

## DOMESTIC NEWS

Kenya's shilling remained stable against the U.S. dollar on Thursday, with commercial banks quoting it at 129.00/129.40 per dollar, unchanged from Wednesday's close. (Refinitiv).

Kenya has been flagged by the UN Conference on Trade and Development (UNCTAD) for its rising debt interest payments, which consumed 29.3% of total revenue in 2024—more than the combined budgets for education and health—posing a threat to essential public services. The cost of servicing debt, which has surged from 9.5% of revenue in 2010, is projected to reach Sh1.1 trillion in FY 2025/26, becoming the largest government expenditure. This comes amid weak revenue performance and limited new tax measures, pushing Kenya toward increased borrowing. Treasury officials acknowledge past overreliance on expensive loans and warn of the need for sustainable debt management to avoid social unrest and economic instability.

On other local news, the Finance Act 2025 has capped the period for carrying forward tax losses to five years, a move analysts warn will hurt capital-intensive sectors like energy, infrastructure, and manufacturing. These sectors often take longer up to 10 years to become profitable, meaning many businesses may not fully utilize their early losses, reducing returns and discouraging long-term investment. The change could also weaken Kenya's appeal for public-private partnerships and make it less competitive compared to regional peers with more favorable tax regimes. (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	180.00	173.00	180.00
EUR/KES	148.00	155.50	148.00	155.50
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 dollar index slipped 0.1% in Asian trade and is down 0.4% for the week, though it rebounded from three-year lows after stronger-than-expected U.S. June jobs data reduced the urgency for Fed rate cuts. Market odds for a September cut dropped, though a 25bps cut is still seen as likely. Investor sentiment remains cautious amid concerns over Trump's newly passed \$3.3 trillion spending bill and looming "liberation day" tariffs set to begin July 9 ranging from 20% to 50% on key economies. The tariffs threaten to disrupt global trade and weigh heavily on Asia's export-driven economies.

EUR/USD gained 0.1% to 1.1806, trading near its September 2021 high. Markets await eurozone services PMI data, though sentiment is largely driven by strong U.S. payrolls data. The ECB, after eight rate cuts in a year to a 2% deposit rate, is expected to pause unless new shocks alter the inflation outlook, according to the IMF. GBP/USD rose 0.2% to 1.3665, rebounding after a nearly 1% drop in the previous session caused by fiscal concerns. Market anxiety followed the UK government's reversal on welfare reforms, raising doubts about Chancellor Rachel Reeves' position. Analysts warn of significant fiscal challenges ahead of the November budget.

USD/JPY traded 0.1% higher at 143.88, with limited movement as traders monitor U.S. trade deal progress. Market caution prevails amid ongoing trade uncertainty and lack of major domestic drivers. USD/CNY edged slightly lower to 7.1621 after softer-than-expected Chinese services PMI for June, although the sector still expanded for the 30th straight month. The yuan showed muted reaction to eased U.S. restrictions on chip sales to China, a modest sign of improving Sino-U.S. trade relations.

Oil prices fell on Friday as Iran reaffirmed its commitment to the nuclear Non-Proliferation Treaty, easing geopolitical tensions, and amid expectations that major oil producers may agree to increase output over the weekend. Brent crude slipped 0.32% to \$68.58 per barrel, while WTI crude dropped 0.18% to \$66.88, with trade volume muted due to the U.S. Independence Day holiday. Reports also indicated the U.S. plans to resume nuclear talks with Iran next week, further pressuring oil prices.

Gold prices rebounded in Asian trading on Friday, with spot gold up 0.5% and futures rising 0.2%, recovering from losses after strong U.S. jobs data. Despite Thursday's dip, gold remained on track for a 1.8% weekly gain, supported by concerns over the U.S. fiscal deficit and looming tariff decisions. (Investing.com).

### Indicative Cross Rates

	Bid	Offer
EUR/USD	1.1580	1.1982
GBP/USD	1.3470	1.3877
USD/ZAR	15.4863	19.5049
USD/AED	3.6528	3.6933
USD/JPY	142.32	146.36