

DOMESTIC NEWS

The Kenyan shilling remained stable on Wednesday at 129.20/45 against the dollar, unchanged from the previous session. It is expected to gain in the coming days due to anticipated inflows from the Kenyan diaspora. (Refinitiv).

National Treasury CS John Mbadi stated that the government will continue borrowing despite concerns from senators over Kenya's rising Sh11.2 trillion debt, with plans to secure Sh684.2 billion domestically and Sh146.8 billion externally for the 2025/26 fiscal deficit. He announced a forensic audit of public debt while acknowledging low public trust in President William Ruto's administration. Senators questioned the transparency of loan usage, with Mohamed Faki highlighting the country's growing debt burden. The Kenya Revenue Authority (KRA) faces pressure to collect Sh1.07 trillion by June 2025 amid reduced tax targets. Mbadi also addressed concerns over Sh1.3 trillion in undisbursed government loans and Sh29.9 billion retained from devolved funds, promising further clarification. The roads maintenance levy fund dispute is also delaying county allocations. (Daily Nation).

On other local news, Pakistan has successfully negotiated a customs valuation reduction on its rice exports to Kenya, lowering the rate from \$615 to \$460 per metric ton. This move, achieved through diplomatic lobbying by Pakistan's Trade Mission in Nairobi, is expected to boost competitiveness, expand export opportunities, and strengthen bilateral trade. The Trade Development Authority of Pakistan (TDAP) recognized the mission's role in securing the revision, which benefits Pakistani rice exporters. Officials see this as part of broader efforts to promote Pakistani products globally and enhance economic ties with key partners. (Bloomberg).

Indicative Forex Rates

	Buy Cash	Sell Cash	Buy TT	Sell TT
USD/KES	124.40	134.40	124.40	134.40
GBP/KES	164.15	177.15	163.35	178.05
EUR/KES	136.07	149.97	136.37	152.87
AED/KES	31.23	44.23	33.23	44.73

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



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

INTERNATIONAL NEWS

Federal Reserve Chair Jerome Powell downplayed concerns about economic growth and inflation, calling the impact of President Donald Trump's trade war "transitory." His comments reassured markets that the Federal Reserve could still lower interest rates if needed. However, there is a risk that persistent tariff-driven inflation could undermine the Fed's credibility. Meanwhile, Trump urged the Fed to cut interest rates, arguing that tariffs would ease inflation over time. Despite this, the Federal Open Market Committee (FOMC) kept its benchmark interest rate steady at 4.25%-4.5% for the second consecutive meeting. (Bloomberg)

EUR/USD weakened for the second consecutive day, trading around 1.0900 during Asian hours on Thursday, but later strengthened as the US Dollar (USD) remained under pressure due to declining yields after the Federal Reserve reaffirmed its outlook for two rate cuts later this year. However, uncertainty over US President Donald Trump's tariff policies keeps market sentiment cautious.

Meanwhile, GBP/USD remained in positive territory for the fourth straight session, trading around 1.3010, with technical analysis indicating a bullish bias within an ascending channel pattern.

USD/JPY pulled back toward 148.00, influenced by divergent BoJ-Fed policy outlooks that contributed to USD softness. Additionally, rising trade and geopolitical tensions, along with Turkish political uncertainties, boosted demand for the safe-haven Japanese Yen.

Gold hit a record high above \$3,055 an ounce after the Federal Reserve projected slower US growth and higher inflation while keeping interest rates unchanged. Fed Chair Jerome Powell called tariff-driven inflation "transitory" but admitted uncertainty. Gold has surged 16% since January 2025, with major banks forecasting a rise to \$3,500 per ounce. The bond market reacted to weaker growth forecasts, raising concerns over Trump's trade policies and spending cuts, while the Fed still expects rate cuts this year.

On other commodities, Oil prices rose, with Brent crude above \$71 and WTI near \$68, as markets focused on the US growth outlook after the Federal Reserve kept rates unchanged. Fed Chair Jerome Powell acknowledged uncertainty over Trump's policies, while officials cut growth forecasts but raised inflation estimates. Falling gasoline and distillate inventories eased demand concerns, though OPEC's planned output increase and trade war fears kept prices below mid-January peaks. Geopolitical tensions in the Middle East and Russia-Ukraine conflict further supported oil prices. (Bloomberg).

Indicative Cross Rates

	Bid	Offer
EUR/USD	1.0696	1.1099
GBP/USD	1.2792	1.3197
USD/ZAR	16.1169	20.1228
USD/AED	3.6527	3.6933
USD/JPY	146.19	150.21