

# Equity Kenya Macro Note



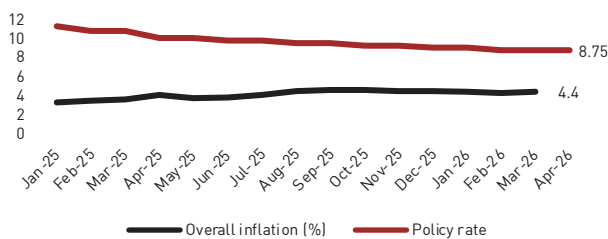
## Kenya Financial Markets Weekly

6<sup>th</sup> - 10<sup>th</sup> April 2026

### Monetary Policy

The CBK decided to keep the policy rate at 8.75 percent, taking a cautious pause as inflation remains stable and lending rates continue to ease, supporting credit growth. At the same time, risks especially rising oil prices could push inflation higher, so the regulator is balancing support for economic growth with the need to keep prices in check, while staying ready to act if conditions change.

Monetary Policy Implementation Framework



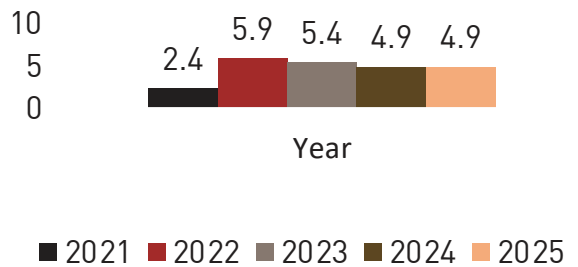
### FY2025/26 Budget Review

The Supplementary Budget 1 increases the total national budget by Ksh 393.16 billion (+9.1%), raising it from Ksh 4.301 trillion to Ksh 4.695 trillion, which includes Ksh 363.88 billion for the National Government and Ksh 29.27 billion for Consolidated Fund Services. It authorizes Ksh 41.3 billion in urgent Article 223 expenditure for security operations, ASAL relief, and infrastructure. The security sector is the largest beneficiary with Ksh 60 billion, followed by education with over Ksh 45 billion (including Ksh 24.2 billion for TSC and Ksh 4.1 billion for HELB), health with approximately Ksh 16.5 billion (including Ksh 4 billion for defunct NHIF pending bills and Ksh 5.4 billion for doctors' internship), the Affordable Housing Programme with Ksh 25 billion, and agriculture & food security with over Ksh 17 billion (including Ksh 10 billion for fertilizer subsidy). Additionally, KRA receives Ksh 17.6 billion in enhanced funding to boost tax collection.

### KRA REVENUE PERFORMANCE (July 2025-March 2026)

In the first nine months of FY 2025/26 (July 2025 to March 2026), the Kenya Revenue Authority (KRA) surpassed the Ksh 2 trillion milestone, collecting Ksh 2.038 trillion against a target of Ksh 2.122 trillion, representing a 96.1% performance rate and 11.4% year on year growth from Ksh 1.820 trillion in the same period last year. Domestic taxes remained the largest contributor at Ksh 1.301 trillion, growing 10.4%, while Customs and Border Control delivered Ksh 733.7 billion, exceeding its target at 100.9% with 13.3% growth. Agency revenue collected on behalf of other government entities amounted to Ksh 204.452 billion, performing at 101.4% of its Ksh 201.705 billion target, a 10.7% increase from Ksh 184.650 billion. Exchequer revenue for the National Treasury stood at Ksh 1.834 trillion, achieving 95.5% of its Ksh 1.921 trillion target, up 11.5% from Ksh 1.644 trillion. Quarterly year on year growth was +16% in Q1, +11% in Q2, and +10% in Q3. This performance was achieved despite a constrained macroeconomic environment marked by subdued household purchasing power, soft consumer demand, elevated business costs, and global trade uncertainty, demonstrating resilience through taxpayer responsiveness and digital compliance reforms.

### Q1 GDP Growth (%)



### T-bills and Bonds

CBK took up KSh 24.5 in the 9th April 2026 T-bill auction of the financial year against an offer of KSh 24bn. Demand was mixed, with strong uptake in the 91-day and 182-day papers, while the 364-day remained weak. Competitive bids amounted to KSh 13.3bn compared to KSh 11.2bn in non-competitive bids. On 06 April 2026, the 15-year bond was heavily oversubscribed at a lower yield (12.19%), while the 25-year bond was undersubscribed at a higher yield (12.99%), indicating stronger demand for shorter maturities. CBK is also offering a re-opened 30-year bond (12.0%) and a new 30-year bond (12.5%) worth KSh 20bn for budgetary support, with the auction set for 15 April 2026 and settlement on 20 April 2026.

### Exchange Rates

The Kenyan shilling remained stable against the U.S. dollar week-on-week, edging up slightly by 0.02% and continuing to trade within a tight range around 129. Recent price data confirms minimal volatility, with the currency largely unchanged over the period. It recorded modest gains against major currencies, appreciating by 0.17% against the euro and 0.16% against the pound, while weakening slightly against the yen, yuan, and Swiss franc. Overall, the shilling's performance reflects a broadly stable market environment with limited directional pressure. FX reserves at the end of last week stood at \$11.09bn equivalent to 4.8 months of import cover.

### Interbank Market

Projected inflows into the banking system total KSh 105.8bn, driven by KSh 34.9bn T-bills maturing, KSh 10.1bn bond coupons, and KSh 60.8bn repos maturing. Against this, outflows of KSh 24.0bn from T-bill issuance result in a net banking system inflow of KSh 81.8bn. Cumulatively in 2026 YTD, repo mop-up operations stand at KSh 3.98tn, while horizontal repos total KSh 61.3bn, with outstanding repo mop-up at KSh 234.9bn and horizontal repos at KSh 22.3bn as of 8 April 2026

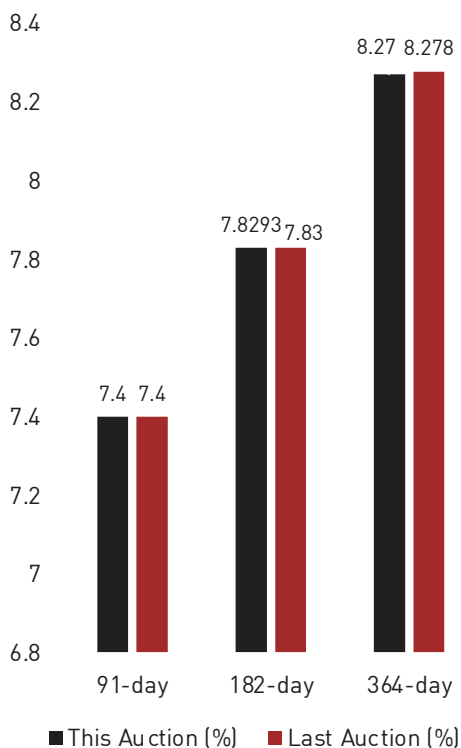
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### Movement in T-bill Interest Rates



Item	FY24/25 Original Approved	FY24/25 Post Protest Supp	FY24/25 Supp II	FY25/26 Original Approved	FY25/26 Supp I
Fiscal Deficit (KES bn)	-597.0	-768.6	-997.5	-900.9	-1,140.7
% of GDP	-3.3%	-4.3%	-5.7%	-4.7%	-5.9%
Primary Balance (KES bn)	412.9	241.3	-113.1	196.7	142.7
% of GDP	2.3%	1.3%	-0.6%	1.0%	0.1%
Deficit Financing (KES bn)	597.0	768.6	997.5	900.9	1,140.7
% of GDP	3.3%	4.3%	5.7%	4.7%	5.9%
Net External (KES bn)	368.8	346.4	286.5	254.8	254.8
% of GDP	1.8%	2.0%	1.1%	1.3%	1.3%
Net Domestic (KES bn)	228.2	412.2	611.0	616.5	886.9
% of GDP	1.6%	2.2%	4.7%	3.2%	4.7%

Category	Rate (%)	Change
KESONIA	8.7495	+0.1 bps
CBR	8.75	—
Discount Window	9.25	—
Inflation (Mar 2026)	4.40	+10.0 bps

Key Financial and Economic Calendar Month	Events & Dates
30 <sup>th</sup> April 14 <sup>th</sup> April 14 <sup>th</sup> April	Inflation release Fuel Prices review World Economic Outlook

### NEWS

1. CBK maintains benchmark interest rate at 8.75% amid inflation and oil price risks
2. Kenya shilling remains stable supported by strong foreign exchange reserves above \$13 billion
3. Private sector activity contracts as PMI drops below 50, signaling slowdown in business demand
4. CBK revises 2026 GDP growth forecast down to 5.3% due to global energy and trade risks
5. Banking sector earnings face pressure as stable shilling reduces forex trading income
6. Fuel import costs rise, increasing pressure on transport and food prices in the economy
7. Foreign investors remain selective, focusing mainly on banking and telecom stocks

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