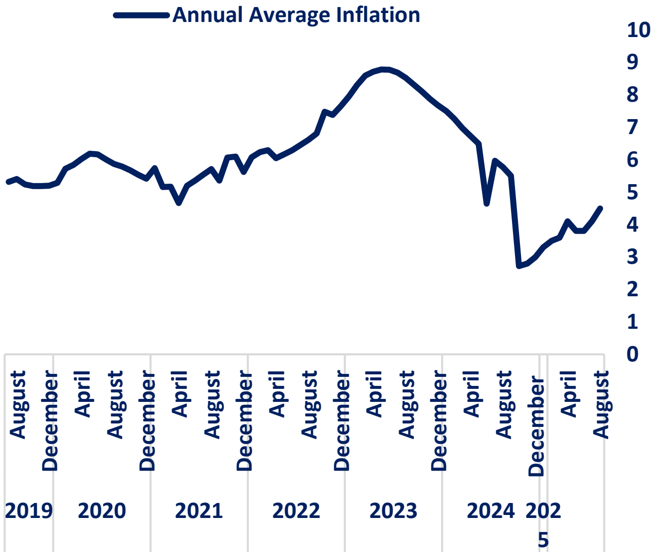
Despite the month on month increment the inflation rate remained within the Central Bank of Kenya's preferred range of 2.5%–7.5% for the twenty-sixth consecutive month, underscoring ongoing macroeconomic stability.

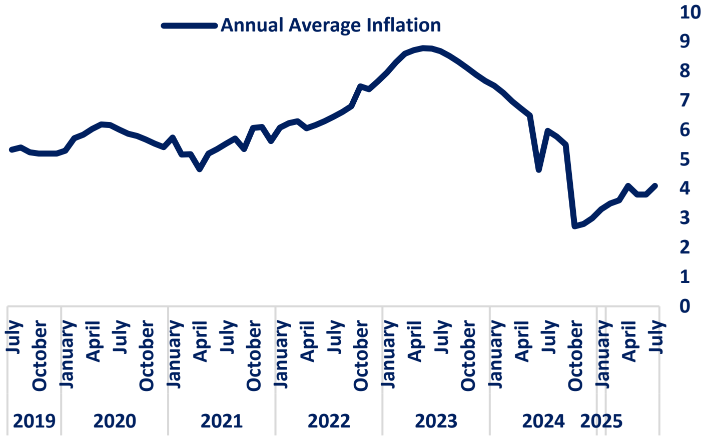
The Energy and Petroleum Regulatory Authority (EPRA) released their monthly statement on the maximum retail fuel prices in Kenya, effective from 15th August 2025 to 14th September 2025. Notably, the maximum allowed price for Super Petrol and Kerosene decreased by Kes.1.0 respectively, while the price for diesel remained unchanged.

Consequently, Super Petrol and Kerosene will now retail at Kes 185.3 and Kes. 155.6 per liter respectively, while diesel will remain unchanged at Kes 171.6 per liter.

Inflation is anticipated to remain sticky for the remaining part of the year to range between 4.5% and 5%.

Private sector contraction eased with the Stanbic PMI index rising to 49.4 from 46.8 in July but the index remains below the neutral 50.0 mark. This indicates a softer decline in operating activities although business conditions remain subdued, weaker disposable income and challenging economic conditions.



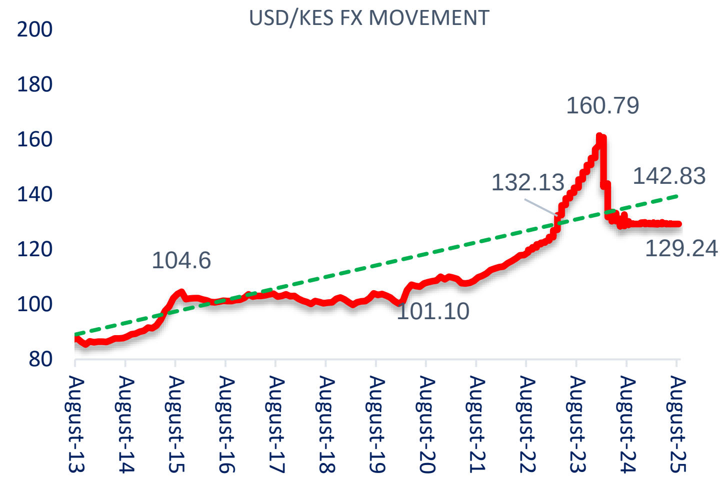


5. CURRENCY MARKET & MONETARY POLICY

The Kenyan Shilling has marginally appreciated against the U.S dollar by 0.02%, month on month to close the month of August at Kes.129.2424 compared to July's FX rate of Kes. 129.2394 .The stable shilling has mainly been maintained by the strong forex reserves of USD 10.9Mn to account for 4.8 months of import cover. Diaspora remittances, receipts from exports and development partners continue to sustain the reserves.

The Kenyan Shilling is expected to trade between the range of Kes.129 to Kes.132 on the backdrop of foreign exchange inflows, strong forex reserves and fiscal consolidation.

Kenya Shilling Movement



Source: Orient Asset Managers Limited

6. SHORT-TERM RATE

The T-bills yields are now trading below 10.00% with the 91,182, and 364-day papers moving down to 8.00%, 8.07% and 9.57%. We expect the rates to decline further driven by the eased market liquidity.

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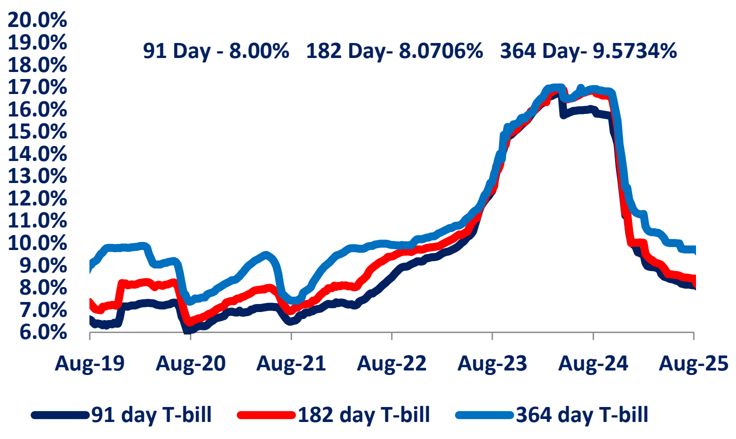
Treasury bill Rates



Source: Orient Asset Managers Limited

7. KESONIA (Kenya Shilling Overnight Interbank Average)

The KESONIA marginally increased by 0.52% from 9.70 to 9.75. While volumes of deals traded increased by 184.8% from 8,400Mn to 23,921M, signalling appetite in the short term market by commercial banks.

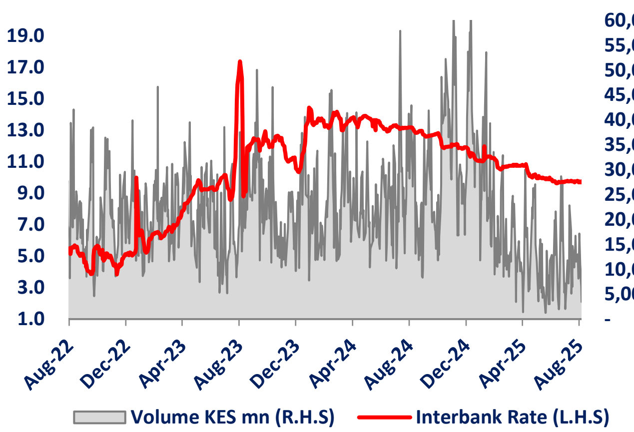
Short term instruments are anticipated to remain attractive to commercial lenders as private sector activities is subdued due to the strained business conditions.

The Monetary Policy Committee (MPC) further reduced the Central Bank Rate (CBR) BY 25 basis points from 9.75% to 9.50% during its meeting held in the month of August marking the 7th consecutive cut.

The new risk-based credit pricing framework for the banking industry is to be applied to all local loans and contains three key concepts:

i. The KESONIA (Kenya Shilling Overnight Interbank Average) compounded in arrears.
ii. The Premium 'K' which captures operating costs, the borrowers risk premium and margins to shareholders.
iii. The total cost of credit (KESONIA + K + Fees/Charges).

The interbank rate is expected to hover below the 10.00% mark in the near term.



Source: Orient Asset Managers Limited

8. EQUITIES MARKET

Investor sentiments continued to remain bullish in the month of August with market capitalization growing by 7.73% to KES 2,719 billion in August 2025 from KES 2,524 billion in July 2025.

All indices were in the green with NSE 20 recording a 11.22% increase, while NSE 25 grew by 7.45% and the All-Share Index (NASI), rose by 7.73% over the same period.

The rally was also supported by the stellar performances recorded in H1 2025 which saw some counters declare an interim dividend during the month.

The banking and telecommunication sector remained most attractive accounting for 78.5% and 51.1% of the turnover and shares exchanged during the month.

The top gainers during the month were:

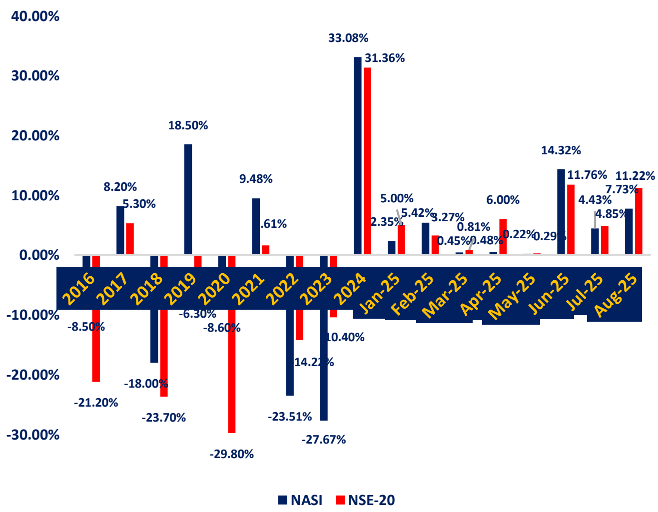
Security	Change
Sameer Africa Plc	83.69%
Eaagads Ltd Ord.	77.59%
Express Kenya Plc Ord.	57.62%
Nairobi Stock Exchange Plc	53.36 %
Eveready East Africa Ltd Ord.	48.94%

Source: NSE

The top losers were:

Security	Change
Kenya Airways	-25.50%
Kakuzi	-11.85%
Nairobi Business Ventures Plc	-11.48%
Kapuchora Tea Kenya	-3.68%
Standard Group	-3.07%

Source: NSE



Source: Orient Asset Managers Limited

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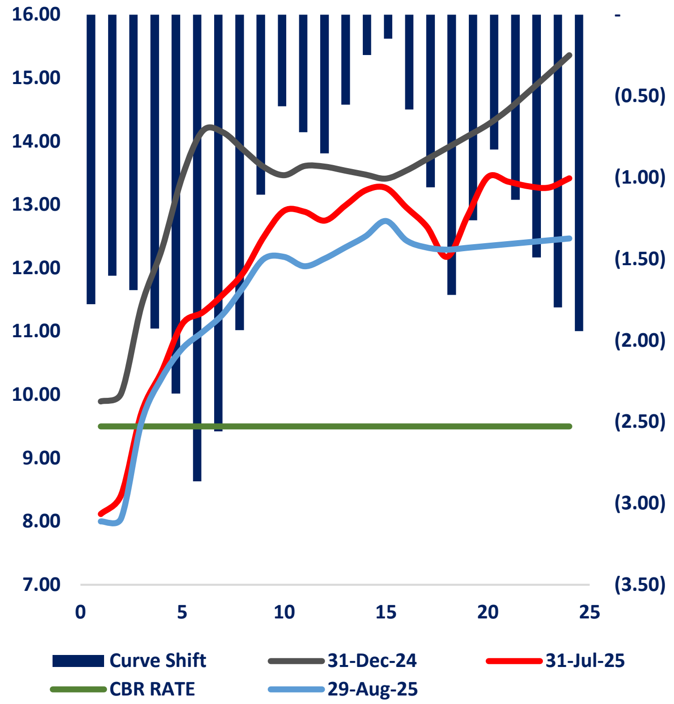
9. **Yield Curve Developments**



Source: Orient Asset Managers Limited

In the month of August, the re-opened bonds IFB1/2018/015 and IFB1/2022/019 received bids worth Kes.323.43Bn against an offer of Kes.90Bn and the apex bank accepted bids worth Kes. 95.01Bn. Indicating an increased appetite in the primary markets as liquidity in the market remains elevated.

The tap sale of the two re-opened bonds was also oversubscribed receiving bids worth Kes. 207.45Bn against an offer of Kes.50.00Bn while the apex bank accepted bids worth Kes.179.77Bn.

Bond Turnover decreased by 13.03% month on month from Kes.238 billion in July 2025 to Kes. 207 billion in August 2025.

In August S&P Global upgraded Kenya's long-term sovereign rating from "B-" to "B" with stable outlook. The upgrade is anticipated to increase investor confidence in the market.

Looking ahead, we expect further steepening of the yield curve as long-term yields edge higher, driven by the government's expanding net domestic financing requirements over the medium term.

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