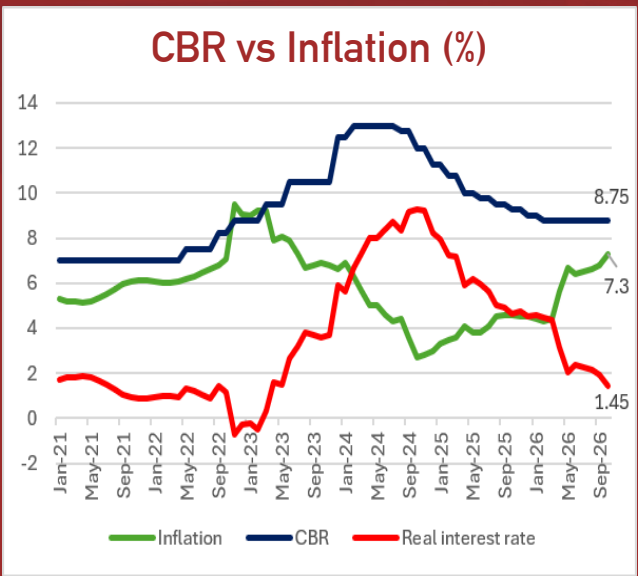
Equity Kenya Macro Note

Kenya Financial Markets Weekly

02nd Nov to 06th Nov 2026

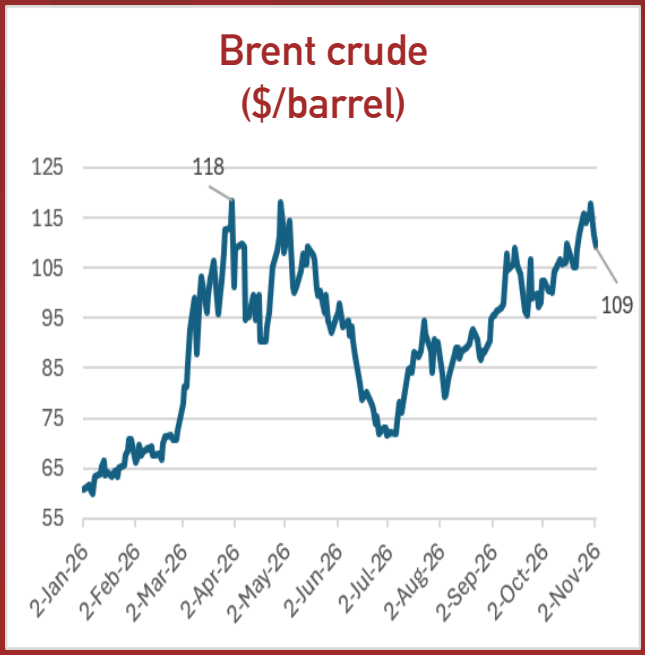
Inflation inches closer to CBK's upper limit

October YoY inflation rose to 7.3%- highest since June 2023-on higher transport and food costs. Transport cost, which accounts for 10% of the consumer food basket was up 17% compared to October 2025 while food that accounts for a third of the CPI was up 10%. Higher oil prices resulting for the Strait of Hormuz closure has driven global inflation up resulting to monetary policy tightening in some countries. Month on month inflation was up 0.7% while core inflation rose to 4.3% from 4% recorded in the previous month.



Oil futures ease on possibility of peace deal

Brent crude futures eased on Monday morning to $110/barrel on renewed optimism of a possible peace deal between US and Iran. Brent futures touched a high of $117/barrel on Friday after reports of a tanker on fire after explosive devices were attached to its hull while the vessel was attempting to transit outbound the Strait of Hormuz.



Shilling on the brink of 130 mark

KES ended October down 0.7% since the beginning of the Middle East war at the end of February. The shilling which has been under pressure touched a near 7-month low of 129.96 on Wednesday before making a slight recovery to close the week at 129.95 against the dollar. CBK's FX reserves stood at 5.9 months of import cover ($14.7bn) on Thursday .

Fed holds rate at 3.75-4% range

The US Federal Reserve held interest rates at 3.75%-4% in last week's meeting. Unlike the previous meeting where members unanimously voted for a 25bps hike, in last week's meeting the vote was a 10-2 split. Inflation in the US has remained above target for more than 5 years now currently at 3.7%. On the jobs side, US employers added just 29,000 jobs in September, a sharp drop from August, and unemployment rose slightly to 4.2%, a sign of a cooling labor market in the final jobs report before the midterm election.

Foreigners turn net sellers after Dangote's 25% KPC stake deal

Foreign investors' net sell of the NSE stood at Sh885m ($6.8m) from a net buy position of Sh41.3bn ($317.5m) in the previous week, the higher than usual net buy observed was attribute to the 25% Kenya pipeline stake sell to Dangote. Market capitalization was up 1.4% to Sh4trn ($30.7bn) from Sh3.9trn ($30.3bn). Over the week all indices retreated signaling lower market activity compared to the previous week.

Yields ease on AI equities sell offs

Global bond yields eased last week as AI selloff rattled stock markets pushing investors to safer government bonds. US 10 year bond yield stood at 4.9% on Monday morning from a high of 5.3% seen at the end of September. Kenya 2032 yield was down 20bps last week closing at 8.8% from 9%at the end of the previous week .

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Key Financial and Economic Calendar Month	Events & Dates
Tue Nov 4	Eurozone CPI Flash; US ADP Employment Change; US ISM Services PMI
Wed Nov 5	Bank of England Rate Decision
Mon Nov 10	US CPI; US Core CPI
Sat Nov 14	EPRA release fuel prices
Mon Nov 30	November CPI release

News

- Falling Uganda shilling threatens Kenya-Uganda trade
- Identified foreign investor buys 25% of KPC stake
- CBK inflation forecast struggle to keep pace with reality
- World Bank loans to Kenya cross Sh2trn
- Dangote acquires 25% KPC stake
- Foreign currency deposits in banks rise to Sh1.52trn
- Kenya passed 62% of higher international fuel prices to consumers
- Safaricom to issue tax invoices on behalf of small traders to weed out tax cheats

Indicator	Period	IMF (Oct WEO)	IMF (Apr WEO)	CBK	National Treasury	Bloomberg Consensus
GDP Growth (% YoY)	2026	4.5%	4.5%	5.0%	5.5%	4.9%
GDP Growth (% YoY)	2027	4.7%	4.5%	5.3%	5.8%	5.1%
CPI Inflation (% YoY avg)	2026	6.0%	5.9%	Peak 7.2% Dec	5.0%	6.1%
CPI Inflation (% YoY avg)	2027	5.0%	5.9%	5.0%	4.5%	6.4%
Budget Balance (% GDP)	2026	-5.7%	-5.5%	—	-5.5%	-6.1%
Budget Balance (% GDP)	2027	-5.2%	-5.0%	—	-4.7%	-6.0%
Current Account (% GDP)	2026	-4.5%	n/a	-3.2%	-4.1%	n/a
Current Account (% GDP)	2027	-4.1%	n/a	—	-3.5%	n/a

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Disclaimer

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