

DOMESTIC NEWS

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

Kenya's inflation remained steady at 3.8% in June, supported by a decline in electricity, fuel, and cooking gas prices, driven by a stronger shilling. For instance, the cost of 200 kWh of electricity dropped 8.2%, and diesel and petrol prices fell by 5.7% and 6.4%, respectively. However, these gains were offset by double-digit increases in food prices, such as maize flour (+18.8%), loose maize grain (+15.1%), and carrots (+20.6%), putting pressure on low-income households. A CBK survey indicates optimism among farmers about increased food production, which could ease food inflation in the coming months. Kenya's inflation has remained below 5% since July 2024, helped by currency stability and earlier high interest rates.

On other local news, The UAE emerged as Kenya's fastest-growing export market in early 2025, with exports rising 37.52% to Sh22.9 billion, driven by strong April orders despite a 4.12% decline in overall exports. Key exports include meat, tea, and fruits, supported by the UAE's limited agricultural output. Kenya is enhancing its export capacity through livestock vaccination programs and trade diplomacy, making the UAE a central part of its export diversification strategy. (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%



INTERNATIONAL NEWS

The U.S. dollar fell to its lowest level since February 2022, with the Dollar Index dropping 0.2% to 96.275, as expectations for Federal Reserve interest rate cuts increase. Contributing factors include optimism around trade deals, political pressure from President Trump on the Fed to lower rates, and concerns about the Fed's independence. Investor anxiety is also heightened by internal divisions in the U.S. Senate over Trump's proposed tax and spending bill, which could add \$3.3 trillion to the national debt. Analysts describe the dollar's decline as part of a broader, orderly bearish trend, with upcoming economic data expected to influence the next market moves.

The euro slipped slightly to 1.1781 but remained near a four-year high after a strong 13.8% rally in the first half of the year. Traders await key eurozone inflation and PMI data, as well as comments from ECB officials, following recent rate cuts and ongoing trade tension concerns.

GBP/USD rose 0.3% to 1.3764, nearing a recent multi-year high. However, the pound faces pressure from a 0.8% drop in house prices, the sharpest over two years and political risks tied to Prime Minister Keir Starmer's welfare reform bill, which faces internal party opposition and could impact market confidence if it fails to pass.

In Asia, USD/JPY fell 0.7% to 143.06 as the yen gained on safe-haven demand after President Trump criticized Japan over rice imports and hinted at ending trade talks. Japanese officials responded by reaffirming their commitment to a tariff deal but refused to compromise on agriculture. USD/CNY edged down to 7.1624, near its strongest level since November, supported by positive Caixin PMI data showing a return to manufacturing growth in June. The improvement was driven by temporary tariff reductions agreed upon by the U.S. and China.

Oil prices were mostly flat as markets balanced expectations of increased supply, a weaker U.S. dollar, and mixed U.S. economic data. Brent crude rose slightly to \$67.13, while WTI slipped to \$65.44. Price movement was limited by easing Middle East tensions and a surprise 680,000-barrel rise in U.S. crude inventories, despite the usual summer demand.

Gold prices rose sharply in Asian trade, driven by safe-haven demand amid uncertainty over U.S. trade talks and support from a weaker dollar. Spot gold climbed 0.8% to \$3,328.71, while August futures rose 1% to \$3,339.70. The gains follow a 1.5% increase the previous day, helping bullion recover losses from last week's Israel-Iran ceasefire. (Investing.com).

Indicative Cross Rates

	Bid	Offer
EUR/USD	1.1589	1.1990
GBP/USD	1.3533	1.3938
USD/ZAR	15.6042	19.6131
USD/AED	3.6528	3.6932
USD/JPY	141.72	145.76