

### DOMESTIC NEWS

The shilling began the week on a bearish note against the U.S dollar.

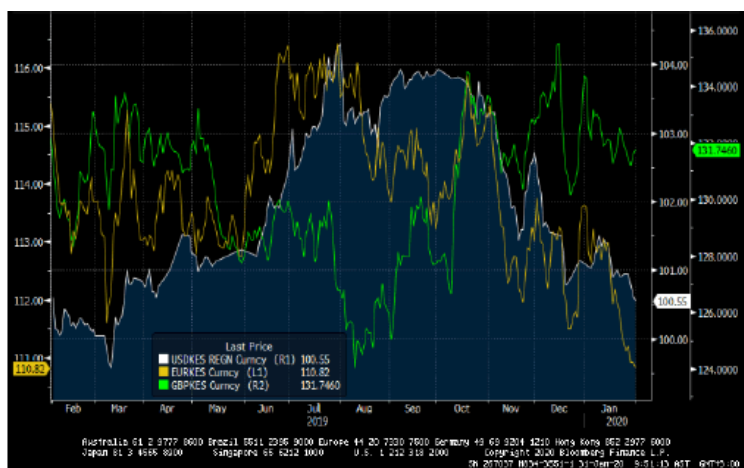
The local currency was largely stable in the early morning session due to muted market activity. This however changed in the latter session as businesses bought dollars to meet their end month obligations.

The local currency is likely to trade lower against the green buck in today's session as the latter gets a boost from quarter-end demand.

Amounts "100,000"	Today's Opening	
	Buy TT	Sell TT
USD/KES	99.40	109.45
GBP/KES	125.22	137.50
EUR/KES	110.90	124.40
JPY/KES	90.96	107.90

Forward Rate(USD)(1 month)	
BUY	101.65
SELL	109.85
3 Months	
Buy	102.60
SELL	110.90

Money Market Rates	Previous	Current	Change bps
Interbank Rate	3.88%	3.26%	+14.00
91-Day T-bill	7.089%	6.700%	-38.00
182-Day T-bill	7.739%	7.395%	-34.4
364-Day T-bill	8.667%	8.194%	-47.30
Inflation	5.62%	5.47%	-15.00



Source: Bloomberg

### INTERNATIONAL NEWS

Trading was sporadic for the king dollar as it posted gains and losses on Monday. The buck traded lower in the European session as risk sentiment improved pushing equities higher, however it edged higher in the New York session as the market weighed on rising coronavirus cases against improving data. Data on contracts for home purchases in May rose by 44.3% suggesting an improvement in the housing market, Texas also posted an increase in manufacturing activity in May. The market is bracing for jobs data due on Thursday with an expectation of 3 million jobs increase in June.

The euro gained 0.11% against the dollar as German CPI beat estimates improving from 0.5% to 0.8% YoY. EU Economic Sentiment Indicator for the same month however dropped to 75.7 from 80. The single currency is likely to consolidate around current levels however it's direction will be heavily influenced by upcoming economic data in the US.

The British pound dropped to a month low due uncertainty regarding the government's planned infrastructure program. This was aggravated by doubts on the conclusion of a Brexit deal with little progress having been made since the country existed EU on 31st January.

The Japanese yen traded lower on Tuesday morning on the back of a rally in Asian equities and positive data on Manufacturing PMI from china which fueled the risk-on sentiment.

Indicative Deposit Rates			
	KES	Amounts > 100,000	
		USD	EURO
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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