

DOMESTIC NEWS

The Kenyan currency traded with a weaker tone against the greenback on Tuesday and trading volumes remained thin in the market.

Sustained foreign currency demand thrust the USDKES pair upward by 15 cents on the day, after the shilling's global sentiment was cast into the shadows when S&P Global Ratings revised its outlook on Kenya from stable to negative given the higher debt and interest burdens as well as the deteriorating fiscal and economic outlook.

We expect the home unit will trade on the back foot as demand for the buck continues to outweigh foreign currency supply, unless inflows trickle through in numbers.

Amounts "100,000"	Today's Opening	
	BUY TT	SELL TT
USD/KES	99.75	110.00
GBP/KES	125.90	137.85
EUR/KES	111.95	125.10
JPY/KES	91.22	108.00

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	2.36%	1.68%	-68.00
91-Day T-bill	6.546%	6.274%	-27.20
182-Day T-bill	7.048%	6.759%	-28.90
364-Day T-bill	7.769%	7.700%	-6.90
Inflation	5.33%	4.59%	-74.00


INTERNATIONAL NEWS

A steep pick up in U.S. consumer prices in June, forced the U.S dollar to trade on the defensive against a basket of currencies after markets continued to rally towards riskier assets. Inciting the 0.6% jump that ended three straight months of declines, was a 12.3% growth in gasoline prices, which had taken a slump for the first five months of the year. Provoking investors' risk appetite further, were reports that showed Moderna Inc's experimental vaccine for COVID-19 was safe and it had activated immune responses in all 45 healthy volunteers in an ongoing early-stage study.

The euro moved profoundly higher yesterday on the back of broad dollar selling and optimism that European Union Leaders would ratify the rescue-financing package that will limit the economic damage to the bloc from the coronavirus pandemic, without much horse-trading.

The GBP/USD currency pair failed to garner expected gains on Tuesday, after data from the National Statistics office revealed that the U.K economy was convalescing at a much slower pace than forecasted. GDP for May rose by 1.8% after drooping by a record 20.8% in April.

The expectation that the Bank of Japan will keep its Monetary policy unchanged, in a statement later today, played a hand in the safe-haven yen's range bound trading against the greenback in early Asian markets.

Indicative Deposit Rates			
Amounts > KES 20 million		Amounts > 100,000	
KES	USD	EUR	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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