



DOMESTIC NEWS

There was no respite for the home unit on Friday as it weakened further against the U.S. dollar, taking the USDKES pair to weekly highs. The home unit was under pressure as demand for the greenback from various sectors amidst muted foreign currency supply pushed the USDKES pair to close weaker from the day's opening levels. The direction of the USDKES pair remains at the mercy of the larger market sentiment. By close of day, the local unit stood at 117.10/117.30 as compared to Thursday's close of 117.00/117.20.

Meanwhile, Kenya has beaten a hasty retreat from its early plans to float a KSh115 Billion (\$1 billion) Eurobond and has instead shifted its attention to borrowing from a consortium of commercial banks after the National Treasury and Planning Ministry received bids prices at 12%. According to Kenya Treasury Cabinet Secretary Ukur Yatani, Eurobonds had become expensive due to the ongoing conflict between Russia and Ukraine. Kenya now joins the club, including Nigeria, which has frozen plans to float a \$950 million Eurobond due to the hostile market conditions occasioned by the Russia-Ukraine conflict. While the East African largest economy had planned to finance part of the 2022/23 budget by borrowing through the Eurobonds, the cost of taking this route has proved high. CS Yatani said that while the country borrowed at 6% in 2021, the rates have since doubled, making this option unfeasible. This is why Kenya, he told a local daily, is seeking cheaper bank syndicated loans.

Indicative Forex Rates

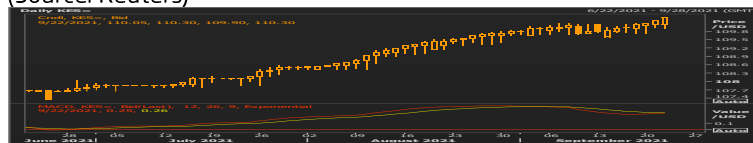
	Buy Cash	Sell Cash	Buy TT	Sell TT
USD/KES	113.70	125.70	113.20	125.20
GBP/KES	140.16	154.66	139.36	154.16
EUR/KES	118.59	138.49	118.39	136.99
AED/KES	30.41	36.41	29.91	37.41

Money Market Rates	Current	Previous	Change
Interbank Rate	4.979%	4.941%	0.038
91-Day T-bill	7.866%	7.811%	0.055
182-Day T-Bill	9.037%	8.974%	0.063
364-Day T-Bill	9.952%	9.935%	0.017
Inflation	7.100%	6.500%	0.600
CBR RATE	7.500%	7.000%	0.500

Source; Central Bank of Kenya)

Libor Rates	USD	EUR	GBP
3 Months	1.74471	-0.47000	1.53770
6 months	2.31157	-0.39200	2.06240

(Source: Reuters)



(Source: Reuters)

INTERNATIONAL NEWS

The U.S. dollar index ticked up on Monday morning to 104.36 as U.S. inflation hit more than 40-year highs suggesting even more aggressive rate hikes sent the dollar flying. In addition, the Labor Department reported that the US Consumer Price Index grew 8.6% during the year to May, expanding by its fastest rate since 1981, as the cost of virtually everything – from food to fuel, shelter and clothing – rose again last month.

The GBP/USD pair stands on slippery ground as it takes offers to renew monthly lows around \$1.2300 on Monday, after falling the most in five weeks. It should be noted that the Brexit woes and political instability in the UK join the lack of trust in the Bank of England (BOE) to exert additional downside pressure on the GBP/USD prices. Elsewhere, Tory rebels are trying hard to oust UK PM Boris Johnson and may use the latest Brexit bill for their purpose. However, a lack of clarity over the successor and Johnson's Brexit aggression seem to help Johnson keep the throne.

The euro picks up bids to consolidate daily losses around \$1.0495, during a three-day downtrend amid early European morning on Monday. At home, ECB policymakers tried to elaborate on the regional central bank's 25 bps July rate hike while suggesting that it's not a strict limit if the inflation remains firmer.

Elsewhere, global oil prices slid on Monday to \$120.20 as a flare-up in COVID-19 cases in Beijing quelled hopes for a rapid pick-up in China's fuel demand, while worries about global inflation and sluggish economic growth further depressed the market. Worries over slowing economic growth dampening global consumption.

Indicative Profit Rates on Deposits

	Amounts > 10 million		Amounts >100,000	
	KES		USD	
2 Weeks	6.55%	0.35%		
1 Month	6.75%	0.55%		
3 Months	7.00%	0.80%		
6 Months	7.50%	1.25%		
1 year	8.00%	1.75%		

Indicative Cross Rates

	Bid	Offer
EUR/USD	1.0350	1.0790
GBP/USD	1.2140	1.2550
USD/AED	3.6645	3.6890
USD/JPY	128.50	137.45