

A subsidiary of Dubal Islamic Bank PJSC TREASURY MARKET UPDATE 14TH MAY 2025

DOMESTIC NEWS

Kenya's shilling firmed marginally against the US dollar on Tuesday, trading at 128.80/129.40 compared to Monday's close of 129.00/129.50, reflecting a slight improvement in the local currency's performance. (Refinitiv).

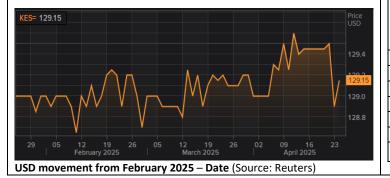
The number of Kenyan dollar millionaires shrank by 10% in 2024 as wealthy individuals moved assets offshore amid economic slowdown, political unrest, and deadly protests over tax hikes, according to the 2025 Knight Frank Wealth Report. The high-net-worth individuals (HNWIs) shifted wealth to safer markets like the UK and Dubai, driven by a weakening shilling, uncertainty around government transition, and sluggish GDP growth of 4.7%—the lowest since 2020. Knight Frank's findings echo Henley & Partners' data, which suggests Kenya's millionaires may have fallen below 6,500 from 8,500 in 2022. Kenyan UHNWIs are increasingly diversifying into global portfolios, Reits, Treasury bonds, and emerging sectors like tech and renewable energy. (Business Daily)

In other local news, Agriculture CS Mutahi Kagwe has proposed zerorating VAT on agricultural inputs, machinery, and packaging materials to enhance competitiveness and encourage value addition. Addressing Parliament's Agriculture Committee, he also pushed for tea to be classified as a food item for zero-rating, higher import duty on packed tea, and exemptions for re-exported tea. The Ministry, with a Sh58 billion budget, plans to invest in post-harvest management, mechanization, livestock traceability, sugar and tea sector reforms, and legislative updates to support agriculture and food security. (The Standard).

Indicative Forex Rates

	Buy Cash	Sell Cash	Buy TT	Sell TT
USD/KES	127.50	131.50	127.50	131.50
GBP/KES	168.00	175.00	168.00	175.00
EUR/KES	142.00	147.50	142.00	147.50
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%



INTERNATIONAL NEWS

The U.S. dollar eased 0.2% to 101.410 on Tuesday, following a 1.6% surge on Monday, driven by optimism over the U.S.-China trade deal, which paused tariffs for 90 days and reduced U.S. tariffs on Chinese goods to 30%, easing fears of a prolonged trade war. Markets are now focused on U.S. inflation data, with Core CPI expected to rise 0.3% month-on-month and 2.8% year-on-year. These figures could reinforce expectations that the Federal Reserve will delay rate cuts, as inflationary pressures persist. Analysts now predict the first rate cut in September, possibly a 50 basis-point reduction, but concerns remain that ongoing tariff policies could increase inflation, with consumer surveys indicating households are preparing for higher prices in the coming months.

EUR/USD gained 0.2% to 1.1107, recovering from a sharp 1.4% drop on Monday. The move comes as traders await the release of Germany's ZEW investor sentiment index, which is expected to show a rebound in confidence following recent tariff concerns. GBP/USD rose 0.3% to 1.3211, holding up well despite UK labor market data indicating a further slowdown, with unemployment rising to 4.5% and wage growth cooling.

USD/JPY fell 0.4% to 147.87, with the yen recovering slightly after Monday's losses driven by optimism around the U.S.-China trade deal. USD/CNY dropped 0.1% to 7.1995, supported by a reduction in trade tensions between the U.S. and China, which is providing temporary relief to the yuan.

Oil prices retreated on Wednesday, with Brent crude down 0.6% to \$66.24 and WTI crude also falling 0.6% to \$63.31, after both benchmarks rose more than 2.5% the previous day. The pullback came amid concerns over a potential rise in U.S. crude inventories, with API data showing a 4.3-million-barrel increase for the week ending May 9. While optimism remained from the U.S.-China trade deal, which paused tariffs for 90 days, expectations of higher oil stockpiles capped market gains. Official inventory data from the U.S. Energy Information Administration is expected later on Wednesday.

Gold prices stabilized on Tuesday after a sharp drop triggered by a U.S.-China trade deal that reduced tariffs and boosted market optimism. Spot gold held at \$3,236.95 an ounce, while gold futures rose 0.4% to \$3,240.42/oz. The tariff reductions, with the U.S. cutting duties to 30% from 145% and China to 10% from 125%, sparked buying in risk-driven assets like equities, which rallied. However, gold's recovery was capped by a stronger dollar and market anticipation of U.S. inflation data. (investing.com).

Indicative Cross Rates

	Bid	Offer
EUR/USD	1.0987	1.1388
GBP/USD	1.3101	1.3508
USD/ZAR	16.3057	20.3150
USD/AED	3.6530	3.6931
USD/JPY	144.94	148.94
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