

## DOMESTIC NEWS

The Kenyan shilling was little changed against the U.S. dollar on Tuesday, trading at 129.25/75 per dollar, compared to Monday's close of 129.40/90. (Refinitiv).

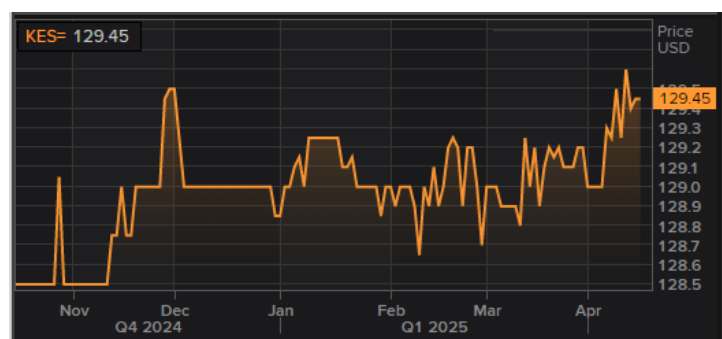
Kenya's Treasury has revised its 2025 revenue targets downward, cutting the Kenya Revenue Authority's ordinary revenue projection to KSh 2.835 trillion and leaving a projected fiscal deficit of KSh 831 billion, amid concerns over persistent shortfalls in tax collection. Ernst & Young, in a pre-budget briefing, attributed KRA's underperformance to unrealistic and inflated budgets with unsupported expenditures and minimal tax base expansion. While Kenya's macroeconomic conditions improved in 2024, structural and fiscal vulnerabilities remain, even as East Africa is poised for strong growth and key sectors like banking and consumer products face ongoing challenges. (kenyanwallstreet.com)

In other local news, Kenya's local vehicle assembly fell by 14.6% in 2024 to 11,555 units—the sharpest drop since 2017—due to high borrowing costs and weakened demand. New vehicle sales declined for the third consecutive year to 11,059 units, marking the lowest level since 2010. Locally assembled vehicles now account for over 80% of new sales, supported by tax incentives. The government is increasing its focus on electric mobility as part of its broader green growth and climate action strategy. (Business Daily)

### Indicative Forex Rates

	Buy Cash	Sell Cash	Buy TT	Sell TT
USD/KES	124.75	134.75	124.75	134.75
GBP/KES	168.11	181.11	167.31	182.01
EUR/KES	142.30	156.20	142.60	159.10
AED/KES	31.33	44.33	33.33	44.83

Amounts > 10 million		Amounts >100,000
	KES	USD
2 Weeks	5.00%	1.50%
1 Month	5.50%	2.25%
3 Months	6.00%	2.50%
6 Months	6.25%	2.75%
1 year	6.50%	3.00%



USD movement from January 2025 – Date (Source: Reuters)

## INTERNATIONAL NEWS

The U.S. dollar has fallen approximately 8% this year, hitting a three-year low, as investors react to President Trump's tariff announcements. The USD Index ended a five-day decline today, but the overall trend remains downward, reflecting concerns over escalating trade tensions and economic uncertainty. Despite expectations that tariffs would strengthen the dollar, the opposite has occurred, causing simultaneous sell-offs in U.S. stocks and bonds. Analysts warn that these developments may signal broader instability in U.S. financial assets, potentially leading to a recession. The weakening dollar raises questions about its continued role as a global safe haven.

GBP/USD is currently on a seven-day winning streak, surging above \$1.32, its highest level since October. The rise follows UK consumer price inflation (CPI) for March, which showed a stronger-than-expected slowdown, with the annual rate dropping to 2.6% and the monthly rate falling to 0.3%. Additionally, services inflation eased to 4.7%, providing further support to the pound.

The EUR/USD pair is experiencing heightened volatility, largely driven by strong demand for options across major G-10 currencies. Traders are particularly focused on the one- to three-month tenors, pushing implied volatility to elevated levels. The surge in demand has led to increased interest in dollar put options, reflecting market uncertainty amid ongoing global trade tensions.

JPY/USD is showing strong positioning, reaching its highest level since January 2021. This is due to global market uncertainties, including trade conflicts and tariffs, which have spurred a surge in demand for the yen as a safe-haven asset. The volatility in currency markets is contributing to significant movements in yen positioning.

Gold prices have risen 1.1% to \$3,266.61 per ounce, driven by global trade tensions and investor demand for safe-haven assets. Goldman Sachs forecasts prices to reach \$4,000 by mid-2026, supported by central bank accumulation and growing demand in gold-backed ETFs. Expectations of Federal Reserve rate cuts also provide further support.

Oil prices remain near four-year lows due to the US-China trade conflict, impacting global demand. The International Energy Agency lowered its global oil consumption forecast, while US crude inventories increased. As of the latest data, Brent fell 1.2% to \$63.90 per barrel, and WTI dropped 1.3% to \$60.54 per barrel. (Bloomberg)

### Indicative Cross Rates

	Bid	Offer
EUR/USD	1.1173	1.1574
GBP/USD	1.3070	1.3474
USD/ZAR	17.0261	21.0325
USD/AED	3.6528	3.6933
USD/JPY	140.41	144.41