

DOMESTIC NEWS

The Kenyan shilling was barely changed on Tuesday, but it could soon get a boost from increased dollar inflows from remittances. Commercial banks quoted the shilling at 129.10/60 per dollar, compared with Monday's closing rate of 129.20/70. (Refinitiv).

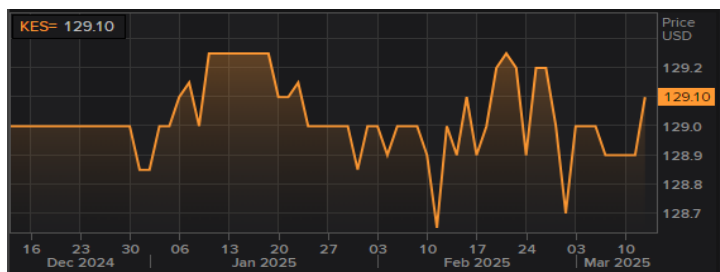
According to The Mastercard Economics Institute's "Economic Outlook 2025" report, Kenya's GDP is projected to grow by 4.7% in 2025, surpassing the global average of 3.2%. Consumer spending is expected to rise by 4%, while inflation stabilizes at 4.8%, easing financial pressure on households. Growth is driven by strong remittance inflows (3.9% of GDP in 2023), high female workforce participation (72.5%), and digital innovation in payments and trade. Migration continues to shape Kenya's economy, boosting remittances through platforms like M-Pesa. Despite easing inflation, consumers are opting for affordable alternatives. The report highlights Kenya's economic resilience amid global uncertainties. (TechAfrica News).

On other local news, the government has scrapped a 25% excise duty on imported electric transformers and parts, reversing a tax imposed three months ago to support local assemblers. The decision follows concerns that the tax increased costs and disrupted supply. Kenya Power's growing demand for transformers, driven by rising electricity consumption, has led to projects like the Transformer Densification Project and the Last Mile Connectivity programme. Despite efforts to boost local assembly, imports from countries like China and India remain essential to meeting supply needs. (Business Daily).

Indicative Forex Rates

	Buy Cash	Sell Cash	Buy TT	Sell TT
USD/KES	124.40	134.40	124.40	134.40
GBP/KES	164.06	177.06	163.26	177.96
EUR/KES	136.61	150.51	136.91	153.41
AED/KES	31.23	44.23	33.23	44.73

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 weakened slightly ahead of the Federal Reserve meeting, with the Dollar Index down 0.1% to 102.890. Concerns over Trump's tariffs and economic uncertainty have pressured the greenback. U.S. retail sales rebounded in February, rising 0.2% after a 1.2% drop in January but falling short of forecasts. The Fed is expected to keep interest rates unchanged, with investors focusing on new economic projections for insights into inflation and growth.

EUR/USD: The euro strengthened, with EUR/USD rising 0.3% to 1.0951, nearing its highest level since October. This comes ahead of Germany's parliamentary vote on a major stimulus package, which cleared a legal hurdle on Monday. Traders are also watching a call between Trump and Putin regarding a possible Ukraine ceasefire. While EUR/USD is approaching 1.100, analysts at ING are uncertain about a decisive breakout, especially with the Fed's upcoming policy decision.

GBP/USD: The British pound rose 0.1% to 1.3001, surpassing the 1.30 level for the first time since November. The Bank of England is expected to keep interest rates unchanged on Thursday following a slight increase in inflation last month.

USD/JPY: The Japanese Yen rose 0.3% to 149.70 ahead of the Bank of Japan's policy decision today. The central bank is expected to keep interest rates at 0.5% despite growing inflation concerns, as officials remain wary of trade tensions linked to Trump's tariffs.

USD/CNY: The Chinese Yuan edged 0.1% lower to 7.2234, remaining largely stable after China announced a "special action plan" on Sunday to boost domestic consumption and support economic growth amid ongoing challenges.

Oil prices fell as Russia agreed to halt attacks on Ukrainian energy infrastructure, potentially boosting supply. Brent crude dropped to \$70.37 per barrel, while WTI fell to \$66.70. However, market concerns persist due to U.S. tariffs and rising Middle East tensions. U.S. crude stocks rose, while fuel inventories declined, creating mixed signals. Analysts warn that geopolitical risks and high spare capacity could keep prices under pressure.

On other commodities, gold prices hit a record high on Wednesday, driven by safe-haven demand amid Middle East tensions and U.S. trade concerns. Investors remained cautious ahead of the Federal Reserve meeting. A weaker dollar also boosted gold, with spot prices rising to \$3,039.0 per ounce and May futures to \$3,046.12 per ounce. (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