

DOMESTIC NEWS

The domestic unit was unmoved against the dollar in a rather lull trading session on Thursday, as foreign currency demand and supply counters were well matched.

Balanced flows left the currency pair unchanged from the previous day closing levels.

Absent of any significant catalysts, we expect the local currency to remain range bound, with directionality dictated by flows from key sectors and emerging economic cues.

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	8.179%	8.1687%	-1.03
182-Day T-bill	8.4948%	8.4761%	-1.87
364-Day T-bill	9.75%	9.7388%	-1.12
Inflation Rate	3.62%	4.11%	+49.00

Source: Bloomberg



ISSUED BY NCBA, NAIROBI P.O. BOX 30437, TEL 2884000, 2734555, 2734661-5 FAX # 2734616, REUTERS DEALING - CBAF, REUTERS INFORMATION CBAN. This Newsletter is produced as a service to our clients. It is prepared by our dealing professionals & is based on their understanding & interpretation of market events. The bank cannot however be held responsible for any losses of whatever nature sustained as a result of action taken based on comments contained in this publication

INTERNATIONAL NEWS

The US dollar edged lower on Thursday, but trading was limited as U.S. markets were closed marking the Junteenth holiday. Markets continued to monitor threats of a broader conflict in the Middle East as Israel & Iran carried out air attacks on Thursday, pushing the conflict to its seventh day. A potential involvement of the US in the conflict has kept the markets on the edge, as US president Donald Trump threatened to join Israel's attack on Iranian nuclear sites.

The Euro edged marginally higher on Thursday, as markets digested the Fed's pause and escalating geopolitical tensions. Producer price data from Europe's largest economy, Germany, is due on Friday with market players forecasting easing price pressures in May. In his speech, ECB Governor Rehn alluded to stagflation shocks in the Eurozone, should the Israel-Iran crisis escalate further.

The Sterling pound rebounded on Thursday as the Bank of England held steady its policy rate at 4.25% in a widely expected move. However, the gains remained capped as the voting split was 6:3 compared to 7:2 as widely expected. The decision to hold rates was fueled by the sudden spike in oil prices, relating to the Israel-Iran conflict leading to inflation pressures. The BoE acknowledged weakening of the labor market, suggesting further easing ahead. Governor Andrew Bailey reinforced the dovish stance, saying that rates are on a gradual downward path. Markets await key retail sales data today.

The Japanese Yen (JPY) remained soft in the early Asian trading session on Friday. Government data showed that the National Consumer Price Index remained above the Bank of Japan's target of 2% in May. Core inflation rose 3.3% YoY in May from 3.00% in April. Stronger CPI prints pointed to broader pressures, giving the apex bank more latitude to hike rate in the coming months.

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	1.1521	1.1522
GBP\USD	1.3490	1.3497
USD\JPY	145.42	145.45
USD\CHF	0.8165	0.8171