DIB Bank Kenya

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TREASURY MARKET UPDATE 13TH MAY 2025

DOMESTIC NEWS

The Kenyan shilling remained stable in early trading on Monday, with market activity subdued. Commercial banks quoted the shilling at 129.00/129.50 per U.S. dollar, unchanged from Friday's closing rate. (Refinitiv).

The International Monetary Fund (IMF) plans to conduct a comprehensive debt sustainability analysis (DSA) for Kenya before considering a new funding program, following the government's request for a deal with "realistic targets" after abandoning the final review of its current arrangement. The review aims to assess Kenya’s capacity to repay, as the country faces $26 billion in maturing foreign debt over the next decade and $1.5 billion annually in interest payments. With IMF funding excluded from the upcoming budget and Kenya nearing its borrowing limit, analysts suggest a flexible credit line may be a more viable option. Separately, the IMF will also begin a review in June on the impact of corruption on Kenya’s public finances. (Bloomberg)

In other local news, The Treasury has proposed increasing funding to Sh1 billion for the rollout of an electronic government procurement (e-GP) system to curb corruption in public tendering, which consumes about a third of Kenya’s annual budget. The system, backed by the IMF, will automate procurement processes to reduce human interaction and enhance transparency. Implementation is expected to save up to Sh100 billion annually, with full rollout targeted by June 2028 at a cost of Sh5.05 billion. The move also responds to U.S. concerns over bribery in Kenya’s public sector. (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	167.00	175.00	167.00	175.00
EUR/KES	140.00	149.50	140.00	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

Most Asian currencies edged higher on Tuesday after a surprise agreement between the U.S. and China to temporarily lower trade tariffs, alleviating some market tension. The U.S. will reduce its tariff on Chinese goods from 145% to 30%, while China will cut its retaliatory tariff from 125% to 10%, both for 90 days, according to a joint statement following trade talks in Switzerland. This de-escalation, though welcomed by analysts, is still expected to face challenges in future negotiations. As a result, the U.S. dollar index surged 1.6% to 101.78, reflecting investor optimism, while Treasury yields rose sharply as investors moved away from safe-haven assets, pushing the 10-year yield above 4.45%. Despite this, regional currencies received some relief. Globally, investors are closely monitoring the upcoming U.S. consumer price index (CPI) inflation data for April, due on Tuesday, to assess the broader economic impact of President Donald Trump’s trade policies, especially in light of these new tariff adjustments.

The EUR/USD fell 1.2% to 1.1109 after the U.S.-China trade deal, with traders shifting to the dollar. ING analysts predict further decline for the pair, which remains overvalued due to U.S. interest rate advantages. The European Central Bank has cut rates seven times in the past year, with a 90% chance of another cut in June. GBP/USD dropped 1% to 1.3180, with the pound holding up slightly better than the euro after the U.S.-UK trade deal.

In Asia, USD/JPY surged 1.8% to 147.92, weakened by the trade deal. Meanwhile, USD/CNY eased 0.3% to 7.2143, supported by reduced trade tensions. Chinese inflation data showed ongoing pressures, with consumer prices falling for the third consecutive month.

Gold prices steadied in Asian trade on Tuesday after a U.S.-China trade deal led to a tariff de-escalation, boosting market risk sentiment and causing steep losses in gold. However, gold prices found support as markets remained cautious over further trade tensions and awaited key U.S. consumer inflation data. Despite this, gold’s recovery was limited by the strong rebound in the U.S. dollar. Spot gold remained flat at $3,236.95 an ounce, while June gold futures rose 0.4% to $3,240.42/oz.

Oil prices eased on Tuesday from a two-week high, pressured by concerns over rising supplies, despite initial optimism following the U.S.-China trade truce, where both countries agreed to temporarily cut tariffs. Brent crude futures dropped 22 cents, or 0.3%, to $64.74 per barrel, while U.S. West Texas Intermediate (WTI) crude fell 18 cents, or 0.3%, to $61.77. Both benchmarks had risen about 1.5% on Monday, marking their highest settlements since April 28, fueled by the tariff pause and broader market optimism.(investing.com).

Indicative Cross Rates

	Bid	Offer
EUR/USD	1.0909	1.1310
GBP/USD	1.2992	1.3394
USD/ZAR	16.2312	20.2599
USD/AED	3.6529	3.6930
USD/JPY	145.85	149.88

For more details, contact our Treasury staff Mary, John, Alice & Joseph on Tel +254 20 5131311, DL +254 20 513 1354/55/51/52, Cell +254 709913351/52/54/55. The views expressed here are not solicitation for investment but dealers’ own opinion. The bank cannot be held responsible for any losses of whatever nature resulting from action taken based on comments contained in this publication. The rates quoted includes the Banks mark up. DIB Bank Kenya Ltd is regulated by the Central Bank of Kenya.