

### DOMESTIC NEWS

The Kenya shilling held steady on Thursday closing a tad lower from previous day's level.

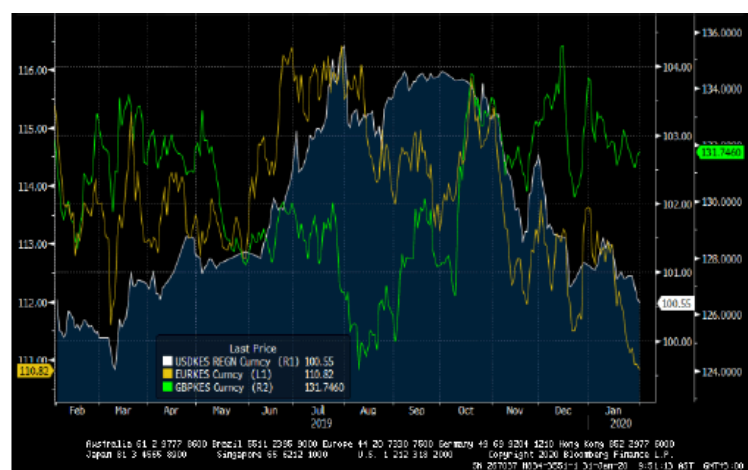
Dollar demand eased off amid slowdown in market activity offering support for the home unit. The regulator further supported shilling by mopping up excess liquidity to the tune of KES 30 Billion through 7-day Term Auction Deposits at 4.92%

In the week ahead, we expect competing forces taking center stage in the local currency market, with a bearish bias for the shilling as dollar demand remains elevated.

Amounts "100,000"	Today's Opening	
	Buy TT	Sell TT
USD/KES	100.60	110.65
GBP/KES	131.66	143.44
EUR/KES	117.40	131.58
JPY/KES	90.96	107.90

Forward Rate(USD)(1 month)	
BUY	100.70
SELL	111.35
3 Months	
Buy	101.20
SELL	112.00

Money Market Rates	Previous	Current	Change bps
Interbank Rate	2.22%	2.34%	+12.00
91-Day T-bill	6.112%	6.121%	+0.90
182-Day T-bill	6.440%	6.455%	+1.50
364-Day T-bill	7.370%	7.391%	+2.10
Inflation	4.59%	4.36%	-23.00



Source: Bloomberg

### INTERNATIONAL NEWS

The dollar took a breather on Friday, rising 0.60% against a basket of currencies. The rise was boosted by data on US inflation-adjusted consumer spending which indicated recovery from April lows however still below pre-pandemic levels. The greenback dropped by 4.1% in the month of July, its largest monthly drop since 2010, as coronavirus cases surged across the US as well as data showing a slowdown in economic recovery.

The euro was down 0.51% against the dollar. The single currency is at its highest level since 2014 with the market bidding for the pair following the EU agreement on Euro 750 Billion recovery fund. Data on the Eurozone showed a contraction in GDP in Q2 by 12.1%, however inflation for the month of July rose to 0.3% from 0.1% in June.

Sterling pound traded lower on Friday but closed the month 5.5% higher on the back of dollar weakness. Data on UK and US PMI is scheduled for release in week ahead as well as BOE meeting, which could inform the direction of the currency pair.

The Japanese Yen lost ground against the dollar in the early Asian Market, dropping 0.3% on the back of renewed dollar strength. The Japanese Economy shrank by 0.6% in Q2 little changed from Q1.

Indicative Deposit Rates			
Amounts > KES 20 million	Amounts > 100,000		
	KES	USD	EURO
Call	2.75%	0.25%	0.00%
1 month	4.70%	0.25%	0.00%
3 months	5.00%	0.35%	0.00%
6 months	5.25%	0.50%	0.00%

Indicative Cross Rates		
	Buy	Sell
EUR	1.1020	1.2320
GBP	1.2200	1.3670
JPY	99.65	114.50
CHF	0.8950	1.0650

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