

DOMESTIC NEWS

Kenya's shilling (KES) weakened slightly against the U.S. dollar on Tuesday, trading at 129.10/129.60 per dollar, compared to 128.90/129.40 on Monday (Refinitiv).

Kenya's domestic debt has risen by Sh1.7 trillion since President William Ruto took office in September 2022, reaching Sh6.021 trillion by February 2024, nearly half of what was borrowed domestically during Uhuru Kenyatta's 10-year tenure. Despite increased taxation measures under the Finance Act, 2023, borrowing remains high, with banks holding the largest share at 45.92%, followed by pension funds at 28.38%. The government plans to raise Sh684.2 billion in domestic borrowing to help cover a Sh831 billion budget deficit in the next financial year. Analysts warn that excessive reliance on domestic borrowing could push interest rates higher, worsen inflation, and crowd out private sector lending.

Meanwhile, Kenya has launched a buyback offer for its US\$900 million Eurobond due in May 2027, aiming to manage its external debt and smooth out its maturity profile. The buyback will be financed by a new US dollar-denominated bond, with pricing expected on February 27, 2025, and investors offered US\$1,002.50 per US\$1,000 in principal. The offer, running until March 3, follows a successful domestic bond buyback and a US\$1.5 billion Eurobond buyback in February 2024, which eased default concerns and strengthened the shilling. The results will be announced on March 4, 2025, with settlement expected by March 10, 2025, subject to financing conditions. (Business Daily).

Indicative Forex Rates

	Buy Cash	Sell Cash	Buy TT	Sell TT
USD/KES	124.40	134.40	124.40	134.40
GBP/KES	159.57	172.57	158.77	173.47
EUR/KES	130.92	144.82	131.22	147.72
AED/KES	31.23	44.23	33.23	44.73

Amounts > 10 million		Amounts >100,000
KES		USD
2 Weeks	7.00%	1.50%
1 Month	7.25%	2.25%
3 Months	7.50%	2.75%
6 Months	7.75%	3.00%
1 year	8.00%	3.50%



USD movement from December 2024 – Date (Source: Reuters)

INTERNATIONAL NEWS

The U.S. dollar weakened slightly on Tuesday as investors reacted to renewed concerns over international trade tensions and the outlook for the American economy. President Donald Trump reiterated that the previously delayed 25% tariffs on imports from Canada and Mexico would proceed as planned. Although both countries have taken measures to strengthen border security, Trump stated that the tariffs were "on time and on schedule." However, he did not explicitly mention the March 4 deadline when the new duties are set to take effect. If implemented, these tariffs would impact more than \$918 billion worth of U.S. imports, potentially disrupting the highly integrated North American economy. Trump's comments led to increased demand for safe-haven assets such as gold and U.S. Treasuries, briefly providing some support to the dollar. The greenback had already declined by about 3% from its January peak due to weak economic data. The U.S. dollar index, which measures the value of the dollar against a basket of major currencies, had slipped by 0.1% to 106.45.

The euro had ticked up by 0.2% against the dollar to \$1.0492, while sterling rose by 0.2% to \$1.2652.

The Chinese yuan remained weak, with the USD/CNY pair rising 0.1%. The Japanese yen, which had recently gained on safe-haven demand and rate hike expectations, weakened slightly as the USD/JPY pair increased by 0.3%. However, the pair had hit a four-month low on Tuesday.

Oil prices edged higher after reaching two-month lows, driven by reports of a decline in U.S. crude stockpiles. Brent crude rose 0.3% to \$73.22 per barrel, while WTI increased to \$69.11. If confirmed by the EIA (U.S. Energy Information Administration), this would be the first inventory drop since mid-January. Optimism over a Russia-Ukraine peace deal and a potential U.S.-Ukraine minerals agreement supported market sentiment, though weak economic data from the U.S. and Germany capped gains. Concerns over Trump's tariff policies and fresh U.S. sanctions on Iran added to volatility, while OPEC+ (Organization of the Petroleum Exporting Countries) worked to stabilize supply.

In other commodities news, gold prices pulled back after reaching record highs, driven by haven demand amid Trump's tariff threats and concerns over a slowing U.S. economy. A weaker dollar also supported metal prices as weak economic data increased expectations of more Fed rate cuts. Spot gold steadied at \$2,916.06 an ounce, while April futures rose 0.4% to \$2,929.74. Markets are now watching the \$3,000 level as the next key milestone. (investing.com).

Indicative Cross Rates

	Bid	Offer
EUR/USD	1.0287	1.0688
GBP/USD	1.2434	1.2839
USD/ZAR	16.4271	20.4315
USD/AED	3.6525	3.6931
USD/JPY	147.51	151.55