

A subsidiary of Dubai Islamic Bank PJSC TREASURY MARKET UPDATE 18TH MARCH 2025

DOMESTIC NEWS

The Kenyan shilling weakened slightly on Monday, trading at 129.35/65 per US dollar, down from 129.00/30 the previous trading day. The decline is attributed to reduced dollar inflows, particularly from non-governmental organizations. (Refinitiv).

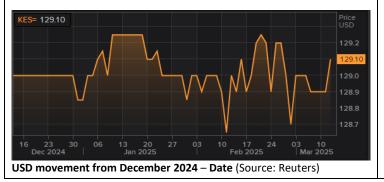
Kenya will forgo KSh 63.4 billion (\$490 million) in IMF funding after the early termination of its Extended Credit Facility (ECF) and Extended Fund Facility (EFF) programs, having received KSh 404 billion (\$3.12 billion) out of a total KSh 467.5 billion (\$3.61 billion). The country has requested a new IMF program, though details remain unclear as it has exhausted its IMF quota. Kenya still has access to the Resilience and Sustainability Fund, with KSh 23.3 billion (\$180.4 million) received so far. The IMF cited missed revenue targets and rising debt vulnerabilities as reasons for the program's termination, despite improvements in foreign exchange reserves and inflation. (Business Daily).

On other local news, Kenya's electricity prices have risen in March as the Fuel Cost Charge (FCC) increased from KSh 3.36 to KSh 3.49 per kWh, marking the first rise since November 2024. This will reduce the number of electricity tokens households receive for the same amount spent. FCC, collected by Kenya Power, covers diesel-powered generation costs, which are among the most expensive. While power prices had been falling due to declines in FCC and forex charges, the recent increase may push bills higher. However, increased hydro-power generation from heavy rains could help lower future electricity costs. (Business Daily)

Indicative Forex Rates

	Buy Cash	Sell Cash	Buy TT	Sell TT
USD/KES	124.35	134.35	124.35	134.35
GBP/KES	163.86	176.86	163.06	177.76
EUR/KES	136.23	150.13	136.53	153.03
AED/KES	31.22	44.22	33.22	44.72

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%



INTERNATIONAL NEWS

The U.S. dollar edged lower on Monday, nearing a five-month low, as concerns over the Trump administration's tariff policies raised fears of an economic slowdown. The Dollar Index fell 0.2% to 103.162, marking a nearly 5% decline this year, with consumer sentiment hitting a 2.5-year low in March. U.S. Treasury Secretary Scott Bessent warned there were "no guarantees" of avoiding a recession, echoing President Trump's recent comments. Investors await U.S. retail sales data and the Federal Reserve's interest rate decision on Wednesday, where analysts expect no major policy changes but see a slight upside risk for the dollar if the Fed sticks to two 25bp cuts this year.

EUR/USD: The euro gained 0.2% against the U.S. dollar on Monday, reaching 1.0907, its highest since October 11, amid expectations of German infrastructure spending. Analysts see short-term gains to 1.0930–1.0950 but warn of potential pressure in April from U.S. trade tariffs, keeping EUR/USD in a 1.05–1.10 range for Q2.

GBP/USD: The GBP rose 0.3% to 1.2970, driven by dollar weakness ahead of the Bank of England's policy meeting, where rates are expected to remain unchanged. Markets price in 53bp of BoE rate cuts this year, though ING predicts 75bp. Analysts warn that next week's UK Spring Statement, with potential spending cuts, could weaken sterling.

USD/JPY: The Japanese Yen fell 0.1% to 148.47 as the Bank of Japan is expected to keep rates at 0.5%, despite rising inflation, due to concerns over U.S. trade tensions.

USD/CNY: The Chinese Yuan fell 0.1% to 7.2312 as China's new "special action plan" to boost domestic consumption supported the yuan amid economic challenges.

Oil prices edged higher on Tuesday, supported by Middle East instability and China's stimulus measures. However, concerns over global growth, U.S. tariffs, and Russia-Ukraine ceasefire talks limited gains. Brent crude rose 0.2% to \$71.24 per barrel, while WTI increased 0.2% to \$67.72 per barrel.

On other commodities, gold prices hit a record high on Tuesday, driven by heightened geopolitical tensions, particularly the Israel-Hamas ceasefire breach, along with U.S. trade policy uncertainty and economic slowdown concerns. Spot gold rose 0.2% to \$3,008.56 per ounce, while May gold futures peaked at \$3,017.50 per ounce. Investors also focused on upcoming central bank meetings, sustaining demand for safe-haven assets. (investing.com).

Indicative Cross Rates				
Bid		Offer		
EUR/USD	1.0704	1.1105		
GBP/USD	1.2766	1.3170		
USD/ZAR	16.1026	20.1088		
USD/AED	3.6526	3.6929		
USD/JPY	147.87	151.88		

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