

## DOMESTIC NEWS

The Kenyan shilling held steady against the U.S. dollar on Thursday, supported by remittance-driven hard currency inflows. Commercial banks quoted the shilling at 129.20/129.50, unchanged from Wednesday's close. (Refinitiv).

The National Treasury has reduced the road construction budget by Sh11.7 billion in a supplementary review, citing lower-than-expected revenue collection. The overall allocation for road development was cut by 8.6%, affecting various infrastructure projects across the country. While several projects faced funding reductions, a few received additional allocations, indicating faster-than-projected progress. The adjustments reflect the government's effort to rationalize capital spending amid fiscal pressures.

Investors oversubscribed the government's latest Treasury bond sale, offering Sh101.36 billion against a target of Sh50 billion, to secure high returns before expected interest rate cuts. The government accepted Sh71.6 billion, driven by strong demand for the 15-year bond. The oversubscription reflects investor appetite amid fiscal pressures and hints at increased domestic borrowing as outlined in the third supplementary budget.

(Business Daily).

### Indicative Forex Rates

	Buy Cash	Sell Cash	Buy TT	Sell TT
<b>USD/KES</b>	127.50	131.50	127.50	131.50
<b>GBP/KES</b>	169.00	176.50	169.00	176.50
<b>EUR/KES</b>	144.00	152.00	144.00	152.00
<b>AED/KES</b>	34.00	37.00	34.00	37.00

Amounts > 10 million		Amounts >100,000
KES		USD
<b>2 Weeks</b>	5.00%	1.50%
<b>1 Month</b>	5.50%	2.25%
<b>3 Months</b>	6.00%	2.50%
<b>6 Months</b>	6.25%	2.75%
<b>1 year</b>	6.50%	3.00%



USD movement from April 2025 – Date (Source: Reuters)

## INTERNATIONAL NEWS

The U.S. dollar edged higher on Thursday, supported by safe-haven demand amid escalating tensions in the Middle East and the aftermath of the Federal Reserve's policy meeting. The Dollar Index rose 0.1% to 98.585, on track for a 0.9% weekly gain—its strongest since January. Geopolitical concerns, particularly the Israel-Iran conflict and speculation over possible U.S. involvement, boosted demand for the dollar. Although the Fed held interest rates steady, Chair Jerome Powell warned of rising inflation, with potential price increases expected as new tariffs take effect. Analysts noted the dollar remains well-positioned compared to other safe-haven currencies in the current environment.

EUR/USD fell 0.2% to 1.1465, hitting a one-week low and heading for its largest weekly decline since February, pressured by heightened geopolitical tensions. Analysts expect further downside toward 1.140, though buying interest may return if tensions ease. GBP/USD dropped 0.1% to 1.3410 ahead of the Bank of England's policy meeting, where rates are expected to be held at 4.25%, with markets looking for guidance on the outlook for further rate cuts.

USD/CHF rose 0.1% to 0.8185 after the Swiss National Bank cut interest rates by 25 basis points to 0%, citing easing inflationary pressure and signaling the potential return of negative rates. USD/JPY edged up 0.1% to 145.31, with the yen showing muted safe-haven demand despite the ongoing conflict in the Middle East. USD/CNY remained largely unchanged at 7.1912 ahead of a key meeting by the People's Bank of China later in the week. AUD/USD declined 0.6% to 0.6473 following an unexpected deterioration in Australia's labor market data for May.

Gold prices fell on Friday as improved risk appetite and a stronger U.S. dollar weighed on the metal. Comments from the White House easing fears of an imminent U.S. strike on Iran boosted sentiment, while hawkish Fed remarks earlier in the week continued to support the dollar. Spot gold dropped 0.5% to \$3,353.17, and futures fell 1.1% to \$3,369.40.

Oil prices dropped on Friday after the White House signaled no immediate U.S. action in the Iran-Israel conflict, easing short-term supply fears. However, crude remained on track for a third weekly gain, supported by ongoing Middle East tensions and a large draw in U.S. inventories. Brent fell 1.9% to \$77.33, while WTI rose 0.8% to \$74.07.

(Investing.com).

### Indicative Cross Rates

	Bid	Offer
<b>EUR/USD</b>	1.1324	1.1725
<b>GBP/USD</b>	1.3285	1.3690
<b>USD/ZAR</b>	15.9970	20.0051
<b>USD/AED</b>	3.6521	3.6927
<b>USD/JPY</b>	143.29	147.32