

DOMESTIC NEWS

Kenya's shilling was largely unchanged against the dollar on Wednesday, as dollar inflows from companies converting the U.S. currency to pay salaries, particularly in the horticulture sector, met demand. Commercial banks quoted the shilling at 129.00/50 compared with 128.95/129.45 at Tuesday's close. (Refinitiv).

Kenya's economy is expected to grow by 5.0% in 2025, up from 4.6% last year, driven by strong performance in agriculture, fintech, and mobile money sectors. The African Development Bank (AfDB) highlights optimism due to favorable weather, lower lending rates, and reduced oil prices. However, growth is projected to slightly slow to 4.8% in 2026 amid rising inflation, currency depreciation, debt pressures, and geopolitical uncertainties.

In the broader East African region, growth is set to accelerate to 5.9% in 2025 and 2026, with countries like Tanzania and South Sudan showing notable rebounds. Some countries, including Uganda, Somalia, and Rwanda, face slight downward revisions.

Across Africa, GDP growth improved modestly from 3.0% in 2023 to 3.3% in 2024 but remains fragile due to global shocks and trade uncertainties, with projected growth for 2025 and 2026 revised slightly downward due to U.S. tariff impacts and geopolitical risks. (The Eastleigh Voice).

Indicative Forex Rates

	Buy Cash	Sell Cash	Buy TT	Sell TT
USD/KES	127.50	131.50	127.50	131.50
GBP/KES	171.00	178.00	171.00	178.00
EUR/KES	143.00	150.00	143.00	150.00
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

The U.S. dollar edged up slightly on Wednesday, with the Dollar Index rising 0.1% to 99.500, though it remains 8% lower year-to-date as investors diversify away from U.S. assets. The modest gain was driven by stronger-than-expected consumer confidence data, despite a sharp drop in durable goods orders in April. Market sentiment remains cautious due to ongoing trade uncertainties, tariff impacts, and concerns over the growing U.S. debt, highlighted by Moody's recent downgrade of the U.S. credit rating. A softer tone from President Trump on EU trade and pressure for a quick deal also supported the dollar. Investors are closely watching the Federal Reserve's May meeting minutes for signals on future interest rate policy amid inflation concerns from rising tariffs.

The EUR/USD rose to 1.1334 after recent losses, supported by stable French growth and despite rising German unemployment. Markets expect the ECB to cut rates to 2.00% on June 5. While the euro holds support near 1.130, strong U.S. data could pressure it lower amid ongoing U.S. deficit concerns.

GBP/USD rose 0.1% to 1.3516, after data showed that British grocery price inflation jumped to 4.1% for the four weeks to May 18, its highest level since February last year.

In Asia, the USD/JPY slipped 0.1% to 144.15, with the yen stabilizing after a 1% drop on Tuesday. The decline followed reports that Japan may reduce issuance of super-long bonds amid rising yields.

USD/CNY traded 0.1% lower to 7.1912, in muted trading as uncertainty surrounding Trump's trade policies kept investors cautious.

Oil prices rose by about \$1 per barrel after a U.S. court blocked most of President Trump's tariffs. Markets also eyed potential new U.S. sanctions on Russian oil and an upcoming OPEC+ decision on July output. Brent crude rose 1.6% to \$65.93, while WTI crude gained 1.7% to \$62.90.

Gold prices fell further in Asian trade, pressured by a stronger dollar and rising risk appetite after a U.S. court blocked most of President Trump's tariffs. Spot gold dropped 0.5% to \$3,273.19/oz, and August futures fell 0.8% to \$3,297.25/oz. Gold is down 2.5% for the week, retreating from record highs amid profit-taking and easing haven demand. (Investing.com).

Indicative Cross Rates

	Bid	Offer
EUR/USD	1.1075	1.1478
GBP/USD	1.3262	1.3668
USD/ZAR	15.9219	19.9312
USD/AED	3.6525	3.6933
USD/JPY	143.41	147.46