

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. (Refinitiv).

Analysts from leading global institutions have lowered Kenya's 2025 inflation outlook to an average of 4.4%, down from 4.7% in January, citing subdued private sector spending that is expected to offset price pressures from weaker agricultural output and recent tax hikes. Despite interest rate cuts by the Central Bank of Kenya totaling 3.25 percentage points since August 2024, credit growth remains weak, with private sector lending rising just 2% in May. The prolonged period of inflation staying below 5%—the longest stretch in decades—has been supported by stable food and energy costs. Analysts, including those from Goldman Sachs, JPMorgan, Oxford Economics, and Standard Chartered Bank, note that cautious consumer sentiment and slow demand are helping to moderate price increases, even as upside risks like food and energy shortages persist.

On other local news the High Court has temporarily suspended the Kenya Revenue Authority's new price list for used car imports, which was set to take effect on July 1, 2025. The suspension follows a petition challenging the updated CRSP on grounds of inadequate public participation and an unreasonably short 30-day notice. The new pricing would have significantly increased taxes on popular models, affecting importers who had already placed orders based on the 2019 CRSP. The court will hear the case on July 17. (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	174.00	181.00	174.00	179.50
EUR/KES	148.00	155.00	148.00	155.00
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 weakened on Monday, nearing multi-year lows amid optimism over global trade deals and growing expectations of a Federal Reserve interest rate cut. The Dollar Index dropped 0.2% to 96.810, heading for a 2.6% decline in June. Hopes for de-escalation in trade tensions—following a U.S.-China deal and Canada's withdrawal of a digital tax—along with potential EU-U.S. tariff resolutions, reduced inflation risks that could prompt the Fed to ease policy. Fed Chair Powell signaled rate cuts are likely if inflation remains subdued, and market bets for a rate cut by September have surged to over 91%. Meanwhile, attention is also on a proposed \$3.3 trillion U.S. tax and spending bill currently in the Senate.

EUR/USD rose 0.1% to 1.1730, just below Friday's peak, as dollar weakness supported gains. German retail sales fell 1.6% in May, limiting optimism for eurozone growth. Analysts see potential for a dovish repricing, with markets expecting an ECB rate cut in December. GBP/USD slipped 0.1% to 1.3705 after hitting a high of 1.3770 last week. UK GDP grew 0.7% in Q1 2025, the fastest in a year, but growth is expected to slow to 0.25% in Q2, according to the Bank of England.

USD/JPY dropped 0.4% to 144.07 against the yen despite weak Japanese industrial output in May. Broader dollar weakness drove the move more than domestic data. USD/CNY gained 0.1% to 7.1654, near its strongest since November, after PMI data showed slower contraction in manufacturing and stronger non-manufacturing activity. External demand improved following U.S.-China tariff cuts, but local demand remains soft.

Oil prices fell slightly on Tuesday due to expectations of an OPEC+ output hike in August and concerns over a potential global slowdown from higher U.S. tariffs. Brent dropped 0.5% to \$66.44 and WTI to \$64.78 per barrel. OPEC+ is likely to raise production by 411,000 barrels per day, bringing total 2025 increases to 1.78 million bpd, easing supply concerns for the rest of the year.

Gold prices rose 0.4% on Monday, recovering slightly from a one-month low, supported by a weaker dollar. Spot Gold hit \$3,288.30 an ounce, while August futures reached \$3,300. However, safe-haven demand remained subdued due to easing Middle East tensions and optimism over U.S. trade deals. Gold had fallen nearly 3% last week, its sharpest drop since early May, and was set to end the month marginally lower. (Investing.com).

Indicative Cross Rates

	Bid	Offer
EUR/USD	1.1582	1.1983
GBP/USD	1.3543	1.3945
USD/ZAR	15.7003	19.7084
USD/AED	3.6526	3.6932
USD/JPY	141.63	145.66