

DOMESTIC NEWS

The home unit was unrelenting in its bullish trajectory yesterday, as it seized additional units from its American counterpart to close the day marginally stronger.

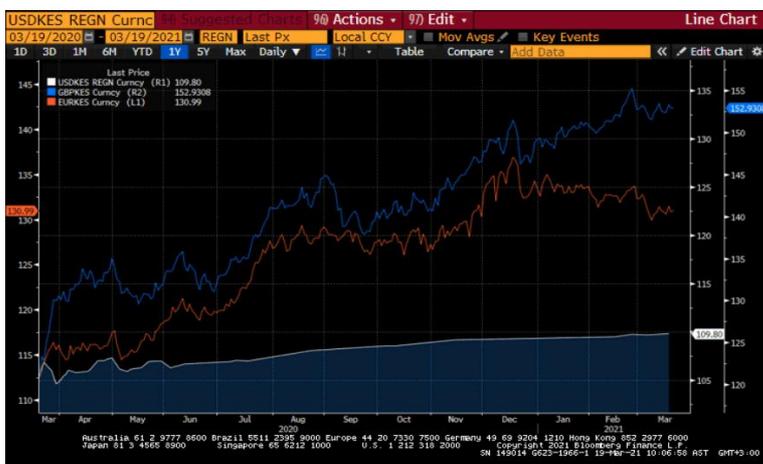
In the early session, foreign currency sellers from various sectors of the economy aggressively sought after dollar buyers, whose number has been dwindling in recent days in the local FX market. In the end however, trading action was subdued and with the lack of fundamental developments, the USDKES spot price found a new home.

The Kenya shilling is likely to remain trapped within the current ranges, with the direction of the USDKES pair remaining mostly flow driven in the near term, as pundits await the outcome of the MPC meeting to be held later today.

Amounts "100,000"	Today's Opening	
	Buy TT	Sell TT
USD/KES	100.55	110.40
GBP/KES	142.05	157.85
EUR/KES	121.20	136.85
JPY/KES	92.85	103.44

Forward Rate(USD)(1 month)	
BUY	101.45
SELL	111.20
3 Months	
Buy	102.15
SELL	112.75

Money Market Rates	Previous	Current	Change bps
Interbank Rate	4.98%	5.06%	+8.00
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



Source: Bloomberg

INTERNATIONAL NEWS

The greenback continued to trend lower against a basket of currencies after long-term U.S. Treasury yields fell to fresh multi-week lows and the yield curve flattened on Tuesday. A USD 60 Billion auction of two-year notes attracted solid demand from the market with a bid-to-cover ratio, a gauge of demand, of above-average 2.74. The two-year notes were sold at a high yield of 0.125% whilst benchmark 10-year and 30-year Treasury yield sank to 1.564% and at 2.2654% respectively following the auction.

The Euro advanced against its peers thanks to the latest German IFO business climate report for May, which beat forecasts and rose from 96.6 to 99.2. This helped the market make bets on the single currency, which continues to improve as more key economies, within the bloc, continue to ease lockdown restrictions this month.

Britain's pound edged down a tad against the dollar, and fell to its lowest against the euro since May 10, as a lack of positive drivers for the British currency put the focus elsewhere for currency traders. A lack of fresh economic data or other strong drivers hindered the pound's march back to its high for the year. Additionally, UK retail sales slowed in May after April's strong surge following the easing of the UK's lockdown measures.

The safe haven yen treaded water against the US dollar in early trading, as both currencies responded to declines in yields amid the Federal Reserve's insistence that stimulus will continue despite current inflationary pressures.

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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