

DOMESTIC NEWS

Kenya's shilling remained stable on Friday, trading at 129.00/50 per dollar, unchanged from the previous day's close. (Refinitiv).

Kenya is relying on the African Union to lobby for an extension of the African Growth and Opportunity Act (Agoa), which allows duty-free exports to the U.S. amid uncertainty caused by new U.S. tariffs. President Trump recently imposed tariffs up to 50% on imports from several countries, including 10% on Kenyan goods, without mentioning Agoa's future. The pact, crucial to Kenya's textile and agriculture sectors, expires in 2025 and supports over 58,000 jobs and Sh50 billion in exports.

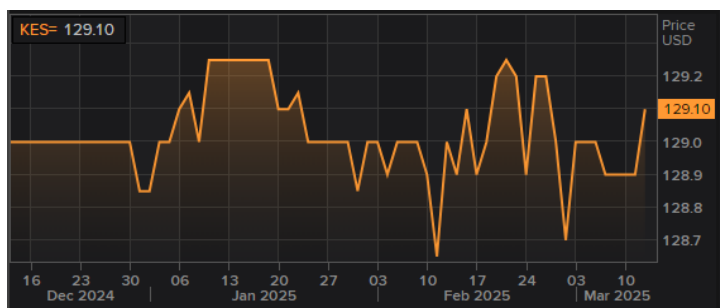
Talks on a bilateral trade deal between Kenya and the U.S. have stalled, and local firms are scaling back investment due to the uncertainty. Despite this, Kenya remains hopeful for a 16-year extension and is expanding cotton production to boost textile exports. A bipartisan U.S. Senate bill has been introduced to extend Agoa to 2041.

In other local news, Kenya's Treasury has cut its tax collection target for the year ending June 2025 by Sh40 billion to Sh2.54 trillion, citing continued underperformance by the Kenya Revenue Authority (KRA). This is the third downward revision due to a Sh93.2 billion shortfall in revenue by December 2024. KRA has collected Sh1.624 trillion so far, leaving Sh917.8 billion to be raised in the remaining four months. The Treasury attributes the decline to economic shocks and says the lower projections will impact funding for counties in the next fiscal year. (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	162.87	175.87	162.07	176.77
EUR/KES	137.15	151.05	137.45	153.95
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

The U.S. Dollar Index recently rebounded 0.5%, reaching 102.325 after a sharp 2% drop on Thursday, its steepest fall since November 2022. Despite growing concerns over inflation and a possible recession, former President Donald Trump reaffirmed his commitment to global tariffs, stating he would only lower severe tariffs if they effectively reduce trade deficits. His comments come amid significant market volatility, with Asian markets facing steep losses. Hong Kong's Hang Seng dropped by over 10%, and Taiwan saw its largest single-day decline. In the U.S., equity futures slipped, and the yen strengthened against the dollar. Trump's top economic officials echoed his position, indicating no change in trade policy. These developments suggest ongoing uncertainty in global markets, with potential implications for both trade relations and economic stability. (investing.com)

EUR/USD declined 0.7% to 1.0975 after a 1.8% surge on Thursday, with analysts noting strong resistance around the 1.11-1.12 range. Further moves in U.S. equities could influence whether this resistance is overcome, but support is expected near 1.1020 as doubts about the dollar's dominance continue to grow. GBP/USD fell 1% to 1.2971, retreating from its highest level since October. Analysts suggest the pair may consolidate between 1.30 and 1.32 in the near term after its recent rapid rise. USD/JPY increased by 0.3% to 146.44, recovering slightly after a 2% drop to a six-month low in the previous session. USD/CNY remained largely unchanged at 7.2821, with Chinese markets closed for a public holiday. AUD/USD dropped 1.9% to 0.6207, reflecting broader risk aversion as traders avoided riskier assets like the Australian dollar. These movements indicate continued volatility in the forex market, driven by shifting risk sentiment and global economic concerns. (investing.com)

Oil prices dropped for a third day after Saudi Arabia cut crude prices, raising fears of a global recession and weaker demand. Brent crude hit a four-year low, and analysts expect prices to keep falling unless recession fears ease. Goldman Sachs downgraded its oil price forecasts due to economic risks. (Bloomberg)

Gold, copper, and other metals fell sharply on Monday, continuing a broader market selloff driven by U.S. President Donald Trump's escalating trade war, which is harming global economic prospects. Gold dropped 2.2% to below \$3,000 an ounce, while copper tumbled 7.7% in London, marking its biggest drop in five years. The declines are part of a wider commodities rout, with the Bloomberg Commodity Index falling 5.8% last week, its worst performance since 2022. As of 8:15 a.m. Singapore time, gold was down 1 (Bloomberg).

Indicative Cross Rates

	Bid	Offer
EUR/USD	1.0798	1.1203
GBP/USD	1.2717	1.3120
USD/ZAR	17.2033	21.2238
USD/AED	3.6528	3.6933
USD/JPY	143.72	143.75