



DOMESTIC NEWS

The Kenyan shilling was unchanged against on Monday the U.S. dollar as foreign currency demand and supply was matched. An uptick in activity across the counters saw the pair oscillate between gains and losses, ending the session within similar ranges. Price action for the USD/KES pair was largely flow driven. Today's trading is expected to be range bound as players look out for new fundamentals to guide the direction of the home unit. By close of the day, the local unit stood at 107.85/05, the same as the previous day's close.

In other news, Overall inflation edged up but remained within the target range. It increased to 6.3 percent in June from 5.9 percent in May, reaching its highest level since February of 2020 mainly on account of higher food and fuel prices. In the meantime, The Treasury bills auction of July 1 received bids totaling KSh 31.4 billion against an advertised amount of KSh 24.0 billion, representing a performance of 130.6 percent. Interest rates on the Treasury bills declined. The tap sale of two 20-year Fixed rate Treasury bonds on June 30 that were reopened during the June 16 auction received bids totaling KSh 38.5 billion against an advertised amount of KSh 50.0 billion, representing a performance of 77.0 percent.

Indicative Forex Rates

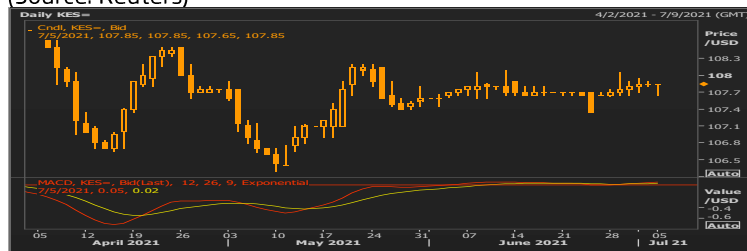
	Buy Cash	Sell Cash	Buy TT	Sell TT
USD/KES	104.45	111.45	104.95	110.95
GBP/KES	145.85	153.85	146.36	153.36
EUR/KES	124.70	131.70	125.20	131.20
AED/KES	27.39	31.39	27.39	31.39

Money Market Rates	Current	Previous	Change
Interbank Rate	4.681%	4.759%	-0.078
91-Day T-bill	6.728%	6.860%	-0.132
182-Day T-Bill	7.228%	7.317%	- 0.089
364-Day T-Bill	7.661%	7.729%	-0.068
Inflation	6.300%	5.900%	0.400
CBR RATE	7.000%	7.000%	0.000

Source: Central Bank of Kenya)

LIBOR Rates	USD	EUR	GBP
6 Months	0.16300	-0.53314	0.10500
12 months	0.24450	-0.48914	0.17338

(Source: Reuters)



(Source: Reuters)

INTERNATIONAL NEWS

The U.S. dollar index dipped to 92.262 against a basket of major currencies on Monday, after hitting a speed bump when last week's mixed bag of U.S. labour data allayed investor fears about a faster end to monetary stimulus. Traders' focus this week is on minutes from the Fed's June meeting. The minutes could determine the greenback's near-term direction as they provide clues on the central bank's surprise hawkish shift during that meeting that projected rate hikes starting in 2023.

The GBP/USD pair edged up to \$1.3880 on Monday, with the U.K. set to end social distancing and capacity limits at venues in England from Jul. 19. The final announcement will come on 12th July. The UK Prime Minister showed his confidence that the accelerated vaccination program would combat the hospital admissions if cases rose after relaxing all the restrictions. In addition, UK Housing Secretary said rules in place, such as the mandatory face mask, are set to become "personal choice".

The euro gains were limited at \$1.1864 on Monday as the ECB policymakers remained at odds with their new inflation strategy but confident to reach a consensus in the special meeting in Frankfurt next week.

The Japanese Yen pair edged down to 110.84 on Tuesday.

Elsewhere, global oil prices were up on Tuesday morning at \$77.45 per barrel even as the Organization of the Petroleum Exporting Countries and allies failed to reach a deal to increase fuel output in August after days of talks. Investors are now concerned that the dispute could escalate into a conflict as destructive as 2020's price war between Saudi Arabia and Russia that led the black liquid into negative territory.

Indicative Profit Rates on Deposits

	Amounts > 10 million		Amounts >100,000	
	KES		USD	
2 Weeks	6.00%	0.25%		
1 Month	6.25%	0.50%		
3 Months	6.50%	0.75%		
6 Months	6.75%	1.00%		
1 year	7.00%	1.25%		

Indicative Cross Rates

	Bid	Offer
EUR/USD	1.1805	1.2065
GBP/USD	1.3780	1.4020
USD/AED	3.6610	3.6860
USD/JPY	108.40	111.90