

A subsidiary of Dubal Islamic Bank PJSC TREASURY MARKET UPDATE 09TH MAY 2025

DOMESTIC NEWS

The Kenyan shilling was little changed against the US dollar on Thursday, trading at 128.90/129.50 compared to Wednesday's close of 129.00/129.50. (Refinitiv).

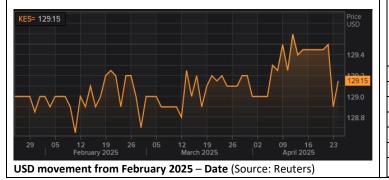
Kenya's private sector saw improved activity in April, with the Purchasing Managers' Index (PMI) rising to 52, up from 51.7 in March 2025. This indicates growth in business conditions. Strong customer demand led to a surge in new orders, boosting output and purchasing, while job creation increased to manage workloads. Despite rising costs, inflation remained moderate. Sectors such as services, agriculture, and construction performed well, while manufacturing and wholesale & retail saw lower sales. Overall, the PMI suggests steady growth entering Q2 2025, with inflationary pressures remaining low but future business sentiment still weak.

In other local news, Kenya has formally appealed to the United States to reverse a newly imposed 10% tariff on its exports, seeking to preserve duty-free market access and protect over 65,000 jobs. The appeal follows high-level talks in Washington, with positive initial feedback from the US. The tariffs, introduced under the International Emergency Economic Powers Act, are currently paused above 10% for 90 days to allow negotiations. Kenya is pushing for better terms based on its economic status and strategic ties with the US, especially with the Africa Growth and Opportunity Act (AGOA) set to expire in September. Despite AGOA benefits, Kenya has underutilized them and is now advocating for a revived comprehensive US-Kenya Free Trade Agreement. (Business Daily).

Indicative Forex Rates

maidative i orex nates						
	Buy Cash	Sell Cash	Buy TT	Sell TT		
USD/KES	127.50	131.50	127.50	131.50		
GBP/KES	167.00	174.00	167.00	174.00		
EUR/KES	141.00	149.50	141.00	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%



INTERNATIONAL NEWS

The U.S. dollar rose on Thursday, maintaining its strength after the Federal Reserve highlighted stagflation risks in its latest meeting. This prompted traders to delay expectations of near-term rate cuts. The Dollar Index, which tracks the greenback against a basket of six other currencies, gained 0.4% to 99.877, following a 0.3% rise in the previous session. The dollar's strength was also supported by optimism around a new U.S.-UK trade deal, though analysts cautioned that its economic impact may be limited. The greenback continues to benefit from hopes for further trade agreements, with the U.S.-China trade relationship still a key factor in future tariff de-escalation.

EUR/USD slipped 0.1% to 1.1292, pressured by the strength of the U.S. dollar. German exports in March rose 1.1%, surpassing expectations, driven by increased U.S. demand ahead of potential tariffs. German industrial production also beat expectations, rising 3% month-overmonth. GBP/USD edged 0.1% lower to 1.3291, struggling to gain from news of a potential U.S.-UK trade deal. Traders await the Bank of England's rate decision, with expectations for a 25 bps rate cut to 4.25% and three more cuts anticipated by the end of the year. Discussions about removing 10% baseline U.S. tariffs on some goods may influence the market further.

USD/JPY rose 0.4% against the Japanese yen to 144.36, with the yen retreating on positive trade deal discussions. Japanese wage data, due Friday, could impact the Bank of Japan's rate plans. USD/CNY gained 0.2% to 7.2368 against the Chinese yuan, with minimal support from news of U.S.-China trade talks. Despite confirmation of upcoming discussions, markets remain skeptical about a near-term deal, as China demands the U.S. reduce its tariffs first.

Oil prices rose slightly on Friday, following a 3% increase the previous day, as trade tensions between the U.S. and China showed signs of easing and the U.S. and UK announced a trade deal. As of 0507 GMT, Brent crude was up 0.37% at \$63.07 per barrel, and U.S. West Texas Intermediate crude rose 0.35% to \$60.12 per barrel. U.S. Treasury Secretary Scott Bessent is scheduled to meet with China's Vice Premier He Lifeng in Switzerland on May 10 to address trade disputes affecting crude oil consumption.

Gold holdings in London vaults rose by 0.6% to 8,536 metric tons at the end of April, as more gold returned from New York after disruptions. The premium of COMEX gold futures over London spot prices normalized in April, following the Trump administration's exclusion of gold from U.S. import tariffs. This shift came after increased gold deliveries to the U.S. between December and March, as traders prepared for potential tariffs on imports. (investing.com).

	Bid	Offer
EUR/USD	1.1034	1.1435
GBP/USD	1.3037	1.3442
USD/ZAR	16.2357	20.2403
USD/AED	3.6527	3.6932
USD/JPY	143.37	147.41

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.