

DOMESTIC NEWS

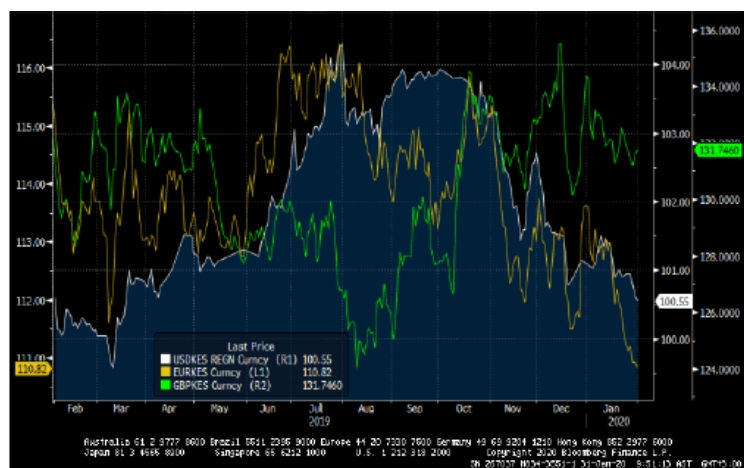
The tide turned in favor of the Kenya shilling on Tuesday, posting gains against the US currency.

Inflows from the agricultural sector as well as tightening liquidity in the money market helped the shilling gain ground against the dollar. The regulator mopped up excess liquidity of approx. KES 19 Bn through Term Auction Deposits across various tenors.

With easing dollar demand and increasing flows the bias is in favor of a stronger shilling in today's session.

Amounts "100,000"	Today's Opening		Forward Rate(USD)(1 month)	
	Buy TT	Sell TT	BUY	SELL
USD/KES	99.40	109.45	101.65	109.85
GBP/KES	125.22	137.50		
EUR/KES	110.90	124.40		
JPY/KES	90.96	107.90		
			3 Months	
			Buy	102.60
			SELL	110.90

Money Market Rates	Previous	Current	Change bps
Interbank Rate	2.33%	2.45%	+12.00
91-Day T-bill	7.333%	7.259%	-7.40
182-Day T-bill	8.248%	8.060%	-18.80
364-Day T-bill	9.198%	9.030%	+16.80
Inflation	5.62%	5.47%	-15.00



Source: Bloomberg

INTERNATIONAL NEWS

The U.S dollar rebounded following better than expected data on retail sales for the month of May. Retail sales jumped to 17.7% compared to market consensus of 8%, April data was revised to a 14.7% drop compared to 16.2% previously reported. Investor sentiment was also boosted by news that the US government is preparing for up to a trillion-dollar spending on infrastructure as part of its effort to spur growth in the US economy.

The Euro touched session lows against the dollar on Tuesday but remained well above major support levels. Germany's CPI stood at 0.6% in May as expected, Economic sentiment however beat market expectation indicating increased investor optimism. The pair's direction will largely be informed by broader market sentiment and the Eurozone Consumer Price Index and Construction Output scheduled for release today.

The British pound fell below key support levels stalling it's 10-day rally against the greenback. Apart from broad dollar strength, the slow progress of Brexit talks have been weighing down on the currency pair. CPI is scheduled for release today ahead of BOE policy meeting tomorrow.

The Yen remained range bound with the BOJ maintaining its rate of -0.1% during yesterday's policy meeting. The upside is limited for the currency pair as worries for a second wave of coronavirus infection intensifies.

Indicative Deposit Rates				
	Amounts > KES 20 million		Amounts > 100,000	
	KES	USD	EUR	USD
Call	3.00%	0.25%	0.00%	
1 month	4.70%	0.25%	0.00%	
3 months	5.25%	0.35%	0.00%	
6 months	5.50%	0.50%	0.00%	

Indicative Cross Rates		
	Buy	Sell
EUR	1.0520	1.1520
GBP	1.1800	1.3070
JPY	101.65	114.50
CHF	0.9020	1.0650

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