

A subsidiary of Dubai Islamic Bank PJSC TREASURY MARKET UPDATE 02ND MAY 2025

DOMESTIC NEWS

The Kenyan shilling remained broadly stable against the U.S. dollar on Wednesday, as month-end foreign exchange inflows from aid agencies and remittances helped counterbalance strong importer demand. Commercial banks quoted the shilling at 129.05/55 per dollar, a marginal shift from Tuesday's close of 129.00/50. (Refinitiv).

Kenya's inflation rose to 4.1% in April 2025 from 3.6% in March, the highest level since September 2024, mainly due to increased prices of food, transport, and housing-related items. Key drivers included higher costs of Irish potatoes, maize products, electricity, and bus fares during the Easter season, while some relief came from falling prices of vegetables and fuel.

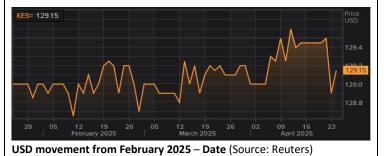
In other local news, The Kenyan government's Finance Bill, 2025 shifts focus from aggressive tax hikes to sealing revenue leakages and improving tax administration, in a bid to avoid unrest seen in 2024. The draft bill, tabled in Parliament, avoids raising excise duties on common goods and instead proposes reclassifying various manufacturing inputs—from VAT zero-rated to exempt—thereby eliminating refund claims and potentially increasing consumer prices. It also seeks to empower the Kenya Revenue Authority (KRA) through system integrations to curb tax evasion. While the bill is still under review and may change, it reflects a strategy to boost revenue without directly imposing new taxes, amid pressure to meet IMF and World Bank targets.

(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	143.00	149.00	143.00	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 Wednesday, but remains on track for its weakest monthly performance since November 2022, down 4.6%, amid market uncertainty over the Trump administration's shifting trade policies. While the Dollar Index rose 0.1% to 99.080, it stayed near a three-year low, pressured by concerns that tariffs could hurt economic growth, inflation, and employment. Weak job openings and consumer confidence data further weighed on sentiment, with attention now turning to key economic reports, including Q1 GDP, ADP employment figures, and core PCE. Analysts expect continued negative data flow but note some relief from recent tariff rollbacks.

EUR/USD traded 0.1% lower to 1.1378 but remains up over 5% in April, on track for its best monthly performance since November 2022. Mixed economic data — weaker-than-expected German retail sales (-0.2%) and modest French GDP growth (0.8% YoY) — support expectations of further ECB rate cuts, likely in June. GBP/USD edged 0.2% lower to 1.3382 but is up 3.8% for April, its strongest monthly showing since November 2023. No major UK-specific data was highlighted, suggesting gains are driven by broader dollar weakness.

USD/JPY rose 0.3% to 142.76, though the yen is still set for a gain of over 5% in April due to recovery from March losses and persistent dollar weakness. Markets are now focused on the upcoming Bank of Japan meeting, with expectations of no change in rates. USD/CNY fell 0.1% to 7.2632, reacting modestly to disappointing Chinese manufacturing data that showed greater-than-expected contraction in April, amid rising trade tensions between China and the U.S.

Oil prices increased on Friday after China expressed willingness to discuss U.S. tariffs, raising hopes for easing trade tensions. Brent crude rose to \$62.62 per barrel, while U.S. West Texas Intermediate crude reached \$59.74. China is considering a U.S. proposal for talks, potentially reducing trade war risks that have weighed on oil prices and global economic growth.

Gold prices continued to decline for the third straight session on Thursday, as its appeal as a safe-haven asset faded amid optimism over U.S. trade deal talks. Investors also reacted to data showing an unexpected contraction in the U.S. economy and awaited upcoming economic reports, including the jobs data. Spot Gold dropped 1.5% to \$3,240.30 per ounce, and Gold Futures for June fell 2.1% to \$3,248.64. This marks a third consecutive decline for gold after reaching record highs last month due to global economic uncertainty. (investing.com).

Indicative Cross Rates					
	Bid	Offer			
EUR/USD	1.1119	1.1524			
GBP/USD	1.3114	1.3520			
USD/ZAR	16.4139	20.4244			
USD/AED	3.6529	3.6932			
USD/JPY	143.12	147.15			

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.