

DOMESTIC NEWS

The Kenyan shilling held steady on Friday, closing the session unchanged from the previous session.

Throughout the trading session, modest demand for dollars was easily matched by a plentiful supply of foreign currency, resulting in the USDKES pair ending the session unchanged.

Anticipations largely favor the Kenyan shilling which is likely to continue trading within its current ranges, as the market seeks new factors to guide price movements.

Amounts "100,000"	Spot Rates		Forward Rates		
	Opening		USD/KES		
	Buy TT	Sell TT		Buy	Sell
USD/KES	125.00	133.50	1 month	125.70	134.20
EUR/KES	138.46	157.07	3 Months	127.10	135.60
GBP/KES	163.88	185.23	6 Months	129.20	137.70
JPY/KES	83.46	96.13	12 Months	133.40	141.90

Money Market Rates	Previous	Current	Change Bps
Interbank rate	9.82%	9.82%	+0.00
91-Day T-bill	8.3231%	8.2927%	-3.04
182-Day T-bill	8.5750%	8.5642%	-1.08
364-Day T-bill	10.0026%	10.0000%	-0.26
Inflation Rate	3.62%	4.11%	+49.00

Source: Bloomberg



INTERNATIONAL NEWS

The US Dollar faced renewed downward pressure on Monday following President Trump's announcement to double of worldwide tariffs to 50% on steel and aluminum imports from Wednesday while accusing China of violating a bilateral deal to roll back tariffs, a move that reignited concerns over global trade tensions. On the economic front, US manufacturing activity weakened in May, as reflected by a decline in the ISM Manufacturing PMI to 48.5 from 48.7 in April, missing analysts' expectations of 49.5. Meanwhile, the Employment Index ticked up slightly to 46.8 from 46.5 in April, suggesting that job growth in the sector is picking up. The Prices Paid Index, which measures inflation, eased modestly to 69.4 from 69.8, while the New Orders Index rose to 47.6 from April's 47.2. Worries over the economic outlook could hinder the dollar this week, and thus investors will be focusing on a slew of reports due this week, in particular the May nonfarm payrolls reading on Friday.

On Monday, EUR/USD rose to a six-week high as the US Dollar fell to its lowest since April amid ongoing "Sell America" sentiment. Tensions between the US and China, as well as the Eurozone, supported the Euro, which gained 0.68%. Traders face a busy week ahead with EU inflation data, the ECB meeting, and Lagarde's press conference, while in the US, key reports include Nonfarm Payrolls, ISM Services PMI, and Fed speakers.

The GBP bounced back at the start of the week, advancing against the USD on Monday and trimming last week's losses. The GBP/USD pair is rebounding modestly as investors pare back US Dollar holdings amid lingering uncertainty over the global economic outlook. UK Manufacturing PMI was revised higher to 46.4 in May, above April's reading, offering some relief over the sector's slowdown. Markets will watch the UK MPC Treasury Committee hearings on the Monetary Policy Report Hearings which will leave the forward guidance in focus.

The Japanese Yen was marginally weaker on Tuesday from a recent one-week low as the US Dollar recovered. Calls for the Bank of Japan to maintain or ease its bond tapering after 2026 highlight the bank's struggles in unwinding its stimulus. Positive equity market sentiment and a modest USD rebound also weakened the safe-haven Yen. Meanwhile, BoJ Governor Kazuo reaffirmed in parliament that the bank would keep raising rates if the economy and prices align with forecasts.

Indicative Deposit Rates

Amounts > KES 20 million	Amounts > 100,000			
	Tenor	KES	USD	EURO
Call		6.10%	0.05%	0.10%
1 month		5.20%	0.10%	0.15%
3 months		5.20%	0.15%	0.25%
6 months		5.65%	0.20%	0.30%