

DOMESTIC NEWS

The Kenyan shilling held steady against the U.S. dollar on Monday, supported by a balance between modest importer demand and available dollar supply. The commercial banks quoted the local currency at 129.00/129.50 per dollar, unchanged from Thursday's closing levels. The local markets remained closed on Friday in observance of the Eid al-Adha Islamic holiday. (Refinitiv).

The Kenya Revenue Authority (KRA) has halted online VAT registration and switched to manual in-person processes to combat widespread fraud by ghost traders. This change follows an audit exposing abuse of the digital system, where fake firms used stolen IDs to commit tax fraud under the 'Missing Trader Scheme'. Over 20,000 suspicious VAT accounts have been flagged for deregistration, with KRA enforcing stricter rules, including physical proof of business and compliance with VAT laws. The move is part of a broader effort to tighten controls, enhance verification, and seal revenue leakages estimated at KES 2.5 billion monthly. (Business Daily)

On other local news, Kenya's tea exports to Sudan fell sharply in March due to a diplomatic dispute, after Sudan accused Kenya of supporting its rival faction, the RSF. In retaliation, Sudan banned all Kenyan imports, cutting tea shipments by over 35% and impacting overall tea export volumes. The UAE replaced Sudan among Kenya's top tea buyers, marking a shift in trade dynamics. (The Kenyan Wall Street).

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 March 2025 – Date (Source: Reuters)

INTERNATIONAL NEWS

The U.S. dollar declined on Monday, giving up some of its previous gains due to market optimism over upcoming U.S.-China trade talks in London. The Dollar Index fell 0.3% to 98.890, despite support from a strong U.S. jobs report on Friday. However, the dollar remains down nearly 9% for the year, weighed by concerns that erratic U.S. trade policies may lead to a recession. Attention is now on a key meeting between U.S. Treasury Secretary Scott Bessent and China's Vice Premier He Lifeng, where discussions will focus on tariff rollbacks, tech and mineral export regulations, and broader trade frameworks. While the talks offer hope of easing trade tensions, currency markets remain cautious, awaiting tangible outcomes. Analysts at ING noted the meeting's potential significance, stating that it could solidify the progress made in Geneva and prevent a return to steep tariffs.

The euro rose 0.2% to 1.1422 against the U.S. dollar on Monday as markets continued to react to last week's ECB rate cut. While the ECB lowered rates by 25 basis points, President Christine Lagarde signaled the easing cycle may be nearing its end.

The British pound rose 0.3% to 1.3567, hovering near a three-year high as the dollar weakened. Analysts note that Sterling is benefiting from de-dollarization flows and its relatively high deposit rate of 4.25%, making it an attractive alternative in calm market conditions.

In Asia, the USD/JPY fell 0.5% to 144.12 after revised data showed Japan's economy contracted less than expected in Q1. The slight improvement came despite weak consumer spending and declining exports, driven by ongoing tariff-related trade challenges. The USD/CNY edged down 0.1% to 7.1834 after data showed China's consumer prices declined for the fourth consecutive month in May, while producer inflation saw its steepest drop in nearly two years, signaling continued deflationary pressures in the Chinese economy.

Gold prices fell 0.8% in Asian trade on Tuesday as risk appetite improved and safe-haven demand weakened ahead of ongoing U.S.-China trade talks in London. The metal had surged in recent weeks amid U.S. economic uncertainty, geopolitical tensions, and weak Chinese data. However, optimism over trade negotiations and easing investor fears reversed that trend. Spot gold dropped to \$3,308.32/oz, while August futures fell to \$3,327.75/oz.

Oil prices rose on Tuesday as markets anticipated a potential breakthrough in U.S.-China trade talks, which could boost global fuel demand. Brent crude gained 0.4% to \$67.32 a barrel, while WTI rose 0.4% to \$65.52. Brent had earlier touched its highest level since April 28, supported by optimism over a trade deal. (Investing.com).

Indicative Cross Rates

	Bid	Offer
EUR/USD	1.1206	1.1607
GBP/USD	1.3307	1.3714
USD/ZAR	15.7368	19.7466
USD/AED	3.6527	3.6930
USD/JPY	142.47	146.49