

DOMESTIC NEWS

Kenya's shilling remained stable against the U.S. dollar on Monday, with commercial banks quoting it at 129.00/129.50 per dollar, unchanged from Friday's close. The currency showed resilience amid balanced market demand and supply conditions. (Refinitiv).

The National Treasury has lowered its tax revenue target by Sh90.8 billion, bringing expected collections from income tax, VAT, excise duty, and import duty to Sh2.24 trillion, down from Sh2.33 trillion projected in February and Sh423.2 billion below the original annual target. This revision reflects a slowdown in economic activity, worsened by the withdrawal of the Finance Bill 2024 and modest tax growth of 4.28% in the 11 months to May. In response, the Kenya Revenue Authority (KRA) is intensifying enforcement using third-party data to crack down on tax evasion, even as businesses report weak consumer demand and slowing sales, signaling persistent economic strain.

Kenya has proposed regulations requiring oil firms to pay Sh2 million for permits to construct and operate crude oil storage and pipeline facilities, with renewals set at Sh1 million, as part of efforts to commercialize its oil reserves. The five-year permits fall under the Petroleum (Midstream Crude Oil and Natural Gas Pipeline and Storage Operations) Regulations, 2025, which also cover natural gas infrastructure. The move comes as Kenya prepares to decide on the development plan for the South Lokichar oilfields in Turkana, aiming to transition from pilot trucking to full-scale crude oil exports. (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	153.00	145.00	153.00
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

Most Asian currencies strengthened on Tuesday as the U.S. dollar weakened following reports that Israel and Iran had agreed to a ceasefire, though traders remained cautious pending official confirmation. Market sentiment was further boosted by growing expectations that the U.S. Federal Reserve could cut interest rates as early as July, with the CME FedWatch tool showing a rise in rate-cut bets to over 20% from 15% last week. The dollar index fell by about 0.3%, reversing recent gains, as easing geopolitical tensions and speculation over Fed policy reduced its safe-haven appeal. Investors now await Fed Chair Jerome Powell's testimony to Congress for further clues on the interest rate outlook.

The EUR/USD rose to the 1.1550 level on Monday, facing resistance as the U.S. dollar weakened following dovish remarks from Fed official Bowman. Similarly, GBP/USD rebounded from multi-week lows near 1.3370 to peak around 1.3480 amid fresh selling of the dollar, despite ongoing geopolitical tensions and solid U.S. PMI data.

Meanwhile, the Japanese Yen continued to underperform against the dollar, hitting its lowest level since May 14 as markets pushed back expectations for a Bank of Japan rate hike to early 2026. In China, the PBOC set the USD/CNY central rate at 7.1656, slightly below the prior day's fix, reflecting ongoing currency management efforts.

Oil's risk premium eased after President Trump announced a "total ceasefire" between Israel and Iran, with Iran confirming it would hold fire if Israeli attacks ceased. While Israel's response remains unclear, traders now believe the risk of a major supply shock is behind them. Despite earlier market volatility, oil infrastructure remained untouched and shipments through the Strait of Hormuz continued with minimal disruption, prompting investors to unwind risk hedges and regain confidence in supply stability.

Gold fell nearly 1% to below \$3,335 an ounce on Tuesday after U.S. President Trump announced a ceasefire between Israel and Iran, reducing safe-haven demand. The drop comes after a strong rally this year driven by geopolitical tensions and central bank buying. Investors now await Fed Chair Powell's testimony for clues on potential rate cuts, which could impact gold prices further.

(Investing.com).

Indicative Cross Rates

	Bid	Offer
EUR/USD	1.1404	1.1804
GBP/USD	1.3361	1.3766
USD/ZAR	15.8284	19.8338
USD/AED	3.6521	3.6927
USD/JPY	143.43	147.46