

DOMESTIC NEWS

Kenya's shilling was little changed against the U.S. dollar on Friday, trading at 128.90/129.40 compared to Thursday's close of 128.95/129.45. The currency held steady amid balanced demand and supply in the market. (Refinitiv).

Kenya's goods trade deficit narrowed to Sh372.12 billion in the first quarter of 2025—the lowest in four years—driven mainly by a 19.1% drop in fuel import costs due to lower global oil prices and reduced premiums from Gulf suppliers. Total imports fell by 4.66%, aided by a stronger shilling, while food and beverage imports dropped 30.32%. However, export earnings declined 7.26% to Sh275.46 billion, marking the first year-on-year drop since 2019, with tea exports falling 20.23% and coffee exports rising sharply by 51.51%. The data highlights Kenya's ongoing struggle to balance trade, largely due to reliance on low-value raw agricultural exports. (Business Daily)

On other local news, Fuel prices in Kenya have been adjusted following EPRA's latest review, with super petrol increasing by Ksh2.69 per litre to Ksh177.32 in Nairobi, while diesel and kerosene dropped by Ksh1.95 and Ksh2.06 to Ksh162.91 and Ksh146.93, respectively. The new prices, effective from June 15 to July 14, reflect global market trends and changes in the landed cost of imports, with petrol costs rising slightly by 0.35%, while diesel and kerosene fell by 2.42% and 5.14%. EPRA attributed the adjustments to factors including VAT, inflation-adjusted excise duties, and Kenya's reliance on imported refined fuel. (kenyans.co.ke)

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	178.50	171.00	178.50
EUR/KES	145.00	152.00	145.00	152.00
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 April 2025 – Date (Source: Reuters)

INTERNATIONAL NEWS

The U.S. dollar strengthened on Friday as heightened geopolitical tensions from Israel's large-scale airstrikes on Iran triggered a flight to safe-haven assets. The Dollar Index rose 0.3% to 98.209, despite being on track for its largest weekly decline in over three weeks. The escalation, which included strikes on Iranian nuclear facilities and a state of emergency in Israel, sparked fears over disruptions to Middle East oil supply and broader global instability. Analysts noted that while oil production hasn't been directly hit, markets are pricing in a higher risk premium, with FX traders closely watching the potential duration and impact of the conflict on energy prices.

EUR/USD fell 0.3% to 1.1548 as geopolitical tensions and surging energy prices prompted risk-off sentiment, while weak inflation data in major eurozone economies increased expectations of ECB rate cuts. GBP/USD declined 0.4% to 1.3562, pressured by safe-haven demand for the dollar and soft UK data, with markets now expecting two Bank of England rate cuts by year-end.

USD/JPY rose 0.2% to 143.77 as both currencies attracted safe-haven flows, though the dollar outpaced the yen due to its reserve status. USD/CNY inched up 0.1% to 7.1810, with the yuan slightly weaker on global risk aversion tied to Middle East tensions. AUD/USD dropped 0.7% to 0.6485, hit by investor flight from risk-sensitive assets amid rising geopolitical uncertainty.

Gold prices dipped slightly in Asian trade on Monday, with spot gold down 0.1% to \$3,427.78/oz and August futures down 0.2% to \$3,446.45/oz, as a strong U.S. dollar and profit-taking weighed on the metal. However, gold remained near recent highs after a nearly 4% surge last week, fueled by safe-haven demand amid escalating Israel-Iran tensions. The conflict, including missile strikes on Tel Aviv and canceled nuclear talks, raised fears of broader regional involvement, supporting bullion despite near-term dollar strength.

Oil prices remained volatile on Monday following a 7% surge on Friday, driven by escalating Israel-Iran tensions. Brent crude rose 0.86% to \$74.87 and WTI gained 1.04% to \$73.74, after earlier swings in both directions. Renewed missile strikes over the weekend and fears of broader regional conflict have raised alarm over potential disruptions to the Strait of Hormuz, a critical route for nearly 20% of global oil shipments.

(Investing.com).

Indicative Cross Rates

	Bid	Offer
EUR/USD	1.1357	1.1759
GBP/USD	1.3369	1.3771
USD/ZAR	15.9293	19.9466
USD/AED	3.6521	3.6926
USD/JPY	142.01	146.05