

DOMESTIC NEWS

The local currency retreated further against the buck on Wednesday, reversing some of the gains garnered the previous week.

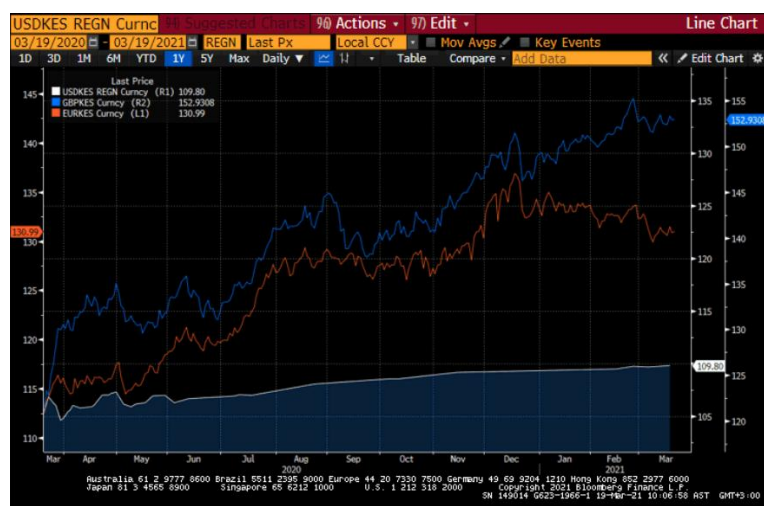
After a drop in the USD/KES currency pair last week amid increased foreign currency supply, market looked to profit on the low levels, which saw dollar buyers flock the market for two consecutive sessions pushing the pair higher.

As the holiday shortened week draws to a close, direction for the USD/KES pair is likely to remain flow driven.

Amounts "100,000"	Today's Opening	
	Buy TT	Sell TT
USD/KES	101.00	109.30
GBP/KES	141.80	153.95
EUR/KES	119.95	132.85
JPY/KES	93.05	102.75

Forward Rate(USD)(1 month)	
BUY	101.60
SELL	111.25
3 Months	
Buy	102.55
SELL	113.00

Money Market Rates	Previous	Current	Change bps
Interbank Rate	4.15%	4.65%	+50.00
91-Day T-bill	7.115%	7.139%	+ 2.40
182-Day T-bill	7.925%	7.989%	+ 6.40
364-Day T-bill	9.460%	9.474%	+1.40
Inflation	4.67%	5.90%	+12.00



Source: Bloomberg

INTERNATIONAL NEWS

The USD gathered strength yesterday on the back of rising Treasury bond yields. Inflation data from the US showed on Wednesday that the Consumer Price Index (CPI) in April jumped to 4.2% on a yearly basis from 2.6% in March. This reading surpassed the market expectation of 3.6%. Additionally, the Core CPI, which excludes volatile food and energy prices, climbed to 3% from 1.6%, compared to analysts' estimate of 2.3%. The US Treasury bond yields surged higher after this report providing a much-needed boost to the greenback, with the benchmark 10-year US T-bond yield rising more than 3% on the day.

The EUR/USD pair spent the first half of the day moving sideways in a relatively tight range on Wednesday, but came under strong pressure later in the day on the release of the highly anticipated inflation data from the US.

The GBP/USD pair pulled back modestly on Wednesday, in reaction to hotter-than-expected US consumer inflation figures. The upbeat outlook for the UK economic recovery from the pandemic might continue to act as a tailwind for the pound and help limit any further losses for cable.

Earlier today in Tokyo, the USD/JPY pair traded at 109.60 levels.

Indicative Deposit Rates			
Amounts > KES 20 million		Amounts > 100,000	
	KES	USD	EUR
Call	2.75%	0.25%	0.00%
1 month	4.70%	0.25%	0.00%
3 months	5.00%	0.35%	0.00%
6 months	5.25%	0.50%	0.00%

Indicative Cross Rates		
	Buy	Sell
EUR	1.1250	1.2855
GBP	1.3100	1.4700
JPY	104.15	114.15
CHF	0.8320	0.9870

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