Central Bank of Kenya

Market Perceptions Survey

November 2025

CONTENTS

1. BACKGROUND TO THE MARKET PERCEPTIONS SURVEYS

The Central Bank of Kenya (CBK) undertakes a Market Perceptions Survey, prior to every Monetary Policy Committee (MPC) meeting to obtain perceptions of banks and non-bank private sector firms on selected economic indicators including inflation, economic growth, demand for credit, growth in credit to private sector and exchange rate. The Survey also allows respondents to indicate their levels of optimism in the country's economic prospects and business environment, and perspectives on the current and expected economic conditions, focusing on economic activity and employment. It also captures suggestions by private sector firms on ways to improve the business environment.

Commercial banks, micro-finance banks, and a sample of non-bank private sector firms are included in the Surveys. The sample of non-bank private firms, selected from major towns across the country namely Nairobi, Mombasa, Kisumu, Eldoret, Nakuru, Nyeri, Meru and Kisii, is representative of sectors that account for about 78 percent of GDP. The sectors covered by the Survey include agriculture, mining and quarrying, manufacturing, trade, hotels and restaurants, information and communications technology (ICT), transport, real estate, health, building and construction, and finance and insurance.

The MPC Secretariat conducts sensitisation engagements with respondents on an annual basis in all the regions to facilitate a better understanding of the survey questions, to enhance the quality of responses, and to increase the response rate.

2. INTRODUCTION

The November 2025 MPC Market Perceptions Survey was conducted in the first three weeks of the month. The Survey aimed at getting perceptions by respondents on selected economic indicators for the previous three months (September, October and November 2025), expectations for the next three months (December 2025, January 2026, and February 2026), the next one year (November 2025 – October 2026), the next two years (November 2025 – October 2027), and the next five years (November 2025 – October 2030).

The Survey also inquired about the levels of demand for credit in the next two months and expected private sector credit growth for 2025 and 2026. In addition, the Survey gathered market expectations for economic growth for 2025, 2026, and the medium term. Respondents were also asked to give their expectations about lending rates over the next one year, demand for credit in the next two months, and inflation over the next three months, one year and over the medium term.

Other areas covered by the Survey included levels of optimism about economic prospects over the next 12 months, monthly hotel activity including bed occupancy, restaurant services, and conferencing services for July – October 2025, monthly hotel forward booking for November 2025 - February 2026, and employment expectations for 2025 relative to 2024, and for 2026 relative to 2025. The Survey also analyzed the significance of the various factors behind the underlying respondents' expectations.

This report provides a summary of the findings of the Survey.

3. SURVEY METHODOLOGY

The Survey targeted Chief Executives and other senior officers of 400 private sector firms comprising 37 commercial banks, 14 microfinance banks (MFBs) and 349 non-bank private firms, including 96 hotels, through questionnaires administered online, and via email and hard copies. The overall response rate to the November 2025 Survey was 71 percent of the sampled institutions. The respondents comprised 36 commercial banks, 13 micro-finance banks, and 235 other non-bank private sector firms.

The expectations from commercial and microfinance banks were aggregated and analysed using weighted averages based on the market size of the bank/ microfinance bank relative to total banks/ microfinance banks, respectively, while those from the non-bank private firms were weighted using the respective sector weights based on the latest available sectoral contributions to GDP.

4. HIGHLIGHTS OF THE SURVEY

The Key findings from the November 2025 Market Perceptions Survey included:

1. Respondents expect overall inflation to remain below the midpoint of the target range over the next three months, supported by low food prices, stable global fuel prices and exchange rate.
2. Respondents expect economic activity to increase in December 2025, January 2026 and February 2026 due to seasonal factors associated with the festive period and beginning of the school year.
3. Respondents expect economic growth in 2025 to be better than in 2024, largely on account of better agriculture performance, stable macroeconomic conditions and a resilient services sector.
4. Respondents expect economic growth to improve further in 2026, supported by recovery in credit growth and investment, continued macroeconomic stability, sustained improvement in agriculture and Government investment in infrastructure.
5. The survey indicated mixed hiring expectations by banks and non-bank private firms in 2025, but anticipates recovery in employment in 2026, driven by planned business growth, diversification, and expansion.
6. Bank respondents expect a better outcome in private sector credit growth in 2025, mainly due to declining lending rates, with a further pick-up in 2026, supported by monetary policy easing, expected improvement in economic growth, and sustained macroeconomic stability.
7. The survey revealed sustained optimism by respondents about Kenya's economic prospects in the next 12 months.

5. INFLATION EXPECTATIONS

In the Survey, respondents were requested to give their expectations of overall inflation rates for the next three months (November 2025, December 2025, and January 2026), the next 12 months (November 2025 – October 2026), the next 2 years (November 2025 – October 2027), and the next 5 years (November 2025 – October 2030).

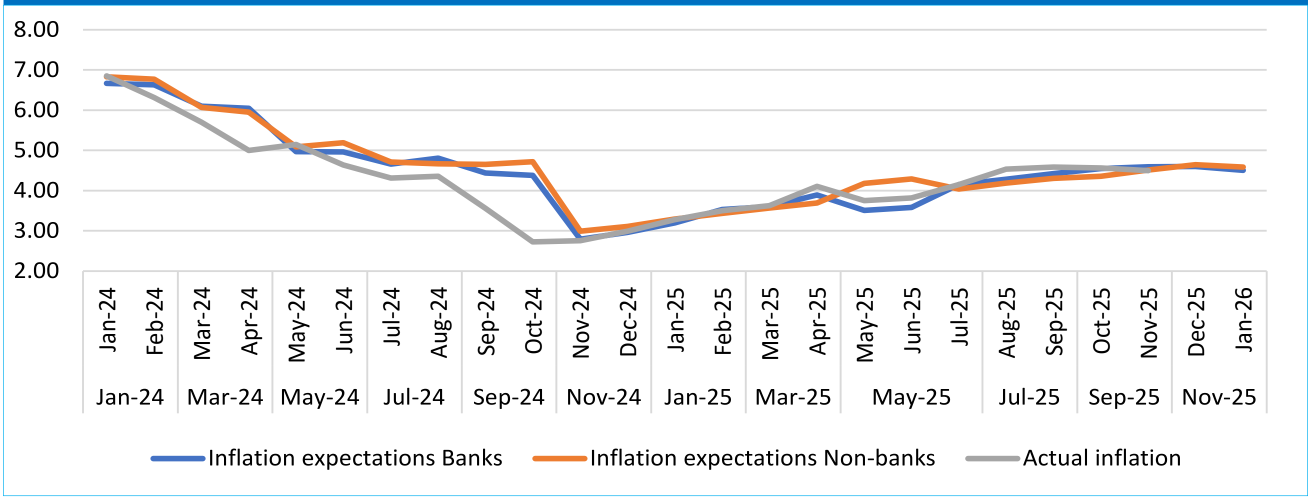
5.1. Short term inflation expectations

Respondents expected inflation to remain stable and below the midpoint of the target in the next three months, supported by moderating global oil prices and a stable Shilling **(Chart 1).**

Respondents expect low and stable inflation to be supported by several factors. Low food prices are anticipated due to improved food supply from favorable weather and government initiatives to boost agricultural production. Stable global fuel prices are expected to keep local pump prices, and consequently, transport inflation low. Additionally, the stable exchange rate is expected to contribute to low inflation by moderating the cost of imports.

However, respondents anticipate some upward inflationary pressure from seasonal demand due to higher consumer spending during the festive season, as well as seasonal upward pressure on food prices as harvests wind down.

Chart 1: Short term inflation expectations (percent)



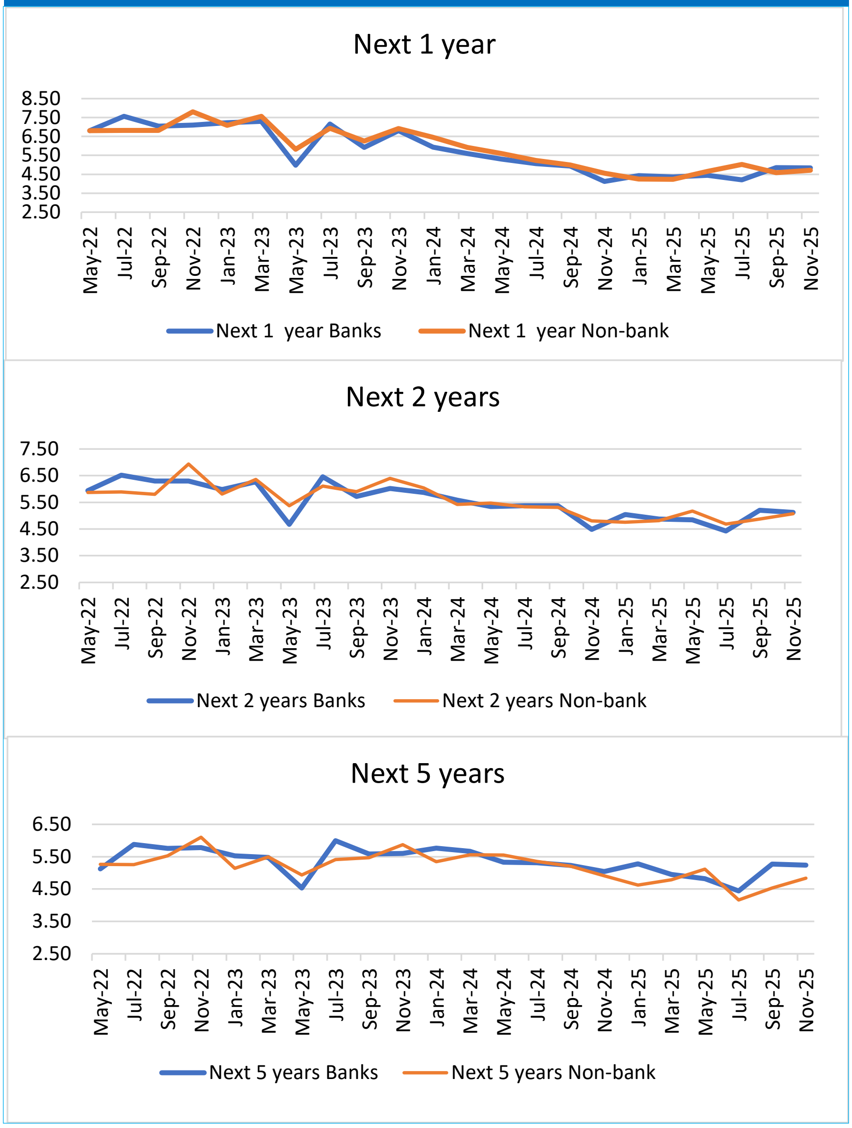
5.2. Medium term Inflation expectations

Over the medium term, respondents expect inflation to remain anchored close to the midpoint of the target range, supported by prudent monetary policy aimed at maintaining price stability, as well as diversification of domestic food supply and agricultural policies designed to ensure food sufficiency under adverse climatic conditions **(Chart 2).**

Moreover, respondents expect a faster post-election recovery to support low and stable inflation in the medium term.

However, risks to this expectation include exposure to external shocks including higher fuel prices and other fluctuating commodity prices which could increase production and transport costs, as well as climate related shocks, that could push up food prices.

Chart 2: Inflation expectations for the medium term (percent)



6. ECONOMIC ACTIVITY

The November 2025 Market Perceptions Survey sought bank and non-bank private sector firms' assessment of economic activity in September, October and November 2025, and their expectations for December 2025, January 2026 and February 2026. The results showed expectations of improved economic activity in the next three months **(Charts 3 & 4).**

The Survey findings indicated that respondents expect moderate-to-strong activity over the next three months, largely supported by strong demand during the festive season from consumers and private sector businesses, particularly in retail trade, hospitality, transport, and the services sector.

In addition, respondents expect economic activity to improve in January, driven by household spending on education as schools reopen, and by increased government expenditure at the start of the new school year.

The respondents also indicated that adopting the revised Risk-Based Credit Pricing Model is expected to stimulate private sector credit demand by encouraging investments in the real economy, thereby boosting economic activity.

However, respondents remained concerned about reduced disposable incomes which continue to weigh down on businesses and households.

Chart 3: Expected economic activity by banks (percent of respondents)

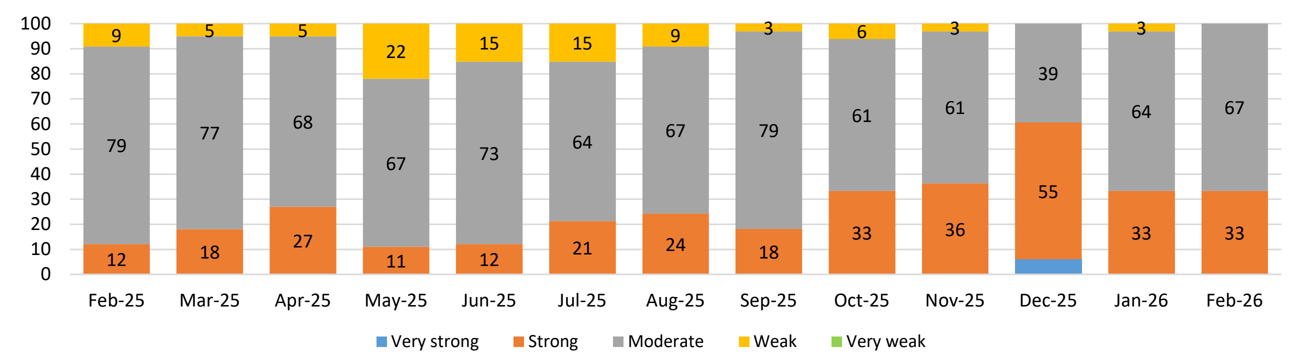
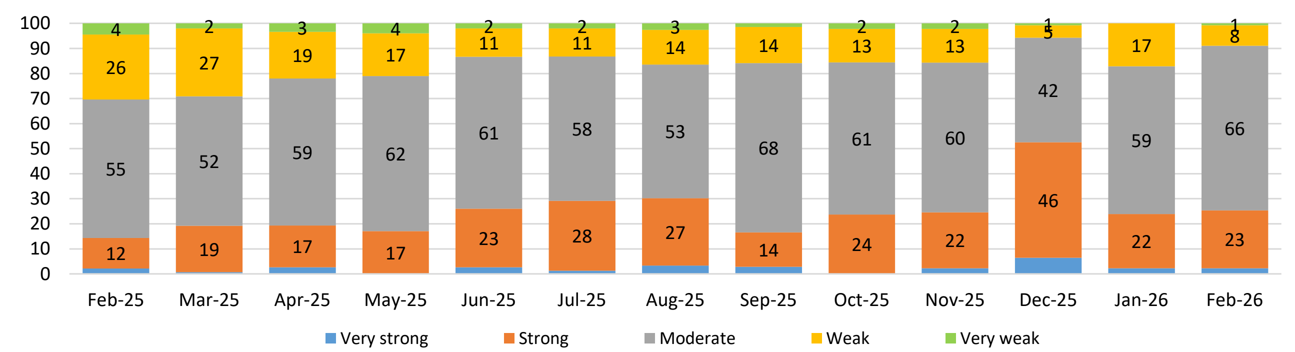


Chart 4: Expected economic activity by non-bank private sector (percent of respondents)



7. PRIVATE SECTOR CREDIT GROWTH EXPECTATIONS

The Survey sought to find out from commercial banks by what percentage they expected to grow credit to private sector by end December 2025 compared with end December 2024 and expected direction of private sector credit growth in 2026 relative to 2025.

7.1. Growth in private sector credit at end December 2025

Respondents expect private sector credit growth in 2025 to be higher relative to 2024, largely due to reductions in lending rates **(Chart 5).**

Bank respondents expect stronger private sector credit growth at the end of December 2025, largely supported by the monetary policy easing by the CBK. This easing has gradually lowered lending rates, stimulating borrowing by reducing the cost of new and existing variable - rate loans, thus increasing disposable income, and potentially boosting overall economic demand.

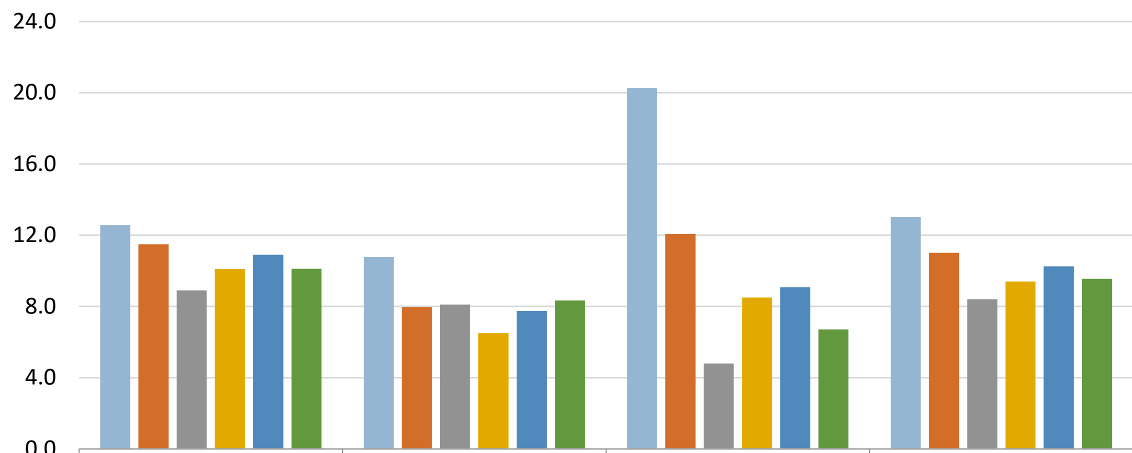
In addition, bank respondents attributed these expectations to a stable macroeconomic conditions in 2025, including low inflation, to support demand for credit, and boost credit growth.

Furthermore, bank respondents indicated that strengthened product offerings by banks, including asset finance, trade finance, and mortgages, are expected to improve access to credit for the private sector, further supporting growth in private sector credit lending.

Nevertheless, risks to private sector credit growth include cautious lending by banks due to elevated credit risk, concerns over credit quality and a rise in non-performing loans, especially in the SME and unsecured segments.

Additionally, bank respondents highlighted the potential crowding out of the private sector by government borrowing as a further risk to private sector credit growth in 2025.

Chart 5: Expectations on private sector credit growth in 2025 (percent)



	Large banks	Medium banks	Small banks	All banks
January	12.6	10.8	20.3	13.0
March	11.5	8.0	12.1	11.0
May	8.9	8.1	4.8	8.4
July	10.1	6.5	8.5	9.4
Sept	10.9	7.7	9.1	10.3
Nov	10.1	8.3	6.7	9.5

7.2. Expected direction of private sector credit growth in 2026 relative to 2025

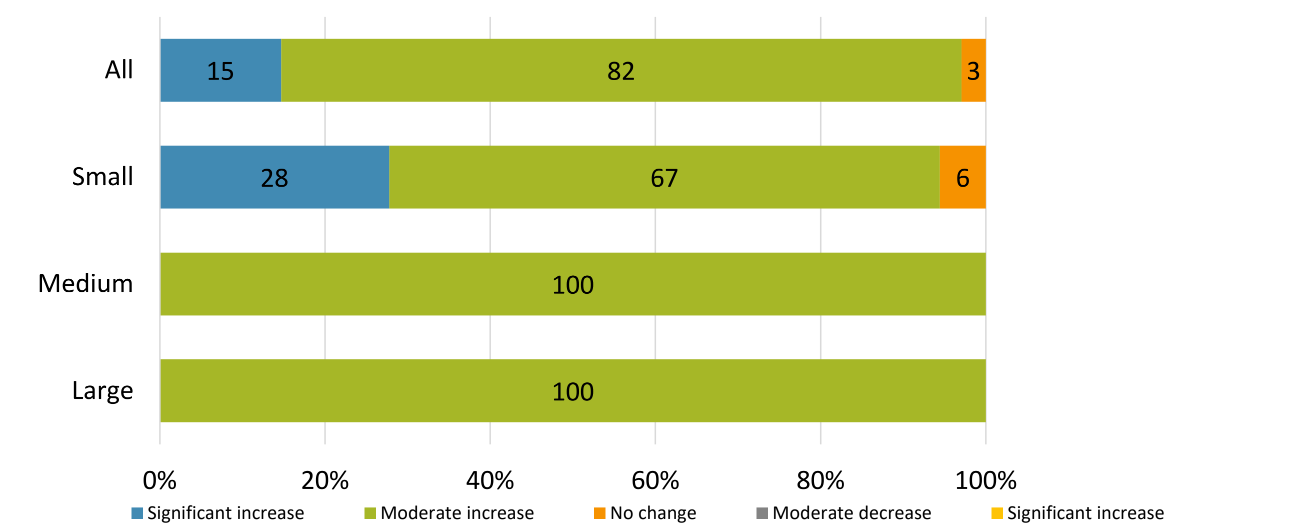
Respondents expect private sector credit growth to increase moderately in 2026 compared with 2025, largely due to continued monetary policy easing **(Chart 6).**

Respondents expect private sector credit growth in 2026 to be supported by increased demand for credit and improved business activity, driven by monetary policy easing, lower interest rates and lower cost of funds. They also anticipate that moderate loan growth will result from businesses' needs for working capital and short- term asset financing, as economic activity and growth improve across sectors such as services, agriculture, trade, manufacturing, transport, communication, and household sector.

Furthermore, private sector credit demand is expected to be supported by sustained macroeconomic stability, including stable inflation, exchange rates, and low interest rates, which are likely to boost household spending and further increase private sector credit growth.

However, risks to private sector credit growth in 2026 include reduced disposable income, high cost of doing business and pending bills by both national and county governments, which may limit suppliers' and contractors' access to credit.

Chart 6: Expectations for private sector credit growth in 2026 relative to 2025 (percent of banks respondents)



7.3. Expected demand for credit by banks

The Survey requested bank respondents for an assessment of credit demand from their perspective, during the 2 months before the MPC meeting (October and November 2025), and their expectations for December 2025 and January 2026. Respondents expect moderate to high demand for credit in December 2025 and January 2026 **(Chart 7).**

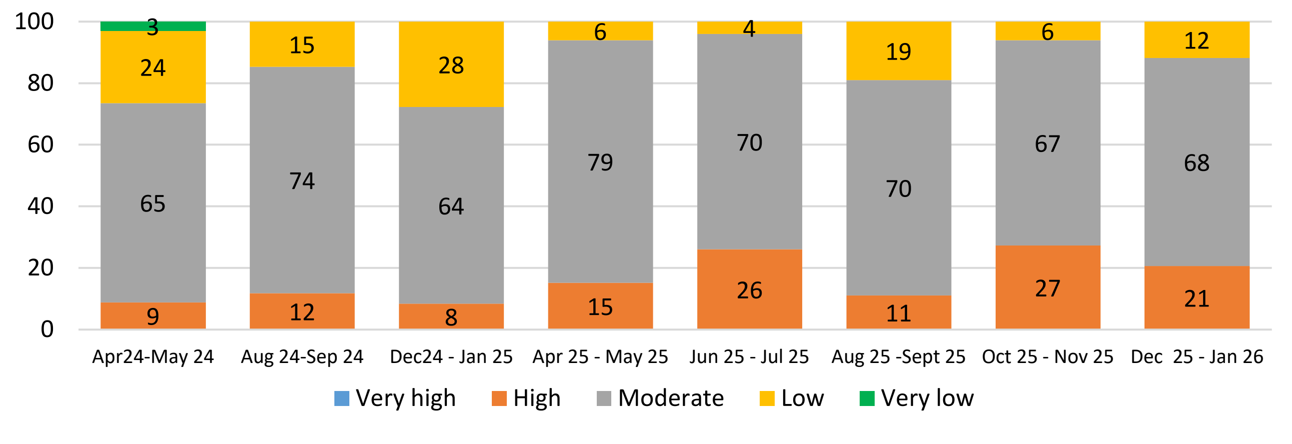
Bank respondents expect credit demand to be driven mainly by festive season financing. This includes December seasonal working capital for restocking, increased consumer spending during the holidays, companies' strategic projects planned for the new year, and back to school spending in January 2026.

In addition, respondents expect declining lending rates to further boost credit demand, as borrowers take advantage of lower borrowing costs to finance their growth initiatives.

Nevertheless, bank respondents expect a temporary slow-down in credit demand as businesses close for the holidays. When they reopen in January, many are expected to focus on planning and strategy for the year rather than taking on new credit.

Additionally, respondents expect reduced disposable incomes, resulting from government taxation policies to negatively affect both the demand for and access to credit.

Chart 7: Expectations on demand for credit from banks' perspective (percent of respondents)



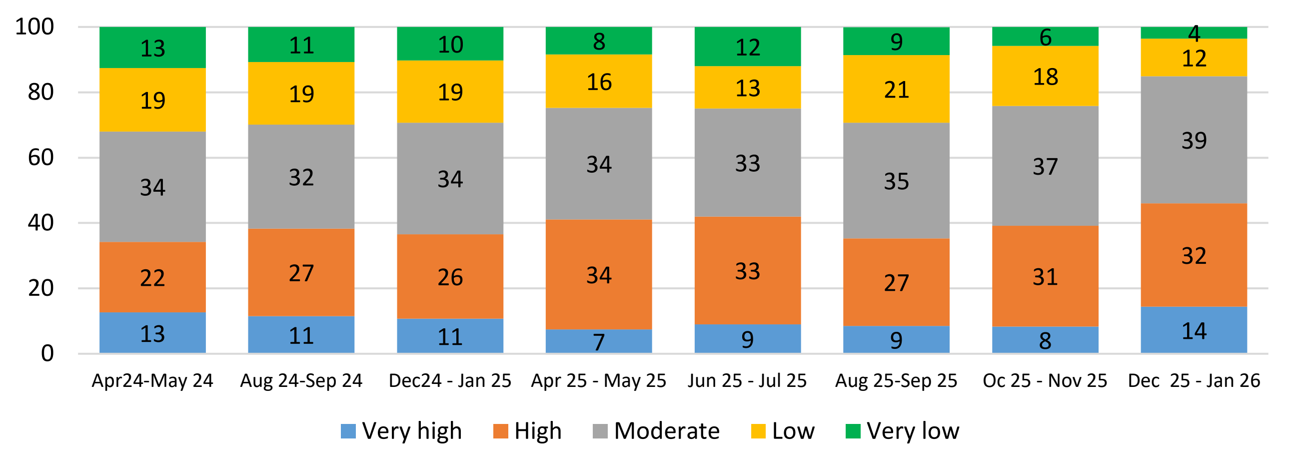
7.4. Expected demand for credit by non-bank private sector firms

The Survey asked non-bank private sector firms about the extent of their expected demand for credit over the next twelve months. The Survey results showed that private sector demand for funding was moderate to high, driven largely by the need to finance working capital **(Chart 8).**

Non-bank respondents attributed their demand for credit to the need to finance working capital and growth projects in order to remain afloat amid challenging economic times and rising operational costs.

Nevertheless, non-bank private sector respondents cited reduced activities, low returns, and high interest rates as key risks to credit demand.

Chart 8: Expected demand for credit by non-bank private sector firms (percent of respondents)



8. EXPECTED ECONOMIC GROWTH

The Survey requested participants to indicate their expectations for the country's economic growth rate in 2025, the direction of economic growth in 2026, and economic growth prospects over the medium term (2026 – 2028).

8.1. Expected economic growth in 2025

Respondents expected economic growth in 2025 to improve compared with 2024, largely supported by stronger agricultural performance, a resilient services sector, and easing macroeconomic factors **(Chart 9).**

Improved performance in the agriculture sector supported by favorable weather conditions and government interventions, is expected to drive economic performance in 2025.

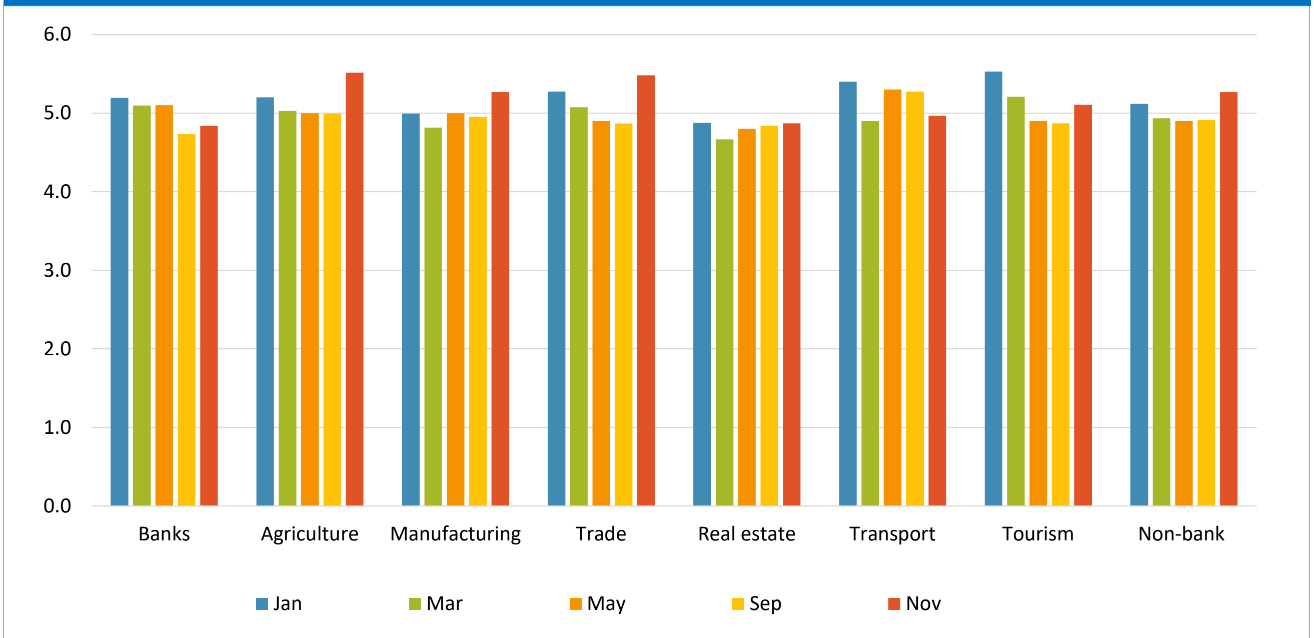
In addition, respondents expect growth to be supported by improved household spending and increasing private sector credit growth, underpinned by stable macroeconomic factors.

Respondents also expect economic growth to be supported by a resilient services sector, including tourism, finance, ICT, trade, transport and retail. These sectors are expected to benefit from cheaper credit, leading to improved economic activity, employment, and a recovery in overall demand in the economy.

Nevertheless, respondents cited several risks to economic growth, including an uncertain global environment, the prolonged Ukraine-Russia conflict, and the effect on oil prices by the ever-volatile Middle East conflict.

In addition, respondents identified the government's fiscal consolidation initiatives, which have resulted in reduced spending, slower revenue collection and high taxation, as a risks to economic growth in 2025.

Chart 9: Expectations on economic growth for 2025 (percent)



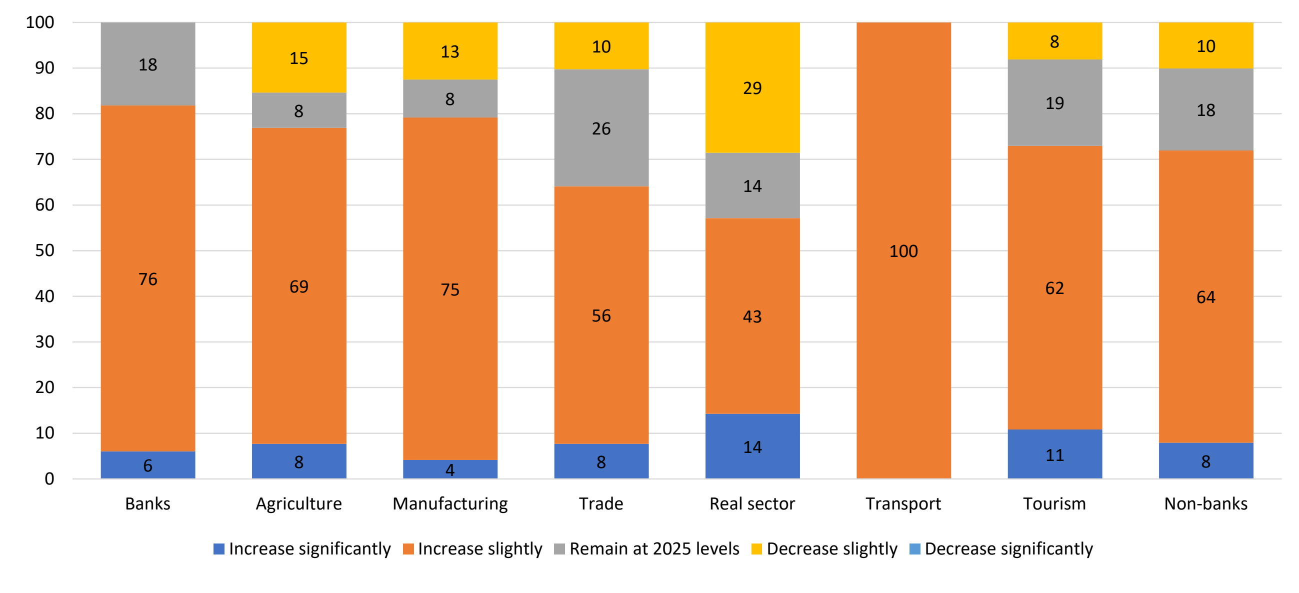
8.2. Expected economic growth in 2026

Respondents expected a slight increase in economic growth in 2026 compared with 2025 **(Chart 10).**

Respondents expect 2026 economic growth to be largely supported by recovering credit growth and investment as inflation moderates, continued macroeconomic stability, sustained recovery in agriculture, and government investments in infrastructure.

Respondents, however, remained concerned about the impact of fiscal consolidation initiatives by government and uncertain global environment.

Chart 10: Expectations on economic growth for 2026 (percent of respondents)



8.3. Medium term (2026 – 2028) economic growth expectations

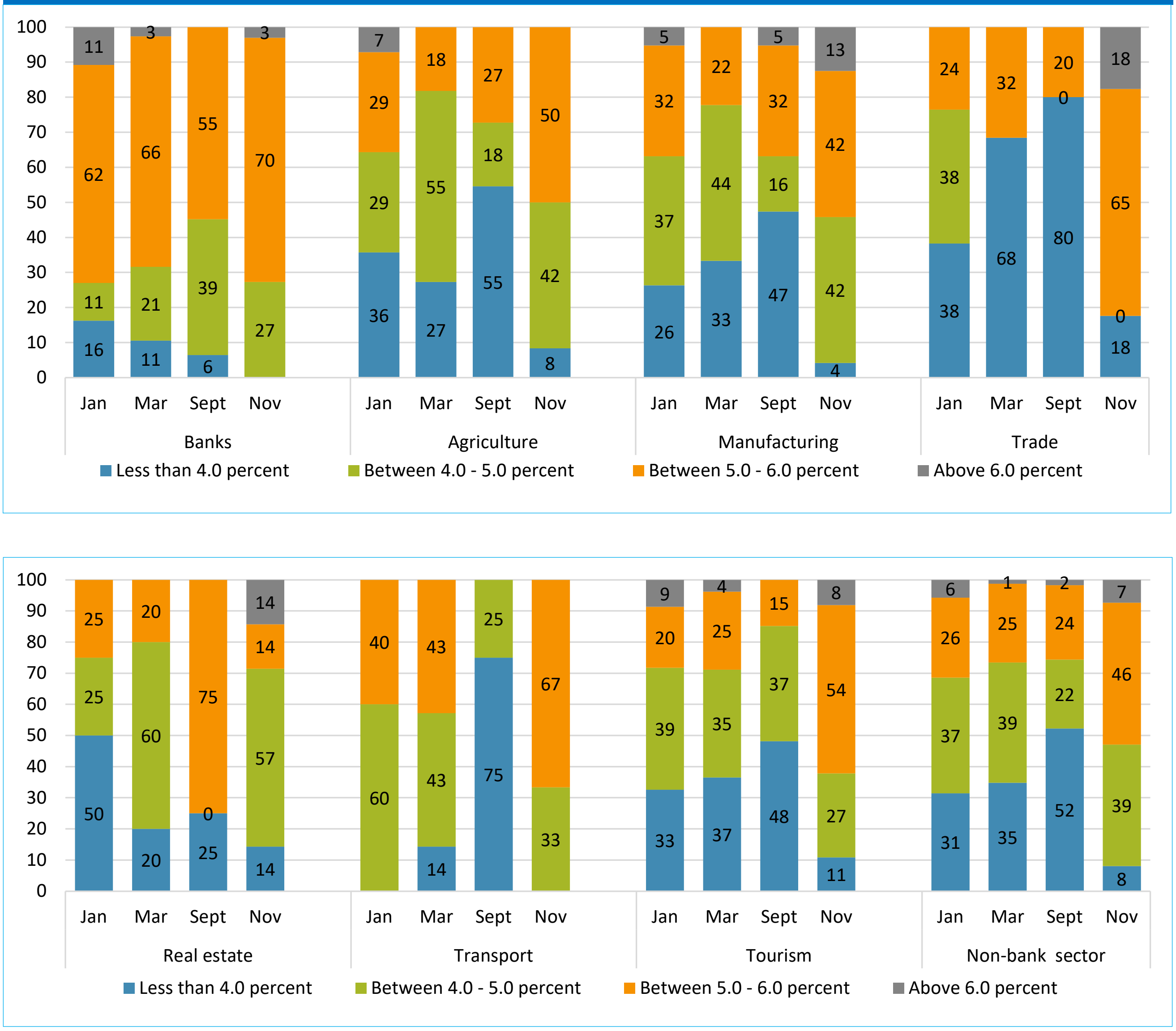
Respondents expressed optimism about the country's expected economic growth over the medium term (2026 – 2028) **(Chart 11).**

Respondents expect medium-term economic growth to be anchored on macroeconomic stability and resilient services sector, supported by investments, strong domestic demand, increased uptake of credit, and increased private sector activity.

In addition, respondents expect medium-term economic growth to be supported by improved infrastructure, driven by fiscal spending on key priority areas and major government investments in large-scale projects. Growth is also expected to be underpinned by resilient agricultural sector performance, supported by favorable weather and productivity-enhancing investments in the sector.

Risks to this outlook included political uncertainty ahead of the upcoming elections, fiscal constraints arising from government consolidation efforts, and global uncertainties.

Chart 11: Medium-term economic growth expectations (percent of respondents)



9. EMPLOYMENT EXPECTATIONS

Respondents were asked about whether they expected to increase the number of employees in 2025 relative to 2024, and hiring expectations in 2026 relative to 2025.

9.1. Employment expectations in 2025

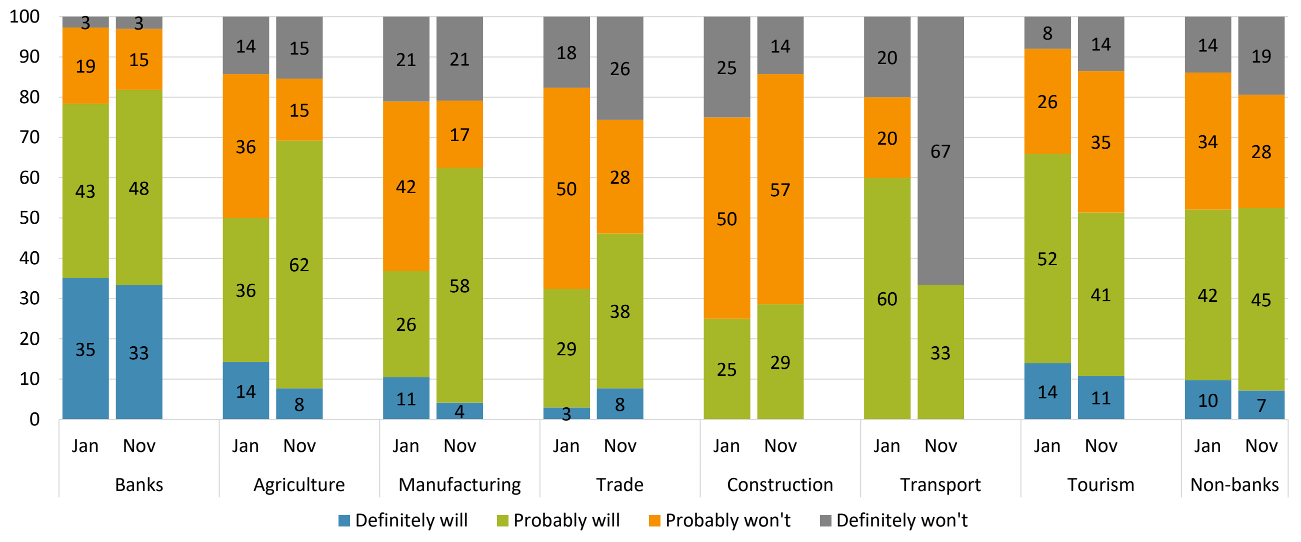
The results showed mixed expectations by banks and non-banks in 2025 **(Chart 12).**

Bank respondents largely expect increased hiring in 2025 supported by continued branch expansions, the need to attract new talent, replace exiting staff, and improve operational efficiency.

On the other hand, non-bank respondents expect to increase hiring to meet seasonal demand, enhance efficiency and market growth, expand production capacity, grow their businesses and replace exiting staff.

Respondents cited several factors affecting hiring in 2025, including reduced business volumes and declining profits, high operational and overhead costs, low consumer purchasing power, increased taxation and the need to leverage on ICT and technology to reduce manual operations.

Chart 12: Employment expectations for 2025 compared with 2024 (percent of respondents)



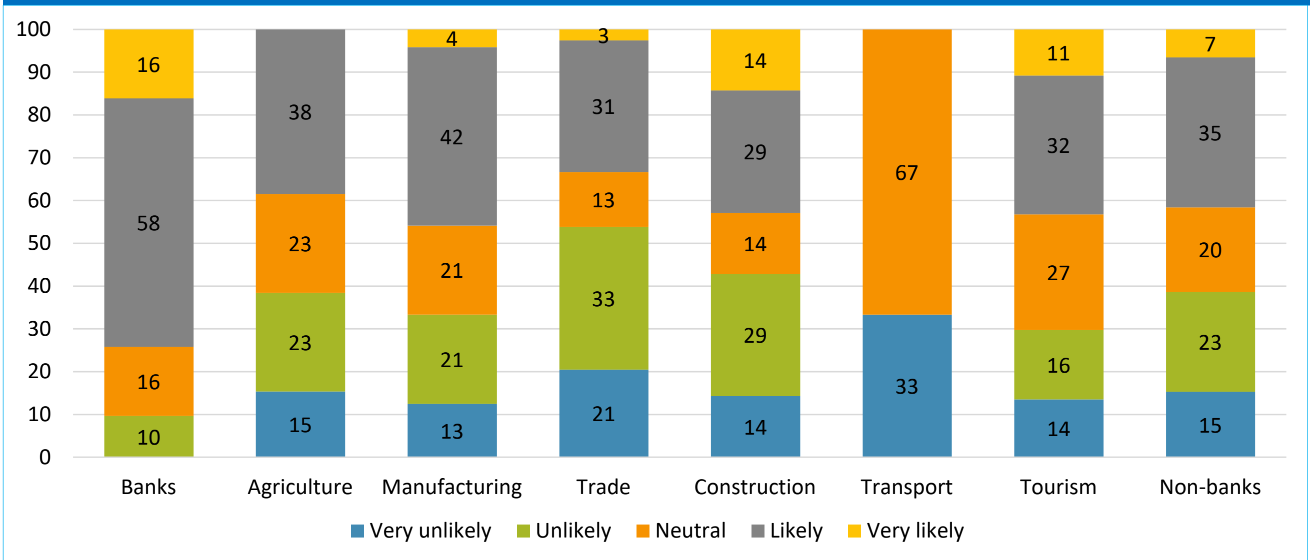
9.2. Hiring outlook for 2026 relative to 2025

Respondents reported mixed expectations about hiring prospects in 2026, with 74 percent of banks and 42 percent of non-bank private firms anticipating staff increases **(Chart 13).**

The agriculture, manufacturing, trade, construction and tourism sector expected new hires in 2026 to be supported by planned business growth, diversifications and expansions.

The transport sector respondents were less optimistic about new hires in 2026 citing sector specific risks such as high cost of logistics, lengthy clearance processes, port congestion, high freight costs and heavy charges for port delays.

Chart 13: Hiring outlook for 2026 relative to 2025 (percent of respondents)



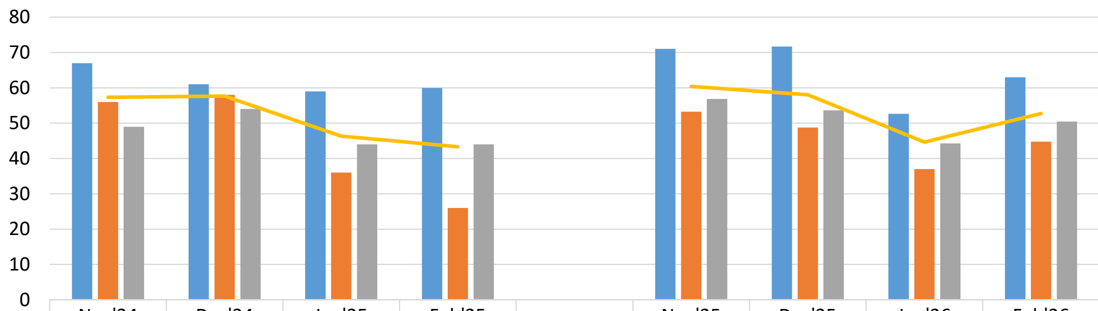
10. OPTIMISM ON THE ECONOMIC PROSPECTS

The Survey asked all respondents how optimistic and/or pessimistic they were regarding Kenya's economic growth prospects for the next twelve months. To further assess the country's economic outlook, the Survey also asked hotel respondents to indicate the forward bookings received for the period from November 2025 to February 2026.

10.1 Hotel forward bookings

The survey revealed improved levels of average forward hotel bookings for the period November 2025 to February 2026 compared with the same period in the previous year **(Chart 14).**

Chart 14: Hotel forward bookings (November 2025 – February 2026)



	Nov'24	Dec'24	Jan'25	Feb'25		Nov'25	Dec'25	Jan'26	Feb'26
Mombasa	67	61	59	60		71	72	53	63
Nairobi	56	58	36	26		53	49	37	45
Rest of Kenya	49	54	44	44		57	54	44	50
Average	57	58	46	43		60	58	45	53

Mombasa Nairobi Rest of Kenya Average

Respondents indicated that factors supporting the increase in hotel forward bookings include higher domestic tourism and weekend travel, a recovering economy, favorable weather conditions encouraging travel, improved online visibility, and direct bookings.

10.2. Optimism on economic prospects in the next 12 months

The Survey asked bank and non-bank private sector firms to indicate their level of optimism or pessimism regarding the country's economic prospects over the next 12 months. Overall, respondents expressed sustained optimism about Kenya's economic prospects for the next 12 months **(Charts 15 & 16).**

The optimism was largely attributed to stable macro-economic factors including low inflation, a stable exchange rate, and low interest rates, which are expected to support business activity and facilitate planning and foster economic growth in 2026.

In addition, respondents anticipate robust agricultural sector performance, driven by favorable weather and sustained investments in productivity. Moreover, private sector credit growth is expected to further support economic expansion across sectors.

Nevertheless, respondents identified a number of risks to this optimism, including underperformance in tax collection, lower government spending, muted domestic demand, and possible external vulnerabilities such as oil price volatility and geopolitical tensions.

Chart 15: Optimism in growth prospects by banks (percent of respondents)

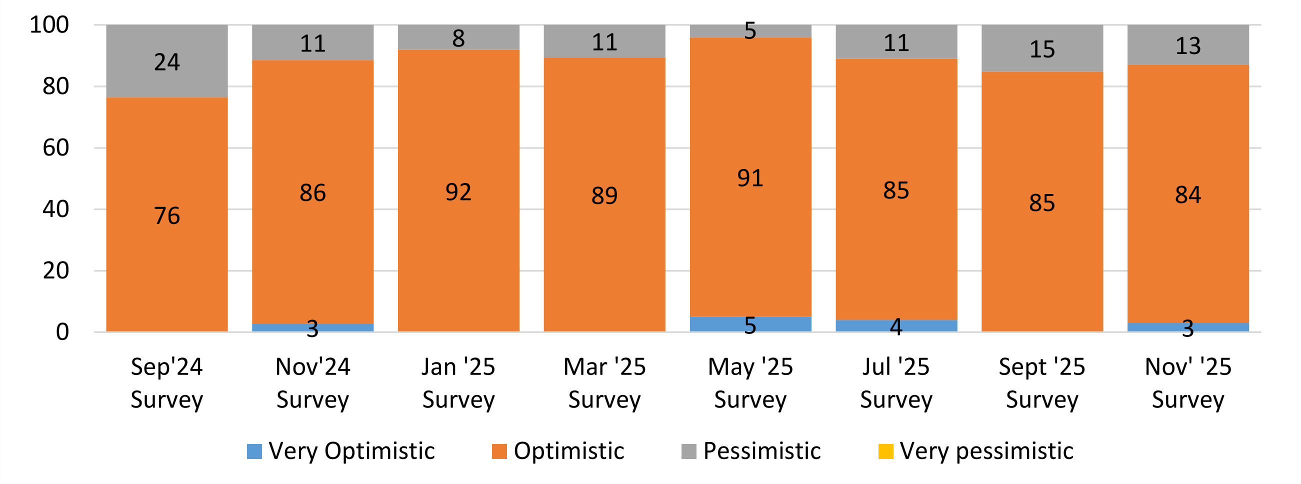
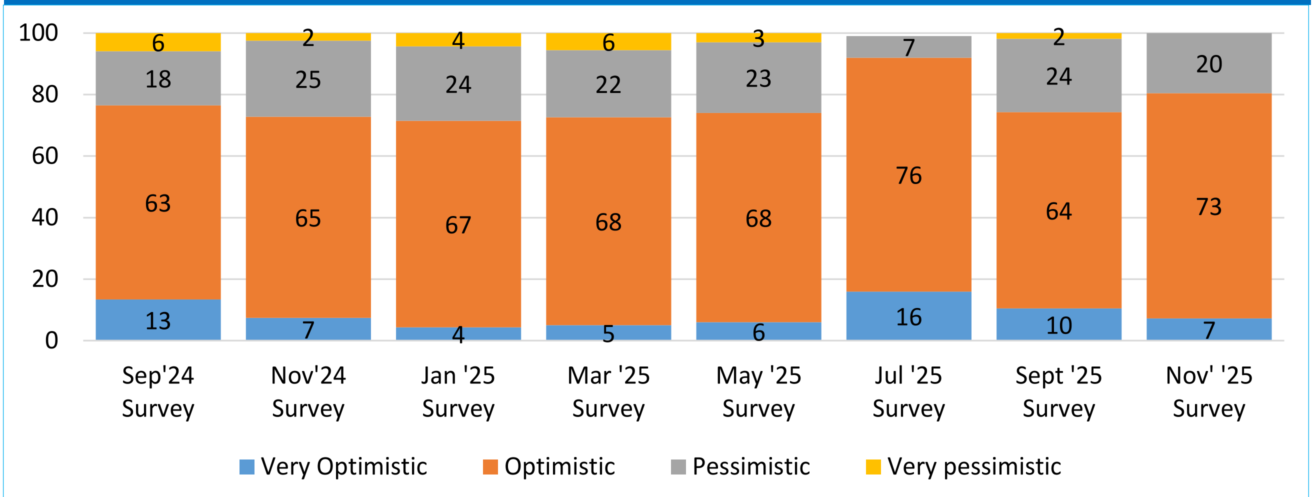


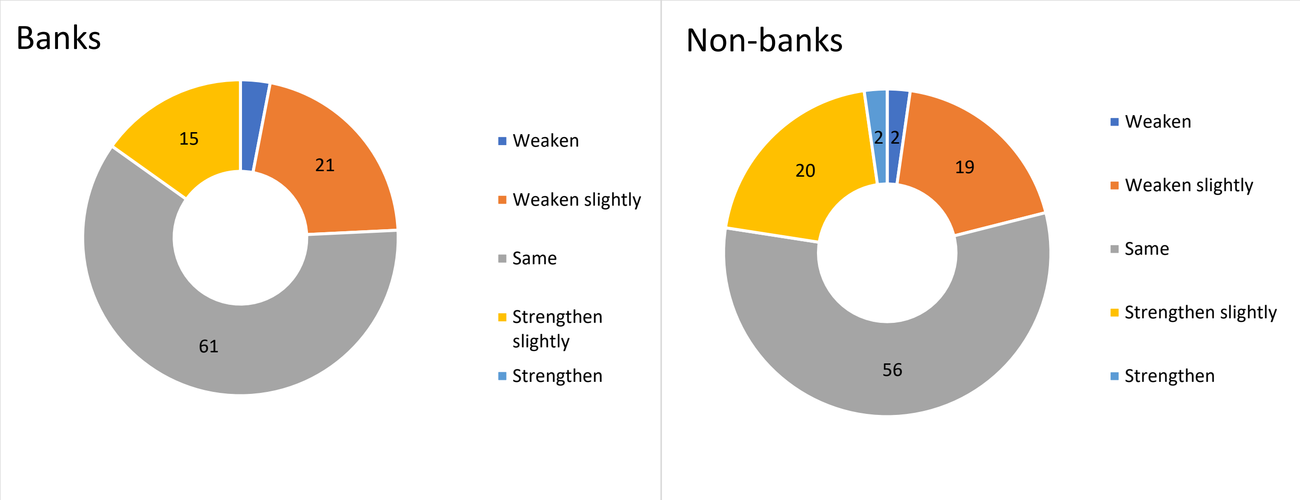
Chart 16: Optimism in growth prospects by non-bank private sector (percent of respondents)



11. EXCHANGE RATE EXPECTATIONS

The Survey asked bank and non-bank private sector firms about their expectations regarding the direction of the Kenyan Shilling against the US Dollar in November and December 2025. Respondents expected the exchange rate to remain largely stable at current levels over the next 2 months **(Chart 17).**

Chart 17: Exchange rate expectations (percent of respondents)



Respondents expect the Shilling to be supported by adequate foreign exchange reserves, providing a buffer against potential shocks. They also anticipate that resilient supply factors, including increasing tourism activity, particularly during the festive season, strong diaspora remittances, portfolio inflows, and improved export performance, especially from tea and horticultural exports, will support the Shilling in November and December 2025.

Nevertheless, the main risks to exchange rate stability over the next two months include pressures from the festive season demand for consumer durables and seasonal import demand.

12. HOW THE BUSINESS ENVIRONMENT COULD BE ENHANCED

The Survey asked respondents to indicate how the business environment could be enhanced.

Bank and non-bank respondents suggested that improvements could be achieved by maintaining a stable and predictable regulatory environment and by developing and communicating a multi-year tax and levy framework to enhance planning, provide certainty and reduce regulatory surprises. Coupled with revenue-raising measures that stimulate private sector activity and consumption, these steps would support effective business planning and policy forecasting.

Bank respondents further indicated that the business environment could be strengthened by expanding credit guarantee schemes and offering targeted credit lines to reduce the cost of credit for MSMEs and improve access to affordable financing.

Bank and non-bank respondents noted that the timely settlement of pending bills would help reduce non-performing loans, ease liquidity pressures, increase spending on projects, and enhance private sector liquidity, thereby improving the overall business environment and circulation of money in the economy.

BANKI KUU YA KENYA

Central Bank of Kenya

Haile Selassie Avenue P.O. Box 60000 - 00200 Nairobi |Tel: (+254) 20 - 286 0000 / 286 1000 / 286 3000