

CAPITAL MARKETS RESEARCH UPDATE (CMRU)

Markets Update

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KPC listing boosts NSE market depth

Kenya Pipeline Company began trading on the NSE on March 10, 2026, with a market capitalization of KShs.163.6 billion, ranking as the sixth most valuable company on the exchange. The government sold 65 per cent of the company, about 11.8 billion shares at KShs.9 each, raising KShs.106.3 billion. Retail investors received 464.8 million shares, representing about 2.6 per cent of the company, while Kenyan institutional investors and East African regional investors absorbed most of the offer¹.

ALP I-REIT Lists on NSE as First USD-Based Security

The Nairobi Securities Exchange listed ALP Industrial REIT(I-REIT) on March 11, marking Kenya's first U.S. dollar-denominated security. Sponsored by Africa Logistics Properties Holdings, the offer of KShs.30 million units at USD 1 was oversubscribed by 115.17 percent, with KShs.39.95 million units admitted to trading. Backed by investors including InfraCo Africa, the REIT focuses on logistics assets in Tilisi and Tatu City. Regulations require at least 80 percent of distributable income to be paid out, supporting steady investor returns.²

Annual Inflation Increased Slightly in March 2026

The annual consumer price inflation as measured by the Consumer Price Index (CPI) was 4.4 per cent in March 2026. The core inflation stood at 2.1 per cent in March 2026, contributing 2.5 points to the overall inflation while the rate of non-core inflation was 10.8 per cent, contributing 1.8 points.³

NSE Pushes for Lower Levies to Attract Retail Investors

The Nairobi Securities Exchange is advocating for policy changes with the National Treasury of Kenya to lower or waive trading levies on small transactions, aiming to make investing more accessible for retail investors who are currently discouraged by disproportionately high costs on low-value trades. High tariffs can make small investments

uneconomical, and the proposed reforms are part of a broader strategy to increase local participation in the stock market. Alongside these efforts, mobile-based trading platforms, has already helped expand access, contributing to a rise in domestic investor activity, which now accounts for about half of market trading⁴.

Kenyan Shilling Appreciated Against Major Currencies

Currency	Feb-26	Mar-26	% Change
1 USD	129.02	129.93	0.71%
1 Sterling (£)	174.10	171.35	1.58%
1 Euro (€)	152.39	148.79	2.36%
1 SA Rand	8.11	7.57	6.66%
1 USHS	0.04	0.03	25.00%
1 TSHS	0.05	0.05	0.00%
1 Brazilian Real	25.09	24.71	1.51%
1 Russian Rubble	1.68	1.60	4.76%
1 Indian Rupee	1.41	1.37	2.84%
1 Chinese Yuan	18.82	18.79	0.16%

Red-Depreciate; Green- Appreciate; Source: CMA

In March 2026, the Kenyan Shilling strengthened against most major and regional currencies, including the Sterling Pound, Euro, South African Rand, Ugandan Shilling, Brazilian Real, Russian Ruble, Indian Rupee, and Chinese Yuan. However, the shilling depreciated slightly against the US Dollar, while remaining stable against the Tanzanian Shilling.

Equities and Bonds Market Dipped in March 2026

Indicators	Feb-26	Mar-26	%Δ
NSE 20 Share Index	3,750.45	3,431.56	8.50%
NSE 25 Share Index	5,948.29	5,416.72	8.94%
NSE 10 Share Index	2,268.39	2,030.35	10.49%
Banking Sector Index	245.90	224.04	8.89%
NASI	216.08	194.82	9.84%
Mkt. Cap (Kshs. Bn)	3,410.07	3,230.73	5.26%
Volume (M)	845.21	630.77	25.37%
Equity Turnover (Kshs. Bn)	24.97	19.58	21.58%
% Foreign Participation to ET	29.47	33.06	12.20%
Bond Turnover (Kshs Bn)	418.15	366.25	12.41%
NSE Bond Index	1,202.75	1,187.64	1.26%
REITs Mkt. Cap (Kshs. Bn)	6.92	12.12	74.96%
ETFs Mkt. Cap (Kshs. Bn)	2.58	2.36	8.42%

Green- Increase, Red-Decrease; Source: CMA

Market performance weakened in March due to geopolitical tensions, with key equity indices posting notable declines. Market capitalization, trading volume, and equity turnover also decreased, indicating reduced investor activity, even as foreign investor participation increased. However, REITs market capitalization recorded strong growth following the listing of ALP I-REIT.

¹[KPC listing boosts NSE market depth](#)

²[ALP I-REIT Lists on NSE as First USD-Based Security](#)

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

⁴[NSE Pushes for Lower Levies to Attract Retail Investors](#)

Capital Markets Outlook

KPC Listing Deepens Market Capitalization and Institutional Participation

The listing of Kenya Pipeline Company on the Nairobi Securities Exchange marks a significant structural milestone for Kenya's capital markets, the transaction is expected to improve market liquidity, broaden sectoral representation, and provide investors with exposure to a strategic infrastructure asset with stable cash flow. The strong uptake by institutional and regional investors signals sustained confidence in Kenya's capital markets and reinforces the growing role of domestic institutional capital in anchoring large transactions. Additionally, the successful execution of the offer is likely to catalyse further privatizations and listings, strengthening the pipeline of new issuances and supporting long-term market development.

USD-Denominated REIT to Attract Foreign Capital

The listing of the ALP Industrial REIT as first U.S. dollar-denominated security represents a notable advancement in product innovation. The strong oversubscription underscores robust investor appetite for hard currency-denominated assets. The introduction of a USD-denominated instrument is expected to enhance the exchange's ability to attract foreign portfolio flows while also offering local investors a natural hedge against exchange rate volatility. Additionally, this development is likely to pave the way for additional foreign currency-denominated listings, deepening market refinement and expanding the range of investable products.

Proposed Levy Reforms Set to Unlock Retail Participation and Boost Market Turnover

The push by NSE to reduce or waive trading levies on small-value transactions is expected to lower barriers to entry for retail investors. The proposed reforms could enhance market activity by improving the viability of small-ticket investments, thereby increasing trade frequency and broadening the investor base. Combined with the expansion of mobile-based trading platforms, reduced levies are likely to accelerate the formalization of retail participation and deepen domestic market engagement. Increased retail involvement is expected to support higher turnover ratios, improve liquidity in mid- and small-cap stocks, and strengthen price discovery. A more balanced investor mix, anchored by both institutional and retail participants, will enhance market resilience, positioning the market for more inclusive and sustainable growth.

Do you Know!

