

DOMESTIC NEWS

The local currency remained unmoved versus the dollar in yesterday's trading session

Activity from both importers and exporters remained balanced throughout the trading session, limiting price action for the USD/KES pair.

We expect the home unit to continue trading within a range in the short term as flows continue to dominate the local FX scene.

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	140.88	160.61	3 Months	127.10	135.60
GBP/KES	167.80	186.58	6 Months	129.20	137.70
JPY/KES	82.67	94.94	12 Months	133.40	141.90

Money Market Rates	Previous	Current	Change Bps
Interbank rate	9.72%	9.72%	0.00
91-Day T-bill	8.1687%	8.1387%	-3.00
182-Day T-bill	8.4761%	8.4613%	-1.48
364-Day T-bill	9.7388%	9.7221%	-1.67
Inflation Rate	3.62%	4.11%	+49.00

Source: Bloomberg



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INTERNATIONAL NEWS

The greenback continued to be battered by its major peers as it was weighed down by the prospects of the approval of the fiscal budget in the United States (US) and the expectation that the Trump administration continues to make progress on trade deals with major trading partners. News of progress in US trade talks with several partners increased hopes that major trade agreements are possible, feeding a mild appetite for risk and keeping the safe-haven US Dollar (USD) on the defensive. Further, investors' concerns about a debt crisis in the US are posing an additional weight to the US Dollar.

The EURUSD pair traded sideways on Monday as data from the Eurozone earlier in the day revealed that Germany's May Retail Sales declined unexpectedly in May, adding to the evidence of the soft economic momentum in the region's major economy. Nevertheless, news that the European Union (EU) would accept Trump's universal tariffs pushed EUR/USD higher. Additionally, ECB President Christine Lagarde argued at the ECB Forum on Central Banking that uncertainty is expected to continue being a significant aspect of the global economy, which will likely lead to more volatile inflation and necessitate a stronger response from the ECB to maintain prices near its target. The focus now is on the June's German Consumer Prices Index (CPI).

The Cable was initially down but pared losses in the American session as mixed UK economic data weighed on the Sterling, despite a generally subdued Greenback. Yesterday saw the release of GDP Q1 figures which showed a decline from its multi-year high as investor sentiment turns cautious. From the latest print, the UK's final Q1 GDP release was in line with expectations at 0.7% q/q and 1.3% y/y.

In the early Asian session, the Japanese Yen (JPY) strengthened slightly as Bank of Japan's Tankan Survey reaffirms bets of a rate hike. However, US President Donald Trump's hints at more tariffs on Japan, along with the upbeat market mood, keep a lid on the JPY's intraday move higher.

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