

DOMESTIC NEWS

The Kenyan shilling remained stable against the U.S. dollar on Wednesday, trading at 128.90/129.40, unchanged from Tuesday's close, according to London Stock Exchange Group (LSEG) data. (Refinitiv).

The Treasury aims to generate an additional Ksh. 177 billion in revenue for the 2025/26 fiscal year, focusing on improving tax collection efficiency and reducing loopholes rather than implementing aggressive tax hikes. The Kenya Revenue Authority (KRA) will focus on cracking down on tax evasion through measures like lifestyle audits and increased data linkages with third-party systems (e.g., banks and mobile platforms). The Finance Bill 2025 emphasizes better tax administration and reducing exemptions, moving some goods from zero-rating to exempt status to curb abuse. The government expects the fiscal deficit to decrease to 4.5% of GDP, down from the current 5.1%. The KRA will also leverage technology to track and identify tax cheats, while expected revenue from fees, levies, and grants will help close the budget gap. The government's push for a more predictable tax policy is expected to enhance compliance and revenue generation. (Business daily).

In other local news, in 2024, the government completed fewer residential houses, dropping to 1,655 units from 3,357 in 2023, with the value falling from KSh 11 billion to KSh 4 billion. The National Housing Corporation built no houses, reflecting challenges in meeting the affordable housing target of 250,000 units annually. The construction sector contracted by 0.7%, partly due to reduced cement and steel imports. (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 edged up 0.2% on Wednesday, with the Dollar Index reaching 99.225 as traders awaited the outcome of the Federal Reserve meeting and upcoming U.S.-China trade talks. The dollar rebounded from recent April losses triggered by President Trump's "reciprocal" tariffs. Hopes for de-escalation in trade tensions supported the greenback, though gains were modest ahead of the Fed's policy update. Markets expect no rate change, focusing instead on Chair Powell's remarks for economic guidance amid ongoing trade uncertainties.

The euro remained steady at 1.1367 against the U.S. dollar, supported by stronger-than-expected German industrial orders, which rose 3.6% in March. The euro had briefly dipped to 1.1310 after Friedrich Merz was elected Germany's chancellor on his second attempt—marking the first time a chancellor candidate failed the initial parliamentary vote in postwar history. Despite the political hiccup, EUR/USD showed resilience.

The British pound slipped 0.2% to 1.3352 against the dollar as markets awaited the Bank of England's upcoming policy meeting, where a 25-basis point rate cut is widely expected.

The U.S. dollar rose 0.6% to 143.33 against the yen, as the safe-haven Japanese currency weakened following news of upcoming U.S.-China trade talks.

The U.S. dollar rose 0.1% to 7.2257 against the Chinese yuan after the People's Bank of China cut its benchmark repo rate by 10 bps to 1.40% and lowered the reserve requirement ratio by 50 bps to 6.2%, aiming to support the economy amid ongoing trade tensions with the U.S.

Gold prices rose in Asian trading on Thursday as caution over the U.S. economy, highlighted by a Federal Reserve warning, increased demand for safe-haven assets. However, gains were limited by speculation over a potential U.S. trade deal, possibly with the UK. Gold had fallen on Wednesday due to renewed U.S.-China trade talks, though a deal remains unlikely. Spot gold rose 0.8% to \$3,389.00 per ounce, and June futures edged up 0.1% to \$3,394.99. (Investing.com).

Oil prices rebounded on Thursday after previous losses, driven by optimism over upcoming U.S.-China trade talks, which lifted market sentiment. Brent crude rose 0.8% to \$61.63 a barrel, and U.S. WTI gained 1% to \$58.64. Analysts cited hopes of a de-escalating trade war as the main support for prices, though concerns over weak demand and economic uncertainty, highlighted by the Federal Reserve, and limited further gains. (investing.com).

Indicative Cross Rates

	Bid	Offer
EUR/USD	1.1104	1.1505
GBP/USD	1.3113	1.3518
USD/ZAR	16.2292	20.2381
USD/AED	3.6527	3.6932
USD/JPY	141.88	145.90