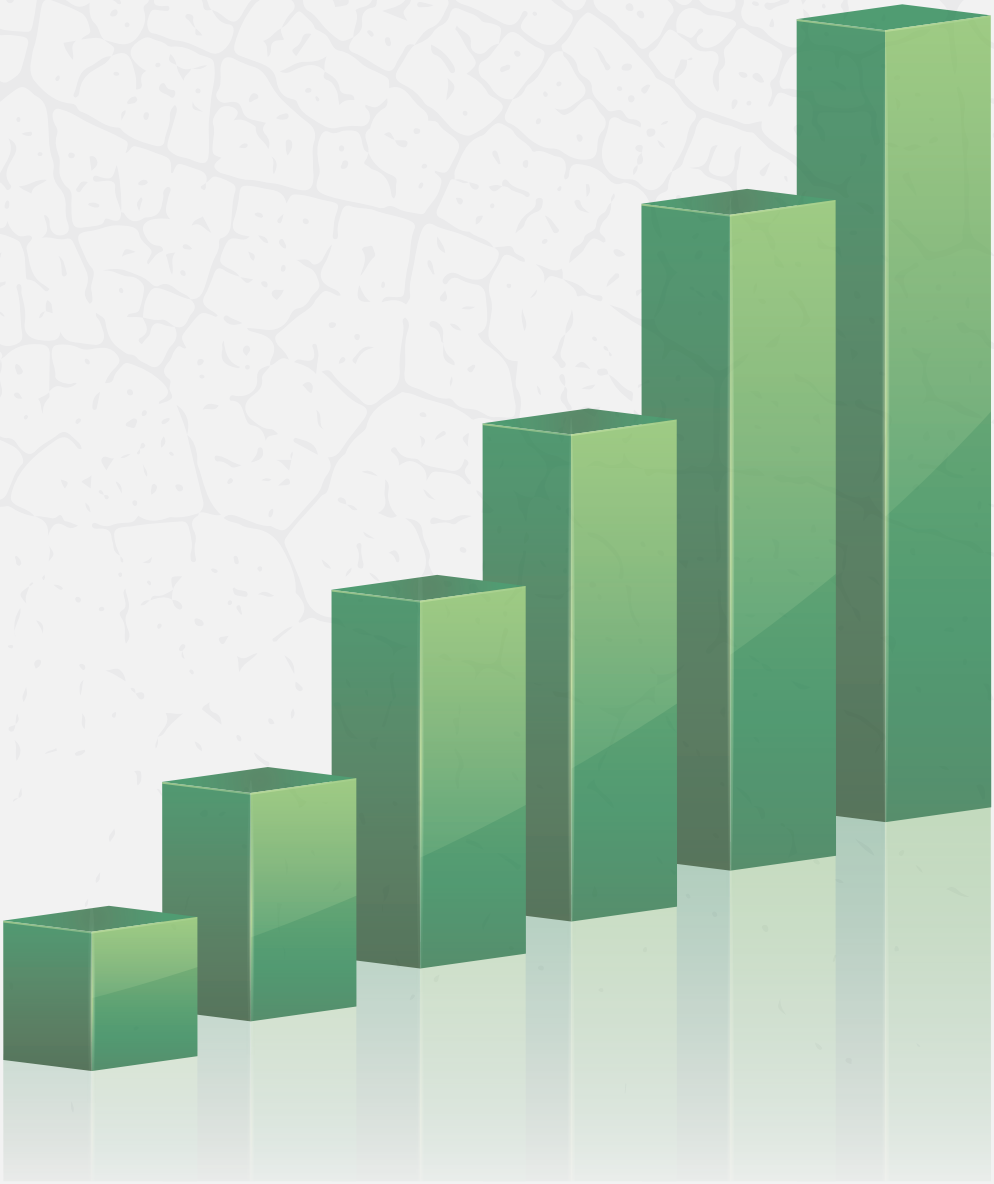
Central Bank of Kenya



AGRICULTURE SECTOR SURVEY

May 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 for the purpose of informing monetary policy decisions. The survey also gathers information about the expected change in prices of select food commodities one month ahead as well as expected change in headline inflation one and three months ahead. Other questions to gauge expectations are in relation to how sampled respondents expect the agriculture sector and the overall economy to 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 is useful in monetary policy formulation in view of the potential for developments in the agriculture sector to 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.

According to KNBS Economic Survey 2026, the growth momentum of the agriculture sector slowed to 3.1 percent in 2025, from 4.4 percent in 2024 and 6.6 percent in 2023. The slowdown in 2025 was mainly due to contraction of agriculture sector activity in the fourth quarter of the year (2025 Q4). The sector contracted by 1.3 percent in 2025 Q4 from 3.3 percent in a similar quarter of 2024.

According to the KNBS Economic Survey 2026, the slowdown in agriculture sector activity in 2025 was largely on account of varied weather patterns during the year in which the March-May 2025 long rain season was characterized by above-average rainfall while below average rains were experienced during the October-December 2025 short rain season. The differential performance in rainfall outcomes in 2025 led to mixed crop performance in which the production of maize, potatoes and millet increased, while that of beans declined. Maize production increased to 45.8 million bags in 2025 from 44.8 million bags in 2024, while the production of potatoes and millet grew by 13.6 percent and 14.3 percent to 2.5 million metric tonnes and 0.8 million bags in 2025, respectively. However, the production of beans declined by 10 million bags to settle at 7.4 million bags in 2025 from 8.4 million bags in 2024.

Monetary policy decision making by the Central Bank of Kenya (CBK) uses a wide range of information from diverse sources, both domestic and external. The forward-looking nature of CBK's monetary policy decision making necessitates use of past and current information, as well as having insights on inflation expectations. It is for this reason that the CBK undertakes the monthly surveys of the agriculture sector to not only gather information about indicative prices of select food commodities but also get insights about likely evolution of consumer prices over one- and three-months horizons[1].

In view of the centrality of food commodities in the Kenya CPI[2] basket, 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 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. The weight of maize grain – loose (0.5031), green maize (0.0768), green maize-loose (0.0188), maize flour-loose (0.4344), maize flour – sifted (0.7343) and fortified maize flour (0.7222).

2. METHODOLOGICAL FRAMEWORK

The May 2026 survey, like previous MPC surveys of agriculture sector, 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, Isebania, 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 374 respondents were sampled out of which farmers and retailers accounted for 42 percent and 43 percent, respectively, while wholesalers accounted for 15 percent **(Figure 1a and 1b).**

Figure 1a: Sample Composition (Percent)

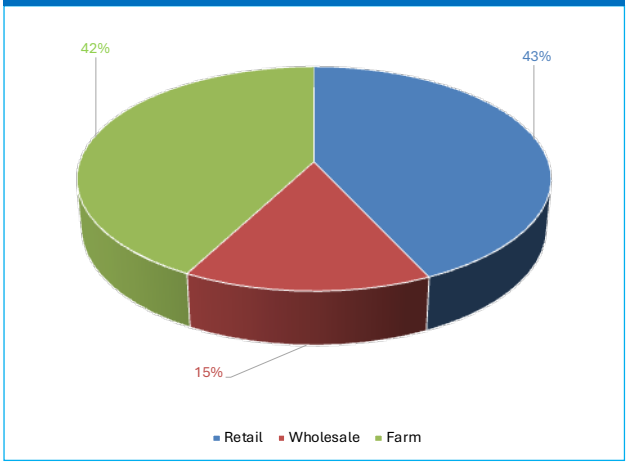
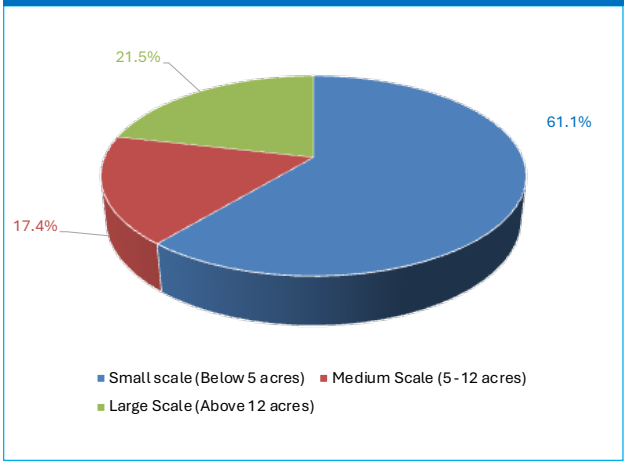


Figure 1b: Farm Categorization (Percent)



Analysis of the information collected was undertaken using both quantitative and qualitative approaches, with findings presented using summary 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

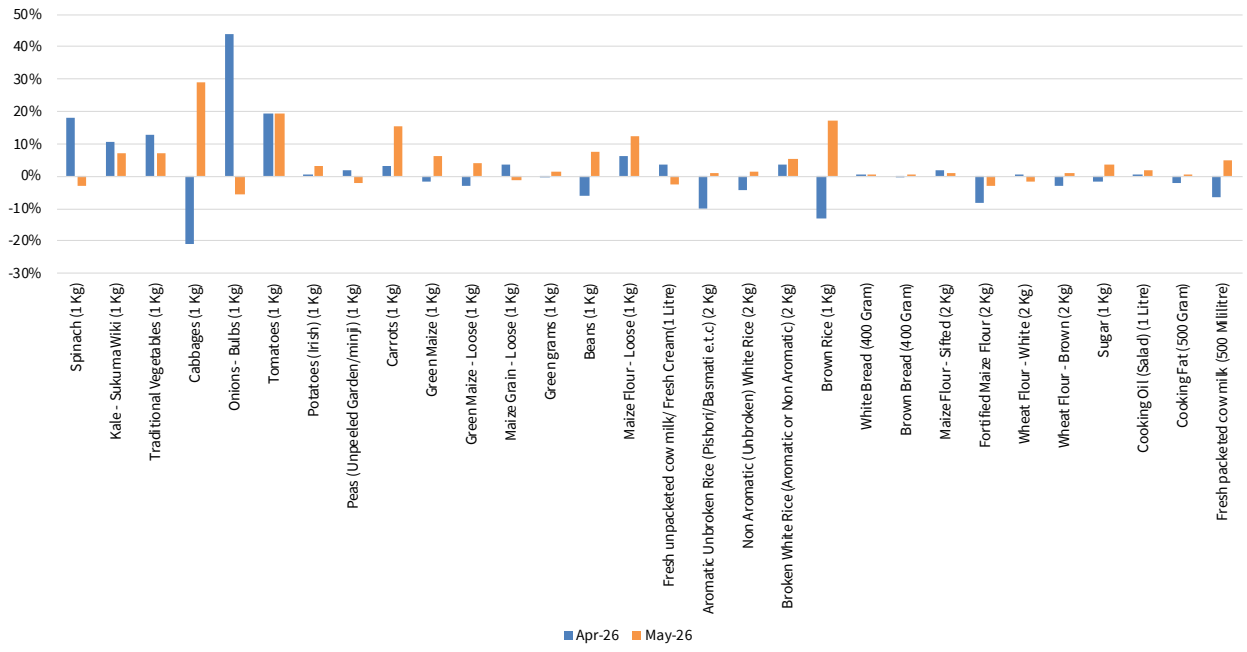
This section highlights the key findings from the May 2026 survey:

i. Monthly price changes for most sampled food items were modest in May 2026 relative to April 2026, except for select items whose prices largely reflected seasonal factors.
ii. Balance of opinion on price expectations points to modest price increases for most sampled food commodities in the core CPI basket but it is mixed for the non-core basket.
iii. Majority of sampled respondents in May 2026 survey expect overall inflation to increase over the next one and three months, largely driven by the observed and expected adverse impact of US-Israel-Iran war.
iv. Optimism regarding the performance of agriculture sector remained strong in May 2026, for both three months and one year ahead, mostly driven by favourable weather conditions and continued government support.
v. Optimism about the expected performance of the overall economy was subdued largely driven by respondents' concerns about the adverse impact of the US-Israel-Iran war.
vi. Use of irrigation is relatively limited, with 77 percent of the farmers sampled in May 2026 reporting they mainly depend on rain-fed agriculture **(Annex Figure 10)**.
vii. Access to subsidized fertilizer remained high with 72 percent of sampled farmers in May 2026 reporting to have benefited. In addition, subsidized fertilizer was reported by 86 percent of the farmers sampled in the May 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 monthly price changes across the sampled food commodities in the core and non-core categories were minimal in May 2026 compared to April 2026[3]. Prices of food commodities such as white bread, brown bread, sugar, aromatic unbroken rice (e.g. Pishori/Basmati rice), non-aromatic (unbroken) white rice, broken white rice (aromatic/non-aromatic), and fresh packeted cow milk recorded marginal price changes in May 2026 relative to April 2026. The price of brown rice recorded a modest increase. Likewise, the prices of tomatoes, carrots, cabbages and green maize increased, largely reflecting the impact of seasonal factors **(Figure 2)**.

Figure 2: Monthly Changes in Retail Prices of Select Food Items (Percent)



3. 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

Balance of Opinion for the May 2026 survey on expected price changes one month ahead (that is, June 2026) was mixed with respect to the sampled food commodities with some showing expectations for price increases while others point to expected price decreases **(Figure 3a)**. Expectations for price increases were more pronounced with respect to the sampled food commodities in the core CPI, largely driven by respondents' concerns about the observed and expected adverse impact of the escalation of the US-Israel-Iran war. The war affected global supply chains and particularly the closure of the Strait of Hormuz through which about 20 percent of global oil products are shipped, triggering sharp increases in global oil prices. However, a notable finding of the May 2026 food price expectations relative to April 2026 was that the proportion of sampled respondents that expected price increases was less pronounced across all the sampled food commodities in the core CPI **(Figure 3b)**. This was despite the expected inflationary impact of the Middle East war, possibly pointing to the impact of the ongoing and expected food harvests following favourable rainfall outcomes in the March-May 2026 long rain season.

The respondents' price expectations in relation to sampled food items in the non-core CPI were mixed in May 2026 as results revealed expected price increases for some items and expected price declines for others. For instance, prices of fresh vegetables such as spinach, kales-sukuma wiki, traditional vegetables and unpacketed cow milk were expected to decrease one month ahead, supported by the expected increase in market supply following the favourable March-May 2026 rain season across most parts of the country **(Figure 3a)**. The expectations for price increases were primarily informed by concerns by some respondents about the increased cost of transportation following upward price adjustment by Energy and Petroleum Regulatory Authority (EPRA) in the May/June 2026 pricing cycle.

Figure 3a: Balance of opinion on expected price change one month ahead for select food commodities (Percent of Respondents)

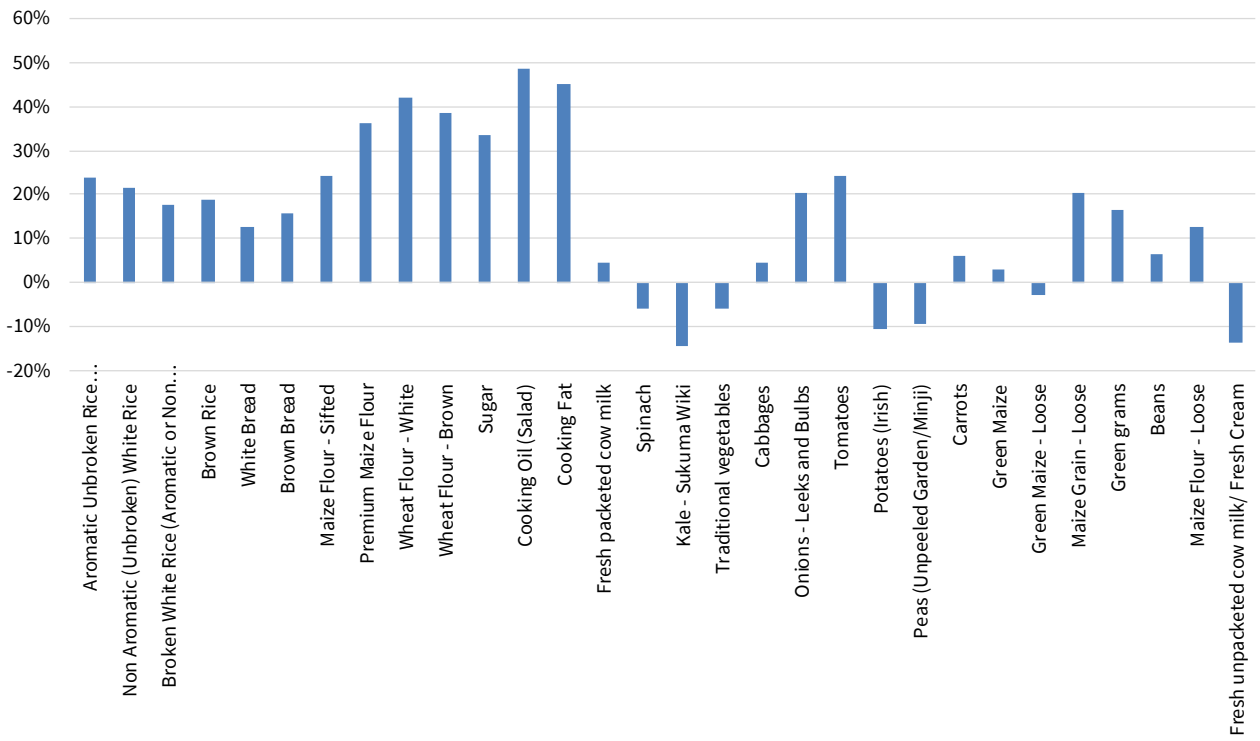


Figure 3b: Balance of opinion on expected price changes in the next one month for select food items in the core basket (Percent of Respondents)

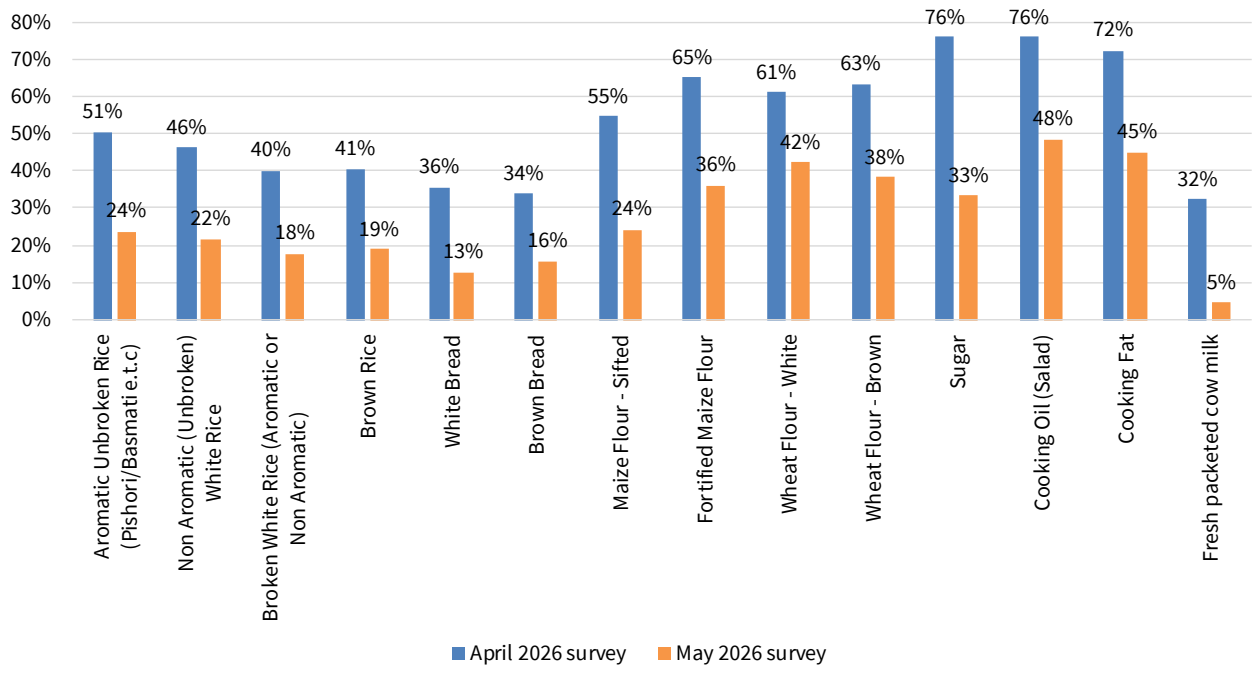
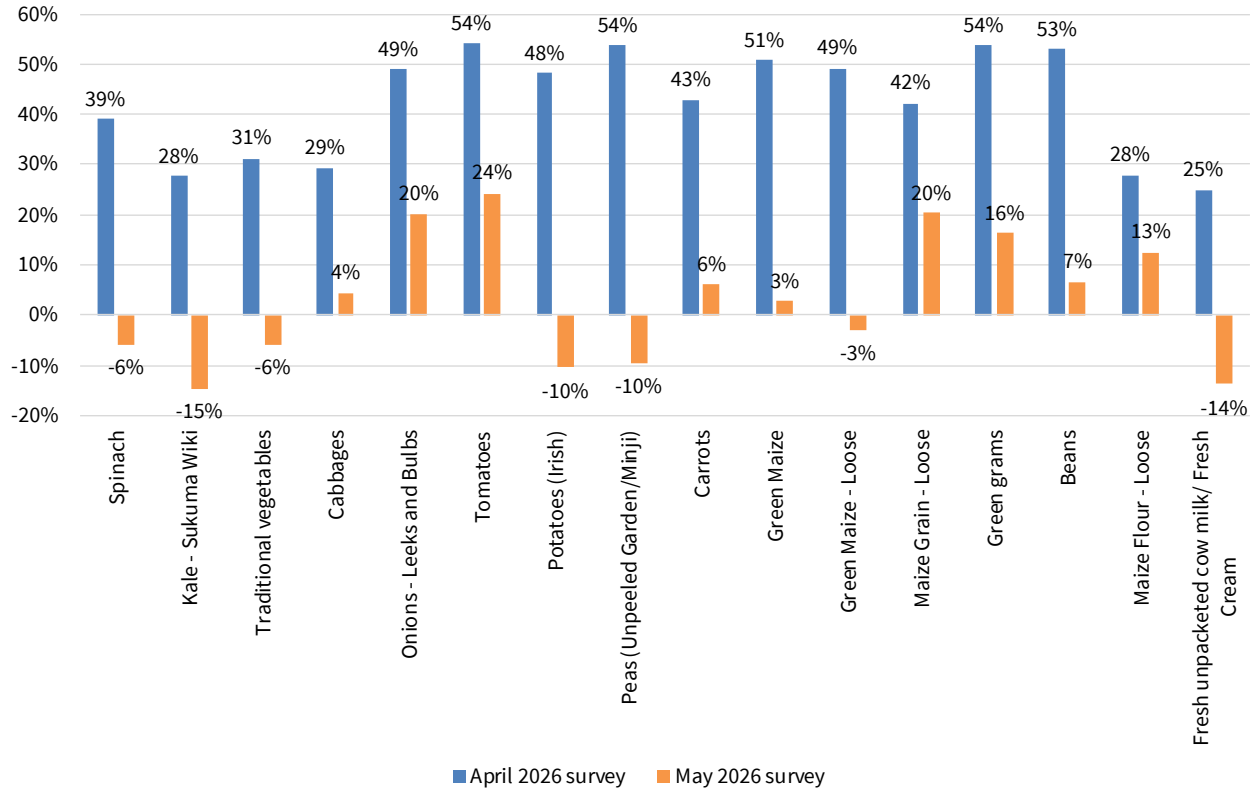


Figure 3c: Balance of opinion on expected price changes in the next one month for select food items in the non-core basket (Percent of Respondents)

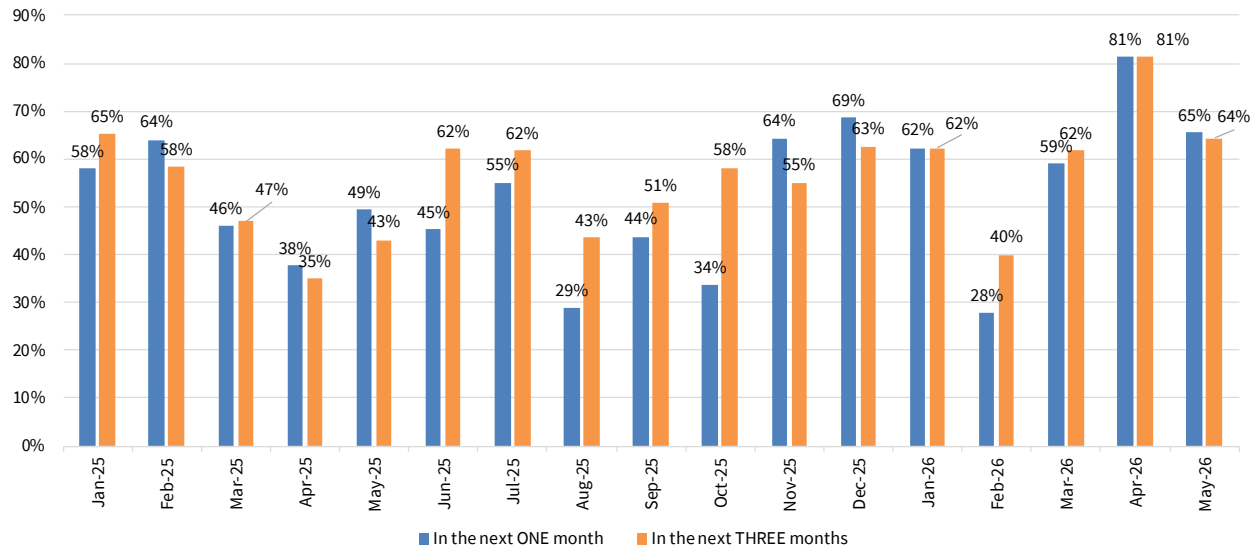


Analysis of inflation expectations data for May 2026 shows that most of the sampled respondents expected headline inflation to increase in the next one and three months horizons. However, the proportions were relatively lower for both one and three-months horizon when compared to April 2026 survey outcomes. The modest decline in May 2026 was largely due to the expected increase in market supplies of most food commodities supported by the favourable rainfall outcomes in March-May 2026 long rain season.

Regarding expected inflation one month ahead, that is, for June 2026, about 65 percent of sampled respondents in May 2026 expected inflation to increase in the next one month compared to 81 percent in April 2026. Similarly, 64 percent expected headline inflation to increase three months ahead in the May 2026 survey compared to 81 percent in the April 2026 survey **(Figure 4)**.

The fact that headline inflation expectations data for May 2026 relative to April 2026 shows a decline in the proportion of sampled respondents that expected headline inflation to increase both over the one- and three-months horizons implies that some respondents expect the favourable weather conditions to somewhat offset the inflationary impact of the Middle East war escalation as they expect an improvement in market supplies of essential food commodities.

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

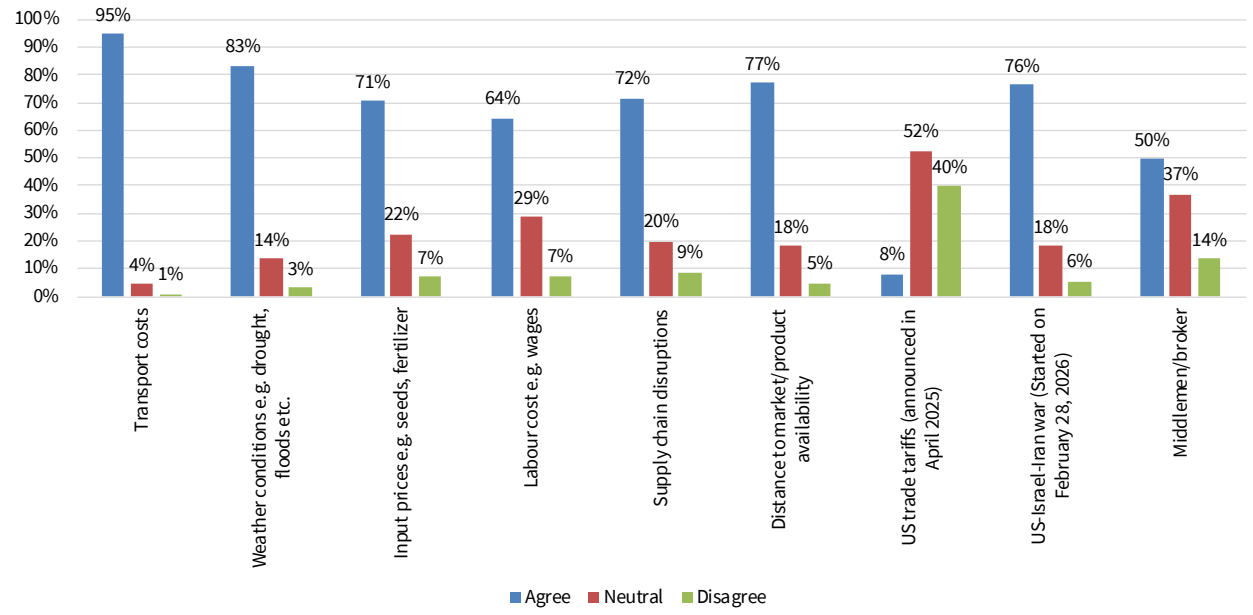


3.3 Factors affecting retail and wholesale prices

Survey findings in May 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 transport costs (95 percent), weather conditions (83 percent) and distance to market/ product availability (77 percent) as important determinants of current price dynamics. The impact of the US-Israel-Iran war was reported by 76 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. As a result, 72 percent of the sampled respondents in May 2026 attributed part of the consumer price increases to disruptions in global supply chains.

Other factors that were reported to be important determinants of retail prices in the May 2026 survey as reported by a large proportion of respondents were input prices (71 percent) and labor costs (64 percent). The role of US tariffs in driving the May 2026 retail prices was minimal as it was reported as a factor by only 8 percent of the sampled respondents **(Figure 5)**.

Figure 5: Factors Affecting Retail Prices Reported in May 2026 Survey (Percent of Respondents)



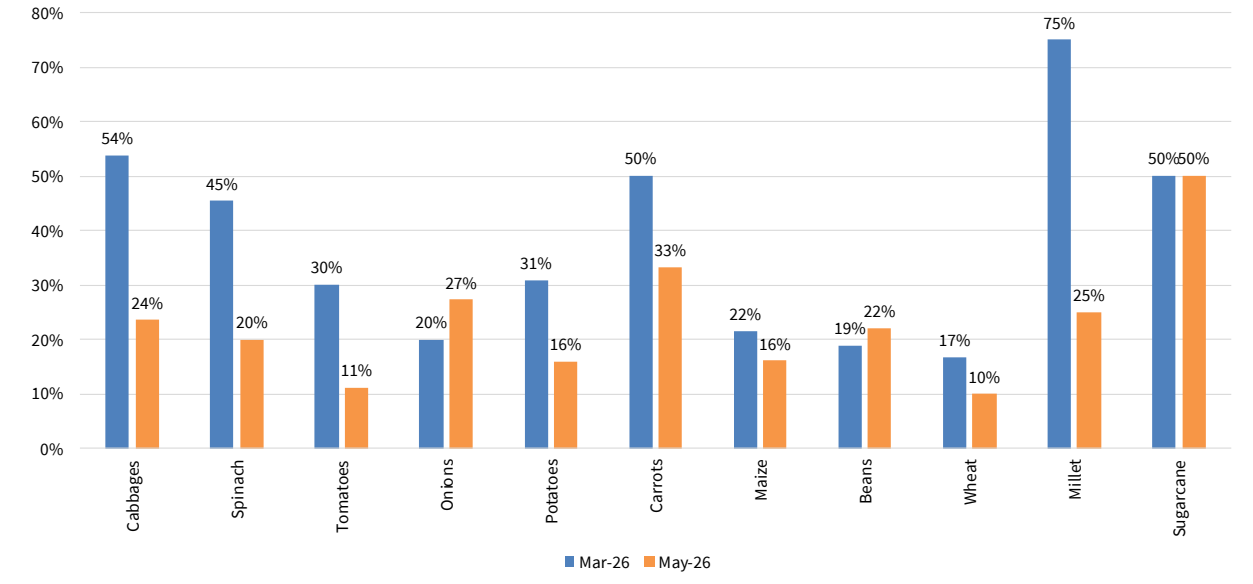
3.4 Analysis of output

3.4.1 Acreage Expectations in the Long Rains Season

The BOO on expected acreage in the May 2026 survey showed positive expectations across key sampled crops primarily driven by the observed favourable weather outcomes in March-May 2026 season and the expectations for continued government support to enhance productivity in the agricultural sector. Some respondents were optimistic that the weather conditions would be favourable for growing of tomatoes and cabbages which tend to do well in the period following the end of the rain season.

The optimism was, however, less pronounced in May 2026 compared to April 2026 across all the sampled crops in general, reflecting farmers' concerns about the observed and expected adverse effects of the escalation of the Middle East war **(Figure 6a)**.

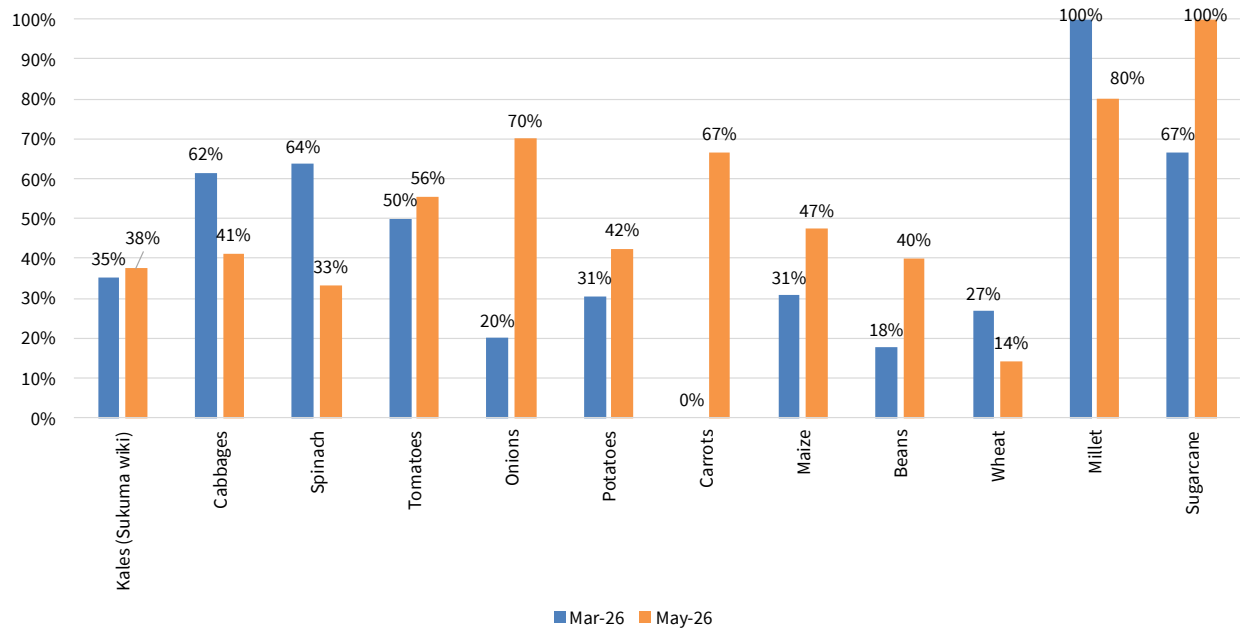
Figure 6(a): Balance of opinion on expected acreage for select crops (Percent of Respondents)



3.4.2 Output Expectations for the Long Rains Season

The BOO on expected output shows positive expectations across all the sampled food crops, except rice. In particular, optimism was high in relation to sugarcane where all sampled sugarcane farmers expected an improvement in output mainly on account of favourable weather conditions. Other crops for which farmers were optimistic regarding output are millet (80 percent), onions (70 percent) and carrots (67 percent), wheat and rice farmers were less optimistic as they reported high production costs which undermined their market competitiveness **(Figure 6b)**

Figure 6(b): 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 to state how they expected the agriculture sector to perform in the next three months and as well as one year ahead. That is, whether they expected the sector's performance to remain unchanged, to improve or to worsen over the next three months and over the next one year, and reasons underpinning their expectations in each horizon. Previous surveys indicate that the proportion of sampled respondents optimistic about agriculture sector prospects has remained elevated in all the surveys **(Figure 7a)**. Analysis of May 2026 survey response data shows that optimism continued to remain high, with over 80 percent of the sampled respondents expecting the performance of the agriculture sector to improve in the next three months and as well as one year ahead **(Figure 7a)**. The optimism was primarily driven by the expectations of a favourable March-May 2026 long rain season and the expectation that the government would sustain the support measures especially regarding measures to alleviate farm input cost burden such as the provision of subsidized fertilizer.

There were, however, some respondents who were not as optimistic about agriculture sector prospects, pointing out that the early onset of rainfall in February 2026 had adversely affected land preparation in some regions. In addition, they indicated that the cost of farm inputs still remained high despite the government measures to moderate the input cost burden. They also expressed concerns about the adverse effects associated with the US-Israel-Iran war.

Additionally, the survey sought respondents' views about how they expected the overall economic activity to evolve, in terms of GDP growth prospects in the next three months and one year ahead. Results

of the May 2026 survey showed a moderation in optimism when compared to outcomes in March 2026. More specifically, the outcomes were evenly distributed between respondents who expected an improvement and those that expected a moderation in overall economic activity, both three months and one year ahead. Regarding GDP prospects three months ahead, 51 percent expected an improvement in May 2026 compared to 67 percent in March 2026. Similarly, 50 percent expected an improvement in overall economic activity one year ahead in May 2026 compared to 63 percent in March 2026 **(Figure 7a)**. The moderation in respondents' optimism in May 2026 relative to March 2026 was mainly informed by respondents' concerns about the effects of the Middle East war particularly on production and transportation costs, including possible adverse effects on external markets for domestically produced commodities.

Figure 7(a): Proportion of Sampled Respondents Optimistic about Agriculture Sector Performance (Percent of Respondents)

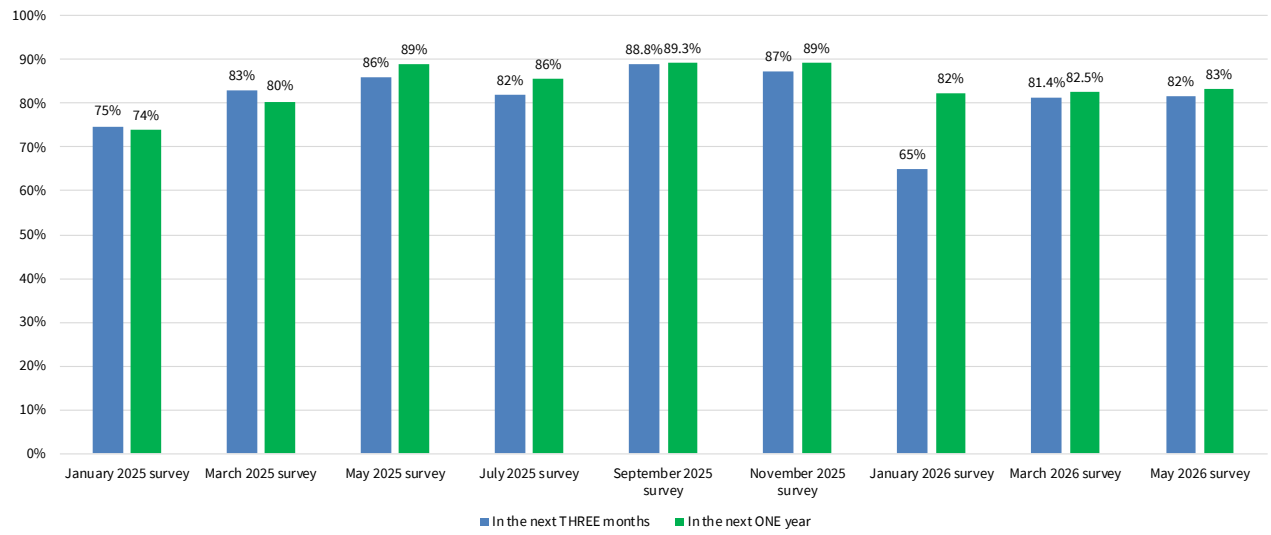
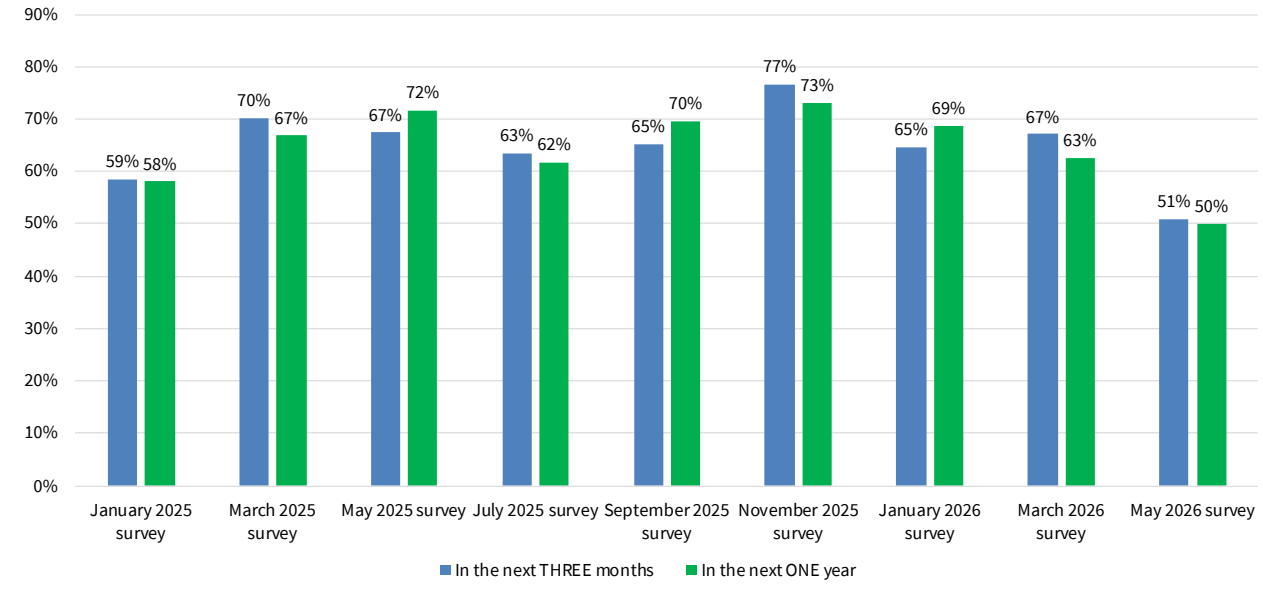


Figure 7(b): Optimism about GDP Growth Prospects (Percent of Respondents)



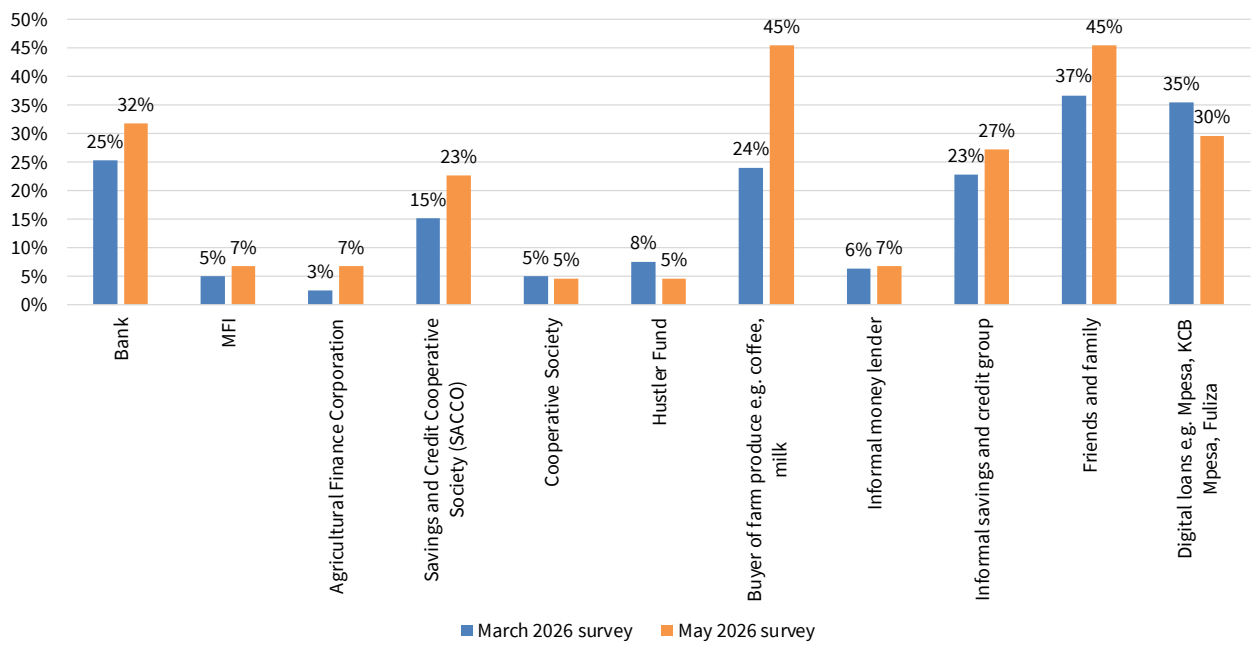
3.6 Access to credit facilities in agriculture

The March and May 2026 surveys show that farmers accessed credit from various lenders and the proportion reported in relation to each of the lenders varied in the two surveys. However, in general, a relatively larger share of farmers who reported to have accessed loans is relatively higher across lender types in May 2026 relative to March 2026. For instance, among the farmers who borrowed to finance farming activity in May 2026, 45 percent reported to have accessed credit from buyer of farm produce compared to 24 percent in March 2026. Considering that most farmers expected the agricultural sector to perform well supported by favourable March-May 2026 long rain season, this may partly explain the increased role of buyer of farm produce in credit support to farmers.

Borrowing from family and friends was reported by 45 percent of the sampled farmers in May 2026 compared to 37 percent in March 2026. Likewise, borrowing from buyers of farm produce was reported by 45 percent of the sampled farmers in May 2026 compared to 24 percent in March 2026. The findings on the sources of financing used by farmers for farming activities are presented in **Figure 8**.

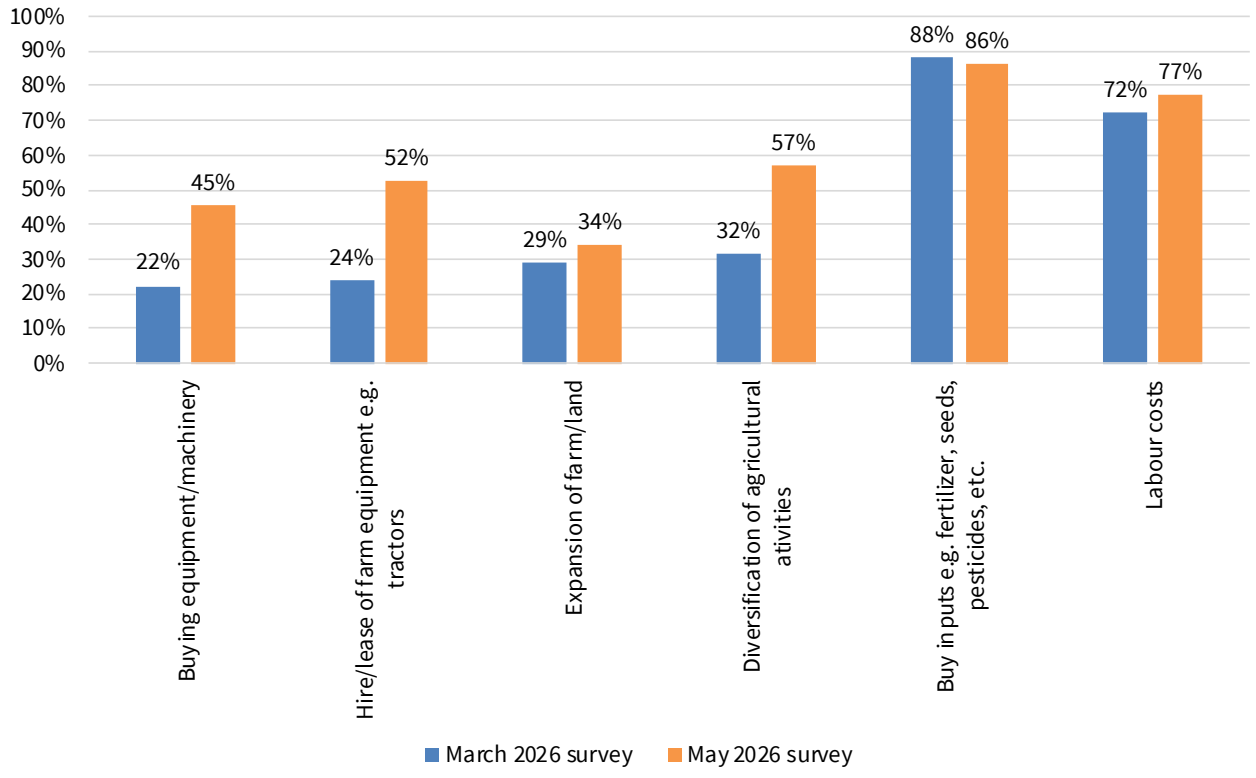
Borrowing from Savings and Credit Cooperatives (SACCOs) was 23 percent of the sampled farmers in May 2026 compared to 15 percent in March 2026. Digital lenders continued to be a major source of credit to farmers with the proportion reporting to have accessed digital loans at 30 percent in May 2026 compared to 35 percent in March 2026 **(Figure 8)**. Borrowing from digital credit providers was reported by more than 25 percent of the sampled farmers in May, March and January 2026 which could indicate that digital lending platforms are increasingly becoming important sources of credit to farmers.

Figure 8: 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 86 percent in May 2026 compared to 88 percent in March 2026 **(Figure 9)**. The proportion reporting using agricultural loans to meet labor costs in both surveys exceeded 70 percent to stand at 77 percent in May 2026 and 72 percent in March 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 May 11 - 15, 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 374 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 views/suggestions gathered in May 2026 were like those obtained in previous surveys and revolved around the cost of farm inputs, commodity price support and affordable credit:

Farmers' views/suggestions

- Ensure farmers have access to affordable high quality farm inputs particularly certified seeds, subsidized fertilizer and pesticides
- Need for commodity price support to ensure selling price is high enough to offset production costs
- Financial support to farmers through affordable loans
- Subsidize the cost of fuel especially diesel
- Reduce cost of farm machinery and equipment to enhance farm mechanization and increase productivity

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

- Government should intervene to ensure farmers have access to high quality affordable farm inputs particularly certified seeds, subsidized fertilizer and herbicides/pesticides
- Government should ensure farmers get prices that fully offset production costs. The favourable prices will also serve as an incentive for farmers to produce more.
- Government should continue investing in dams to conserve rainwater for irrigation.
- Need for financial support to farmers, for instance, special loan products targeted to farmers.
- Government should continue to subsidize the cost of fuel, especially distillate fuel oil (diesel) which is widely used by farmers in production. This will also moderate transportation costs.
- Implement measures to lower the cost of farm machinery and equipment, for instance, reduced taxation of farm machinery and equipment, to enhance farm mechanization.

ANNEXES

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

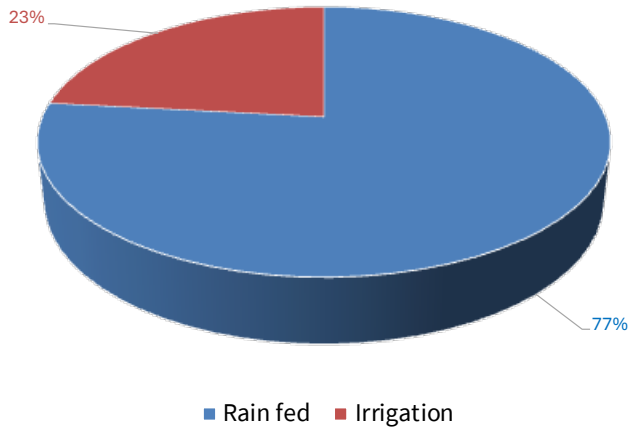


Figure 11: Access to Subsidized Fertilizer (Percent of Respondents)

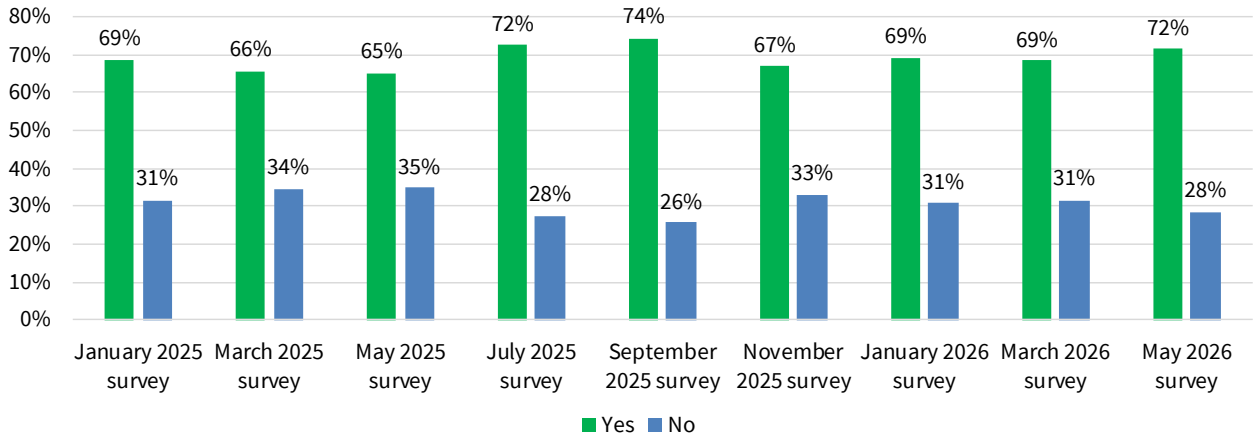
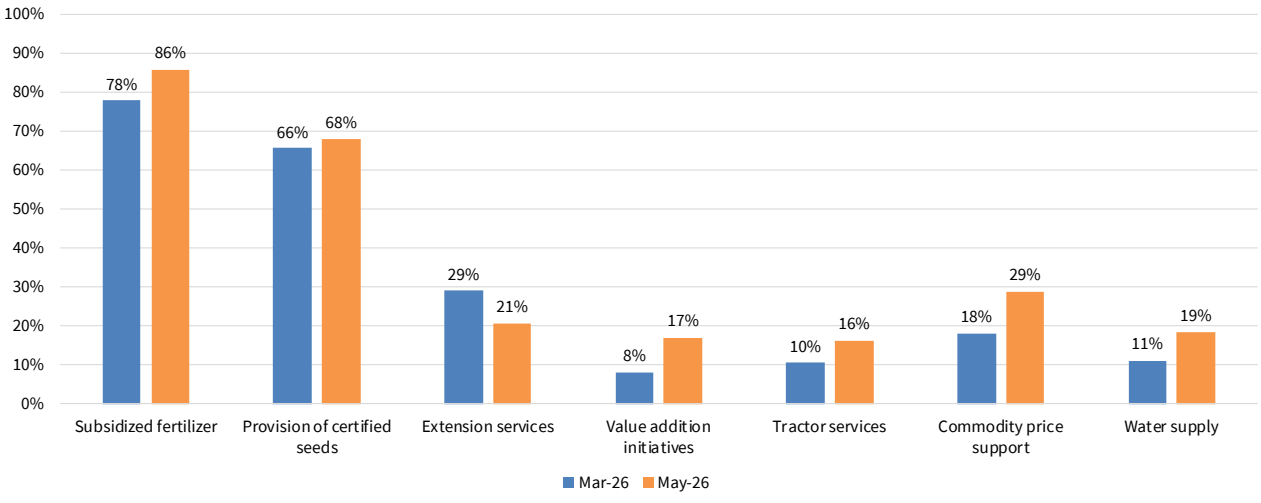


Figure 12: Government interventions reported as most critical for agricultural production in March and May 2026 surveys (Percent of Respondents)



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