



DIB Bank Kenya

A subsidiary of Dubai Islamic Bank PJSC

TREASURY MARKET UPDATE 05TH MARCH 2025

DOMESTIC NEWS

Kenya's shilling was stable on Tuesday, with dollar inflows matching importer foreign-currency demand. Commercial banks quoted the shilling at 129.00/40 per dollar, the same as Monday's closing rate. (Refinitiv).

Kenya's shilling has strengthened, reducing import costs and easing foreign debt payments. However, this appreciation lowers customs revenue without significantly increasing import volumes. High inflation may still hurt trade competitiveness despite a stronger currency. While debt servicing benefits, declining trade taxes pose fiscal challenges. To ensure stability, Kenya should diversify revenue sources, control inflation, boost local production, and strengthen regional trade. A strong shilling alone does not guarantee economic resilience—sustainable policies are key. (Business Daily)

On other local news, Kenya Power warns that electricity prices could rise by 30% if it pays counties Sh63.8 billion in wayleave charges. The company, benefiting from a strong shilling and lower fuel costs, says passing this cost to consumers would reverse recent power bill reductions. Nairobi County is demanding Sh4.9 billion in wayleave fees, partly to offset its Sh3.01 billion power bill. Kenya Power cites the Energy Act 2019, which prevents public entities from imposing such charges without approval from the Energy CS. (Business Daily)

Indicative Forex Rates

	Buy Cash	Sell Cash	Buy TT	Sell TT
USD/KES	124.20	134.20	124.20	134.20
GBP/KES	161.31	174.31	160.51	175.21
EUR/KES	132.48	146.38	132.78	149.28
AED/KES	31.18	44.18	33.18	44.68

	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 on Tuesday as traders reacted to rising trade tensions and slowing economic activity. The Dollar Index fell 0.5% to 106.160 after President Trump imposed new tariffs on Mexico, Canada, and China. While tariffs typically support the dollar, concerns over a poorly timed trade war and weak U.S. economic data weighed on the currency. U.S. consumer confidence hit a 15-month low, and the Atlanta Fed's GDP Now model predicts a -2.8% contraction this quarter. Market expectations for Fed rate cuts have increased, limiting dollar strength. Speculation is also growing about a potential trade policy shift aimed at weakening the dollar to boost U.S. exports.

The euro rose 0.3% as U.S. aid suspension pressured Ukraine, potentially boosting European defense spending. Germany plans major economic shifts with defense and infrastructure funds.

GBP/USD climbed 0.2% to 1.2723, driven by expectations of higher U.K. defense spending. Prime Minister Keir Starmer unveiled a £1.6 billion missile deal for Ukraine and committed to raising defense spending to 2.5% of national income by 2027, with a further increase to 3% in the next parliament.

USD/JPY fell 0.4% to 148.96 as Trump's warning on currency devaluation supported the yen. USD/CNY dropped 0.1% to 7.2749, with losses limited by government support despite China's retaliatory tariffs.

Oil prices declined for the third consecutive session due to rising output plans and trade war concerns. Brent fell 0.3% to \$70.80, while WTI dropped 0.9% to \$67.68. OPEC+ announced its first production increase since 2022, starting with 138,000 barrels per day in April. U.S. tariffs on Canada, Mexico, and China fueled fears of slower economic growth and weaker fuel demand. Additionally, the U.S. revoked Chevron's license in Venezuela, risking a 200,000-barrel-per-day supply cut. Investors await official U.S. crude stockpile data after API reported a 1.46 million-barrel decline.

In other commodities news, gold prices edged lower as a stronger dollar pressured the market, but safe-haven demand limited losses amid escalating trade tensions. Spot gold dipped 0.2% to \$2,912.0, while April futures rose 0.1% to \$2,922.72. Trump's new tariffs on Canada, Mexico, and China triggered retaliatory measures, fueling economic uncertainty. While a stronger dollar typically weighs on gold, inflation concerns, and gold's safe-haven appeal kept declines marginal. (investing.com).

Indicative Cross Rates

	Bid	Offer
EUR/USD	1.0288	1.0690
GBP/USD	1.2498	1.2904
USD/ZAR	16.6204	20.6337
USD/AED	3.6524	3.6930
USD/JPY	147.38	151.38

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.