

DOMESTIC NEWS

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

Kenya's repayments to China dropped by Sh23.33 billion in FY 2024/25 to Sh129.35 billion, the first decline since 2020/21, due to a stronger shilling and lower global interest rates. Principal and interest payments fell by 11.8% and 22% respectively. Most payments went to Exim Bank of China, mainly for the Standard Gauge Railway (SGR), after settling China Development Bank loans earlier. Treasury saved Sh18.69 billion against the budgeted amount. However, concerns persist over the SGR's poor returns and Kenya's past reliance on opaque Chinese loans, with no new deals signed since 2019 amid Beijing's cautious lending stance. (Business Daily).

Meanwhile, Kenya's tea production declined by 15.2% in the first four months of 2025 due to reduced and erratic rainfall, with output falling to 188.68 million kg from 222.6 million kg a year earlier. Sales volumes dropped 17.7%, and annual output is projected at 580 million kg, below 2024 and 2023 levels. Despite lower supply, prices remained weak due to subdued global demand, high auction stocks, and economic impacts from the Russia-Ukraine conflict. Main export markets include Pakistan, Egypt, Britain, and Afghanistan. (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 edged up 0.1% on Wednesday, with the Dollar Index reaching 97.267, its highest level since June 25, driven by renewed trade tensions. President Trump announced a 50% tariff on copper imports and hinted at further tariffs on semiconductors, pharmaceuticals, and additional trade actions targeting specific countries. These moves boosted safe-haven demand for the dollar. Markets are now focused on the upcoming release of the Federal Reserve's June meeting minutes for guidance on future interest rate policy. While the Fed kept rates steady at 4.25% to 4.5%, a dovish tone in the minutes could soften the dollar by increasing the likelihood of rate cuts.

In Europe, EUR/USD fell 0.2% to 1.1703 as the euro weakened following President Trump's announcement of a pending tariff letter amid ongoing U.S.-EU trade talks. While tariffs on the EU would escalate tensions and could eventually weigh on the dollar, markets still expect a deal by the August 1 deadline. As a result, EUR/USD is likely to remain range-bound between 1.16 and 1.18, unless significant surprises emerge from U.S. economic data.

GBP/USD rose 0.2% to 1.3595, supported by the U.K.'s existing trade deal with the U.S., which shields it from current U.S. tariff threats and gives sterling a relative advantage amid global trade tensions.

In Asia, USD/JPY rose 0.1% to 146.70 and USD/CNY edged up 0.1% to 7.1813, following data showing a slight rise in China's June consumer prices. The uptick was driven by government subsidies and a modest easing in trade tensions, which slightly lifted consumer spending. (Investing.com)

Gold prices edged higher in Asian trade Thursday, staying within a recent range as the dollar softened slightly. Spot gold rose 0.3% to \$3,323.72/oz, while September futures climbed to \$3,332.45/oz. Gains were supported by mixed Fed rate cut signals and a modest pullback in the dollar. However, gold's safe-haven appeal remained muted despite President Trump's new tariff letters, as the actual implementation was delayed to August 1, keeping hopes of further trade deals alive. (investing.com).

Oil prices dipped slightly on Thursday as markets viewed President Trump's new tariffs as a threat to global growth. However, strong U.S. gasoline demand helped cap the losses. Brent crude fell 3 cents to \$70.16, while WTI slipped 6 cents to \$68.32. Cautious buying, especially in Asia, reflects macroeconomic uncertainty, and fading geopolitical risk premiums following the Israel-Iran truce also weighed on prices. (Investing.com).

Indicative Cross Rates

	Bid	Offer
EUR/USD	1.1536	1.1937
GBP/USD	1.3408	1.3811
USD/ZAR	15.7418	19.7456
USD/AED	3.6527	3.6933
USD/JPY	144.32	148.33