DIB Bank Kenya
A subsidiary of Dubai Islamic Bank PJSC

TREASURY MARKET UPDATE 14TH APRIL 2025

DOMESTIC NEWS

The Kenyan shilling weakened slightly to 129.40/90 per dollar on Friday from 129.25/75 the previous day, due to increased foreign exchange demand amid uncertainty over U.S. President Donald Trump's tariff policies. (Refinitiv).

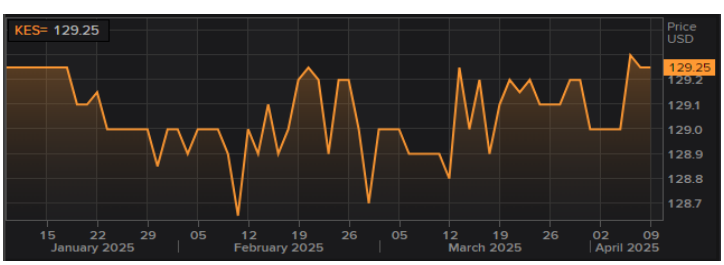
Kenyans abroad sent home $1.23 billion (Sh159.5 billion) in the first quarter of the year, marking a slowed growth of 2.2% compared to 18.8% in the same period last year. This deceleration coincided with the start of U.S. President Donald Trump's administration and his anti-immigrant policies, which impacted remittances from the U.S.—Kenya's largest source, contributing 53% of total inflows. While the total amount increased slightly from last year, the growth was significantly lower than the previous year's jump, reflecting broader global economic uncertainties. Remittances continue to be Kenya's top foreign exchange earner, surpassing tourism, FDI, and exports.

In other local news, Interest rates on Treasury bills dropped to three-year lows following the Central Bank of Kenya's rate cut to 10%, aimed at boosting lending and economic activity. The 91-day, 182-day, and one-year T-bill rates fell to 8.5%, 8.89%, and 10.23% respectively. Investors shifted towards longer-term securities to lock in higher yields ahead of expected further rate drops. The one-year T-bill attracted the highest bids, contributing to a total of Sh53.75 billion in bids, with the CBK accepting Sh43.54 billion. Demand also remained high for long-term bonds, including a reopened 15-year bond that raised Sh12.59 billion. (Business Daily)

Indicative Forex Rates

	Buy Cash	Sell Cash	Buy TT	Sell TT
USD/KES	124.70	134.70	124.70	134.70
GBP/KES	165.97	178.97	165.17	179.87
EUR/KES	142.51	156.41	142.81	159.31
AED/KES	31.31	44.31	33.31	44.81

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%



USD movement from January 2025 – Date (Source: Reuters)

INTERNATIONAL NEWS

The U.S. dollar fell for the fifth straight day as markets reacted to President Donald Trump's continued push for tariffs on consumer electronics, despite an earlier partial reprieve. The Bloomberg Dollar Spot Index dropped by 0.4% on Monday, extending last week's 2.4% decline, and has now fallen nearly 6% in 2025, reaching its lowest level since October. Analysts attribute the weakness to rising trade tensions with China and slowing U.S. growth, with 80% of Bloomberg survey respondents predicting further dollar declines. Market volatility is high, and bearish sentiment is increasing, especially as major banks warn of a potential U.S. recession and further dollar losses.

The British pound has continued its rally, bolstered by stronger-than-expected UK economic data. February's GDP rose by 0.5%, and industrial production grew by 1.5%, surpassing expectations. However, the pound's steady rise over the past three months suggests that broader market dynamics, such as global trade tensions, may be influencing the currency more than domestic economic performance.

The euro posted its strongest rally of the year, jumping from 1.0882 to a high of 1.1474 against the dollar. While such a surge often leads to a pullback, the ongoing volatility driven by trade war tensions is likely to keep EUR/USD fluctuations elevated, suggesting that geopolitical and economic uncertainties will continue to shape the euro's movements.

For the USD/JPY pair, a brief upward spike followed comments from BOJ Governor Ueda, who indicated no imminent rate hikes. However, analysts expect this upward movement to be short-lived, as the broader trend favors a weaker dollar. Ueda also noted the potential impact of U.S. tariffs on the global economy, while emphasizing that the BOJ has no preset policy direction. Future meetings involving U.S. Treasury Secretary Scott Bessent could further influence the yen.

Gold prices hit a record high of over $3,245 per ounce, rising more than 6% last week and over 20% this year, driven by uncertainty surrounding President Trump's trade policies. A weaker U.S. dollar has made gold more attractive to foreign investors. Despite some tariff relief signals for electronics, concerns about global recession and a selloff in U.S. bonds continue to drive investors toward safe-haven assets like gold. Traders are also watching central bank policies, with expectations of eased monetary policy, which typically benefits gold.

Oil prices fell as traders reacted to U.S. trade moves and easing tensions with Iran. Brent dropped to $64, while WTI hovered near $61. Talks in Oman marked progress on resolving Iran's nuclear program, potentially improving supply. (Bloomberg).

Indicative Cross Rates

	Bid	Offer
EUR/USD	1.1387	1.1588
GBP/USD	1.2927	1.3328
USD/ZAR	17.0089	21.0211
USD/AED	3.6529	3.6932
USD/JPY	140.72	144.71