

DOMESTIC NEWS

The Kenya shilling held steady against the U.S. dollar in the mid-week trading session.

Market continued to witness matching demand and supply leaving the home unit unchanged from previous close with a lull in market activity.

Market chatter alludes to range bound trading at current levels, as investors search for fresh economic fundamentals to give price direction.

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	142.22	162.15	3 Months	127.10	135.60
GBP/KES	168.26	187.05	6 Months	129.20	137.70
JPY/KES	83.32	95.68	12 Months	133.40	141.90

Money Market Rates	Previous	Current	Change Bps
Interbank rate	9.65%	9.62%	-3.00
91-Day T-bill	8.1687%	8.1387%	-3.00
182-Day T-bill	8.4761%	8.4613%	-1.48
364-Day T-bill	9.7388%	9.7221%	-1.67
Inflation Rate	3.80%	3.80%	0.00

Source: Bloomberg



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INTERNATIONAL NEWS

The greenback remained flat on Wednesday from last week's multi-year lows on the back of persistent unease surrounding the White House's trade policies and Trump's threats of extra tariffs. Wednesday's main driver remains trade news. Washington unveiled tariffs to the Philippines (20%), Moldova (25%), Algeria (30%), Iraq (30%), Libya (30%), Brunei (25%), Sri Lanka (30%), and lastly Brazil (50%). Later minutes from the Federal Reserve's June 17-18 policy meeting on Wednesday showed that only "a couple" of officials said they felt interest rates could be reduced as soon as this month, with most policymakers remaining worried about the inflationary pressure from Trump's tariffs. Despite recent gains, the dollar index, which measures the greenback against six major peers, is still down more than 6% since April 2 when President Trump unveiled his sweeping "Liberation Day" reciprocal tariffs which were later mostly postponed giving time to negotiate bilateral trade deals, had led to a sell-off in markets. but. The weekly Initial Jobless Claims are due. In addition, the Fed's Musalem, Waller and Daly are all due to speak.

EURUSD was steady as investors cautiously weighed the trade tariff negotiations between US and EU. EU trade chief Maros Setovic stated good progress had been made on a framework trade agreement with a deal possible within days. On the data front, the final Inflation Rate in Germany will be released ahead of the speech by the ECB's Cipollone.

GBP/USD gained following recent developments in UK fiscal policy. The pair's rally was buoyed by a normalization in UK gilt prices after the Bank of England's Financial Policy Committee (FPC) provided reassurance against fiscal instability. Sterling has faced significant pressure recently, largely due to concerns regarding the UK government's indecision on welfare cuts and the Office for Budget Responsibility's (OBR) warning about the fragile state of public finances post-COVID. The RICS House Price Balance will be the only data release across the Channel.

The Japanese Yen struggled to capitalize on modest Asian session gains today and traded near the lower end of the daily range against its American counterpart. Japan's Producer Price Index (PPI) released today hinted that inflation pressures might be cooling off. This reaffirms market expectations that the Bank of Japan (BoJ) will forgo raising interest rates this year, which, in turn, is seen undermining the JPY.

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%