

## DOMESTIC NEWS

The Kenyan shilling remained stable against the U.S. dollar on Friday, trading at 129.00/129.50, unchanged from Thursday's close, according to commercial banks. (Refinitiv).

Kenyan companies more than doubled their foreign investments in 2024 to \$1.31 billion, driven by mergers, acquisitions, and a push to tap into high-growth regional markets amid domestic economic uncertainty, according to a UNCTAD report. Meanwhile, foreign direct investment (FDI) inflows into Kenya remained flat at \$1.503 billion, as rising taxes, reduced incentives, and political instability discouraged new investments. Key policy changes, including a 10-year cap on SEZ tax incentives and the introduction of a 3% Significant Economic Presence (SEP) tax for digital firms, contributed to the cooling of inbound FDI while aiming to boost domestic revenue from multinational corporations.

The IMF is in Kenya for follow-up talks on a voluntary governance diagnostics (GD) programme aimed at identifying corruption risks and strengthening governance, with a final report expected by year-end. The mission, requested by the government, runs until June 29, 2025, though its findings will only be released at Kenya's discretion. Separately, a second IMF mission is scheduled for September for Article IV consultations, during which Kenya will also seek discussions on a new funding arrangement after the previous one was terminated over missed targets. (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

Asian currencies weakened on Monday as the U.S. dollar strengthened on heightened safe haven demand following U.S. attacks on three key nuclear facilities in Iran over the weekend. The greenback rose 0.3%, supported by market jitters over Tehran's possible retaliation, including threats to block the Strait of Hormuz. The tensions added to pressure on Asian currencies already hit by last week's hawkish Fed signals, with markets awaiting further guidance from Fed Chair Jerome Powell's upcoming testimony to Congress.

The EUR/USD rose 0.1% to 1.1511, supported by easing geopolitical tensions, though ING noted volatility in the Middle East could cap gains below 1.160. The ECB remains committed to fighting inflation, despite eurozone inflation easing to 1.9% in May and weak German producer prices pointing to subdued price pressures. The GBP/USD also edged up 0.1% to 1.3478, though gains were limited by a sharp 2.7% drop in UK retail sales for May, the worst since December 2023. The Bank of England's 6-3 vote to hold rates hinted at dovish leanings.

In Asia, USD/JPY fell 0.1% to 145.37 amid expectations of more BOJ rate hikes following strong inflation data. Meanwhile, USD/CNY slipped 0.1% to 7.1837, little changed after the PBOC kept its benchmark rate steady.

Oil prices surged on Monday to their highest levels since January, driven by escalating Middle East tensions after the U.S. joined Israel in striking Iran's nuclear facilities. Brent crude rose 1.97% to \$78.53, while WTI climbed 2.04% to \$75.35, with both benchmarks briefly hitting five-month highs earlier in the session. The market is on edge over potential Iranian retaliation, particularly the threat of closing the Strait of Hormuz, a key route for about 20% of global oil shipments. Iran, a major OPEC producer, has vowed to respond to the attacks, fueling supply concerns.

Gold prices edged lower in Asian trading on Monday as investors shifted to the U.S. dollar for safety following Washington's strikes on Iranian nuclear facilities, escalating tensions in the Middle East. Spot gold dipped 0.2% to \$3,360.11, while futures fell 0.3% to \$3,374.72/oz, pressured by the dollar's 0.3% gain against major currencies. Despite the dip, gold remains elevated due to earlier gains spurred by rising geopolitical risks from the Israel-Iran conflict.

(Investing.com).

### Indicative Cross Rates

	Bid	Offer
<b>EUR/USD</b>	1.1304	1.1708
<b>GBP/USD</b>	1.3219	1.3624
<b>USD/ZAR</b>	16.0591	20.0685
<b>USD/AED</b>	3.6520	3.6930
<b>USD/JPY</b>	145.19	149.21