

DOMESTIC NEWS

The local unit traded flat against the dollar in a rather muted trading session on Monday.

Flows from key market players were well matched on both counters, leaving the currency pair relatively unchanged.

In the near term, we expect the home unit to remain range bound, with directionality dictated by flows from key sectors.

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	138.88	158.34	3 Months	127.10	135.60
GBP/KES	166.32	184.99	6 Months	129.20	137.70
JPY/KES	83.18	95.52	12 Months	133.40	141.90

Money Market Rates	Previous	Current	Change Bps
Interbank rate	9.78%	9.64%	-14.00
91-Day T-bill	8.2927%	8.179%	-11.37
182-Day T-bill	8.5642%	8.4948%	-6.94
364-Day T-bill	10.0000%	9.75%	-25.00
Inflation Rate	3.62%	4.11%	+49.00

Source: Bloomberg



INTERNATIONAL NEWS

The US dollar was soft in choppy trading on Monday as markets monitored the Middle East tensions for signals on further geopolitical escalations.

Despite the Israeli-Irani war, gold & oil prices were lower on the day, as markets focused on the impending Central Bank decisions later this week, with the spotlight on the Fed where it is widely expected to leave interest rates steady. Relatedly, investors remain cautious over Trump's deadline on trade deals due in three weeks, while trade agreements with major partners including the EU & Japan, are yet to be signed.

The Euro bounced back on Monday as market sentiment improved, with fears of escalation in the Middle East easing. Further supporting the Euro was ECB Vice President's speech, intimating that the risk of undershooting inflation was minimal & that inflationary pressures are balanced. The European economic calendar features ZEW survey results and speeches from European Central Bank Governing Council members later today.

The Sterling posted modest gains against the US dollar on Monday as investors await the Bank of England's interest rate decision later this week. Ahead of BoE's monetary policy decision, investors will turn attention to the UK CPI data for May, scheduled for release on Wednesday where it is expected to show moderate price pressures.

The Bank of Japan left interest rates at 0.5% following a two-day monetary policy review meeting, much to the expectations of the market. BoJ's board member Tamura cited uncertain global trade policies & the need to pay close attention to their impact on financial markets. The status quo on interest rates buoyed the Yen in the early Asian trading session, posting moderate gains against its American counterpart.

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