

## DOMESTIC NEWS

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

The Finance Act 2025 now allows Kenyans to claim up to Sh360,000 annually in interest deductions on loans used to build, buy, or improve a residential home, expanding a tax relief that previously excluded home construction. This aims to boost homeownership and real estate investment, especially among middle-income earners. However, the relief is limited to one property, with the cap seen as low given rising construction costs. The change comes as urban homeownership declines, with most households renting, while rural areas maintain high ownership rates.

Meanwhile, The Finance Act 2025 offers major tax breaks to attract investment via the Nairobi International Financial Centre (NIFC). Certified startups will pay a reduced corporate tax rate of 15% for 3 years, then 20% for the next 4 years, targeting innovative firms under 10 years old. Larger firms investing at least Sh3 billion in 3 years qualify for a 15% tax rate for 10 years, and 20% for the following 10 years, provided they meet conditions such as Kenyan-led management and local headquarters. Reinvested dividends of Sh250 million or more are also exempt from withholding tax. The goal is to boost Nairobi's appeal as a global financial hub. (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	171.00	180.00	171.00	180.00
EUR/KES	147.00	155.50	147.00	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 rose on Friday as investors moved to safe-haven assets following President Trump's announcement of steep new tariffs, including a 35% levy on Canadian imports and 15–20% on others. The Dollar Index climbed to 97.500, heading for a 0.6% weekly gain. While markets reacted more calmly than during previous tariff moves, traders remain cautious amid rising global trade tensions.

The euro weakened, with EUR/USD falling 0.2% to 1.1685, heading for a weekly loss of 0.8%, as markets grew concerned the EU could face new U.S. tariffs after Trump's action on Canada. On the economic front, French inflation edged up to 0.9%, while German inflation eased to 2.0%, strengthening expectations of a September ECB rate cut. Analysts expect EUR/USD to remain near 1.170, with risks slightly skewed to the downside due to a lack of fresh data.

The British pound weakened on Friday, with GBP/USD falling 0.3% to 1.3532, heading for a weekly loss of about 1%, after the U.K. economy contracted for a second consecutive month. Data from the Office for National Statistics showed that GDP fell 0.1% in May, following a 0.3% decline in April, which has been the largest drop since October 2023. The continued economic slowdown raises concerns about the outlook for growth. Analysts at ING noted that next Thursday's jobs report will be critical, and if it shows further weakness, the Bank of England may face increased pressure to accelerate rate cuts to support the economy.

Elsewhere, USD/JPY rose 0.4% to 146.90, with the Japanese yen set to decline 1.7% this week as investors weighed a flurry of trade tariff announcements from Trump and braced for further actions. USD/CNY edged 0.1% lower to 7.1709, while AUD/USD pair gained 0.1% to 0.6577, and headed for a weekly rise as the Reserve Bank of Australia held interest rates steady this week in a surprise move.

Oil prices edged higher on Monday, building on Friday's gains of over 2%, as markets watched for potential U.S. sanctions on Russia that could tighten global supply. However, rising Saudi output and ongoing tariff-related uncertainty capped further upside. Brent crude rose 15 cents to \$70.51 per barrel, while WTI crude climbed 14 cents to \$68.59, following strong gains in the previous session.

Gold prices rose slightly on Monday amid rising safe haven demand due to renewed U.S. trade tariffs and reports of Trump planning to send weapons to Ukraine. However, gains were limited by a strong U.S. dollar ahead of upcoming inflation data. Spot gold was up 0.2% to \$3,361.42, and futures rose 0.3% to \$3,374.80. (Investing.com)

## Indicative Cross Rates

	Bid	Offer
EUR/USD	1.1466	1.1867
GBP/USD	1.3261	1.3665
USD/ZAR	15.9617	19.9677
USD/AED	3.6528	3.6932
USD/JPY	143.34	149.35