KCBIB Weekly Markets Report – Week 38 2026

A little profit-taking and a dip after a big run is not necessarily a bad thing.

The market took a breather this past week, sparking a wave of short-term jitters and talk of a "bloodbath" on social media. However, looking at the bigger picture, this looks more like a reality check following a strong one-year rally. YTD performances show that long-term investors remain firmly in the money.

The recent dip is largely a reaction to significant shifts, primarily driven by:

- **Profit-Taking:** Both local and foreign investors actively locked in capital gains, particularly in high-foreign-exposure counters.
- **Geopolitical & Interest Rate Pressures:** Geopolitical tensions have pushed us into a "higher-for-longer" interest rate environment, highlighted by the Federal Reserve's rate hike since 2023. This macro shift is prompting some capital rotation into higher-yielding fixed income assets.

Despite the recent pullback, the underlying outlook remains supportive. The market's re-rating also creates opportunities to accumulate quality counters once the current volatility settles and a new market floor is established. Support should continue to come from resilient corporate earnings, global technology and AI tailwinds, and improving investor sentiment as macro risks are gradually priced in

As the week starts, remember, **do not try to time the market. Time in the market is what truly builds wealth.**

Weekly Market Summary

- **Global & Regional Markets:** Global equities generally weakened over the week as inflation concerns, restrictive monetary-policy expectations and geopolitical risks weighed on investor sentiment. African markets also largely followed the global trend, triggering some profit-taking after the strong rallies seen earlier in the year. However, YTD performance remains firmly positive across most African markets, with Tanzania, Ghana and Nigeria among the strongest performers.

- **Local Equities Market:** The Kenyan equities market recorded a broad-based correction, with NASI, NSE-20 and NSE-25 declining 2.5%, 4.1% and 3.4% w/w to 238.61, 4,165.11 and 6,719.36, respectively. Despite the decline in prices, market activity increased, with equity turnover rising 40.9% to KES 9.3Bn and shares traded increasing to 188.1Mn, reflecting continued activity in large-cap counters.

- **Fixed Income Market:** Demand for Treasury bills remained healthy, although overall subscription eased to 152.6% from 198.2% previously. Demand remained strongest at the short end, with the 91-day bill recording 290.57% subscription, compared with 100.46% for the 182-day and 94.28% for the 364-day bills. CBK accepted KES 42.69Bn, representing a 99.94% acceptance rate

- **Bond Market:** Secondary-market activity softened during the week, with bond turnover declining by 47.3% w/w to KES 34.1Bn from KES 64.7Bn. In contrast, demand for the September bond auction remained strong, with KES 81.41Bn in bids against KES 60.0Bn offered, translating to a 135.68% subscription rate, while the acceptance rate stood at 61.64%.

- **Liquidity & Currency:** Money-market conditions remained stable, with KESONIA unchanged at 8.75%, while average weekly interbank volumes increased by 14.9% to KES 13.1Bn. The Kenyan shilling remained broadly stable, closing at KES

129.61/USD compared with KES 129.45 previously. Forex reserves declined by 1.08% to USD 15.09Bn, equivalent to 6.1 months of import cover, continuing to provide support to the currency.

Bottom Line:

The week's correction appears to be a reset following a strong market run rather than a fundamental deterioration in the investment backdrop. Equities remain supported by resilient corporate earnings and strong YTD performance, while fixed-income markets continue to benefit from healthy investor demand and stable liquidity conditions.

That said, geopolitical developments, global interest-rate expectations and higher energy prices remain key risks, particularly given their potential impact on inflation and funding costs. With approximately KES 239.2Bn in domestic debt obligations due in September, continued government borrowing requirements will also remain an important consideration for liquidity and yields.

We therefore remain constructive on quality equities, with a preference for companies offering strong earnings growth, attractive valuations, sustainable dividends and resilient balance sheets.

A. Equities

WEEK ON WEEK PERFORMANCE – WEEK ENDING 18 SEPTEMBER 2026

Equity market activity was on a downward trajectory during the week, with NASI, NSE 20 & NSE 25 declining on a w/w basis by 2.5%, 4.1% and 3.4% to 238.61, 4,165.11 and 6,719.36, respectively. Trading activity remained heavily concentrated in large-cap counters.

Trading Activities: Equities' turnover was up by 40.9% w/w to KES 9.3Bn from KES 6.6Bn with shares traded increasing by 40.9% to 188.1Mn.

Key Weekly Indicators

Indicator	11-Sep-2026	18-Sep-26	% Δ
NASI	244.72	238.61	(2.5%)
NSE-20	4,341.24	4,165.11	(4.1%)
NSE-25	6,956.72	6,719.36	(3.4%)
Shares traded (Mn)	140.6	188.1	33.8%
Market TO, KES (Bn)	6.6	9.3	40.9%

Source: NSE, KCB IB

TOP GAINERS

Security	4-Sep-2026	11-Sep-2026	% Δ
KAKUZI	425.0	437.5	2.9%
CIC INSURANCE	4.6	4.7	2.4%
LONGHORN	2.7	2.7	2.2%
LIMURU TEA	525.0	535.0	1.9%
NEW GOLD	5290.0	5390.0	1.9%

Source: NSE, KCB IB

TOP LOOSERS

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Security	4-Sep-2026	11-Sep-2026	% Δ
BRITAM	20.9	17.5	(16.3%)
AMAC	327.8	281.8	(14.0%)
OLYMPIA	8.2	7.0	(13.7%)
FLAME TREE	2.2	2.0	(10.0%)
HF GROUP	12.6	11.4	(9.5%)

Source: NSE, KCB IB

Global & Regional Markets Performance

Global equities and regional African markets weakened broadly over the week, driven by a pronounced global shift toward risk-off sentiment as persistent inflation anxieties and restrictive global central bank positioning pressured valuations. The resulting macroeconomic headwinds weighed heavily on both developed and frontier ecosystems, triggering widespread profit-taking on recent rallies, although most African equities continue to retain remarkably strong YTD gains.

- **Global Equities:** Major developed-market benchmarks declined uniformly as investor sentiment was dampened by prolonged monetary tightening expectations and structural inflation concerns. Despite the widespread weekly pullback, full-year momentum remained intact, with YTD returns sitting comfortably in positive territory.

- **Emerging & Frontier Markets:** The sell-off extended directly into emerging and frontier markets, as reflected by the MSCI Emerging Frontier Markets Index declining 1.9% w/w. Nevertheless, emerging markets continue to substantially outpace developed peers on a YTD basis.

- **African Equities:** African markets largely mirrored the downward trajectory of their global counterparts, putting recent upward momentum under near-term pressure. However, the continent remains a global outlier for the year, posting exceptionally strong YTD gains that underscore the region's structural resilience amid global volatility.

- **East African Markets**: Performance skewed negative across East Africa as regional bourses caught the global easing. Kenya's NASI led the regional correction, following its aggressive earlier rally, while Tanzania's DARSDSEI and Uganda's USE ALSI experienced milder pullbacks of 1.2% and 1.0% w/w, respectively. YTD returns across the block remain high.

- **West & North African Markets:** Performance across these regions turned negative with a solitary exception of Nigeria. On a YTD basis, Tanzania, Ghana, and Nigeria rank among the world's top-performing equity markets, posting stellar gains of 65.2%, 63.1%, and 59.6%, respectively.

- **South Africa:** The JALSH declined by 1.9% w/w, deepening its recent underperformance and dragging its YTD return further into negative territory. The index remains exposed to foreign capital outflows driven by global risk-off dynamics, compounded by ongoing domestic growth and structural bottlenecks.

Overall, the broad-based sell-off underscores the sensitivity of global equity markets to geopolitical developments, energy-price shocks and changing monetary-policy expectations. However, strong YTD performance across most African markets suggests that underlying earnings growth and domestic fundamentals remain supportive, despite the near-term volatility.

Regional Market Performance

Country	Index	W/W % Δ	YTD % Δ
Kenya	NASI	(2.5%)	27.4%
Uganda	USE ALSI	(1.0%)	48.2%
Tanzania	DARSDSEI	(1.2%)	65.2%

Nigeria	NGXINDX	2.8%	59.6%
Ghana	GGSECI	(2.1%)	63.1%
South Africa	JALSH	(1.9%)	(2.7%)
Egypt	EGX100 EWI	(0.3%)	59.3%

Source: Bloomberg, KCB IB

Global Market Performance

Global Index	Index	W/W % Δ	YTD % Δ
S&P 500	SPX Index	(0.1%)	11.5%
MSCI World	MXWO Index	(0.5%)	10.5%
Dow Jones Global	W1DOW Index	(0.5%)	11.4%
MSCI Emerging Mkts	MXEF Index	(0.6%)	19.7%
MSCI Emerging Frontier	MXFEM Index	(1.9%)	12.1%
MSCI Europe Index	MXEU Index	(0.6%)	6.7%

Source: Bloomberg, KCB IB

Cooperate Actions

Counter	Corporate Action	Amount Declared	Date Announced	Books Closure	Payment Date
Jubilee Holdings	Interim DIv	KES 2.00	28-Aug-26	7-Sep-26	8-Oct-26
BAT Kenya	Interim DIv	KES 10.00	23-Jul-26	28-Aug-26	25-Sep-26
EA Portland	Final Div	KES 1.25	22-Jun-26	TBA	TBA
Centum	Fin & Spec Div	KES 0.78	31-Jul-26	TBA	TBA
EABL	Final Div	KES 8.70	6-Aug-26	19-Oct-26	31-Oct-26
KCB	Interim Div	KES 3.00	13-Aug-26	2-Sep-26	10-Nov-26
Absa Bank	Interim Div	KES 0.50	18-Aug-26	18-Sep-26	15-Oct-26
Stanbic	Interim Div	KES 1.64	6-Aug-26	1-Sep-26	5-Oct-26
Stanchart	Interim Div	KES 8.50	19-Aug-26	1-Sep-26	24-Sep-26
BOC	Interim Div	KES 4.00	21-Aug-26	21-Sep-26	19-Oct-26
Kengen	Ful Year Div	KES 0.75	7-Sep-26	29-Oct-26	21-Jan-27
KPLC	Ful Year Div	KES 1.20	7-Sep-26	27-Nov-26	31-Dec-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	8	290.57%	23.23	99.94%	8.78%	1.70
182	10	100.46%	10.05	100.00%	8.91%	(1.97)
364	10	94.28%	9.42	99.87%	9.06%	(0.63)
Overall	**28**	**152.57%**	**42.69**	**99.94%**		

Source: CBK, KCB IB

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Investor appetite for T-bills remained robust during the week, with the overall subscription rate being at 152.6% compared to 198.2% previously. Demand was strongest for the 91-day bill, which recorded a 290.57% subscription rate, reflecting continued investor preference for shorter-duration instruments. The 182-day and 364-day papers recorded subscription rates of 100.5% and 94.3%, respectively.

CBK accepted KES 42.69Bn of KES 42.72 bids received, translating to an overall acceptance rate of 99.94%. The 182-day paper recorded the highest acceptance at 100%, followed by the 91-day and 364-day papers.

Yields recorded mixed performance, with the 182-day & 364-day yields declining by 1.97bps and 0.63bps, respectively, while 91-day paper was up by 1.7bps.

Outlook: We expect Treasury bill yields to remain relatively stable in the near term, supported by robust investor demand & adequate liquidity. However, yields could gradually trend upwards over the medium term, driven by the government's domestic borrowing requirements and potential inflationary pressures from global commodity prices. Geopolitical risks and the trajectory of monetary policy will also remain key determinants of yields.

Bonds Turnover

Indicator	4-Sep-2026	11-Sep-2026	% Δ
Bonds FV TO, KES Bn	64.7	34.1	(47.3%)

Source: NSE, KCB IB

Bonds secondary market: Activity in the secondary bond market was down, with turnover declining by 47.3% w/w to KES 34.1Bn from KES 64.7Bn last week, reflecting a decline in trading momentum.

Auction Results

Issue	Re-opened FXD1/2019/020	Re-opened FXD1/2026/030
Amount Offered (KES Bn)	60.00	
Bids Received (Bn)	43.80	37.60
Amount Accepted (Bn)	33.46	16.72
Subscription Rate (%)	135.68%	
Acceptance Rate (%)	61.64%	
Mkt Weighted Average Rate (%)	13.68%	14.47%
Accepted Weighted Rate (%)	13.61%	13.61%
Coupon (%)	12.87%	12.50%
Price Per KES 100	101.55	93.28

Source: CBK, KCB IB

The September bond auction recorded strong investor interest, with total bids of KES 81.41Bn against an offer of KES 60.0Bn, translating to an oversubscription rate of 135.68%. The acceptance rate was 61.64%.

KCB INVESTMENT BANK

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Liquidity & Currency

Market liquidity remained relatively stable during the week, with the average KESONIA rate remaining unchanged at 8.75%. The average weekly interbank volumes increased by 14.91% to KES 13.10Bn from KES 11.40Bn, signaling an increase in 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)	13.10	11.40	14.91%

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 129.61 compared to 129.45 the previous week.

	Current	YTD (%)	Weekly Perf (%)	Commentary
USD/KES	129.61	(0.43%)	(0.12%)	Depreciated
GBP/KES	173.30	0.38%	0.87%	Appreciated
EUR/KES	148.90	1.87%	0.88%	Appreciated

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 an upward pressure emanating from the impact of geopolitics leading to surge in fuel prices consequently higher inflation.

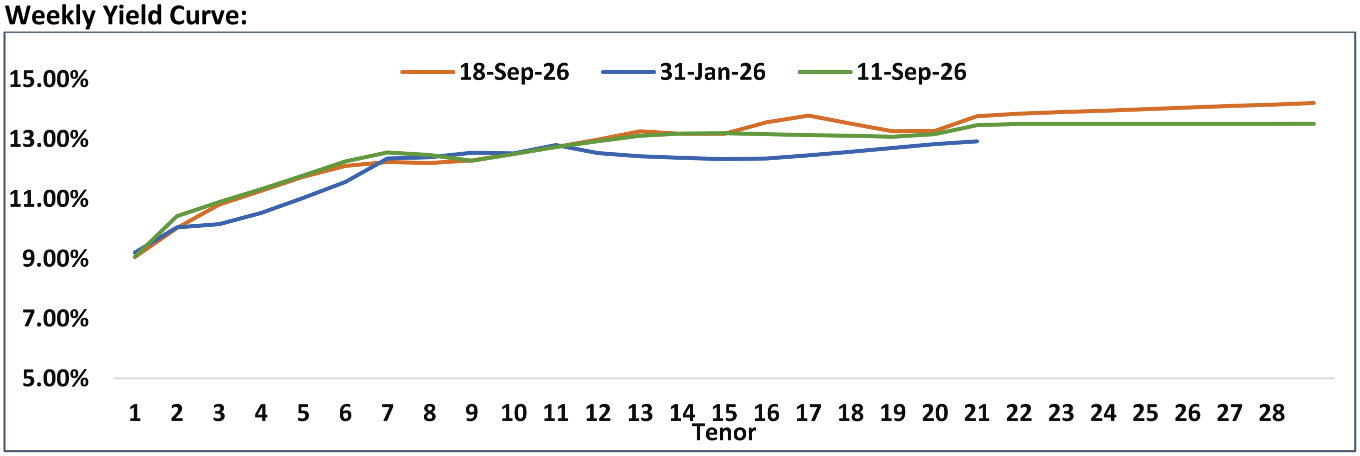
Forex Reserves Update:

Kenya's forex reserves declined by 1.08% to USD 15.09Bn, equivalent to 6.1 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
15.09	15.25	(1.08%)

Source: CBK, KCB IB

Weekly Yield Curve:



Source: NSE, KCB IB

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Eurobond Yields:

	Coupon Rate(%)	Current Rate(%)	Previous Rate(%)	Δ W/W(bps)
Kenint 28	7.25%	6.81%	6.72%	8.60
Kenint 31	9.75%	7.60%	7.50%	10.20
Kenint 32	8.00%	7.81%	7.69%	12.00
Kenint 34	6.30%	8.31%	8.26%	4.70
Kenint 36	9.50%	9.00%	8.90%	9.90
Kenint 38	8.80%	9.29%	9.16%	12.80
Kenint 39	8.70%	9.36%	9.23%	13.10
Kenint 48	8.25%	9.23%	9.19%	4.90

Source: CBK, KCB IB

Weekly Stock Recommendations

We maintain a **BUY** recommendation on **Equity Group**, **Cooperative, NCBA**, and **DTB**, backed by robust earnings growth, deeply attractive valuations, improving asset quality, and resilient dividend pipelines. Below is the updated market tracking data for your review:

Stock	18 Sep 26	52-week low	52-week high	EPS	P/B	P/E	BVPS	ROE	Trailing Div	Div Yield	Recommendation
Cooperative	34.80	13.80	39.95	5.04	1.19x	6.90x	29.15	**20.27%**	2.50	7.18%	**BUY**
Equity	98.50	41.20	109.00	19.07	1.06x	5.17x	92.84	**27.60%**	5.75	5.84%	**BUY**
KCB	87.00	35.00	101.00	20.80	0.84x	4.18x	103.15	**21.92%**	7.00	8.05%	**Neutral**
I&M	80.00	29.50	82.50	34.70	1.17x	7.41x	68.62	**18.02%**	3.75	4.69%	**HOLD**
Stanbic	278.00	147.00	300.00	11.18	1.59x	8.01x	174.70	**20.38%**	22.35	8.04%	**HOLD**
NCBA	86.25	48.00	100.00	14.20	1.08x	6.07x	79.82	**19.79%**	7.10	8.23%	**BUY**
Stanchart	330.75	260.00	370.00	32.47	1.96x	10.67x	168.83	**17.12%**	31.00	9.37%	**ACCUMULATE**
Absa	31.10	15.00	36.50	4.22	1.68x	7.37x	18.51	**22.63%**	2.05	6.59%	**HOLD**
DTB	179.50	66.00	198.50	33.65	0.49x	5.33x	366.18	**10.43%**	9.00	5.01%	**BUY**
BAT	558.00	345.00	629.00	52.46	3.60x	10.64x	154.85	**36.50%**	70.00	12.54%	**HOLD**
EABL	287.00	167.00	351.00	18.99	6.60x	15.11x	125.33	**42.60%**	12.70	4.43%	**HOLD**
Safaricom	35.30	17.00	37.30	2.39	7.96x	14.77x	4.44	**49.70%**	2.00	5.67%	**ACCUMULATE**

Source: KCB IB

Government Obligations in September 2026

The Government of Kenya is expected to meet domestic debt obligations totaling approximately KES 239.2Bn in September 2026 compared to KES 298.96Bn in August. The obligations comprise KES 187.9Bn in Treasury bill maturities and KES 51.3Bn in coupon payments.

September 2026 Bond Coupon Payments					
Issue No.	Next Coupon Payment Date	Maturity date	Outstanding Amount KES 'Mn	Fixed Coupon Rate	Coupon payment KES 'Mn

FXD1/2012/015	7-Sep-26	6-Sep-27	90,939.90	11.00%	5,001.69
FXD1/2024/010	21-Sep-26	13-Mar-34	124,539.40	16.00%	9,963.15
FXD1/2016/020	14-Sep-26	1-Sep-36	21,972.90	14.00%	1,538.10
FXD1/2018/020	14-Sep-26	1-Mar-38	196,860.43	13.20%	12,992.79
IFB1/2015/012	14-Sep-26	15-Mar-27	12,180.65	11.00%	669.94
IFB1/2019/025	14-Sep-26	22-Feb-44	16,828.65	12.20%	1,026.55
IFB1/2021/021	7-Sep-26	18-Aug-42	106,742.20	12.74%	6,797.88
IFB1/2023/017	7-Sep-26	20-Feb-40	185,235.40	14.40%	13,336.02

Treasury Bills	
Payment Date	**Amount KES 'Mn**
7-Sep-26	67,067.00
14-Sep-26	45,813.12
21-Sep-26	46,485.31
28-Sep-26	28,528.53
Total	**187,894**

Total Payments	
September-26	239,220.08

Source: CBK, KCB IB

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