



**DIB Bank Kenya**

A subsidiary of Dubai Islamic Bank PJSC

**TREASURY MARKET UPDATE 28<sup>TH</sup> MAY 2025**

**DOMESTIC NEWS**

The Kenyan shilling remained stable against the U.S. dollar on Tuesday, trading at 129.00/50, little changed from Monday's close of 128.94/129.45. (Refinitiv).

The World Bank has proposed changes to Kenya's income tax structure aimed at easing the burden on low- and middle-income earners while increasing rates for top earners to maintain revenue neutrality. The plan introduces a sixth tax band, raises the top rate to 38% for those earning above Sh800,000 monthly, and lowers rates for incomes below Sh166,677. This comes amid falling real wages, rising living costs, and new levies such as the housing and health insurance taxes. The proposal seeks to boost disposable income for lower earners, encourage formal sector participation, and address inequality in the current tax system. (Business Daily)

In other local news, China Road and Bridge Corporation, in partnership with Kenya's National Social Security Fund (NSSF), has submitted a joint bid to build a key 175-kilometer section of the Nairobi–Mau Summit highway, a vital trade route linking Kenya to Uganda. The NSSF, managing assets worth \$3.7 billion, joins the effort following the cancellation of a previous Sh150 billion deal with France's Vinci SA due to financial issues. The full project spans 233 kilometers, including the revival of the Nairobi–Naivasha stretch. The winning bidder will collect toll fees for about 30 years to recoup investments. (Bloomberg)

**Indicative Forex Rates**

	Buy Cash	Sell Cash	Buy TT	Sell TT
<b>USD/KES</b>	127.50	131.50	127.50	131.50
<b>GBP/KES</b>	171.00	178.00	171.00	178.00
<b>EUR/KES</b>	143.00	150.00	143.00	150.00
<b>AED/KES</b>	34.00	37.00	34.00	37.00

Amounts > 10 million		Amounts >100,000
KES		USD
<b>2 Weeks</b>	5.00%	1.50%
<b>1 Month</b>	5.50%	2.25%
<b>3 Months</b>	6.00%	2.50%
<b>6 Months</b>	6.25%	2.75%
<b>1 year</b>	6.50%	3.00%



**USD movement from February 2025 – Date (Source: Reuters)**

**INTERNATIONAL NEWS**

The U.S. dollar edged higher on Tuesday as traders returned from U.K. and U.S. holidays, with the Dollar Index up 0.4% to 99.285. Despite the slight gain, the greenback remains under pressure due to investor concerns over President Trump's unpredictable trade policies and a controversial tax-and-spending bill making its way through Congress. Recent market unease stems from Trump's temporary retreat from imposing tariffs on the EU, which boosted the euro. Analysts warn that renewed tariff tensions and growing U.S. debt could further weaken the dollar, especially following Moody's downgrade of the U.S. credit rating. Traders are now focused on upcoming U.S. economic data and speeches from key Federal Reserve officials.

EUR/USD traded 0.3% lower to 1.1353 after reaching near a one-month high, though it retains support following ECB President Christine Lagarde's remarks about the euro's potential to rival the dollar if the EU strengthens its financial and security structures. German consumer sentiment also improved modestly, adding to the euro's resilience. GBP/USD fell 0.2% to 1.3543 as overall shop prices in the UK remained flat, but food price inflation accelerated to 2.8% in May.

USD/JPY rose 0.7% to 143.91, recovering some losses after Bank of Japan Governor Kazuo Ueda suggested possible further rate hikes amid rising inflation and strong wage growth, while investors remain cautious ahead of upcoming trade talks. USD/CNY edged up 0.1% to 7.1924 in muted trading, reflecting ongoing uncertainty around U.S. trade policies.

Oil prices rose modestly after the U.S. barred Chevron from exporting Venezuelan crude, tightening supply to U.S. refiners who may turn to Middle Eastern oil instead. Brent crude reached \$64.34 and WTI \$61.13 per barrel. However, gains were limited by expectations that OPEC+ will increase production soon, adding more supply to the market.

Gold prices fell in Asian trading on Tuesday, continuing recent declines as U.S. President Donald Trump postponed steep tariffs on the European Union, boosting risk appetite among investors. Spot gold dropped 0.5% to \$3,326.53 an ounce, while August gold futures fell 1.2% to \$3,353.09. The metal was also pressured by stabilizing government bond yields after recent increases, though losses were limited by a weaker U.S. dollar. Overall, gold gave back some gains following a strong performance last week.

(Investing.com).

**Indicative Cross Rates**

	Bid	Offer
<b>EUR/USD</b>	1.1096	1.1498
<b>GBP/USD</b>	1.3263	1.3669
<b>USD/ZAR</b>	15.9693	19.9767
<b>USD/AED</b>	3.6527	3.6933
<b>USD/JPY</b>	142.57	146.58

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