



**DOMESTIC NEWS**

Kenya shilling was unchanged on Thursday as hard currency appetite flagged and some offshore investors sought local currency to buy equities. Commercial banks quoted the shillings at 118.10/118.30 per dollar same as Wednesdays close. So far this year the local currency has lost 4.1% against the greenback.

In other local news in the market the volume of tea withdrawn from the auction this week declined to 23 percent as the prices of the beverage held firmly for the second time in a row. Data from the Mombasa auction shows the price of tea rallied to \$2.25 (Sh265) a kilo this week from \$2.24 (Sh262) in the previous sale.

The declining prices in the previous two weeks had seen huge volumes of teas withdrawn from the auctions to be introduced in future sales. Last week, 34 percent of the total stocks that had been offered for sale at the auction were withdrawn.

**Indicative Forex Rates**

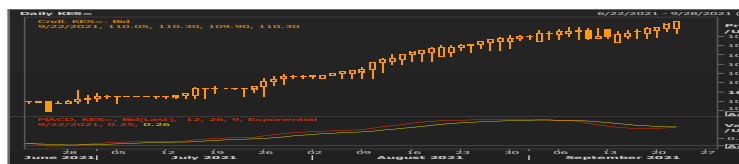
	Buy Cash	Sell Cash	Buy TT	Sell TT
USD/KES	114.60	127.20	114.20	126.20
GBP/KES	137.89	155.39	137.09	151.89
EUR/KES	115.07	138.97	115.37	133.97
AED/KES	28.18	42.18	30.18	37.68

Money Market Rates	Current	Previous	Change
Interbank Rate	5.890%	5.890%	0.000
91-Day T-bill	8.167%	8.097%	0.070
182-Day T-Bill	9.253%	9.196%	0.057
364-Day T-Bill	9.980%	9.985%	- 0.005
Inflation	7.910%	7.080%	0.830
CBR RATE	7.500%	7.000%	0.500

Source; Central Bank of Kenya)

LIBOR Rates	USD	JPY	GBP
6 Months	2.99886	0.03713	2.28840
12 months	3.55400	-	-

(Source: Reuters)



**INTERNATIONAL NEWS**

The dollar was up on Friday morning in Asia, but moves were small as some recession fears eased on optimistic speeches from U.S. Federal Reserve governors.

The U.S. Dollar Index that tracks the greenback against a basket of other currencies inched up 0.01% to 107.14 by 12:55 AM ET (4:55 AM GMT). The USD/JPY pair fell 0.32% to 135.54. Japanese former Prime Minister Shinzo Abe was shot on Friday while campaigning in the city of Nara.

The Fed governors Christopher Waller and St. Louis Fed President James Bullard backed on Thursday the need for restrictive policy to bring down soaring prices but suggested that the U.S. can still avert a recession. Waller suggested the Fed would likely attempt to tackle inflation with a 75-basis-point interest rate hike in July and a 50-basis-point hike in September.

In the commodities market, Oil prices slipped in Asian trade on Friday as recession fears continued to weigh on sentiment, though worries over tight global supplies capped price declines.

Brent futures fell 25 cents, or 0.2%, to \$104.40 a barrel by 0311 GMT, dropping away after a near 4% rebound on Thursday. U.S. West Texas Intermediate crude slipped 41 cents, or 0.4%, to \$102.32 a barrel, having settled 4.2% higher a day earlier. Both contracts are set for their second straight weekly loss. Trade this week was marked by a sharp sell-off on Tuesday, when WTI slid 8% and Brent tumbled 9%. Brent's \$10.73 drop was the third biggest for the contract since it started trading in 1988.

On the other hand, Gold was down on Friday morning in Asia although growth fears seem to ease. Gold futures inched down 0.01% to \$1,739.60 by 11:07 PM ET (3:07 AM GMT). The dollar which normally moves inversely to gold, edged down on Friday morning. Gold prices have lost about 3.7% this week. It is likely to be their fourth straight weekly fall and worst since mid-May. Benchmark U.S. 10-year Treasury yields dipped on Friday, lending non-yielding bullion a hand.

Indicative Profit Rates on Deposits		
	Amounts > 10 million	Amounts >100,000
	KES	USD
2 Weeks	6.00%	0.35%
1 Month	6.55%	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	1.0109	1.0415
GBP/USD	1.1724	1.2125
USD/AED	3.6527	3.6931
USD/JPY	133.85	138.05