



Central Bank of Kenya



AGRICULTURE SECTOR SURVEY

July 2026

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1. BACKGROUND

The agriculture sector survey collects data on indicative prices of select food commodities as well as information about previous and expected output for select food crops. The survey also gathers information about the expected change in acreage and output harvested as well as the expected change in the prices of select food commodities one and three months ahead. Additionally, the survey collects information about the expected change in headline inflation, and the factors that underpin the expectations. Respondents are also asked to indicate how the expected performance of the agriculture sector and the overall economy will evolve three months and one year ahead and the underlying reasons for the expectations. In relation to financing of agriculture sector activities, the survey gathers information about whether sampled farmers borrowed to finance farming activities and the sources of farm credit. This information can shed light on whether there are any shifts in farmers' preferences in terms of where they source farm credit and how the preferences vary depending on farm size, that is, whether small, medium or large scale.

The information gathered is useful in informing monetary policy formulation since developments in the agriculture sector impact domestic food prices and hence headline inflation. The sector's performance has a direct implication on overall economic performance as well as indirect impacts through forward and backward linkages with other sectors of the economy. The growth of the sector recovered significantly in the first quarter of 2026, expanding in real terms by 4.9 percent, compared to a contraction of 1.3 percent in the fourth quarter of 2025. The poor performance in the last quarter of 2025 was largely due to inadequate rainfall in most parts of the country during the October-December 2025 rain season.

Based on Economic Survey 2026 published by the Kenya National Bureau of Statistics (KNBS), the performance of the agriculture sector in the first quarter of 2026 was supported by an improvement in tea production, cane deliveries and milk deliveries to processors. For instance, tea production increased by 3.1 percent to 141.1 thousand metric tonnes from 136.9 thousand metric tonnes in the first quarter of 2025. Similarly, cane deliveries increased by 6.2 percent to stand at 2,505.4 thousand metric tonnes in the first quarter of 2026, while the volume of milk deliveries to processors increased to 249.7 million litres, from 244.4 million litres in the first quarter of 2025. The increase in milk production has to a large extent supported the observed stability in milk prices.

Monetary policy decision making at CBK uses a wide range of information from diverse sources, both domestic and external. The forward-looking nature of CBK's monetary policy framework necessitates use of past and current information, as well as having insights on the outlook of inflation and other relevant variables. It is for this reason that the MPC conducts the monthly surveys of the agriculture sector to not only gather information about indicative prices of select food commodities but also on actual and expected food harvests as well as get insights about likely evolution of consumer prices over one and three months horizons.

In view of the centrality of food commodities in the Kenya CPI¹, developments in the agriculture sector are of special interest due to their impacts on not only aggregate output but also on inflation. It is in view of these considerations that the Monetary Policy Committee (MPC) of the Central Bank of Kenya (CBK) continuously monitors developments in the sector through a survey conducted in select regions across the country to gather information on indicative prices of basic food commodities, output and expected trends.

More specifically, the survey focuses on the following:

- i. Indicative prices of select key agricultural food items and the general price expectations.
- ii. Assessment of output and acreage of select food items, and expectations.
- iii. Access to, usage and barriers to farm inputs for agricultural production.
- iv. Factors affecting agricultural production and marketing/sale of farm produce.
- v. Indicative information on access and use of credit facilities.
- vi. Suggestions on how to improve agricultural production.

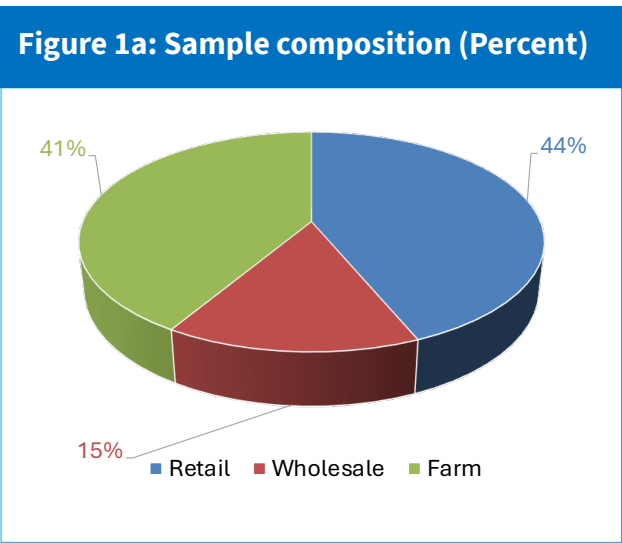
1. The Kenya CPI has thirteen (13) Divisions, based on the Classification of Individual Consumption According to Purpose (COICOP), the international reference classification of household expenditure developed by the United Nations Statistics Division.

2. METHODOLOGICAL FRAMEWORK

The July 2026 survey, like previous MPC agriculture sector surveys gathered information on wholesale and retail prices of select food items, expectations regarding changes in prices and output, and factors that affect agricultural production. The survey drew respondents from select wholesale and retail markets and farms in key food basket regions. These included Nairobi Metropolitan area, and neighbouring counties such as Kiambu, Kajiado and Machakos. Other areas covered included Naivasha, Gilgil, Nakuru, Narok, Bomet, Kericho, Kisumu, Mombasa, Taita-Taveta, Makueni, Kisii, Eldoret, Kitale, Nyandarua, Nyahururu, Mwea, Isibania, Meru, Nyeri, Murang'a, Laikipia, Isiolo,

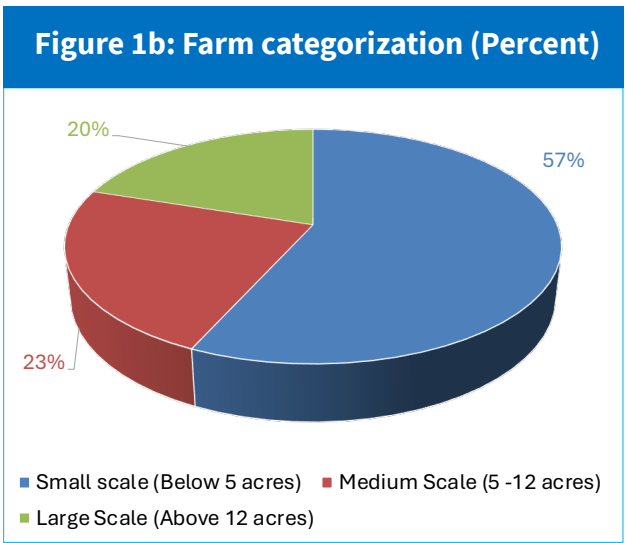
Oloitoktok, Namanga, and Molo and some parts of Western Kenya.

The coverage and scope of the survey has continued to expand over time, thereby enhancing the response rate. The data was collected through face-to-face interviews with retailers, wholesalers and farmers in select markets and farms. A total of 389 respondents were sampled out of which farmers and retailers accounted for 41 percent and 44 percent, respectively, while wholesalers accounted for 15 percent **(Figure 1a and 1b).**



Analysis of the information collected was undertaken using both quantitative and qualitative approaches, with findings presented using summary tables and/or charts. The Balance of Opinion (BOO) is a key tool used in the analysis to show on a net basis the expected directional change in relation to variables of interest such as retail and wholesale prices of select food commodities, acreage under crop and output. In general, the BOO metric reveals the net position with regard to responses to select questions such as respondents' expectations about future prices and economic performance. The BOO is generally defined as the difference between the proportion of respondents having expressed a positive opinion and the proportion of respondents having expressed a negative opinion divided by the total number of respondents. The computation of BOO facilitates conversion of qualitative responses into quantifiable values.

For instance, with regard to inflation, the survey sought respondents' views about whether they expected inflation to increase, remain unchanged or decrease in



the next one month and three months ahead. The BOO gets the net positions of respondents and therefore helps shed light on the direction where, on balance, most of the responses are concentrated, after taking into account all the responses to a particular question. It is important to note that a respondent's expectations about inflation or economic performance could vary depending on the time horizon, for instance, a respondent could expect inflation to increase one month ahead but decrease three months ahead, and vice versa. The same applies to expectations about economic performance.

The survey also sought to understand how respondents expect the agriculture sector to perform in the next three months and one year ahead. The objective is to have separate expectations for agriculture sector performance and overall economic growth since expectations about the two can differ significantly despite the former being a sub-set of the latter. Overall economic performance encompasses the industrial and service sectors, in addition to agriculture.

3. MAIN HIGHLIGHTS FROM THE SURVEY

This section highlights the key findings from the July 2026 survey, as follows:

- Monthly price changes for most sampled food items were generally less pronounced in July 2026 relative to June 2026.
- Price expectations point to modest price increases for sampled food commodities in the core CPI but mixed for the non-core basket, reflecting the differential impact of seasonal factors on the sampled food commodities.
- Inflation expectations over the next one and three months point to modest increase, largely driven by concerns about food supply due to inadequate rainfall in key food basket areas, and uncertainties surrounding the evolution of energy and fuel prices due to US-Iran war and the broader Middle East conflict.
- Optimism regarding the performance of agriculture sector was relatively subdued in July 2026 survey relative to May 2026, largely reflecting concerns about the likely impact of depressed rainfall in the second and third quarters of 2026 in some regions.
- Optimism about the overall economy improved in July 2026 relative to May 2026 mainly driven by favourable rainfall outcomes on some parts of the country, the expected improvement in output due to expected favourable rainfall in the fourth quarter of 2026 and expectations for strong performance of the non-agriculture sector supported by Government activities.

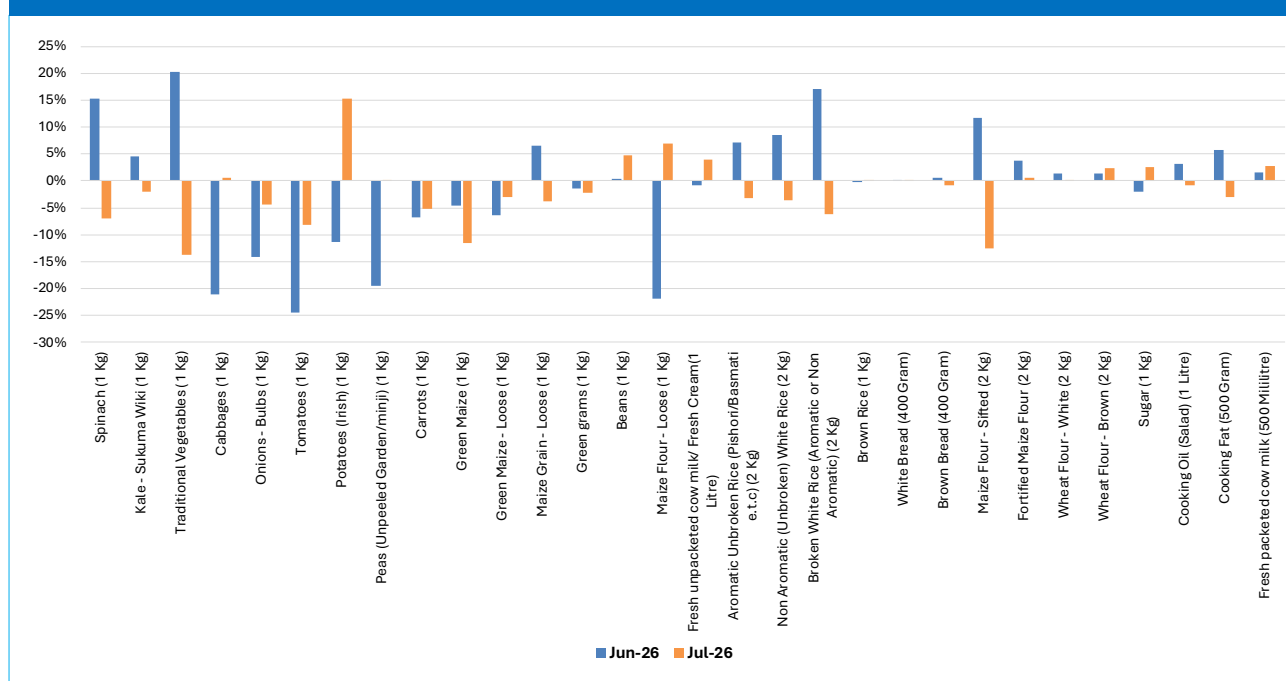
vi. Use of irrigation is relatively limited, with 78 percent of the farmers sampled in July 2026 reporting they mainly depend on rain-fed agriculture (**Annex Figure 10**).

vii. Access to subsidized fertilizer remained high with 62 percent of sampled farmers in July 2026 reporting to have benefited. In addition, subsidized fertilizer was reported by 81 percent of the farmers sampled in the July 2026 survey as the most critical intervention needed to enhance agricultural production (**Annex Figure 11**).

3.1 Prices of key agricultural commodities

The analysis of the data shows that monthly price changes across the sampled food commodities in the core and non-core categories were generally more moderate in July 2026 compared with June 2026². Price movements varied across individual commodities, with potatoes recording a notable increase, while several other sampled commodities recorded relatively small changes. In contrast, prices of traditional vegetables, onions, carrots, and selected maize products declined during the month. Overall, the relatively moderate price movements observed in July largely reflected seasonal factors and relative stability in pump prices (**Figure 2**).

Figure 2: Monthly changes in retail prices of select food items (Percent)



2. The price changes of the sampled food items are indicative and may differ in magnitude and direction from those reported by the KNBS. The KNBS CPI and inflation report published monthly has the final price outcomes.

3.2 Expected price changes for select food items

The Balance of Opinion (BOO) from the July 2026 survey indicates mixed expectations for price changes across the sampled food commodities one month ahead, with respondents expecting prices of some commodities to increase while others are expected to decline (**Figure 3a**). Compared with the June 2026 survey, however, expectations for price increases generally moderated across most sampled food commodities. Price declines were expected for some fresh vegetables and maize products, while potatoes were a notable exception, recording relatively strong expectations for price increases. Overall, the findings point to relatively moderate near-term food price pressures, although expectations vary across individual commodities.

For sampled food commodities in the core CPI basket, the proportion of respondents expecting price increases was generally lower in the July 2026 survey compared with the May 2026 survey (**Figure 3b**). The moderation was particularly pronounced for maize and wheat products, sugar, cooking oil and cooking fat. For instance, the proportion of respondents expecting an increase in fortified maize flour prices

declined from 36 percent in May to 5 percent in July, while that for white wheat flour declined from 42 percent to 8 percent. Similarly, the proportion of respondents expecting increases in salad cooking oil prices declined from 48 percent to 15 percent, while that for cooking fat declined from 45 percent to 1 percent. Overall, the findings suggest modest upward price expectations for sampled core food commodities in the near term.

Price expectations for sampled food commodities in the non-core CPI basket were mixed in the July 2026 survey, with respondents anticipating price increases for some commodities and declines for others (**Figure 3c**). Expectations for price increases were particularly notable for potatoes, traditional vegetables, peas, spinach and fresh unpacked milk. On the other hand, price declines were expected for tomatoes, onions and leeks, carrots, maize grain and maize flour. Notably, expectations for tomato prices shifted from an increase of 24 percent in May to a decline of 23 percent in July, while maize flour shifted from an expected increase of 13 percent to a decline of 21 percent. Overall, the findings indicate mixed near-term price expectations across non-core food commodities, reflecting seasonal and commodity-specific supply conditions.

Figure 3a: Balance of opinion in July 2026 on expected price changes one month ahead (that is, August 2026) for select food commodities (Percent of respondents)

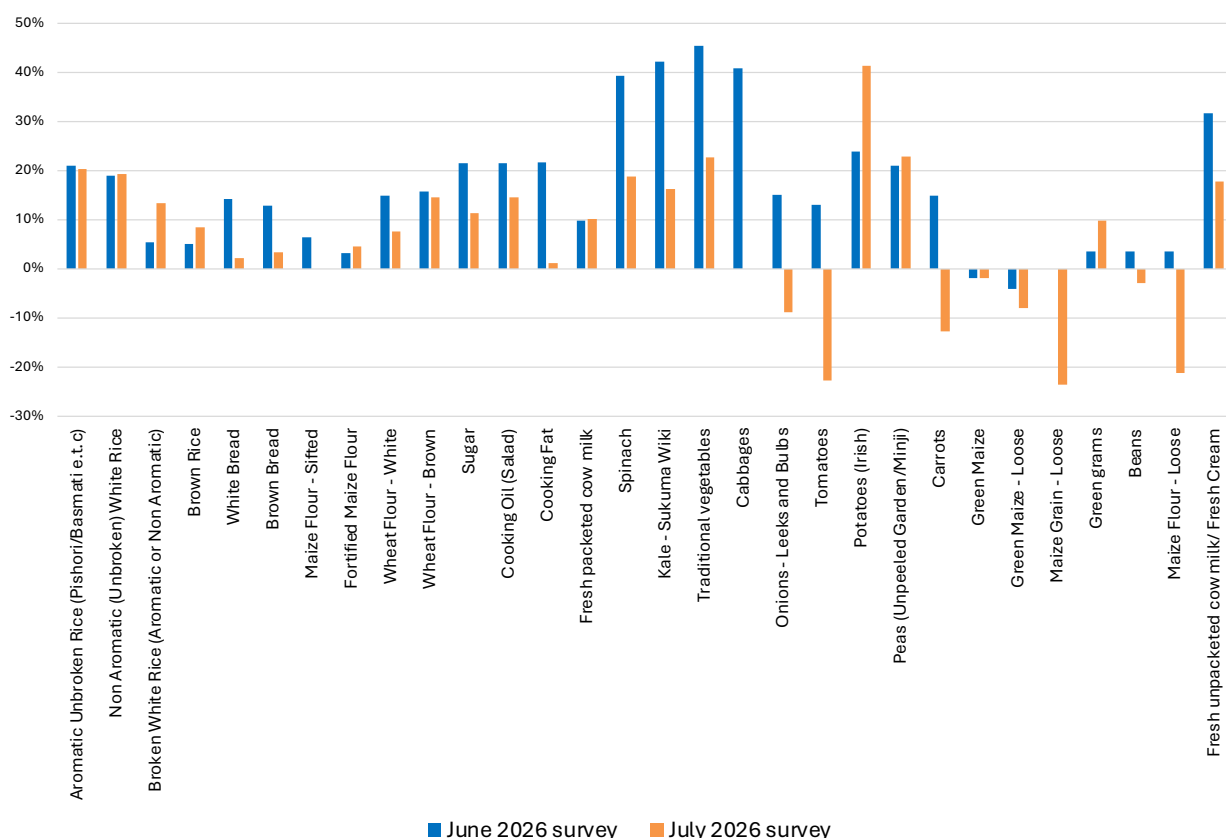


Figure 3b: Balance of opinion on expected price changes in the next one month for select food items in the core basket (Percent of respondents)

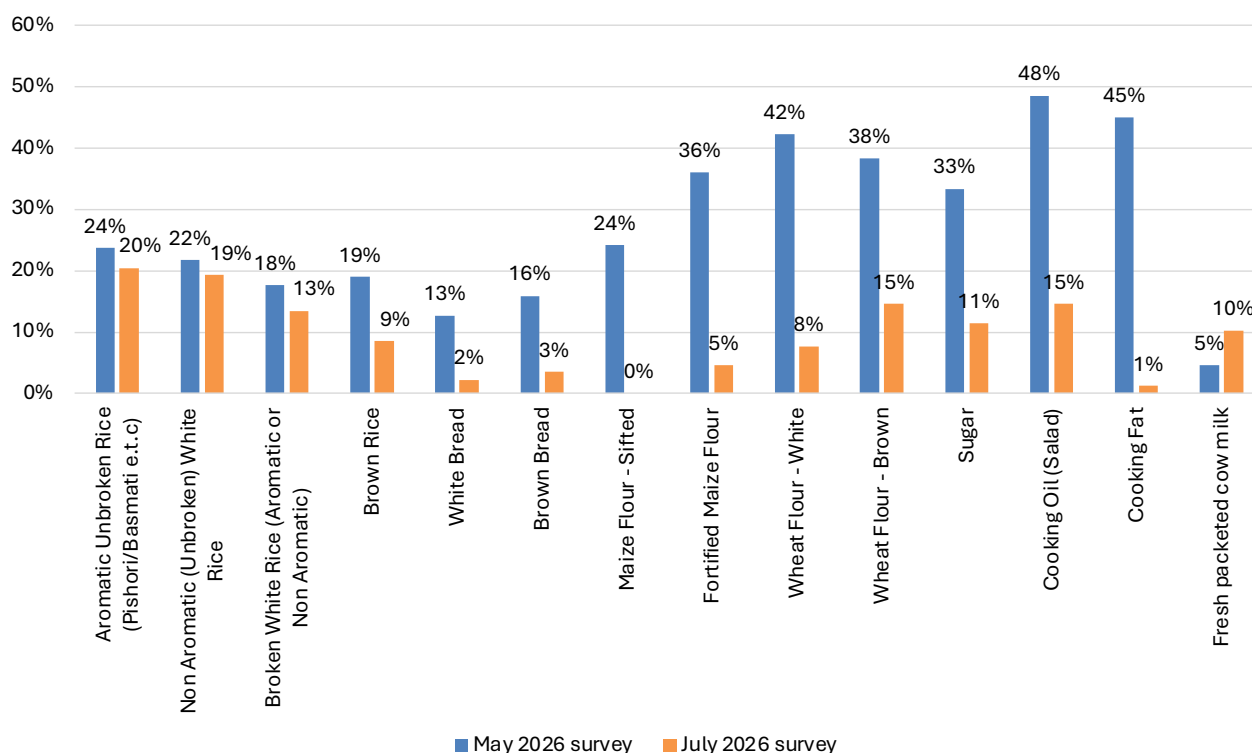
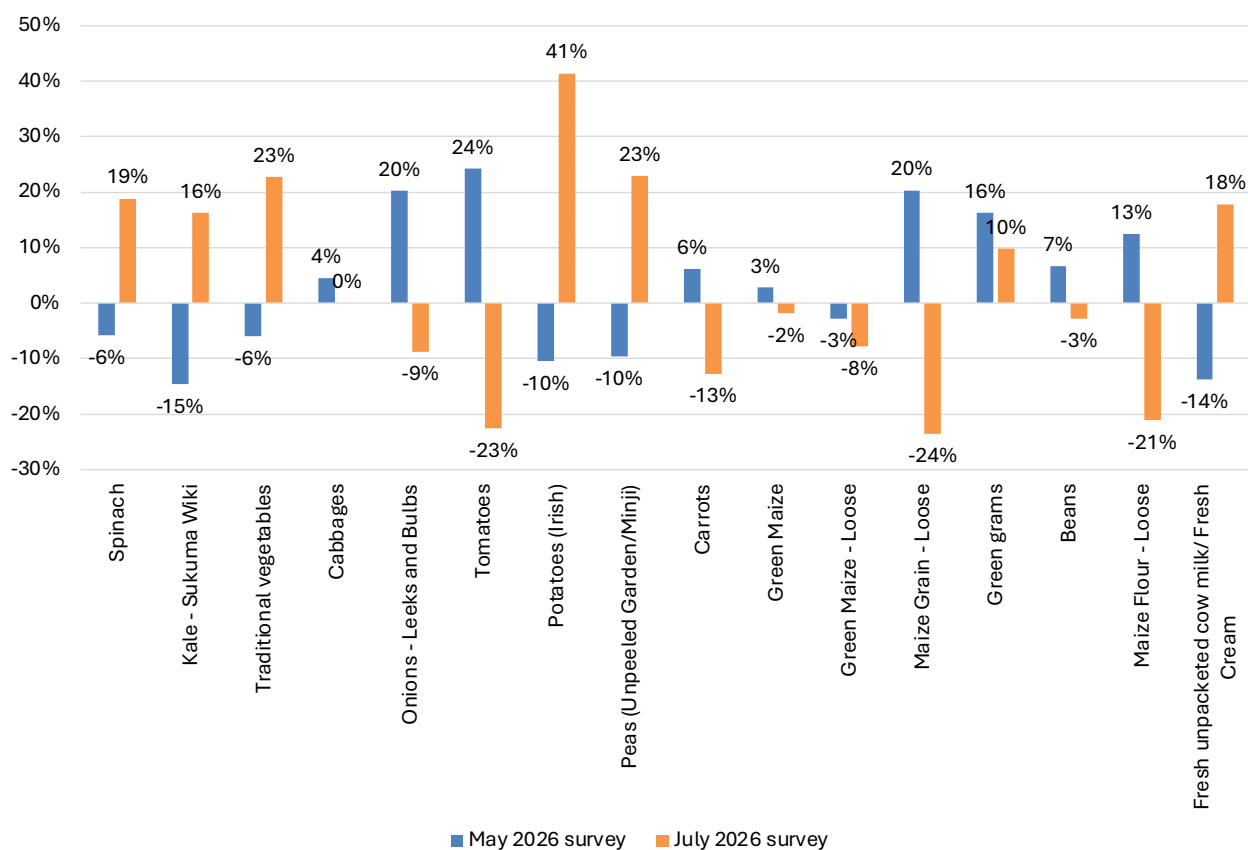


Figure 3c: Balance of opinion on expected price changes in the next one month for select food items in the non-core basket (Percent of respondents)

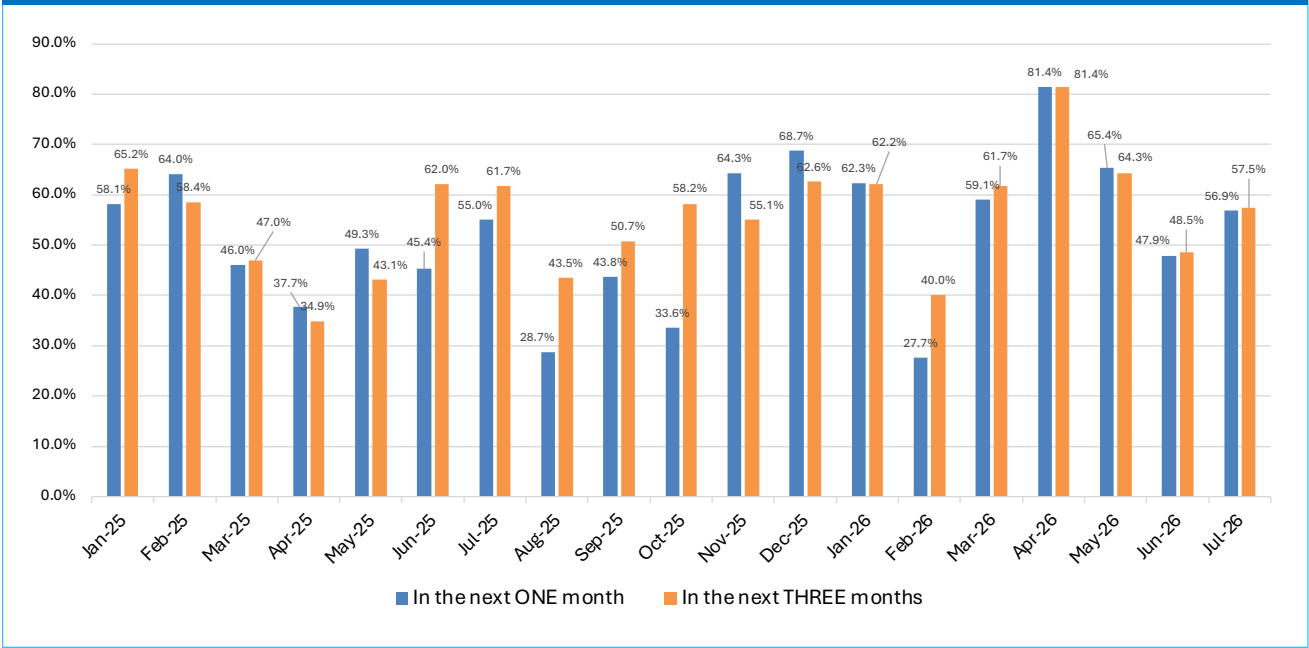


Analysis of inflation expectations data for July 2026 shows an uptick in the proportion of sampled respondents expecting headline inflation to increase over both the one-month and three-month horizons. The proportion of respondents expecting inflation to increase one month ahead rose to 56.9 percent in July 2026 from 47.9 percent in June 2026, while the proportion expecting inflation to increase three months ahead rose to 57.5 percent from 48.5 percent over the same period **(Figure 4)**.

Despite the increase in July, inflation expectations remained substantially below the levels recorded in April 2026, when 81.4 percent of respondents expected inflation to increase over both horizons, and in May 2026 when 65.4 percent of the sampled respondents expected an increase in headline inflation in the next one month while 64.3 percent expected an increase in the next three months.

The increase in inflation expectations in July 2026 largely reflected respondents' concerns about unfavourable weather conditions in select food basket regions and the potential adverse impact on energy and oil prices due to the ongoing US-Iran war and the broader Middle East conflict. Some respondents expressed worries about possible increases in the cost of production due to elevated energy, fuel and transportation costs. Conversely, respondents who expected inflation to decline or remain unchanged cited expected improvements in the market supply of food commodities following favourable rainfall in some regions during the March–May 2026 rain season, stable pump prices, and observed price stability. Overall, the July 2026 survey points to a modest increase in near-term inflation expectations, mainly reflecting emerging supply-side risks.

Figure 4: Proportion of respondents expecting inflation to increase (Percent of respondents)



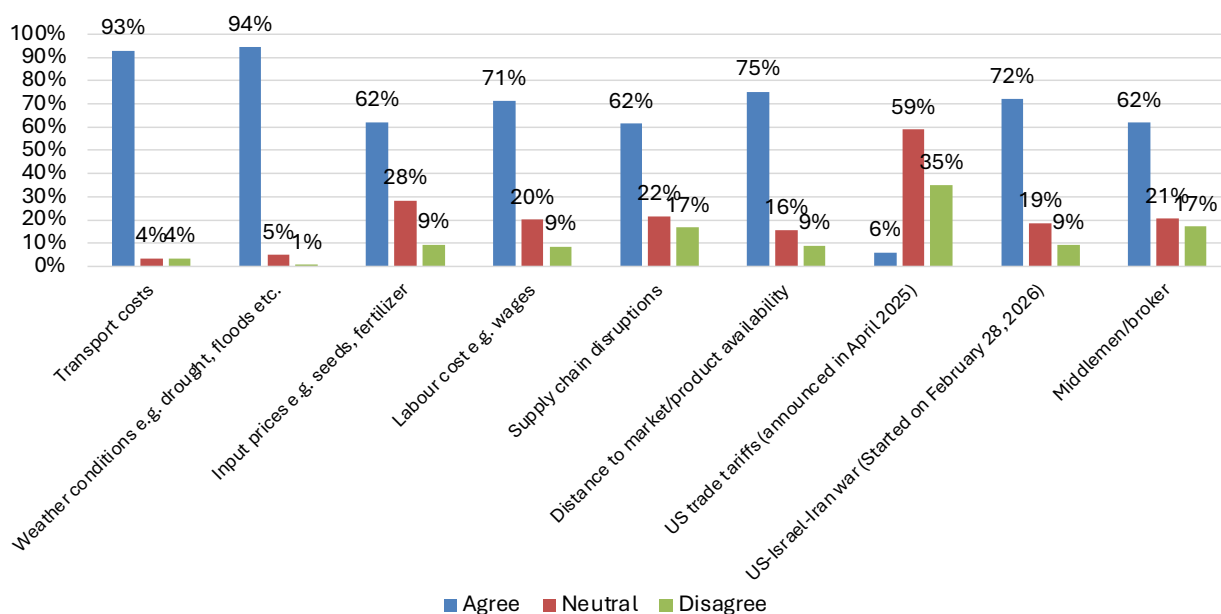
3.3 Factors affecting retail and wholesale prices

Survey findings in July 2026, similar to findings in previous surveys, showed that several factors, both domestic and global, play a significant role in influencing domestic consumer prices. Respondents identified weather conditions (94 percent), transport costs (93 percent), and distance to market/product availability (75 percent) as important determinants of current price dynamics. The impact of the US-Israel-Iran war was reported by 72 percent of the sampled respondents as having had a significant impact on retail prices through global oil prices which had

increased sharply after the war broke out. The war had also led to a breakdown in global supply chains through the blockage of the Strait of Hormuz thereby undermining shipping of globally traded commodities, including petroleum products.

Other factors that were reported to be important determinants of retail prices in the July 2026 survey as reported by a large proportion of respondents were input prices (62 percent) and labor costs (71 percent). The role of US tariffs in driving the July 2026 retail prices was minimal as it was reported as a factor by only 6 percent of the sampled respondents **(Figure 5)**.

Figure 5: Factors affecting retail prices reported in July 2026 survey (Percent of respondents)



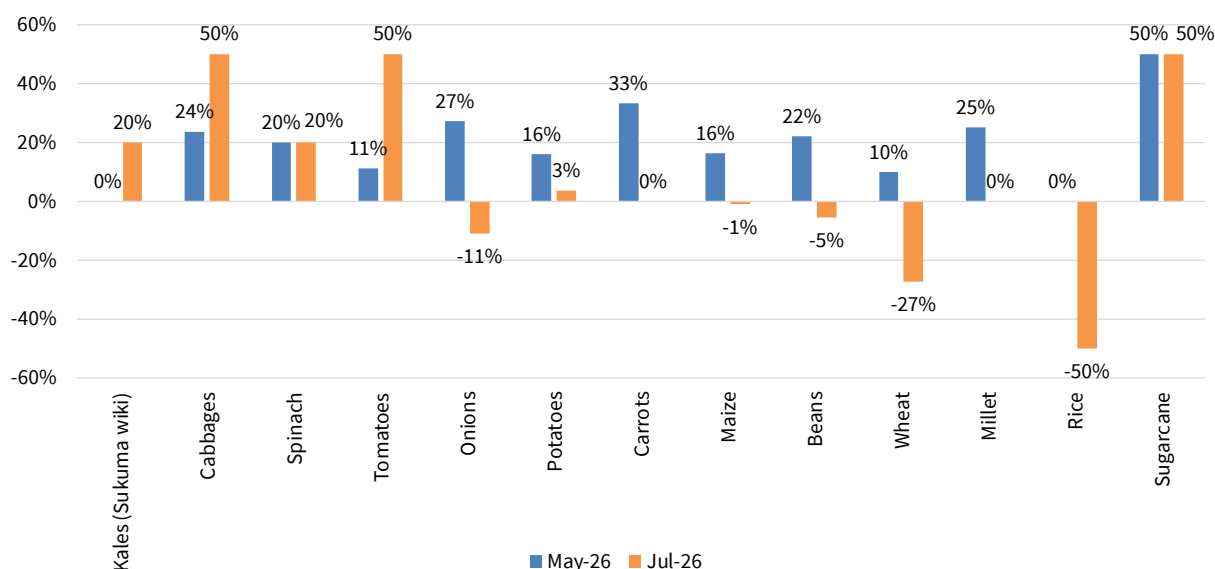
3.4 Analysis of output

3.4.1 Acreage Expectations

The BOO on expected acreage in the July 2026 survey was mixed across the sampled crops, largely reflecting respondents' expectations regarding the impact of weather conditions on crop production and expected returns (**Figure 6a**). Respondents reported positive expectations for acreage under kales, cabbages, spinach, tomatoes, potatoes and sugarcane, with particularly strong expectations for

cabbages, tomatoes and sugarcane recording a BOO of 50 percent. In contrast, BOO on expected change in acreage under onions, maize, beans, wheat and rice was negative, with the largest decline expected for rice (-50 percent) and wheat (-27 percent). Compared with the May 2026 survey, the July 2026 results therefore generally point to weaker acreage expectations for several sampled crops, reflecting concerns about weather conditions and their expected impact on production, as well as concerns about expected relative returns (**Figure 6a**).

Figure 6a: Balance of opinion on expected acreage for select crops (Percent of respondents)

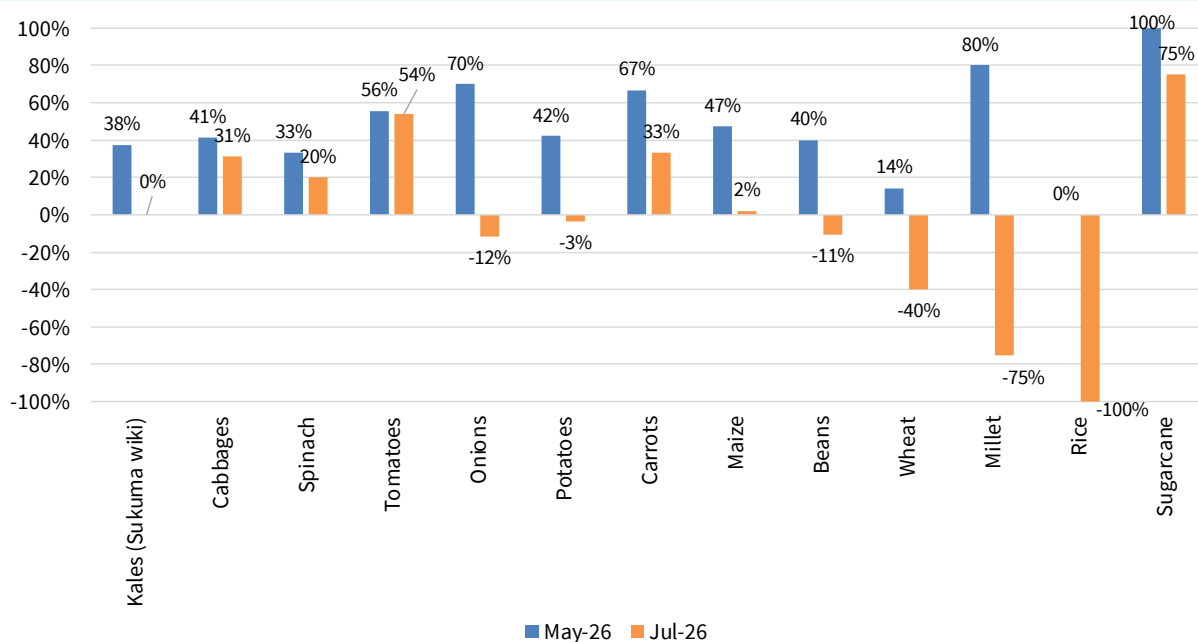


3.4.2 Output Expectations

The BOO on expected change in output was mixed with expected increases in output of some crops and expected declines with respect to other crops. These outcomes largely reflected the expected differential impact of weather conditions on the sampled crops. In particular, optimism was positive for sugarcane (75 percent), tomatoes (54 percent), carrots (33 percent), cabbages (31 percent), spinach (20 percent) and maize (2 percent) **(Figure 6b)**. The subdued optimism with respect to expected maize harvests was particularly

driven by the failed maize crop in the North Rift and parts of Western Kenya due to depressed rainfall. This reflects how sampled respondents expect the prevailing and expected evolution in weather conditions in the respective regions to impact the output of select crops. On the other hand, optimism was negative for some crops, implying that on a net basis respondents expected a decline in output with respect to the affected crops, for instance, rice (100 percent), millet (75 percent), wheat (40 percent), onions (12 percent), beans (11 percent), and potatoes (3 percent).

Figure 6b: Balance of opinion on expected output for select crops (Percent of respondents)



3.5 Expected performance of the agriculture sector and the overall economy

Respondents were asked how they expected the agriculture sector to perform over the next three months and one year, indicating whether they expected performance to improve, remain unchanged or worsen over the respective horizons. Results from the July 2026 survey show that optimism regarding agriculture-sector performance moderated compared with the May 2026 survey **(Figure 7a)**. The proportion of respondents expecting the sector to improve over the next three months declined from 81.5 percent in May 2026 to 67.1 percent in July 2026, while the proportion expecting improvement over the next one year declined from 83.2 percent to 67.2 percent, over the same period. The moderation in optimism largely reflected concerns about inadequate rainfall

in some key agricultural and food-basket areas and the potential adverse impact on crop production. Nevertheless, respondents who remained optimistic cited expectations of improved rainfall conditions in the fourth quarter of 2026, together with continued government support to the agricultural sector.

Optimism regarding the overall economy improved with 59.2 percent of the sampled respondents expecting better performance in the next three months compared to 50.9 percent in May 2026, and 59.5 percent expecting an improvement in the next one year compared to 50.0 percent in May 2026. Those who expected an improved outlook reported the favourable weather conditions which were expected to support the agricultural sector in regions that experienced favourable rainfall, the expected continuation of government measures to support agriculture, which has strong linkages with other sectors of the economy, and the expected increase

in government spending on infrastructure projects. There were, nevertheless, some respondents who expected the economic performance to worsen due to expected slowdown in agriculture due to crop failure

in key food basket areas that experienced depressed rainfall and the adverse impacts of the ongoing Middle East war.

Figure 7a: Proportion of sampled respondents optimistic about agriculture sector performance (Percent of respondents)

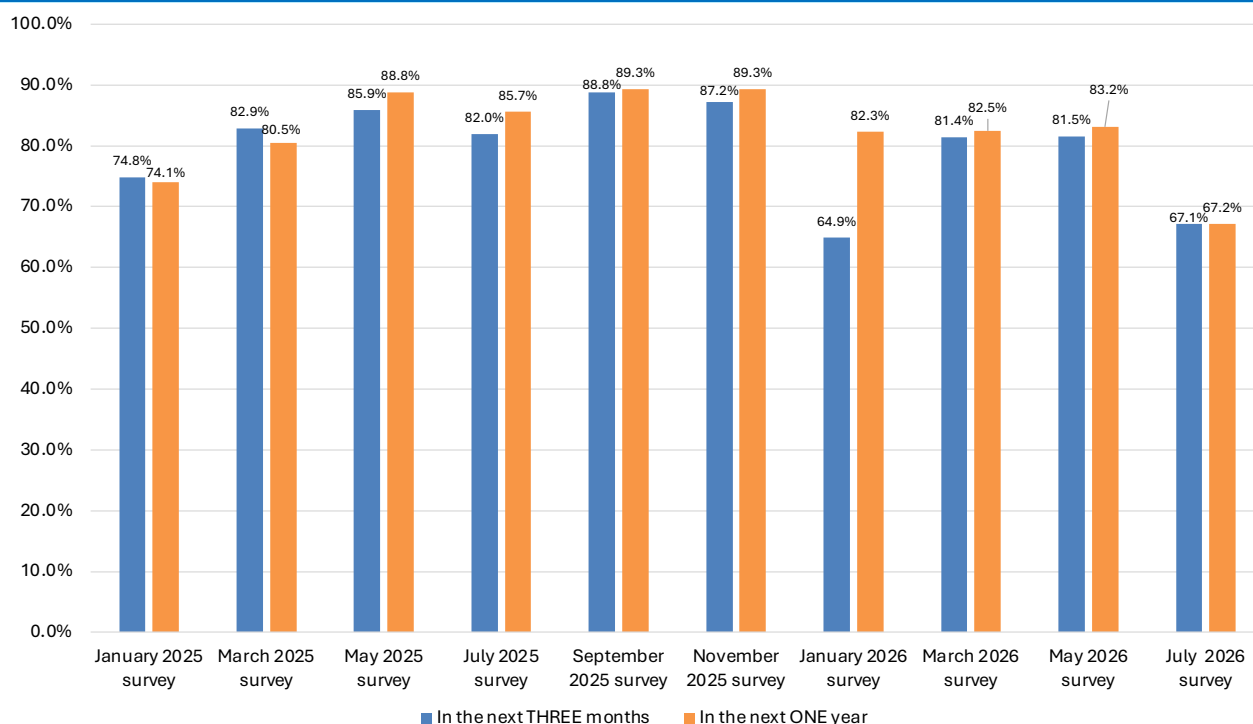
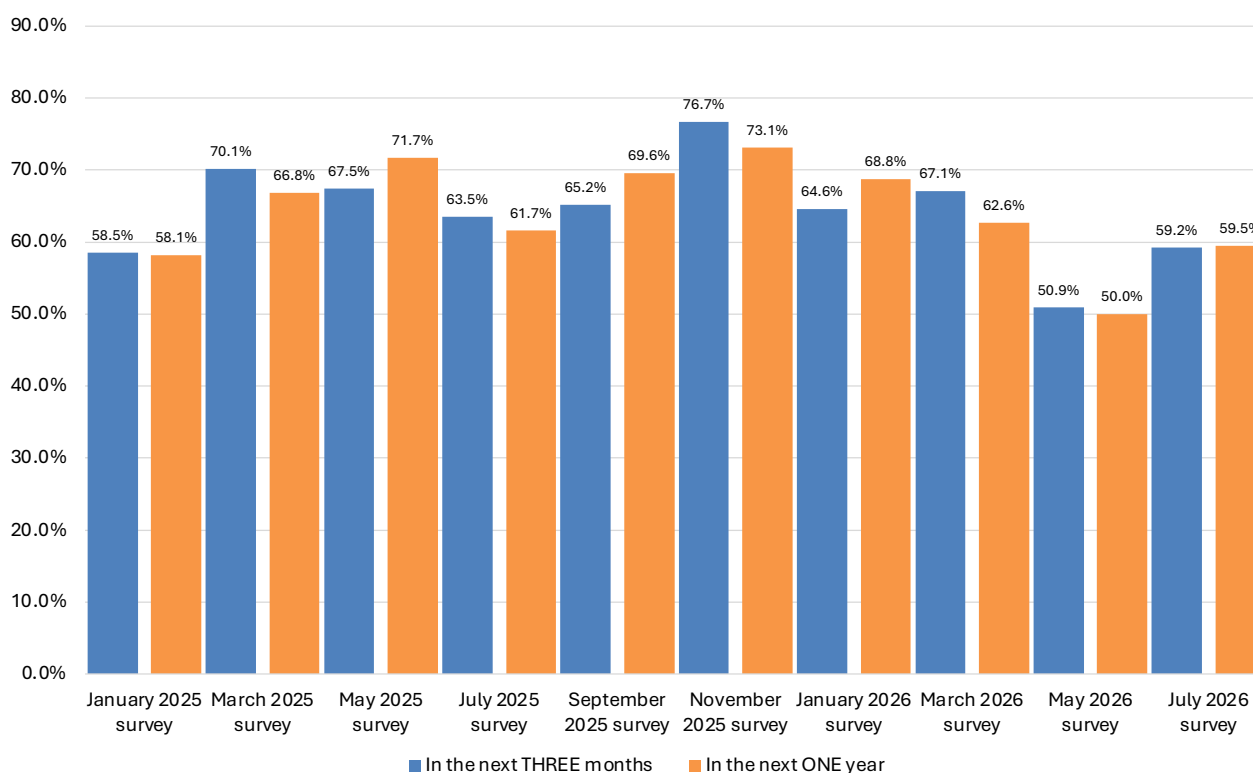


Figure 7b: Optimism about GDP growth prospects (Percent of respondents)



3.6 Access to credit facilities in agriculture

The May and July 2026 surveys show that farmers accessed credit from various lenders and the proportions reported in relation to each of the lenders varied in the two surveys. However, in general, the proportion of farmers who reported to have accessed loans was relatively higher across lender types in July 2026 compared to May 2026. The percentage of sampled farmers who reported to have borrowed to finance agricultural activity was relatively higher at 34 percent in July 2026 compared to 30 percent in May 2026 (**Figure 8a**).

In terms of preferred sources of credit across farmers, borrowing from family and friends was reported by 38 percent of the sampled farmers in July 2026 compared

to 45 percent in May 2026. Reported borrowing from commercial banks stood at 21 percent of the sampled farmers in July compared to 32 percent in May 2026. Likewise, credit access from buyers of farm produce was reported by 19 percent of the sampled farmers in July 2026 compared to 45 percent in May 2026.

Digital lenders continued to be a major source of credit to farmers, with the proportion reporting to have accessed digital loans at 16 percent in July 2026 compared to 30 percent in May 2026 (**Figure 8b**). It is important to underscore that farmers’ preferences on where to access credit may change from period to period depending on several considerations such as the effective cost of credit, ease of credit access, farmer awareness and information about the credit facilities, among other considerations.

Figure 8a: Proportion of respondents who borrowed to finance farming activity (Percent of respondents)

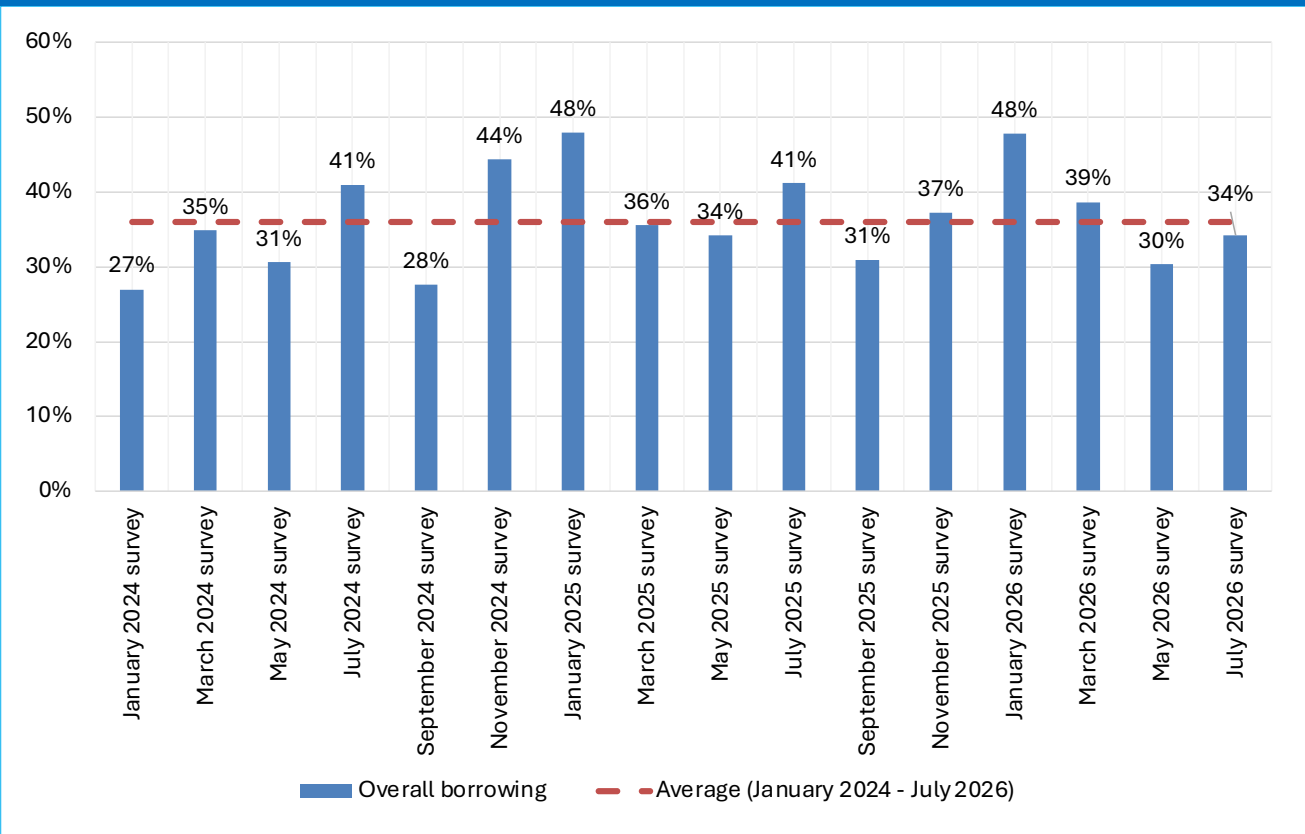
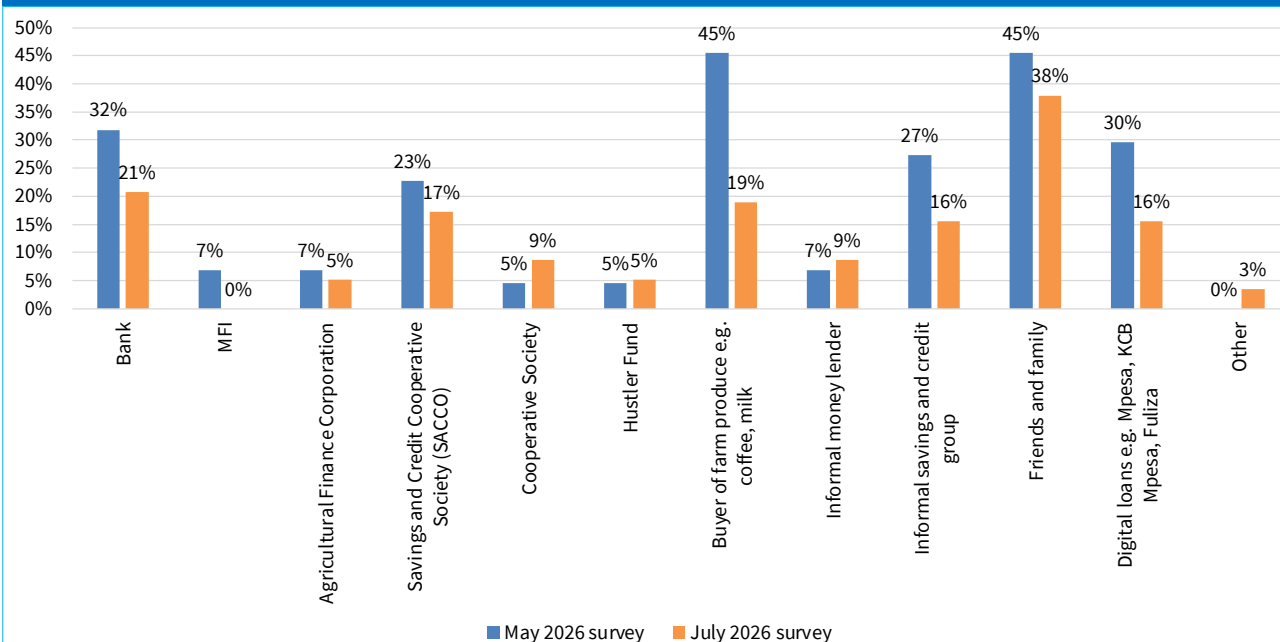


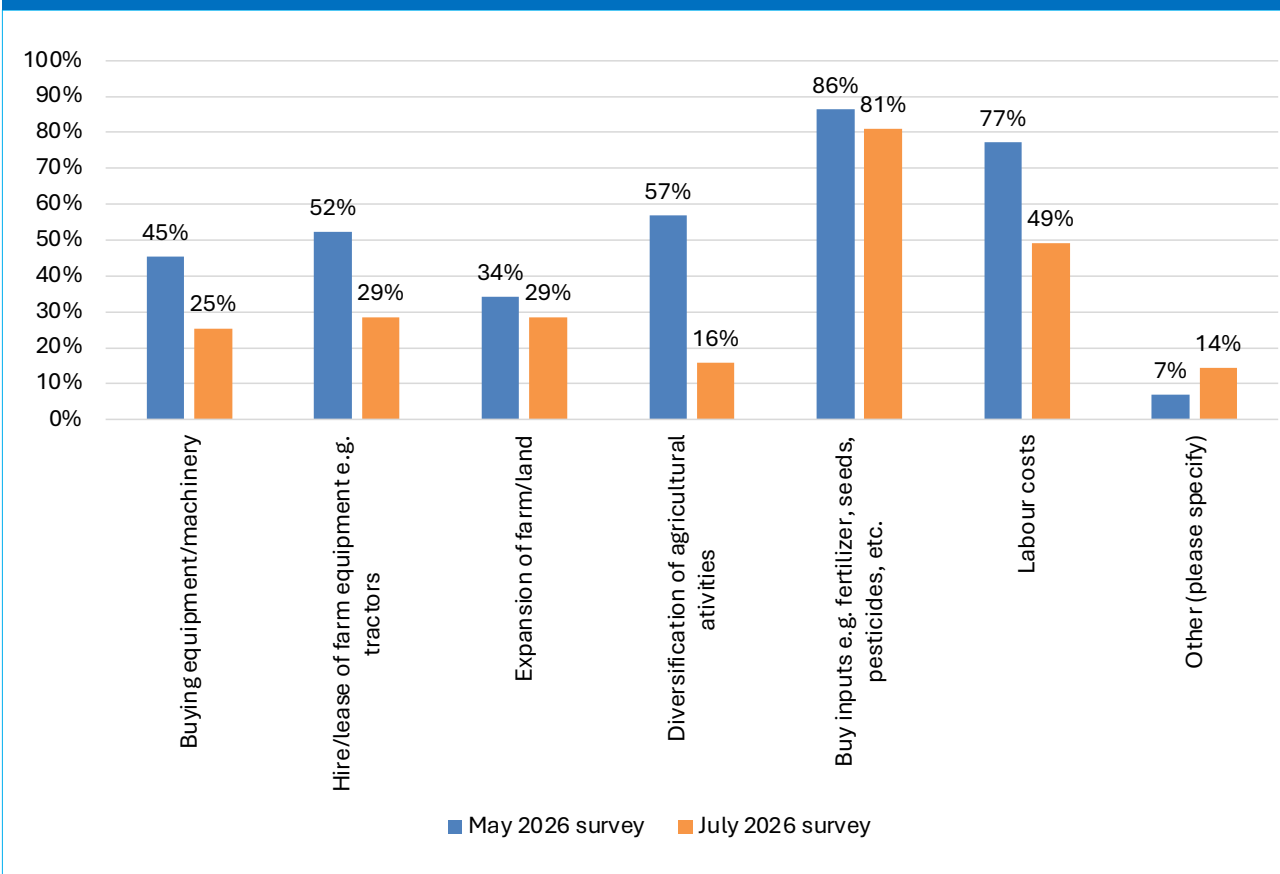
Figure 8b: Proportion of respondents who borrowed to finance farming by lender (Percent of respondents)



Consistent with previous findings, trends in use of credit for various farming activities show that farmers typically borrow to purchase farm inputs, with the proportion having borrowed for this purpose at 81 percent in July 2026 compared to 77 percent in May 2026, pointing to the significant role of labor costs in the production process.

2026 (**Figure 9**). The proportion reporting using agricultural loans to meet labor costs stood at 49 percent in July 2026 compared to 77 percent in May 2026, pointing to the significant role of labor costs in the production process.

Figure 9: Purpose of agricultural loans (Percent of respondents)



4. CONCLUSION AND POLICY RECOMMENDATIONS

This agriculture sector survey report summarizes findings from the survey conducted from July 13 - 17, 2026. The main objective of the survey, like previous surveys, was to obtain indicative information on recent trends and market expectations of prices and output of key agricultural commodities for the purpose of informing monetary policy. As with previous surveys of the agriculture sector, the survey focused on indicative prices of key agricultural commodities in select retail and wholesale markets, indicative output of select food items, crop acreage as well as expected change in output and acreage across sampled crops and farms. The survey also sought information about factors affecting agricultural production, access to farm inputs and barriers to accessing farm inputs, main sources of water for farming, credit facilities and use of farm credit as well as proposals on how to improve agricultural production.

The survey drew 389 respondents from wholesale traders, retailers, and farmers in select towns across the country (Nairobi Metropolitan area, and neighbouring counties including Kiambu, Kajiado and Machakos, Naivasha area, Gilgil Nakuru, Narok, Bomet, Kericho Kisumu, Mombasa, Taita – Taveta, Kisii, Eldoret, Kitale, Nyandarua, Laikipia, Nyahururu, Mwea, Machakos, Isibania, Meru, Nyeri, Murang'a, Isiolo, Oloitoktok, Namanga, Makueni, Molo, Kakamega and Bungoma.

The survey sought farmers' views on what should be done to increase production in the agriculture sector in order to enhance the sector's contribution to overall GDP. The farmers' views/suggestions gathered in July 2026 were similar to those obtained in previous surveys and revolved around the cost of farm inputs, commodity price support and affordable credit:

- Government should assist farmers by providing generators, pumps and piping networks to assist in irrigation of farms.
- Government should increase subsidies to agriculture and provide farmers with grants.
- Improve road network especially feeder roads.
- Extend education services on appropriate seeds, appropriate fertilizer and proper application, soil testing, crop spacing and how to reduce post-harvest losses through agricultural officers.
- Reduce costs of fuel which is used to power tractors, generators and other farm equipment and machinery.

Policy recommendations arising from the July 2026 survey are similar to those identified in previous surveys. They include the following:

- Government should continue to implement measures aimed at reducing input cost burden such as through the subsidised fertilizer and provision of certified seeds.
- There is need to implement measures to reduce the cost of farm equipment and machinery which will enhance farm mechanisation and improve productivity.
- Government should continue to improve the road network to ensure uninterrupted movement of farm produce which is good for food security and food price stability.
- The provision of extension services should be strengthened to educate farmers on appropriate seeds, appropriate fertilizer application, climate smart agriculture, proper use of pesticides/herbicides, soil testing, crop spacing and how to reduce post-harvest losses.
- Government measures aimed at reducing the cost of fuel should be sustained given the critical role of diesel in agricultural production and transportation of agricultural commodities.

Figure 10: Main water source for farming in July 2026 (Percent of Respondents)

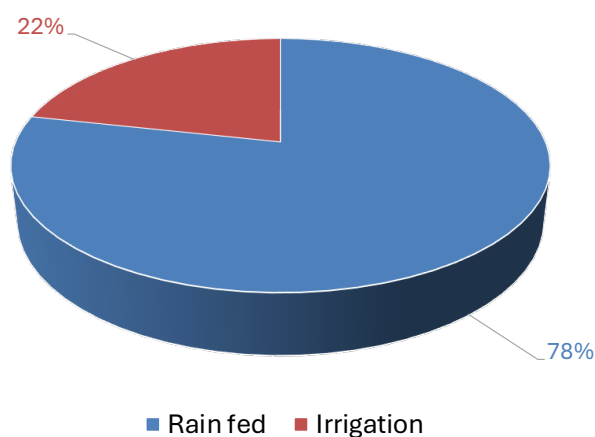


Figure 11: Access to subsidized fertilizer (Percent of respondents)

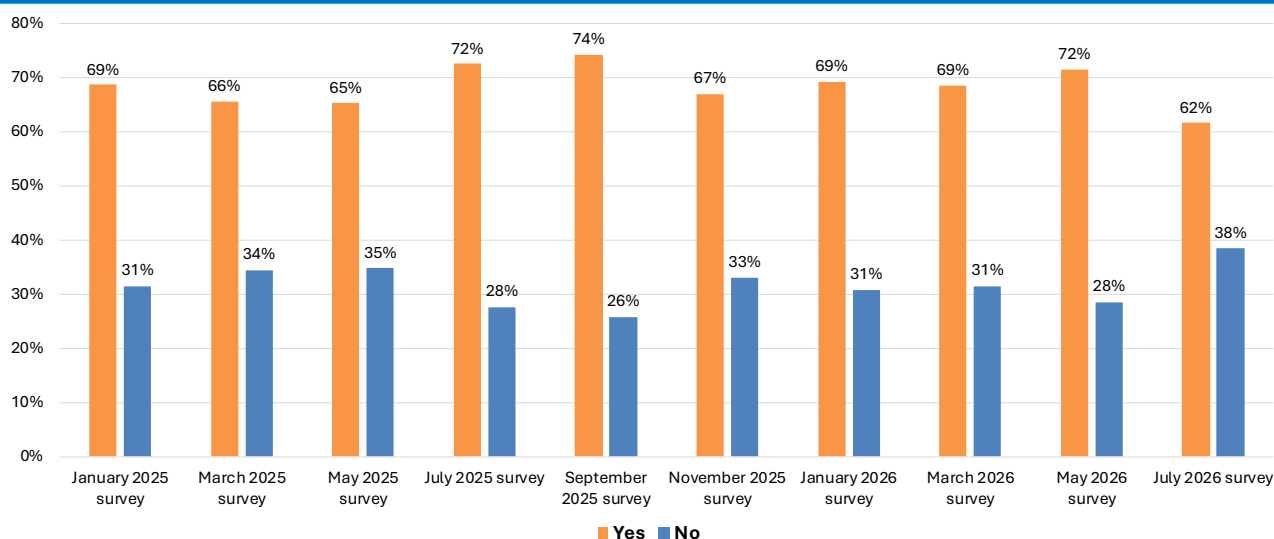
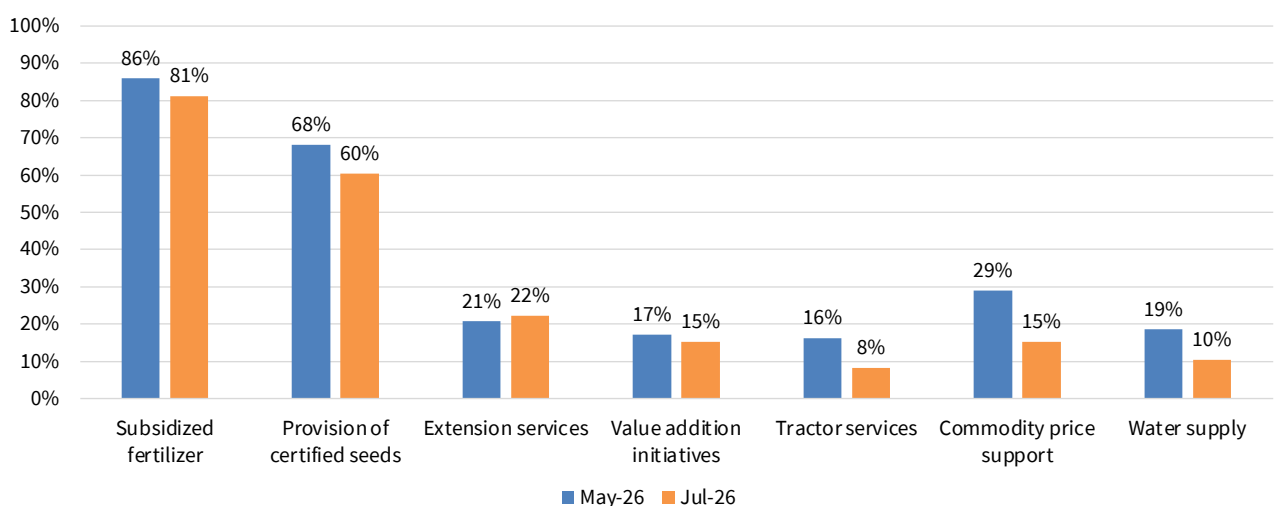


Figure 12: Government interventions reported as most critical for agricultural production in May and July 2026 surveys (Percent of respondents)





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