

## DOMESTIC NEWS

The Kenyan Shilling traded in a narrow range against the US Dollar during Friday'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.

The local unit is expected to remain rangebound 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   | 138.99     | 158.47  | 3 Months      | 127.10 | 135.60 |
| GBP/KES   | 165.28     | 183.83  | 6 Months      | 129.20 | 137.70 |
| JPY/KES   | 82.34      | 94.58   | 12 Months     | 133.40 | 141.90 |

| Money Market Rates | Previous | Current | Change Bps |
|--------------------|----------|---------|------------|
| Interbank rate     | 9.72%    | 9.69%   | -0.03      |
| 91-Day T-bill      | 8.179%   | 8.1687% | -1.03      |
| 182-Day T-bill     | 8.4948%  | 8.4761% | -1.87      |
| 364-Day T-bill     | 9.75%    | 9.7388% | -1.12      |
| Inflation Rate     | 3.62%    | 4.11%   | +49.00     |

Source: Bloomberg



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## INTERNATIONAL NEWS

The US Dollar retraced from its weekly high after comments from the White House that it will decide on its plans of striking Iran in the next two weeks provided interim relief to investors. The development came in as negative for safe-haven assets, such as the US Dollar, which performed strongly after a report on Wednesday showed that senior US officials are preparing for the possibility of a strike on Iran as soon as the weekend.

The EUR/USD pair traded higher for the third consecutive day on Friday but struggled to extend gains as looming concerns about the volatile situation in the Middle East kept Investors on edge. US President Donald Trump calmed markets on Thursday, saying that he needs two weeks to decide on entering the Middle East conflict, which provided some support to the Euro. The pair, however, remained on track to a moderate weekly loss, as investors' concerns that the war between Iran and Israel might turn into a wider regional conflict kept risk appetite subdued, boosting demand for the US Dollar and other traditional safe havens.

The Pound Sterling traded firmly against its major peers on Friday despite United Kingdom Retail Sales data declining sharply in May. The Office for National Statistics reported that Retail Sales, a key measure of consumer spending, declined by 2.7% on month, the sharpest drop seen since December 2023. Traders expect the BoE to cut its key borrowing rates two times in the remainder of the year after the monetary policy announcement on Thursday, in which the central bank kept them steady at 4.25%, as the consensus showed, with a 6-3 vote majority.

The Japanese Yen selling remained unabated through the early European session today as traders continued to push back their expectations about the likely timing of the next interest rate hike by the Bank of Japan to Q1 2026. Adding to the worries about the potential economic fallout from existing 25% US tariffs on Japanese vehicles and 24% reciprocal levies on other imports undermines the JPY. This, along with a modest US Dollar strength, lifts the USD/JPY pair to a fresh high since May 14. The JPY bulls, meanwhile, seem to have digested Friday's release of Japan's annual National Consumer Price Index, which remained well above the BoJ's 2% target in May.

| 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 |     |      |
|------------------------|-----|------|
| C.C.Y                  | Buy | Sell |