

DOMESTIC NEWS

The Kenyan shilling held steady against the U.S. dollar on Thursday, with commercial banks quoting it at 129.00/50 per dollar, unchanged from Wednesday's close. (Refinitiv).

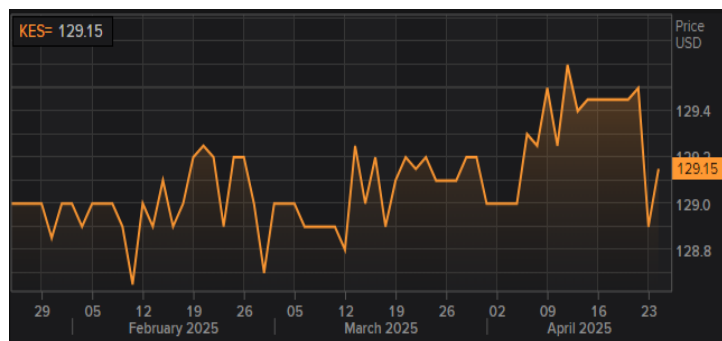
Treasury PS Chris Kiptoo has disclosed that key government programmes in the Sh4.2 trillion 2025/26 budget remain unfunded by Sh218 billion, affecting crucial sectors such as education, healthcare, agriculture, and electoral preparedness. Among the most impacted are school feeding programmes, free day secondary education, Higher Education loans, Universal Health Coverage initiatives, fertiliser subsidies, and IEBC operations ahead of the 2027 General Election. Despite Sh944.2 billion in additional funding requests from various agencies, the Treasury cites a constrained fiscal framework but assures possible funding reviews if the economic situation improves.

Kenya's annual inflation remained below 5% for the 12th consecutive month in May, the longest such streak since at least 2010, bolstering prospects for another interest rate cut. The Kenya National Bureau of Statistics reported consumer prices rose 3.8% in May, down from 4.1% in April, while core inflation rose slightly to 2.8%. The stable shilling, lower global oil prices, and subdued domestic demand have kept inflation in check, supporting expectations that the Central Bank of Kenya may reduce rates for a sixth straight time during its June 10 meeting. (Bloomberg).

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 rose on Thursday after a court blocked former President Donald Trump's import tariffs, boosting investor confidence by signaling fewer trade-related risks for the U.S. economy. The Dollar Index climbed to 99.850, briefly crossing 100, as the U.S. Court of International Trade ruled that Trump exceeded his authority under the International Emergency Economic Powers Act. The White House appealed the decision, creating legal uncertainty. Goldman Sachs noted the ruling blocks 6.7 percentage points of effective tariff increases but may not significantly alter trade outcomes, given other tariff-authorizing laws remain in place.

The euro (EUR/USD) fell by 0.1% to 1.1283 as the U.S. court ruling boosted U.S. growth expectations and lowered the risk premium on the dollar, prompting a retreat in the euro. According to ING, global asset managers are reconsidering their dollar hedge positions after volatility in April. They noted the current news is mildly supportive for the dollar, and EUR/USD could decline to 1.1050, aligning with their forecast that the pair will trade within a 1.10–1.15 range this year.

GBP/USD remained steady at 1.3472, poised for a monthly gain of just over 1%. The pound's resilience is supported by elevated inflation, which is causing the Bank of England to be cautious about cutting interest rates, thereby helping to sustain the currency's strength.

In Asia, USD/JPY rose 0.1% to 144.96, briefly touching a two-week high, as the Japanese yen weakened. The improved risk sentiment from the U.S. court ruling reduced demand for the safe-haven yen, supporting the dollar. USD/CNY traded 0.1% lower to 7.1879, after it slid to a six-month low last week.

Oil prices were set for a second straight weekly decline, pressured by expectations of an OPEC+ output increase in July and renewed uncertainty after a legal decision kept Trump's tariffs in place. Brent crude fell 0.48% to \$63.84 a barrel, and U.S. WTI crude dropped 0.51% to \$60.63 a barrel, with the Brent July futures contract expiring on Friday.

Gold prices fell in Asian trade on Friday, pressured by a strong U.S. dollar and signs of resilience in the U.S. economy, despite ongoing uncertainty around Trump's trade tariffs. The yellow metal was on track for a weekly loss, with only a modest rebound after an appeals court temporarily reinstated Trump's tariff plan. However, upbeat U.S. data and anticipation of a strong inflation reading (PCE index) kept gold under pressure. Spot gold dropped 0.7% to \$3,293.44/oz, while August futures fell 0.8% to \$3,316.67/oz. (Investing.com).

Indicative Cross Rates

	Bid	Offer
EUR/USD	1.1137	1.1538
GBP/USD	1.3265	1.3669
USD/ZAR	15.8493	19.8524
USD/AED	3.6528	3.6932
USD/JPY	142.00	146.03