KCB | Investment Bank

KCBIB Weekly Markets Report – Week 22 2026

Weekly Market Summary

- **Global Markets:** Global equities posted broad-based gains during the week, supported by easing geopolitical tensions, resilient corporate earnings, and sustained AI-driven technology optimism. Emerging Markets outperformed, driven by strong gains in semiconductor-heavy Asian markets, while Europe lagged amid weaker growth prospects. Improved risk appetite supported gains across major indices despite persistent uncertainty over the timing of global interest rate cuts.

- **Local Equities Market:** The NSE remained subdued, with NASI declining by 0.3% W/W to 205.69 despite a 76.4% increase in equity turnover to KES 4.8Bn. Trading activity remained concentrated in large-cap counters led by KCB, Equity, and Safaricom. Foreign investor sentiment improved significantly, with net inflows of KES 1.7Bn compared to net outflows of KES 245.0Mn in the previous week.

- **Corporate Earnings:** The banking sector Q1'2026 earnings season continued to highlight sector resilience. I&M Group and HFCB reported strong earnings growth supported by robust balance sheet expansion, higher net interest income, and improving asset quality. Conversely, Absa Kenya and Standard Chartered Kenya recorded weaker profitability as lower interest rates compressed margins and weighed on funded income growth.

- **Fixed Income Market:** Treasury bill demand weakened, with overall subscription declining to 69.3% from 125.2% in the prior week. Investor demand remained concentrated in the 91-day paper, reflecting a preference for shorter-duration instruments amid heightened geopolitical risks and rising inflation concerns. Yields edged higher across all tenors as investors demanded higher risk premiums.

- **Government Securities:** The government announced the re-opening of FXD1/2020/015 and FXD1/2018/025 to raise KES 40.0Bn, underscoring continued efforts to lengthen the domestic debt maturity profile and manage refinancing risks.

- **Liquidity & Currency:** Liquidity conditions remained stable, with KESONIA unchanged at 8.75%. Average interbank volumes rose by 45.3% W/W to KES 18.6Bn, indicating increased short-term funding demand among banks. The Kenyan shilling remained stable, appreciating slightly to KES 129.55/USD, supported by resilient FX inflows and adequate reserves of USD 13.21Bn (5.6 months of import cover).

- **Inflation & Eurobonds:** Kenya's inflation accelerated to 6.7% in May 2026 from 5.6% in April, driven by higher transport, food, and energy costs linked to elevated global oil prices and geopolitical tensions. Consequently, Kenya's Eurobond yields rose across the curve, reflecting increased investor caution amid rising global inflationary and geopolitical risks.

Bottom Line:

- While Kenya's macroeconomic fundamentals remain relatively stable, rising inflation, higher global energy prices, and persistent geopolitical uncertainties are beginning to weigh on investor sentiment. Consequently, investors are becoming increasingly selective, favoring fundamentally strong companies with resilient earnings, solid balance sheets, and sustainable dividend prospects, while maintaining a cautious stance toward duration risk in fixed-income markets.

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A. Equities

WEEK ON WEEK PERFORMANCE – WEEK ENDING 22nd May 2026

Equity market activity was on a downward trajectory during the week, with NASI declining on a w/w basis by 0.25% to 205.69. NSE 25 also declined by 0.42% while NSE-20 increased by 0.71%. Trading activity remained heavily concentrated in large-cap counters, with KCB, Equity, and Safaricom, Stanchart and BAT dominating market turnover and accounting for 83.73% of total traded value.

Trading Activities: Equities' turnover was up by 76.38% w/w to KES 4.8Bn from KES 2.7Bn. Foreign investors remained active and constituted 23.44% and they recorded a net inflow of KES 1.7Bn compared to outflows of KES 244.99Mn the previous week.

Key Weekly Indicators

Indicator	22-May-2026	29-May-26	% Δ
NASI	206.21	205.69	(0.3%)
NSE-20	3488.45	3,513.12	0.7%
NSE-25	5682.85	5,659.05	(0.4%)
Mkt cap, KES Bn	3,419.93	3,419.93	0.0%
Volume (Mn)	73.35	105.94	44.4%
Equities TO, KES Mn	2,735.00	4,824.00	76.4%
Net flows, KES Mn	(244.99)	1,654.79	775.5%

Source: NSE, KCB IB

Regional Market Performance

Country	Index	W/W % Δ	YTD % Δ
Kenya	NASI	(0.3%)	9.8%
Uganda	USE ALSI	(0.5%)	19.8%
Tanzania	DARSDSEI	1.6%	41.3%
Nigeria	NGXINDX	0.3%	60.0%
Ghana	GGSECI	(1.0%)	64.0%
South Africa	JALSH	1.3%	(1.3%)
Egypt	EGX100 EWI	2.5%	20.5%

Source: Bloomberg, KCB IB

Global Market Performance

Global Index	Index	W/W % Δ	YTD % Δ
S&P 500	SPX Index	1.4%	10.5%
MSCI World	MXWO Index	1.3%	9.4%
Dow Jones Global	W1DOW Index	1.7%	11.0%
MSCI Emerging Mkts	MXEF Index	3.9%	22.6%
MSCI Emerging Frontier	MXFEM Index	0.8%	8.4%
MSCI Europe Index	MXEU Index	0.1%	5.0%

Source: Bloomberg, KCB IB

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Corporate Actions Highlights

Absa Kenya Q1'2026 Earnings Snippet

Absa Kenya delivered a softer Q1'2026 performance, reflecting pressure on funded income amid the prevailing lower interest rate environment despite continued balance sheet expansion and improving asset quality metrics. Nonetheless, the bank maintained resilient liquidity levels and a stable funding base.

The lender reported a 13.9% y/y decline in PAT to KES 5.3Bn, largely driven by weaker Net Interest Income, which declined 7.9% y/y to KES 10.4Bn following lower interest income generation amid compressed lending yields and subdued margin expansion. Consequently, operating income declined by 7.1% y/y to KES 14.7Bn.

Non-funded income also subdued the overall growth, declining 5.2% y/y to KES 4.3Bn amid reduced transactional activity and lower contribution from non-interest revenue lines. Meanwhile, operating expenses increased by 2.4% y/y to KES 7.2Bn, resulting in a deterioration in the cost/income ratio to 48.9% from 44.3%.

Balance Sheet & Income Trends

- **Loans and advances:** Down by 1.5% y/y to KES 303.8Bn, reflecting moderated private sector credit uptake.
- **Customer deposits:** Up by 7.5% y/y to KES 399.1Bn, highlighting stable liquidity and sustained customer confidence.
- **Total assets:** Expanded by 9.8% y/y to KES 571.3Bn, supported by growth in investment securities and other earning assets.
- **Operating income:** Declined by 7.1% y/y to KES 14.7Bn, weighed down by weaker interest income & non-interest income performance.
- **Operating expenses:** Increased by 2.4% y/y to KES 7.2Bn, reflecting continued investments in operations and digital infrastructure.

Asset Quality

- **NPL ratio:** Improved to 11.6% from 13.1%, reflecting gradual improvement in credit quality and recoveries.
- **NPL coverage:** Increased to 66.6% from 65.2%, strengthening the bank's provisioning buffer.
- **Loan loss provisions**: Declined marginally by 0.6% y/y to KES 1.5Bn, supported by easing impairment pressures and improved asset quality trends.
- **Loan/deposit ratio:** Down to 76.1% from 83.1%, reflecting a more conservative liquidity position amid slower credit growth.

Overall, Absa Kenya's Q1'2026 performance reflects earnings pressure arising from a lower interest rate environment and softer revenue generation. However, the bank continues to demonstrate resilience through strong deposit mobilization, balance sheet growth, and improving asset quality metrics, positioning it relatively well for medium-term recovery.

Absa Kenya

Absa Kenya Q126 Performance	Metrics Y/Y
Loans and Advances(banks & Customer)	Down 1.5% to KES 303.8Bn
Customer Deposits(Customer & Banks)	Up 7.5% to KES 399.1Bn
Total Assets	Up 9.8% to KES 571.3Bn
Total Liabilities	Up 8.8% to KES 465.2Bn

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Total Interest Income	Down 10.2% to KES 13.5Bn
Total Interest Expense	Down 17.1% to KES 3.1Bn
Net Interest Income	Down 7.9% to KES 10.4Bn
Non-Funded Income	Down 5.2% to KES 4.3Bn
Operating Income	Down 7.1% to KES 14.7Bn
Total Operating Expenses	Up 2.4% to KES 7.2Bn
Loan Loss Provisions	Down 0.6% to KES 1.5Bn
PBT	Down 14.7% to KES 7.5Bn
PAT	Down 13.9% to KES 5.3Bn
EPS	Down 14.0% to KES 0.98
Absa	**Ratios Y/Y**
Loan Deposit ratio	Down to 76.1% from 83.1%
Cost to Income	Up to 48.9% from 44.3%
NPL Ratio	Down to 11.6% from 13.1%
NPL Coverage	Up 66.6% from 65.2%

Source: Comp financials, KCB IB Research

I&M Group Q1'2026 Earnings Snippet

I&M Group delivered a resilient Q1'2026 performance, supported by strong balance sheet expansion, robust funded income growth, and improving asset quality despite a more challenging operating environment.

The Group reported a 20.3% y/y increase in PAT to KES 4.7Bn, driven primarily by strong growth in Net Interest Income, which rose 31.1% y/y to KES 12.3Bn, supported by solid loan growth and improved asset yields. Operating income expanded by 24.5% y/y to KES 16.2Bn, reflecting sustained business momentum across core banking operations.

Non-funded income grew moderately by 7.1% y/y to KES 3.8Bn, supported by transaction volumes and trade-related activities.

Balance Sheet & Income Trends

- **Loans and advances:** Increased by 10.0% y/y to KES 322.9Bn, reflecting continued recovery in private sector credit demand and business activity.
- **Customer deposits:** Up strongly by 25.8% y/y to KES 512.1Bn, highlighting strong liquidity levels and sustained customer confidence.
- **Total assets:** Expanded significantly by 30.6% y/y to KES 742.5Bn, supported by strong growth in lending and investment activities.
- **Operating income:** Increased by 24.5% y/y to KES 16.2Bn, driven largely by strong interest income growth.
- **Operating expenses:** Up by 35.8% y/y to KES 9.9Bn, reflecting continued investment in digital transformation, branch expansion, and business growth initiatives.

Asset Quality

- **NPL ratio:** Improved to 9.1% from 10.9%, reflecting enhanced credit risk management and gradual improvement in asset quality.

- **NPL coverage:** Increased to 73.4% from 63.6%, strengthening the Group's provisioning buffer and overall balance sheet resilience.
- **Loan loss provisions:** Increased by 63.3% y/y to KES 2.6Bn, indicating a cautious provisioning stance amid prevailing macroeconomic and geopolitical uncertainties.

Overall, I&M Group's Q1'2026 performance reflects continued resilience in core earnings generation, improving asset quality, and strong balance sheet growth.

I&M

I&M Group Q126 Performance	Metrics Y/Y
Loans and Advances(banks & Customer)	Up 10.0% to KES 322.9Bn
Customer Deposits(Customer & Banks)	Up 25.8% to KES 512.1Bn
Total Assets	Up 30.6% to KES 742.5Bn
Total Liabilities	Up 32.6% to KES 611.9Bn
Total Interest Income	Up 19.3% to KES 18.5Bn
Total Interest Expense	Up 1.2% to KES 6.2Bn
Net Interest Income	Up 31.1% to KES 12.3Bn
Non-Funded Income	Up 7.1% to KES 3.8Bn
Operating Income	Up 24.5% to KES 16.2Bn
Total Operating Expenses	Up 35.8% to KES 9.9Bn
Loan Loss Provisions	Up 63.3% to KES 2.6Bn
PBT	Up 9.9% to KES 6.2Bn
PAT	Up 20.3% to KES 4.7Bn
EPS	Up 8.7% to KES 3.62
I&M	**Ratios Y/Y**
Loan Deposit ratio	Down to 63.1% from 72.2%
Cost to Income	Up to 61.3% from 56.2%
NPL Ratio	Down to 9.1% from 10.9%
NPL Coverage	Up to 73.4% from 63.6%

Source: Comp financials, KCB IB Research

HFCB Group Q1'2026 Earnings Snippet

The Group reported a strong 45.0% y/y increase in PAT to KES 0.5Bn, driven by robust growth in both funded and non-funded income streams. Net Interest Income rose 27.9% y/y to KES 1.3Bn, supported by solid loan growth, improved asset yields, and lower funding costs following a decline in interest expenses.

Non-funded income recorded strong growth of 33.9% y/y to KES 0.6Bn, reflecting improved transaction activity and diversification of revenue streams. Consequently, operating income increased by 29.7% y/y to KES 1.8Bn, supporting a sharp improvement in profitability.

Balance Sheet & Income Trends

- **Loans and advances:** Up by 7.4% y/y to KES 41.8Bn, reflecting gradual recovery in private sector credit demand.
- **Customer deposits:** Up significantly by 30.7% y/y to KES 65.5Bn, highlighting improved liquidity levels and sustained customer confidence.

- **Total assets:** Expanded by 23.3% y/y to KES 90.5Bn, supported by continued growth in lending and investment activities.
- **Operating income:** Increased by 29.7% y/y to KES 1.8Bn, driven by strong growth across both interest and non-interest income lines.
- **Operating expenses:** Up by 13.8% y/y to KES 1.2Bn, reflecting controlled cost growth relative to revenue expansion and supporting improved operational efficiency.

Asset Quality

- **NPL ratio:** Improved to 21.7% from 25.2%, reflecting gradual recovery in asset quality and enhanced credit risk management.
- **NPL coverage:** Up to 80.6% from 72.1%, strengthening the Group's provisioning buffers and balance sheet resilience.
- **Loan loss provisions:** Up by 12.4% y/y to KES 0.1Bn, reflecting a continued cautious provisioning approach amid prevailing macroeconomic uncertainties.

Outlook

Overall, HFCB Group's Q1'2026 performance reflects continued progress in earnings recovery, operational efficiency, and balance sheet strengthening.

While asset quality metrics remain elevated relative to the broader banking sector, the improving NPL trajectory, stronger deposit growth, and enhanced profitability position the Group on a gradually improving recovery path.

HFCB

HFCB Group Q126 Performance	Metrics Y/Y
Loans and Advances(banks & Customer)	Up 7.4% to KES 41.8Bn
Customer Deposits(Customer & Banks)	Up 30.7% to KES 65.5Bn
Total Assets	Up 23.3% to KES 90.5Bn
Total Liabilities	Up 25.9% to KES 72.0Bn
Total Interest Income	Up 14.3% to KES 2.1Bn
Total Interest Expense	Down 2.4% to KES 0.8Bn
Net Interest Income	Up 27.9% to KES 1.3Bn
Non-Funded Income	Up 33.9% to KES 0.6Bn
Operating Income	Up 29.7% to KES 1.8Bn
Total Operating Expenses	Up 13.8% to KES 1.2Bn
Loan Loss Provisions	Up 12.4% to KES 0.1Bn
PBT	Up 80.5% to KES 0.6Bn
PAT	Up 45.0% to KES 0.5Bn
EPS	Up 78.6% to KES 0.25
HFCB	**Ratios Y/Y**
Loan Deposit ratio	Down to 63.8% from 77.6%
Cost to Income	Down to 66.9% from 76.2%
NPL Ratio	Down to 21.7% from 25.2%
NPL Coverage	Up 80.6% from 72.1%

Source: Comp financials, KCB IB Research

Standard Chartered Kenya Q1'2026 Earnings Snippet

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StanChart Kenya delivered a softer Q1'2026 performance, reflecting pressure on funded income amid the prevailing lower interest rate environment despite continued balance sheet growth and improving asset quality. Nonetheless, the lender maintained strong operational efficiency and solid credit quality metrics.

The lender reported a 26.3% y/y decline in PAT to KES 3.6Bn, largely driven by weaker Net Interest Income, which fell 23.3% y/y to KES 6.3Bn following lower interest income generation amid compressed yields and moderated lending margins. Consequently, operating income declined by 13.5% y/y to KES 10.0Bn.

Non-funded income, however, remained resilient, rising 10.3% y/y to KES 3.7Bn, supported by growth in transaction-related income, trade finance activities, and foreign exchange business.

Balance Sheet & Income Trends

- **Loans and advances:** Up by 20.0% y/y to KES 165.4Bn, reflecting improved credit uptake and continued business expansion.
- **Customer deposits:** Up by 12.6% y/y to KES 321.2Bn, highlighting stable liquidity levels and sustained customer confidence.
- **Total assets:** Expanded by 8.1% y/y to KES 413.3Bn, supported by growth in the loan book and other earning assets.
- **Operating income:** Down by 13.5% y/y to KES 10.0Bn, weighed down by weak interest income performance.
- **Operating expenses:** Remained broadly flat, declining marginally by 0.3% y/y to KES 4.9Bn, reflecting disciplined cost management and operational efficiency.

Asset Quality

- **NPL ratio:** Improved significantly to 5.2% from 8.3%, reflecting enhanced credit risk management and improved asset quality.
- **NPL coverage:** Increased to 85.5% from 78.7%, strengthening the Group's provisioning buffer and balance sheet resilience.
- **Loan loss provisions:** Declined sharply by 20.7% y/y to KES 0.3Bn, supported by improved credit performance and lower impairment requirements.

Overall, StanChart's Q1'2026 performance reflects earnings pressure arising from a softer interest rate environment and compressed margins. However, the bank continues to demonstrate resilience through strong balance sheet growth, disciplined cost management, and significantly improving asset quality.

Stanchart

Stanchart Q126 Performance	Metrics Y/Y
Loans and Advances (banks & Customer)	Up 20.0% to KES 165.4Bn
Customer Deposits (Customer & Banks)	Up 12.6% to KES 321.2Bn
Total Assets	Up 8.1% to KES 413.3Bn
Total Liabilities	Up 12.2% to KES 343.4Bn
Total Interest Income	Down 22.3% to KES 7.2Bn
Total Interest Expense	Down 15.1% to KES 0.9Bn
Net Interest Income	Down 23.3% to KES 6.3Bn
Non-Funded Income	Up 10.3% to KES 3.7Bn
Operating Income	Down 13.5% to KES 10.0Bn
Total Operating Expenses	Down 0.3% to KES 4.9Bn

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Loan Loss Provisions	Down 20.7% to KES 0.3Bn
PBT	Down 23.3% to KES 5.1Bn
PAT	Down 26.3% to KES 3.6Bn
EPS	Down 26.6% to KES 9.36
Stanchart	**Ratios Y/Y**
Loan Deposit ratio	Up to 51.5% from 48.3%
Cost to Income	Up to 49.3% from 42.8%
NPL Ratio	Down to 5.2% from 8.3%
NPL Coverage	Up 85.5% from 78.7%

Source: Comp financials, KCB IB Research

Corporate Actions

Key corporate actions to watch this week are payment dates for Stanbic and Cooperative banks.

Counter	Corporate Action	Amount Declared	Date Announced	Books Closure	Payment Date
BAT	Final Div	KES 60.00	27-Feb-26	8-May-26	12-Jun-26
Stanbic	Final Div	KES 18.55	11-Mar-26	15-May-26	4-Jun-26
Liberty	Final Div	KES 0.5	11-Mar-26	15-Jun-26	30-Aug-26
Equity	Final Div	KES 5.75	18-Mar-26	22-May-26	30-Jun-26
DTB	Final Div	KES 9.00	24-Mar-26	22-May-26	26-Jun-26
Kakuzi	Final Div	KES 16.00	25-Mar-26	29-May-26	15-Jun-26
Kenya Re	Final Div	KES 0.15	27-Mar-26	19-Jun-26	31-Jul-26
NSE	Final Div	KES 1,00	27-Mar-26	21-May-26	31-Jul-26
Cooperative	Final Div	KES 1.50	19-Mar-26	30-Apr-26	5-Jun-26
BK Group	Final Div	RWF 53.04	30-Mar-26	15-May-26	19-Jun-26
Jubilee	Final Div	KES 13.00	9-Apr-26	11-Jun-26	24-Jul-26
BOC	Final Div	KES 10.35	16-Apr-26	31-May-26	21-Jul-26
CIC	Final Div	KES 0.13	31-Mar-26	23-Apr-26	9-Jun-26
TPS Eastern Africa	Final Div	KES 0.35	30-Apr-26	26-Jun-26	30-Jul-26
Total	Final Div	KES 3.45	30-Apr-26	24-Jun-26	31-Jul-26
Car & General	Final Div	KES 3.12	30-Apr-26	24-Jun-26	30-Jun-26
Safaricom	Final Div	KES 1.15	7-May-26	4-Aug-26	4-Sep-26
Crown Paints	Final Div	KES 3.00	25-May-26	26-Jun-26	31-Aug-26

Source: NSE, KCB IB

B. FIXED INCOME & MACRO-ECONOMIC REVIEW

Primary Market

Tenor	Amount Offered (KES Bn)	Subscription Rate (%)	Treasury Bills Amount Accepted (Bn)	Acceptance Rate (%)	Average Yield (%)	Yield change(bps)
91	4	352.34%	14.08	99.92%	8.39%	0.19
182	10	10.49%	1.05	100.00%	8.25%	3.87
364	10	14.95%	1.49	99.70%	8.63%	3.85
Overall	**24**	**69.32%**	**16.62**	**99.90%**		

Source: CBK, KCB IB

Treasury bill demand softened during the week, with the overall subscription rate declining to 69.3% from 125.2% in the previous week. Investor appetite remained concentrated in the 91-day paper, which was heavily oversubscribed, while the 182-day and 364-day tenors recorded weak uptake, highlighting a preference for shorter-dated government securities amid heightened market uncertainty.

CBK accepted KES 16.62Bn of the bids received, translating to an acceptance rate of 99.9%. Meanwhile, yields across all tenors edged higher, reflecting increased investor caution amid persistent geopolitical tensions in the Middle East, rising global inflationary pressures, and expectations of a prolonged higher-for-longer interest rate environment.

Looking ahead, yields are expected to remain broadly stable in the near term. However, sustained inflationary pressures driven by elevated fuel prices, global uncertainties, and increased domestic borrowing requirements could exert upward pressure on rates and support a more cautious monetary policy stance going forward.

Bond Offer: Re-opened Bonds FXD1/2022/15 & FXD1/2018/25

Issue	June 2026 Bond Offer Re-opened FXD1/2020/015	Re-opened FXD1/2018/025
Time to Maturity (Yrs)	8.70	17.10
Amount Offered (KES Bn)	40.00	
Period of Sale	29/05/2026 to 03/06/2026	
Auction Date	3/6/2026	
Settlement Date	8/6/2026	
Coupon (%)	12.76%	13.40%
WHT (%)	10.00%	
Non-Competitive Bid Amount	KES 50,000 minimum	

Source: KCB IB,CBK

The government is seeking to raise KES 40.0Bn through the re-opening of FXD1/2020/015 & FXD1/2018/025. The preference for medium to longer-dated instruments underscore a deliberate strategy to lengthen the domestic debt profile, ease near-term refinancing pressures, and enhance debt sustainability.

Bonds Turnover

Indicator	22-May-2026	29-May-26	% Δ
Bonds FV TO, KES Mn	29,490.09	37,139.65	25.9%

Source: NSE, KCB IB

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Bonds secondary market: Activity in the secondary bond market was up, with turnover increasing by 25.9% w/w to KES 37.14Bn from KES 24.49Bn last week, reflecting Increased trading momentum.

Liquidity & Currency

Market liquidity remained relatively stable during the week, the average KESONIA rate remaining unchanged at 8.75%. The average weekly interbank volumes increased by 45.31% to KES 18.6Bn from KES 12.8Bn, signaling increased demand for short-term funding among banks during the week.

Statistic	Current	Previous	% Change
Average Weekly KESONIA	8.75%	8.75%	0.00%
Average Weekly Interbank Vol (KES Bn)	18.60	12.80	45.31%

Source: NSE, KCB IB

Currency

The Kenyan shilling remained stable against major world currencies during the week, supported by remittances and CBK activities. The USD/KES pair closed at 129.55 compared to 129.75 as the previous week.

	Current	YTD (%)	Weekly Perf (%)	W/W Commentary
USD/KES	129.55	(0.39%)	0.15%	Appreciated
GBP/KES	174.07	(0.07%)	0.11%	Appreciated
EUR/KES	150.76	0.64%	(0.03%)	Depreciated

Source: CBK, KCB IB

Overall, the shilling is expected to remain range-bound, guided by liquidity levels, corporate demand for dollars, and FX inflow patterns but might face a bit of an upward pressure emanating from the impact of geopolitics leading to surge in fuel prices consequently higher inflation.

Forex Reserves Update:

Kenya's forex reserves declined marginally by 0.02% to USD 13.21Bn, equivalent to 5.6 months of import cover. The current levels remain in line with CBK requirements & the EAC convergence threshold, providing healthy support to the shilling.

Forex reserves		
This week	Last week	% w/w Change
13.21	13.21	(0.02%)

Source: CBK, KCB IB

Eurobond Yields:

	Coupon Rate(%)	Current Rate(%)	Previous Rate(%)	Δ W/W(bps)
Kenint 28	7.25%	7.32%	7.24%	8.00
Kenint 31	9.75%	7.99%	7.51%	48.00
Kenint 32	8.00%	8.34%	7.94%	40.00
Kenint 34	6.30%	8.86%	8.34%	52.00
Kenint 48	8.25%	9.33%	9.04%	29.00

Source: CBK, KCB IB

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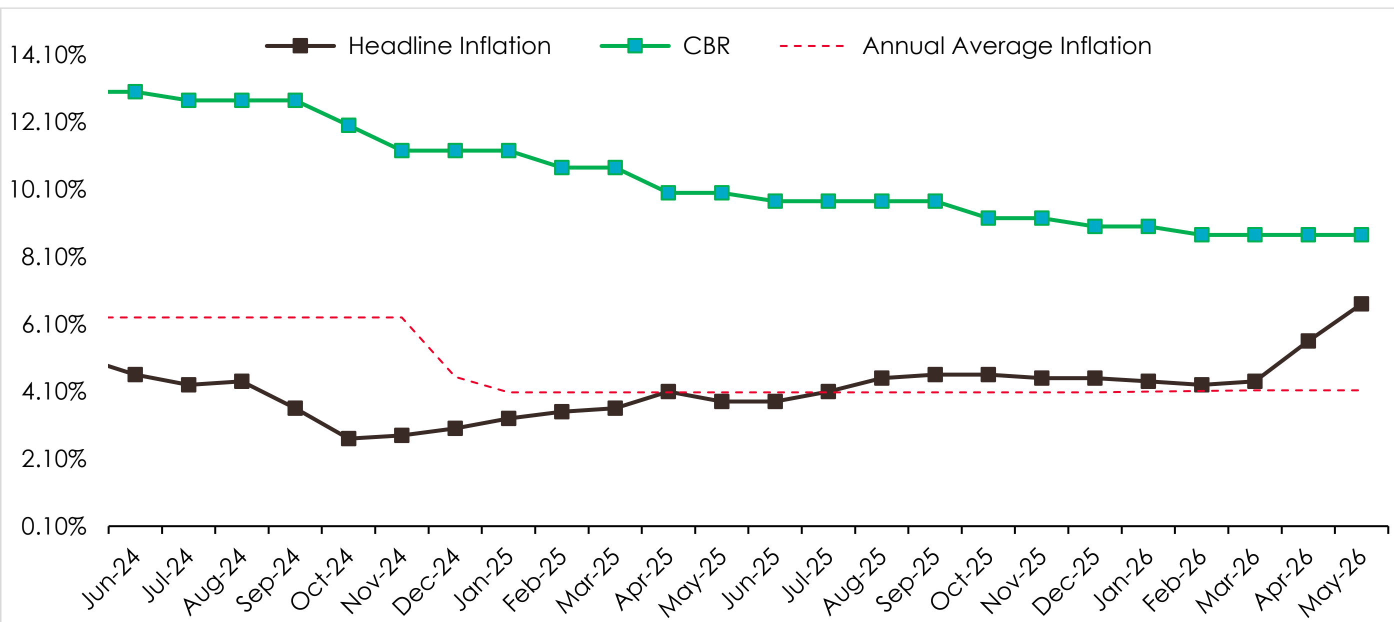
May 2026 Inflation

Kenya's annual inflation rate for May 2026 hiked to 6.7%, up from 5.6% recorded in April and 4.4% in March, reflecting the transmission of high energy prices increasing the cost-of-living emanating from the geopolitical conflicts. Notably, the spike marked the highest cost of living level recorded since January 2024.

Key drivers of this increase include:

- **Transportation:** Increased by 16.5% y/y, heavily pressured by consecutive government fuel price hikes amid rising global energy costs.
- **Food & Non-Alcoholic Beverages:** Up to 9.4% y/y, remaining a major burden on household budgets with basic food items experiencing price increases.
- **Housing, Water, Electricity & Gas**: Increased by 3.4% y/y, though electricity tariffs for households slightly declined during the month.

Going forward, we expect inflation to surge with key concern being the ongoing conflict which is likely to persist given the supply chain disruption with normalization poised to take long.



Source: CBK, KCB IB

Government Obligations in June 2026

The Government of Kenya is expected to meet domestic debt obligations totaling approximately KES 190.16Bn in June 2026 compared to KES 152.9Bn in May. The obligations comprise KES 141.4Bn in Treasury bill maturities and KES 48.8Bn in bond maturities. The largest coupon payments will be made on FXD1/2018/025 and IFB1/2023/007.

June 2026 Bond Coupon Payments					
Issue No.	Next Coupon Payment Date	Maturity date	Outstanding Amount KES 'Mn	Fixed Coupon Rate	Coupon payment KES 'Mn
FXD1/2008/020	8-Jun-26	5-Jun-28	58,844.60	13.75%	4,045.57

FXD2/2018/010	8-Jun-26	4-Dec-28	63,820.20	12.50%	3,989.40
FXD1/2010/025	8-Jun-26	28-May-35	20,192.50	11.25%	1,135.83
FXD1/2018/025	15-Jun-26	25-May-43	228,346.53	13.40%	15,299.22
IFB1/2022/018	8-Jun-26	21-May-40	79,827.50	13.74%	5,484.95
IFB1/2022/006	1-Jun-26	27-Nov-28	29,501.25	13.22%	1,949.30
IFB1/2023/007	15-Jun-26	10-Jun-30	213,251.60	15.84%	16,886.33
		Total			**48,790.58**

Treasury Bills	
Payment Date	**Amount KES 'Mn**
1-Jun-26	28,473.87
8-Jun-26	55,070.05
15-Jun-26	10,190.48
22-Jun-26	32,558.66
29-Jun-26	15,084.59
Total	**141,378**

Total Payments	
May-26	190,168.23

Source: CBK, KCB IB

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