

DOMESTIC NEWS

Kenya's shilling remained stable against the U.S. dollar on Monday, trading at 129.20/50 per dollar, slightly weaker than 129.15/45 at Friday's close. The exchange rate showed minimal movement, indicating steady market conditions. (Refinitiv).

Kenya missed key targets under its \$3.6 billion IMF program, losing an \$850 million disbursement, which could delay \$800 million from the World Bank and \$1.5 billion from the UAE, according to S&P Global Ratings. The country failed to cut its fiscal deficit and increase revenues, with tax proposals scrapped after protests expects Kenya to secure a new IMF program before the next fiscal year, depending on 2025 Finance Bill reforms. Meanwhile, the government may rely on domestic or commercial borrowing at higher costs, complicating debt management. Kenya is restructuring debt by using Eurobond proceeds to repay costly syndicated loans and aims to reduce foreign loan dependency. (Bloomberg)

Kenya's Treasury plans to use \$880 million (Sh113.9 billion) from its recent \$1.5 billion (Sh194.05 billion) Eurobond to repay high interest syndicated loans maturing in September and October. These loans, totaling Sh123.2 billion (\$952 million), carry interest rates of 12-13%, and refinancing them with the Eurobond funds (9.75% interest) aim to ease the government's debt burden. The Eurobond issuance left a larger-than-expected balance of Sh119.1 billion, boosting Kenya's foreign reserves to over \$10 billion (Sh1.29 trillion). This strengthens the country's financial stability by improving import cover, stabilizing exchange rates, and reducing short-term debt refinancing risks. (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	163.22	176.22	162.42	177.12
EUR/KES	134.88	148.78	135.18	151.68
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 edged lower on Monday after hitting a three-week high on Friday, with the Dollar Index slipping 0.1% to 103.640. Despite gaining 0.4% last week, the dollar has been under pressure this year due to concerns over President Trump's trade policies, which could impact economic growth and inflation. The next round of tariffs is set for April 2, but reports suggest that Trump will opt for a more targeted approach, imposing reciprocal duties on select countries rather than broad industry-specific tariffs.

Additionally, President Donald Trump announced plans to impose tariffs on automobile imports in the coming days. He also suggested that some nations might receive exemptions from the upcoming "reciprocal" tariffs, stating, "I may give a lot of countries breaks." Additionally, Trump confirmed a 25% tariff on countries purchasing Venezuelan oil starting April 2. His comments caused uncertainty regarding the broader tariff policy, as he indicated that the rollout would be on a country-by-country basis, adjusting duties to match trade barriers imposed on U.S. goods.

The EUR/USD rose 0.2% to 1.0839 after Germany's private sector saw its fastest growth in ten months, while France's economy remained in contraction. GBP/USD gained 0.3% to 1.2953 ahead of U.K. economic data. USD/JPY increased 0.2% to 149.60 as Japan's factory activity declined sharply, with the Bank of Japan reaffirming its commitment to rate hikes if inflation nears 2%. USD/CNY edged up 0.1% to 7.2539 amid concerns over Trump's upcoming reciprocal tariffs set for April 2.

Oil prices remained steady on Tuesday as traders assessed the impact of new U.S. tariffs on countries buying Venezuelan oil. Brent crude edged up 1 cent to \$73.01 per barrel, while WTI crude dipped 1 cent to \$69.10. Prices rose over 1% on Monday after President Trump announced a 25% tariff on Venezuelan oil buyers, affecting China, Venezuela's largest customer. Analysts expect WTI to hover around \$70 for the year, with potential seasonal gains. Meanwhile, crude prices eased slightly as the U.S. extended Chevron's deadline to wind down its Venezuela operations until May 27.

On other commodities, gold prices fell in Asian trade on Monday, retreating 0.2% to \$3,018.51 an ounce, as reports suggested Trump's April 2 tariffs may be less severe than expected, reducing safe-haven demand. However, gold remained near record highs due to ongoing economic uncertainty. A softer dollar helped limit losses, while other metals saw slight gains. Copper prices rose on expectations of tighter global supplies, driven by U.S. tariffs and Chinese smelter closures. Gold futures for May held steady at \$3,049.30/oz after spot prices hit a record high of \$3,057.5/oz last week. (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