

DOMESTIC NEWS

The Kenyan shilling slightly weakened against the U.S. dollar on Monday due to limited foreign exchange inflows. Commercial banks quoted the shilling at 129.20/70 per dollar, compared to 129.00/129.50 at Friday's close. (Refinitiv).

Investors showed strong interest in longer-term government securities last week, expecting the Central Bank of Kenya (CBK) to cut interest rates soon to boost private sector lending. In its April bond auction, the CBK received KSh 71.73 billion in bids and accepted KSh 71.4 billion, mostly for 15-year and 25-year bonds. Some investors accepted lower yields, indicating high demand.

Analysts predict a 25–50 basis point rate cut at the April 2025 MPC meeting. In the T-bills market, the 364-day paper attracted the most bids (KSh 25 billion), as investors aimed to lock in current yields before expected declines. Yields on all T-bills fell slightly during the week.

In other local news, Hundreds of road contractors will resume work after the government received Sh63 billion to settle pending bills. An additional Sh10 billion is expected soon, targeting full debt clearance by July. The payments will be funded through a Sh175 billion bond, mainly sourced from foreign markets. Contractors agreed to waive up to 35% of delayed payment interest to ease pressure on the government. (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	161.24	174.24	160.44	175.14
EUR/KES	136.91	150.81	137.21	153.71
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 fell on Monday, with the Dollar Index down 0.2% to 102.600, as fears of a recession and global economic disruption from President Trump's aggressive trade tariffs grew. Goldman Sachs raised its 2025 U.S. recession odds to 45%, and markets now expect 110 basis points in Fed rate cuts this year. Federal Reserve officials, including Chicago Fed President Austan Goolsbee, expressed concern that the tariffs could disrupt supply chains and reignite inflation, similar to the surge seen in 2021–2022. While recent economic data remains stable, the S&P 500 has dropped 11% since early April amid market turmoil triggered by tariff threats and global retaliation. Fed Chair Jerome Powell signaled a cautious approach, emphasizing the need to monitor inflation and economic impacts before making further policy changes. (Bloomberg)

The EUR/USD rose 0.2% to 1.0976, supported by dollar weakness and the eurozone's current account surplus, despite weak German industrial data. GBP/USD fell 0.3% to 1.2855 after hitting a high since October. USD/JPY dropped 0.7% to 145.89, as the yen strengthened due to safe-haven demand and strong wage data in Japan, boosting expectations of a rate hike. USD/CNY gained 0.4% to 7.3121, as China retaliated with a 34% tariff on U.S. goods. AUD/USD declined 0.8% to 0.5991, hit by concerns over U.S. tariffs and potential rate cuts by the Reserve Bank of Australia. (investing.com)

Oil prices rose more than 1% on Tuesday, recovering from a significant drop the previous day, which had seen Brent and WTI fall to near four-year lows. Brent futures gained 72 cents (1.1%) to \$64.93 per barrel, while U.S. West Texas Intermediate crude rose 75 cents (1.2%) to \$61.45. The previous decline, triggered by concerns that U.S. tariffs could reduce demand and lead to a global recession, saw Brent and WTI drop 14% and 15% respectively. However, a relief rally, supported by steadier equity markets, helped oil prices recover some of the losses, though analysts still caution about ongoing downside risks. (investing.com)

Gold prices steadied on Monday after falling to a three-week low, remaining near record highs as investors sought safety amid escalating global trade tensions and recession concerns. Spot gold dropped 0.6% to \$3,018.44 per ounce, while gold futures for June rose 0.1% to \$3,036.71 per ounce. Despite the slight decline, gold continues to be a key safe-haven asset in uncertain economic times.

(investing.com).

Indicative Cross Rates

	Bid	Offer
EUR/USD	1.0774	1.1176
GBP/USD	1.2583	1.2987
USD/ZAR	17.4289	21.4350
USD/AED	3.6529	3.6931
USD/JPY	145.57	149.59