



**DOMESTIC NEWS**

The Kenyan shilling strengthened marginally against the US dollar on Friday supported by tight liquidity in the money markets and hard currency sent by Kenyans living abroad as end month demand for the greenback from importers subsided. The local unit, which has appreciated against the US Dollar by 2.1% in H1'2018, traded at 100.80/101.00, compared to Thursday's close of 100.95/101.15. We expect the shilling to remain relatively stable in the short term supported by health inflows from principal exports, improving diaspora remittances and the country's high forex reserves.

Meanwhile, Kenya's overall monthly inflation increased to 4.28% in June from 3.95% in May despite decreases in some foodstuffs. The Kenya National Bureau of Statistics (KNBS) said the Consumer Price Index (CPI) decreased by 0.89% from 195.05 in May to 193.31 in June. Year-on-year food inflation increased from 0.26% in April to 0.34% in May.

**Indicative Forex rates**

	Buy Cash	Sell Cash	Buy TT	Sell TT
USD/KES	97.40	104.40	98.40	103.40
GBP/KES	128.95	136.95	129.45	136.45
EUR/KES	114.05	121.05	114.55	120.55
AED/KES	26.00	29.00	26.00	29.00

Money Market Rates	Current	Previous	Change
Interbank Rate	6.5337%	6.6425%	-0.109
91-Day T-bill	7.733%	7.725%	0.008
182-Day T-Bill	9.607%	9.666%	-0.059
364-Day T-Bill	10.488%	10.537%	-0.049
Inflation	4.28%	3.95%	0.330
CBR RATE	9.50%	10.00%	-0.500

(Source; Central Bank of Kenya)



(Source; Reuters)

**INTERNATIONAL NEWS**

The US dollar fell against major global currencies on Friday as the euro rose after European Union leaders reached an agreement on migration that eased pressure on German Chancellor Angela Merkel. However, the greenback remained on track to log its best quarterly performance in six quarters.

The dollar index, which measures the greenback against a basket of six major currencies, was down 0.6% at 94.68. Despite Friday's drop, the index was up 5.5% this quarter, its first rise since the final quarter of 2016. The dollar's gains partly stemmed from the prospects of rising U.S. interest rates.

The euro rose on Friday after European Union leaders reached an agreement on migration that eased pressure on German Chancellor Angela Merkel, but traders said the gains may be short-lived because of deep divisions within the EU. The deal eased concern over a standoff between Italy and the rest of the trading block and the euro subsequently rose 0.7% against the dollar at \$1.1650 heading for its biggest daily gain in a month.

The sterling pound also rose on Friday to a two-day high after a better-than-expected revision to Britain's first-quarter economic growth raised hopes of monetary policy tightening in the coming months. Adding to the bounce, the European Union's chief negotiator Michel Barnier said that EU leaders had made progress in Brexit talks, though huge differences remained. After a bruising week and month for sterling as worries about the lack of progress in Brexit talks and weakness in the British economy hit the currency, the pound rallied to \$1.3175, up 0.6% on the day.

Elsewhere, global oil prices rose on Friday, rallying on concerns that U.S. sanctions against Iran would remove a substantial volume of crude oil from world markets at a time of rising global demand. Brent crude, the international benchmark for oil prices, rose 0.5% to settle at \$78.45 a barrel.

Indicative Profit Rates on Deposits		
Amounts > 10 Million	Amounts >100,000	
	KES	USD
Call	7.00%	2.00%
1 Month	8.50%	2.25%
3 Months	9.25%	2.75%
6 Months	9.50%	3.25%
1 year	10.00%	3.50%
Indicative Cross Rates		
	Bid	Offer
EUR/USD	1.1600	1.1700
GBP/USD	1.3125	1.3225
USD/AED	3.6680	3.6780
USD/JPY	110.30	111.30