

DOMESTIC NEWS

The Kenya shilling held steady against the U.S. dollar on Wednesday.

The session was characterized by a balanced interplay across the counters, witnessing matching demand and supply leaving the home unit unchanged from previous close.

Looking ahead, the home unit is likely to continue trading within recent ranges guided by demand and supply, as the market looks for new factors to influence 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	137.65	156.93	3 Months	127.10	135.60
GBP/KES	165.95	184.48	6 Months	129.20	137.70
JPY/KES	83.68	96.10	12 Months	133.40	141.90

Money Market Rates	Previous	Current	Change Bps
Interbank rate	9.88%	9.79%	-9.00
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 U.S. dollar stayed under selling pressure on Wednesday against a basket of currencies. ISM Services PMI for May came in below the market expectation. The business activity in the US service sector contracted slightly in May, with the Institute for Supply Management's (ISM) Services Purchasing Managers Index (PMI) dropping to 49.9 from 51.6 in April. This reading came in below the market expectation of 52. Other details of the report showed that the Prices Paid Index, the inflation component, rose to 68.7 from 65.1, while the Employment Index improved to 50.7 from 49.

The EUR/USD rose by over 0.42% on Wednesday, as the US dollar weakened following disappointing US economic data. The EU's HCOB Services PMI improved from 48.9 to 49.7 in May, beating expectations. The Composite PMI climbed to 50.2, indicating growing business activity. Markets fully expect the ECB to cut its Deposit Facility Rate by 25 bps to 2% at its next meeting.

The GBP strengthened slightly against the USD on Wednesday, reversing Tuesday's losses as the greenback weakened ahead of US labor data. The Cable was supported by better-than-expected UK PMI figures, with the Composite PMI rising to 50.3 in May and the Services PMI climbing to 50.9, indicating weak but growth. Meanwhile, the UK received temporary relief from steep 50% US tariffs on steel and aluminum, thanks to a preliminary trade deal signed by President Trump, leaving current levies at 25% until the agreement is finalized.

The Japanese Yen extended its steady intraday descent on Thursday, which, along with a modest US Dollar strength, lifts the USD/JPY pair. However, it remains to be seen if the JPY bears could build on the momentum amid the growing acceptance that the BoJ will continue raising interest rates. The expectations were reaffirmed by data showing that Japan's real wages fell for the fourth consecutive month in April amid stubborn inflation. This, in turn, should limit deeper JPY losses.

Indicative Deposit Rates			
Amounts > KES 20 million	Amounts > 100,000		
	Tenor	KES	USD
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%

Indicative Cross Rates		
CCY	Buy	Sell
EUR\USD	1.0800	1.1820
GBP\USD	1.2800	1.3800
USD\JPY	139.00	150.00
USD\CHF	0.7700	0.8800