

DOMESTIC NEWS

Kenya's shilling weakened on Tuesday due to increased demand for dollars from general goods importers. Commercial banks quoted the shilling at 129.15/35 per dollar, compared with Monday's close of 128.90/129.10. (Refinitiv).

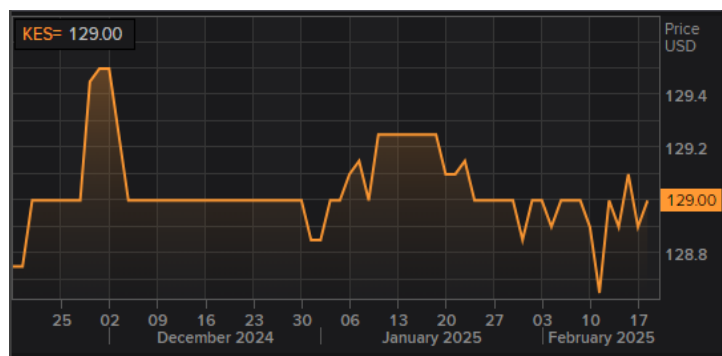
The Central Bank of Kenya (CBK) successfully completed a Sh50 billion partial buyback of three bonds maturing in April and May, easing upcoming debt pressures. Bondholders offered Sh56.1 billion, with CBK accepting Sh50.09 billion, mainly from a five-year bond. This was Kenya's first domestic bond buyback, replacing an earlier switch bond plan. Funds for the buyback came from oversubscribed infrastructure bonds that raised Sh130 billion. The move is part of Treasury's strategy to manage debt maturities while dealing with an increased domestic borrowing target, now revised to Sh593.7 billion. (Business Daily).

In other news, the government has defended its policy of raising charges on public services, arguing it will reduce reliance on taxpayer funding for state agencies. While some fear higher fees could limit access to essential services, the Treasury insists the increases will be reasonable. Lawmakers recently rejected a proposal to charge for ID applications and birth/death registrations due to insufficient public input. The government continues to explore non-tax revenue measures, with immigration and citizen services seen as key areas for revenue growth. (Business Daily).

Indicative Forex Rates

	Buy Cash	Sell Cash	Buy TT	Sell TT
USD/KES	124.25	134.25	124.25	134.25
GBP/KES	159.08	172.08	158.28	172.98
EUR/KES	130.18	144.08	130.48	146.98
AED/KES	31.19	44.19	33.19	44.69

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 December 2024 – Date (Source: Reuters)

INTERNATIONAL NEWS

The U.S. dollar remained steady despite new tariff threats from President Trump and global trade tensions. The US Dollar Index was largely unchanged in Asia hours, while Dollar Index Futures were slightly lower. While it rebounded on Tuesday, gains were muted as markets awaited the Federal Open Market Committee (FOMC) minutes for interest rate signals. Speculation that the Fed may delay rate cuts could strengthen the dollar and pressure Asian currencies.

GBP/USD remains firm after losses in the previous session, trading around 1.2610 during the Asian session on Wednesday. Traders await the release of January's Consumer Price Index data from the United Kingdom.

The EUR/USD pair posts modest gains to around 1.0450 during the Asian trading hours on Wednesday, bolstered by the weakening of the US Dollar. However, tariff concerns and tense Russia-Ukraine negotiations might boost the Greenback and cap the upside for the major pair.

USD/JPY remained stable as Japan's trade deficit widened in January, with exports underperforming and imports exceeding expectations. Analysts warn that US tariffs could impact future export growth.

The Chinese yuan's onshore pair USD/CNY was largely unchanged.

In the commodities markets, Oil prices rose slightly due to concerns over supply disruptions in the U.S. and Russia, as well as uncertainty around Ukraine peace talks. Brent crude reached \$75.98 per barrel, while WTI rose to \$72.01. A Ukrainian drone attack reduced Russian oil flows, and cold weather threatened U.S. production. OPEC+ may delay an April supply increase, adding to market uncertainty. Meanwhile, Trump's proposed tariffs on autos, semiconductors, and pharmaceuticals could weaken the economy and fuel demand.

On the other hand, gold prices dipped slightly but remained near record highs as markets assessed U.S. President Donald Trump's latest tariff threats and awaited Federal Reserve cues. Trump announced plans for 25% tariffs on auto, pharmaceutical, and semiconductor imports, though markets reacted mildly, seeing tariffs as a negotiation tool rather than a major trade escalation. Gold stayed rangebound amid easing haven demand, particularly with talks of a U.S.-brokered Russia-Ukraine peace treaty. Investors also awaited the Fed's January meeting minutes for interest rate signals. Spot gold fell 0.2% to \$2,929.02, while April futures dipped 0.1% to \$2,946.22. (investing.com).

Indicative Cross Rates

	Bid	Offer
EUR/USD	1.0255	1.0656
GBP/USD	1.2417	1.2818
USD/ZAR	16.3990	20.4058
USD/AED	3.6528	3.6933
USD/JPY	149.62	153.63