

DOMESTIC NEWS

Kenya's shilling held steady against the U.S. dollar on Tuesday, trading at 129.00/129.40 compared to Monday's close of 128.95/129.45, reflecting minimal movement in the exchange rate. (Refinitiv).

The Central Bank of Kenya (CBK) has lowered its benchmark lending rate to 9.75% from 10%, marking the sixth consecutive rate cut aimed at stimulating private sector lending and supporting economic activity. This move comes amid stable inflation, which dropped to 3.8% in May, and a stable exchange rate environment. The cumulative rate reduction since August 2024 now stands at 3.25 percentage points, bringing the Central Bank Rate to its lowest level since June 2023. CBK maintains a positive outlook for the economy, though it has slightly revised its 2025 growth forecast to 5.2% from 5.4% due to higher U.S. tariffs on Kenya exports.

On other local news, Kenya has extended its fuel import deal with three Gulf state-owned firms until early 2028 under a 180-day credit arrangement to ease forex pressure. Since April 2023, 158 shipments worth Sh1.5 trillion have been delivered. The deal has lowered pump prices and improved dollar liquidity, despite Uganda's exit and earlier concerns over inflated costs.

(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%



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

INTERNATIONAL NEWS

The US Dollar Index (DXY) rose for a second day, trading around 99.10 in Asian markets on Wednesday, supported by easing US-China trade tensions and ahead of May's Consumer Price Index (CPI) report, expected to show a 2.5% year-over-year rise. Positive signals from trade talks and a framework agreement between the two nations have boosted sentiment. Meanwhile, US Treasury yields remain steady—2-year at 4.01% and 10-year at 4.46%—as markets await inflation data. Additionally, a US appeals court extended a stay allowing continued enforcement of President Trump's tariffs during the appeal process. 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.

In the European session on Wednesday, major currency pairs showed mixed movements. GBP/USD fell to around 1.3475 following a weaker-than-expected UK jobs report, while EUR/USD remained range-bound despite earlier gains, as caution persisted over US-China trade developments. USD/JPY held steady near 145.00, reflecting limited momentum in European trading. Meanwhile, USD/CNY stayed largely unchanged offshore, with markets focused on upcoming US inflation data.

Earlier in the Asian session, EUR/USD had briefly risen above 1.1420, supported by mild dollar weakness. USD/JPY remained firm near 145.00 amid improved risk appetite, and the PBOC set the USD/CNY fix slightly lower at 7.1815. GBP/USD traded relatively stable before its decline in Europe.

Gold prices rose 0.6% in Asian trade on Wednesday as safe haven demand increased ahead of key U.S. inflation data. A U.S. court ruling allowing Trump-era trade tariffs to remain in place offset optimism from a new U.S.-China trade framework, limiting risk appetite. Spot gold reached \$3,341.03 an ounce, while August futures rose to \$3,362.25.

Oil prices edged lower in Asian trade on Wednesday as markets awaited President Trump's review of the U.S.-China trade framework. Weak demand from China and rising OPEC+ output also pressured prices. Brent crude fell 0.3% to \$66.68, while WTI dropped 0.3% to \$64.82.

(Investing.com).

Indicative Cross Rates

	Bid	Offer
EUR/USD	1.1216	1.1617
GBP/USD	1.3280	1.3684
USD/ZAR	15.6933	19.7033
USD/AED	3.6525	3.6931
USD/JPY	143.05	147.06