

# Equity Kenya Macro Note



## Kenya Financial Markets Weekly

29<sup>th</sup> June to 03<sup>rd</sup> July 2026

### Markets hold breath awaiting June inflation numbers

The Kenya National Bureau of statistics is expected to release June's CPI data on Tuesday. June inflation is expected to be close to the 6.7% YoY May figure, and still below the CBK ceiling of 7.5%. Local diesel price now up 40% YoY pushing transport cost up. Inflation is expected to remain above the mid-5% of the CBK target range in 3Q, but risks of a spike to 7.5% or more have now receded thanks to falling global crude prices.

### Plenty of risks still facing oil market

Oil futures gained on Monday reversing part of the gains recorded last week. Brent was up 0.8% to \$72.6 following retaliatory strikes between US and Iran that underscored the fragility of their interim peace. Ships traffic through the Strait of Hormuz slowed following renewed attacks on ships in the Strait. Crude had fallen 11% last week following increased optimism of stability in the region. Saudi giant Aramco resumed oil loadings on Friday at its Ras Tanura terminal after 4 months of inactivity.

### Q1 GDP & BoP figures to come in this week

Data on Q1 GDP and BoP data expected this week following the conclusion of the 2nd quarter. Strong performance by construction, accommodation and agriculture sectors expected to prop up total output to an estimated 5% year on year expansion. Balance of payment data could however show a deterioration in the current account driven by supply chain disruptions due to the Middle East war.

### New listing, US-Iran deal pushes market capitalization closer to Sh4trn mark.

Market capitalization increased 3.4% to Sh3.7trn (\$28.8bn) from Sh3.6trn (\$27.8bn) boosted by Family bank listing and higher demand for equities by both local and foreign investors. Foreign investors net purchases increased to Sh0.5bn (\$3m) from a net sell off position of Sh24.5m (\$0.2m). All indices recorded significant gains following the signing of a 60-day truce between US and Iran that settled investor's nerves.

### Treasury hits borrowing target, lengthens average maturity time to 8yrs

Domestic borrowing for the FY2025/26 fiscal year is estimated to come in at Sh994.8bn against the targeted Sh994.8bn. Treasury has also managed to lengthen the average time to maturity of all bonds to 8.05yrs from 7.9years at the beginning of the fiscal year. Treasury however admitted persistent debt vulnerabilities.

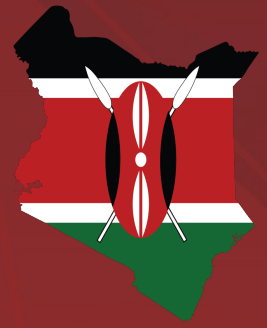
### World DPO expected this week, IMF deal not likely before 2027 elections

Treasury expects \$750m DPO funding to be disbursed this week after World Bank board meeting. The delay that had pushed treasury to the brink of breaching its overdraft facility at CBK was attributed to pending Macroeconomic adequacy assessment. Treasury does not expect any funding from IMF in the next fiscal year and expects a deal to be agreed after the 2027 general elections.

### Bond yields cool off; fiscal concerns still linger.

Kenya 3032 was up 10bps last week to close at 7.3% but still significantly lower than the heights reached at the peak of the Middle East war. Now 60bps above Rwanda 2031 and 290bps above US 10yr bond. Bond yield globally remained elevated year to date with investors weary of high debt levels globally. Senegal 2033 yield eased by 40bps to close the week at 20.3%. Kenya's Fiscal deficit is estimated to come in at 5.5% for the next financial year.

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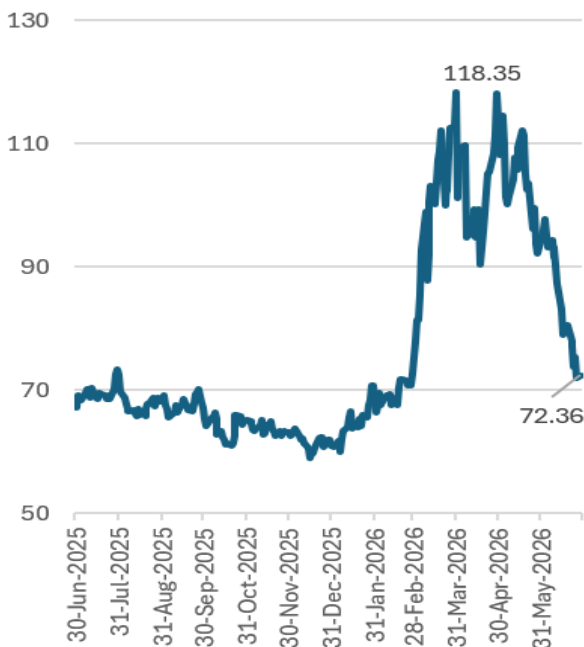
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### Shilling Holds the Line but Pressure Is Building at 130

The shilling was stable last week trading in a narrow 129.40–129.55/USD range as demand and supply remained balanced. This week the bias is for modest depreciation with three key catalysts in focus: Kenya's June inflation print (Tuesday), US nonfarm payrolls (Thursday), and developments in Iran ceasefire talks. The biggest risk is a stronger-than-expected US jobs report which could strengthen the dollar globally and push the shilling towards 130.00/USD. Softer US data or easing geopolitical tensions would help keep the currency broadly stable.

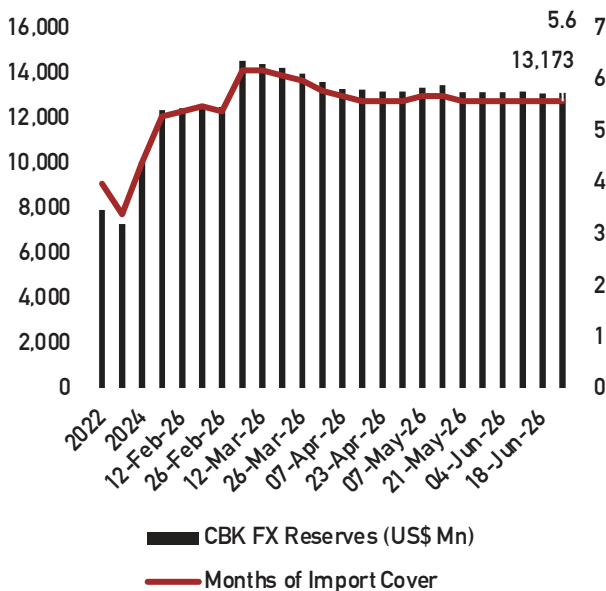
Brent (\$/barrel)



Bond Yields (%)



USD Reserves \$ Million



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- CBK raises extra Sh29bn from [June bonds](#)

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Key Financial and Economic Calendar Month	Events & Dates
30 <sup>th</sup> June	CPI YoY data release
30 <sup>th</sup> June	End of H1 / Portfolio Rebalancing
1 <sup>st</sup> July	US-Iran Qatar Talks
1 <sup>st</sup> July	ECB Sintra Forum–Warsh, Lagarde, Bailey and Macklem panel discussion
2 <sup>nd</sup> July	US NFP/Unemployment Rate data release
3 <sup>rd</sup> July	Tanzania rate Decision
3 <sup>rd</sup> July	Kenya PMI

### External Financing Outlook Strengthens Despite Weak Remittances

The external financing outlook has turned more constructive despite weaker remittance inflows. A 10.4% YoY decline in May remittances reduced foreign exchange inflows weighing on the current account and reserve accumulation. However, this is more than offset by fresh external financing including a planned US\$500 million sustainability-linked loan and a ¥25 billion (US\$171 million) Samurai loan from Japan. In addition, the court-approved US\$2 billion Safaricom/Vodacom transaction is expected to generate a substantial one-off FX inflow once the transaction settles making it a larger and more immediate catalyst for FX liquidity and Kenya shilling stability .

### Kenya–China SGR Debt Restructuring Reduces Near-Term Debt Burden

China restructured Kenya's SGR loans by converting them from US dollars to Chinese yuan while also extending maturities and deferring repayments. The restructuring cuts Kenya's semi-annual debt service from KES 59 billion to KES 37.5 billion a 36% reduction (about US\$167 million in savings) easing pressure on government finances and foreign exchange demand. However the deal shifts Kenya's currency risk from the US dollar to the Chinese yuan, exposing debt repayments to future yuan exchange rate movements.

### Kenya Opens Domestic Bond Market to Global Investors

Kenya has opened its domestic government bond market to international investors through a new settlement link with Clearstream, marking a major step in deepening the local capital market. The reform broadens the investor base at a time when the government plans to borrow KES 1.03 trillion domestically in FY2026/27 and local banks are showing limited capacity to absorb additional issuance. If foreign participation materializes, it should improve demand for government securities, support lower borrowing costs over time and ease fiscal financing pressures. However, greater foreign ownership also increases the sensitivity of Kenya's bond market and exchange rate to global financial conditions, making shifts in international interest rates and investor risk appetite more influential on domestic yields and capital flows.

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