

## DOMESTIC NEWS

Mid-week trading in the local FX market saw the local currency continue trailing on the back foot, as dollar demand outweighed supply, and as a consequence the home unit closed the day marginally lower.

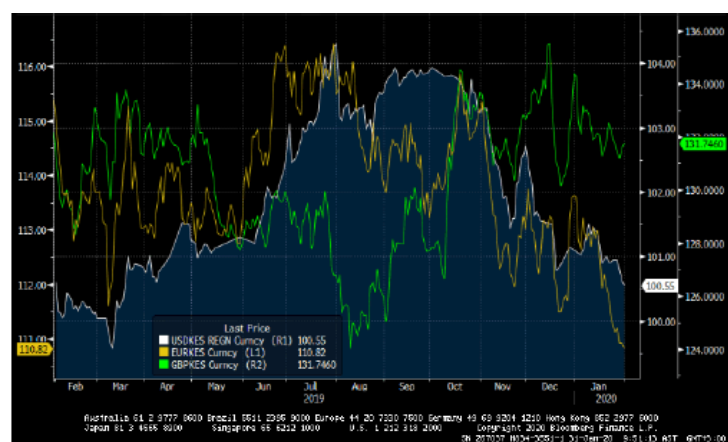
Persistent dollar demand from key sectors of the economy in the last few weeks have outweighed the scarce supply, which continue to weigh on the shilling. Interbank trading activity remained muted as traders matched their flows with the available liquidity.

We expect the USD/KES currency pair to continue with its range bound theme, albeit with a slightly bullish tinge in favor of the U.S dollar in the near term.

Amounts "100,000"	Today's Opening	
	Buy TT	Sell TT
USD/KES	101.95	111.40
GBP/KES	135.45	146.50
EUR/KES	120.60	132.95
JPY/KES	96.00	110.00

Forward Rate(USD)(1 month)	
BUY	102.00
SELL	111.60
3 Months	
Buy	102.50
SELL	112.40

Money Market Rates	Previous	Current	Change bps
Interbank Rate	2.67%	2.55%	-12.00
91-Day T-bill	6.273%	6.295%	+2.20
182-Day T-bill	6.625%	6.627%	+0.20
364-Day T-bill	7.507%	7.554%	+4.70
Inflation	4.59%	4.36%	-23.00



## INTERNATIONAL NEWS

The greenback fell against a basket of currencies on the back of improved risk sentiment as U.S. stocks recoiled from a sharp sell-off, driven by a rally in tech stock and higher crude oil prices, which also prompted gains in commodity currencies.

The euro rebounded on Wednesday after Bloomberg News, citing ECB officials, reported that the ECB's upcoming projections for output and inflation will not be far-off from their June outlook. GDP for this year would also be revised higher despite euro-zone's consumer prices turning negative in August for the first time since 2016.

Cable received a boost from a European Union statement that said it would not suspend Brexit negotiations over the British government's new internal market bill leading the currency to gain 1.3% in the day. The pound had initially fallen to a six-week low, as a new by-law on Britain's post-Brexit plans raised doubts whether trade talks between the two sides will take place.

Early Tokyo trading saw the Yen exchange hands at around the 106.20 levels, against the dollar, as markets assembled towards riskier assets. The safe-haven yen had made considerable gains earlier after reports of a delay in a COVID vaccine roll-out sparked fear amongst investors.

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	1.1240	1.2640
GBP	1.2520	1.3950
JPY	99.65	114.50
CHF	0.8320	0.9730

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