

Equity Kenya Macro Note



Kenya Financial Markets Weekly

5th Oct to 9th Oct 2026

Oil eases slightly after touching 4-month high

Global crude benchmark Brent oil ended the week at \$101.2/barrel despite the easing, it remains up 56% YoY, 65% YTD and 51% since the Middle East war started at the end of February. Supply disruptions resulting from the Strait of Hormuz blockade pushed crude prices to highest level since 2022. Reduction China crude imports, easing of Russian oil sanctions and re-routing of crude by Saudi Arabia through pipelines to Yanbu port among key factors that have eased price pressures.

US inflation unchanged at 3.4%, jobs come in weak

USA Personal Consumption Expenditures price index – the Federal Reserve's preferred inflation gauge – rose 0.3% from July, bringing the annual rate to 3.4%, unchanged from July. Nonfarm payrolls increased by 29,000 jobs last month after a downwardly revised 133,000 rise in August. Estimates ranged from as low as 35,000 to as high as 180,000. The odds of another rate hike this month were diminished by cooler-than-expected inflation readings for August and July. Ahead of the employment report, financial markets are pricing in a roughly 22% chance of further monetary policy tightening at the Fed's October 27-28 meeting, down from about 69% a week ago.

Kenya FX: Reserves Strong, Risks Manageable: Shilling Holds Its Ground

USD/KES remains stable at 129.80 supported by strong reserves (USD 14.93bn) the 8.75% policy rate and reduced Eurobond refinancing risk. Key near-term risks include global risk-off sentiment oil price volatility and delays to the IMF programme. This week's main catalyst is the announcement of arrangers for Kenya's USD 5.4bn external borrowing programme. Our base case is for USD/KES to remain within the 129.50-130.00 range over the next two weeks.

Bonds on the receiving end on fiscal worries, high energy prices

Bond yields extended gains last week with Kenya 2032 up 50bps last week to 8.7% from 8.2% at the end of the previous week. Rwanda 2031 was up 30bps to 6.9%. US 10YR yield remain elevated at 5.2%, highest since 2002, while the 30YR was up 10bps to end the week at 5.6% as inflation come in at 3.4%. Borrowing costs remain high fueled by concerns on fiscal policy management around the word combined with higher inflation expectations resulting from higher energy prices and strong economic growth. French 10-year bond yield nears 5%. Britain's 30-year yield crossed 6%, highest since 1998.

Kenya Advances US\$5.4 Billion External Funding Programme

Kenya is expected to announce arrangers this week for its US\$5.4 billion FY2026/27 external borrowing programme comprising a Samurai bond, Sukuk, sustainability-linked loan, Panda bond and a debt-for-food swap. Authorities are also considering a small Eurobond issuance in January 2027 while a US\$400 million World Bank emergency facility is expected by end-October. The developments support Kenya's funding strategy strengthen external financing buffers and could help reduce pressure on domestic borrowing and the shilling.

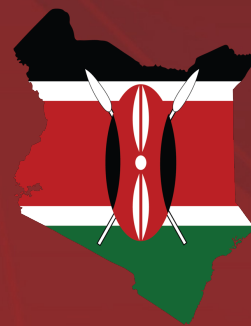
Eyes on CBK as MPC meets

Central Bank of Kenya's monetary policy committee is set to meet on Tuesday 7th October to decide the country's monetary policy path for the next 2 months. Despite inflation rising to a 32 month high it is holding up better than expected, we therefore expect CBK to hold the rate at 8.75% to support credit growth to private sector. September YoY inflation stood at 6.8% cutting the real interest rate now stands at 1.95% coupled with a 25bps Fed hike in September however increases the chance of a soft hike in the CBR.

Quickmart IPO Rings the Bell for Kenya's Equity Market.

Quickmart has launched its IPO today offering 2 billion shares at KES 7.50 per share valuing the retailer at approximately KES 30 billion (US\$231 million). The offer will remain open until 30 October with trading on the Nairobi Securities Exchange (NSE) expected to commence on 12 November. The IFC has also conditionally committed up to US\$15 million to the offering.

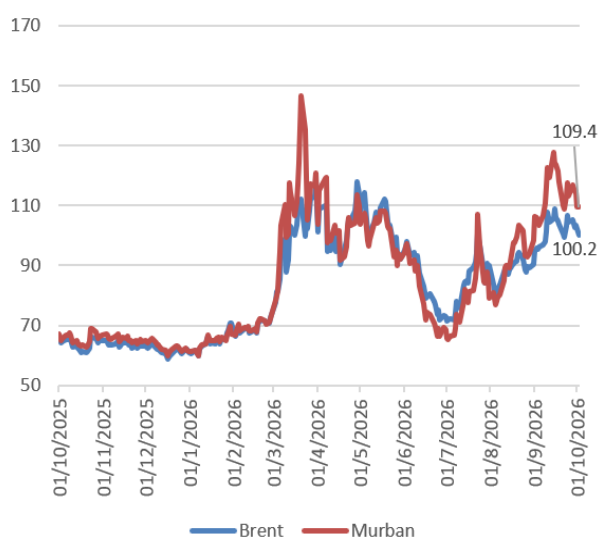
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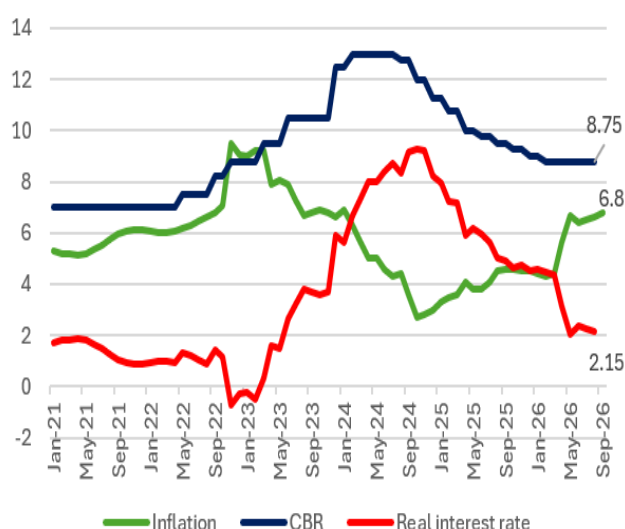
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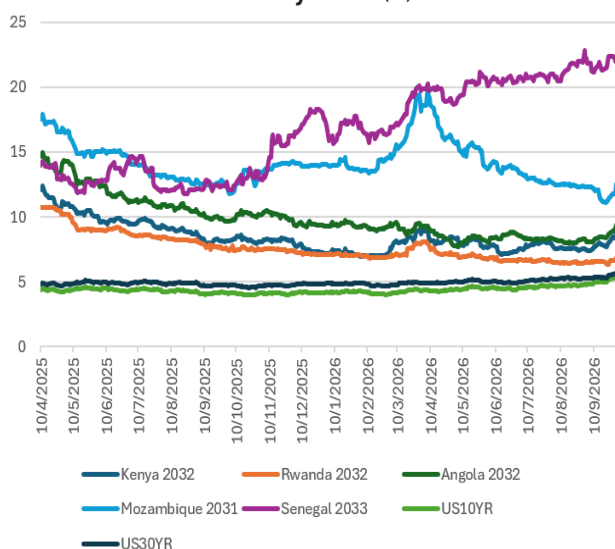
Crude oil (\$/barrel)



CBR vs Inflation (%)



Bond yields (%)



NEWS:

- Government withdraws Sh46bn funding for energy sector
- CBK and banks plan to lock treasury from loan approval
- CBK targets Sh50bn from 2 bonds
- Kenyans could access Dangote petroleum shares via GDRs
- Kenya to take up more stake in Dangote refinery if East African countries disappoint
- New bill gives telcos permission to invest members deposits
- Banks increase lending to agriculture by 35.1% in 1 year

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Disclaimer

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KEY MACRO EVENTS TO WATCH

Key Financial and Economic Calendar Month	Events & Dates
Mon Oct 5	Kenya Stanbic PMI; Eurozone Services & Composite PMI; UK Services PMI; US ISM Services PMI
Tue Oct 6	BOJ Governor Ueda Speech; Eurozone Retail Sales; US Trade Balance
Wed Oct 7	Kenya CBK MPC Rate Decision; US NY Fed Inflation Expectations; FOMC Minutes (Sep Meeting); China Foreign Reserves
Thu Oct 8	Japan Current Account Balance; ECB September Policy Meeting Account; US Initial Jobless Claims
Fri Oct 9	Japan Household Spending; China M2 Money Supply; China New Yuan Loans; US Michigan Consumer Sentiment
Mon Oct 12	Kenya Overseas Remittances YoY
Tue Oct 13	Japan PPI; US NFIB Small Business Optimism; US Existing Home Sales
Wed Oct 14	China CPI; China PPI; China Exports & Imports; US CPI; US Core CPI; Fed Beige Book
Thu Oct 15	UK Monthly GDP; UK Industrial Production; Eurozone Industrial Production; US Retail Sales; US PPI; US Initial Jobless Claims
Fri Oct 16	BOJ Deputy Governor Uchida Speech; Eurozone CPI (Final); US Industrial Production; US Import Price Index
Sun Oct 19	China Q3 GDP; China Retail Sales; China Industrial Production; China Fixed Asset Investment; China Property Investment
Mon Oct 20	China 1-Year & 5-Year Loan Prime Rates; UK Labour Market Data; US Housing Starts
Tue Oct 21	Japan Trade Balance; UK CPI; UK Core CPI; UK Services CPI; UK Public Sector Net Borrowing
Wed Oct 22	Eurozone Consumer Confidence; ECB Quiet Period Begins; US Initial Jobless Claims
Thu Oct 23	Japan National CPI; Japan Flash Manufacturing PMI; Eurozone Flash PMIs; UK Flash PMI; US Flash PMI; US Michigan Sentiment (Final)
Mon Oct 27	China Industrial Profits; ECB Bank Lending Survey; US Durable Goods Orders; US Consumer Confidence
Tue Oct 28	UK Budget Statement; US FOMC Rate Decision