

## DOMESTIC NEWS

The Kenyan shilling held steady on Tuesday. The currency was quoted at 128.95/129.45 against the dollar, showing little change from Monday's close of 129.00/129.50. (Refinitiv).

Kenya's fuel supply deal with three Gulf state firms is at risk due to the escalating Israel-Iran conflict, which has raised oil prices and freight costs. Disruptions in the Strait of Hormuz could further spike prices, threatening Kenya's fixed-cost agreement and potentially fueling inflation. The Central Bank has already cut growth forecasts, warning of economic risks from rising geopolitical tensions. (Business Daily).

On other local news, The National Assembly's Finance Committee has rejected a Treasury proposal to shift certain goods from zero-rated to exempt VAT status, which would have raised Sh30 billion. The move was aimed at boosting tax revenue without direct tax hikes but would have increased consumer costs. The committee argued it would undermine recent reforms meant to support local industries and lower essential goods' prices. This rejection signals a softer stance on taxation amid public backlash fears, following last year's deadly protests over similar measures. (Business Daily)

And nearly 24% of firms in Kenya's manufacturing and services sectors cut full-time jobs between March and June 2025 due to weak demand and falling sales. Most companies froze hiring, citing high costs and taxes. The outlook remains gloomy, worsening the country's already strained job market. (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 higher on Tuesday amid ongoing tensions between Israel and Iran, benefiting from safe-haven demand. However, gains were limited ahead of the U.S. Federal Reserve meeting, where rates are expected to remain unchanged. The market focus is on Fed Chair Jerome Powell's outlook on rate policy. Meanwhile, hopes for de-escalation remain faint despite reports of potential U.S.-Iran talks. Trade developments at the G7 summit may also impact dollar sentiment. The Dollar Index, which tracks the greenback against a basket of six other currencies, rose 0.2% to 97.745.

The euro (EUR/USD) rose slightly to 1.1562 ahead of Germany's ZEW economic sentiment release, expected to show modest improvement. Analysts note the Euro's limited influence on recent price moves but caution that the survey could still impact markets. ING maintains a bearish short-term view, targeting 1.15, though strong buying interest on dips suggests upward risks remain.

The British pound (GBP/USD) slipped 0.1% to 1.3567 ahead of the Bank of England's policy meeting set to conclude Thursday. The central bank is expected to keep interest rates unchanged after a 25-basis point cut in May, balancing weak economic growth with persistent inflation.

In Asia, USD/JPY dipped 0.1% to 144.58 after the Bank of Japan kept interest rates unchanged at 0.5% and announced plans to slow bond purchases from April 2026. The BOJ cited concerns over slowing global growth and rising domestic inflation.

USD/CNY rose 0.1% to 7.1823 ahead of the upcoming People's Bank of China (PBOC) meeting. The central bank is expected to hold rates steady following a previous rate cut earlier this year.

Gold prices inched higher on Wednesday, buoyed by a retreat in the dollar, while investors held back from placing large bets ahead of the U.S. Federal Reserve's policy decision later in the day. Spot gold edged 0.1% higher at \$3,393 an ounce, and U.S. gold futures gained 0.1% to \$3,411.60. (Reuters.com).

Oil prices extended gains in Asian trading on Wednesday amid rising concerns that the Iran-Israel conflict could disrupt global supply routes, especially through the Strait of Hormuz. Brent rose to \$76.71 and West Texas Intermediate to \$75.19 per barrel. While Iran's output is significant, analysts say OPEC+ has enough spare capacity to offset losses. The ongoing conflict may prompt the U.S. Fed to consider earlier interest rate cuts, though rising oil prices also pose new inflation risks. (Investing.com).

### Indicative Cross Rates

	Bid	Offer
EUR/USD	1.1306	1.1708
GBP/USD	1.3256	1.3664
USD/ZAR	15.9753	19.9849
USD/AED	3.6524	3.6927
USD/JPY	143.01	147.03