

Equity Kenya Macro Note



Kenya Financial Markets Weekly

27th Apr- 1st May 2026

Oil rallies as US-Iran talks collapse

Oil prices rose 1% on Monday as peace talks between the US and Iran stalled while shipments through the strait of Hormuz remain limited, keeping oil Supplies tight. Trump cancelled a planned visit by his envoys Witkoff and Jared to Pakistan where they were meant to continue talks with Iran. Iran foreign minister arrived in Russia for meeting with Putin. Meanwhile Goldman Sachs has raised its oil price forecasts for the fourth quarter to \$90 a barrel for Brent crude.

KNBS to release 2025 full Economic performance

Kenya National Bureau of Statistics is this week expected to release the 2026 Economic Survey. The annual publication that contains the economy wide performance of the previous calendar year is eagerly awaited by researchers and policy makers. The Kenyan economy is expected to have expanded by 5% in 2025 driven by agricultural performance, recovery in building and construction. The agency is expected to release the report on 28th or 29th of April.

April Inflation expected at around 4.7% CBK optimistic in 12-month projection

April inflation expected to come in at around 4.7 % in Thursday release. High fuel price expected to drive the transport and energy components of the CPI. Second round effects of higher energy prices will be felt from May and could worsen if the war progresses for a longer time. CBK remains optimistic on inflation expecting the highest possible inflation within the next 12 months to be 6.4% (still within the target band) of this they, expect only 0.7 percentage points to be directly attributed to higher oil prices

Kenya 2032 yields up as Middle East talks collapse

Kenya 2032 yield rose 20bps to 8.3% amidst collapsed US-Iran talks on Monday the paper now trades 110bps above Rwanda 2031 and 400bps above US10YR bond. Markets were optimistic last week following the extension of the fragile ceasefire in the Middle East war. EME yields remain elevated with the Fed expected to hold interest rate in this week's meeting.

Treasury revises domestic borrowing target to Sh995bn

National Treasury has revised the domestic borrowing target for the current fiscal year to KES 995bn (\$7.7bn) from the initial KES 635bn (\$4.9bn) in the wake of increased spending amidst underperforming revenues. Treasury had collected KES 874.2bn as of late April and is targeting a net collection of KES 120bn in the remaining auctions. The exchequer however mentioned a possibility of a downward revision if the World Bank's Development Policy Operations financing of \$750m checks in. Fiscal deficit was revised upwards to 6.4% from the initial 4.8%.

Reserves drop further as KES weakens

CBK's FX reserves dipped by a further \$67m last week to take the cumulative drop since the onset of the Middle East war to \$1.4bn, currently the reserves stand at \$13.2bn covering 5.6 months of imports. KES opened Monday's trading at 129.3 against the dollar, down 0.2%, the currency has faced sustained pressure from investors' opting for safer assets and markets since the onset of the Iran war.

Kenya's options for foreign financing as fiscal deficit widens to 6.4% of GDP

Treasury has laid out a raft of foreign financing options for the current fiscal year as shocks from the Middle East war continue to be felt globally and domestically. Treasury has outlined a stream of external financing revenues that expected to bolster the country's fiscal position as revenue collections continue to trail targets. Kenya is targeting an immediate \$170m draw down from the proceeds of the Samurai bond and a further draw down of about \$330-350m before the end of the FY2025/26. Kenya is also expected to finish to fast track reforms to access the World Bank \$750m DPO. The country is also exploring the possibility of accessing \$450m through the IMF's Resilience and Sustainability Fund and a World Bank contingency emergency response of around \$300m. Treasury has put off plans of drawing down the remaining \$1bn from the UAE fund sighting high pricing.

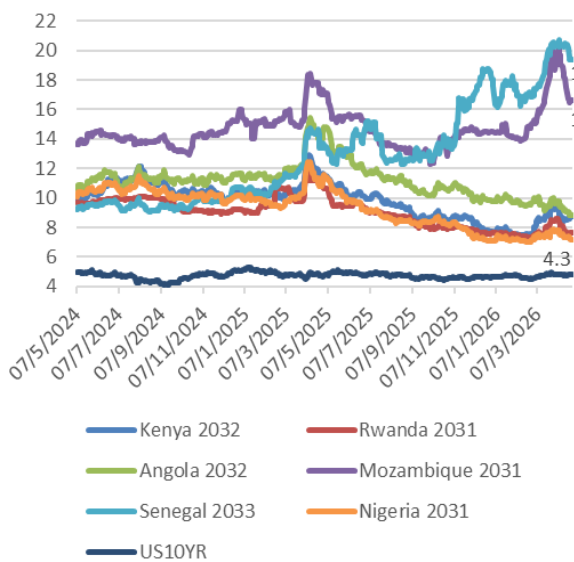
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Switch bond and 3 reopened bonds for May

The CBK is clearly trying to push investors into longer-term paper while raising fresh funds for the budget. It's offering a KES 10 billion switch that lets investors move out of the 2027 bond into a much longer 2041 bond, easing near-term repayment pressure. Bidding opens until 18 May 2026 and settlement on 20 May. At the same time, it's reopening three fixed coupon Treasury bonds 6.6, 13 and 20.1 year bonds to raise KES 80 billion, taking advantage of still attractive yields to lock in funding for longer, with the sale running to 6 May 2026 and settlement on 11 May.

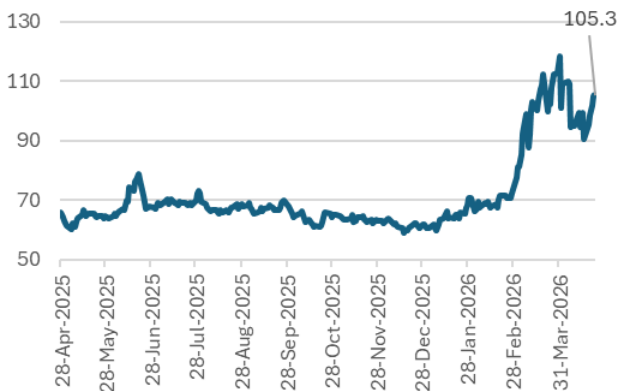
SSA Eurobonds vs US 10YR (%)



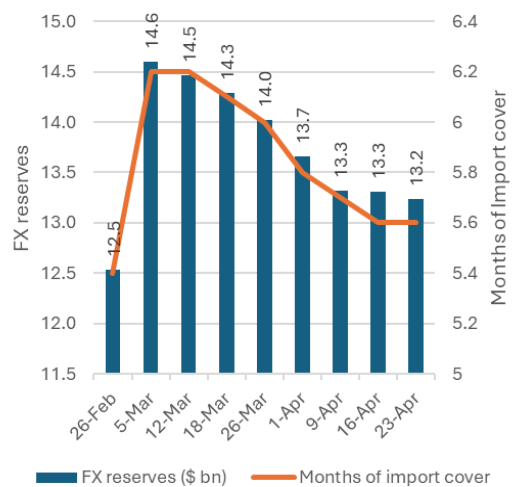
Eyes on Central bank as Middle East war effects bite

Policy divergence is still very much in play globally, but the dominant theme this week is caution. The People's Bank of China kept its lending rates unchanged (1-year LPR at 3.0% and 5-year at 3.5%), signaling caution rather than stimulus. Russia, on the other hand, cut its key rate by 50 bps to 14.5% despite warning that inflation pressures remain sticky. The Philippines moved in the opposite direction, hiking by 25 bps to 4.5% to defend price stability. This week, however, the major central banks the BoJ, ECB, BoE, BoC, and the FOMC are expected to stay on hold. The common thread is a wait-and-see approach as policymakers assess incoming data and the potential economic fallout from escalating Middle East tensions.

Brent oil prices
(\$/barrel)



FX Reserves



NEWS:

- Treasury takes oversight roles at Kenya Seed and AFC
- Manufacturers most pessimistic about economic growth
- Treasury cuts external borrowing target
- Kenya eyes debut KES 64.5bn green bond
- Q1 equities turnover rise 122.9% to KES 58.3bn
- IMF projects Kenya's fiscal deficit to widen to 6.4%
- Kenya now eyes revenue from rent at diplomatic missions in policy shift
- Private sector lobby group now asks for PAYE cuts on salaries above KES 500,000
- Kenya opts out of Abu Dhabi loan deal
- Kenya spending on Ethiopia's power imports triples

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Key Financial and Economic Calendar Month	Events & Dates
29 th April	FOMC decision
30 th April	April inflation release
30 th April	ECB rate decision

APRIL 2026 World Economic Outlook

Subject	2025	2026	2027	2028	2029	2030	2031
GDP constant prices (%)	4.9	4.5	4.7	5.1	5	5	5
GDP current prices (Sh bn)	17,639	19,499	21,567	23,895	26,489	29,233	32,175
GDP current prices (\$ bn)	136.5	147.3	154.7	162	171.5	183.6	196
Inflation average (%)	4.1	5.9	5.9	5.7	5.7	5.3	5
Inflation EOP (%)	4.5	6.4	5.5	5.9	5.5	5	5
Population (Millions)	53.4	54.3	55.2	56.1	57	58	58.9
Government net lending (% of GDP)	-6.4	-6.4	-6	-6	-6.1	-6.2	-6.3
Government net debt (% of GDP)	66.3	68.8	69.9	71.1	71.5	72.4	73.5
Current account balance (bn \$)	-3.7	-6	-5.8	-5.6	-5.7	-5.9	-6.3
Current account balance (% of GDP)	-2.7	-4.1	-3.7	-3.4	-3.3	-3.2	-3.2

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