

## DOMESTIC NEWS

The Kenyan shilling strengthened marginally against the U.S. dollar on Wednesday, closing at 128.90/129.40 compared to 129.00/129.50 on Tuesday. (Refinitiv).

The National Treasury has slashed its revenue target from the Finance Bill 2025 by 91%, from Sh344 billion last year to Sh30 billion, after shelving major tax hikes to avoid public unrest. Treasury CS John Mbadi cited lessons from 2024's deadly protests, which forced the government to abandon aggressive revenue measures. The State now aims to raise Sh3.3 trillion from taxes, fees, and asset sales, with Sh916.5 billion set to be borrowed. Meanwhile, the KRA is ramping up efforts to curb tax evasion through audits and tech-driven surveillance. Revenue shortfalls continue to pose risks to budget implementation and fiscal discipline.

On other local news, the National Treasury will spend Sh1.09 trillion on public debt repayments in the 2025/26 fiscal year—Sh94.2 billion more than the current year—highlighting growing debt pressures amid economic strain. Of this, Sh851.42 billion will go to domestic lenders, with Sh246.26 billion set aside for foreign debt. Public debt hit Sh11.35 trillion in March (70% of GDP), crowding out funds for development. The Treasury projects a fiscal deficit of Sh876.1 billion, to be covered by external and domestic borrowing. Meanwhile, Kenya faces Sh1.38 trillion in undisbursed loans, which continue to attract costly commitment fees. (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

Most Asian currencies gained on Thursday as the U.S. dollar weakened, with the Dollar Index falling 0.3% to a six-week low. The shift followed President Donald Trump's softened stance on U.S.-China trade, announcing a tentative trade framework pending approval by both nations' leaders. The deal includes export licenses for Chinese rare earths and continued U.S. access for Chinese students, while tariffs largely remain in place. Markets also reacted to dovish Fed expectations after tame U.S. inflation data, increasing the likelihood of interest rate cuts. Despite easing trade concerns, investor caution persists amid uncertainty over final deal details.

The EUR/USD traded largely flat at 1.1425 on Wednesday, with limited eurozone economic data to influence movement. European Central Bank President Christine Lagarde, speaking during a rare visit to Beijing, emphasized the need for all countries to adjust policies contributing to global trade imbalances to avoid the escalation of trade barriers. Analysts at ING noted that the pair's direction remains mostly dependent on the U.S. dollar, with support likely near 1.1400 and potential gains above 1.1500 by the end of the week.

Meanwhile, the GBP/USD slipped 0.1% to 1.3493 ahead of U.K. Chancellor Rachel Reeves' Spending Review, which outlines government departmental budgets from 2026 to 2029. ING suggested the review was unlikely to significantly impact financial markets, as key budget growth figures were already known.

In Asia, USD/JPY inched up 0.1% to 145.07, while USD/CNY edged slightly lower to 7.1856. Traders remained cautious as they digested the proposed U.S.-China trade framework, which still awaits formal approval from Presidents Trump and Xi Jinping and lacks detailed commitments on tariff reductions.

Oil prices dipped on Thursday, reversing earlier gains as markets reacted to U.S. plans to move personnel from the Middle East ahead of nuclear talks with Iran. Brent crude fell to \$69.47 and WTI to \$67.92 per barrel. The pullback followed a 4% surge a day earlier amid rising tensions and fears of supply disruptions. President Trump reaffirmed the U.S. stance against a nuclear-armed Iran, while Tehran maintained its program is peaceful. Talks are set for Sunday.

Gold prices edged higher on Wednesday, supported by uncertainty over the U.S.-China trade deal and ahead of a key U.S. inflation report. Spot gold rose 0.2% to \$3,329.70 per ounce, while August gold futures also gained 0.2% to \$3,350.10 per ounce. (Investing.com).

### Indicative Cross Rates

	Bid	Offer
EUR/USD	1.1323	1.1725
GBP/USD	1.3382	1.3789
USD/ZAR	15.6817	19.7028
USD/AED	3.6523	3.6930
USD/JPY	141.83	145.86