

DOMESTIC NEWS

Kenya's shilling remained stable against the U.S. dollar on Friday, with commercial banks quoting it at 129.00/129.50 per dollar, unchanged from Thursday's close. (Refinitiv).

Kenya's stock of Treasury bills has nearly doubled over the past year to over Sh1 trillion, reflecting the government's growing short-term funding needs amid revenue shortfalls and constrained liquidity. The surge comes as tax collections underperform targets and demand for T-bills rises from money market funds, pension schemes, and the government's own housing fund. Despite a preference for long-term bonds to reduce refinancing risks, the Treasury has turned to short-term instruments to meet immediate obligations, supported by increased market liquidity and multiple supplementary budgets.

On other local news the value of foreign currency deposits in Kenyan banks rose by 2.5% to Sh1.27 trillion in April, reversing a four-month decline, driven by increased dollar inflows likely tied to seasonal corporate dividend payouts to foreign investors. According to the Kenya National Bureau of Statistics, this rebound also coincided with a slight depreciation of the shilling against major currencies, boosting the value of dollar holdings in local terms. Previously, sustained shilling stability had reduced the incentive to hold foreign currency, with deposits falling from a peak of Sh1.603 trillion in January 2024 amid fears of Eurobond default, which eased after partial repayment in February, strengthening the local unit. (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	173.00	179.50	173.00	179.50
EUR/KES	147.00	154.00	147.00	154.00
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 slightly higher on Friday but remained near multi-year lows and is on track for a sixth consecutive monthly decline, weighed down by expectations of lower interest rates and easing geopolitical and trade tensions. The Dollar Index rose marginally to 96.770, reflecting a 1.5% drop in June. A sustained ceasefire between Israel and Iran, alongside positive developments in U.S. trade talks with China, India, and the EU, has reduced demand for the safe-haven dollar. Meanwhile, traders are increasingly betting on rate cuts this year, especially amid speculation that President Trump may replace Fed Chair Jerome Powell with someone more dovish. Markets now price in 64 basis points of rate cuts for 2025, up from 46 bps a week ago, pending further signals from upcoming inflation data, particularly the core PCE price index.

EUR/USD gained 0.2% to 1.1715, reaching its highest level since September 2021, supported by stronger-than-expected inflation in France and Spain. France's harmonized inflation rose to 0.8% in June (up from 0.6% in May), while Spain's climbed to 2.2%. Markets are now awaiting German inflation data, but analysts note that U.S. factors remain key to the euro's next move, with a potential push toward 1.20. GBP/USD rose 0.1% to 1.3743, hovering just below the October 2021 high of 1.3770 reached on Thursday. The British pound remains supported by broad dollar weakness and improved investor sentiment, though no major UK-specific data was cited in this move.

USD/JPY traded 0.1% lower to 144.32, with minimal reaction to softer-than-expected Tokyo inflation data for June. Weaker inflation readings raise doubts about the Bank of Japan's ability to continue raising rates, potentially weighing on the yen moving forward. USD/CNY edged marginally higher to 7.1694, showing little movement despite U.S. Commerce Secretary Howard Lutnick's announcement of a tentative U.S.-China trade deal, as the lack of details limited market impact.

Oil prices declined as Middle East tensions eased and expectations of an OPEC+ supply increase grew, though both Brent and WTI remain on track for a second straight monthly gain, having shed earlier war-driven price spikes.

Gold edged up after earlier losses, supported by a weaker dollar and optimism over U.S. trade talks and tax cut negotiations, though uncertainty remains over the scope of any upcoming deals. (Investing.com).

Indicative Cross Rates

	Bid	Offer
EUR/USD	1.1536	1.1938
GBP/USD	1.3533	1.3938
USD/ZAR	15.7506	19.7617
USD/AED	3.6523	3.6929
USD/JPY	141.83	145.86