

Foreign Exchange Reserves

The usable foreign exchange reserves increased by 0.30% to USD 13,240 million (5.60 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 depreciated against the Dollar and the Sterling Pound, but appreciated against the Euro to exchange at KES 129.66, KES 173.81 and KES 149.99 respectively. The observed depreciation against the Dollar is attributed to increased demand for the currency.

Currency	YTD Change	W-o-W Change
Dollar	0.47%	0.26%
Sterling Pound	-0.08%	0.09%
Euro	-1.15%	-0.15%

Liquidity

Liquidity in the money markets decreased, with the Kenya Shilling Overnight Interbank Average (KESONIA) marginally increasing from 8.748% to 8.750%, as tax remittances more than offset government payments. Open market operations remained active.

Liquidity	Week (Previous)	Week (Ending)
KESONIA	8.748%	8.750%
Inter-bank volume (billion)	9.69	11.50
Commercial banks' excess reserves (billion)	16.00	17.90

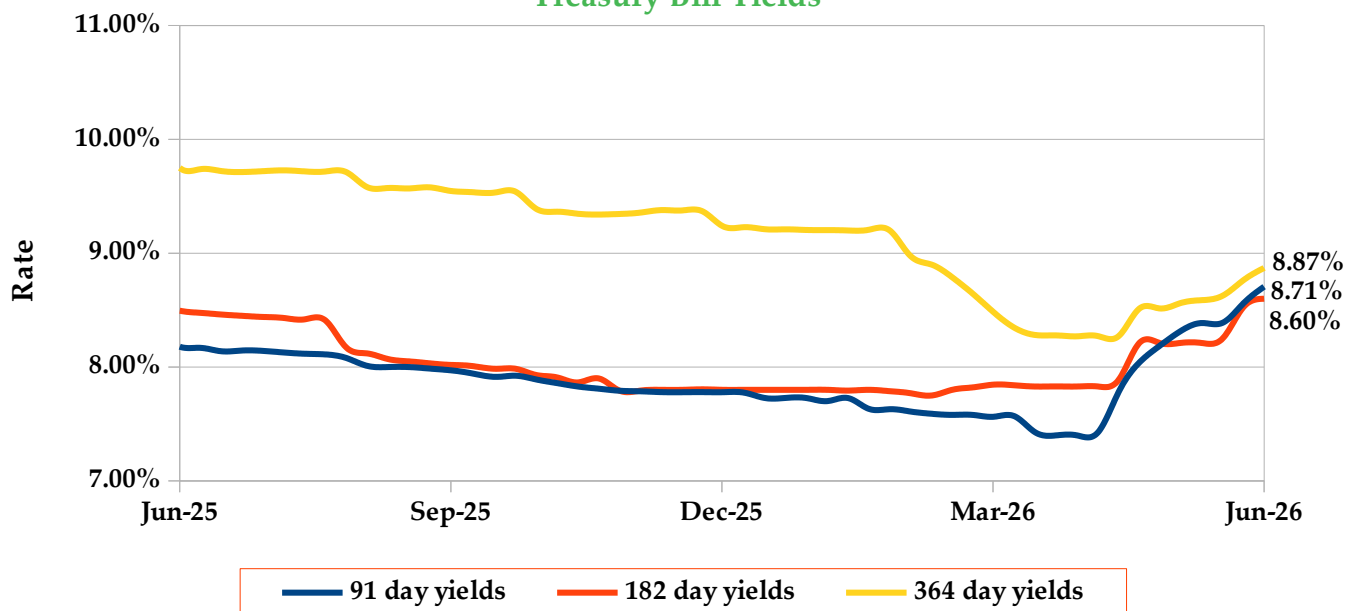
Fixed Income

T-Bills

T-Bills remained oversubscribed during the week, with the overall subscription rate decreasing to 163.92%, from 227.42% recorded in the previous week. The 91-day T-Bill received the highest subscription rate at 820.67%, while the 182-day T-Bill and 364-day T-Bill had subscription rates of 43.77% and 21.37% respectively. The acceptance rate decreased by 17.06% to close the week at 82.89%.



Treasury Bill Yields



T-Bonds

In the secondary bond market, there was a higher demand for the week's bond offers. Bond turnover increased by 149.92% from KES 23.51 billion in the previous week to KES 58.74 billion. Total bond deals increased by 45.34% from 708 in the previous week to 1,029.

In the primary bond market, CBK released the results for the tap sale of FXD1/2020/15 and FXD1/2018/025 treasury bonds. The issues received bids worth KES 8.76 billion against a target of KES 15 billion. Of these, KES 8.45 billion were accepted at weighted average rates of 13.31% and 14.23% respectively.

Additionally, CBK reopened two bonds FXD1/2018/020 and FXD1/2021/025, with coupon rates of 13.20% and 13.92% respectively, targeting to raise KES 60 billion for budgetary support. The sale runs from 9th June 2026 to 17th June 2026.

Eurobonds

In the international market, yields on Kenya's Eurobonds increased by an average of 0.06%, 0.07% and 0.51% week-on-week, month-to-date and year-to-date respectively. The yields on the 10-year Eurobonds for both Ivory Coast and Angola decreased.

Bond	YTD Change	MTD Change	W-o-W Change
2018 10-Year Issue	1.03%	0.00%	0.07%
2018 30-Year Issue	0.16%	0.11%	0.04%
2019 12-Year Issue	0.55%	0.03%	0.03%
2021 13-Year Issue	0.50%	0.11%	0.06%
2024 6-Year Issue	0.34%	0.10%	0.11%



Equities

NASI, NSE 20, NSE 25, NSE 10 and the Banking Sector Index settled 0.75%, 0.40%, 0.59%, 0.75% and 0.58% lower respectively, bringing the year-to-date performance to 11.44%, 12.81%, 12.42%, 10.68% and 16.44% respectively. Market capitalization also lost 0.75% from the previous week to close at KES 3.46 trillion, recording a year-to-date increase of 17.12%. The performance was driven by losses recorded by large cap stocks such as ABSA, Equity, KCB and Safaricom of 2.93%, 2.27%, 2.12% and 1.89% respectively. This was however mitigated by the gains recorded by EABL and Stanbic of 3.95% and 2.63% respectively.

The Banking sector had shares worth KES 1.2B transacted which accounted for 35.59% of the week's traded value. Manufacturing & Allied sector had shares worth KES 946.6M transacted which represented 27.47% and Safaricom, with shares worth KES 931.7M transacted, represented 27.03% of the week's traded value.

Top Gainers and Losers in the Equities Markets

Top Gainers	YTD Change	W-o-W	Top Losers	YTD Change	W-o-W
Uchumi	46.02%	13.79%	Olympia	-25.23%	-9.19%
Car & General	83.82%	10.62%	Jubilee	14.11%	-6.60%
EA Portland	7.56%	7.19%	Sanlam	-8.66%	-5.87%
Home Afrika	-2.94%	5.60%	ABSA New Gold	-7.90%	-5.64%
NBV	-10.42%	4.88%	Express	-12.27%	-4.64%

Alternative Investments

	Week (Previous)	Week (Ending)	% change
Derivatives Turnover (million)	26.91	27.33	1.56%
Derivatives Volume	7,833	5,596	-28.56%
ETF Turnover (million)	13.16	13.63	3.60%
ETF Deals	169	421	149.11%

Global and Continental Markets

Global Markets	YTD Change	W-o-W
S&P 500	8.35%	0.65%
Dow Jones Industrial Average (DJI)	5.83%	0.66%
FTSE 100 (FTSE)	5.23%	1.00%
STOXX Europe 600	6.22%	1.69%
Shanghai Composite (SSEC)	0.20%	0.09%
MSCI Emerging Markets Index	20.04%	--0.08%
MSCI World Index	7.72%	0.68%



Continental Markets	YTD Change	W-o-W
JSE All Share	-9.81%	1.24%
NSE All Share (NGSE)	56.39%	0.56%

Global and Continental Markets

- The US stock market recorded gains during the week, following SpaceX's strong market debut and improved optimism about a possible peace agreement between the US and Iran.
- European stock markets posted gains, supported by lower fuel prices and optimism that the US-Iran conflict could be coming to an end.
- Asian stocks recorded a mixed performance as improved hopes for the Middle East peace deal lifted global sentiment.
- On the global commodities markets, Crude Oil WTI and ICE Brent Crude closed the week 6.25% and 6.19% lower at \$84.88 and \$87.33 respectively. Gold futures prices settled 2.90% lower at \$4,238.80.

Week's Highlights

- The Monetary Policy Committee (MPC) of the Central Bank retained the Central Bank Rate at 8.75% during its 9th June meeting, attributing this decision to the potentially transitory nature of the conflict in the Middle East. The MPC concluded that the 8.75% remains appropriate to ensure that inflation expectations remain anchored within the target range and the exchange rate remains stable. The MPC noted that there is need to continue monitoring global oil prices and any second-round effects on inflation, as well as other developments in the global and domestic economies. The Committee will meet again in August 2026.
- The Energy and Petroleum Regulatory Authority (EPRA) released its latest monthly statement on the maximum retail prices of petroleum products, effective 15th June to 14th July 2026. Pump prices for kerosene remained unchanged at KES 191.38, while super petrol and diesel decreased by KES 0.22 and KES 10.00 to retail at KES 214.03 and KES 222.86 respectively.
- The European Central Bank raised interest rates by 25 basis points at its June 2026 meeting, the first increase since 2023, with the aim of anchoring inflation at the 2% medium-term target. The move follows rising energy costs and persistent inflation risks driven by the Iran conflict and supply chain disruptions. The rate increase is supported across scenarios assessing its impact on the Euro Area's outlook. The ECB also revised its inflation forecasts upwards, with headline inflation increasing to 3.0% from 2.6% in 2026 and 2.3% from 2.0% in 2027. Core inflation was also raised to 2.5% for both 2026 and 2027, from previous estimates of 2.3% and 2.2%, respectively. For economic growth, the ECB slightly lowered its Eurozone GDP projections, forecasting expansion of 0.8% in 2026 down from 0.9% and 1.2% in 2027 down from 1.3%.



- UK's GDP contracted by 0.1% month-on-month in April 2026, in line with expectations and following a 0.3% expansion in March. This marked the first contraction since August last year, as the effects of the Middle East conflict began to ripple through the economy. Services output declined 0.2%, with the largest negative contributors being administrative and support service activities, which fell 2.2%, and arts, entertainment and recreation (-4.3%). Wholesale and retail trade, including motor vehicle repair, also declined 0.4%. On the other hand, information and communication provided the largest positive contribution, rising 1.1%. Gains in manufacturing and mining were offset by declines in utilities and water-related activities. In contrast, construction grew by 0.1%. On a yearly basis, GDP expanded 1.2%, the same pace as in March and slightly below a forecast of 1.3%.
- Unemployment benefits claims in the US rose by 4,000 to a three-month high of 229,000 in the first week of June, firmly above market expectations of a decrease to 219,000. Meanwhile, continuing claims, which are seen as a gauge of outstanding unemployment in the US, rose by 24,000 to 1,795,000, slightly above expectations of 1,780,000. While marking a momentary departure from the low figures from early May, the data continued to reflect a relatively strong labour market in historical standards, extending the period of a low-firing labour backdrop.
- Manufacturing production in Hong Kong increased 3.1% year-on-year in the first quarter of 2026, slowing from a revised 5.8% expansion in the previous three-month period. This marked the weakest growth since the second quarter of 2025, as output growth eased in food, beverages and tobacco (2.1% vs 3.1% in Q4), metal, computer, electronic and optical products, machinery and equipment (6.6% vs 6.9%), and miscellaneous manufacturing industries (5% vs 9.7%). Meanwhile, declines in paper products, printing and reproduction of recorded media deepened (-2.6% vs -0.2%), while output in textiles and wearing apparel remained unchanged at -4.7%. On a seasonally adjusted quarterly basis, manufacturing production fell 2.6%, reversing from a 1.3% rise in the fourth quarter of 2025.