

DOMESTIC NEWS

The home unit remained well supported against the buck on Thursday maintaining its firm grip on the greenback.

Activity from both importers and exporters remained balanced throughout the trading session, restraining price action in the USDKES pair. The pair remained unchanged as at closing bell.

Devoid of any major market moving events, we expect the shilling to continue trading within this range guided by demand and supply.

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	142.22	162.15	3 Months	127.10	135.60
GBP/KES	168.26	187.05	6 Months	129.20	137.70
JPY/KES	83.32	95.68	12 Months	133.40	141.90

Money Market Rates	Previous	Current	Change Bps
Interbank rate	9.69%	9.69%	-0.00
91-Day T-bill	8.1387%	8.1421%	+0.34
182-Day T-bill	8.4613%	8.4404%	-2.09
364-Day T-bill	9.7221%	9.7218%	-0.03
Inflation Rate	3.80%	3.80%	0.00

Source: Bloomberg



INTERNATIONAL NEWS

The US dollar charted acceptable gains on Thursday following steady tensions on the trade front and another firm print from the weekly report on the US labor market. Benchmark 10-year U.S. Treasury yields edged higher after data showed that jobless claims unexpectedly fell last week. US Initial Jobless Claims for the past week showed that 227K Americans filed for unemployment benefits, below estimates and the previous print of 235K and 232K, respectively. Nevertheless, Continuing Claims rose to its highest level in three and a half years, up to 1.97 million in the previous week. The yield on benchmark U.S. 10-year notes traded at 4.36% up 1 basis point. Optimism was also powered by minutes of the Federal Reserve's last meeting, with most policymakers of the opinion that interest rate cuts would be appropriate later this year.

EUR/USD resumed its downtrend, retreating to two-week lows against the backdrop of a firm greenback and rising expectations over a potential US-EU trade deal. Across the pond, Germany revealed that inflation remains well-contained within the 2% target set by the Bundesbank and the European Central Bank (ECB). On the data front, Germany's Wholesale Prices are due, followed by a speech from the ECB's Cipollone.

GBP/USD was weaker on Thursday as broad-market sentiment recovered from fresh tariff woes early in the week, but losses remained under control as investors continued to bank on a broad walk back of tariffs threatened by US President Donald Trump. Friday brings a thin cluster of mid-tier data to close out the trading week. UK Gross Domestic Product (GDP) figures for the month of May are due early today. However, the backdated figures are largely expected to show a thin recovery in already-meager numbers, and market impact will likely remain limited.

Earlier today, USD/JPY rose 0.5% as investors weighed a flurry of trade tariff announcements from U.S. President Donald Trump and braced for further actions. JGB-Treasury rate differentials may therefore be near a peak after some recent widening. The currency pair is currently range-bound with moves contingent on Japanese government bond-U.S. Treasury interest rate differentials.

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%	

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