

DOMESTIC NEWS

The Kenyan shilling remained stable against the U.S. dollar on Wednesday, trading at 129.00/40 per dollar, unchanged from Tuesday's closing rate. (Refinitiv).

The Pending Bills Verification Committee has raised concerns over Sh268 billion in unpaid government bills due to missing or improper documentation. Out of the Sh664 billion pending bills received, the committee has so far verified Sh206 billion for payment. Treasury CS John Mbadi clarified that only 48% of the bills have been analyzed, with the final report still pending. The largest verified payments are in energy, infrastructure, ICT (Sh97 billion), health (Sh41 billion), education (Sh28 billion), and national security (Sh20 billion). (Business Daily)

On other local news, Local manufacturers blame delayed payments by State agencies for poor supply under the Buy-Kenya Build-Kenya (BKBK) initiative, which aims to promote locally made goods. Despite this policy, government imports hit a record Sh110.9 billion in the 12 months to December, driven by a weak shilling and preference for foreign goods. The Kenya Manufacturers Association (KAM) argues that delayed payments hurt local industries, especially MSMEs, forcing them to rely on third-party agents. KAM urges the government to address payment delays and push for the Prompt Payment Bill to support the success of the BKBK initiative. (Business Daily)

Indicative Forex Rates

	Buy Cash	Sell Cash	Buy TT	Sell TT
USD/KES	124.20	134.20	124.20	134.20
GBP/KES	162.64	175.64	161.84	176.54
EUR/KES	134.66	148.56	134.96	151.46
AED/KES	31.18	44.18	33.18	44.68

Amounts > 10 million		Amounts >100,000
KES		USD
2 Weeks	6.50%	1.50%
1 Month	6.75%	2.25%
3 Months	7.00%	2.75%
6 Months	7.25%	3.00%
1 year	7.50%	3.50%



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

INTERNATIONAL NEWS

The U.S. dollar fell to a three-month low on Wednesday amid fears that President Donald Trump's trade tariffs on China, Canada, and Mexico will hurt economic growth. The Dollar Index dropped 0.6% to 105.060. Concerns over a slowdown intensified after U.S. consumer confidence hit a 15-month low and the Atlanta Fed's GDP Now model projected a -2.8% contraction for the current quarter. Meanwhile, the euro surged on expectations of major fiscal stimulus. Markets have also adjusted their expectations for the Fed's terminal rate, lowering it to 3.50% from 3.75% in recent weeks.

EUR/USD gained 0.6% to 1.0684, driven by expectations of major fiscal stimulus in Europe, including €650 billion in spending and Germany's €500 billion infrastructure fund. Concerns over the pause in U.S. military aid to Ukraine also spurred regional investment, boosting the euro.

GBP/USD rose 0.4% to 1.2848, driven by a weaker U.S. dollar and expectations of Federal Reserve rate cuts. The Bank of England's cautious stance has stabilized the pound, with further gains possible if UK economic data remains strong.

USD/JPY fell 0.4% to 149.22 as expectations of Bank of Japan rate hikes strengthened the yen. The BoJ's shift from ultra-loose monetary policy boosted investor confidence, potentially driving USD/JPY lower.

USD/CNY fell 0.1% to 7.2579 as China reaffirmed its 5% growth target for 2025 and introduced fiscal measures to boost consumption. The yuan's long-term performance will depend on the effectiveness of China's economic policies.

Oil prices rose on Thursday after sharp declines, with Brent crude up 0.56% to \$69.69 per barrel and WTI crude up 0.59% to \$66.70 per barrel. The rebound followed a multi-session sell-off that saw Brent drop 6.5% to its lowest since December 2021 and WTI fall 5.8% to its lowest since May 2023. However, gains were capped by tariff uncertainties and expectations of rising global supply.

In other commodities news, Gold prices edged lower as a stronger U.S. dollar pressured the market, with spot gold down 0.2% to \$2,912.0 per ounce, while gold futures rose 0.1% to \$2,922.72 per ounce. However, escalating trade tensions from President Trump's tariff announcements limited losses, driving safe-haven demand for the metal.

(investing.com).

Indicative Cross Rates

	Bid	Offer
EUR/USD	1.0609	1.1011
GBP/USD	1.2700	1.3105
USD/ZAR	16.2866	20.2921
USD/AED	3.6524	3.6930
USD/JPY	146.86	150.88