

Foreign Exchange Reserves

The usable foreign exchange reserves increased by 0.18% to USD 13,173 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, but appreciated against the Sterling Pound and the Euro to exchange at KES 129.64, KES 171.17 and KES 147.49 respectively. The observed depreciation against the Dollar is attributed to increased demand for the currency.

Currency	YTD Change	W-o-W Change
Dollar	0.46%	0.13%
Sterling Pound	-1.60%	-0.15%
Euro	-2.79%	-0.71%

Liquidity

Liquidity in the money markets remained relatively stable, with the Kenya Shilling Overnight Interbank Average (KESONIA) marginally increasing by 0.04 basis points to 8.750%, as tax remittances more than offset government payments. Open market operations remained active.

Liquidity	Week (Previous)	Week (Ending)
KESONIA	8.750%	8.750%
Inter-bank volume (billion)	4.63	17.84
Commercial banks' excess reserves (billion)	28.00	16.70

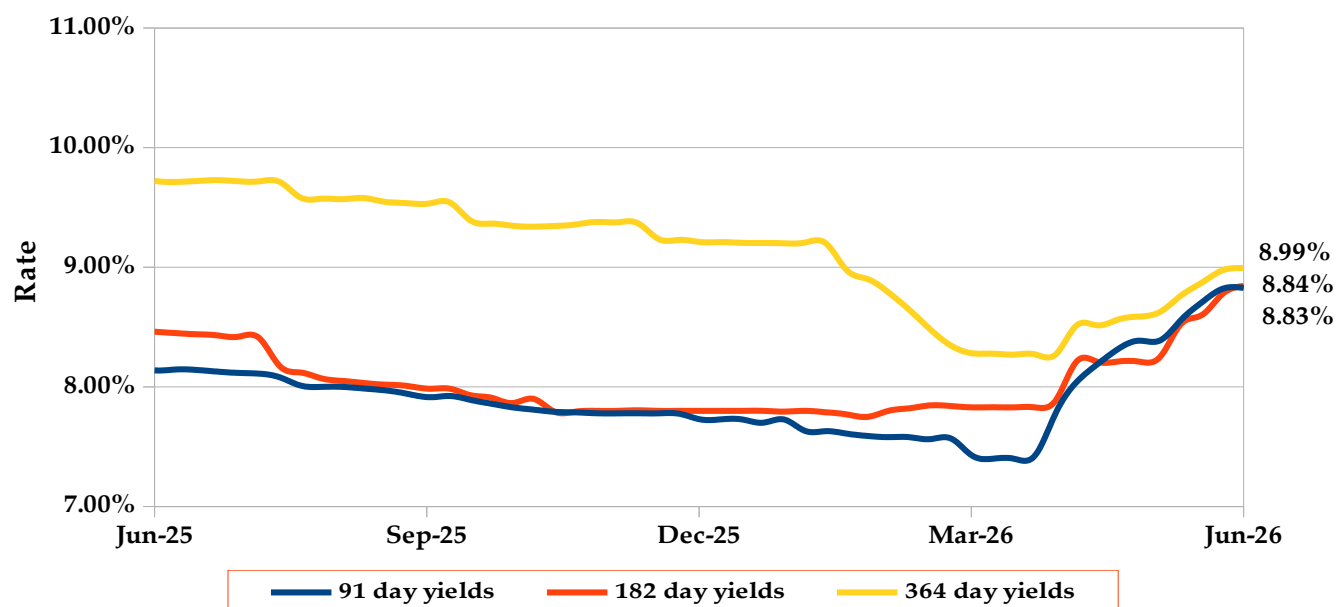
Fixed Income

T-Bills

T-Bills remained oversubscribed during the week, with the overall subscription rate decreasing to 116.91%, from 204.10% recorded in the previous week. The 91-day T-Bill received the highest subscription rate at 575.34%, while the 182-day T-Bill and 364-day T-Bill had subscription rates of 22.68% and 27.77% respectively. The acceptance rate decreased by 14.89% to close the week at 62.11%.



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 137.80% from KES 46.08 billion in the previous week to KES 109.58 billion. Total bond deals increased by 25.52% from 1,152 in the previous week to 1,446.

In the primary bond market, CBK released the results for the tap sale of two bonds FXD1/2018/020 and FXD1/2021/025. The issues received bids worth KES 331.01 billion against a target of KES 20 billion. Of these, KES 29.24 billion were accepted at weighted average rates of 13.99% and 14.86% respectively.

Additionally, CBK reopened three bonds FXD1/2022/010, FXD1/2021/020 and FXD1/2026/030, targeting to raise KES 70 billion for budgetary support. The coupon rates are 13.49%, 13.44% and 12.50% respectively, and the sale runs from 25th June 2026 to 8th July 2026.

Eurobonds

In the international market, yields on Kenya's Eurobonds increased by an average of 0.04% week-on-week and year-to-date respectively, but declined by 0.40% on a month-to-date basis. The yields on the 10-year Eurobonds for both Ivory Coast and Angola also increased.

Bond	YTD Change	MTD Change	W-o-W Change
2018 10-Year Issue	0.55%	-0.48%	0.00%
2018 30-Year Issue	-0.19%	-0.24%	0.03%
2019 12-Year Issue	0.09%	-0.43%	0.09%
2021 13-Year Issue	-0.02%	-0.41%	0.02%
2024 6-Year Issue	-0.21%	-0.45%	0.07%



Equities

NASI, NSE 20, NSE 25, NSE 10 and the Banking Sector Index settled 2.23%, 2.64%, 2.23%, 2.46% and 2.07% higher respectively, bringing the year-to-date performance to 18.72%, 19.17%, 20.80%, 20.85% and 24.48% respectively. Market capitalization also gained 3.44% from the previous week to close at KES 3.73 trillion, recording a year-to-date increase of 26.25%. The performance was driven by gains recorded by large cap stocks such as ABSA, BAT, KCB, Coop Bank and Safaricom of 5.69%, 5.20%, 3.75%, 3.60% and 2.91% respectively.

The Banking sector had shares worth KES 5.5B transacted which accounted for 74.63% of the week's traded value. Manufacturing & Allied sector had shares worth KES 116.8M transacted which represented 1.58% and Safaricom, with shares worth KES 1.3B transacted, represented 18.20% 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
Limuru Tea	16.96%	19.82%	Total	13.22%	-10.71%
Williamson Tea	0.17%	15.58%	ABSA New Gold	-9.55%	-9.88%
EA Portland	25.09%	14.47%	Eveready	-22.96%	-6.31%
Kapchorua Tea	37.88%	13.52%	Longhorn	-6.21%	-5.56%
KenGen	7.84%	8.55%	WPP Scangroup	-17.60%	-5.07%

Alternative Investments

	Week (Previous)	Week (Ending)	% change
Derivatives Turnover (million)	78.62	28.38	-63.90%
Derivatives Volume	15,114	4,670	-69.10%
ETF Turnover (million)	3.30	23.08	599.25%
ETF Deals	150	381	154%

Global and Continental Markets

Global Markets	YTD Change	W-o-W
S&P 500	7.23%	-1.95%
Dow Jones Industrial Average (DJI)	7.22%	0.60%
FTSE 100 (FTSE)	5.60%	1.40%
STOXX Europe 600	6.67%	0.04%
Shanghai Composite (SSEC)	0.10%	-1.55%
MSCI Emerging Markets Index	19.37%	-4.47%
MSCI World Index	6.73%	-1.72%



Continental Markets	YTD Change	W-o-W
JSE All Share	-12.23%	-2.27%
NSE All Share (NGSE)	48.28%	-1.65%

Global and Continental Markets

- The US stock market recorded a mixed performance during the week, supported by lower oil prices which softened inflationary risks and strong economic data. Fresh uncertainty on the AI trade reignited selling pressure for chip producers and AI companies.
- European stock markets posted gains, primarily driven by a global rebound in technology sentiment, strong corporate updates and renewed takeover activity.
- Asian stocks closed the week in the red. Investor sentiment weakened after the Nasdaq extended its losing streak as renewed weakness in large-cap technology stocks reignited concerns over AI-related valuations.
- On the global commodities markets, Crude Oil WTI and ICE Brent Crude closed the week 9.52% and 9.31% lower at \$69.23 and \$72.60 respectively. Gold futures prices settled 1.84% lower at \$4,096.30.

Week's Highlights

- The president assented the finance bill for the 2026/27 financial year into law, alongside the appropriation bill 2026. The Finance Act 2026 aims at strengthening compliance and closing loopholes for tax evasion.
- Family Bank was officially listed on the NSE's Main Investment Market Segment at an introductory price of KES 18 per share, translating to a market cap of KES 29.9 billion.
- Britam launched a trust services business which will offer two products; the Britam Cash Trust, for funds tied to specific beneficiary needs such as education or healthcare, and the Britam Family Trust, which can hold property, businesses, investments and cash. The Cash Trust opens with a KES 5,000 minimum or a one-off KES 50,000 deposit.
- The year-ahead inflation expectations in the US, as compiled by the survey of the University of Michigan, stood at 4.6% in June 2026, in line with the initial estimate and down from a nine-month high of 4.8% in May. However, they remained well above the 3.4% recorded in February, before the Iran conflict began. In the meantime, the five-year inflation outlook was revised slightly down to 3.3% from the preliminary 3.4% and below May's seven-month high of 3.9%.



- The S&P Global US Composite PMI rose to 52.2 in June of 2026 from 51.5 in May, the sharpest pace of growth in the US private economic activity since January, according to a preliminary estimate. This was supported by the largest growth in the manufacturing output in six years (57.7 vs 56.6 in May) and a sharper increase in services activity (51.3 vs 50.7). Total new orders grew, with those for services likely supported by the start of the Fifa World Cup and manufacturing orders remaining attributable to clients front-running contracts before the war in the Middle East causes further supply disruptions. On the contrary, employment fell for a second month as companies attempted to cut costs. Looking ahead, firms' confidence was recorded at the highest since February.
- The S&P Global UK Composite PMI eased to 49.4 in June of 2026 from 49.7 in May, a second month of contraction following 11 months of expansion in the private sector activity, according to a flash estimate, and below expectations of an expansion at 50.6. Activity fell for services (48.7 vs 49.3 in May), outweighing the faster expansion for goods producers (53.6 vs 52.2). Total private sector sales fell the most since April 2025 as a decline in services offset growth in manufacturing. Likewise, backlogs of work increased the most in seven months. Input price inflation eased for a second month as a modest de-escalation in the Middle East eased the upward pressure on energy prices. Output charge inflation also softened. Employment continued to fall at a fast rate, with workers still citing higher National Insurance contributions.
- Eurozone median inflation expectations for the next 12 months declined to 3.5% in May 2026, the lowest level in three months, down from 4.0% in the last two months. Consumers also expect house prices to rise by 3.6% over the next year, slightly below 3.7% in April. Expectations for mortgage interest rates were unchanged at 4.9%. Meanwhile, longer-term inflation expectations were steady at 2.9% for three years ahead and 2.4% for five years ahead. Uncertainty around 12-month inflation expectations eased but remained elevated. Elsewhere, consumers' expectations for nominal income growth over the next 12 months rose to 1.0% from 0.8% in April and economic growth is expected to improve to -1.7% from -2.2%.
- China's current account surplus widened to \$184.3B in Q1 of 2026 from \$163.6B in Q1 2025, a record high for the period and revised slightly higher from the preliminary estimate \$184.1B. The goods account surplus widened to \$187.9B from \$178.2B amid a 14.6% jump in exports to \$1.061 trillion in the period. Lingering weakness in the Chinese economy resulted in manufacturing capacity to continue outgrowing demand, driving producers to rely on foreign markets for sales. In turn, the services deficit was relatively unchanged at \$59.6B (vs \$59.3B in Q1 2025). On the contrary, the primary income account deficit narrowed to \$7.4B from \$15.5B and the secondary income surplus inched higher to \$3.8B from \$2.8B.