ECONOMICS AND RESEARCH WEEKLY FIXED INCOME REPORT

9th November 2026

Results of the US mid-term elections drive markets in divergent direction

GEOPOLITICS	GLOBAL FIXED INCOME MARKET	ECONOMIC ACTIVITY	KENYA PRIMARY AUCTIONS
Markets react to US mid-term election outcome	Global bond yields decline	Resilient and uncertain	Decent demand across all tenors

GLOBAL MARKETS

Global risks sentiments reversals following US mid-term elections outcomes.

There is usually a reason why markets get concerned about every US election, including the mid-term ones. The 2026 mid-term elections clearly demonstrated this. As of end of last week, Brent crude closed at USD 97.0 per barrel, down from USD 117.8 at the end of October having touched a low of USD 93.7 on Thursday following the "Blue wave" in the US.

Markets were quick to price in a limitation on President Trump's play book regarding the war in Iran and the US Senate's democratic leader's pledge to pursue an end to the war. However, this headline news is constrained as to how far it can lower oil prices without a proper resolution of the conflict. In the near-term, markets will monitor any progress in US-Iran mediated talks and comments on what Iran is willing to forego. Thus, geopolitical developments remain unpredictable and therefore the results of the US mid-term elections should not be interpreted to solely change near-term market outcomes.

Added momentum to a US-Iran deal lifts sentiment in frontier markets

Nonetheless, continued lower oil prices would make it easier for central banks to reassess their recent hawkish stance and probably begin to think about policy rate cuts later next year. That said, the Fed funds futures still see a high probability of a 25bps hike in December and are pricing in a total hike of 37bps by end-2027 compared to 56bps a week ago. We however take this with caution pending this week's US inflation data that could prove more relevant to us. If at all, it shows that inflationary pressure is not easing, it could give the US Federal monetary committee a reason to hike again in December.

For Emerging and Frontier markets, these energy market developments could cap further US dollar strengthening, thus lowering inflationary threats through currency depreciation in the near-term. Moreover, the decline in US Treasury yields, with the 2-year falling by 12% over the last weak spells a sigh of relief to global financial conditions. However, this is unlikely to fall significantly further given little change in US fiscal risk concerns.

Relatedly, against this backdrop of a sharp reversal in global risk sentiment last week, Kenya's Eurobond yields dropped. This saw the 2028 and 2031 papers at 7.13% and 7.67%, respectively from 7.30% and 7.98%, respectively a week earlier.

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Domestic and Regional Market

Different drivers result in high demand for government paper across the region

The sovereign appears to benefit from decent demand for its primary issues last week, with KES 67.7 billion worth of bids for the KES 28.0 billion on offer for short term securities. We anticipate that the push factors including low private sector credit growth, ample liquidity within both private sector and government bodies and a general sense of uncertainty will continue into first quarter of 2027.

Similarly, in the region, Tanzania saw its most recent 364-day Treasury paper auction oversubscribed with total bids at TZS 240.0 billion against TZS 169.0 billion on offer. However, the sovereign only accepted TZS 169.0 billion. The results saw the paper close at 6.13%. In Uganda, liquidity conditions tightened, with overnight funds now averaging higher at 12.61% and the one-week tenor trading around 13.11%. However, this did not dampen demand for government securities given the attractive yields. The recent Treasury bill auction was oversubscribed, with the fiscal agent receiving approximately UGX 1.08 trillion in bids against an offer of UGX 350 billion. Monetary aggregates appear disproportionate as the MPC meets today which points to a longer period before the currency corrects fully.

KENYA SHORT-TERM INTEREST RATES DASHBOARD

Week ending 06 December 2026

Indicative rates (%)	Previous	Current	Δ w/w (bps)
Interbank rate	8.7502%	8.7517%	▲ +0.15
91-Day T-bill	8.7498%	8.7500%	▲ +0.02
182-Day T-bill	8.8508%	8.8450%	▼ -0.58
364-Day T-bill	9.0288%	9.0282%	▲ +0.21
Headline inflation (y/y)	7.3%	7.3%	— 0.00
Weekly auction (KES Bn)	**91D**	**182D**	**364D**
Offered	8.00	10.00	10.0
Bids received	34.50	21.89	11.31
Accepted	34.46	7.43	11.24
Performance rate	**431.23%**	**218.93%**	**113.11%**
Redemptions	13.32	15.09	23.90
Net new borrowing	+21.14	-7.66	-12.66

Source: Central Bank of Kenya, NCBA Research

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	UGANDA			TANZANIA			RWANDA		
Week ending	**30-0ct**	**6-Nov**	**Δ bps**	**30-0ct**	**6-Nov**	**Δ bps**	**30-0ct**	**6-Nov**	**Δ bps**
91D T-bill	11.25%	11.20%	▼-5.00	3.64%	3.64%	— 0.00	8.77%	8.76%	▼-1.00
182D T-bill	13.40%	13.00%	▼-40.00	5.57%	5.57%	— 0.00	8.80%	8.79%	▼-1.00
364D T-bill	14.50%	14.75%	▲+25.00	6.13%	6.13%	— 0.00	8.91%	8.88%	▼-3.00
O/N rate	12.62%	13.21%	▲+59.00	6.59%	6.38%	▼-21.00	8.77%	8.75%	▼-2.00
Central bank rate	**12.00%**	**12.00%**	— 0.00	**6.25%**	**6.25%**	— 0.00	**8.75%**	**8.75%**	— 0.00

Source: Regional central banks, NCBA Research

THE WEEK AHEAD

THIS WEEK **Various Fedspeaks** More hawkish stance	**THIS WEEK** **US October CPI** +0.24 to +0.3% m/m	**THIS WEEK** **Bank of Uganda MPC meeting** Policy rate hold at 12%	**WEEKLY** **T-bill Auction** KES 28Bn on offer; demand robust.

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