



DIB Bank Kenya

A subsidiary of Dubai Islamic Bank PJSC

TREASURY MARKET UPDATE 11TH MARCH 2025

DOMESTIC NEWS

Kenya's shilling was little changed on Monday, data from the London Stock Exchange Group (LSEG) showed. The shilling was trading at 129.00/129.50 to the U.S. dollar, compared to Friday's close of 128.90/129.40. (Refinitiv).

Charges on Kenya's government overdraft at the Central Bank dropped 17% to Sh3.48 billion in the six months to December 2024, reflecting lower benchmark rates. Despite this decline, Treasury borrowings from the facility surged to a record Sh107.5 billion last month, highlighting cash flow pressures. The overdraft, capped at 5% of audited revenues, is charged at the Central Bank Rate (CBR), currently 10.75%. The Controller of Budget has urged the Treasury to negotiate lower rates to free funds for essential services. Critics warn excessive use of the facility could fuel inflation. (Business Daily)

On other local news, the average price of sugar in Kenya rose to Sh166.45 per kilogram in February 2025, up by Sh5.11 from January, driven by factory shutdowns, halted imports, and increased demand. Despite the price hike, sugar remains 16.78% cheaper than in February 2024, when prices hit Sh200.01 due to a global shortage. Government intervention through duty-free imports helped stabilize supply, reducing sugar imports by 45% in late 2024 as local production improved. (Business Daily)

Indicative Forex Rates

	Buy Cash	Sell Cash	Buy TT	Sell TT
USD/KES	124.25	134.25	124.25	134.25
GBP/KES	162.51	175.51	161.71	176.41
EUR/KES	135.28	149.18	135.58	152.08
AED/KES	31.19	44.19	33.19	44.69

	Amounts > 10 million	Amounts >100,000
	KES	USD
2 Weeks	6.50%	1.50%
1 Month	6.75%	2.25%
3 Months	7.00%	2.75%
6 Months	7.25%	3.00%
1 year	7.50%	3.50%



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

INTERNATIONAL NEWS

The U.S. dollar edged higher on Monday, rebounding slightly from a four-month low but remained under pressure due to concerns over Trump's trade policies and their economic impact. The Dollar Index rose 0.1% to 103.959 after falling over 3% last week, its worst performance since November 2022. Investors are focused on Wednesday's U.S. consumer price index (CPI) report, which could influence Federal Reserve policy. Analysts expect core inflation to remain steady at 0.3% month-on-month, reinforcing Fed Chair Powell's stance that there is no urgency to cut interest rates.

The euro dipped 0.2% to 1.0816 on Monday after last week's strong rally driven by Germany's fiscal reforms. Coalition talks in Germany continue, aiming to ease borrowing limits. Investors are also watching a U.S.-Ukraine meeting in Saudi Arabia today for geopolitical developments. Analysts expect EUR/USD to consolidate between 1.0770-1.0850, with further movement likely influenced by ECB signals or progress in peace talks.

GBP/USD fell 0.3% to 1.2880, handing back some of the recent gains after sterling touched a four-month high of 1.2946 earlier in the session.

USD/JPY dropped 0.6% to 147.17, near its lowest since October, as the yen gained on safe-haven demand and expectations of Bank of Japan rate hikes, despite weak January wage data.

USD/CNY rose 0.4% to 7.2655 as weak Chinese inflation persisted despite government stimulus efforts.

Oil prices fell for the second day due to recession fears, trade tensions, and OPEC+ supply plans. Brent dropped to \$69.22 and WTI to \$65.90. Trump's tariff policies and economic concerns led to market declines, with the Nasdaq falling 4%. OPEC+ plans to increase production but may adjust based on market conditions. Analysts suggest output hikes could pause if Brent stays below \$70. U.S. sanctions on Iran and Venezuela add uncertainty, while traders await inventory reports for further direction. (Investing.com)

Gold prices rose on Tuesday as a weaker U.S. dollar and lower Treasury yields boosted demand. Spot gold gained 0.3% to \$2,898.27 per ounce, while U.S. gold futures edged up 0.1% to \$2,902.50. Uncertainty over U.S. tariffs and economic slowdown fears added to market volatility. Investors now await Wednesday's U.S. inflation data, which could influence the Federal Reserve's interest rate policy. While gold is seen as a hedge against inflation, higher interest rates may reduce its appeal. (Reuters).

Indicative Cross Rates

	Bid	Offer
EUR/USD	1.0663	1.1064
GBP/USD	1.2691	1.3096
USD/ZAR	16.3329	20.3385
USD/AED	3.6524	3.6930
USD/JPY	145.21	149.25

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.