WEEKLY COMMENTARY

actserv
Impacting Lives Positively

Market Performance

10/07/2026

Foreign Exchange Reserves

The usable foreign exchange reserves increased by 0.57% to USD 14,127 million (6.00 months of import cover). This remains above the CBK's statutory requirement to endeavor to maintain at least 4.0 months of import cover and above the EAC region's convergence criteria of 4.5 months of import cover.

Currency

The Kenya Shilling appreciated against the Dollar and the Euro, but depreciated against the Sterling Pound to exchange at KES 129.19, KES 147.76 and KES 173.43 respectively. The observed appreciation against the Dollar is attributed to increased foreign exchange reserves.

Currency	YTD Change	W-o-W Change
Dollar	0.11%	-0.02%
Sterling Pound	-0.30%	0.40%
Euro	-2.62%	-0.15%

Liquidity

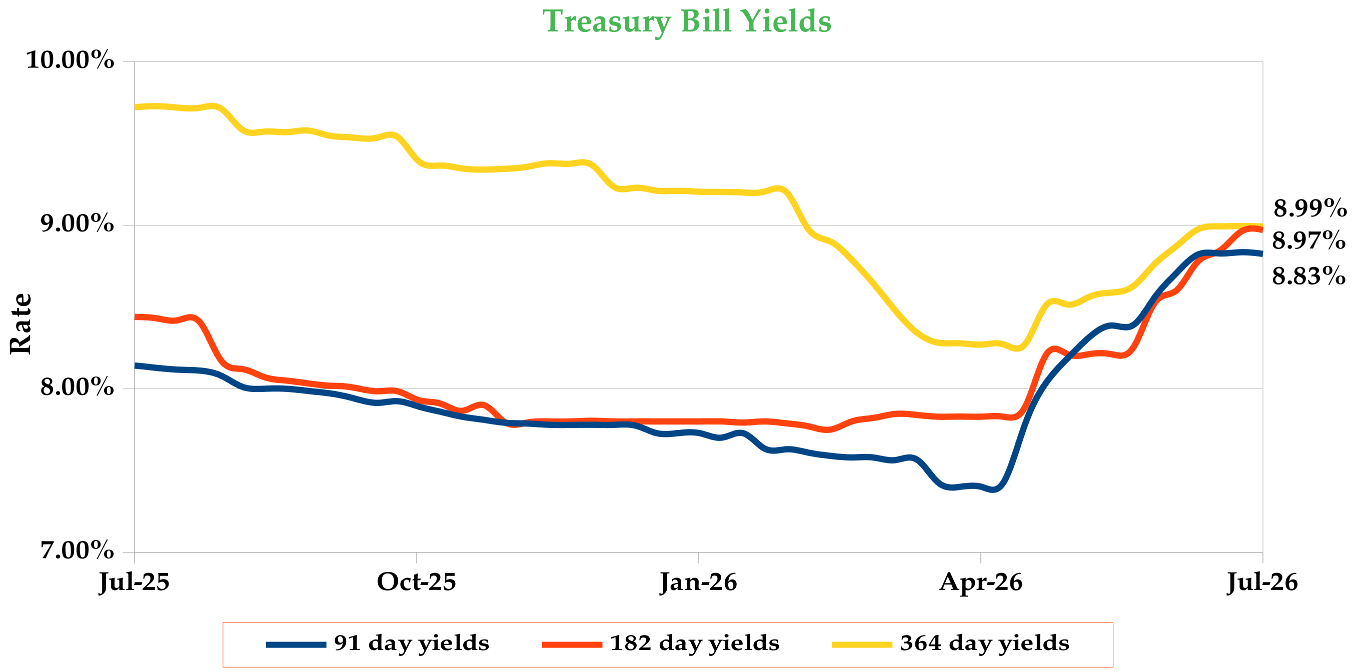
Liquidity in the money markets increased, with the Kenya Shilling Overnight Interbank Average (KESONIA) marginally decreasing from 8.751% to 8.750%, as government payments more than offset tax remittances. Open market operations remained active.

Liquidity	Week (Previous)	Week (Ending)
KESONIA	8.751%	8.750%
Inter-bank volume (billion)	6.00	17.84
Commercial banks' excess reserves (billion)	32.80	30.40

Fixed Income

T-Bills

T-Bills remained oversubscribed during the week, with the overall subscription rate increasing to 177.57%, from 146.63% recorded in the previous week. The 91-day T-Bill received the highest subscription rate at 434.98%, while the 182-day T-Bill and 364-day T-Bill had subscription rates of 88.83% and 60.38% respectively. The acceptance rate decreased by 12.63% to close the week at 61.40%.



T-Bonds

In the secondary bond market, there was a lower demand for the week's bond offers. Bond turnover decreased by 45.92% from KES 54.99 billion in the previous week to KES 29.74 billion. Total bond deals decreased by 44.77% from 1,128 in the previous week to 623.

In the primary bond market, CBK released the results for three bonds FXD1/2022/010, FXD1/2021/020 and FXD1/2026/030. The issues received bids worth KES 144.47 billion against a target of KES 20 billion. Of these, KES 70.60 billion were accepted at weighted average rates of 12.78%, 14.34% and 14.62% respectively.

Eurobonds

In the international market, yields on Kenya's Eurobonds increased by an average of 0.50%, 0.55% and 0.75% week-on-week, month-to-date and year-to-date respectively. The yields on the 10-year Eurobonds for Ivory Coast increased while those for Angola declined.

Bond	YTD Change	MTD Change	W-o-W Change
2018 10-Year Issue	1.31%	0.61%	0.61%
2018 30-Year Issue	-0.09%	0.04%	0.00%
2019 12-Year Issue	0.96%	0.63%	0.57%
2021 13-Year Issue	0.97%	0.83%	0.76%
2024 6-Year Issue	0.61%	0.65%	0.57%

Equities

NASI, NSE 20, NSE 25 and NSE 10 settled 0.83%, 0.41%, 0.26% and 0.11% higher respectively, while the Banking Sector Index settled 0.02% lower, bringing the year-to-date performance to 22.26%, 22.35%, 24.25%, 24.91% and 277.93% respectively. Market capitalization also gained 0.83% from the previous week to close at KES 3.84 trillion, recording a year-to-date increase of 30.01%. The performance was driven by gains recorded by large cap stocks such as Safaricom, BAT, ABSA and KCB of 2.49%, 2.30%, 1.98% and 1.91% respectively.

The Banking sector had shares worth KES 1.9B transacted which accounted for 52.01% of the week's traded value. Manufacturing & Allied sector had shares worth KES 107.1M transacted which represented 2.85% and Safaricom, with shares worth KES 1.3B transacted, represented 34.93% of the week's traded value.

Top Gainers and Losers in the Equities Markets

Top Gainers	YTD Change	W-o-W
Britam	60.60%	10.65%
Standard Group	-2.74%	7.02%
Uchumi	53.98%	5.45%
Longhorn	-4.48%	3.36%
Kapchorua Tea	42.81%	3.18%

Top Losers	YTD Change	W-o-W
Kurwitu	-9.67%	-9.67%
Unga	10.86%	-6.56%
EA Portland	28.87%	-5.78%
Home Afrika	-11.03%	-5.47%
I&M Holdings	53.04%	-5.07%

Alternative Investments

	Week (Previous)	Week (Ending)	% change
Derivatives Turnover (million)	29.13	20.59	-29.33%
Derivatives Volume	4,203	3,643	-13.32%
ETF Turnover (million)	8.99	17.38	93.38%
ETF Deals	273	327	19.78%

Global and Continental Markets

Global Markets	YTD Change	W-o-W
S&P 500	10.45%	1.23%
Dow Jones Industrial Average (DJI)	8.79%	-0.50%
FTSE 100 (FTSE)	5.49%	-1.70%
STOXX Europe 600	7.54%	-1.79%
Shanghai Composite (SSEC)	-0.68%	-1.17%
MSCI Emerging Markets Index	18.27%	-1.79%
MSCI World Index	9.51%	0.52%

Continental Markets	YTD Change	W-o-W
JSE All Share	-12.16%	-1.10%
NSE All Share (NGSE)	55.89%	6.42%

Global and Continental Markets

- The US stock market recorded a mixed performance during the week, supported by volatility in heavyweight chip producers amid renewed tension in the Middle East.
- European stock markets closed the week in the red, supported by losses in the tech sector coupled with an uncertain macroeconomic outlook. Markets also continued to gauge whether speculative demand on AI infrastructure will translate to sustainable returns.
- Asian stocks closed the week in the red and reversing earlier gains as investors locked in profits following a recent rally in technology shares.
- On the global commodities markets, Crude Oil WTI and ICE Brent Crude closed the week 3.82% and 5.39% higher at $71.41 and $76.01 respectively. Gold futures prices settled 1.76% lower at $4,113.70.

Week's Highlights

- Kenya's real GDP grew by 5.3% in the first quarter of 2026, compared to a 4.9% growth in a similar period last year. All the sectors of the economy recorded positive growths in the quarter under review. Notably, manufacturing sector's growth accelerated to 4.4% compared to a 2.8% growth in Q1 2025. Other sectors that recorded notable growths include: accommodation and food service (14.7%), mining and quarrying (9.1%), construction (6.6%), financial & insurance (6.3%) and information & communication (5.0%). Agriculture, Forestry and Fishing sector expanded by 4.9%.
- The current account balance widened from a deficit of KES 70B in Q1 2025 to a deficit of KES 120.9B in Q1 2026, partly resulting from a 4.5% increase in imports of goods and a 34.8% increase in service expenditures. Receipts from exports of merchandise goods registered a 6.2% decline to KES 385.6B during the same period. The surplus in the services account contracted by 26.7%to KES 56.2B during the review period, partly attributable to an increase in expenditure on other business services. Telecommunication and transportation services recorded marginal declines in net exports during the review period. Exports of government goods and services; and financial services outpaced imports of these services, to record net increases in the period.
- Assets in Kenya's retirement benefits industry soared by 26.8% in 2025 to KES 2.83T despite a shrinking number of pension schemes from 950 schemes in 2024 to 946 in 2025, according to data by the Retirement Benefits Authority. Defined contribution schemes continued to dominate, with assets rising to KES 2.56T and accounting for more than 90% of retirement savings, compared to NSSF which accounts for KES 573.6B.

- Manufacturing activity in South Africa slumped by 4.3% year-on-year in May 2026, following a 2.9% drop in April, marking the second consecutive month of contraction, with output falling at the fastest pace since April 2025. Among the main contributors to the decline were food and beverages, down 6.4%, as well as basic iron and steel, non-ferrous metal products, metal products and machinery, which dropped 5.6%. Output in wood and wood products, paper, publishing and printing plunged 11.0%, adding further pressure. On a seasonally adjusted monthly basis, output rose by 1.1%, after a downwardly revised 2.6% slump in the prior month.

- China's annual inflation eased to 1.0% in June 2026 from 1.2% in both April and May, slightly below market expectations of 1.1%, marking the softest increase in three months. Non-food inflation slowed (1.5% vs 1.9% in May) due to a moderation in transport costs. Prices continued to rise for clothing (1.4% vs 1.4%), healthcare (2.3% vs 2.1%) and education (1.4% vs 1.3%). Meanwhile, housing costs declined at a faster pace (-0.3% vs -0.2%). On the food side, prices fell for the third consecutive month (-1.6% vs -1.7%). Core inflation, excluding food and energy, increased 1.0% year on year, following a 1.1% rise in May. On a monthly basis, consumer prices fell 0.3% after edging down 0.1% in May, compared with market forecasts of a 0.2% decline.