

DOMESTIC NEWS

Kenya's shilling held steady at 129.00/50 on Thursday but may weaken later as demand for dollars from importers is expected to rise. (Refinitiv).

The Trump administration is backing a bill to impose a 5% tax on remittances sent by immigrant workers, including over 100,000 Kenyans in the US who sent home Sh339.17 billion in 2024. The tax, expected to cost Kenyan families over Sh16.96 billion annually, would be collected at the point of transfer by financial institutions. The Kenya Diaspora Alliance and tax experts have condemned the proposal as discriminatory and contrary to UN goals on lowering remittance costs. The bill is set for a House vote by month-end, with possible enforcement starting in July. (Business Daily)

In other local news, Kenyan President William Ruto is facing scrutiny from the US Senate following his recent visit to Beijing, where he referred to Kenya and China as "co-architects of a new global order." The Senate Foreign Relations Committee has raised concerns about Kenya's allegiance, especially after it was recently named a major non-NATO ally of the US. Lawmakers are questioning whether Kenya is shifting toward China amid growing political and economic ties, including infrastructure funding and collaboration with China's Communist Party, prompting calls for a reassessment of US-Kenya security relations. (Bloomberg).

Indicative Forex Rates

	Buy Cash	Sell Cash	Buy TT	Sell TT
USD/KES	127.50	131.50	127.50	131.50
GBP/KES	168.00	175.00	168.00	175.00
EUR/KES	142.00	147.50	142.00	147.50
AED/KES	34.00	37.00	34.00	37.00

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 February 2025 – Date (Source: Reuters)

INTERNATIONAL NEWS

US Treasuries rallied as weak economic data, including the sharpest drop in producer prices in five years and slowing retail sales, fueled expectations of two Federal Reserve rate cuts in 2025. Yields on mid-term debt fell up to 10 basis points, with the 2-year at 3.96% and 10-year at 4.44%. Swaps traders priced in 55 basis points of easing, with possible cuts starting as early as September. Wall Street firms like JPMorgan and Bank of America raised their yield forecasts, citing delayed Fed action. Meanwhile, growing US debt and a Republican tax plan have renewed concerns about fiscal stability, with JPMorgan CEO Jamie Dimon warning of inflation and stagflation risks.

EUR/USD regained ground against the US dollar, trading around 1.1200 during the Asian session on Friday. The recovery follows broad dollar weakness triggered by soft US economic data, which strengthened expectations of Federal Reserve rate cuts this year.

GBP/USD edged higher to around 1.3310, supported by growing market speculation of additional Fed easing after a string of weaker-than-expected US data. The Greenback's weakness has improved sentiment for the pound in early Friday trading.

USD/JPY rebounded trading near 145.50 after hitting weekly lows. The movement reflects diverging monetary policy outlooks—while the Fed is expected to cut rates following soft inflation data, the Bank of Japan is projected to raise rates again in 2025 despite Japan's underwhelming Q1 GDP performance.

Gold rose to about \$3,245 an ounce after US economic data showed weaker inflation and slowing growth, prompting expectations of more Federal Reserve rate cuts. Falling Treasury yields boosted gold's appeal as a non-interest-bearing asset. Despite recent gains, gold is still down over 2% for the week and below last month's record high, with reduced safe-haven demand due to easing US-China tensions. However, it remains up more than 20% for the year, supported by strong ETF buying and central bank demand.

Oil prices briefly rose above \$65 after Iran raised doubts about US-Iran nuclear deal talks, though gains later eased. A potential deal could add modest Iranian supply, but the market faces a surplus due to rising OPEC+ output and slowing demand. Despite this, oil is set for a second weekly gain supported by easing US-China trade tensions, but prices remain over 10% lower for the year amid ongoing supply and trade concerns. (Bloomberg).

Indicative Cross Rates

	Bid	Offer
EUR/USD	1.1017	1.1417
GBP/USD	1.3128	1.3533
USD/ZAR	16.0004	20.0189
USD/AED	3.6528	3.6932
USD/JPY	143.18	147.19