

CAPITAL MARKETS RESEARCH UPDATE (CMRU)

Markets Update

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April 2026

KMRC Floats KShs.3bn Bond to Refinance Home Loans

The Kenya Mortgage Refinance Company (KMRC) has launched a KShs.3 billion sustainability bond, its first market raise in four years under its KShs.10.5 billion Medium-Term Note program. The offer opened on April 28, 2026, and closes May 12, 2026, with listing on the NSE scheduled for May 25 and a minimum investment of KShs.100,000. The eight-year amortising note, with a 5.11-year weighted average life, will refinance green and social home loans. With easing monetary policy and lower benchmark rates, the issuer targets tax-exempt, single-digit pricing to expand affordable housing finance nationwide.¹

Central Bank of Kenya Holds Rate Steady at 8.75%, Flags Middle East Conflict as Key Risk

The Central Bank of Kenya held its benchmark interest rate at 8.75% in April 2026 pausing a historic easing cycle after 10 consecutive cuts since 2024, reflecting rising global oil prices driven by Middle East tensions and potential inflation risks. While Kenya's inflation remains within target at 4.4%, higher energy costs are widening the current account deficit and creating uncertainty. Despite these risks, domestic conditions are improving, with strong private sector credit growth, lower lending rates, and stable forex reserves.²

Annual Inflation Increased Markedly in April 2026

The annual consumer price inflation as measured by the Consumer Price Index (CPI) was 5.6 per cent in April 2026. The core inflation stood at 2.8 per cent in April 2026, contributing 3.2 points to the overall inflation while the rate of non-core inflation was 13.4 per cent, contributing 2.4 points.³

NSE Local Individual Bond Traders Surge 298%

Local bond participation at the NSE surged in Q1 2026, with individual accounts rising 297.6% to 3,010 from 757 a year earlier. This marks the strongest annual growth in retail

participation. The broader bond investor base expanded by 164.2% to 3,640 accounts, while total bond turnover reached KShs.1.08 trillion in Q1 2026, driven by strong secondary market activity. Foreign and East African retail accounts also posted gains, indicating widening participation beyond institutional investors as Kenya's bond market deepens⁴.

Kenyan Shilling Shows mixed Performance in April

Currency	Mar-26	Apr-26	% Change
1 USD	129.93	129.19	0.57%
1 Sterling (£)	171.35	174.13	1.62%
1 Euro (€)	148.79	150.99	1.48%
1 SA Rand	7.57	7.73	2.11%
1 USHS	0.03	0.03	0.00%
1 TSHS	0.05	0.05	0.00%
1 Brazilian Real	24.71	25.73	4.13%
1 Russian Rubble	1.60	1.73	8.12%
1 Indian Rupee	1.37	1.36	0.73%
1 Chinese Yuan	18.79	18.89	0.53%

Red-Depreciate; Green- Appreciate; Source: CMA

In April 2026, the Kenyan Shilling strengthened against the US Dollar and the Indian Rupee, while remaining stable against the Ugandan and Tanzanian Shillings. However, it depreciated slightly against the Pound Sterling, Euro, South African Rand, Brazilian Real, Russian Ruble, and Chinese Yuan, reflecting sustained external pressures.

Market Performance Strengthens in April 2026

Indicators	Mar-26	Apr-26	%Δ
NSE 20 Share index	3,431.56	3,547.53	3.38%
NSE 25 Share Index	5,416.72	5,667.98	4.64%
NSE 10 Share Index	2,030.35	2,134.94	5.15%
Banking Sector Index	224.04	236.13	5.39%
NASI	194.82	205.34	5.40%
Mkt. Cap (Kshs. Bn)	3,230.73	3,405.29	5.40%
Volume (M)	630.77	653.60	3.62%
Equity Turnover (Kshs. Bn)	19.58	15.29	21.91%
% Foreign Participation to ET	33.06	35.76	8.16%
Bond Turnover (Kshs Bn)	366.25	236.98	35.30%
NSE Bond Index	1,187.64	1,174.18	1.13%
REITs Mkt. Cap (Kshs. Bn)	12.09	12.09	0.00%
ETFs Mkt. Cap (Kshs. Bn)	2.36	2.35	0.25%

Green- Increase, Red-Decrease; Source: CMA

Market performance strengthened in April with the NSE 20, 25, and 10 Share Indices all recording gains, alongside the NASI and Banking Sector Index, reflecting improved investor sentiment and increased demand for equities. Market capitalization rose indicating increase in stock valuations during the month. However, Equity and Bond Turnover declined indicating reduced market activity and cautious investor sentiment.

¹[KMRC Floats KShs.3bn Bond to Refinance Home Loans](#)

²[Kenya's Monetary Policy Pause Amid Rising Global Risks](#)

³[Consumer Price Indices and Inflation Rates for April 2026](#)

⁴[Retail Bond Accounts Surge 298 per cent at NSE](#)

April 2026

Capital Markets Outlook

KMRC Sustainability Bond to Deepen Fixed Income Market

The issuance of a sustainability bond by KMRC marks a notable step in the evolution of Kenya's fixed income market. The planned listing on the NSE is expected to expand the range of investable securities, particularly for investors with an interest in measurable environmental and social. With an amortising structure and a clear focus on green and social housing finance, offers a predictable cashflow, making it attractive to institutional investors. The tax-exempt status and expected single-digit pricing, supported by the prevailing easing monetary policy environment, are likely to enhance demand and improve subscription levels. Over time, successful execution is likely to spur growth in sustainable finance, deepen the bond market, and strengthen confidence into the markets capacity to structure and absorb innovative fixed income products.

Monetary Policy Pause Expected to Stabilize Yields Amid External Risks

The monetary policy pause is expected to stabilise short-term yields and anchor the short end of the yield curve, while supporting demand for longer-term instruments. The decision signals a recalibration in both fixed income and equity markets and is expected to slow the decline in money market rates. Consequently, Treasury bill, KESONIA, and interbank rates are expected to remain around current levels, moderating further yield compression and providing a temporary anchor for fixed income investors following a prolonged easing cycle. However, external risks, particularly elevated global oil prices and widening current account pressures, could delay further monetary easing and keep medium-term sovereign yields relatively elevated.

Surge in Retail Bond Participation Enhances Structural Shift and Broadens Investor Base

Rising retail participation in the NSE bond market appoints to a structural shift, as individual investors become increasingly active in fixed income securities. The growth in account openings and strong secondary market turnover reflect improved accessibility and rising confidence in government and corporate bonds. Increased retail involvement is expected to boost liquidity, enhance continuous price discovery, and reduce reliance on institutional investors, thereby lowering concentration risk. A more diversified investor base supports a sustainable and balanced market, thereby deepening the domestic debt market, improving capital market efficiency, reinforcing the bond market's role in capital formation and regional investment growth.

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