

## DOMESTIC NEWS

The Kenyan shilling held steady against the U.S. dollar on Monday. Commercial banks quoted the local currency at 129.00/129.50, unchanged from Friday's closing levels. (Refinitiv).

Kenya's current account deficit narrowed to 1.8% of GDP in April 2025, down from 2.2% a year earlier, supported by stronger export earnings and resilient cross-border inflows. Export receipts rose 3.8% to Sh1.55 trillion, while imports increased 7.6% to Sh2.9 trillion. Revised data from KNBS also lifted 2024 exports by 37%, mainly from fuel re-exports and services. The Central Bank of Kenya projects the deficit will remain stable at 1.5% of GDP in 2025, helping to support the shilling, which has held steady around Sh129–130 per dollar.

On other local news, Kenya is seeking to tap into the Japanese market for its avocados during the Japan Expo 2025 in Osaka, as part of efforts to diversify export destinations amid declining European demand and shipping delays. The country aims to address market access challenges and eventually sign a protocol with Japan to allow direct exports of avocados and other horticultural products. Supported by government incentives and increased farmland, avocado production is projected to grow by 4% in 2025, with planted area reaching 34,000 hectares. In 2024, avocado export earnings rose by 11% to \$159 million (Sh20.5 billion), driven by rising global demand. (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	178.50	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 edged lower on Monday, with the Dollar Index slipping 0.2% to 97.540, as markets monitored the Israel-Iran conflict and anticipated several key central bank meetings, including the Federal Reserve's. While last week's geopolitical tensions had briefly boosted the dollar, easing fears of broader regional escalation and Iran's continued openness of the Strait of Hormuz have tempered demand. Analysts noted persistent market skepticism toward the dollar, with investors continuing to build short positions. The Fed is expected to hold rates steady, while energy market volatility may give it room to resist political pressure for rate cuts. Trade discussions at the upcoming G7 summit will also be in focus, amid continued concerns over U.S. trade policies.

EUR/USD traded 0.2% higher to 1.1578, with the euro up over 11% year-to-date, maintaining its status as the preferred alternative to the dollar. However, ECB Vice President Luis de Guindos downplayed the possibility of the euro challenging the dollar's dominance in the near term. GBP/USD rose 0.1% to 1.3585 ahead of the Bank of England's policy decision on Thursday. The BoE is expected to hold rates steady following a May rate cut, amid mixed economic signals—contracting growth, weakening jobs data, and still-high inflation.

USD/JPY inched up 0.1% to 144.26, with the yen giving back last week's safe-haven gains. Markets expect the Bank of Japan to hold rates, with attention focused on potential bond purchase tapering. USD/CNY dipped slightly to 7.1797 as investors reacted to mixed Chinese data. Industrial output underwhelmed, but retail sales beat expectations, helping ease deflation concerns. The PBoC is expected to hold its loan prime rate steady later this week.

Gold steadied on Tuesday as geopolitical tensions persisted, with spot prices up 0.2% to \$3,392.25, while futures dipped 0.2% to \$3,410.70. The metal found support after retreating Monday on ceasefire speculation in the Israel-Iran conflict, though renewed tensions and U.S. warnings reignited safe-haven demand.

Oil prices rose on Tuesday amid renewed concerns that the Iran-Israel conflict could escalate and disrupt supply from the Middle East. Brent crude climbed 0.5% to \$73.57, while WTI gained 0.4% to \$72.06, after both had jumped over 2% earlier. This rebound followed Monday's decline of over 1% on hopes of de-escalation after reports that Iran was seeking to end hostilities. (Investing.com).

### Indicative Cross Rates

	Bid	Offer
EUR/USD	1.1357	1.1758
GBP/USD	1.3367	1.3770
USD/ZAR	15.8177	19.8265
USD/AED	3.6522	3.6930
USD/JPY	142.66	146.69