

DOMESTIC NEWS

The Kenyan shilling remained stable on Wednesday, with demand for dollars from importers balanced by supply. Commercial banks quoted the shilling at 129.00/129.50 per dollar, unchanged from Tuesday's closing rate. (Refinitiv).

Between July and December 2024, 2,452 industrial firms in Kenya saved Sh688 million on electricity bills using Kenya Power's Time of Use (ToU) tariff, which offers a 50% discount for off-peak consumption. However, this was 22.7% lower than the Sh890 million saved in the same period in 2023, according to the Energy and Petroleum Regulatory Authority (Epra). The electricity consumed under the ToU tariff dropped 21% to 84.9 GWh from 107.5 GWh the previous year. The highest savings occurred in July 2024 (Sh149.7 million) and December 2024 (Sh134.6 million) due to increased production during public holidays and weekends. Epra did not specify the cause of the decline, but currency stabilization and fluctuating electricity charges may have contributed. The ToU tariff encourages businesses to operate during off-peak hours (10 pm - 6 am on weekdays, Sundays, and public holidays) to lower power costs.

In other local news, The Kenyan Treasury raised Sh71.4 billion in its April bond sale, surpassing the Sh70 billion target, driven by strong investor demand for long-term bonds. The sale included two reopened 15-year bonds (from 2020 and 2022) and a 25-year bond (from 2022), with investors submitting Sh71.73 billion in bids. The Central Bank of Kenya (CBK) accepted the majority of the offers, including Sh32.54 billion for the 25-year bond, Sh20.88 billion for the 2020 15-year bond, and Sh17.98 billion for the 2022 bond. The 2020 bond required a price discount due to high investor demand, yielding 13.66%, higher than the coupon rate of 12.75%. (Business Daily).

Indicative Forex Rates

	Buy Cash	Sell Cash	Buy TT	Sell TT
USD/KES	124.25	134.25	124.25	134.25
GBP/KES	165.05	178.05	164.25	178.95
EUR/KES	136.41	150.31	136.71	153.21
AED/KES	31.19	44.19	33.19	44.69

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

On April 2, President Donald Trump unveiled a plan to impose reciprocal tariffs on imports from around the world, starting with a 10% global tariff set to take effect on April 5, followed by higher individualized rates for about 60 countries. Nations with large trade surpluses with the US, such as China (34%), the European Union (20%), and Vietnam (46%), will face higher tariffs. These tariffs are designed to offset both the tariffs and non-tariff barriers such as subsidies, unfair regulations, and intellectual property issues that put US manufacturers at a disadvantage. The strategy aims to restore fairness in trade and help revitalize American manufacturing by incentivizing companies to produce in the US. (Bloomberg)

The fairness of these reciprocal tariffs is a point of debate, especially for emerging markets that protect domestic industries through higher tariffs. Trump's approach is part of a broader effort to shift US economic relationships, with the long-term goal of increasing US manufacturing and job creation. While Trump has hinted at the possibility of renegotiating tariffs with countries that align with US interests, experts warn that this policy may lead to higher prices, slower growth, and potential inflation. Trump's method has been to initially impose tariffs and later negotiate exemptions, which could lead to unpredictable economic outcomes. (Bloomberg)

The US dollar weakened against several currencies, reaching a five-month low of 1.3095 against the British pound and a two-week low of 1.0950 against the euro. This was driven by changes in bond yield spreads between the US and its trading partners. The UAE dirham also fell to 3.6730 against the dollar, while the Japanese yen strengthened, pushing the USD/JPY pair down to 147.13, its lowest in three weeks.

Amid heightened global trade tensions following President Donald Trump's announcement of aggressive import tariffs, investors flocked to safe-haven assets, pushing gold to a record high. Spot gold reached an all-time high of \$3,167.57 before stabilizing at \$3,132.69 as of 0520 GMT, while U.S. gold futures fell by 0.4% to \$3,155.00. Trump's move, which included a 10% baseline tariff on all imports and higher duties on several key trading partners, intensified the ongoing trade war and contributed to the market volatility.

On other commodities, Oil prices fell by up to 3% on Thursday after President Donald Trump announced new tariffs, raising concerns about a potential global trade war that could harm economic growth and reduce fuel demand. Brent futures dropped by \$1.60 (2.13%) to \$73.35 per barrel, while U.S. West Texas Intermediate (WTI) crude futures fell by \$1.62 (2.26%) to \$70.09. This marked the biggest daily decline for both benchmarks since early March. (investing.com).

Indicative Cross Rates

	Bid	Offer
EUR/USD	1.0748	1.1149
GBP/USD	1.2892	1.3299
USD/ZAR	16.9126	20.9167
USD/AED	3.6530	3.6932
USD/JPY	145.02	149.04