ECONOMICS AND RESEARCH WEEKLY FIXED INCOME REPORT

9th February 2026

Key Central Banks Maintain Rates as their Respective Economies Remain Resilient.

Last week, the European Central Bank (ECB) held all the three benchmark rates unchanged in their first policy meeting of the year. This follows a similar move by the US Federal Reserve in January. Overall, the ECB governing council noted that the region remains resilient against the backdrop of a low unemployment rate, solid private sector and the rollout of public spending on defense and infrastructure. However, forward guidance on future rate cuts remained murky. Although, with inflation, currently at 1.7% and leading indicators signaling improvement in business conditions, the ECB may remain on hold through the first half of the year.

Similarly, the Bank of England held the Bank Rate the current level of 3.75% last week. Unlike the ECB, the market is still pricing in room for interest rate cuts, given the evident need to spur growth. Notably, UK's real GDP growth was revised down to 0.9% from 1.2%, previously. Meanwhile, the unemployment rate is forecast 30bps higher at 5.3%.

Overall, recent central bank measures seem primarily focused on domestic considerations, notwithstanding increased risks arising from external influences such as geopolitical tensions. Hence, with broad global economic resilience expected to continue, we see that providing room for global interest rates to decline further this year.

Closer home, we similarly expect the central bank's MPC to focus on domestic considerations as they convene on 10th February.

Specifically, amid well contained inflation, currently at 4.4%, focus will lean more on spurring credit growth and economic activity given signs of subdued aggregate demand level. Overall, the odds for a cut in the Central Bank Rate (CBR) appear higher relative to a hold.

In the primary market, we expect the local yields to take cue from the MPC's decision this week. Movement on the short-end of the curve has remained subdued with the T-bill rates last week holding at 7.6298%, 7.7881% and 9.1999% for 91-day, 182-day and 364-day papers, respectively. The auction performance continues to be supported by adequate market liquidity. Notably, KES 63.3Bn was bid against KES 24Bn on offer, out of which KES 50Bn was accepted.

Regional Markets

Uganda

The Bank of Uganda's Monetary Policy Committee meets this week for the first policy setting meeting of 2026. The meeting comes against the backdrop of resilient growth, well-contained inflation at 3.2% and continued support to the Uganda shilling. The MPC is therefore likely to keep a restrictive monetary stance to manage expansionary fiscal policy during the general elections. The policy rate is now at 9.75%.

Tanzania

In the primary market last week, investors continued to reveal their preference for long-term government securities. Evidently, the 25-year Treasury bond with a coupon of 13.25% was oversubscribed by TZS 1,376.26Bn. High demand for the issue, pushed the weighted average yield lower at 12.06% from 13.21% previously.

Indicative Rates	Previous	Current	Change (bps)
Interbank rate	8.9957%	8.9917%	(0.4)
91-Day T-bill	7.6326%	7.6298%	(0.28)
182-Day T-bill	7.8000%	7.7881%	(1.19)
364-Day T-bill	9.2066%	9.1999%	(0.67)
Headline Inflation	4.4%	4.5	(10.00)
Weekly T-bill Results	**91D**	**182D**	**364D**
Offered (Bn)	4.0	10.0	10.0
Bids Received (Bn)	12.96	0.50	50.83
Accepted (Bn)	12.96	0.50	36.58
Redemption (Bn)	15.29	7.58	38.42
New borrowing (Bn)	(2.33)	(7.08)	(1.84)

	UGANDA		TANZANIA		RWANDA	
Week Ending	6-Feb	30-Jan	6-Feb	30-Jan	6-Feb	30-Jan
91D T-Bill	10.75%	10.75%	9.76%	9.76%	8.038%	8.00%
182D T-Bill	12.32%	12.32%	5.89%	5.89%	8.33%	8.35%
364D T-Bill	13.99%	13.99%	6.23%	6.23%	8.55%	8.52%
O/N rate	10.54%	10.65%	6.68%	6.68%	6.87%	6.87%
CBR	**9.75%**	**9.75%**	**5.75%**	**5.75%**	**7.75%**	**7.75%**