TREASURY MARKET UPDATE 24TH MARCH 2025

DOMESTIC NEWS

The Kenyan shilling remained stable on Friday, closing at 129.20/129.50, unchanged from Thursday. (Refinitiv).

Kenya's export earnings from key African markets declined by 1.94% to Sh421.34 billion in 2024, marking the first drop in six years. The decline is attributed to a stronger shilling, which reduced the value of exports when converted to local currency, and competitiveness challenges in the manufacturing sector. Exports to Egypt and Tanzania saw significant declines, while Uganda's earnings remained stagnant. Industry leaders blame policy and fiscal disruptions, including new levies on imported raw materials, for reducing the competitiveness of Kenyan goods in regional markets.

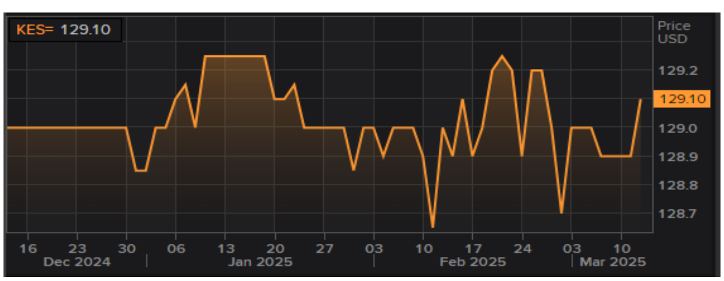
Banks reduced deposit interest rates to a 15-month low of 9.76% in February, following CBK's monetary policy adjustments, including cuts to the Central Bank Rate (CBR) and falling returns on government securities. Lending rates also dropped to 16.41%, with expectations of further reductions as banks continue adjusting to lower borrowing costs.

To manage upcoming debt maturities, the Central Bank of Kenya (CBK) is seeking Sh70 billion through three reopened bonds, originally issued between 2020 and 2022, with interest rates ranging from 12.76% to 14.18%. The funds will help roll over Sh174 billion in debt due in April and May, as the government increases its domestic borrowing target to Sh582.3 billion. However, CBK has already surpassed its initial borrowing goal, collecting Sh653 billion, providing some flexibility in managing upcoming repayments. (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	163.12	176.12	162.32	177.02
EUR/KES	135.13	149.03	135.43	151.93
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%



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

INTERNATIONAL NEWS

The U.S. dollar continued its rebound on Friday, rising 0.2% as the Federal Reserve signaled no immediate plans to cut interest rates. This followed a 0.4% gain on Thursday, helping the dollar move further away from its recent five-month low. The Fed held interest rates steady and projected slower economic growth with higher inflation but showed no urgency in easing monetary policy. The dollar's strength was also supported by jobless claims data, which indicated a resilient labor market—one of the Fed's key considerations for rate decisions. Analysts noted that with no major U.S. economic data releases on Friday, the greenback had an opportunity to maintain its recovery.

Additionally, with the Federal Reserve's blackout period over, officials may adjust their messaging based on upcoming economic data. The cautious stance from Fed Chair Jerome Powell this week leaves room for potential shifts in communication, but significant changes are likely to come only after new economic reports emerge.

The British pound fell 0.3% to 1.2926 after the Bank of England kept interest rates unchanged, with policymakers signaling possible rate cuts if labor market data weakens. The euro slipped 0.1% to 1.0836 as ECB President Christine Lagarde warned that a U.S.-Europe trade war could slow eurozone growth, with key support for EUR/USD at 1.0725.

Meanwhile, the Japanese yen weakened 0.4% to 149.39 despite higher-than-expected inflation, reinforcing expectations of a Bank of Japan rate hike in May. The Chinese yuan edged lower to 7.2494 as investors monitored potential stimulus measures from Beijing to support economic growth.

Gold prices retreated in Asian trading on Monday as reports indicated U.S. President Donald Trump's April 2 tariffs may be less severe than expected, reducing safe-haven demand. However, a softer dollar helped limit losses, and broader metal prices saw slight gains. Despite the dip, gold remained near record highs, supported by ongoing economic uncertainty. Spot gold fell 0.2% to $3,018.51 per ounce, while May futures held at $3,049.30 per ounce. Meanwhile, copper prices rose amid expectations of tighter global supplies due to U.S. tariffs and Chinese smelter closures.

On other commodities, Oil prices fell as ceasefire talks between Russia and Ukraine raised concerns about increased Russian supply. Brent crude dropped to $71.91, while WTI declined to $68.08 despite recent gains. Investors remain cautious, monitoring OPEC+ production plans and geopolitical developments. (investing.com).

Indicative Cross Rates

	Bid	Offer
EUR/USD	1.0634	1.1037
GBP/USD	1.2731	1.3134
USD/ZAR	16.2093	20.2175
USD/AED	3.6529	3.6932
USD/JPY	147.66	151.68