

Date: 19th June 2009**US DOLLAR:**

Yesterday the shilling strengthened slightly against the dollar. The market opened at 77.80/78.00 but the local unit appreciated in intraday trading due to dollar supply from the agriculture sector and exporters. Levels of 77.60/70 were posted by banks but dealers in the market continue to keep a close eye on Central Bank as the possibility of it stepping in to buy dollars is highly likely. The pair closed trading at 77.60/77.80.

EURO: With German Producer Prices set to fall -3.6% in the year to May, the Euro may see selling pressure. This would be the largest decline in 22 years, stoking expectations that the Euro Zone's largest economy will help drag the currency bloc into deflation, containing economic growth. The reading foreshadows continued downward pressure on consumer inflation as cheaper wholesale prices are passed on via a lower final price tag. German CPI came to a standstill in May and is poised to head into negative territory from here. The pair is currently trading at \$1.3950.

STERLING POUND: Yesterday the pound fell against the dollar after data showed UK retail sales unexpectedly fell, raising doubts about UK's economic recovery. Signs of stabilization in the economy had led to gains the past two months but now that the built up demand has been exhausted, future purchases will come under scrutiny. Meanwhile, calls for spending to be curbed by Chancellor of the Exchequer Alistair Darling will put added pressure on Prime Minister Gordon Brown as the government continues to increase its debt in an attempt to spur an economic recovery. BoE Governor yesterday said that although there were signs of recovery, it was too soon to reverse stimulus and liquidity measures, but the time had come to plan an exit strategy. The pair is currently trading at \$1.6400.

KENYAN INTEREST RATES:

The over-night rates are between 2.50% - 3.15%

T.BILLS TENDER AVERAGE (LAST AUCTION)

91 DAYS = 7.431% 182 DAYS = 8.362%

INDICATIVE EXCHANGE RATES:

CURRENCY	BUY	SELL
U.S. DOLLAR	77.10	78.90
STERLING POUND	125.90	130.10
EURO	107.25	112.15
JAPANESE YEN	78.20	81.40
SWISS FRANC	68.80	73.40
SOUTHAFRICAN RAND	8.40	11.20
CANADIAN DOLLAR	67.50	71.60
UGANDA SHILLING	26.30	29.60
TANZANIA SHILLING	15.10	18.50

CROSS RATES (Quoted against the U.S. Dollar)

CURRENCY	BUY	SELL
STERLING POUND	1.5740	1.6520
EURO	1.3750	1.4280
JAPANESE YEN	95.80	100.75
SWISS FRANC	0.9500	1.1300
SOUTH AFRICAN RAND	7.55	9.75
CANADIAN DOLLAR	0.9800	1.1500
UGANDA SHILLING	1925	2545
TANZANIA SHILLING	1220	1480

INDICATIVE INTEREST RATES: \$250000>

CURRENCY	1 MONTH	3 MONTH
KENYA SHILLING	6.00	7.00
U.S. DOLLAR	0.75	1.25
STERLING POUND	1.00	1.5
EURO	1.00	1.50
SOUTH AFRICA RAND	7.00	8.50
UGANDA SHILLING	4.50	5.50
TANZANIA SHILLING	3.00	4.00

For more information and firm pricing, please contact our dealers Sankul Mandavia, Bernard Matimu, Maxwell Mutinda, Lorna Mwangi and Brenda Wabule on 2888327 to 332, 2716478 or 2721820 or visit our website www.nic-bank.com