

## 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).

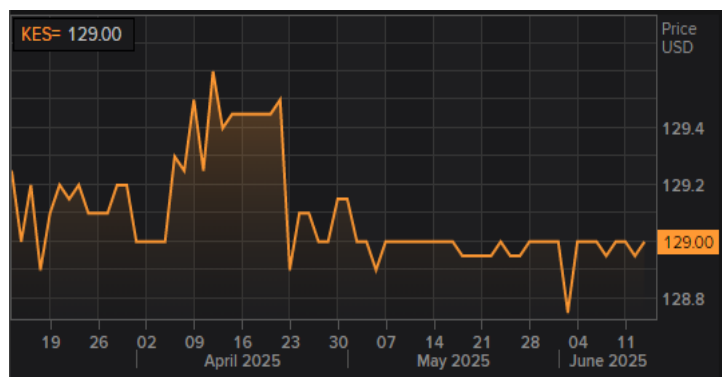
A Central Bank of Kenya (CBK) survey shows that large amounts of physical U.S. dollars, euros, and British pounds are being airlifted from Kenya to countries like the UK, USA, and South Sudan, mostly through air couriers. This highlights strong financial ties with Western economies. The main reasons are foreign currency repatriation and meeting the liquidity needs of foreign subsidiaries. However, CBK warns that such movements can facilitate money laundering and terrorism financing due to weak oversight and difficulty tracing cash origins. Between 2017 and 2021, about KES 242 billion left Kenya in hard currency without clear explanations. Though steps have been taken to improve financial crime safeguards, CBK says illicit cross-border cash movement remains a key risk area needing stronger controls.

On other local news, Kenya faces a major health crisis as both U.S. aid cuts and reduced local funding undermine critical programs for HIV, TB, and malaria. Over 1.3 million people risk losing access to treatment. The situation underscores Africa's overreliance on foreign aid and the urgent need for more self-sustaining health systems. (Business Daily).

### Indicative Forex Rates

	Buy Cash	Sell Cash	Buy TT	Sell TT
<b>USD/KES</b>	127.50	131.50	127.50	131.50
<b>GBP/KES</b>	174.00	181.00	174.00	179.50
<b>EUR/KES</b>	148.00	155.00	148.00	155.00
<b>AED/KES</b>	34.00	37.00	34.00	37.00

Amounts > 10 million		Amounts >100,000
KES		USD
<b>2 Weeks</b>	5.00%	1.50%
<b>1 Month</b>	5.50%	2.25%
<b>3 Months</b>	6.00%	2.50%
<b>6 Months</b>	6.25%	2.75%
<b>1 year</b>	6.50%	3.00%



**USD movement from April 2025 – Date** (Source: Reuters)

## INTERNATIONAL NEWS

The U.S. dollar rose slightly on Wednesday but remained near multi-year lows amid dovish signals from Fed Chair Jerome Powell and political developments in Washington. The Dollar Index increased 0.1% to 95.512. The U.S. Senate narrowly passed President Trump's \$3.3 trillion tax-and-spending bill, with Vice President JD Vance casting the deciding vote. The bill is now returning to the House. Market sentiment was also influenced by Trump's continued criticism of Powell, raising concerns about the Federal Reserve's independence. Speaking in Portugal, Powell maintained a data-driven stance but did not rule out a rate cut in July. This leaves the dollar highly sensitive to upcoming labor and inflation data. Markets are now awaiting the ADP private payroll report, expected to show a rise to 99,000 jobs in June. Meanwhile, Tuesday's data showed job openings rose in May, but hiring slowed, suggesting a potential softening in the labor market.

The euro slipped slightly but remains strong, supported by eurozone economic resilience. ECB President Lagarde linked the euro's gains to both market sentiment and economic strength. Despite recent rate cuts, the ECB is expected to pause. Analysts say the euro's movement is still heavily tied to U.S. dollar trends, with potential for further gains if U.S. jobs data disappoints.

The British pound (GBP/USD) fell 0.3% to 1.3709, retreating from recent highs due to political turmoil in the U.K. Labour's internal revolt forced the government to scrap a planned £5bn welfare cut, raising concerns about party stability and increasing the likelihood of autumn tax hikes.

In Asia, the U.S. dollar rose 0.3% against the yen to 143.83, as attention shifted to a fragile trade deal between Tokyo and Washington, which Trump suggested may not last. The Chinese yuan weakened slightly, with USD/CNY edging up to 7.1672, as the U.S. dollar held steady above three-year lows.

Oil prices declined after a 3% gain the previous day, amid concerns that renewed U.S. tariffs could reduce fuel demand. Additionally, expectations of an output increase from major producers pressured prices. Brent fell to \$68.58, and WTI to \$66.94 per barrel.

Gold prices held steady in Asia after three days of gains, as investors awaited key U.S. payroll data. Support came from U.S. fiscal deficit concerns and trade uncertainty. Spot gold remained near \$3,352.75/oz, while August futures edged up 0.1% to \$3,363.70. Gold is up nearly 2.5% for the week. (Investing.com).

### Indicative Cross Rates

	Bid	Offer
<b>EUR/USD</b>	1.1597	1.1998
<b>GBP/USD</b>	1.3441	1.3849
<b>USD/ZAR</b>	15.5635	19.5679
<b>USD/AED</b>	3.6529	3.6932
<b>USD/JPY</b>	141.88	145.88