

DOMESTIC NEWS

The Kenyan shilling held steady at 128.75/129.75 against the U.S. dollar, slightly firmer from 129.00/129.50 on Thursday, as exporter inflows met weak dollar demand. (Refinitiv).

Kenya has excluded IMF funding from its budget for the next four years, avoiding the lender's tough conditions such as tax hikes and spending cuts, and instead plans to rely heavily on World Bank loans—projected at Sh170.5 billion annually until 2029. Budget documents show a shift from the Sh135.1 billion received from the IMF in 2023/24 and Sh50.2 billion set for 2024/25. This move follows last year's deadly anti-tax protests and the collapse of Kenya's IMF programme over unmet conditions, including reforms at Kenya Airways. Kenya now seeks concessional funding from the World Bank, with Sh97.08 billion expected before June 2025, contingent on passing key legislation like the Conflict-of-Interest Bill. (Business Daily)

In other local news, Kenya's economic growth slowed to 4.7% in 2024 from 5.7% in 2023, mainly due to contractions in the construction and mining sectors and slower growth in most key industries. Agriculture grew by 4.6%, down from 6.6%, as gains in tea, coffee, and sugarcane were offset by declines in maize and potato output. Services remained resilient, growing by 6.0%, while industrial growth dropped to 0.8% from 2.0%, reflecting weaknesses in construction and mining. (Central Bank).

Indicative Forex Rates

	Buy Cash	Sell Cash	Buy TT	Sell TT
USD/KES	127.50	131.50	127.50	131.50
GBP/KES	167.00	175.00	167.00	175.00
EUR/KES	141.00	149.50	141.00	149.50
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 U.S. dollar edged down 0.2% on Friday, with the Dollar Index at 100.275, but remained poised for a weekly gain of around 0.4% as trade tensions eased and the Federal Reserve signaled caution on rate cuts. The Fed held interest rates steady at 4.25%–4.50%, with Chair Jerome Powell citing elevated uncertainty and unclear economic prospects, prompting markets to slash the probability of a June rate cut from 55% to 17%. The dollar was also buoyed by news of a U.S.-U.K. trade agreement and optimism ahead of planned talks between U.S. and Chinese diplomats. Analysts noted that while the British American deal offers limited economic impact, the greenback is benefiting from improved market sentiment, though further gains may depend on progress in U.S.-China trade relations.

EUR/USD rose 0.2% to 1.1251, recovering from a one-month low, but remains under pressure as sentiment shifts in favor of the U.S. dollar amid easing trade tensions. Analysts warn that a drop below 1.1200 could trigger a deeper correction, with 1.100 as the next support level. Despite inflation control progress, eurozone growth is weakening, with global trade risks looming. GBP/USD edged up 0.1% to 1.3259, bouncing back from a three-week low. The recent U.S.-U.K. trade deal had limited market impact, with most of its effects already priced in. The Bank of England's expected 25 bps rate cut to 4.25% also provided little fresh momentum for the pound.

USD/JPY gained 0.4% to 145.24, though it remains near a one-month low as weak wage data undermines the Bank of Japan's narrative on inflation and wage growth. USD/CNY slipped 0.2% to 7.2464, as upbeat export data failed to lift the currency ahead of U.S.-China trade talks. While imports declined less than expected, the overall trade balance missed forecasts.

Oil prices rose on Monday as U.S.-China trade talks ended on a positive note, boosting hopes for a resolution that could restore global trade and support crude demand. Brent crude climbed 0.67% to \$64.34 a barrel, while WTI rose 0.79% to \$61.50. Both benchmarks gained over 4% last week, buoyed by optimism following a U.S.-U.K. trade deal. While no concrete details emerged from the U.S.-China discussions, officials from both sides reported progress and consensus, with a joint statement expected soon.

Gold prices fell sharply on Monday, with spot gold down 1.3% and futures dropping 1.7%, as easing U.S.-China trade tensions and a stable India-Pakistan ceasefire reduced safe-haven demand, prompting investors to shift toward riskier assets. (investing.com).

Indicative Cross Rates

	Bid	Offer
EUR/USD	1.1018	1.1421
GBP/USD	1.3078	1.3484
USD/ZAR	16.2273	20.2346
USD/AED	3.6528	3.6933
USD/JPY	144.06	148.07