

## A subsidiary of Dubai Islamic Bank PJSC TREASURY MARKET UPDATE 15<sup>TH</sup> MAY 2025

## **DOMESTIC NEWS**

The Kenyan shilling remained stable against the US dollar on Wednesday, trading at 129.00/50—unchanged from Tuesday's close. (Refinitiv).

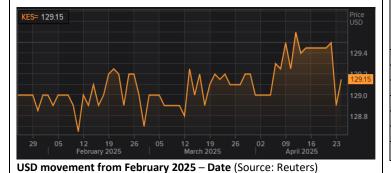
Fuel prices in Kenya will remain unchanged despite a drop in global shipment costs, after the government reduced subsidies on petrol and diesel. The Energy and Petroleum Regulatory Authority (Epra) maintained the price of petrol at Sh174.63, diesel at Sh164.86, and kerosene at Sh148.99 per litre, citing lower subsidies compared to the previous month. This decision comes even as landed costs fell significantly, which had raised expectations for a price cut. The move is likely to slow efforts to ease inflation, which rose to 4.1% in April, driven largely by rising energy and food prices.

In other local news, Starting July, the Treasury will roll out a new electronic government procurement system (e-GP) linked to banks and the Kenya Revenue Authority (KRA) to curb tax evasion, fake documentation, and corruption in public tenders. The platform will allow real-time verification of suppliers' financial capacity, tax compliance, and transaction histories, improving transparency in the awarding of tender's worth over Sh2.5 trillion annually. Treasury PS Chris Kiptoo said the system—part of broader public finance reforms supported by the IMF—will cut procurement costs by up to 10%, reduce human interference, and prevent fraud that has historically plagued government contracts. (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	168.00	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 extended its decline on Wednesday, with the Dollar Index falling 0.3% to 100.560, continuing the 0.8% drop seen on Tuesday. This slide was driven by weaker-than-expected U.S. inflation data, which boosted expectations that the Federal Reserve will cut interest rates. Although the Fed has signaled a cautious approach, subdued inflation and concerns over economic growth have increased market bets on a dovish policy shift. This downward momentum follows Monday's dollar rally sparked by optimism over a U.S.-China trade deal easing tariff tensions. Investors are now closely awaiting Fed Chair Jerome Powell's remarks for further signals on monetary policy, with markets pricing in about 50 basis points of easing by year-end.

The EUR/USD traded 0.3% higher at 1.1216, supported by easing inflation in Germany and Spain, both at 2.2% in April. This reinforces expectations for a European Central Bank rate cut in June, with ECB policymaker Francois Villeroy de Galhau confirming room for further monetary easing amid subdued inflation pressures. GBP/USD rose 0.2% to 1.3335 as sterling held up despite a slight cooling in the UK labor market. Strong wage growth continues to limit pressure on the Bank of England to cut rates aggressively, with policymaker Catherine Mann recently shifting from favoring a large rate cut to maintaining current borrowing costs due to labor market resilience.

The USD/JPY weakened 0.6% to 146.62 following Japan's wholesale inflation rising to 4.0% in April, indicating persistent price pressures. This supports market expectations that the Bank of Japan may continue with further interest rate hikes as it gradually tightens policy after years of easing. The USD/CNY edged 0.1% higher to 7.2118, supported by easing U.S.-China trade tensions. The recent agreement to stabilize tariffs has improved investor sentiment toward the yuan, although caution remains as trade relations continue to evolve.

Gold prices hit a one-month low on Thursday, falling over 1% as easing U.S.-China trade tensions boosted risk appetite. Strength in the U.S. dollar and rising Treasury yields ahead of key economic data and Fed Chair Powell's speech added downward pressure on the metal.

Oil prices dropped over \$1 on Thursday amid hopes for a potential U.S.-Iran nuclear deal and concerns about oversupply after a surprise build in U.S. crude inventories last week. Brent crude futures fell \$1.49 (2.3%) to \$64.60 a barrel, while U.S. West Texas Intermediate (WTI) crude futures declined \$1.46 (2.3%) to \$61.69. Both benchmarks had also slipped about 0.8% on Wednesday. (investing.com).

	Bid	Offer
EUR/USD	1.0993	1.1394
GBP/USD	1.3078	1.3480
USD/ZAR	16.2590	20.2688
USD/AED	3.6528	3.6932
USD/JPY	144.05	148.06
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