DIB Bank Kenya
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TREASURY MARKET UPDATE 09TH APRIL 2025

DOMESTIC NEWS

Kenya's shilling strengthened marginally against the U.S. dollar on Tuesday, with commercial banks quoting it at 129.20/70 per dollar, slightly firmer than Monday's close of 129.30/80. The modest gain suggests steady demand for the local currency amid stable market conditions. (Refinitiv).

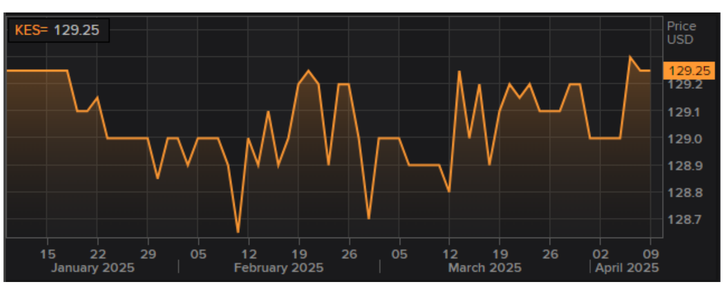
The Central Bank of Kenya (CBK) has made rare triple cuts to key interest rates, lowering the benchmark rate by 0.75 percentage points to 10%—its lowest level in nearly two years—in a bid to pressure commercial banks to reduce lending rates and stimulate economic growth. This marks the fifth consecutive rate cut since August, totaling a three-point drop. To reinforce the move, the CBK also narrowed the interbank lending range to ±0.75% around the CBR and reduced the emergency borrowing penalty from 3% to 0.75%. Despite these efforts, credit growth remains sluggish at 0.2% in March against a target of 12–15%, while non-performing loans rose to 17.2%, highlighting borrower distress amid high lending rates. With inflation still low at 3.6%, the CBK sees room for further ease to boost private sector lending and economic activity.

In other local news, Kenya has dropped a proposal to raise the minimum capital for foreign investors from $100,000 to $500,000 to avoid deterring knowledge-based firms. The revised Investment Promotion and Facilitation Bill aims to keep the country attractive to multinationals. Kenya lags behind regional peers in FDI inflows and seeks to streamline approvals to boost investor confidence. The bill also introduces fast-track mechanisms for priority investments across government agencies. (Business Daily).

Indicative Forex Rates

	Buy Cash	Sell Cash	Buy TT	Sell TT
USD/KES	124.50	134.50	124.50	134.50
GBP/KES	162.26	175.26	161.46	176.16
EUR/KES	138.29	152.19	138.59	155.09
AED/KES	31.26	44.26	33.26	44.76

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 January 2025 – Date (Source: Reuters)

INTERNATIONAL NEWS

The U.S. dollar remained near recent lows on Tuesday, driven by fears that the trade war could lead to a recession. The Dollar Index was flat at 103.001, still down over 1% since the tariff announcement. Market concerns about the U.S. economy and the possibility of earlier-than-expected interest rate cuts by the Federal Reserve continue to weigh on the dollar. Analysts cautioned against optimism in currency markets, especially for high-risk and oil-sensitive currencies, as President Trump's protectionist policies persist.

GBP/USD dropped 1% to 1.2763, nearing a one-month low, amid concerns about the U.K.'s growth and high debt levels. Deutsche Bank projected a slight 0.1% GDP rebound for February, but warned that risks remain, particularly due to the impact of Trump's tariffs, which could lower GDP by 0.3 to 0.6 percentage points.

EUR/USD increased by 0.1% to 1.0968, remaining near its six-month high. The European Union is set to vote on countermeasures against U.S. tariffs, with the European Commission proposing tariffs on U.S. imports worth €18-21 billion.

In Asia, USD/JPY rose 0.1% to 147.14, as the yen retreated but remained near recent peaks due to safe-haven demand. USD/CNY gained 0.4% to 7.3349, with the yuan falling to its weakest level since October 2023. Tensions escalated after President Trump's threat of a 50% tariff on China, prompting a response from China to "fight to the end" in the trade dispute.

Oil prices dropped to their lowest levels in over four years on Wednesday, driven by concerns about demand due to the escalating U.S.-China tariff war and a rising supply outlook. Brent futures fell by $2.38 (3.79%) to $60.44 a barrel, while U.S. West Texas Intermediate crude dropped $2.46 (4.13%) to $57.12. Both contracts reached their lowest levels since February 2021. The six-month spread for Brent also fell to 79 cents, its lowest since mid-November, signaling a potential market surplus, with the spread collapsing 86% from a January high of $5.69.

Gold ETFs saw significant inflows in Q1 2025, with 226.5 tonnes of gold added and $21.1 billion in inflows, the highest since 2020. This was driven by concerns over a U.S.-led trade war, leading to gold prices hitting record highs above $3,150 per ounce. North American investors were the largest contributors to the demand.
(investing.com).

Indicative Cross Rates

	Bid	Offer
EUR/USD	1.0861	1.1261
GBP/USD	1.2630	1.3035
USD/ZAR	17.7232	21.7310
USD/AED	3.6528	3.6934
USD/JPY	143.35	147.36