

ECONOMICS AND RESEARCH WEEKLY FIXED INCOME REPORT

23rd February 2026

US Supreme Court Rules Against Global Tariffs

Last week, the Supreme Court ruled that the President lacks authority under the International Emergency Economic Powers Act (IEEPA) to impose broad-based tariffs. However, the US administration is expected to use alternative trade statutes to reinstate the struck down tariffs. Notably, the U.S. administration invoked Section 122 of the Trade Act of 1974 to impose a 10% global tariff, which would later increase to 15% and use the next 150 days to conduct further investigations around trade. Positively, this will coincide with the run up to the U.S. midterm election season, suggesting that the appetite by Congress and by voters to raise tariff rates again may be low. This could support the containment of forthcoming trade agreements and tariff adjustments.

The FOMC January meeting minutes, released earlier this week, reflected a hawkish outlook consistent with market expectations that the Federal Reserve will likely keep interest rates unchanged through at least the first half of the year. The FOMC appeared more concerned on the pace and timing of the return to 2% inflation while stating that the labor market had shown signs of stabilizing. Augmenting the case for a near term hold, the Q4 GDP report confirmed steady growth in the US at 1.4% annualized boosted by growth in consumer spending and private investment.

Kenya Taps into Eurobond Market

The sovereign successfully raised US \$ 2.25 billion in the Eurobond market through two new issues: 2034 (\$ 900Mn) and 2039 (\$1.35Bn). The proceeds will partially be utilized to refinance up to US \$ 500Mn of the 2028 and 2032 notes. The move comes against the backdrop of waning concessional flows and slow conversion of the external financing pipeline.

Indicative Rates	Previous	Current	Change (bps)
KESONIA	8.7653%	8.7756%	1.03
91-Day T-bill	7.6094%	7.5899%	(1.95)
182-Day T-bill	7.7701%	7.7500%	(2.01)
364-Day T-bill	8.9755%	8.9010%	(7.45)
Headline Inflation	4.5%	4.4%	(10.00)
Weekly T-bill Results	91D	182D	364D
Offered (Bn)	4.0	10.0	10.0
Bids Received (Bn)	13.05	11.36	46.54
Accepted (Bn)	12.98	11.36	24.74
Redemption (Bn)	13.65	9.55	17.69
New borrowing (Bn)	(0.67)	+1.81	+7.05

Notably, in the first seven months of the FY 2025/26, only 41% of the external financing budget had been realized. Against the backdrop of below-target tax collections and accelerated recurrent spending, gross domestic borrowing is running above the pro-rated budget at 114%.

We see sustained reliance on the domestic market to plug the deficit. Positively, liquidity conditions remain adequate, while investor demand remains robust. In the primary market last week, subscription in the T-bills sale stood at 295.6%, driven by healthy appetite for the 364-day paper. Yields declined marginally across all tenors, signaling continued transmission effects following the recent CBR cut. The 91-day and 182-day papers each declined by 2bps, while the 364-day yield was down 8bps.

Regional Market

Tanzania

Moody's affirmed Tanzania's rating at B1 with a stable outlook on both the local currency and foreign currency long-term issuer ratings. This broadly signals the country's economic resilience despite a turbulent political year in 2025. However, Moody's cited financing risks linked to lower access to concessional funding following the election unrest indicating higher future borrowing costs.

Rwanda

On 19th February, the National Bank of Rwanda (BNR) raised its policy rate 50 bps to 7.25%. The policy rate hike was driven by the need to curb further inflationary pressures in the economy. Currently, headline inflation stands at 8.9%, sitting above the 8% upper-band due to food and energy pressures. The MPC expects inflation to remain above the 8% mark in the first half of 2026, before returning to the target band by the end of 2026.

	UGANDA		TANZANIA		RWANDA	
Week Ending	20-Feb	13-Feb	20-Feb	13-Feb	20-Feb	13-Feb
91D T-Bill	10.11%	10.11%	5.09%	5.09%	8.11%	8.19%
182D T-Bill	11.66%	11.66%	5.95%	5.95%	8.42%	8.37%
364D T-Bill	12.50%	12.50%	6.23%	6.23%	8.70%	8.66%
O/N rate	10.70%	9.97%	6.21%	5.0%	7.25%	7.0%
CBR	9.75%	9.75%	5.75%	5.75%	7.25%	6.75%