

DOMESTIC NEWS

The local unit was steady against the dollar in a muted trading session on Friday.

The home unit was down a couple cents, following a slight uptick in demand on the foreign currency during the afternoon trading session. However, plenty of foreign currency inflows supported the local unit leading to the USD/KES pair closing unchanged from previous day level.

In the near term, we see the home unit trade within the now familiar ranges and movements will be characterized by market flows.

Amounts	Spot Rates		Forward Rates		
"100,000"	Opening		USD/KES		
	Buy TT	Sell TT		Buy	Sell
USD/KES	125.00	133.50	1 month	125.70	134.20
EUR/KES	138.88	158.34	3 Months	127.10	135.60
GBP/KES	166.32	184.99	6 Months	129.20	137.70
JPY/KES	83.18	95.52	12 Months	133.40	141.90

Money Market Rates	Previous	Current	Change Bps
Interbank rate	9.78%	9.64%	-14.00
91-Day T-bill	8.2927%	8.179%	-11.37
182-Day T-bill	8.5642%	8.4948%	-6.94
364-Day T-bill	10.0000%	9.75%	-25.00
Inflation Rate	3.62%	4.11%	+49.00

Source: Bloomberg



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INTERNATIONAL NEWS

The US dollar was choppy against major currencies on Friday as markets seized safe-haven assets following increasing geopolitical tensions in the Middle East, after Israel attacked Iran's nuclear facilities. Investors snapped up US treasuries, sending the yield on the benchmark 10 year note down nearly 5 basis points, to a month low of 4.31% before moving back to the 4.42% levels. Crude prices also rose 7% on Friday. Markets await the Federal Reserve interest rate decision due this Wednesday. Inflation reports last week (US PPI & US Core PPI) showed contained price pressures, fueling bets of more aggressive rate cuts by the Fed.

The Euro slumped on Friday, despite stable EU inflation data. German CPI for the month of May came in at 0.1%, in line with market expectations. Spanish Year on Year CPI came in at 2.0%, 10 basis points higher than the consensus expectations of 1.9%. Market will await the CPI data from the Eurozone this week as investors closely watch the escalating geopolitical tensions.

The Cable shed gains on Friday, on widespread risk aversion following tensions in the Middle East. This came after a rather negative week for the Sterling, where data showed the UK economy contracted by 0.3% in April, and UK employment fell by the most since May 2020.

The Japanese Yen (JPY) remained on the back foot against the greenback during the Asian session on Monday. The Bank of Japan is expected to announce its policy decision on Tuesday, where it is widely anticipated to hold its benchmark rate at 0.5%. Policymakers, however, see slightly stronger inflation than they had expected earlier this year, which could pave the way for future interest rate hike discussions.

Indicative Deposit Rates			
Amounts > KES 20 million		Amounts > 100,000	
Tenor	KES	USD	EURO
Call	6.10%	0.05%	0.10%
1 month	5.20%	0.10%	0.15%
3 months	5.20%	0.15%	0.25%
6 months	5.65%	0.20%	0.30%

Indicative Cross Rates		
CCY	Buy	Sell
EUR\USD	1.0800	1.1820
GBP\USD	1.2800	1.3800
USD\JPY	139.00	150.00
USD\CHF	0.7700	0.8800