

DOMESTIC NEWS

The Kenyan shilling strengthened slightly against the U.S. dollar on Wednesday, trading at 129.30/80 per dollar, up from Tuesday's close of 129.45/95. (Refinitiv).

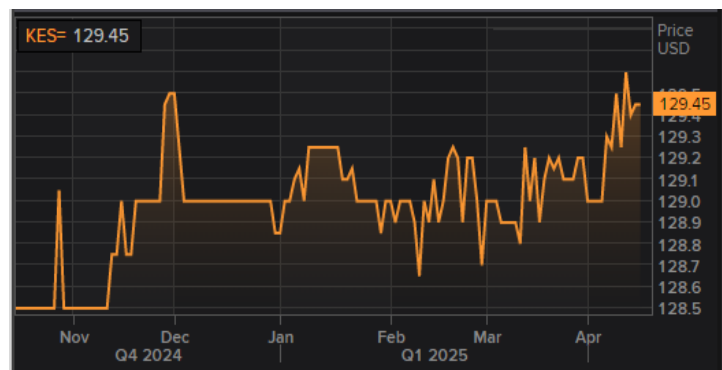
Kenya is pushing for a more practical IMF deal after tax protests and rising public discontent. The government plans to cut excessive spending, including proposed \$54 million for public consultations. With the fiscal deficit expected to rise to 5.1% of GDP by June 2025, borrowing will increase. President Ruto will visit China to seek additional infrastructure funding, while Kenya's external debt has reached \$39.1 billion, with China as its largest creditor by repayments. (Bloomberg)

In other local news, Kenya plans to secure \$865 million in new loans from the World Bank and the African Development Bank before June to help fund its budget deficit of Sh887.2 billion for the 2024/2025 fiscal year. The Treasury will also rely on domestic borrowing, which has already reached Sh653 billion by mid-March. A planned \$764 million IMF loan was dropped in favor of negotiating a new programme. Meanwhile, a \$1.5 billion Eurobond issued in February was used to refinance existing debt, not to fund the budget. (Business Daily)

Indicative Forex Rates

	Buy Cash	Sell Cash	Buy TT	Sell TT
USD/KES	124.70	134.70	124.70	134.70
GBP/KES	167.28	180.28	166.48	181.18
EUR/KES	142.26	156.16	142.56	159.06
AED/KES	31.31	44.31	33.31	44.81

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 continued to weaken on Wednesday amid growing concerns over the Trump administration's trade policies, particularly escalating tensions with China. The Dollar Index fell 0.5% to 99.452, marking an over 8% decline so far this year. President Trump has initiated a probe into new tariffs on critical mineral imports—many of which come from China—further fueling trade conflict after raising tariffs on Chinese goods to 145%, prompting a 125% retaliation from Beijing. Markets are watching closely for upcoming data on China's U.S. Treasury holdings, with fears that any selloff could trigger more pressure on the dollar. Investors are also awaiting U.S. retail sales data and a speech from Fed Chair Jerome Powell, whose remarks could reinforce the dovish signals already sent by Fed Governor Christopher Waller, potentially adding further downward pressure on the greenback.

The EUR/USD traded 0.7% higher to 1.1364, as the euro regained momentum following a pullback from last week's three-year high of 1.1474. Eurozone inflation for March is expected to ease to 2.2%, providing further support for the European Central Bank to consider a 25 basis-point rate cut to 2.25%.

In contrast, GBP/USD gained 0.5% to 1.3283, nearing a six-month high, despite a slowdown in U.K. inflation to 2.6% in March. This raised expectations that the Bank of England may cut rates at its May meeting.

The USD/JPY traded 0.5% lower to 142.49, with the Japanese yen supported by strong demand for safe-haven assets. Meanwhile, USD/CNY edged up 0.1% to 7.3236 as trade tensions between the U.S. and China persist, though China's GDP grew 5.4% in Q1 2025, surpassing expectations. Additionally, China's industrial production surged 7.7% in March, while retail sales rose 5.9%, driven by government stimulus measures.

Oil prices rose on Thursday, with Brent crude at \$66.40 and WTI at \$63.13, supported by U.S. sanctions on Iran and OPEC output cuts. Both benchmarks are set for their first weekly gain in three weeks. However, analysts caution that further gains may be limited due to concerns over slow U.S. and Chinese economic growth.

Gold prices hit record highs, surpassing \$3,300 an ounce, driven by U.S.-China trade tensions, central bank buying, and expectations of Fed rate cuts. The metal has risen 26% this year, with analysts comparing it to the 1980 surge during the Iranian Revolution. (Bloomberg)

Indicative Cross Rates

	Bid	Offer
EUR/USD	1.1151	1.1553
GBP/USD	1.3009	1.3414
USD/ZAR	16.8607	20.8654
USD/AED	3.6528	3.6934
USD/JPY	140.76	144.81