

DOMESTIC NEWS

The Kenyan shilling was steady on Tuesday, supported by remittances and muted foreign-currency demand. The shilling was trading at 129.00/50 to the U.S. currency, the same level as at the close of Monday's session. (Refinitiv).

Kenya's economy grew at a slower pace of 4.7% in the past year, down from 5.7% in the previous year, marking the weakest growth since 2020. Factors such as floods, high interest rates, anti-government protests, and disruptions from the Finance Bill played a role in the slowdown. Agriculture and ICT sectors experienced slower growth, while manufacturing showed signs of recovery. The central bank's rate cuts are expected to stimulate growth in 2025. However, challenges like reduced private sector credit and protests contributed to decreased spending and economic uncertainty. Despite a rebound in the fourth quarter, growth in 2025 could be impacted by global factors, including trade wars and planned government spending cuts. (Business daily).

In other local news, Kenya's economy added 782,300 jobs in 2024, the fewest since the 2020 pandemic, reflecting the slowdown in economic growth to 4.7% from 5.7% the previous year. High credit costs, floods, and anti-government protests hindered job creation. 90% of new jobs were in the informal sector, with only 75,000 formal jobs created, a significant drop from previous years. Wages continued to fall, impacting disposable income. While total employment reached 20.77 million, the growth was largely driven by informal jobs, and the agricultural sector's slower growth further contributed to the slowdown. (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 | 149.50 | 143.00 | 149.50 |
| 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% |



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

INTERNATIONAL NEWS

The U.S. dollar weakened slightly on Tuesday amid investor concerns over economic growth due to President Trump's unpredictable trade policies. The Dollar Index fell 0.2% to 99.420 and recorded a 4.3% drop in April, its steepest monthly fall in over two years. Markets are awaiting the Federal Reserve's policy decision, with expectations that rates will remain unchanged. Traders are closely watching for the Fed's commentary on the economic effects of the ongoing trade tensions. Analysts at ING expect no immediate rate cut, possibly not until September, despite market speculation about an earlier move.

EUR/USD rose 0.3% to 1.1343, supported by dollar weakness and slightly positive eurozone and German Purchasing Managers' Index data. However, analysts note the pair remains driven by broader sentiment on USD assets, with 1.130 seen as a key support level.

GBP/USD rose 0.2% to 1.3324 ahead of the Bank of England's policy meeting. The central bank is expected to cut rates by 25 basis points, with a likely 8-1 vote split and no changes to forward guidance, which calls for gradual and careful future cuts.

USD/JPY fell 0.5% to 143.02, continuing a 0.9% decline from the previous session. However, trading volumes were lower due to a Japanese holiday.

USD/CNY fell 0.8% to 7.2145, its lowest since late March, as Beijing signaled openness to U.S. trade talks despite weaker-than-expected April services data.

Gold prices declined in Asian trading on Wednesday as optimism over upcoming U.S.-China trade talks increased investor risk appetite and reduced demand for safe haven assets like gold. A stronger U.S. dollar ahead of a Federal Reserve decision also contributed to the drop. Despite rising geopolitical tensions between India and Pakistan, gold saw limited safe haven inflows, with broader Asian markets showing little reaction. Earlier gains driven by trade war uncertainty were reversed. Spot gold fell 1.3% to \$3,384.71/oz, and June futures dropped 0.9% to \$3,392.74/oz. (Investing.com).

Oil prices rose modestly on Wednesday, rebounding from recent four-year lows, as markets focused on upcoming U.S.-China trade talks and early signs of reduced U.S. oil production. Brent crude increased by 0.7% to \$62.59 a barrel, while U.S. West Texas Intermediate (WTI) rose 0.9% to \$59.59 a barrel. This slight rally followed sharp declines driven by OPEC+'s move to accelerate production, which had sparked oversupply concerns amid weaker global demand due to U.S. tariffs. (investing.com).

Indicative Cross Rates

| | Bid | Offer |
|----------------|---------|---------|
| EUR/USD | 1.1163 | 1.1565 |
| GBP/USD | 1.3153 | 1.3558 |
| USD/ZAR | 16.2118 | 20.2184 |
| USD/AED | 3.6529 | 3.6931 |
| USD/JPY | 140.93 | 145.94 |