

DOMESTIC NEWS

The shilling traded with a mild negative bias versus the U.S dollar on Friday, eroding part of the gains garnered earlier on in the week.

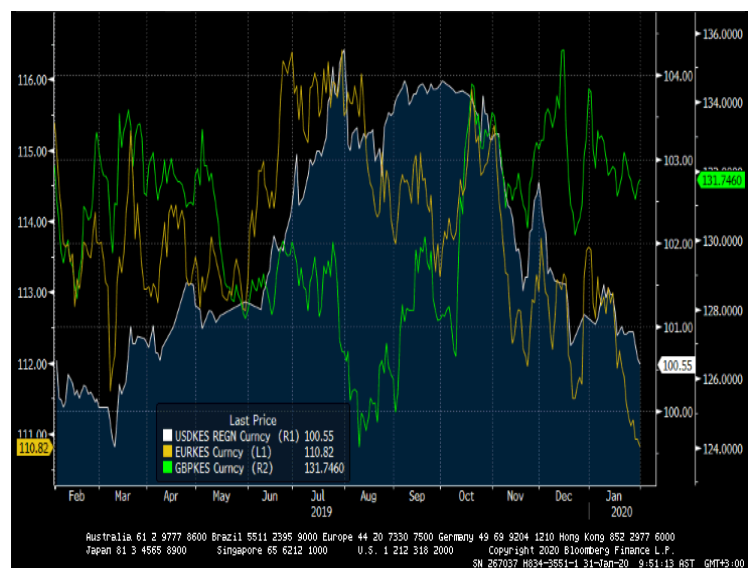
The day's trading was mostly one sided in favor of the buck as dollar buyers took advantage of the relatively lower prices amidst dwindling foreign currency inflows.

We expect that the USD/KES currency pair will trade within the current ranges this week as players continue to seek out fresh factors that are likely to sway the market in favor of either currency.

Amounts "100,000"	Today's Opening	
	Buy TT	Sell TT
USD/KES	99.35	109.45
GBP/KES	125.70	137.45
EUR/KES	110.54	125.35
JPY/KES	0.92	1.07

Forward Rate(USD)(1 month)	
BUY	101.40
SELL	109.45
3 Months	
Buy	102.60
SELL	110.90

Money Market Rates	Previous	Current	Change bps
Interbank Rate	3.14%	3.11 %	-3.00
91-Day T-bill	7.333%	7.325%	+1.40
182-Day T-bill	8.248%	8.20%	+2.10
364-Day T-bill	9.198%	9.165%	+0.30
Inflation	5.78%	5.62%	-5.00



Source: Bloomberg

INTERNATIONAL NEWS

The greenback edged higher, on Friday, against a basket of currencies owing to a string of good economic data. Data from the U.S labor market revealed that jobless rate fell to 13.3% in May, compared to the record high of 14.7% in April. Prior to this release, printed reports showed that consumer confidence, manufacturing and service activities have been improving due to ease of lockdown restriction which have supported reopening of businesses.

The euro was lower on the day, despite posting a leap of 1.73% in the week as it continued to ride on the sentiment that the European Central Bank will increase its bond purchases program in order to support economic recovery for the bloc's poorer nations.

Cable traded relatively flat on Friday but was set for its biggest weekly gain against the dollar since the end of March. Recent comments by the BOE governor that he was not considering negative interest rates in the near term provided the support for the pound despite lack of positive reviews from the latest Brexit talks.

In early Asian trading, the USDJPY currency pair floated around a two month high attained on Friday, which was buoyed by recent gains in long-term Treasury yields even as investors await the outcome of a U.S. Federal Reserve meeting.

Indicative Deposit Rates			
Amounts > KES 20 million		Amounts > 100,000	
	KES	USD	EURO
Call	3.00%	0.15%	0.00%
1 month	4.25%	0.25%	0.00%
3 months	4.50%	0.35%	0.00%
6 months	5.00%	0.50%	0.00%

Indicative Cross Rates		
	Buy	Sell
EUR	1.0720	1.1820
GBP	1.180	1.3070
JPY	101.65	114.50
CHF	0.9020	1.0650

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