

DOMESTIC NEWS

Kenya's shilling strengthened slightly on Thursday in a quiet trading session, with commercial banks quoting it at 128.90/129.40 per dollar, compared to Wednesday's close of 129.00/129.50. (Refinitiv).

Kenya has secured an extension of tax relief from the East African Community (EAC), allowing importers to continue bringing in wheat at a reduced duty of 10% instead of the standard 35% Common External Tariff (CET), provided millers first purchase locally produced wheat. This move aims to support local farmers while ensuring sufficient wheat stocks to meet national demand, given that Kenya produces only about 12% of the required supply. Additionally, Kenya has applied to maintain a lower import duty on rice—less than half the CET rate of 75%—to further stabilize food supply and prices.

On other local news, Kenya will raise Sh300 billion through road bonds funded by motorists via the Sh25 per litre fuel levy, to clear mounting pending bills in the roads sector. Parliament approved using Sh12 per litre for the bonds, with Sh175 billion targeting old debts and Sh125 billion for current and future projects. The move aims to revive stalled road works and boost the construction sector's recovery.

(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 U.S. dollar edged lower Thursday, with the Dollar Index down 0.3% to 98.280, amid renewed trade uncertainty and expectations of a possible early Federal Reserve rate cut. Markets were cautious after President Trump announced a trade framework with China lacking concrete details, raising fears of a potential tariff hike when a 90-day suspension ends on July 8. Additionally, a soft inflation outlook, following weak consumer data and ahead of the producer price index release, added further pressure on the greenback. Meanwhile, the British pound slipped after data showed the UK economy contracted sharply in April.

GBP/USD slipped 0.1% to 1.3540 after data showed that the U.K. economy shrank 0.3% in April, marking the steepest monthly contraction since October 2023. This follows earlier weak wage data, reinforcing expectations that the Bank of England may cut rates again when it meets next week, having already lowered rates to 4.25% in May. EUR/USD rose 0.4% to 1.1530, buoyed by hawkish rhetoric from the European Central Bank (ECB). Despite a recent rate cut, the ECB hinted at a possible pause in its easing cycle, as inflation returned to the 2% target. While some data support room for further cuts, markets now price in the next potential move for December.

In Asia, the Japanese yen strengthened, pushing USD/JPY down 0.5% to 145.92, while the Chinese yuan also gained slightly, with USD/CNY easing 0.1% to 7.1825. Both moves reflected improved sentiment following Trump's softer stance and signs of progress in U.S.-China trade negotiations.

Oil prices jumped over 9% to their highest levels in nearly five months after Israel struck Iranian nuclear and military sites, escalating Middle East tensions. Brent crude rose to \$78.50 and WTI to \$77.62. The spike reflects fears of disrupted oil supplies and marks the biggest single-day increase since Russia's 2022 invasion of Ukraine.

Gold prices soared in Asian trade on Friday as investors rushed to safe-haven assets after Israel launched a major pre-emptive strike on Iran, targeting military and nuclear sites. Spot gold rose 1.5% to \$3,436.97 an ounce, while August gold futures climbed 1.6% to \$3,459.60. Earlier gains in the week were also driven by lingering U.S.-China trade uncertainty despite signs of progress.

(Investing.com).

Indicative Cross Rates

	Bid	Offer
EUR/USD	1.1335	1.1737
GBP/USD	1.3336	1.3739
USD/ZAR	15.9639	19.9755
USD/AED	3.6523	3.6930
USD/JPY	141.57	145.58