DIB Bank Kenya
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TREASURY MARKET UPDATE 09TH JULY 2025

DOMESTIC NEWS

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

The Finance Act 2025 has dealt a blow to expatriate workers and their employers in Kenya by scrapping a long-standing tax exemption that allowed a one-third deduction on foreign workers' income under specific conditions. The repeal means that 100 percent of the gains and profits earned by non-citizen employees working for non-resident firms with approved regional offices will now be fully taxable. This change is expected to increase personal tax liabilities and could prompt employers to raise salaries to preserve net pay, raising overall costs. The Act also expands the Kenya Revenue Authority's powers to collect taxes from non-resident persons, enhancing enforcement through banks, intermediaries, and joint accounts.

Meanwhile, Kenya continues to face international criticism following deadly anti-government protests on Saba Saba Day, which left at least 11 people dead and over 567 arrested. The UN condemned the excessive use of force by police, including live ammunition, and called for independent investigations. The protests, fueled by youth discontent over high taxes, poor governance, and corruption, have persisted since 2024, damaging business sentiment and reversing recent economic gains. Analysts warn that investor confidence and private sector optimism could further erode if the unrest and state crackdowns continue. (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 U.S. dollar slipped on Tuesday, easing from overnight gains as markets digested President Donald Trump's latest trade moves. The Dollar Index dipped 0.2% to 96.910 by 08:10 GMT, after peaking at 97.280. This followed Trump's announcement of sharply higher tariffs on imports from 14 countries, including Japan and South Korea, and an executive order extending the trade deal deadline from July 9 to August 1. However, markets viewed these steps as part of ongoing negotiations rather than final decisions. Analysts expect the dollar to consolidate between 96.50 and 98.00, with the upcoming U.S. June CPI data likely to influence the next major move.

EUR/USD rose 0.5% to 1.1761, supported by optimism that the EU may secure a favorable trade deal with the U.S. after being excluded from Trump's latest tariff hike. Positive signals from talks between President Trump and EU Commission chief Ursula von der Leyen boosted sentiment, despite weak German export data showing a 7.7% drop in shipments to the U.S. in May. GBP/USD rose 0.3% to 1.3642, staying near its recent peak, as the U.K.'s signed trade deal and elevated inflation support expectations for continued hawkishness from the Bank of England.

In Asia, AUD/USD surged 0.7% to 0.6543 after the Reserve Bank of Australia left rates unchanged, surprising markets. The RBA cited sticky inflation and global trade uncertainty as reasons for holding steady. USD/JPY edged up 0.1% to 146.10, stabilizing after a sharp drop in the yen sparked by Trump's tariff notice to Tokyo. USD/CNY slipped 0.1% to 7.1715 as markets assessed the potential fallout from escalating U.S. trade measures ahead of the August 1 deadline. (Investing.com)

Gold held near $3,300 an ounce after a 1% drop in the previous session, as haven demand eased following President Trump's decision to delay new "reciprocal" tariffs to August. The extension aims to allow more time for trade negotiations, dampening immediate concerns over global economic disruption. However, Trump also signaled potential new tariffs on copper and pharmaceuticals, which could revive safe-haven interest if implemented.

Oil prices steadied as traders weighed a sharp rise in U.S. crude stockpiles and uncertainty around President Trump's tariff agenda. U.S. inventories jumped by 7.1 million barrels—the largest build since January if confirmed—while Trump signaled no further tariff delays and potential new duties on copper and pharmaceuticals. Analysts warned of a likely supply surplus after summer due to rising OPEC+ output and softening demand, with U.S. drilling activity slowing and rig counts near four-year lows. (Bloomberg).

Indicative Cross Rates

	Bid	Offer
EUR/USD	1.1515	1.1916
GBP/USD	1.3381	1.3786
USD/ZAR	15.7872	19.7975
USD/AED	3.6521	3.6931
USD/JPY	144.97	149.01