# Equity Kenya Macro Note

## Kenya Financial Markets Weekly

16th Nov to 20th Nov 2026

### State reinstates fuel subsidy, keeps pumps prices unchanged

Fuel prices for the November-December cycle will not change following treasury's move to reinstate subsides. The move combined with halving of VAT to 8% from 16% are meant to cushion consumers from high fuel prices following supply disruptions resulting from the Middle East war are expected to have significant impact on the country's fiscal performance. . Inflation rose by 50bps to 7.3% YoY in October. EPRA's decision makes a sub-8% inflation rate more likely for November and December

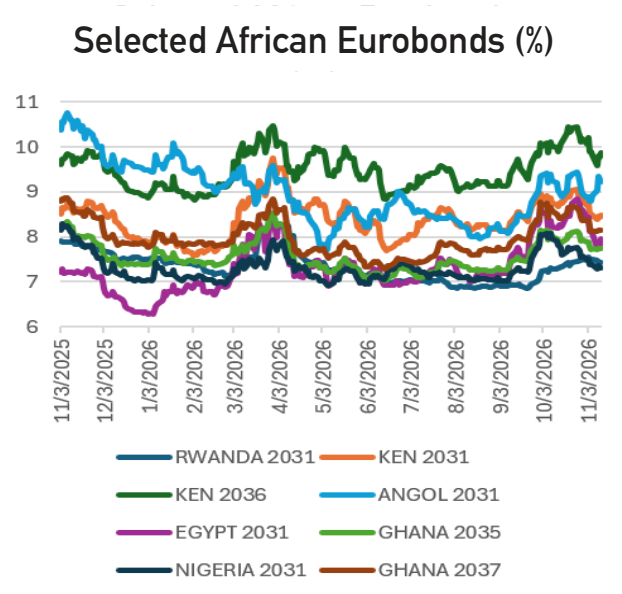
### Oil set for second consecutive decline

Brent crude inched down 0.29%to $95.5 on Friday heading for the second consecutive weekly decline. As a continued US blockade of Iran eased fears of renewed fighting in the Middle East, though shipping attacks remained a supply risk. The weakness in oil prices is also largely driven by signs of softening US demand, as rising crude oil and fuel inventories indicate a relatively subdued consumption outlook. Brent is set for a 2.9% drop this week, after plunging 16% the previous week. Globally inflationary fears remain elevated increasing fears of monetary policy contractions.




### Bond yields ease on falling crude prices

Bond yields eased slightly in the first 2 weeks of November tracking reversals in crude prices. Elevated yields seen in 2026 have been blamed on inflationary fears resulting from Middle East standoff that has exerted supply pressures on oil coupled with higher fiscal deficits that have pushed investors to ask for premiums on risk pricing. Emerging Markets that are net oil imported have experienced higher fiscal and current account pressures. Kenya 2031 and 2036 were both down 30bps since the start of November but 50 and 60bps respectively higher than the start of the war at the end of February.




### Missed revenue targets, overspending push fiscal deficit above target in Q1

Q1 2026/27 revenue missed target by Sh58bn. Sh801bn collected against Sh860bn target, most tax heads missed targets. Expenditure overshot target by Sh146bn. Fiscal deficit % of GDP was 1.8% against a 0.8% target. Full year deficit expected to breach treasury's 5.5% target and could hit 7% on election driven spending and reduced revenue collections resulting from tax cuts.

### Diaspora remittance in rare contraction on falling American inflows

Diaspora inflows for the 10 months to October dropped 0.3% to $4.2bn primarily driven by reduced inflows from North America. Inflows from North America over the 10-month period dropped 13% to $2.1bn while inflows Europe and the Rest of World grew 15% and 18% ($0.9bn and $1.2bn) respectively. CBK projected a slow growth of 0.7% in diaspora inflows in 2026 to $5.07bn from $5bn in 2025. Remittance account for 32% of FX inflows. FX reserves held by CBK stood at $14.6bn (5.9 months of import cover) slight reduction from $14.7bn recorded at the end of the previous week.

Tel: +254 763 000 000 @KeEquityBank KeEquityBank

Equity Bank (Kenya) Limited is regulated by Central Bank of Kenya

EQUITY

# Equity Kenya Macro Note



## Kenya Financial Markets Weekly

16th Nov to 20th Nov 2026

| Key Financial and Economic Calendar Month | Events & Dates |
|---|---|
| Mon Nov 30 | November CPI release |
| Wed Dec 09 | CBK MPC meeting |
| Wed Dec 09 | FOMC Decision |

## News

- Transport costs rise fastest in 8 years
- IMF pushes for VASP to share customer details
- Coffee and copper scrap pumps life to Kenya's exports to China
- Treasury CS seeks banking sector section 44 amendment
- Kenya-Iran trade plunges 58%
- Kenya undertook 5th largest Eurobond buyback in 2025
- Meat, tea and flower exporters lost Sh11bn sales in Middle East in Q2

| Indicator | Period | IMF (Oct WEO) | IMF (Apr WEO) | CBK | National Treasury | Bloomberg Consensus |
|---|---|---|---|---|---|---|
| GDP Growth (% YoY) | 2026 | 4.5% | 4.5% | 5.0% | 5.5% | 4.9% |
| GDP Growth (% YoY) | 2027 | 4.7% | 4.5% | 5.3% | 5.8% | 5.1% |
| CPI Inflation (% YoY avg) | 2026 | 6.0% | 5.9% | Peak 7.2% Dec | 5.0% | 6.1% |
| CPI Inflation (% YoY avg) | 2027 | 5.0% | 5.9% | 5.0% | 4.5% | 6.4% |
| Budget Balance (% GDP) | 2026 | -5.7% | -5.5% | — | -5.5% | -6.1% |
| Budget Balance (% GDP) | 2027 | -5.2% | -5.0% | — | -4.7% | -6.0% |
| Current Account (% GDP) | 2026 | -4.5% | n/a | -3.2% | -4.1% | n/a |
| Current Account (% GDP) | 2027 | -4.1% | n/a | — | -3.5% | n/a |


## Report prepared by:

Timothy Odinga (Kenya Lead Economist -EGH)



## Disclaimer

This document has been prepared by Equity Bank Kenya Ltd.

All information in this document is for informational purposes. It is not intended to be a substitute for professional advice, nor is it intended to form the basis of any investment decision. Should you decide to act upon any information in this document, you do so at your own risk. Equity Group accepts no liability for your reliance on the information in this document. Read detailed T&C here