

A subsidiary of Dubal Islamic Bank PJSC TREASURY MARKET UPDATE 10TH APRIL 2025

DOMESTIC NEWS

Kenya's shilling was broadly stable against the dollar on Wednesday. Commercial banks quoted the shilling at 129.20/70 per dollar, compared with Tuesday's close of 129.25/75, the data showed. (Refinitiv).

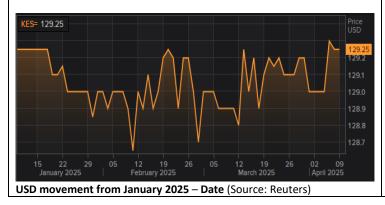
The Central Bank of Kenya (CBK) has downplayed the impact of a 10% tariff imposed by US President Donald Trump on Kenyan exports, estimating a modest loss of Sh12.9 billion (\$100 million), which it considers insignificant relative to the country's \$122 billion GDP. While the tariff affects less than 1.2% of Kenya's exports—mostly textiles, macadamia, tea, and coffee the broader concern lies in potential global economic fallout and reduced demand in key markets. Though some experts foresee a de-escalation as countries pursue trade deals with the US, others warn of recession risks and declining remittances. The US imposed the tariff in response to Kenyan trade practices, including corruption, import duties, and perceived barriers to American businesses. (Business Daily)

In other local news, The Kenya Revenue Authority (KRA) has reduced the fringe benefits tax rate to 9% for April to June 2025, the lowest in over two years. This follows the Central Bank of Kenya's cut in the benchmark lending rate to 10% from 10.75%, aimed at stimulating economic growth. Fringe benefits tax applies to employee perks like low-interest loans, with the taxable value being the difference between market and actual interest rates. The move is expected to encourage banks to lower lending rates, boosting credit uptake and supporting the private sector. (Daily Nation89*).

Indicative Forex Rates

| | Buy Cash | Sell Cash | Buy TT | Sell TT |
|---------|----------|-----------|--------|---------|
| USD/KES | 124.60 | 134.60 | 124.60 | 134.60 |
| GBP/KES | 162.66 | 175.66 | 161.86 | 176.56 |
| EUR/KES | 137.45 | 151.35 | 137.75 | 154.25 |
| AED/KES | 31.28 | 44.28 | 33.28 | 44.78 |

| 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% | |



INTERNATIONAL NEWS

The U.S. dollar fell sharply on Wednesday after President Donald Trump increased tariffs on China by an additional 50%, bringing total U.S. tariffs on Chinese goods to 104%. This move, in response to China's recent 34% retaliatory tariffs, heightened fears of a prolonged trade war and a potential U.S. recession. As a result, markets are now expecting more aggressive interest rate cuts by the Federal Reserve, with futures pricing in 111 basis points of cuts for the year. Analysts highlighted that the U.S. may suffer more due to its reliance on Chinese imports, increasing inflation and recession risks, while China appears to be less impacted. Market sentiment has turned bearish, with expectations of weaker equities, wider credit spreads, and heightened volatility.

The euro rose to 1.1025 against the U.S. dollar, boosted by a coalition deal in Germany that reduced political uncertainty. Analysts noted the euro is a strong alternative to the dollar, especially during U.S. economic downturns, and is less impacted by slow domestic growth compared to the dollar.

The British pound rose 0.3% to 1.2800 against the U.S. dollar, rebounding from a one-month low due to dollar weakness. However, concerns over the U.K.'s economic outlook are limiting further gains. Markets have fully priced in a Bank of England rate cut in May, with some expecting a larger 50 basis-point reduction.

In Asia, The U.S. dollar dropped against the Japanese yen to 145.53 amid safe haven demand and positive sentiment over upcoming Japan-U.S. trade talks. Meanwhile, the Chinese yuan weakened to its lowest level since 2007, with USD/CNY rising to 7.3498, following consecutive weaker midpoint fixes by China's central bank in anticipation of a deepening trade war with the U.S.

Oil prices dropped due to escalating U.S.-China trade tensions, with Trump raising tariffs on China to 125%. Despite a temporary tariff pause on other countries, concerns about global growth and oil demand persisted. The Keystone pipeline shutdown provided some support, but rising U.S. crude inventories and increased supply from OPEC added downward pressure. (Investing.com).

Gold prices surged over 1% as U.S.-China trade tensions escalated. Spot gold rose 1.5% to \$3,129.33 per ounce, while U.S. gold futures increased 2.2% to \$3,145.80. The increase in tariffs by President Trump, coupled with heightened market volatility, prompted investors to seek the safety of gold. Analysts predict gold could reach \$3,200 by the end of the month, driven by ongoing trade uncertainty and potential Federal Reserve rate cuts. (Reuters).

| Indicative Cross Rates | | | | |
|------------------------|---------|---------|--|--|
| Bid | | Offer | | |
| EUR/USD | 1.0775 | 1.1176 | | |
| GBP/USD | 1.2660 | 1.3067 | | |
| USD/ZAR | 17.2647 | 21.2720 | | |
| USD/AED | 3.6528 | 3.6934 | | |
| USD/JPY | 144.88 | 148.88 | | |

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