

A subsidiary of Dubal Islamic Bank PJSC TREASURY MARKET UPDATE 26TH MAY 2025

DOMESTIC NEWS

Kenya's shilling was stable against the U.S. dollar on Friday, trading at 129.00/129.50, slightly up from 128.95/129.45 at Thursday's close, indicating minimal movement in the foreign exchange market. (Refinitiv).

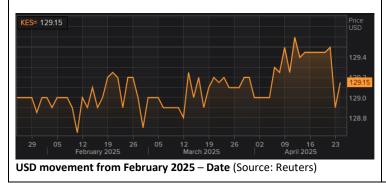
Kenya's national government pending bills fell by Sh118.3 billion in the first quarter of 2025, dropping from Sh539.9 billion in December 2024 to Sh421.6 billion by March 31. This reduction follows the government's move to settle verified arrears, including Sh80 billion in road sector debts. The Kenya Roads Board has been cleared to issue a Sh135 billion bond backed by the Road Maintenance Levy to pay off roads-related bills. Out of Sh663 billion in total arrears, Sh578 billion has been verified, but only Sh229 billion approved for payment. (Business Daily)

In other local news, Kenya's proposed Communications Amendment Bill 2025 seeks to replace flat-rate internet billing with metered, usage-based charges, aiming to increase transparency and consumer control. While intended to protect users, the move may impose costly compliance burdens on smaller ISPs, potentially reducing competition and access in rural areas. The bill also tightens data collection rules and enforcement, raising concerns about privacy and the security of subscriber information. (Kenyan Wallstreet).

Indicative Forex Rates

	Buy Cash	Sell Cash	Buy TT	Sell TT
USD/KES	127.50	131.50	127.50	131.50
GBP/KES	171.00	178.00	171.00	178.00
EUR/KES	144.00	149.00	144.00	149.00
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%	



INTERNATIONAL NEWS

The U.S. dollar edged up slightly on Thursday, with the Dollar Index rising 0.1% to 99.500 after three days of losses. However, fiscal concerns kept the currency under pressure as President Trump's tax and spending bill neared House passage. The bill, projected by the Congressional Budget Office to add \$3.8 trillion to the national debt over a decade, has raised investor fears. Moody's recently downgraded the U.S. credit rating, and a weak 20-year bond auction added to market unease, leading to a broader selloff in U.S. equities, bonds, and the dollar.

EUR/USD rose 0.5% to 1.1338, boosted by stronger-than-expected German Q1 economic growth of 0.4%, which was double the preliminary estimate and the fastest pace since late 2022. The euro also benefits from its status as a highly liquid alternative to the dollar. GBP/USD gained 0.5% to 1.3490 after British retail sales jumped 1.2% in April, marking four consecutive months of growth—the longest streak since 2020—signaling strong consumer spending.

USD/JPY dropped 0.5% to 143.32, with the yen gaining nearly 1.5% for the week supported by Japan's core inflation rising to 3.5% year-onyear in April, indicating rising price pressures. USD/CNY declined slightly by 0.2% to 7.1887 amid muted trading and lack of major economic news from China.

Gold prices dipped slightly in Asian trading, giving back some gains after U.S. President Trump softened his stance on imposing 50% tariffs on the EU. However, losses were limited due to continued dollar weakness and ongoing selling of U.S. Treasuries amid concerns over America's worsening fiscal health and debt. Additionally, safe-haven demand remained supported after a Federal Reserve official warned that tariff impacts could trigger stagflation. Spot gold fell 0.2% to \$3,349.45 per ounce, and June futures dropped 0.5% to \$3,376.91 per ounce.

Oil prices rose modestly as the U.S. extended trade talks with the EU, easing tariff concerns that could impact global demand. Brent crude climbed to \$65.04 per barrel and WTI to \$61.77, supported also by cautious optimism over limited progress in U.S.-Iran nuclear talks, which reduced fears of increased Iranian oil supply. Trade and fiscal uncertainties remain key drivers for the market this week. (Investing.com).

Indicative Cross Rates					
Bid		Offer			
EUR/USD	1.1205	1.1607			
GBP/USD	1.3373	1.3779			
USD/ZAR	15.8155	19.8265			
USD/AED	3.6529	3.6930			
USD/JPY	140.66	144.69			

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.