ECONOMICS AND RESEARCH WEEKLY FIXED INCOME REPORT

10th August 2026

Global Markets Likely to Brace for Longer Uncertainty Amid Slow US-Iran Talks

Last week, markets opened on a positive note supported by renewed US-Iran talks, but the optimism faded as negotiations closed with little progress. Amid this stance, US has signalled it would maintain its economic and financial pressure on Iran through a blockade of Iranian sea ports and a freeze on foreign reserves. Consequently, sea traffic through the Strait of Hormuz remains halted, hence sustaining supply chain disruptions. As a result, crude oil prices ticked up towards the end of the week closing at $83.55 per barrel, lower than $86.79 levels in the previous week. Markets now expect the Middle East conflict to persist longer than earlier projected. However, the US capacity to sustain attacks on Iran is increasingly in question amid a notable depletion of weapon as illustrated by the Pentagon's call last week for the US defense industry to ramp up production of stockpiles. This constraint could support the current ceasefire holding for several more weeks. That said, Brent crude is expected to trade within an $80–$90 per barrel range having opened at $84 per barrel today.

Globally, the US Initial jobless claims print came at 199k, a historical low of below 200k market and slightly under the 202k market expectations. The print signalled broadly stable labour market conditions, consistent with the Fed's assessment at its July meeting. Conversely, the non-farm payroll registered a cut of 23k jobs, contrary to market expectations of 80k growth, partly reflecting the fading boost from the FIFA World Cup. Overall, the unemployment rate eased to 4.1% in July from 4.2% in June. On growth, US ISM Manufacturing PMI for July surged to 55.6, exceeding the consensus forecast of 54.0 signalling solid expansion from the 53.3 recorded in June.

Domestically, this week is pivotal for interest rates outlook. Firstly, The Central Bank Monetary Policy Committee is set to hold its fourth meeting this week. The market consensus points to a policy rate hold with the committee more likely to adopt a conventionally approach in its decision. We portend that a policy rate hold is more feasible to support the weak growth prospects amid elevated inflation risk. A conventional approach at this juncture not only supports economic growth but also likely to instill stability and predictability in the interest rates outlook. Secondly, is the re-opened infrastructure bonds are scheduled for trade this week whereby the sovereign has re-opened IFB1/2019/016, IFB1/2021/018 and IFB1/2021/021 targeting to raise KES 150Bn for infrastructural funding. Despite sticky rates projections on the short end, we contend that the papers are likely to be oversubscribed largely supported by market liquidity and upcoming maturities. Expectedly, the papers are likely to trade at a premium having traded below their respective coupon.

Meanwhile, the treasury bill auction activity is likely to remain relatively flat this week with bid near the offer levels, similar to last week where KES 29.97Bn was bid against KES 28Bn on offer. Yields closed at 8.7820% for 91-day, 8.95% for 182-day and 9.0042% for 364-day treasury bill.

Regional Markets

Last week, the Bank of Tanzania amended its FX regulations allowing non-resident investors to access government securities. This move is expected to deepen Tanzania's financial market. That said, strong investor appetite and ample liquidity continued to support market activity. Consequently, 13.25% 25 Year bond was oversubscribed at TZS 1.446Tn against TZS 414.19Bn on offer. The weighted average yield dropped by 30 basis point to close at 11.58%.

In Uganda, the IMF Executive Board hold a strong economy stance since the expiration of the 2021–24 Extended Credit Facility. Real GDP growth reached 6.3% in FY2025/26 (Q1–Q3) and projected above 6.0% in the near-term. However, fiscal position appears largely weak.

Indicative Rates	Previous	Current	Change (bps)
Interbank rate	8.7500	8.7504	+0.04
91-Day T-bill	8.7882	8.7820	(0.62)
182-Day T-bill	8.9545	8.9500	(0.45)
364-Day T-bill	9.0169	9.0042	(1.27)
Headline Inflation	6.4	6.5	+10.00
Weekly T-bill Results	**91D**	**182D**	**364D**
Offered (Bn)	8.0	10.0	10.0
Bids Received (Bn)	13.59	10.17	6.21
Accepted (Bn)	13.10	9.21	6.21
Redemption (Bn)	9.86	0.46	12.97
New borrowing (Bn)	+3.25	+8.74	(6.77)

	UGANDA		TANZANIA		RWANDA	
Week Ending	31-Jul	07-Aug	31-Jul	07-Aug	31-Jul	07-Aug
91D T-Bill	10.00%	10.00%	3.35%	3.35%	8.33%	8.33%
182D T-Bill	10.40%	10.25%	4.78%	4.78%	8.30%	8.46%
364D T-Bill	11.50%	10.99%	7.03%	7.03%	8.54%	8.50%
O/N rate	9.72%	9.64%	5.63%	6.47%	8.25%	8.25%
CBR	**9.75%**	**9.75%**	**6.25%**	**6.25%**	**8.25%**	**8.25%**