

DOMESTIC NEWS

The Kenyan Shilling traded in a narrow range against the US Dollar during Wednesday's session, reflecting subdued market activity and stable macroeconomic sentiment.

A balanced interplay between dollar inflows and outflows contributed to the lackluster performance of the USD/KES pair, resulting in minimal price fluctuations throughout the day.

Looking ahead, the local unit is expected to remain range-bound in the near term, with exchange rate movements largely driven by demand and supply dynamics in the interbank and corporate FX markets.

Amounts	Spot Rates		Forward Rates		
"100,000"	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	9.74%	9.78%	+4.00
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



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INTERNATIONAL NEWS

The US Dollar extended its losses against a basket of currencies for the second successive day. The greenback faces challenges as cooler-than-expected US inflation in May continues to increase the odds of the Fed rate cut in September. The US Consumer Price Index (CPI) rose 2.4% year-over-year in May, slightly above 2.3% prior but below the market expectations of a 2.5% increase. The core CPI, which excludes volatile food and energy prices, climbed 2.8% YoY in May, compared to the consensus of 2.9%.

Across the pond, the Euro sustained strong gains from the prior session, appreciating against most major peers. While the recent rally lacked a clear short-term catalyst, analysts attribute the move to hawkish rhetoric from the European Central Bank (ECB). Last week, the ECB cut interest rates as expected but hinted at a pause in its year-long easing cycle after inflation finally returned to its 2% target. Looking ahead, the EUR/USD pair is expected to respond to upcoming US macroeconomic releases, particularly the Producer Price Index (PPI) and Initial Jobless Claims.

The British Pound also advanced during Wednesday's North American session, with the GBP/USD pair rising approximately 0.34%. The upward movement was largely driven by subdued US inflation data, which bolstered market expectations of multiple Fed rate cuts in 2025. Meanwhile, the Bank of England (BoE) is anticipated to maintain its current monetary policy stance at next week's meeting, offering little new impetus to Sterling from the domestic front.

The Japanese Yen retained intraday bullish bias through the Asian session on Thursday, benefiting from ongoing USD weakness. The USD/JPY pair remained under pressure despite a brief boost from optimism surrounding US-China trade discussions. The initial market reaction to positive news out of the high-stakes US-China trade talks faded quickly in the wake of US President Donald Trump's fresh tariffs threat.

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