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KCBIB Weekly Markets Report – Week 23 2026

Weekly Market Summary

- **Global Markets:** Global equity markets weakened during the week as a stronger-than-expected U.S. jobs report reinforced expectations of higher-for-longer interest rates, prompting a broad repricing of risk assets. Investor sentiment was further dampened by profit-taking in technology stocks following an extended AI-driven rally. Additionally, ongoing geopolitical tensions in the Middle East heightened risk aversion, leading investors to rotate into defensive assets and contributing to a broad-based decline across global markets.

- **Local Equities Market:** The NSE recorded a positive performance during the week, with the NASI gaining 2.3% W/W to close at 210.37, supported by gains in large-cap banking stocks and improved investor sentiment. Market activity remained concentrated in Safaricom, Equity, and KCB, which accounted for the bulk of trading activity. Despite the positive index performance, equity turnover declined by 29.5% W/W to KES 3.4Bn, indicating relatively subdued participation. Foreign investor sentiment weakened during the week, with the market recording net outflows of KES 251.2Mn compared to net inflows of KES 1.7Bn in the previous week.

- **Fixed Income Market:** Treasury bill demand remained strong, with the overall subscription rate rising to 227.4% from 125.2% in the previous auction. Investor appetite was heavily skewed towards the 91-day paper, which recorded an oversubscription rate of 820.7%, while demand for the 364-day bill also remained robust. Yields continued to trend upwards across all tenors, reflecting growing investor demand for higher returns amid rising domestic inflation, elevated government borrowing requirements, geopolitical uncertainties, and expectations that interest rates may remain elevated for longer.

- **Government Securities:** The re-opened bond auction for FXD1/2020/15 and FXD1/2018/25 attracted bids worth KES 34.4Bn against an offer of KES 40.0Bn, translating to an undersubscription rate of 86.0%. The government accepted virtually all bids received. The issuance remains consistent with the government's strategy of managing refinancing risks and extending the domestic debt maturity profile.

- **Liquidity & Currency:** Liquidity conditions remained stable during the week, with KESONIA unchanged at 8.75%. However, average interbank volumes declined by 42.5% W/W to KES 10.7Bn, suggesting reduced demand for short-term funding among commercial banks. The Kenyan shilling remained resilient, appreciating marginally to KES 129.32/USD from KES 129.55/USD, supported by steady remittance inflows, adequate foreign exchange reserves, and continued Central Bank market support. Forex reserves remained healthy at USD 13.20Bn, equivalent to 5.6 months of import cover.

- **May PMI:** Kenya's private sector activity weakened further in May 2026, with the PMI declining to 46.6 from 49.4 in April, marking the sharpest deterioration in business conditions since July 2024. The slowdown was driven by weaker demand, lower new orders, and disruptions to business activity amid constrained consumer spending and transportation challenges. Inflationary pressures also intensified, with input costs rising at the fastest pace since November 2023 due to higher fuel, transportation, and purchase costs. While firms reduced employment and purchasing activity in response to weaker demand, business confidence remained positive, supported by expansion plans, product diversification, and increased marketing initiatives.

Bottom Line:

- While Kenya's macroeconomic fundamentals remain broadly stable, emerging inflationary pressures, rising fuel costs, increased domestic borrowing requirements, and persistent geopolitical uncertainties are beginning to influence market expectations. The recent rise in Treasury bill yields and weaker PMI readings suggest growing caution among investors ahead of the MPC meeting. Consequently, we expect investors to remain selective, favouring fundamentally strong companies with resilient earnings, solid balance sheets, and sustainable dividend prospects, while maintaining a cautious stance on duration risk within fixed-income markets.

A. Equities

WEEK ON WEEK PERFORMANCE – WEEK ENDING 4th June 2026

Equity market activity was on an upward trajectory during the week, with NASI increasing on a w/w basis by 2.28% to 205.69. NSE 25 and NSE-20 also increased by 0.27% and 2.30%, respectively. Trading activity remained heavily concentrated in large-cap counters, with Safaricom, Equity, and KCB dominating market turnover.

Trading Activities: Equities' turnover was down by 29.47% w/w to KES 3.4Bn from KES 4.8Bn. Foreign investors remained active and constituted 32.57% and they recorded a net outflow of KES 251.2Mn compared to inflows of KES 1.7Bn the previous week.

Key Weekly Indicators

Indicator	29-May-2026	5-Jun-2026	% Δ
NASI	205.69	210.37	2.3%
NSE-20	3513.12	3557.72	1.3%
NSE-25	5659.05	5789.22	2.3%
Mkt cap, KES Bn	3,411,281.00	3,488,879.00	2.3%
Shares traded	106,006,434.00	109,887,038.00	3.7%
Equities TO, KES	4,824,073,740.00	3,402,650,507.00	(29.5%)
Foreign buy, KES	2,372,290,030.00	978,199,211.00	(58.8%)
Foreign sell, KES	717,502,992.00	1,229,442,249.00	71.4%
Net flows, KES	1,654,787,038.00	(251,243,038.00)	(115.2%)

Source: NSE, KCB IB

TOP GAINERS

Security	29-May-2026	5-Jun-2026	% Δ
LKL	2.66	2.88	8.27%
JUB	367.25	394	7.28%
CGEN	79.25	84.75	6.94%
KCB	66.75	70.75	5.99%
SBIC	269.5	285	5.75%

Source: NSE, KCB IB

TOP LOOSERS

Security	29-May-2026	5-Jun-2026	% Δ
SASN	27.05	23	(14.97%)
LIMT	484.75	446.75	(7.84%)
BOC	174.25	161.5	(7.32%)
SCAN	2.2	2.06	(6.36%)
KUKZ	453	427.75	(5.57%)

Source: NSE, KCB IB

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Regional Market Performance

Country	Index	W/W % Δ	YTD % Δ
Kenya	NASI	2.3%	12.3%
Uganda	USE ALSI	1.6%	21.7%
Tanzania	DARSDSEI	0.0%	41.2%
Nigeria	NGXINDX	(2.8%)	55.5%
Ghana	GGSECI	(0.7%)	62.9%
South Africa	JALSH	(2.9%)	(4.1%)
Egypt	EGX100 EWI	1.5%	22.3%

Source: Bloomberg, KCB IB

Global Market Performance

Global Index	Index	W/W % Δ	YTD % Δ
S&P 500	SPX Index	(2.6%)	7.7%
MSCI World	MXWO Index	(2.2%)	7.0%
Dow Jones Global	W1DOW Index	(2.2%)	8.5%
MSCI Emerging Mkts	MXEF Index	(2.0%)	20.1%
MSCI Emerging Frontier	MXFEM Index	(1.6%)	6.6%
MSCI Europe Index	MXEU Index	(0.4%)	4.5%

Source: Bloomberg, KCB IB

Corporate Actions

Key corporate actions to watch this week are payment dates for BAT and CIC.

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
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
NCBA	Final Div	KES 4.60	26-Mar-26	30-Apr-26	26-May-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
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 EA	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

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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	820.68%	32.82	99.99%	8.56%	17.04
182	10	65.26%	6.53	100.00%	8.53%	27.52
364	10	152.26%	15.20	99.81%	8.76%	13.63
Overall	**24**	**227.42%**	**54.55**	**99.94%**		

Source: CBK, KCB IB

Treasury bill demand remained strong during the week, with the overall subscription rate rising to **227.4%**, compared to **125.2%** in the previous auction. Investor appetite was largely concentrated in the **91-day** paper, which recorded a substantial oversubscription rate of **820.7%**, while demand for the **364-day bill** also remained robust at **152.3%**. In contrast, the **182-day tenor** attracted relatively weaker interest, with a subscription rate of **65.3%**.

The Central Bank accepted **KES 54.55Bn** out of the bids received, translating to an overall acceptance rate of **99.9%**, indicating minimal bid rejections and strong participation across the market.

Yields continued to trend upwards across all tenors, with the **91-day, 182-day, and 364-day papers rising by 17.0bps, 27.5bps, and 13.6bps**, respectively, to **8.56%, 8.53%, and 8.76%**. The upward movement in yields reflects increased investor demand for higher returns amid persistent geopolitical tensions in the Middle East, elevated global inflation risks, and expectations that global interest rates may remain higher for longer.

Looking ahead, we expect Treasury bill yields to maintain a gradual upward bias, reflecting evolving domestic and global macroeconomic conditions. Investors' attention is likely to focus on the upcoming Monetary Policy Committee (MPC) meeting on 9 June, where policymakers are expected to either maintain the Central Bank Rate (CBR) at current levels or adopt a more cautious stance should inflationary risks intensify.

While domestic inflation still within the target range and the Kenya Shilling remaining stable, emerging risks from higher global oil prices, ongoing geopolitical tensions in the Middle East, and elevated government borrowing requirements could increase inflation expectations and place upward pressure on interest rates.

June Auction Results: Re-opened Bonds FXD1/2020/15 & FXD1/2018/25

Issue	Re-opened FXD1/2020/015(8.7Yrs)	Re-opened FXD1/2018/025 (17.1Yrs)
Amount Offered (KES Bn)	40.00	
Bids Received (Bn)	20.16	14.23
Amount Accepted (Bn)	20.16	14.22
Subscription Rate (%)	85.97%	
Acceptance Rate (%)	99.97%	
Mkt Weighted Average Rate (%)	13.31%	14.23%
Accepted Weighted Rate (%)	13.31%	14.23%
Coupon (%)	12.76%	13.40%
Price Per KES 100	101.06	101.16

Source: CBK, KCB IB

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The June bond auction recorded weak demand, with total bids amounting to KES 34.39Bn against an offer of KES 40.0Bn, translating to an undersubscription rate of 85.97%. The government accepted KES 34.38Bn, implying an acceptance rate of almost 100.0%.

Bonds Turnover

Indicator	29-May-2026	5-Jun-2026	% Δ
Bonds FV TO, KES Mn	37,139,650,000.00	23,505,111,121.00	(36.7%)

Source: NSE, KCB IB

Bonds secondary market: Activity in the secondary bond market was down, with turnover declining by 36.7% w/w to KES 23.5Bn from KES 37.1Bn last week, reflecting decrease in 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 declined by 42.47% to KES 10.7Bn from KES 18.6Bn, signaling decreased 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)	10.70	18.60	(42.47%)

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 129.32 compared to 129.55 the previous week.

	Current	YTD (%)	Weekly Perf (%)	W/W Commentary
USD/KES	129.32	(0.21%)	0.18%	Appreciated
GBP/KES	173.66	0.17%	0.24%	Appreciated
EUR/KES	150.22	1.00%	0.36%	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 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 0.06% to USD 13.20Bn, 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
13.20	13.21	(0.06%)

Source: CBK, KCB IB

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Eurobond Yields:

	Coupon Rate(%)	Current Rate(%)	Previous Rate(%)	Δ W/W(bps)
Kenint 28	7.25%	7.01%	7.16%	(15.00)
Kenint 31	9.75%	7.33%	7.38%	(5.00)
Kenint 32	8.00%	7.69%	7.78%	(9.00)
Kenint 34	6.30%	8.25%	8.28%	(3.00)
Kenint 48	8.25%	8.96%	8.94%	2.00

Source: CBK, KCB IB

May 2026 Kenya PMI

Kenya's private sector activity deteriorated further in May 2026, with PMI declining to 46.6 from 49.4 in April, marking the sharpest deterioration in business conditions since July 2024. The slowdown was driven by weaker demand, lower new orders, and disruptions to business activity, as firms cited constrained consumer spending, tighter budgets, and transportation challenges.

Inflationary pressures also intensified, with input costs rising at the fastest pace since November 2023, largely due to higher fuel, transportation, and purchase costs.

The challenging operating environment also led to a decline in employment and purchasing activity, as firms sought to manage costs amid weaker workloads. Despite these headwinds, business confidence remains positive supported by expansion plans, product diversification, and increased investment in sales and marketing initiatives.

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

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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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