

DOMESTIC NEWS

The domestic unit began the week on the offensive, in a show of strength, gaining ground against the US dollar and closing the day 25 cents higher.

The domestic unit was stronger throughout the session, better offered as inflows took center stage amid waning dollar demand from Corporates who had covered for flows in the previous week. It did not help the greenback's cause that the regulator was in the market to mop KES 5 B of excess liquidity through 7 and 14 day Term Auction Deposits.

Ahead in the day, the local unit is likely to continue its bullish bias and direction will be mainly flow driven as markets await the Monetary Policy Committee's rate decision.

Amounts "100,000"	Today's Opening	
	Buy TT	Sell TT
USD/KES	100.75	109.50
GBP/KES	142.15	156.55
EUR/KES	120.18	136.22
JPY/KES	92.90	103.14

Forward Rate(USD)(1 month)	
BUY	101.65
SELL	111.30
3 Months	
Buy	102.25
SELL	112.85

Money Market Rates	Previous	Current	Change bps
Interbank Rate	4.92%	4.98%	+6.00
91-Day T-bill	7.156%	7.155%	- 0.10
182-Day T-bill	7.995%	7.953%	- 4.20
364-Day T-bill	9.365%	9.284%	-8.10
Inflation	5.90%	5.76%	-14.00



INTERNATIONAL NEWS

The U.S dollar weakened against major currencies on Monday, hovering around a four-month low, as bets of a strong global economic recovery continued to support flight to riskier currencies. The fall of the buck however, which began at the end of Q1, has slowed as traders begin to anticipate higher U.S. interest rates even as the U.S. Federal Reserve reacts to signs of increasing inflation.

The EURUSD currency pair obeyed the command of the bulls, as it slightly advanced closer to a key resistance level on the back of improved market sentiment, which rarely favors safe-haven currencies. The improved sentiment also stems from the fact that the Eurozone has narrowed its gap with the United States in vaccinating its citizens and reviving its economy.

Cable danced within its recent ranges on Monday, trading just shy of a three-year high, as pundits shifted their focus to an address by four Bank of England policymakers to a parliamentary sub-committee. The Central Bank Governor Andrew Bailey, one of the key speakers, said that he does not see long-term implications from an expected pick-up in inflation as the economy emerges from the coronavirus pandemic.

In early morning trading, the USDJPY pair drifted south, albeit marginally, as markets appeared to be coming around to the Fed narrative that a burst in inflation is only likely to be temporary after the release of the U.S national activity index numbers.

Indicative Deposit Rates			
Amounts > KES 20 million	Amounts > 100,000		
	KES	USD	EURO
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	1.3300	1.4800
JPY	104.15	114.15
CHF	0.8320	0.9870

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