

DOMESTIC NEWS

The Kenyan Shilling held steady against the US dollar in yesterday's trading session.

Steady influx of foreign currency flows from various sectors helped counter rising demand from key sectors leaving the local unit steady. USD/KES closed at the same levels as the previous day.

In today's session, the home unit is expected to trade within its recent range, with the direction of the USD/KES pair influenced by activity from the respective counters

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	140.85	160.78	3 Months	127.10	135.60
GBP/KES	164.51	182.93	6 Months	129.20	137.70
JPY/KES	81.09	93.14	12 Months	133.40	141.90

Money Market Rates	Previous	Current	Change Bps
Interbank rate	9.60%	9.62%	+2.00
91-Day T-bill	8.1454%	8.1421%	+0.33
182-Day T-bill	8.4500%	8.4404%	-0.96
364-Day T-bill	9.7134%	9.7218%	+0.84
Inflation Rate	3.80%	3.80%	0.00

Source: Bloomberg



INTERNATIONAL NEWS

The US Dollar started the week strong against a basket of currencies, building on last week's gains amid renewed trade tensions. Safe-haven demand pushed the Greenback higher after President Trump threatened severe tariffs on Russia unless a peace deal is reached within 50 days. He also warned of secondary sanctions on countries buying Russian oil, heightening geopolitical risks. Additionally, reports that Trump is pressuring Fed Chair Powell to resign have raised concerns over the Fed's independence, elevating US Treasury yields which further supported the dollar. Today, the US CPI data for June will be released which will be the key trigger for the US Dollar as it could provide cues on the path for the monetary policy.

The Euro rebounded against the US Dollar on Monday after earlier hitting a two-week low, as traders weighed the impact of rising US-EU trade tensions. The EUR/USD had dipped following President Trump's threat to impose 30% tariffs on European goods from August 1. Hopes for negotiating trade deals helped the Euro recover. Key data this week includes Tuesday's ZEW sentiment index and Thursday's final eurozone inflation figures.

The Pound Sterling fell to a three-week low against the US Dollar riding from last week's pessimism. The disappointing macro data released from the UK last week reinforced bets that the Bank of England (BoE) could cut interest rates again in August marking significant divergence in comparison to diminishing odds for an immediate rate cut by the Federal Reserve (Fed). Further weighing on the sterling was speech from Governor Bailey which was dovish. Investors now await June CPI releases from both the UK and US this week.

The Japanese Yen extended its sideways consolidative price move and remained close to a three-week low touched against a broadly retreating US Dollar earlier this Tuesday. The growing acceptance that the Bank of Japan would keep interest rates low for longer than it wants amid concerns about the economic fallout from higher US tariffs continues to undermine the JPY. The benchmark 10-year Japanese government bond (JGB) yield rose to 1.595% on Tuesday, a level unseen since October 2008, increasing the risks that turmoil in the debt market will translate into higher borrowing costs.

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