ECONOMICS AND RESEARCH WEEKLY FIXED INCOME REPORT

14th September 2026

Rising Oil Price and Bond Yields Limit Central Banks' Scope to Delay Action

GEOPOLITICS	CENTRAL BANK POLICY	US INFLATION	REGIONAL HEADLINE CPI
Persistent Middle East Tensions. Brent above $ 100/bbl	**ECB hikes interest rates by 25 basis points**	**US Headline CPI at 3.4%**	**Tanzania: 4.3% | Rwanda: 15.7%**

GLOBAL MARKETS

ECB Policy Rate Hike | Fed and BoJ Meetings in Focus

Major Central Bank Meetings in Focus this Week

Developments out of the Middle East last week worsened as attacks around the region's two most important oil transit routes deepened concern over global energy supplies. As a result, Brent crude prices rose to $104 per barrel, an increase of 8% in the week. In the latest International Energy Agency (IEA) report, global oil supply is set to fall by 5.7 mb/d this year and as markets brace for longer energy flow normalization, global oil demand is projected to fall by 2.5 mb/d. The supply deficit necessitates continued drawdown of observed global oil inventories, so far down by 507 million barrels since March to stand at 7.8 billion barrels. Refined products face greater pressure as Russia's diesel-export ban and reduced refinery capacity cut Gulf supplies by 60% from February levels, driving a 30% rise in diesel prices in August.

Against this backdrop, the European Central Bank (ECB) hiked its benchmark rates by 25-bps last week. The ECB expects inflation to average 3.0% this year and 2.6% in 2027. Hence, the ECB's future actions will remain dependent on energy prices and growth resilience. If energy prices prove out of control, the ECB may hike interest rates again.

Into this week, several major central bank meetings will be in focus. The September 16 FOMC meeting is likely the most anticipated by the market. The recent jump in short term US Treasury yields implies that the Federal Reserve is the curve's driver. Illustratively, the 2-year UST touched its highest since July 2024 and settled at 4.58% on Friday from 4.37% previously. Expectations for tightening were fueled further by the US CPI report which saw headline and core CPI at 3.4% and 2.4%, respectively. More notable is that inflation is not out of control. To this end, the market has priced a rate hike at 88% but the committee would need to delicately balance a healthy labor market against this sticky inflation. Hence, we think it will likely be a close call for the FOMC with three committee members already favoring a hike.

Consequential too in the week, we have scheduled meetings for the Bank of Japan and the Bank of England. The BoJ is widely expected to raise interest rates by 25 basis points, while the BoE will remain patient, holding the bank rate at 3.75%.

DOMESTIC MARKET

Kenya

Fluid Liquidity Conditions Expected Through the Remainder of Q3, but Overall Conditions Stable

The interbank landscape remains stable with ample liquidity in supply. Underpinning this, the central bank intervened to mop up excess liquidity to the tune of KES 156.79Bn. Resultantly, the interbank rate has held steady around 8.75%. Into the close of the third quarter, a combination of tax payments, increased balance sheet activity by banks and sustained borrowing activity by the sovereign may place some pressure on local currency funds. Although, high outstanding repos (KES 172Bn) and coupon payments will offset most of this pressure. To this end, we do not see any material impact to primary market subscriptions, and thus interest rates.

REGIONAL MARKETS

Tanzania | Rwanda

Tanzania Inflation Relatively Contained, While Rwanda Inflation Accelerates

Tanzania's headline inflation ticked up to 4.3% in August, up from 4.2% in July. Meanwhile, core inflation rose to 4.1% relative to 3.9%, previously. Price pressure majorly stemmed from an increase in energy prices, with the index up 8.5% relative to 6.9% in July. Meanwhile, softer food prices at 3.7% relative to 4.1% helped tame the overall acceleration. Inflation is expected to move toward 5.0% at current oil price level. Consequently, we expect the Bank of Tanzania to remain cautious into the October MPC meeting.

In Rwanda, the Urban Consumer Price Index (CPI), increased by 15.7% in August 2026, up from 14.5% in July 2026. Pressure largely stemmed from higher food and transport inflation. Meanwhile, August core inflation was recorded at 10.3% in comparison to 10.0% in July. Overall, the lagged transmission from the recent policy tightening will keep inflation substantially above the central bank's 8% target in the near-term.

KENYA SHORT-TERM INTEREST RATES DASHBOARD

Week ending 11 September 2026

Indicative rates (%)	Previous	Current	Δ w/w (bps)
Interbank rate	8.7555	**8.7504**	▼ -0.51
91-Day T-bill	8.7687	**8.7674**	▼ -0.13
182-Day T-bill	8.9331	**8.9296**	▼ -0.35
364-Day T-bill	9.0737	**9.0665**	▼ -0.72
Headline inflation (y/y)	6.5%	**6.6%**	▲ +0.1 pp
Weekly auction (KES Bn)	**91D**	**182D**	**364D**
Offered	8.0	10.0	10.0
Bids received	29.58	12.97	12.96
Accepted	29.39	11.31	12.58
Performance rate	**369.8%**	**129.7%**	**129.6%**
Redemptions	27.42	8.19	11.96
Net new borrowing	+1.97	+3.12	+0.62

Source: Central Bank of Kenya, NCBA Research

	UGANDA			TANZANIA			RWANDA		
Week ending	**4-Sep**	**11-Sep**	**Δ bps**	**4-Sep**	**11-Sep**	**Δ bps**	**4-Sep**	**11-Sep**	**Δ bps**
91D T-bill	9.75%	9.75%	— 0.00	3.40%	3.42%	▲ +2.00	8.28%	8.34%	▲ +6.00
182D T-bill	10.00%	10.00%	— 0.00	5.05%	4.92%	▼ -13.00	8.38%	8.38%	— 0.00
364D T-bill	10.99%	10.99%	— 0.00	6.65%	6.47%	▼ -18.00	8.54%	8.55%	▲ +1.00
O/N rate	9.88%	9.12%	▼ -76.00	6.75%	6.50%	▼ -25.00	8.78%	8.78%	— 0.00
Central bank rate	**9.75%**	**9.75%**	— 0.00	**6.25%**	**6.25%**	— 0.00	**8.25%**	**8.75%**	▲ +25.00

Source: Regional central banks, NCBA Research

THE WEEK AHEAD

THIS WEEK	THIS WEEKLY	THIS WEEK	WEEKLY
Various central bank meetings	**UK CPI**	**August Exchequer Report**	**T-bill Auction**
US Fed, BoJ and BoE	A crucial data point for the September BoE decision	Fiscal outcomes for FY 2026/27	KES 28Bn on offer; demand robust.

Contacts: NCBA Economic Research | NCBAEconomicResearch@ncbagroup.com | +254 (0) 20 288 5468