

## DOMESTIC NEWS

Kenya's shilling (KES) weakened slightly against the U.S. dollar on Wednesday due to increased foreign exchange demand from the manufacturing sector. Commercial banks quoted the shilling at 129.00/50, compared to 128.75/129.25 at Tuesday's close. (Refinitiv).

The World Bank has delayed a \$750 million (Sh96.9 billion) disbursement to Kenya after the country failed to pass the Conflict-of-Interest Bill, 2023—an anti-graft law required for the funding. President Ruto declined to sign the Bill due to weakened clauses. As a result, the Treasury faces a Sh97 billion budget gap and is preparing a third supplementary budget. The delay worsens Kenya's financial strain amid rising debt repayments and overspending by key government departments. Kenya will continue relying on World Bank funding through 2029, with the next disbursement expected in July. (Business Daily)

On other local news Kenya's domestic VAT collections rose by 28.2% to a record Sh32.1 billion in May 2025, following a Kenya Revenue Authority (KRA) crackdown on a major VAT fraud scheme. The growth was driven by increased compliance among medium and small traders, whose VAT payments jumped 39.7%. The crackdown targeted the "Missing Trader Scheme," where fake invoices were used to evade taxes. KRA identified over 4,400 suspected fraudulent traders and potential VAT losses exceeding Sh5 billion. VAT registration applications dropped sharply, indicating the purge is deterring tax fraud. (Business Daily).

## Indicative Forex Rates

	Buy Cash	Sell Cash	Buy TT	Sell TT
<b>USD/KES</b>	127.50	131.50	127.50	131.50
<b>GBP/KES</b>	171.00	178.00	171.00	178.00
<b>EUR/KES</b>	143.00	150.00	143.00	150.00
<b>AED/KES</b>	34.00	37.00	34.00	37.00

Amounts > 10 million		Amounts >100,000
KES		USD
<b>2 Weeks</b>	5.00%	1.50%
<b>1 Month</b>	5.50%	2.25%
<b>3 Months</b>	6.00%	2.50%
<b>6 Months</b>	6.25%	2.75%
<b>1 year</b>	6.50%	3.00%



**USD movement from March 2025 – Date** (Source: Reuters)

## INTERNATIONAL NEWS

Most Asian currencies posted slight gains on Thursday, supported by a weaker U.S. dollar after disappointing ADP payrolls data increased expectations of further Federal Reserve interest rate cuts. The Dollar Index, which tracks the greenback against six major currencies, fell 0.2% to 99.002—hovering near its lowest level since late April, seen earlier in the week.

Despite this, soft economic data from Asia kept traders cautious, while uncertainty over U.S. trade policy added to risk aversion. Focus now shifts to upcoming U.S. nonfarm payrolls data, a Reserve Bank of India rate decision, and a potential but unscheduled call between Presidents Trump and Xi. Market concerns also deepened after Trump doubled tariffs on steel and aluminum and his trade deal deadline passed without significant progress.

In Europe, EUR/USD rose 0.3% to 1.1399—near a six-week high—despite eurozone business activity barely expanding in May. The HCOB Eurozone Composite PMI fell to 50.2, the weakest since February, though still slightly above contraction territory. The European Central Bank is expected to cut interest rates by 25 basis points at its meeting later today.

GBP/USD gained 0.2% to 1.3540 after Britain's services PMI rose to 50.9 in May, indicating modest growth following April's contraction. The improved reading also lifted the UK's composite PMI above 50.

Elsewhere, USD/JPY dipped 0.1% to 143.90, USD/CNY held steady at 7.1877 amid anticipation of a potential Trump–Xi call on trade, and USD/CAD fell 0.1% to 1.3709 ahead of a closely watched Bank of Canada policy decision. ING analysts slightly favor a rate cut, though markets remain uncertain.

Gold prices edged lower in Asian trade on Thursday, with spot gold down 0.1% to \$3,368.61 and August futures falling 0.2% to \$3,382.65. Despite the slight drop, gold remains up 2.4% for the week, supported by safe-haven demand amid weak U.S. labor data, trade policy uncertainty, and a softer dollar, which boosted expectations of further Fed rate cuts.

Oil prices fell on Thursday due to rising U.S. gasoline and diesel inventories and Saudi Arabia lowering crude prices for Asian buyers. Brent crude dropped 0.2% to \$64.72, and U.S. crude fell 0.4% to \$62.61. The price cuts and increased OPEC+ output amid signs of weaker demand weighed on the market. (Investing.com).

## Indicative Cross Rates

	Bid	Offer
<b>EUR/USD</b>	1.1212	1.1615
<b>GBP/USD</b>	1.3351	1.3756
<b>USD/ZAR</b>	15.8203	19.8388
<b>USD/AED</b>	3.6526	3.6932
<b>USD/JPY</b>	141.10	145.12