

## A subsidiary of Dubai Islamic Bank PJSC TREASURY MARKET UPDATE 03RD JUNE 2025

## **DOMESTIC NEWS**

Kenya's shilling strengthened slightly on Friday, supported by remittance-driven dollar inflows, though gains were limited by rising foreign currency demand from general goods importers. Commercial banks quoted the shilling at 128.80/129.30 per dollar, up from Thursday's 129.00/129.50. (Refinitiv).

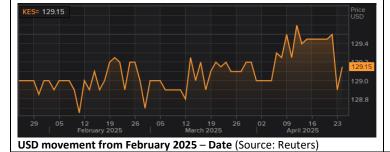
Kenya's annual inflation eased to 3.8% in May 2025 from 4.1% in April, staying within the central bank's 2.5% to 7.5% target range. Inflation slowed for food and non-alcoholic beverages (6.3% vs. 7.1% in April) and remained steady for transport at 2.3%. On a monthly basis, consumer prices rose 0.5% in May, up from 0.3% in April.

On other local news Starting July 1, 2025, taxes on imported second-hand cars in Kenya will rise by up to 145% as the Kenya Revenue Authority (KRA) updates the Current Retail Selling Price (CRSP) used to calculate tax. Small cars like the Suzuki Swift, Mazda Demio, and Toyota Vitz will face the steepest hikes due to higher revised base prices, while some larger vehicles like the Lexus LX570 and Volkswagen Tiguan will see reduced taxes. The tax increase, driven by a higher CRSP that affects import duty, excise, VAT, and other levies, is expected to significantly impact second-hand car dealers and buyers, especially amid recovering sales after a tough 2023. The Kenya Auto-Bazaar Association has requested a two-month delay, citing existing shipments that would be adversely affected by the sudden changes. (Business Daily).

## **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%



## INTERNATIONAL NEWS

The U.S. dollar fell sharply on Monday, with the Dollar Index dropping 0.6% to 98.630 amid renewed trade tensions between the U.S. and China. The decline followed China's dismissal of President Trump's accusations of breaching a trade deal and its vow to defend its interests. Trump's plan to double tariffs on steel and aluminum also fueled concerns. Analysts warned that the trade deal, set to last until August 12, appears strained, raising fears of economic slowdown. Investors are now closely watching upcoming U.S. economic data, especially May's nonfarm payrolls report, expected to show a slowdown in job creation.

EUR/USD traded 0.7% higher at 1.1430, supported by a weaker dollar and expectations of a 25-basis-point ECB rate cut to 2% on Thursday. Markets will watch for signs of a pause in July as eurozone economic data, including a 33-month high in the Manufacturing PMI, shows resilience. GBP/USD traded 0.6% higher at 1.3547, with sterling firming against the dollar. The rise was driven by stronger-than-expected UK house prices, which rose 3.5% year-on-year in May and 0.5% monthon-month, the biggest monthly gain since December. The upbeat housing data is seen as a potential buffer for the UK economy as interest rate cuts loom.

USD/JPY fell 0.8% to 142.88 as the yen strengthened on safe haven demand amid rising global trade tensions, with investors monitoring Japan-U.S. trade talks. Meanwhile, USD/CNY rose 0.2% to 7.1998 as the yuan weakened slightly due to escalating trade disputes between Beijing and Washington.

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	1.1222	1.1624			
GBP/USD	1.3324	1.3727			
USD/ZAR	15.8741	19.8830			
USD/AED	3.6527	3.6933			
USD/JPY	141.01	145.03			
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