# Equity Kenya Macro Note

## Kenya Financial Markets Weekly

17th Aug to 21st Aug 2026

### CBK holds rate for third consecutive time

The Central Bank of Kenya held the benchmark rate unchanged for the third time at 8.75% to ensure inflation remains within the target band while encouraging credit flow to private sector. In its release post the MPC meeting CBK indicate they expect inflation to remain within the target range in the near term.

### $850m Eurobond, Samurai bonds, debt for food swap highlight FY2026/27 borrowing plan

Treasury released the FY2026/27 borrowing plan that highlight how the country expects to finance its KES1.15trn fiscal deficit and KES851.3bn to finance maturing domestic and external debt obligations. Treasury is expected to continue reopening long term papers with a 5 to 30 years to maturity with an issuance amount of between KES50bn to KES120bn. Treasury is also to issue a $815m Eurobond in the second quarter, World bank's 763m DPO, Samurai loans, debt for food security swap, Panda and Sukkuk bonds are expected to feature in treasuries options.

### EPRA cuts diesel prices holds petrol unchanged

EPRA cut diesel prices by Sh5/l in the current schedule to KES217/l ($1.7/l) but kep petrol and kerosene prices unchanged at KES214 and KES191 respectively to achieve this regulator cross subsidized diesel with petrol denying diesel consumers a further KES19.5/l cut. Higher prices fuelled by the standoff at the Strait of Hormuz have resulted to inflationary pressures with the government deploying a VAT cut to 8% and a subsidy to shield consumers from higher prices, the intervention however continue to worsen the country's fiscal position.

### NPL ratio ease to 14.6%, private sector credit up 10.2%

Banking sector NPL ratio eased to 14.65 in July from a high of 15.4% in April having come down from a multi-year high of 17.6% in August 2025. The easing has been attributed to improving business environment and earlier CBR cuts that lowered the cost of lending. Credit growth to private sector stood at 10.2% in July and 10.6% in June. The consecutive YoY double digit growth has also been attributed to monetary policy easing.

### Weak oil demand holding prices as Strait remains closed

Oil prices declined on Thursday as investors assessed prospects for weaker global demand this year and higher U.S. crude stocks, though prices found support from a lack of progress in talks over the blockaded Strait of Hormuz and disruptions to supply, brent futures were down $1.54, or 1.7%, at $87.44 a barrel on Thursday trimming gains accumulated over the previous six sessions.

### US July inflation comes in at 3.4%

In the 12 months through July, US CPI advanced 3.4% from 3.5% in June. The Fed tracks the Personal Consumption Expenditures price indexes for its 2% inflation target. Financial markets were pricing in a roughly 38% chance of a rate increase at the Fed's September 15-16 policy meeting, down from 48.4% on Tuesday, CME's FedWatch Tool showed. The Fed last month left its benchmark interest rate in the 3.50%-3.75% range.

### Kenya 2032 stable as investors wait for US-Iran deal

Kenya 2032 was stable at 7.5% (100bps above Rwanda 2031) as investors continued weighing the possibility of a US-Iran truce to end the Middle East war and reopen the Strait of Hormuz. Yields remain elevated compared to the start of the war but down in comparison to end of March when the touched their highest since the war begun. Inflationary fears that put a halt to Central Banks' earlier easing cycle continue to linger with the US 10yr trading at its highest in more than 1 year and the 30YR at the highest in almost 20 years.

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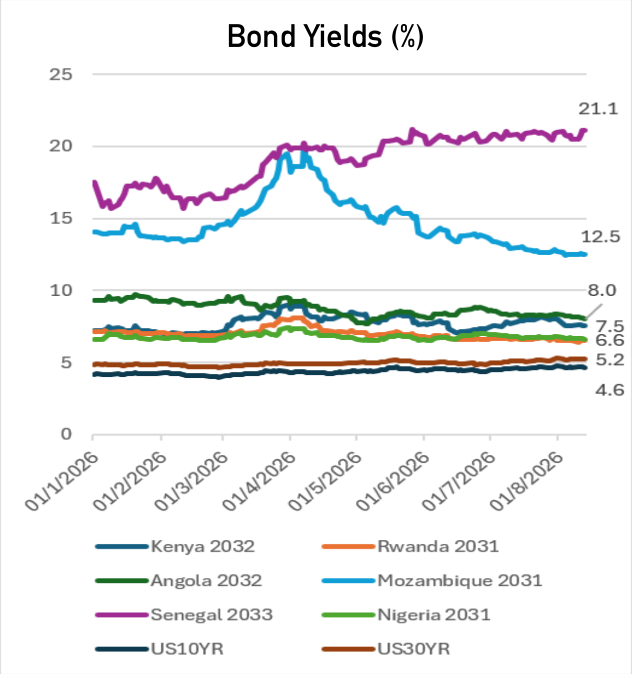
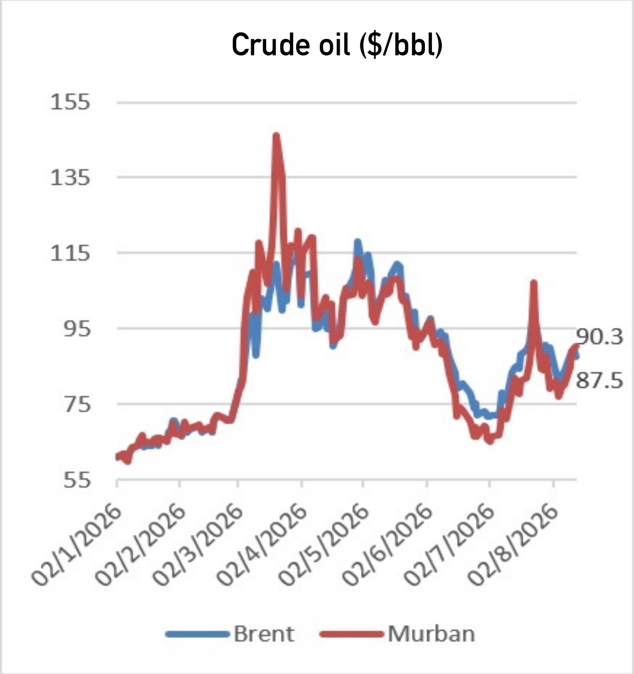
### Shilling, reserves steady

KES remained strong against the dollar closing last week at 129.3 from 129.4 at the end of the previous week, we expect the local currency to continue trading at 129.1 to 129.4 supported by heavy hard currency inflows that have boosted reserves to $15.2bn equivalent to 6.3 months of import cover.

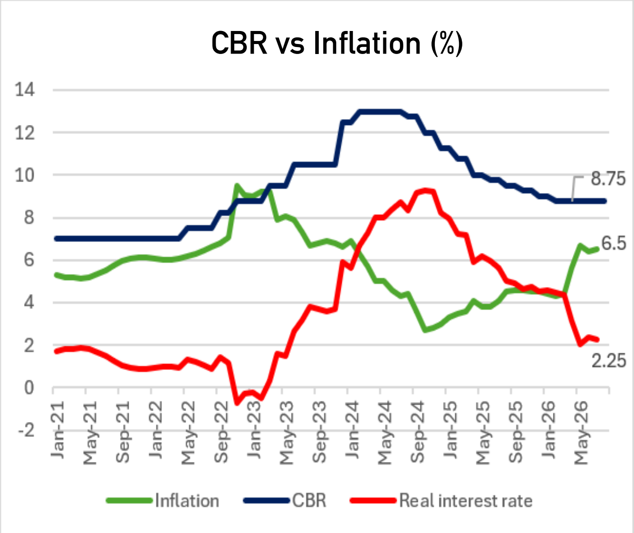



| Key Financial and Economic Calendar Month | Events & Dates |
|---|---|
| 21st - 23rd August | Jackson Hole Economic Symposium. Fed Chair Warsh keynote |
| 31st | Kenya CPI release |

### NEWS:

- Sh64bn edible palm oil probe stalls
- Court rejects bid to put caveat on Talanta stadium land
- 70% of Dangote's $16bn Lamu refinery project to be financed through debt
- Kenya requests IMF for deal
- CBK revises inflation expectations downwards
- FY2025/26 PAYE collections beat target for first time in 4years
- Crypto startups spooked tough regulations
- Counties workforce shrink 26% on AID cuts
- Private sector credit growth hits double digits





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