

DOMESTIC NEWS

The domestic unit was unchanged against the U S dollar in a muted trading session on Thursday as foreign currency demand and supply counters were well matched.

The session saw scant activity across counters that just evened out with foreign currency supply matching demand to close at the same previous trading levels.

Looking ahead, the local currency is expected to remain range-bound in the near term, with price action largely dictated by prevailing market liquidity and emerging economic cues. Absent of any significant catalysts, the USD/KES pair is likely to consolidate around current levels.

Amounts	Spot Rates		Forward Rates	
"100,000"	Opening		USD/KES	
	Buy TT	Sell TT		Buy
USD/KES	125.00	133.50	1 month	125.70
EUR/KES	139.15	158.64	3 Months	127.10
GBP/KES	165.90	184.44	6 Months	129.20
JPY/KES	83.42	95.80	12 Months	133.40

Money Market Rates	Previous	Current	Change Bps
Interbank rate	9.74%	9.78%	+4.00
91-Day T-bill	8.2816%	8.1789%	-10.27
182-Day T-bill	8.5433%	8.4948%	-4.85
364-Day T-bill	9.9985%	9.7500%	-24.85
Inflation Rate	3.62%	4.11%	+49.00

Source: Bloomberg



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INTERNATIONAL NEWS

The U.S. dollar firmed on renewed safe-haven demand following reports that Israel had launched strikes on Iran, triggering broad-based risk aversion and a flight to safety. Despite the uptick, the Dollar Index (DXY) remained near its lowest levels since March 2022, as investors assessed the limited clarity offered by a recently announced U.S.-China trade truce. Additionally, comments by U.S. President Donald Trump, indicating plans to unveil unilateral trade measures with other economies, added to market uncertainty. The DXY is on track to register a weekly loss of over 1%, its most significant decline in nearly a month.

EUR/USD extended its gains for a second consecutive session, advancing by more than 0.70% as market participants digested disinflationary signals from the May U.S. Producer Price Index (PPI) report, which aligned with softer Consumer Price Index (CPI) data released earlier in the week. Concurrently, labor market data showed a rise in U.S. jobless claims, further undermining support for the greenback.

GBP/USD surged to fresh 40-month highs on Thursday, marking its highest level in over three years. A softer-than-expected U.S.PPI print buoyed market expectations of a potential Federal Reserve rate cut in September, weighing heavily on the dollar. However, the rally in the pound was tempered by weak domestic data, as UK Industrial and Manufacturing Production figures contracted more sharply than forecast in April, underscoring ongoing weakness in the real economy.

USD/JPY climbed to a new daily high in the Asian session as the Japanese yen continued to give up recent gains. The retreat in the yen came amid reports suggesting the Bank of Japan (BoJ) is likely to maintain its benchmark interest rate at 0.5% in its upcoming policy meeting. Nevertheless, market participants remain broadly positioned for a gradual policy normalization by the BoJ, in light of sustained domestic inflationary pressures.

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