Equity Kenya Macro Note

Kenya Financial Markets Weekly

31st Aug to 04th Sep 2026

Upcoming Bond Auction

The CBK is reopening the 12.34% July 2034 and 12.00% January 2041 bonds targeting KES60bn for budgetary support. The auction closes on Sept. 2 with settlement on Sept. 7. The CBK is offering a voluntary KES10bn switch from the 11.25% February 2028 bond into the 12.28% November 2029 bond. The multi-price auction closes on Sept. 7 with settlement on Sept. 9. The switch extends maturity by around 1.8 years supporting the government's effort to manage near-term refinancing needs.

Fuel & Food push August inflation to 6.6

August YoY inflation came in 6.6% slight rise from 6.5% in July on higher food and fuel prices. Transport cost were up 15.7% while food and non-alcoholic beverages rose 9% while utilities grew 3.6%. The 3 account for 57% of the total weight across the 13 major expenditure categories. Inflation is expected to remain below the 7.5% CBK ceiling accommodative for CBK to hold CBR at 8.75%

Treasury at 41% of full year borrowing in 2 months

Treasury borrowed KES406bn in the first 2 months of the fiscal year representing 41% of the full year target (KES987bn). Treasury has opted to frontload borrowing and take advantage of prevailing low rates in the market. Full year borrowing could surpass the KES1trn mark.

Oil settles at $92/bbl after US adds sanction to Iran

Oil prices on Friday were down 0.67% to $89.1/barrel as Qatari emissary pressed the Iranians to reopen the Strait of Hormuz. With the U.S. having disengaged from talks in favour of an economic pressure, oil expected to head into Q4 whipsawing between $80-100/ barrel, keeping inflationary risks elevated. Goldman Sachs on Thursday estimated recent total Gulf exports at 15 million to 16 million barrels per day (bpd), 7 million to 8 million bpd below pre-war levels but 5 million to 6 million above the lowest point in March.

Equities soar on impressive H1 performance

Equities poised to end the month with a Sh4.2trn ($32.2bn) valuation being a 4% growth in August driven by better H1 performance in banking, insurance and selected firms in other sectors. Equities remain resilient despite ongoing geopolitical tensions that saw significant sell offs by foreign investors with local investors taking up their spots. Foreign investors withdrew Sh921m last week from a net inflow of Sh2.6bn in the previous week. Market capitalization is expected to rise further driven by lower yields on fixed income and higher 2026 profitability in selected industries.

Yields stable, markets price in a 40% chance of Fed hike in September

Long end yields have responded slightly to recent intervention by US in the bonds market. US30YR was down10bps to 5.2% last week while the 10YR was unchanged at 4.7%. Emerging market yields were less volatile over the week as investors continued monitoring developments in the Middle East. With the market penciling in a 40% change of a Fed hike in September and the Qatari stepping in to help get the Strait of Hormuz reopened we expect yields stability to continue in September providing space for more Eurobond issuance to plug in fiscal deficits. Kenya is expected to issue a $850m Eurobond in Q2 OF fy2026/27.

Tel: +254 763 000 000 X @KeEquityBank KeEquityBank

EQUITY

Equity Kenya Macro Note

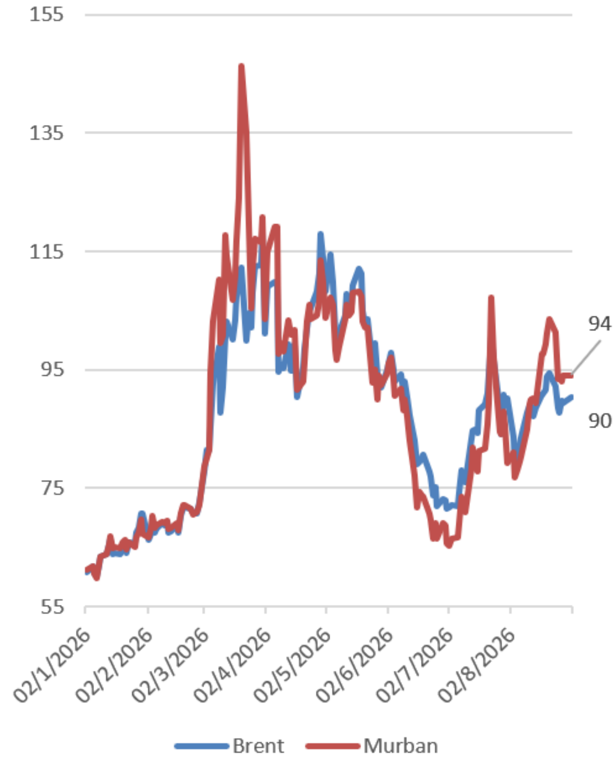
Kenya Financial Markets Weekly

31st Aug to 04th Sep 2026

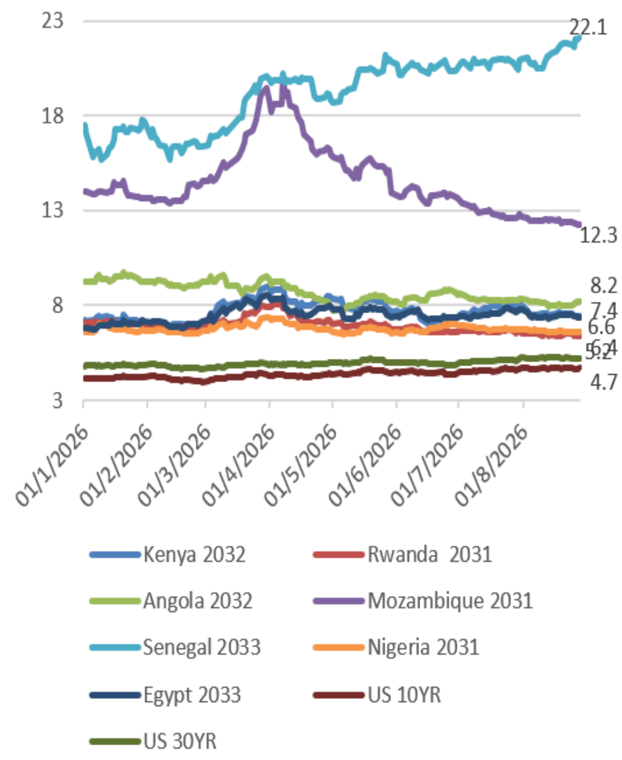
Kenya Public Service Superannuation Fund (PSSF)

PSSF AUM rose 41% y/y to KES340.4bn by June 2026 outperforming Kenya's pension sector which grew 27% to KES2.83trn. Growth was driven by mandatory contributions and bond-market gains during the CBK's easing cycle. The PSSF is expected to play a key role in the government's push to channel pension savings into infrastructure and private

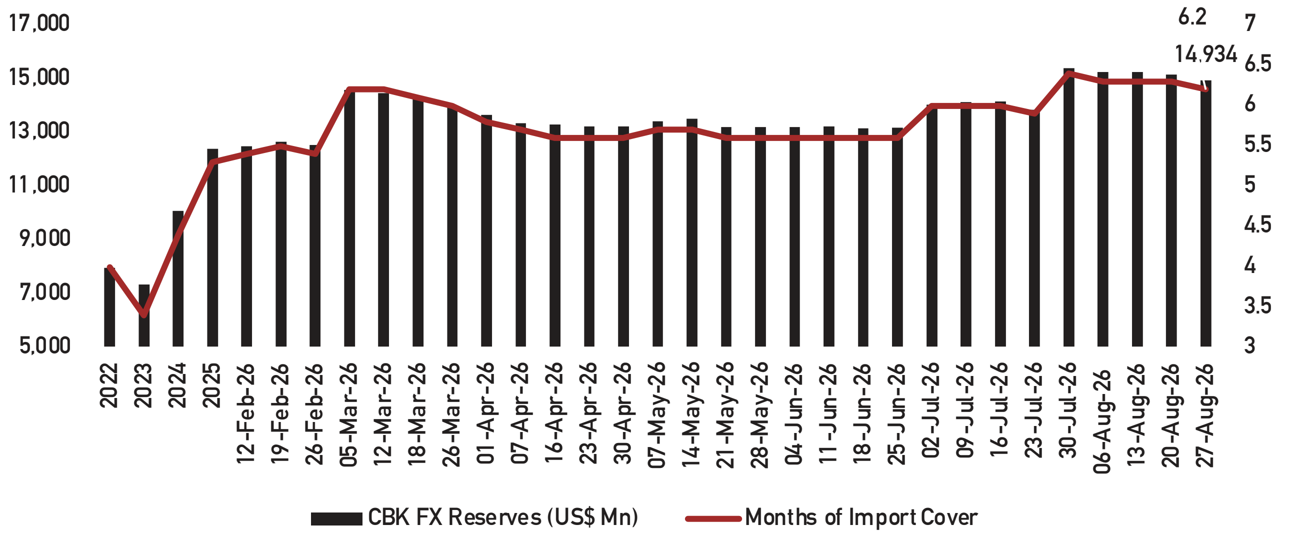
Crude oil ($/bbl)



Bond yields (%)



USD Reserves $ Million



Tel: +254 763 000 000 @KeEquityBank KeEquityBank

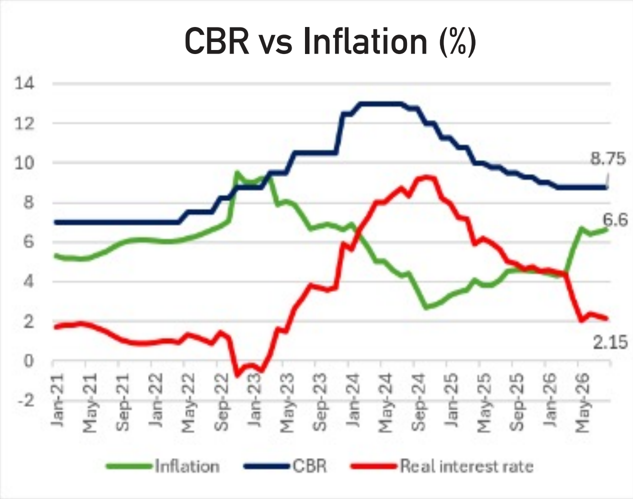
EQUITY

Equity Kenya Macro Note

Kenya Financial Markets Weekly

31st Aug to 04th Sep 2026

Key Financial and Economic Calendar Month	Events & Dates
Tue Sep 1	US ISM Manufacturing PMI
Tue Sep 2	US ADP Employment Change
Wed Sep 3	US ISM Services Index
Wed Sep 3	S&P Global / Stanbic Bank Kenya PMI
Thu Sep 4	US Nonfarm Payrolls / Unemployment Rate
Thu Sep 11	US CPI YoY / Core CPI YoY
Tue Sep 16	US FOMC Rate Decision
Mon Sep 29	Kenya CPI YoY
Tue Sep 30	US GDP Annualized QoQ (3rd Est.)
Tue Sep 30	US Personal Income / Spending (PCE)
Tue Sep 30	Kenya GDP YoY



Kenya Tea Markets

Mombasa tea prices rose 1.4% w/w to $2.21/kg in the Aug. 24–25 auction marking a fourth consecutive weekly gain and a 5.2% increase since early August. Sell-through improved to 86%. Despite the recovery export risks remain elevated. Disruptions to Middle East logistics particularly for shipments to Pakistan alongside the 0.8% export levy continue to weigh on demand and farmer returns.

NEWS:

•NSE firms raise dividend despite fall in earnings
•Average share purchase value on Safaricom ziidi almost doubles in 5 months of operations
•NSSF reveals 22.2% stake in KPC
•Ndii says Kenya unable to meet fiscal demands due cash demands by education and security sectors
•CEOs freeze new hirings on weak demand and high operating costs
•Ruto shifts development spend to visible infrastructure projects ahead of 2027 poll
•Risk of power rationing and blackouts as electricity demand narrows gap with supply
•Local hoteliers report rise in hotel bookings

Report prepared by:

Timothy Odinga (Equity Group, Kenya Lead-Economist)
Dr. Emilio Munene (Economist-Treasury)

Tel: +254 763 000 000 @KeEquityBank KeEquityBank