TREASURY MARKET UPDATE 29TH APRIL 2025

DOMESTIC NEWS

The Kenyan shilling remained unchanged on Monday compared to the previous session. It was quoted at 129.10/129.50, the same level as Friday's close. (Refinitiv).

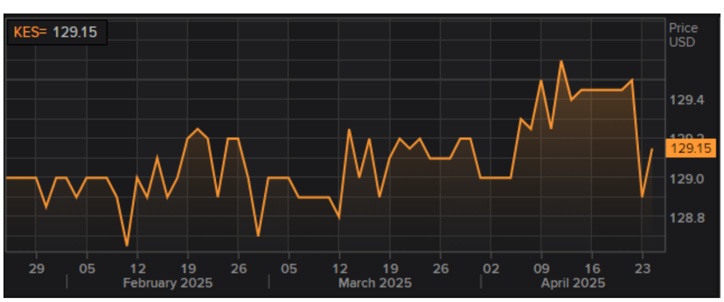
The World Bank has cautioned African central banks against rapidly easing monetary policy, warning of inflation and currency risks due to global trade tensions following U.S. tariffs. While lower inflation and improved external conditions have allowed some countries like Kenya to cut interest rates to support growth, the World Bank urges a cautious approach, especially where inflation remains persistent. In Kenya, the Central Bank has lowered rates five times since August 2024 to boost private sector lending, though rising bad loans and global uncertainties highlight the need for careful economic management. (Business Daily).

In other local news, Kenya is progressing with a proposed debt-for-food security swap brokered by the World Food Programme (WFP), which would allow it to redirect debt repayments towards agricultural and nutrition initiatives. The plan, currently under review by the National Treasury, aims to ease the country's debt burden—standing at Sh1.87 trillion this fiscal year—while boosting food security. Kenya draws inspiration from similar successful arrangements in Egypt and Mozambique and is also exploring other innovative financing options such as debt-for-nature swaps, diaspora bonds, and sustainability-linked bonds to manage debt and support development.
(Business Daily).

Indicative Forex Rates

	Buy Cash	Sell Cash	Buy TT	Sell TT
USD/KES	127.50	131.50	127.50	131.50
GBP/KES	168.50	175.00	168.50	175.00
EUR/KES	144.50	150.00	144.50	150.00
AED/KES	34.00	37.00	34.00	37.00

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 February 2025 – Date (Source: Reuters)

INTERNATIONAL NEWS

The first 100 days of the Trump administration's aggressive trade policy, particularly tariffs, have had significant impacts on U.S. manufacturers, especially in Texas. Many companies are struggling with cost increases, delayed shipments, and reduced demand, leading to potential job losses. While some support the administration's goals, concerns are growing over the ongoing economic pain caused by the tariff war. In the currency markets, the dollar index showed little movement during Asian trading, reflecting cautious sentiment amid global economic uncertainty and the unclear direction of U.S. trade strategies.

The GBP is expected to weaken in 2025 due to slow economic growth, driven by global tariffs, a payroll tax increase, and weak demand, with inflation at 3%. The Bank of England is likely to lower interest rates to 3.75%, which could further pressure GBP. Meanwhile, EUR/USD shows mixed signals, with short-term indicators suggesting a potential decline, but longer-term trends hint at possible continued strength due to strong technical patterns.

The USD/JPY rebound is losing momentum and may struggle to rise further in the short term. Meanwhile, the USD/CNY is influenced by U.S. dollar strength, which could pressure the Chinese yuan, though other factors are also at play.

Gold prices have risen over 25% this year due to the U.S.-China trade war, global slowdown concerns, and tensions with the Federal Reserve. However, a shift from panic to cautious optimism is putting downward pressure on gold. If U.S. labor market data suggests weakening, expectations for a Fed rate cut in June could push gold prices higher again. Despite strained U.S.-China relations, gold's gains have been supported by ETF inflows, central-bank buying, and speculative demand in China.

Brent crude is set for its largest monthly loss since 2021, due to escalating U.S. tariffs and OPEC+ plans to increase production. Geopolitical factors, including U.S.-Iran talks, may ease sanctions on Iranian oil, while weak economic data raises concerns about demand. Despite price drops, the oil market remains tight in the short term, as indicated by the widening backwardation. A major blackout in Spain and Portugal also disrupted oil refinery operations. Brent crude and WTI both declined by 1.1%, settling at $65.12 and $61.35 per barrel, respectively.

(investing.com).

Indicative Cross Rates

	Bid	Offer
EUR/USD	1.1190	1.1592
GBP/USD	1.3208	1.3612
USD/ZAR	16.5477	20.5563
USD/AED	3.6528	3.6934
USD/JPY	140.41	144.43