

DOMESTIC NEWS

The Kenyan shilling remained stable against the U.S. dollar on Tuesday, holding at 128.90/129.40 per dollar, the same level as Monday. (Refinitiv).

Kenya's Cabinet plans to fund the Sh4.2 trillion 2025/26 budget through expenditure cuts, improved revenue collection, and tax compliance. A Sh199 billion supplementary budget for 2024/25 was also approved. The budget prioritizes fiscal consolidation to reduce debt while ensuring essential services.

Key measures include expanding the tax base, leveraging technology, and maximizing non-tax revenues. The budget allocates Sh3.09 trillion for recurrent spending, Sh725.1 billion for development, and Sh436.7 billion for counties. County transfers will total Sh474.87 billion.

The second mini-budget follows economic disruptions and protests that led to the withdrawal of the Finance Bill 2024, which had aimed to raise Sh344.3 billion. The government will implement zero-based budgeting and a Treasury Single Account to enhance financial management.

Economic growth is projected at 5.3% in 2025 and 2026. The Cabinet also approved JKIA improvements, including a higher duty-free threshold (Sh50,000 to Sh250,000) and enhanced security screening. (Business Daily).

Indicative Forex Rates

	Buy Cash	Sell Cash	Buy TT	Sell TT
USD/KES	124.15	134.15	124.15	134.15
GBP/KES	156.72	169.72	155.92	169.49
EUR/KES	128.88	142.78	129.18	145.68
AED/KES	31.16	44.16	33.16	44.66

Amounts > 10 million		Amounts >100,000
KES		USD
2 Weeks	7.00%	1.50%
1 Month	7.25%	2.25%
3 Months	7.50%	2.75%
6 Months	7.75%	3.00%
1 year	8.00%	3.50%



USD movement from November 2024 – Date (Source: Reuters)

INTERNATIONAL NEWS

Asian currencies remained mostly steady on Wednesday as traders reacted to U.S. trade tariffs under President Trump and Fed Chair Jerome Powell's comments that rate cuts were unlikely soon due to persistent inflation.

The dollar initially weakened overnight as traders took profits from a tariff-driven rally, offering slight relief to Asian currencies. However, it rebounded in Asian trade after Trump imposed 25% tariffs on aluminum and steel imports and hinted at more tariffs.

Markets expect these tariffs to push U.S. inflation higher, keeping interest rates elevated. Focus is now on January's U.S. CPI inflation data, expected to confirm persistent inflation.

The **EUR/USD** remained largely unchanged at 1.0308, near a two-year low, as concerns grew over Trump's tariffs impacting EU growth. Markets fear broader tariffs in April following a U.S. Commerce Department report on trade deficits.

The **GBP/USD** fell 0.2% to 1.2349, as traders anticipated a dovish Bank of England after policymaker Catherine Mann supported a larger rate cut. Further dovish comments from Mann could increase expectations for three more BoE rate cuts this year.

The **USD/JPY** edged higher to 152.06, but the yen remained supported by bets on Bank of Japan rate hikes. Meanwhile, the **USD/CNY** stayed steady at 7.3053, with Beijing offering support amid selling pressure from U.S. tariffs and weak inflation data.

In the commodities markets, Oil prices dipped on Wednesday, with Brent crude falling 0.3% to \$76.75 and WTI dropping 0.4% to \$73.04, ending a three-day gain streak. The decline followed an increase in U.S. crude stockpiles by 9.4 million barrels, as reported by the American Petroleum Institute (API). Despite this, strong refining margins helped limit the downside. Gasoline inventories fell by 2.51 million barrels, and distillate stocks dropped by 590,000 barrels.

On the other hand, Gold prices eased on Tuesday after hitting record highs, with spot gold falling 0.1% to \$2,904.40 and gold futures dropping 0.1% to \$2,933.21. This followed increased trade tariffs under President Trump, which fueled safe-haven demand. Despite the decline, gold outpaced other metals, shrugging off the stronger dollar after Trump imposed 25% tariffs on steel and aluminum imports.

(investing.com).

Indicative Cross Rates

	Bid	Offer
EUR/USD	1.0157	1.0559
GBP/USD	1.2244	1.2645
USD/ZAR	16.5150	20.5231
USD/AED	3.6529	3.6931
USD/JPY	151.63	155.68