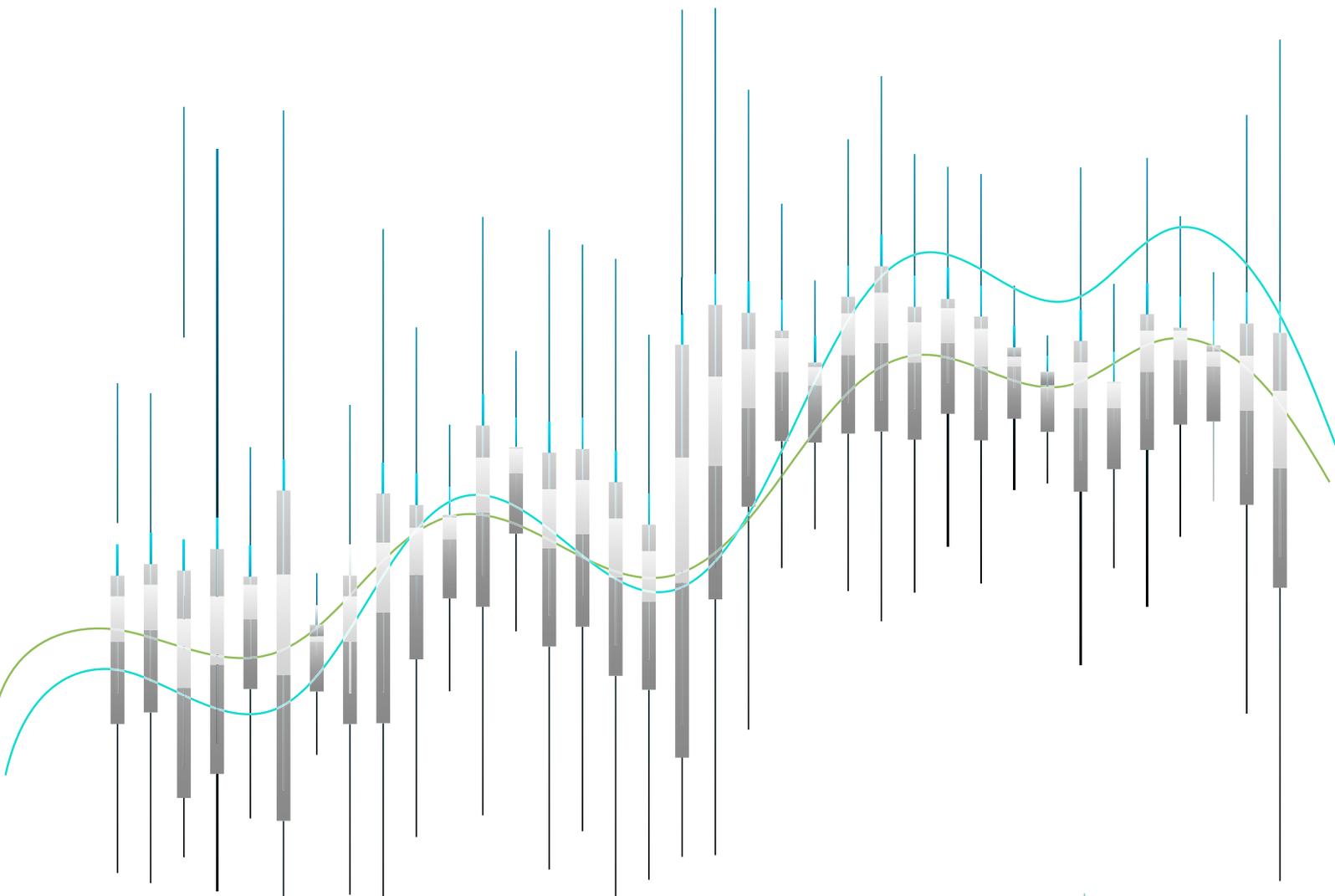


Kenya Barometer

Macroeconomic and Market Insights

Powered by Nairobi Securities Exchange - CareEdge Global



March 2026



Mehul Pandya

Managing Director & Group CEO,
CareEdge

We are proud to present the inaugural issue of this newsletter, launched in collaboration with the Nairobi Securities Exchange (NSE). This initiative is one of several joint ventures following our memorandum of understanding (MoU) signed in July 2025, which established CareEdge Global IFSC Ltd (CGIL) as a knowledge partner of the NSE.

Having already set up subsidiaries in Mauritius and South Africa, our MoU with the NSE marks another strategic step in expanding our African footprint and delivering timely, actionable intelligence to stakeholders.

We fully understand that capturing on-ground realities requires deeper engagement with local markets, building partnerships with leading institutions such as the NSE, and delivering research that is relevant and actionable.

This newsletter embodies our philosophy and highlights our core capabilities. By synthesising macroeconomic perspectives with market intelligence, we aim to provide readers with a comprehensive overview of Kenya's economic and financial environment. Our goal is to empower stakeholders to identify opportunities, anticipate risks, and make well-informed strategic decisions.

This integrated approach highlights key developments in Kenya while fostering the transparency, efficiency, and maturity of its financial markets. Our goal is to benefit a wide range of stakeholders, from investors and corporations to government agencies and development institutions, aligning with our vision to become the continent's trusted partner for market intelligence.

We are excited to embark on this journey with the NSE and look forward to delivering a publication that becomes a trusted resource for understanding Kenya's economy and capital markets. This newsletter is the first of many initiatives aimed at bridging foresight with expertise, supporting sustainable growth and informed decision-making across Africa.

I wish you a pleasant read.

Mr. Frank Mwiti

Chief Executive Officer,
Nairobi Securities Exchange PLC

Dear Stakeholders,

On behalf of the Nairobi Securities Exchange (NSE), I am pleased to welcome you to the inaugural NSE-CareEdge Joint Macroeconomic and Market Barometer. This initiative marks a significant milestone in our ongoing efforts to enhance market intelligence and transparency. It seeks to highlight critical market developments, provide timely data and insights on investor trends, and support informed decision-making by market participants.

This partnership underscores our commitment to strengthening collaboration within the financial ecosystem. By combining the analytical expertise of CareEdge with the market depth and data capabilities of the NSE, we aim to offer issuers and investors unparalleled access to reliable, research-driven market information. This will enrich the understanding of market dynamics and foster greater confidence and participation in Kenya's capital markets.

The NSE continues to pursue strategic initiatives designed to support and accelerate market growth and development. These include expanding our digital infrastructure, introducing innovative financial instruments, deepening investor education, and working closely with regulators and policymakers to create an enabling environment for listings and investments.

As we advance this journey, our focus remains on building a transparent, efficient, and globally competitive marketplace that delivers sustainable value to all stakeholders. With our partners, we look forward to deepening market insights, strengthening investor confidence, and positioning the NSE as a key driver of economic growth and transformation in Kenya and the region.





Global Macroeconomic Overview

Downside risks to global growth

This January, the International Monetary Fund (IMF) raised its global growth estimate for 2025 to 3.3% from its earlier estimate of 3.2% while maintaining its 2026 forecast at 3.3%. The upward revision reflects the global economy's resilience last year amid the evolving United States (US) trade policies and geopolitical tensions. Support factors include meaningful progress in trade negotiations, investment in high-technology sectors such as artificial intelligence (AI), and global monetary easing that has stimulated both investment and consumption.

Commodities followed a mixed trend in 2025. Metal prices rose sharply, particularly of gold which increased by around 65%. Crude oil prices declined, averaging USD 61 per barrel due to excess supply. Meanwhile, prices of agricultural products fell on the back of favourable supply conditions and softened global demand.

Resultantly, inflation in most economies remained subdued and continued its downward trajectory. This trend supported ongoing monetary easing across economies, with most major central banks, including the US Federal Reserve, the Bank of England, and the European Central Bank implementing rate cuts.

Although the improved global environment benefited Africa in 2025, the pace of recovery remained uneven. While many economies in the region showed improving growth prospects and reform momentum, macroeconomic and fiscal vulnerabilities persisted.

External headwinds to global growth in 2026 include the recent escalation in the Middle East (ME), which has amplified geopolitical risk, particularly within energy markets. Disruptions to key supply

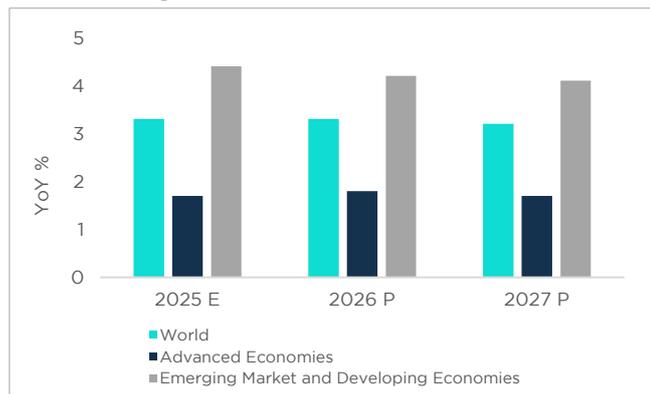
routes have already pushed up oil prices, further exacerbated by the US introducing 10% baseline tariff on most imports. With plans to raise this to 15%, these developments are likely to intensify trade tensions, increase policy uncertainty, and dampen global trade and investment. Collectively, these factors are expected to reinforce inflationary pressures and tighten global financial conditions, ultimately weighing on demand.

Within Sub-Saharan Africa (SSA), growth is estimated at 4.1% in 2025 and was projected to accelerate to 4.6% in 2026 by the IMF in January, driven by easing inflation in many countries, greater currency stability, and a gradual return of investment. The extension of the African Growth and Opportunity Act (AGOA) should also provide some upside to African trade amid prevailing uncertainties. The ME crisis is expected to have contrasting impacts on SSA economies, with oil exporting countries likely to benefit from increased oil prices while others are expected to face higher inflation, which could impede growth prospects.

Other structural risks to growth include persistent fiscal pressures from elevated levels of debt-servicing costs, social spending needs, debt, and transition costs.

The duration and intensity of the ME conflict remain uncertain, with potential repercussions for commodity prices, trade flows, and economic stability. We will monitor developments closely and evaluate their economic and financial implications, adjusting our outlook as appropriate.

Global GDP growth rates



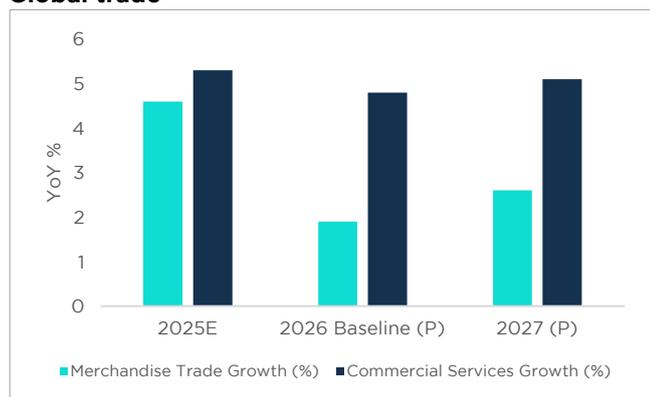
Source: IMF, CareEdge Global

Trade momentum to slow

This month, the World Trade Organization (WTO) revised its 2025 global merchandise trade growth estimate upward to 4.6%, from the previous estimate of 2.4% in October. Trade growth was resilient in 2025, supported by stockpiling by US companies ahead of tariff changes, increased demand for AI-related products, and sustained trade activity in other regions. For 2026, the WTO expects trade momentum to decline significantly to 1.9%, excluding emerging price shocks, amid the diminishing influence of temporary factors. However, the WTO estimates that, should energy prices remain elevated throughout 2026, merchandise trade growth could fall to just 1.4%.

Global services exports are projected to decelerate to 4.8% in 2026 (excluding the effects of energy prices) from 5.38% in 2025 because of slower growth and the normalisation of post-pandemic recovery in tourism. However, growth in the category is expected to fall to 4.1% if crude oil and liquefied natural gas (LNG) prices remain high.

Global trade



Source: WTO, CareEdge Global

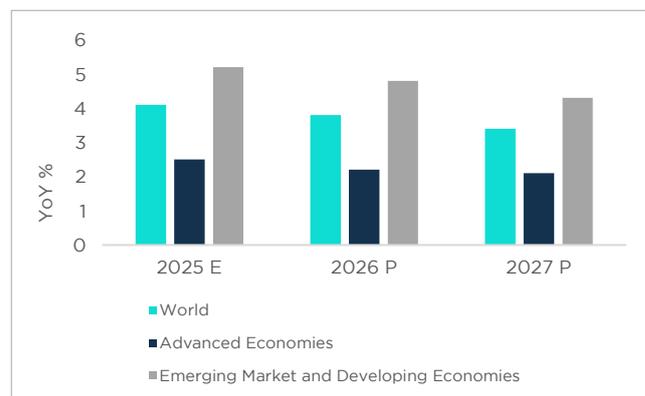
Inflation generally lower, but emerging headwinds prevalent

In January 2026, the IMF revised its estimate of global headline inflation for 2025 to 4.1% (from 4.2% in October). This is a notable decline from 5.8% in

2024. Inflation is projected to continue to slide further to 3.8% in 2026 and 3.4% in 2027, reflecting easing price pressures as demand softens and energy prices stabilise. However, the ME crisis is likely to lead to an upward revision in these projections.

Looking ahead, we note significant near-term risks to the overall inflation outlook. Rising geopolitical tensions and escalating conflict in the ME may lead to significant supply chain challenges and commodity price volatility, which could ultimately translate into higher inflation. These risks may be more pronounced in emerging markets if coupled with sharp depreciation of domestic currencies.

Inflation rates



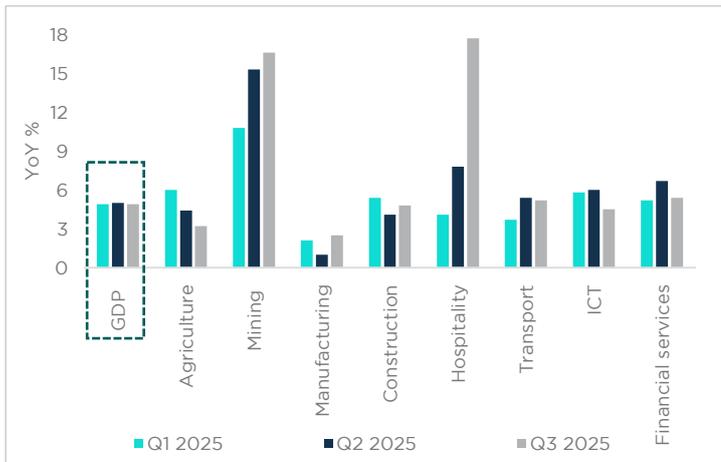
Source: IMF, CareEdge Global





Kenyan Macroeconomic Overview

Quarterly growth rates



Source: Kenya National Bureau of Statistics, CareEdge Global

Growth stronger in Q3 2025

The Kenyan economy expanded by 4.9% year-on-year (YoY) in Q3 2025, higher than the 4.2% recorded in Q3 2024 and broadly unchanged compared to Q2 2025.

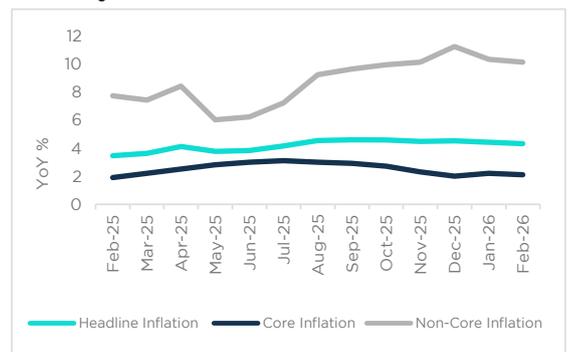
- The agricultural sector grew by 3.2%, supported by increased production of cut flowers and milk, but partly offset by decline in the production of coffee, vegetables, and fruits.
- The transportation and storage sector expanded by 5.2%, supported by increased activity in water, road, and air transport.

- Double-digit growth in the hospitality sector (17.7%) was driven by rising visitor arrivals, supported by aggressive marketing campaigns, improved air connectivity through new airline routes, and policy measures such as the Electronic Travel Authorization (ETA).

Inflation steady in February

Headline inflation printed at 4.3% in February versus 4.4% in January. Food and non-alcoholic beverages continued to exert upward pressure, up 7.3%, partly driven by higher fruit and vegetable prices. Transport costs increased by 4.0% due to petrol price hikes. The housing, water, electricity, gas and other fuels category registered an increase of 1.8%.

Monthly inflation



Source: Kenya National Bureau of Statistics, CareEdge Global

Further monetary easing in February

The Central Bank of Kenya (CBK) continued to pursue an expansionary monetary policy by cutting its benchmark lending rate by 25 bps to 8.75% in February. This decision marks the tenth consecutive easing, aimed at lowering borrowing costs and stimulating economic activity as inflationary pressures subside.

Mild deterioration in trade deficit in 2025

The goods trade deficit widened in December 2025 by Kenyan Shilling (KSh) 16 billion compared to December 2024. Exports rose 12.8% YoY in December, driven by growth in the food and beverage category. However, this was outweighed by a 14.4% increase in imports, mainly due to higher purchases of non-food industrial supplies. Consequently, the trade deficit continued to widen despite improved export performance. Overall, in 2025, the trade deficit deteriorated slightly to KSh 1.68 trillion from KSh 1.60 trillion in 2024.

Monthly trade balance



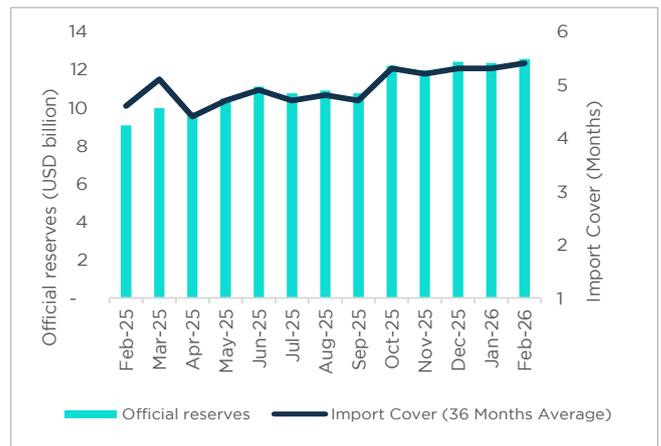
Source: Kenya National Bureau of Statistics, CareEdge Global

Improvement in reserves and import cover in February

Gross official FX reserves increased 37% YoY to USD 12.5 billion in February 2026, providing an import cover of 5.4 months. The rise in reserves reflects strong diaspora remittance inflows and improved export receipts.

The build-up in reserves over the past year suggests that Kenya's external buffers have strengthened, positioning the country to better manage potential fluctuations in imports and external shocks.

Monthly reserves and import cover

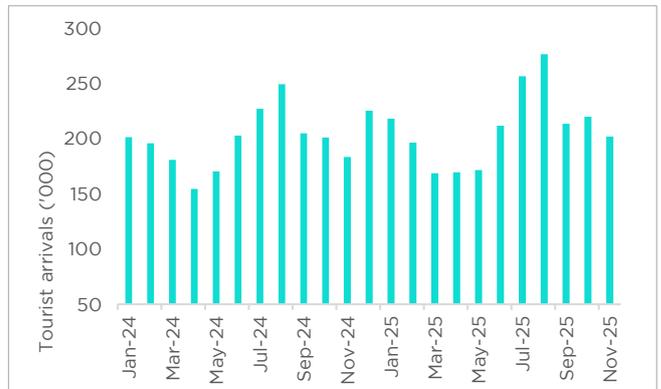


Source: Central Bank of Kenya, CareEdge Global

Cumulative tourist arrivals up in 2025

Cumulative tourist arrivals increased 6.1% YoY to 2,301,544 in 2025 (January-November). The increase was particularly pronounced during the peak tourism season (July-October), with August recording the highest number of arrivals, up 10.9% YoY. Kenya's peak tourism season during July-October is driven largely by the Great Wildebeest Migration in the Maasai Mara and the summer holiday period in the US—Kenya's leading source market, accounting for 12.8% of total international tourist arrivals.

Monthly tourist arrivals



Source: Haver Analytics, CareEdge Global

Market Performance on the NSE

Review of 2025

The year 2025 marked a great turning point for the NSE and reaffirmed Kenya's positive trajectory, one defined by resilience, sound stewardship, and a growing belief in the promise of our economy.

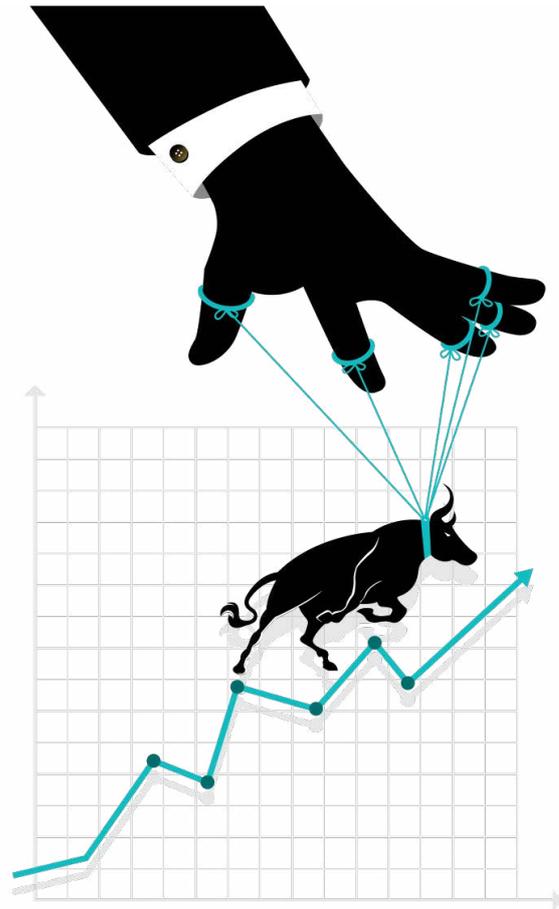
Anchored by strong macroeconomic fundamentals, both locally and globally, 2025 marked another chapter of sustained progress.

Declining interest rates, a stable currency environment, improving GDP growth, and enhanced fiscal and monetary coordination created an environment in which confidence could flourish.

In the year, market capitalisation, which measures the value of listed companies, rose by over 47.97% from KSh 1.968 trillion to KSh 3.0 trillion. This expansion reflects more than rising numbers; it signals a renewed confidence in the valuation and long-term prospects of Kenya's leading enterprises.

Buoyed by this sustained rally, the equity market recorded heightened activity, with KSh 145 billion worth of shares changing hands during the year, up from KSh 105 billion in 2024. This represented 37.28% gain in equity trading activity in the year.

The fixed income market recorded strong



performance as well, with bond turnover reaching an all-time high of KSh 2.7 trillion, a 75.5% gain from KSh 1.5 trillion recorded in 2024.

All the NSE benchmark indices also recorded growth. The NSE 20 Share Index led the charge, rallying 56.13% to close the year at 3,139.19 points. The NSE All Share Index (NASI) gained 51.1% to settle at 186.58 points, reflecting sustained price gains across all listed stocks at the NSE within the year.

Key indices	Dec 2024	Oct 2025	Change
NSE All Share Index	123.48	186.58	51.10%
NSE 20 Share Index	2,010.65	3,139.19	56.13%
NSE 25 Share Index	3,402.80	5,096.68	49.78%
NSE 10 Share Index	1,302.31	1,965.20	50.90%
NSE Bond Index	1,107.41	1,154.50	4.25%

Source: NSE

Turnover (Jan-Dec)	2024	2025	Change
Equity turnover (KSh billion)	105.97	145.47	37.28%
Bonds turnover (KSh billion)	1,544.38	2,710.42	75.50%
Derivatives turnover (KSh million)	170.10	249.69	46.79%
USP turnover (KSh million)	102.95	209.10	103.10%

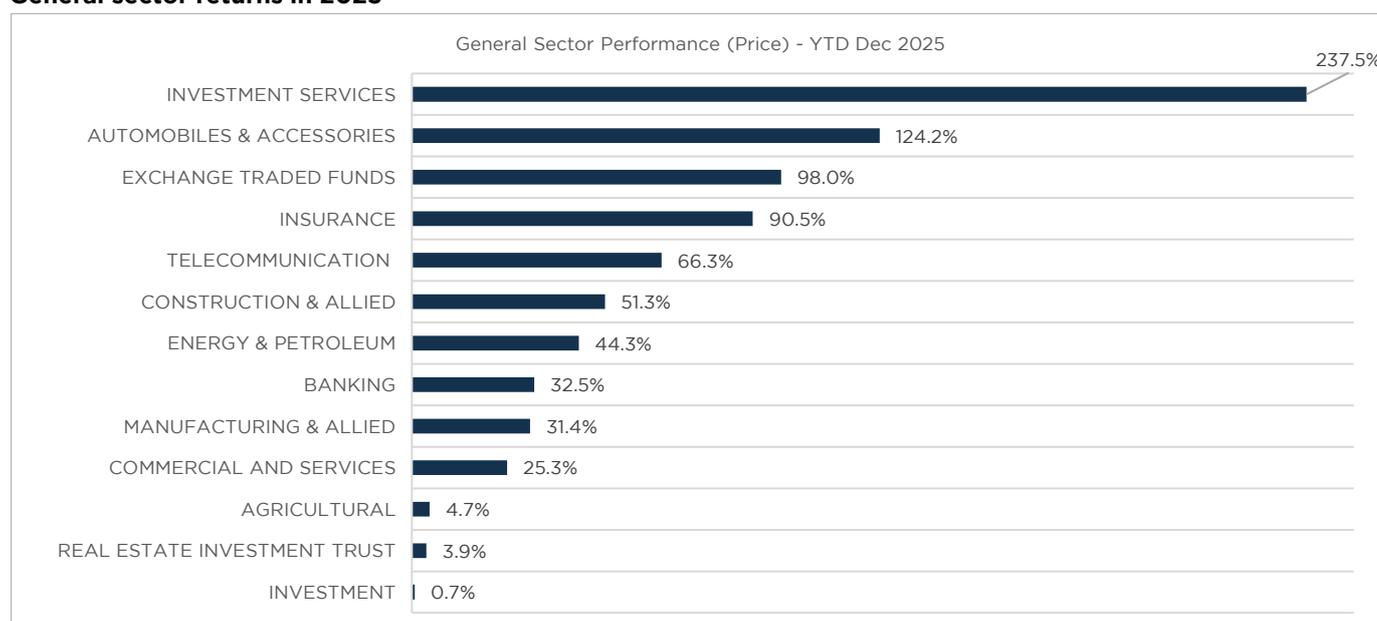
Source: NSE

End-period equities market capitalisation



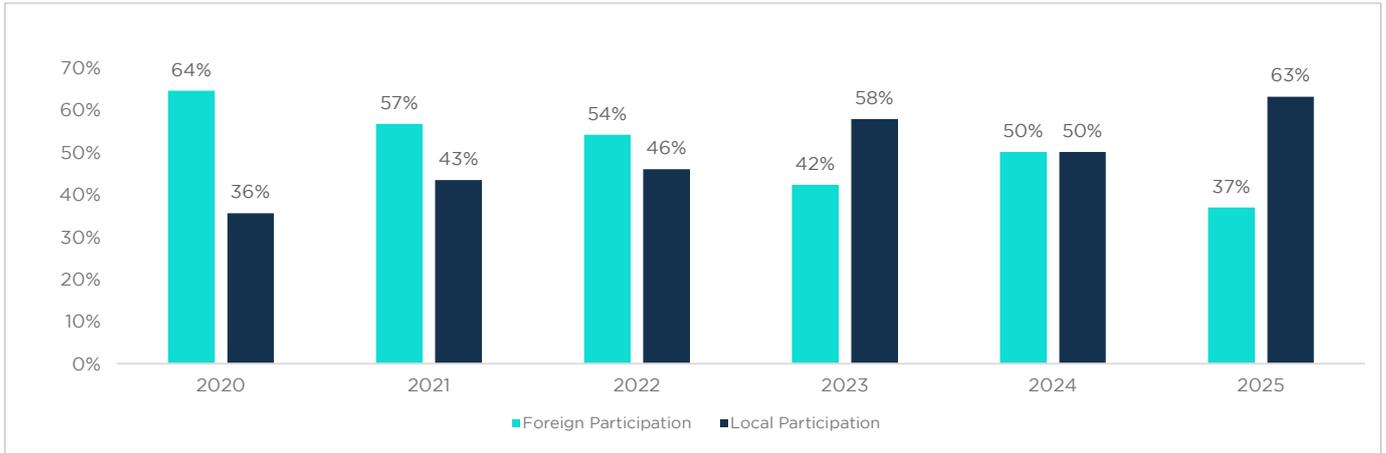
Source: NSE

General sector returns in 2025



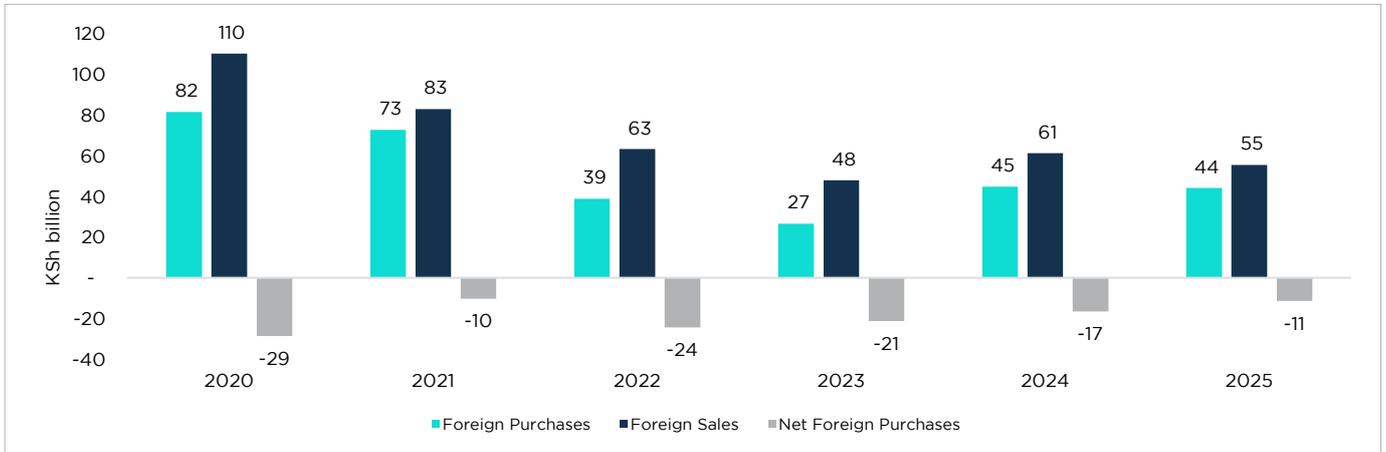
Source: NSE

Investor trading participation



Source: NSE

Foreign Transactions



Source: NSE

Outlook for 2026

The year 2026 has begun on a strong and encouraging trajectory, with the equities market sustaining robust momentum and delivering impressive valuation growth.

Market turnover surged by 80.5% in February to KSh 24.97 billion from KSh 13.84 billion in January, reflecting heightened investor activity and improved liquidity.

Market capitalisation also rose significantly by 10.6% to KSh 3.41 trillion in February, compared with KES 3.08 trillion in January, underscoring continued strength in the valuation of listed companies and renewed investor confidence in the market.

All NSE benchmark indices posted notable gains, reinforcing the broad-based nature of the market rally. The NSE All Share Index advanced by 10.6%, while the NSE 20 Share Index and NSE 25 Share Index recorded strong gains of 13.7% and 11.8%, respectively.

While foreign investor participation moderated slightly—declining by 14.1% to account for 29.5% of total traded equity value in February—the market’s overall performance remained resilient, supported by strong domestic participation and positive sentiment around economic prospects.



Performance highlights

	Jan 2026	Feb 2026	Change
NSE 20 Share Index	3,299.28	3,750.45	13.67%
NSE All Share Index (NASI)	195.36	216.08	10.61%
NSE 25 Share Index	5,321.96	5,948.29	11.77%
NSE 10 Share Index	2,046.82	2,268.39	10.83%
NSE Bond Index	1,174.14	1,202.75	2.44%
Market P/E ratio	8.44	9.33	10.55%
Market capitalisation (KSh billion)	3,083	3,410	10.61%
No. of issued shares (billion)	105.1	105.1	0.00%
No. of shares traded (million)	410	845	106.04%
No. of equity transac-tions	127,244	337,557	165.28%
Equity turnover (KSh million)-ET	13,835	24,970	80.49%
% foreign participation to ET	34.29	29.47	-14.06%
Bond turnover (KSh billion)	297	418	40.84%
Bond deals	3,975	4,785	20.38%
Derivatives turnover (KSh million)	47.4	147.89	212.00%
Derivatives deals	144	265	84.03%
KSh/USD currency ex-change	129.03	129.02	-0.01%
No. of trading days	21	20	-4.76%

Source: NSE

Analytical Contacts

Rajani Sinha
Chief Economist
rajani.sinha@careedge.in

Zaakirah Ismail
Senior Economist
zaakirah.ismail@careratingsafrica.com

Mihir Raravikar
Associate Economist
mihir.raravikar@careedgeglobal.com

Shem Ouko
Manager-Data Services & Operations
souko@nse.co.ke

Kiran Kavala
Senior Director
kiran.kavala@careedgeglobal.com

Sanroy Seechurn
Consultant
c-sanroy.seechurn@careratingsafrica.com

Novishka Ramma
Junior economist
novishka.ramma@careratingsafrica.com

Maureen Mahu
Senior Analyst-Data Services & Operations
mmahu@nse.co.ke

Relationship Contacts

Aakash Jain
Head-Corporate Affairs & Strategic Business Partnerships
+91 - 81064 00001
aakash.jain@careedge.in

David Wainaina
Head-Trading, Data & Analytics
+254 (20) 283 1000
dwainaina@nse.co.ke

Media Relations

Mradul Mishra
Director-Corporate Communications
mradul.mishra@careedge.in

Boniface Mbogo
Manager-Branding, Marketing & Communications
bmbogo@nse.co.ke



A subsidiary of CARE Ratings Limited

CareEdge Global IFSC Limited

Regd. Office: Unit No. 501, 5th Floor, FLEXONE,
Building Footprint 15C2, Block 15, Road 1C, Zone 1,
GIFT SEZ, GIFT City, Gandhinagar – 382050, Gujarat, India.
Phone: +91-7965190701 | CIN - U66190GJ2024PLC151103
Website: www.careedgeglobal.com

Connect:



Nairobi Securities Exchange PLC

Regd. Office: 55 Westlands Road, P O Box 43633,
Nairobi, 00100, Kenya.
Website: www.nse.co.ke

