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Fixed Income Note

June 2023

Auction Bid Prediction Revision

(IFB1/2023/7)

June 2023 Treasury Bond Primary Auction Weighted Average Bid Prediction Revision

- The Central Bank of Kenya (CBK) has invited bids for a 7-year amortized Infrastructure Bond **(IFB1/2023/7)**, with a market-determined coupon to raise KES.60Bn.
- We recently released a [fixed income note](#) that gave our weighted average rate predictions which based on fast changing market sentiment appear to be conservative.
- Based on market sentiment, the most recent Nairobi Securities Exchange (NSE) yield curve dated [12th June 2023](#) where T-Bill yields rose 28.6 Bps on average and most importantly investor sentiment regarding aggressive bidding coupled with high CBK acceptance levels, we have revised our weighted average rate predictions as shown below:

Table.1: Auction Bid Predictions

| Domestic Debt Issue | Weighted Average Bid Predictions (%) | |
|---------------------|--------------------------------------|---------------|
| | Previous | Updated |
| IFB1/2023/7 | 14.99 - 15.19 | 15.29 - 15.69 |

Source: Sterling Capital Research

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