

DOMESTIC NEWS

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

Kenya's core inflation rose to 3.0% in June 2025, a 13-month high, signaling stronger demand driven by recent interest rate cuts. This is the fourth straight monthly increase, while headline inflation stayed at 3.8% as non-core inflation dropped to 6.2%. The rise in core inflation is linked to higher money supply and increased private sector credit. Key price increases were seen in health, clothing, and accommodation services. The CBK has lowered its base rate from 13% to 9.75% since August 2024 to support lending, with the shilling remaining stable around KSh129/USD. Core inflation remains near the CBK's informal ceiling. (Business Daily)

On other local news, On July 7, 2025, protests marking Saba Saba Day shut down Nairobi and disrupted business in 17 counties, affecting over Sh18 billion in daily output. Nairobi alone lost an estimated Sh8.8 billion. Transport and services were heavily impacted, though the stock market gained Sh18.2 billion despite lower trading volumes. The protests, sparked by economic and political grievances, led to at least 10 deaths and underscored both Nairobi's economic dominance and ongoing regional inequality.

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 U.S. dollar edged slightly higher on Monday in calm trading ahead of potential volatility linked to looming trade deal deadlines. The Dollar Index rose 0.1% to 96.932, just above a recent three-year low. Markets are cautious ahead of Wednesday's expiration of a 90-day tariff reprieve under the Trump administration. President Trump is expected to announce higher tariffs on a dozen countries, effective August 1, though he noted some trade deals are near completion. So far, only the UK, China, and Vietnam have reached agreements. Analysts warn renewed 50% tariffs could disrupt market sentiment but note the dollar's downside may be limited due to existing bearish positions.

In Europe, the euro fell 0.3% to 1.1747, pulling back from a recent peak of 1.1829. German industrial production exceeded expectations in May, rising 1.2% due to strong performance in the automotive and energy sectors. Although the European Central Bank has cut rates eight times over the past year, further cuts are likely on hold until September amid trade uncertainties and a stronger euro. EU-U.S. trade talks in Washington ended without a deal, with analysts predicting either an extension or a vague initial agreement.

GBP/USD fell 0.3% to 1.3607 but stayed near last week's high of 1.3787, the strongest since October 2021. Halifax data showed UK house prices were flat in June, with May's decline revised to 0.3% from 0.4%. The figures reflect a sluggish housing market, impacted by a property transaction tax hike introduced in April.

In Asia, USD/JPY rose 0.4% to 145.18 as markets awaited updates on U.S. trade negotiations. A trade deal between the U.S. and Japan remains elusive, adding to uncertainty in the region. USD/CNY edged 0.1% higher to 7.1726,

Gold prices steadied in Asian trading on Tuesday as safe haven demand rose following President Trump's tariff threats. However, gains were limited by a stronger U.S. dollar. Gold had risen Monday after Trump issued letters outlining steep tariffs on several Asian and African countries, though he postponed implementation to August 1 and signaled openness to further talks. The firm dollar, supported by the tariff threat and expectations of steady U.S. interest rates, weighed on metals. Spot gold dipped slightly to \$3,334.22/oz, while September futures held steady at \$3,343.70/oz.

Oil prices slipped on Tuesday following a nearly 2% gain the previous day, as investors weighed fresh U.S. tariff developments and a larger-than-expected OPEC+ production increase for August. Brent crude fell 0.3% to \$69.36 per barrel, while U.S. West Texas Intermediate dropped 0.4% to \$67.66 per barrel. (Investing.com).

Indicative Cross Rates

	Bid	Offer
EUR/USD	1.1533	1.1934
GBP/USD	1.3427	1.3831
USD/ZAR	15.8032	19.8106
USD/AED	3.6529	3.6931
USD/JPY	144.16	148.18