

Equity Kenya Macro Note

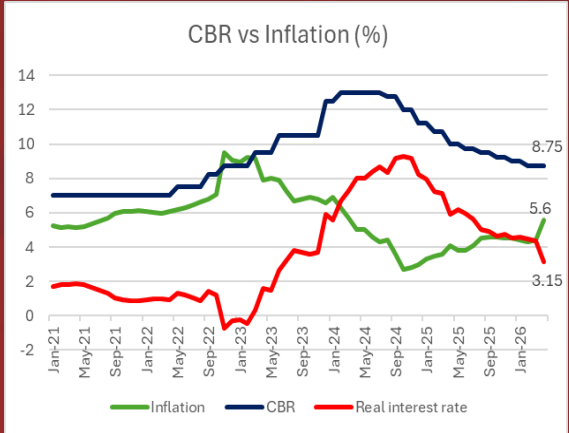


Kenya Financial Markets Weekly

25th - 29th May 2026

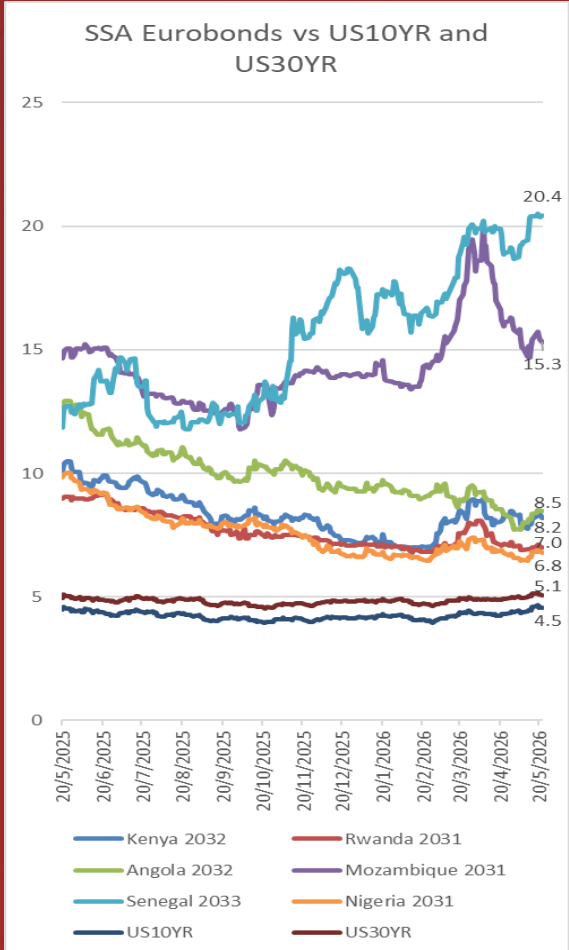
Inflation expected to come in above 6%

The Kenya National Bureau of Statistics is expected to release May inflation figures on Friday. Early indications reveal higher prices compared to May 2025 driven by higher energy prices resulting from the Middle East war that could push YoY headline inflation past 6%, Price per liter of diesel is now up 41% YoY and super up 21% YoY. April inflation beat expectations to come in at 5.6% against CBK's 4.8% projection.



Oil falls below \$100 on Middle East peace hopes

Brent prices opened Monday's trading below \$100 per barrel for the first time in more than a month. The 4.5% drop compared to Friday closing price is attributed to prospects of a deal to end the three-month long conflict. Trump said Washington and Iran had "largely negotiated" a memorandum of understanding on a deal that would reopen the waterway, which carried one-fifth of global oil and liquefied natural gas shipments before the war. The war that has caused the biggest disruption in energy disruption in modern times, has dampened growth prospects for 2026.



Eurobond yields stable despite FX, inflation pressures

Sovereign bond yields are still elevated with investors spooked by impending inflationary pressures that could spike rates globally. Kenya 2032 ended last week 120bps higher than Rwanda2031 and 360bps higher than US10 year at 8.2% against 7.0% and 4.5% respectively but 30bps lower than Angola 2032 that issued its second Eurobond last week. US10YR and 30YR remain at historic highs with investors opting to sell positions in anticipation of potential rate hikes in the year. Senegal yields remain high at 20.4% with higher probability of default.

Dividend chase holding equities at Sh3.4trn (\$26bn)

The benchmark NSE 20 index was down 1% last week as market capitalization rose by 0.3% to Sh3.42trn (\$26.4bn) from Sh3.41trn (\$26.4) at the end of the previous week. The steady performance of the NSE equities is attributed to dividend-seeking investors rushing to buy stocks before book closure of selected dividend paying counters. Foreign investors sold off a net of Sh245m slight fall from the Sh372m recorded in the previous week. local investors accounted for 67% of the Sh2.7bn (\$21m) turnover recorded over the week.

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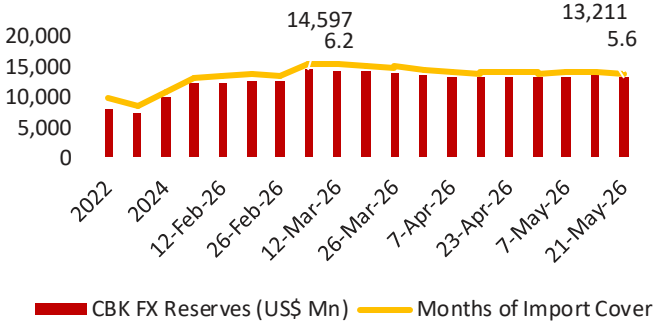
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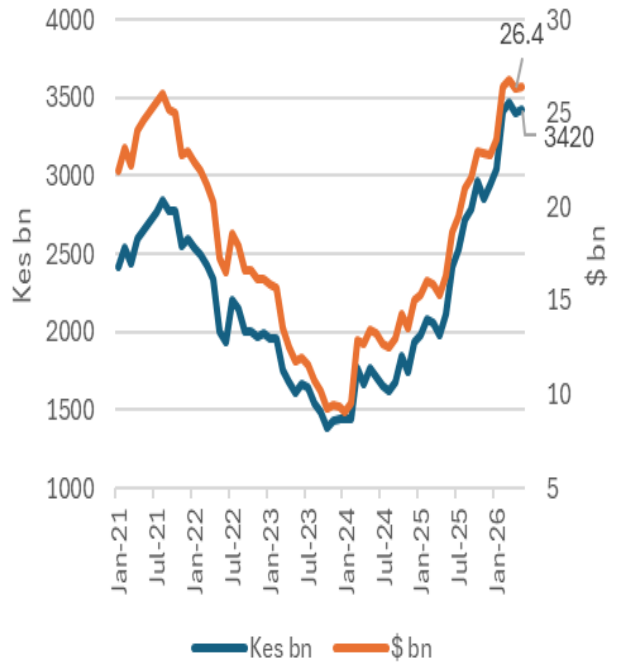
Shilling at 7 weeks low, reserves drop by \$296m

The local currency ended the week at 129.9 against the dollar being the lowest since 9th April when it closed trading at 130. KES is now down 0.7% since the war begun and has been supported by adequate FX reserves. FX reserves were down \$296m last week closing at \$13.2bn. Diaspora inflows remained above US\$ 400 million monthly. This has helped ease pressure on the currency by increasing the supply of dollars in the market. However, the shilling still faces risks from global dollar strength, high import costs, and external debt obligations.

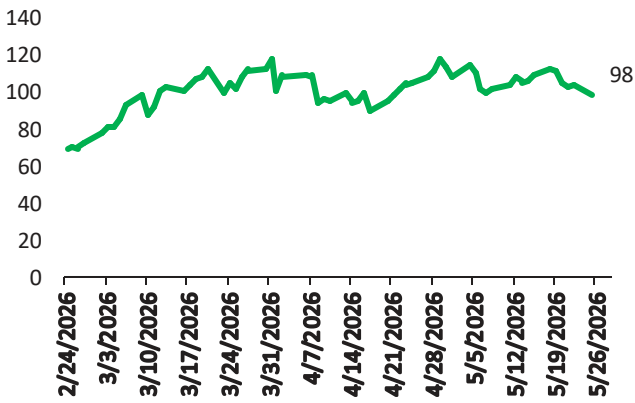
USD Reserves \$ Million



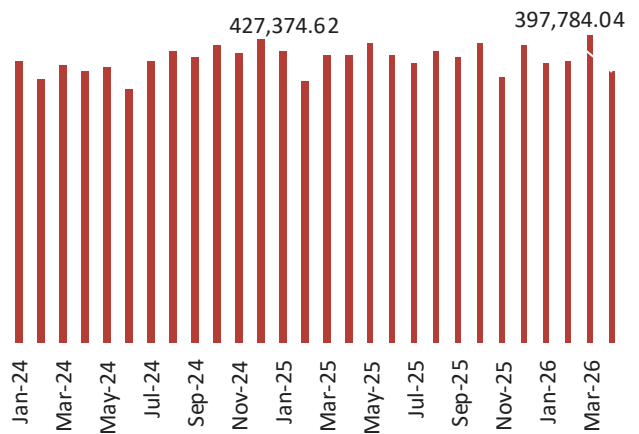
NSE Market Capitalization



Brent oil prices (\$/barrel)



Total Remittances (USD '000)



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- Corporate bonds market back life after recent offerings
- Government ordered to publish SGR loan details
- Kenyans could spend Sh25bn more on oil Middle East crisis
- Listed banks write off Sh75bn in 2025
- KRA plans to levy 10% and 15% on 60% of undeclared dividends
- Stadium bond investors to receive Sh6.5bn from sports fund
- Banks expect CBK to raise rate in June 9 meeting
- Government spending on operations and maintenance cross Sh1trn

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Key Financial and Economic Calendar Month	Events & Dates
9 th June	Monetary Policy Committee Meeting
29 th May	May Inflation Release
17 th June	Federal Open Market Committee (FOMC) meeting
27 th May	BMF Meeting and Announcement
29 th May	US April PCE Data & Q1 GDP Revision

Angola to pip Kenya 6th biggest Africa economy, issues 2nd Eurobond

Latest IMF estimates show Angola has regained its position ahead of Kenya as Africa's sixth-largest economy with projected 2026 GDP reaching \$152.35bn versus Kenya's \$147.26bn. Kenya remains East Africa's largest economy, though rising public debt and fiscal pressures continue to weigh on the macroeconomic outlook.

Angola raised \$1.5bn through a dual-tranche Eurobond tap in May 2026 its second hard-currency issuance since the Iran war began, with tighter pricing than its March deal reflecting stronger investor demand for frontier oil-linked sovereign credit. The proceeds are aimed at meeting 2026 financing needs and easing refinancing pressures, including through a partial bond buyback to manage near-term debt maturities.

Kenya Lists First Infrastructure Fund on NSE.

The Spearhead Africa Infrastructure Fund (SAIF) has been officially listed on the NSE after raising KES 3.4 billion (\$26.3 million). Backed by the UK government, the fund will channel investments into renewable energy, digital infrastructure, logistics, and electrification projects across the country.

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Kenya Finance Bill 2026 Faces Scrutiny Amid Rising Debt Above KES 12.8 Trillion.

Kenya's Finance Bill 2026 remains under parliamentary review targeting KES 120.3bn in additional revenue through a mix of income, digital, import, and excise tax measures, including proposed levies on mobile phones and electric vehicles. While Treasury has delayed some relief measures as it seeks revenue offsets, the bill faces mounting scrutiny from stakeholders amid rising public debt exceeding KES 12.8 trillion and heightened political sensitivity over new taxation.

Ebola Outbreak in DRC Escalates Cross-Border Risk Rising.

The Ebola outbreak in eastern Democratic Republic of Congo has surged to over 900 suspected cases and more than 200 deaths, making it the third-largest recorded outbreak. Driven by a rare Bundibugyo strain, the virus has now crossed into Uganda, with South Sudan also at risk, prompting regional emergency coordination and elevating concerns of broader East African spread.