

## DOMESTIC NEWS

The Kenyan shilling edged lower against the U.S. dollar on Thursday, following a brief rally the previous day driven by offshore investor interest in local bonds. Commercial banks quoted the shilling at 129.10/60 per dollar, compared to Wednesday's close of 128.90/129.40, as foreign exchange demand remained subdued. (Refinitiv).

Kenya will next week receive \$500 million (Sh64.8 billion) from a \$1.5 billion (Sh194.3 billion) UAE-backed commercial loan, as part of efforts to meet its external budget financing needs before the fiscal year ends in June. Treasury CS John Mbadi confirmed the initial tranche is ready for disbursement, with the option to draw up to \$1 billion this year if needed. The loan, secured at 8.25% interest over seven years, adds to expected inflows of \$1.37 billion from external lenders, including the World Bank and AfDB. The UAE facility marks Kenya's first commercial financing from the Gulf and reflects deepening ties with the UAE, which has also supported Kenya through oil deals, flood aid, and major tech infrastructure contracts. (Business Daily).

In other local news, Kenya's central bank is considering adding gold to its reserves to diversify foreign exchange holdings and reduce reliance on the US dollar. Governor Kamau Thugge said a team is assessing the feasibility of the move, as global central banks increase gold holdings. He also expressed optimism about Kenya's economic growth in 2025, expecting it to exceed last year's 4.6%, supported by favorable weather, strong agriculture, and lower interest rates. (Bloomberg).

### Indicative Forex Rates

	Buy Cash	Sell Cash	Buy TT	Sell TT
<b>USD/KES</b>	127.50	131.50	127.50	131.50
<b>GBP/KES</b>	167.00	175.00	167.00	175.00
<b>EUR/KES</b>	142.00	151.00	142.00	151.00
<b>AED/KES</b>	31.23	44.23	33.23	44.73

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



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

## INTERNATIONAL NEWS

Asian currencies weakened on Friday due to uncertainty over U.S.-China trade talks, with the Japanese yen falling the most after strong Tokyo inflation data. The U.S. Dollar Index rose 0.5% amid volatility fueled by President Trump's mixed signals on tariffs and the Federal Reserve. Conflicting reports emerged on trade discussions: the U.S. hinted at potential tariff reductions, while China denied any ongoing talks. Despite this, Trump insisted negotiations are happening. China is reportedly considering exempting some U.S. goods from high tariffs, easing tensions slightly but leaving overall uncertainty intact.

EUR/USD rose 0.7% to 1.1389, benefiting from a surprise increase in Germany's Ifo business climate index, despite earlier data showing a contraction in private sector activity. The level of 1.130 remains a key support point for the pair. GBP/USD edged up 0.4% to 1.3300, recovering from a sharp decline in the previous session.

USD/JPY fell 0.5% to 142.66, following news that Japan's Economy Minister will visit Washington for tariff negotiations. The yen gained on speculation about potential exemptions for Japanese goods. USD/CNY rose 0.1% to 7.2936 with cautious trading reflecting uncertainty over U.S. trade policies.

Gold prices slightly declined on Friday, with spot gold dropping 0.9% to \$3,318.28/oz and June gold futures falling 0.6% to \$3,328.67/oz. The retreat was driven by improved risk appetite, spurred by reports suggesting the U.S. and China might ease trade tensions. A potential move by China to exempt some U.S. goods from its steep tariffs contributed to this sentiment, although the path to a trade deal remains unclear. The recovery of the U.S. dollar from three-year lows also weighed on gold prices. Despite the losses, gold remained close to the record high of \$3,500/oz reached earlier this week. Markets were encouraged by the possibility of de-escalation, reducing demand for gold as a safe-haven asset.

Oil prices rose for the second session on Friday, with Brent crude gaining 43 cents to \$66.98 a barrel and U.S. West Texas Intermediate (WTI) rising 42 cents to \$63.21 a barrel. However, both were headed for weekly declines, with Brent set to fall 1.4% and WTI down 2.3%. The price gains were driven by signs of easing U.S.-China trade tensions, but concerns about oversupply from OPEC+ and uncertain demand amid ongoing trade issues capped gains. A stronger U.S. dollar also pressured prices. U.S. President Trump claimed trade talks with China were ongoing, while China considered exempting some U.S. goods from high tariffs, signaling concerns about the trade war's economic impact. (investing.com).

### Indicative Cross Rates

	Bid	Offer
<b>EUR/USD</b>	1.1136	1.1538
<b>GBP/USD</b>	1.3080	1.3485
<b>USD/ZAR</b>	16.8688	20.8653
<b>USD/AED</b>	3.6530	3.6931
<b>USD/JPY</b>	141.66	145.69