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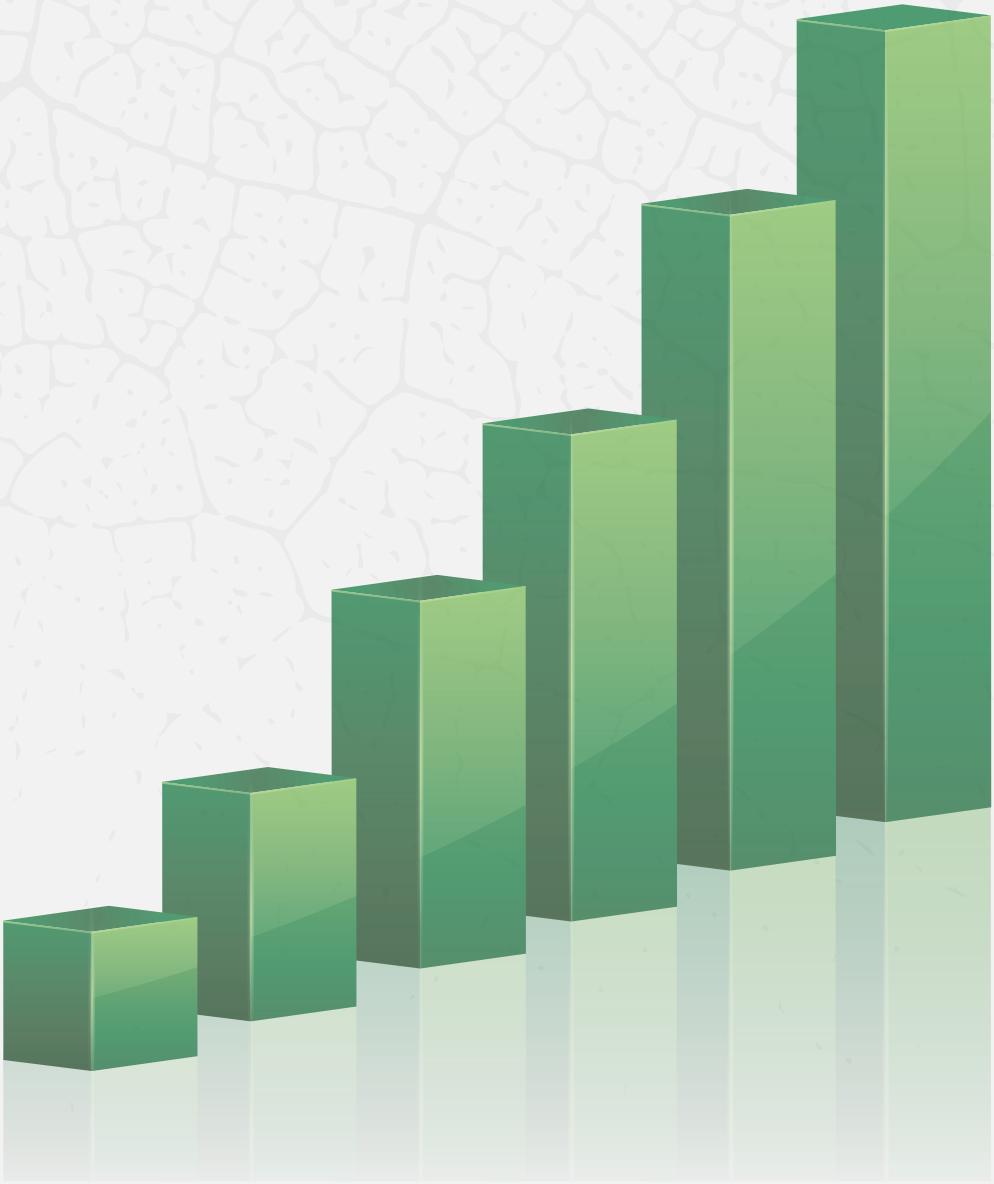

AGRICULTURE SECTOR SURVEY

March 2026

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1. BACKGROUND

The agriculture sector plays a crucial role in the Kenyan economy through its contribution to food security, economic growth, employment and foreign exchange earnings. Developments in the sector have implications for headline inflation as the Kenya Consumer Price Index (CPI) contains several processed and unprocessed food items. For instance, several food commodities are derived from maize crop, namely, green maize, green maize-loose, maize grain-loose, maize flour-loose, sifted maize flour and fortified maize flour. The food and non-alcoholic beverages category has the highest weight of 32.9 percent in the overall CPI[1] basket. Many of the sampled food commodities feature prominently in the consumer basket in view of the relatively high household expenditure on them. The Kenya Integrated Household Budget Survey (KIHBS) of 2015/2016 by the Kenya National Bureau of Statistics (KNBS) established that Kenyan households incur relatively high expenditures on beans, green grams, potatoes, onions and tomatoes. Beans and Irish potatoes have weights of 0.72 percent and 0.75 percent, respectively, in the overall CPI. The weight of maize and associated products is significant at 2.6 percent[2].

According to KNBS Economic Survey 2025, the contribution of agriculture[3] to nominal Gross Domestic Product (GDP) averaged 21.8 percent between 2000 and 2024. Growing of crops was the dominant agriculture sector activity with its contribution to nominal GDP averaging 15.5 percent over the period.

In 2023 and 2024, the sector grew in real terms by 6.6 percent and 4.6 percent, respectively, and the good performance continued into 2025. The KNBS Quarterly Gross Domestic Product Report for the third quarter of 2025 shows that the sector expanded by 3.2 percent in the third quarter of 2025 compared to 4.0 percent in a similar quarter in 2024. The sector's performance in the third quarter of 2025 was mainly supported by increased milk production and exports of cut flowers. Milk deliveries to processors stood at 249.0 million litres in the third quarter of 2025, an increase of 9.7 percent compared to a similar quarter in 2024. The high milk production partly explains the observed stability in milk prices, in general, over the last two years.

Developments in the agriculture sector, therefore, have an impact on not only on 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 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).
3. Agricultural activities include growing of crops, animal production, support activities to agriculture, forestry & logging and Fishing & aquaculture.

2. METHODOLOGICAL FRAMEWORK

The March 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, 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 428 respondents were sampled out of which farmers and retailers accounted for 46 percent and 37 percent, respectively, while wholesalers accounted for 17 percent **(Figure 1a and 1b)**.

Figure 1a: Sample composition (Percent)

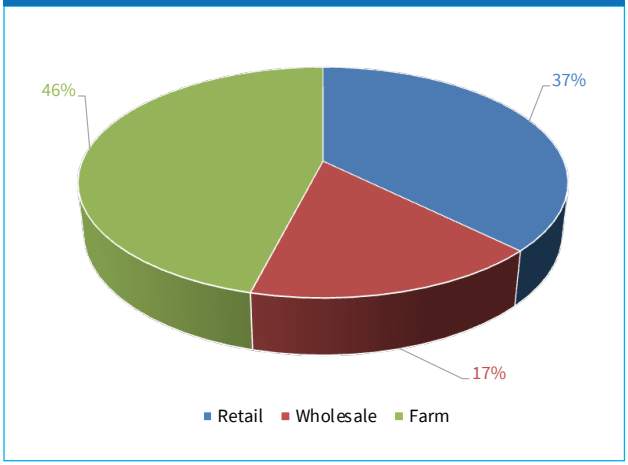
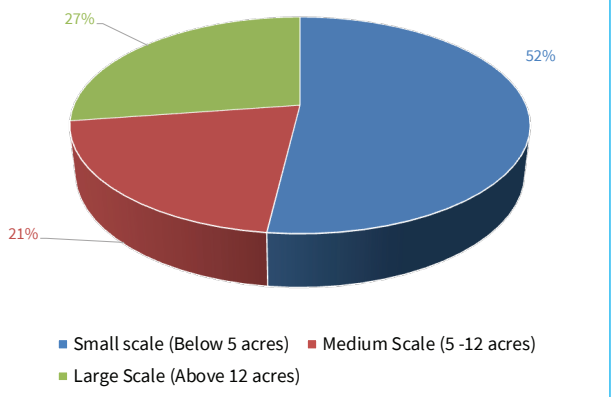


Figure 1b: Farm categorization (Percent)



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

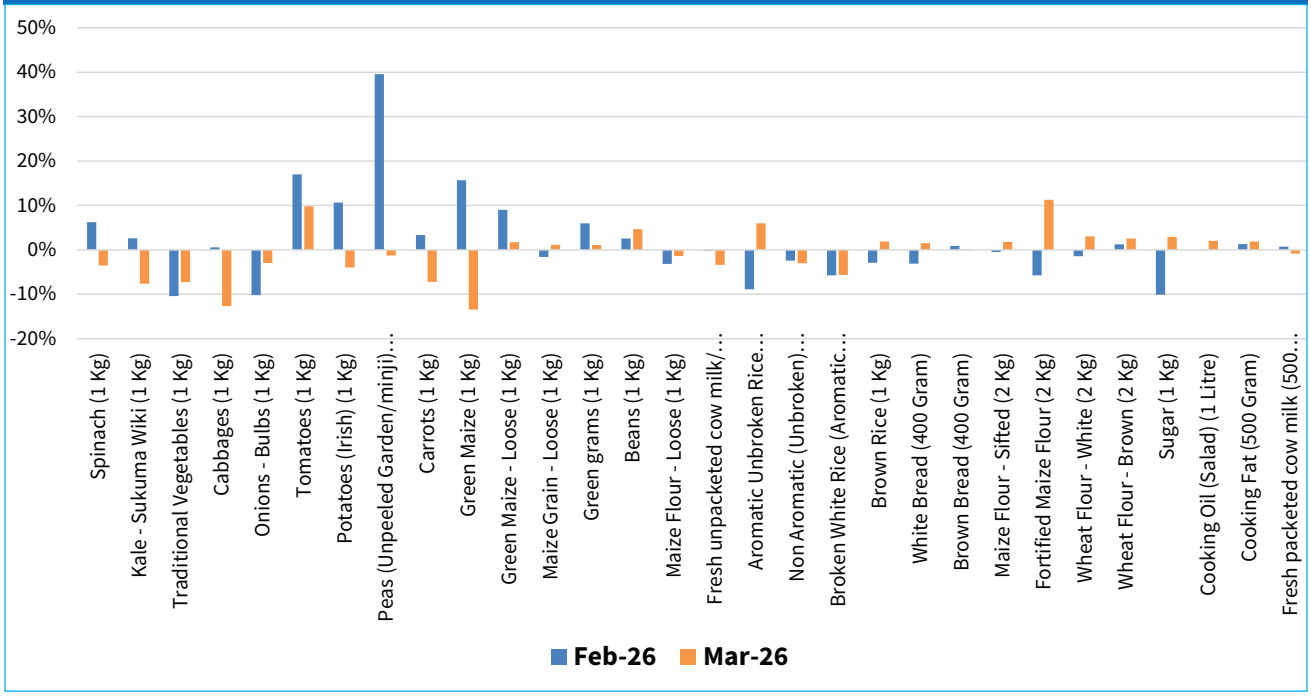
This section highlights the key findings from the March 2026 survey, as follows:

i. Monthly price changes for most food items remained generally stable in March 2026, with modest price increases recorded for select vegetable items particularly tomatoes.
ii. Balance of opinion on price expectations points to modest price increases for most food items in April 2026. However, prices of select vegetables are expected to decline supported by favourabe weather conditions.
iii. Majority of sampled respondents in March 2026 survey expect overall inflation to increase over the next one and three months, largely driven by the expected adverse impact of US-Israel-Iran war.
iv. Optimism regarding the performance of agriculture sector remained strong in March 2026, for both three months and one year ahead, mostly driven by expected favourable weather conditions and government support.
v. Similarly, optimism about the expected performance of the overall economy remained high in the next three months and one year ahead primarily driven by the expected good performance of the agriculture sector.
vi. The use of irrigation is relatively limited, with 79 percent of the farmers sampled in the March 2026 survey, reporting that they largely rely on rain-fed agriculture **(Annex Figure 10)**.
vii. Subsidized fertilizer was reported by 68.5 percent of the farmers sampled in the March 2026 survey as the most critical intervention needed to enhance agricultural production **(Annex Figure 12)**.

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 March 2026 compared to February 2026[4]. Prices of food commodities such as white bread, brown bread, beans, white wheat flour, brown wheat flour, sugar, cooking oil, cooking fat, and fresh packeted cow's milk recorded minimal changes. However, prices of tomatoes and fortified maize flour increased, while prices of spinach, kales-sukuma wiki, traditional vegetables and cabbages declined in March 2026 compared to February 2026, largely reflecting the impact of seasonal factors **(Figure 2)**.

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



4. 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 March 2026 survey on expected price changes one month ahead (that is, April 2026) point to modest price increases, largely driven by seasonal factors. For instance, prices of fresh vegetables such as spinach, kales-sukuma wiki, traditional vegetables, cabbages and unpacketed cow milk are expected to decrease, supported by the expected increase in market supply in line with the favourable weather conditions in most parts of the country **(Figure 3a)**.

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

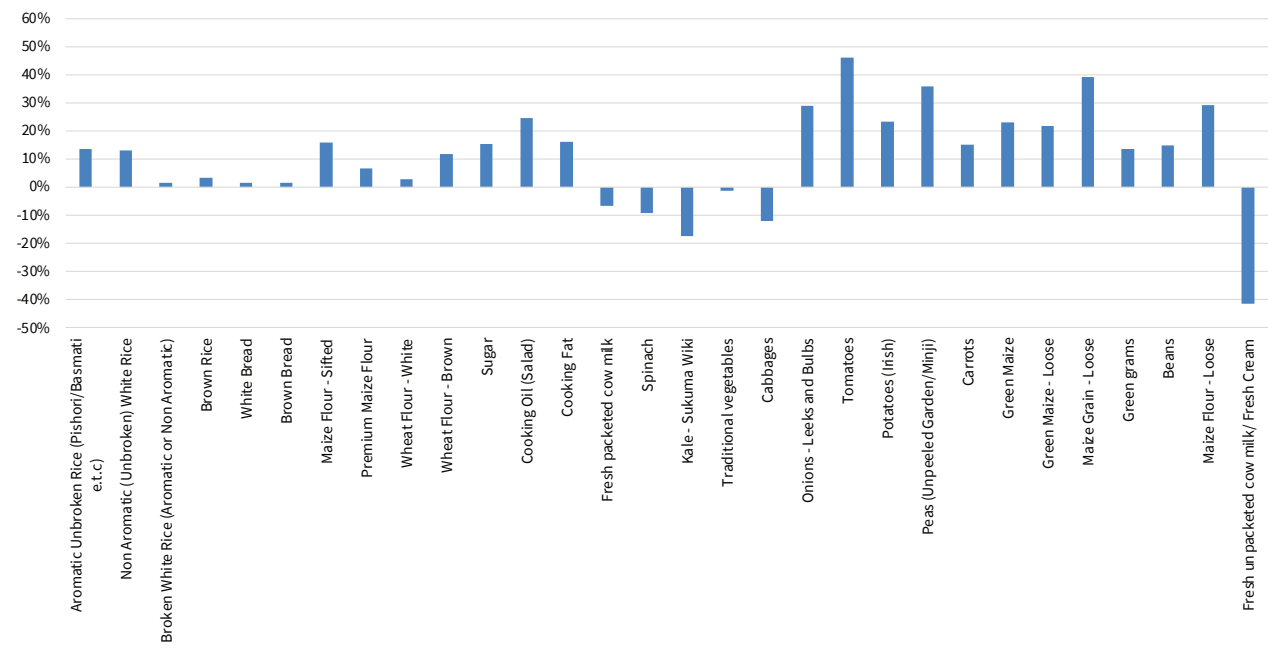


Figure 3b: Expected price changes in the next one month for select key food items in the core CPI basket (Percent of respondents)

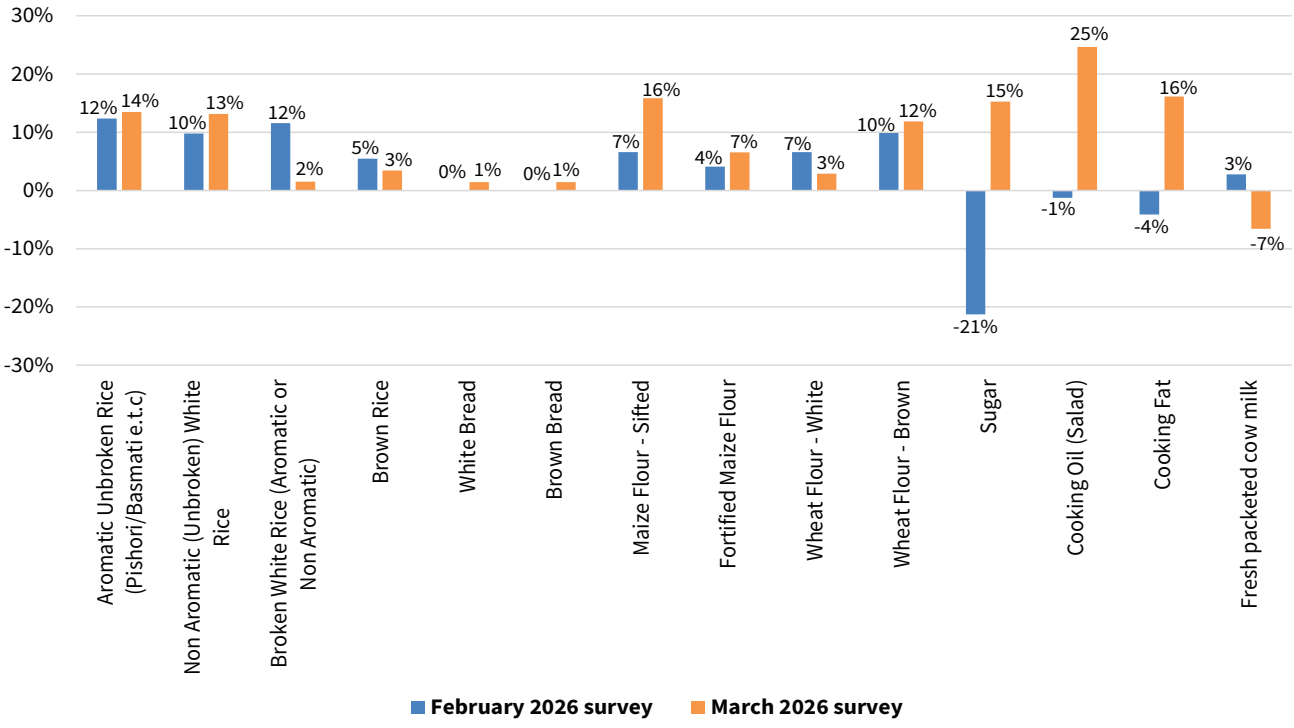
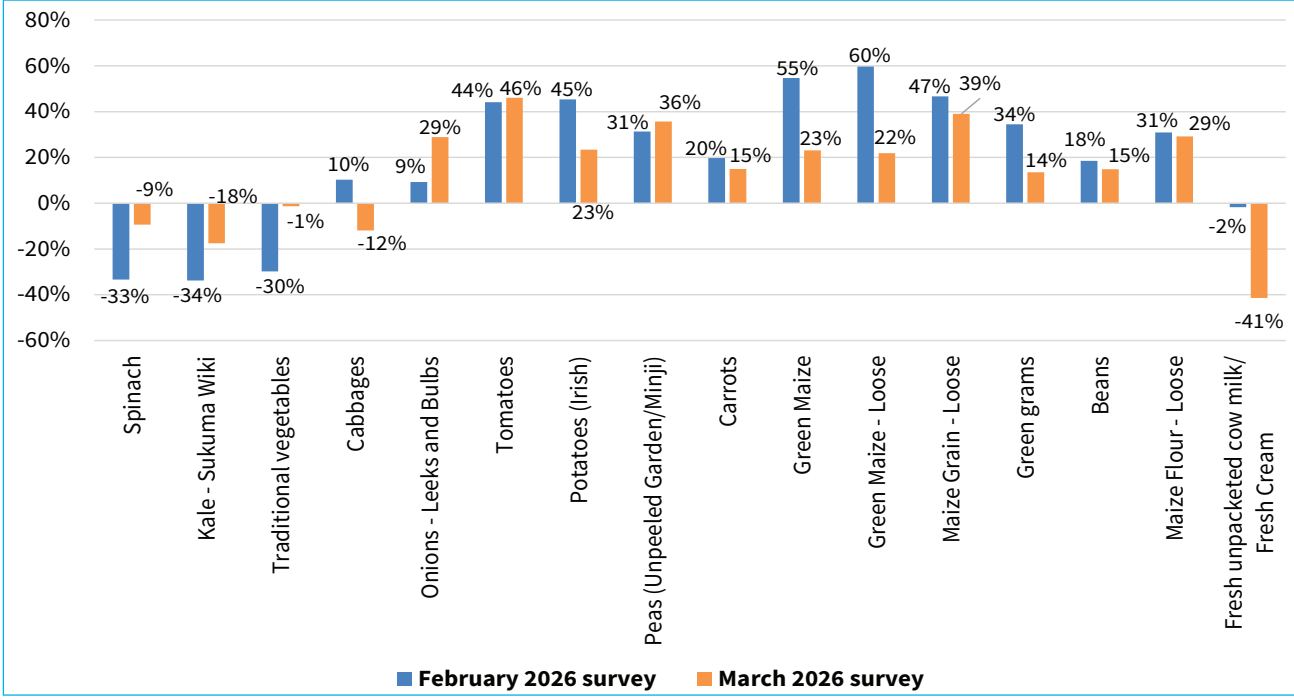
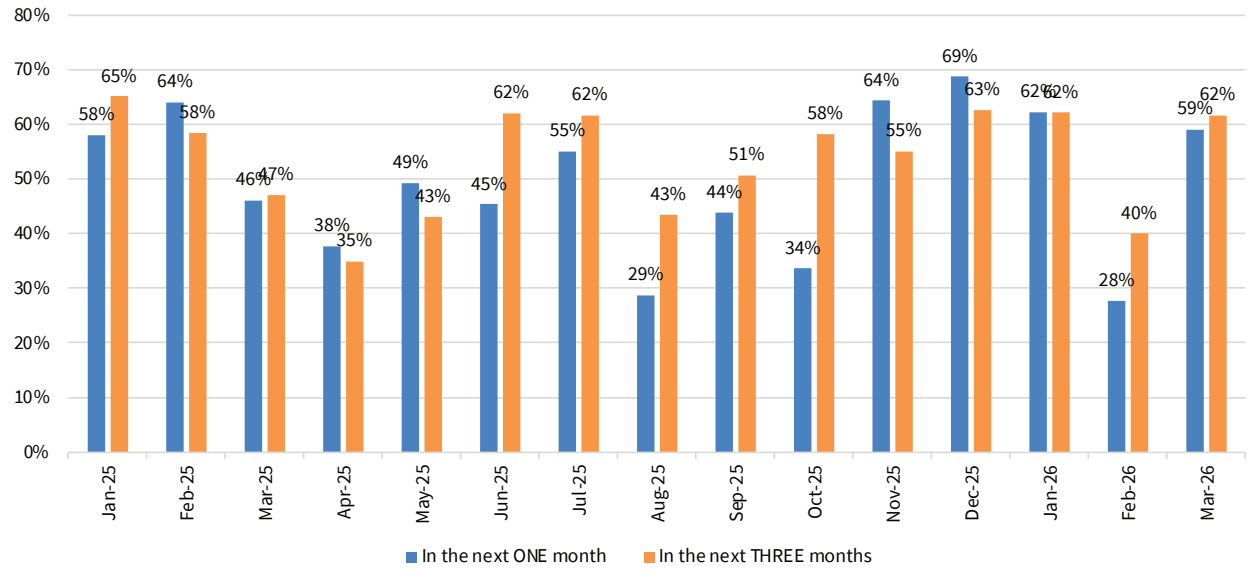


Figure 3c: Expected price changes in the next one month for select key food items in the non-core CPI basket (Percent of respondents)



Analysis of inflation expectations data shows that only 28 percent and 40 percent of sampled respondents had expected inflation to increase in the next one and three months, respectively, in the February 2026 survey. These expectations, however, changed in the March 2026 survey with a big proportion of respondents expecting some upward price pressure one month ahead (59 percent) and three months ahead (62 percent) mainly due to higher international oil prices and the disruption of global supply chains triggered by the escalation of war in the Middle East **(Figure 4)**. Nevertheless, some respondents expected overall inflation to either decrease or remain unchanged over the same horizon in view of the observed long period of stable inflation, expected exchange rate stability and the possibility of bumper harvests particularly in the food basket regions of the country due to favourable weather conditions. .

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

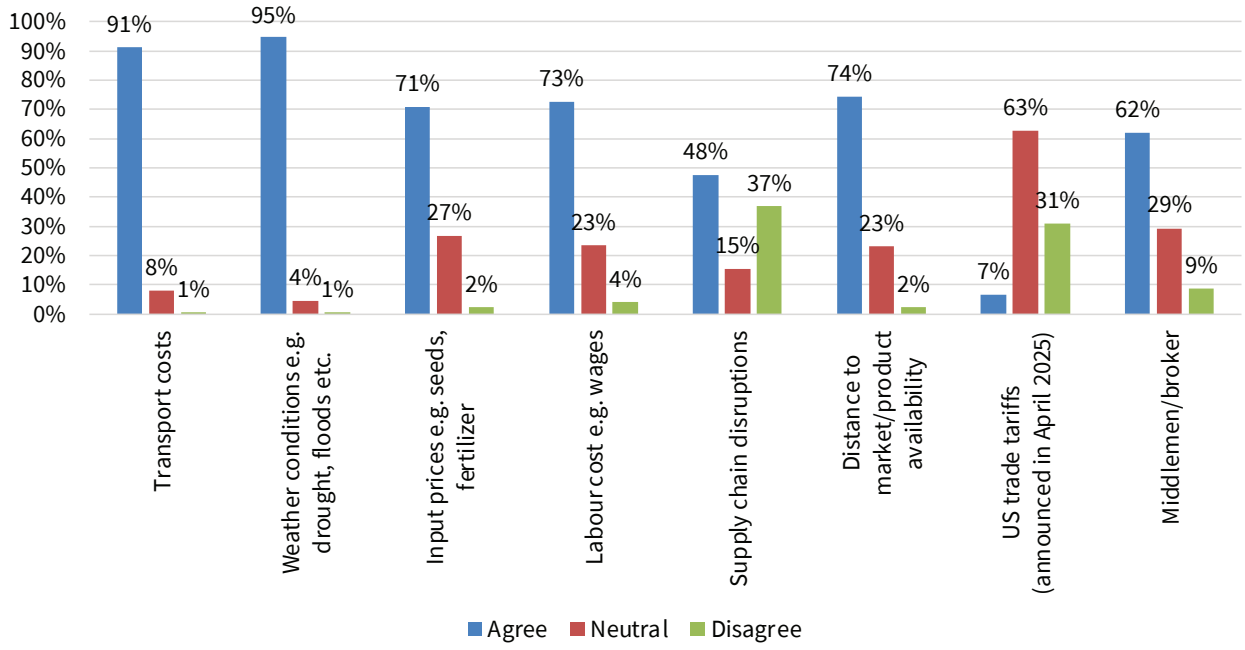


3.3 Factors affecting retail and wholesale prices

Survey findings showed that several factors, both domestic and global, play a significant role in influencing domestic consumer prices. Respondents identified weather conditions (95 percent), transport costs (91 percent) and distance to market/product availability (74 percent) as important determinants of current price dynamics. Weather conditions are particularly important in view of the dominance of rain-fed agriculture.

Other factors that were reported to be important determinants of retail prices in the March 2026 survey as reported by a big proportion of respondents were labor costs (73 percent) and input prices (71 percent). The role of US tariffs in driving the March 2026 retail prices was minimal as it was reported as a factor by only 7 percent of the sampled respondents **(Figure 5)**.

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

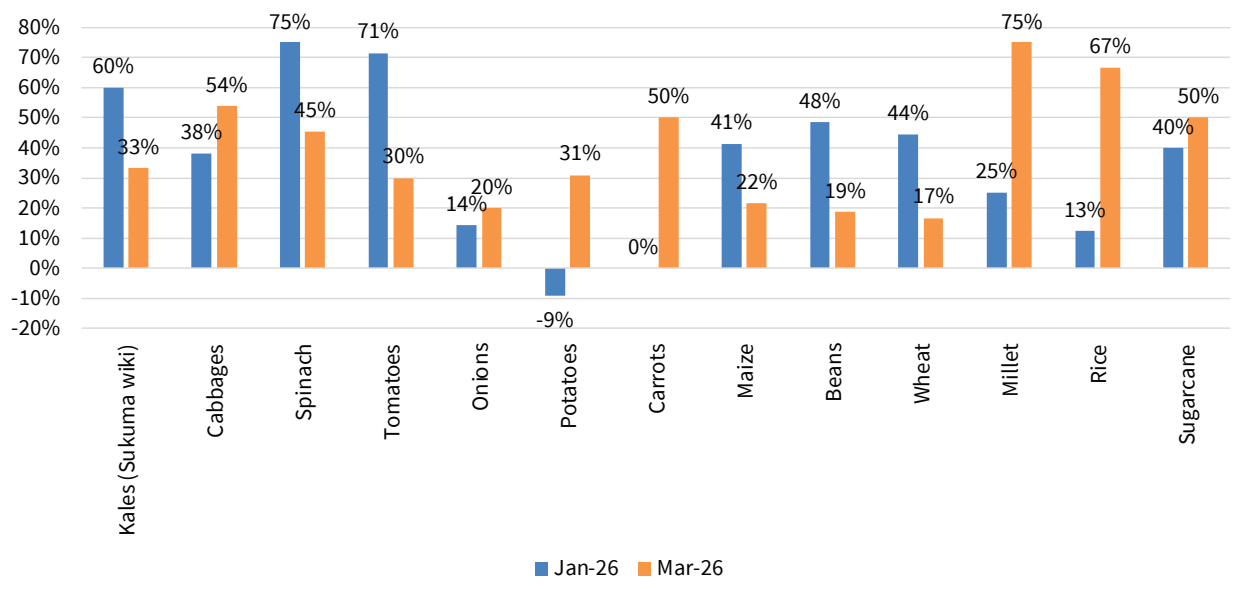


3.4 Analysis of output

3.4.1 Acreage Expectations in the Long Rains Season

The BOO on expected acreage in the March 2026 survey showed positive expectations across all the sampled crops primarily driven by expectations for favourable weather conditions and continued government support to enhance productivity in the agricultural sector. The optimism was particularly pronounced for millet and rice farmers whereby 75 percent and 67 percent of the sampled farmers, respectively, had already increased or planned to increase acreage as the weather conditions were conducive for the crops. Optimism improved in relation to potatoes where 31 percent of sampled farmers expected an increase in acreage unlike in January 2026 when, on a net basis, 9 percent expected a decrease. The improved optimism by potato farmers in March 2026 could reflect the relatively more favourable conditions for potato growing and the fact that potato planting season generally starts in March 2026.

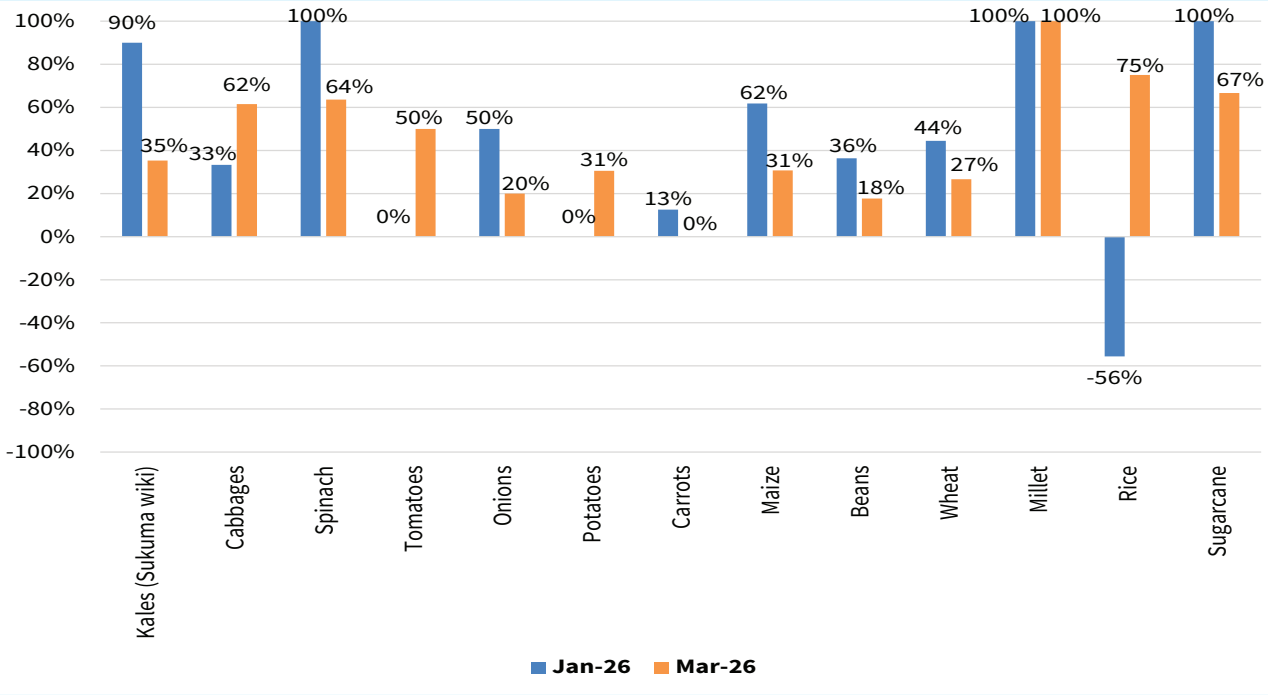
Figure 6(a): Balance of opinion on expected acreage for select crops (Percent of respondents)



3.4.2 Output Expectations for the Long Rains Season

The BOO on expected output shows positive expectations across all the sampled food crops. In particular, optimism was high in relation to millet, rice and sugarcane whereby 100 percent, 75 percent and 67 percent of the sampled farmers, respectively, reported that they expected an increase in output. Similar to findings in relation to expected rice acreage where expectations shifted from negative to positive in March 2026 compared to January 2026, the same was observed in relation to expected rice output.

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 as well as one year ahead. That is, whether they expected the sector's performance to remain unchanged, to improve or to worsen over that time horizon. Previous surveys indicate that the proportion of sampled respondents optimistic about agriculture sector prospects has remained elevated. Analysis of March 2026 survey response data shows that optimism remains high, with over 80 percent of the sampled respondents expecting the performance of the agriculture sector to improve in the next three months 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 with regard to farm inputs.

There were, however, some farmers 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 and that the cost of farm inputs still remained high despite the government measures to moderate the input cost burden.

Additionally, the survey sought respondents' views about how they expected the overall economy to evolve, in terms of GDP growth prospects in the next three months and one year ahead. Results of the March 2026 survey showed that optimism remained high with 67 percent of the respondents expecting an improvement in the overall economic performance in the next three months compared to 65 percent in January 2026. However, there was a modest decline in optimism regarding GDP prospects over the next one year, with 63 percent of sampled respondents in March 2026 expecting an improvement compared to 69 percent in January 2026 **(Figure 7b)**.

Nonetheless, most sampled respondents in January and March 2026 were optimistic that the current growth momentum would continue, and possibly improve, mainly supported by political and macroeconomic stability, strong agriculture sector and an uptick of construction activities supported by the affordable housing projects. Respondents who were less optimistic about overall GDP prospects were concerned about low demand in the economy due to low purchasing power, possible disruptions to economic activity due to political campaigns and the escalation of the Middle East conflict which had led to sharp increases in international oil prices.

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

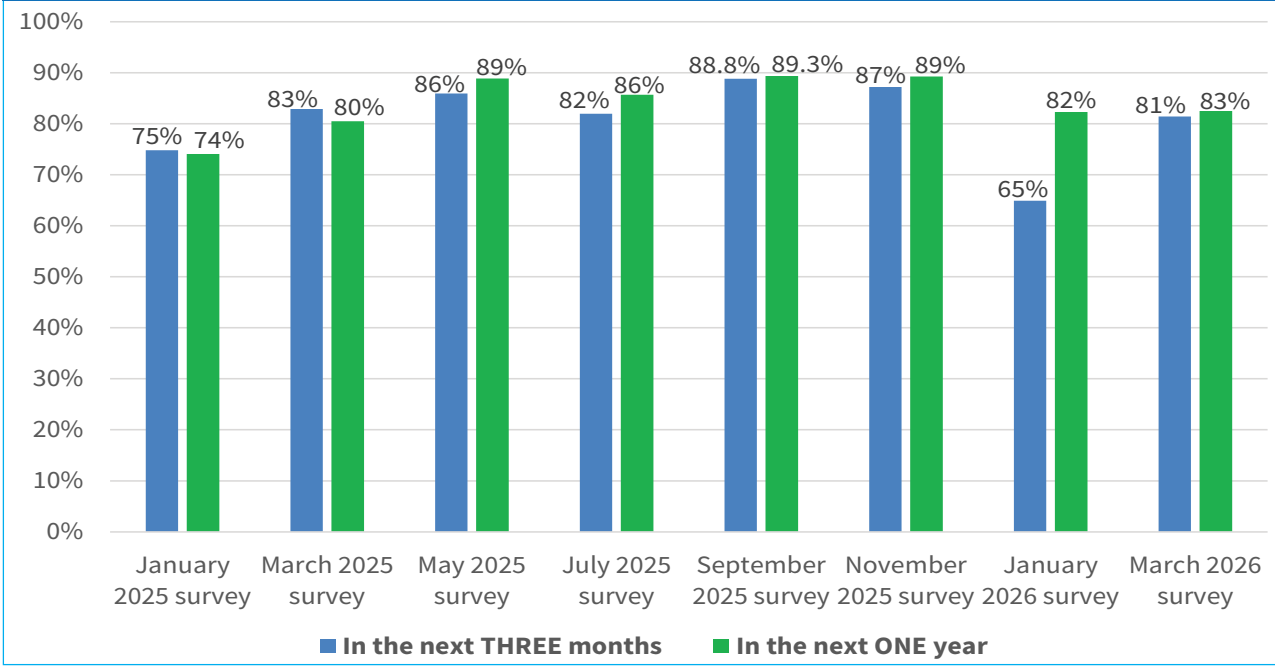
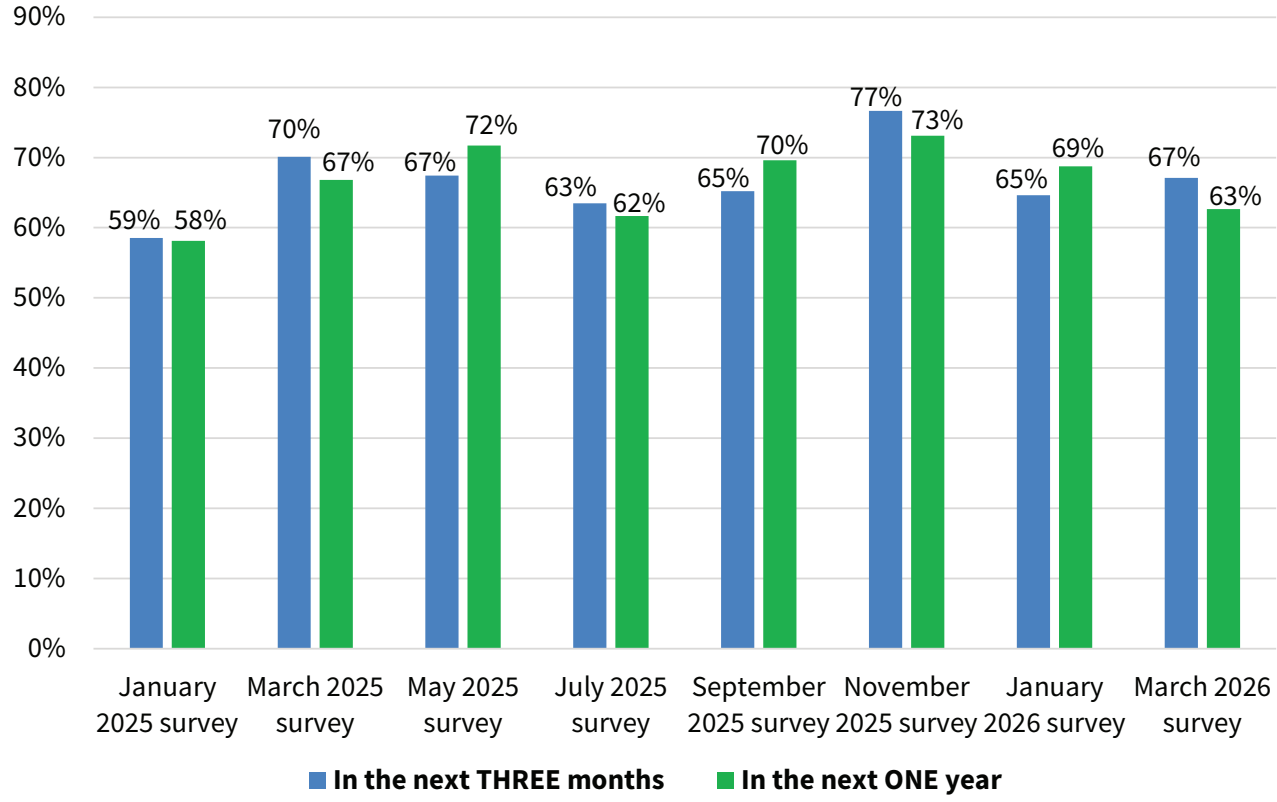


Figure 7(b): Optimism about GDP growth prospects (Percent of respondents)

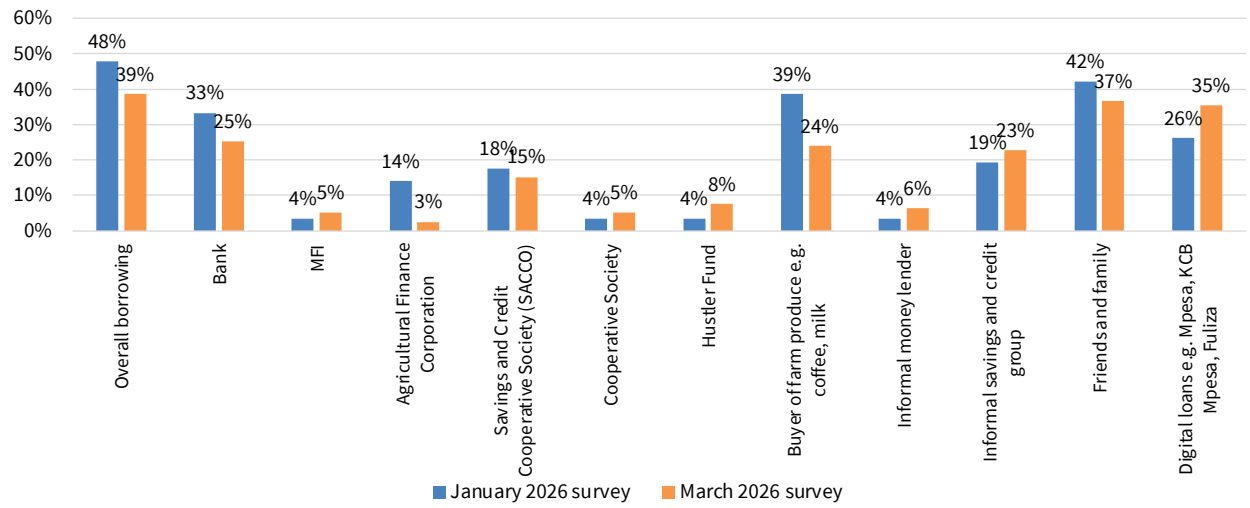


3.6 Access to credit facilities in agriculture

The proportion of farmers who reported to have borrowed to finance farming was relatively lower at 39 percent in March 2026 compared to 48 percent in January 2026. This possibly reflects seasonality as most farmers would seek credit before the start of the March-May 2026 rain season and the fact that the survey does not necessarily follow the same respondents over time.

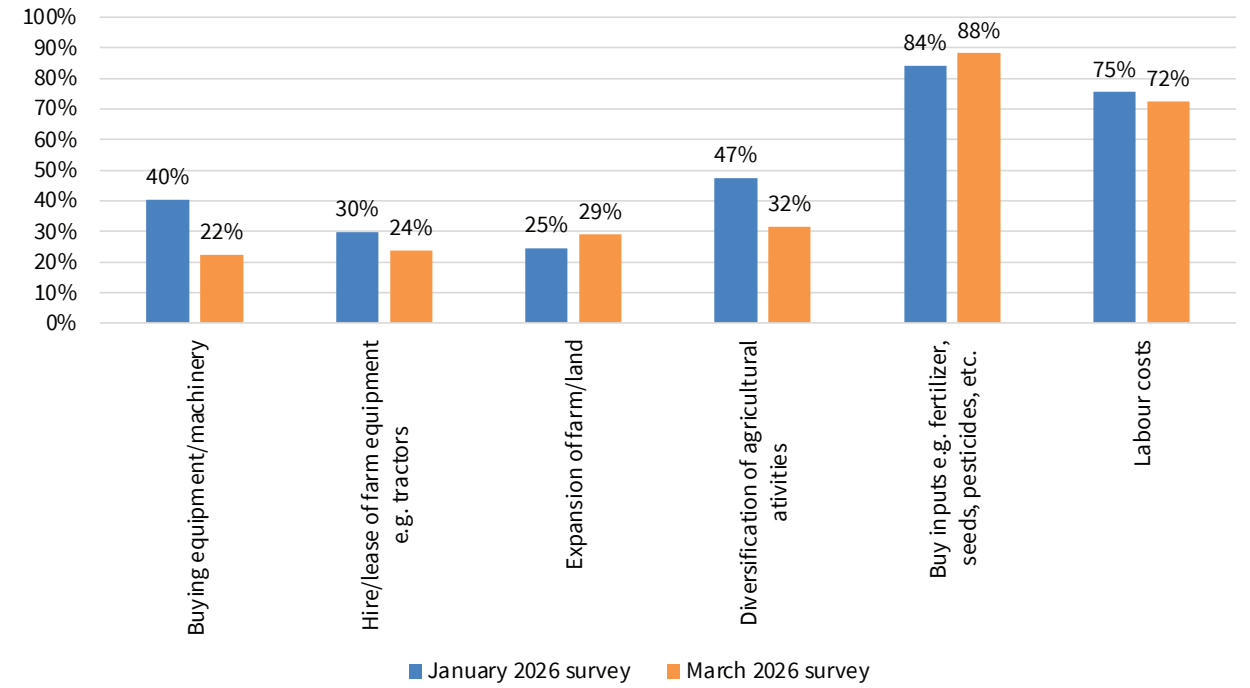
Borrowing from friends and family was relatively lower as reported by 37 percent of sampled respodents in March 2026 compared to 42 percent in January 2026. There was, however, an increase in the proportion reporting to have borrowed from informal savings and credit groups which was reported by 23 percent of sampled farmers in March 2026 compared to 19 percent in January 2026. Reported borrowing from Savings and Credit Cooperative Societies (SACCOs) was 15 percent of the sampled farmers in March 2026 compared to 18 percent in January 2026. Digital lenders continued to be a major source of credit to farmers with the proportion reporting to have accessed digital loans at 35 percent in Marh 2026 compared to 26 percent in January 2026 **(Figure 8)**. It is important to note that borrowing from digital credit providers was reported by more that 25 percent of the sampled farmers in 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 that reported to have borrowed for this purpose at 88 percent in March 2026 compared to 84 percent in January 2026 **(Figure 9)**. The proportion reporting using agricultural loans to meet labor costs in both surveys exceeded 70 percent to stand at 72 percent in March 2026 and 75 percent in January 2026, pointing to the central 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 field work conducted from March 16 - 21, 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 decisions. As in previous surveys of the agriculture sector, the survey focused on indicative prices of key agricultural commodities in select retail and wholesale markets, indicative agricultural output, crop acreage as well as expected change in output and previous acreage across sampled farms. The survey also sought information about factors affecting agricultural production, access to 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 428 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 March 2026 survey were similar to those obtained in previous surveys and revolved around the cost of farm inputs, commodity price support and affordable credit.

Farmers' views/suggestions:

- Reduce cost of farm inputs, especially certified seeds and pesticides, and continue providing farmers with subsidized fertilizer.
- Enhance farm mechanization by reducing the cost of farm machinery and equipment, for instance, tractors, to enhance farm mechanization.
- Ensure commodity price support so that farmers receive a minimum price for their produce.
- Provide financial support through government loans.

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

- Government measures to reduce the cost of farm inputs should be continued and enhanced. For instance, the provision of certified seeds and subsidized fertilizer are critical measures to improve the productivity of the agricultural sector.
- Government should ensure commodity price support, particularly targeting growing of crops that enhance food security and those with potentially significant implications for food inflation.
- Measures to enhance financial access and support to farmers should be enhanced. In this regard, digital credit platforms have been instrumental in providing credit to farmers.
- Government measures to reduce cost of farm machinery and equipment, for instance, by ensuring availability of tractors at county level, should be enhanced, to promote farm mechanization and ensure farmers have access to affordable tractor services.

ANNEXES

Figure 10: Main water source for farming in March 2026 (Percent of respondents)

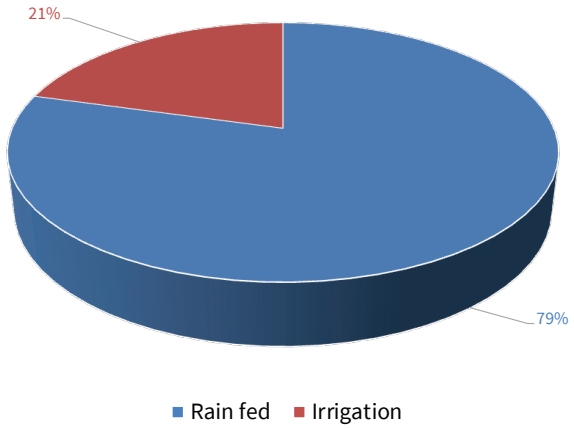


Figure 11: Access to subsidized fertilizer (Percent of respondents)

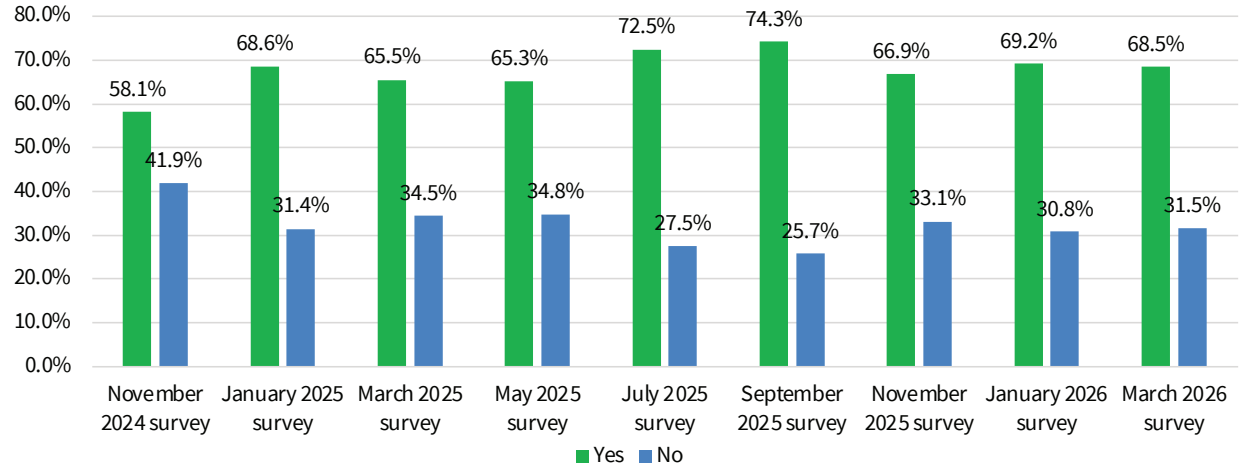
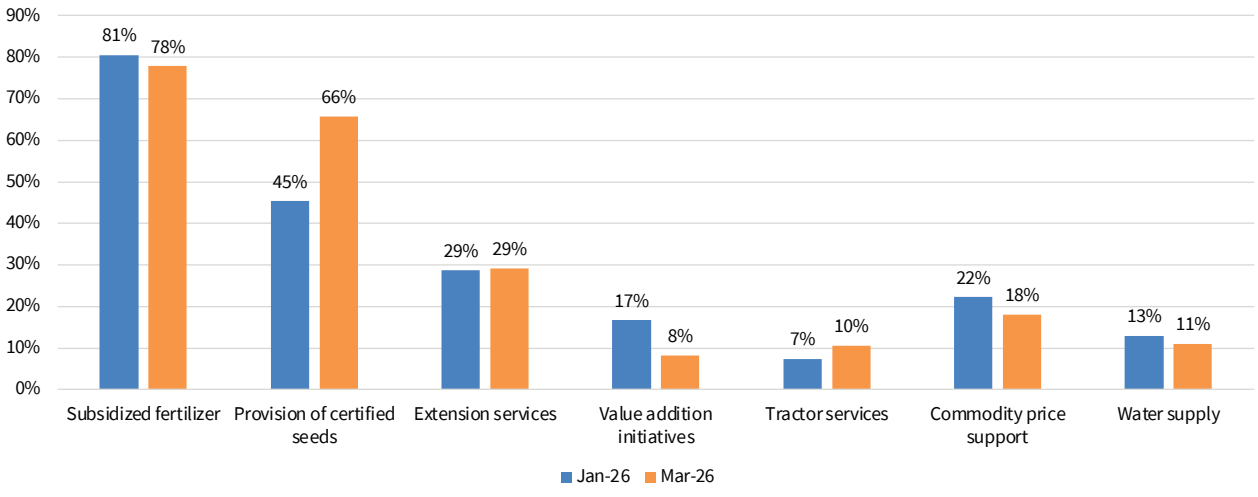
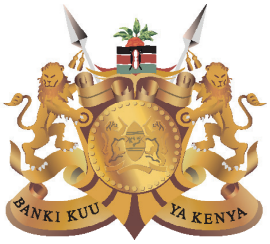


Figure 12: Government interventions reported as most critical for agricultural production in March 2026 survey (Percent of Respondents)





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