

DOMESTIC NEWS

The domestic unit remained firm against the dollar in a rather muted trading session on Wednesday.

Market activity was subdued, with most of the volume driven by corporate participants. The local currency remained steady, supported by balanced flows across both buy and sell counters.

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 edged higher on Wednesday after the Federal Reserve kept interest rates unchanged at 4.50% as widely expected by the market.

US Policymakers however signaled that they still expect to cut rates by 50 basis points this year, but markets are still only pricing in one more rate cut. Fed Chair Jerome Powell stated that goods prices are likely to tick up over the course of summer as Trump's tariffs start to impact customers and remained optimistic about the recent labor market data. On the geopolitical side, markets remain wary amid heightened uncertainty over U.S. involvement in the Israel-Iran conflict and for the day activity may be lull as US markets remain closed to mark Juneteenth day.

The Euro whipsawed on Wednesday, almost trading flat following key economic data from the Eurozone. May inflation data for the Eurozone showed that inflation remained within the European Central Bank (ECB) target at 1.90% but was lower compared to previous read of 2.2%. In their speech yesterday, ECB speakers stated that economic weakness in the EU is a cause for concern within the ECB, citing incompatibility with the 2% inflation target. This could pave way for additional cuts, although most officials favor pausing the easing cycle.

The Sterling Pound traded in a tight range, showing mild volatility on Wednesday. Inflation data revealed cooler price pressures, with the June print coming in at 3.4%, 10 basis points lower than the May figure of 3.5%. Markets await the BoE rate decision due later today, where the BoE is expected to maintain rates steady at 4.25%.

The Japanese Yen (JPY) remained on the backfoot against its American counterpart in the early trading session on Thursday amid trade related uncertainties. Concerns about a potential economic fallout from the US tariffs on Japanese vehicles and the reciprocal levies on other imports seem to undermine the Yen. However, rising Middle East tensions could cut losses for the safe-haven Yen.

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