

DOMESTIC NEWS

The local currency ceded marginal ground against the dollar yesterday, but remained within the recent trading ranges.

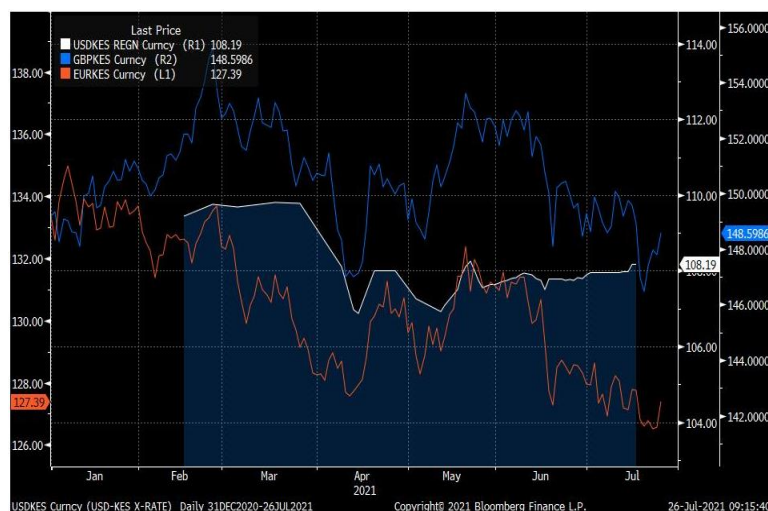
Early trading saw a slight uptick in demand for foreign currency from the energy and manufacturing sectors, causing a 10 cents move upwards for the USDKES pair by market close.

Looking ahead, market direction will largely be determined by the interplay of demand and supply forces in the short term.

Amounts "100,000"	Today's Opening	
	Buy TT	Sell TT
USD/KES	103.70	112.85
GBP/KES	143.48	154.65
EUR/KES	121.75	132.90
JPY/KES	94.99	104.80

Forward Rate(USD)(1 month)	
BUY	103.85
SELL	113.10
3 Months	
Buy	104.70
SELL	113.75

Money Market Rates	Previous	Current	Change bps
Interbank Rate	3.56%	3.72%	+16.00
91-Day T-bill	6.774%	6.781%	+7.00
182-Day T-bill	7.226%	7.253%	+2.70
364-Day T-bill	7.517%	7.777%	+26.00
Inflation	6.55%	6.57%	+2.00



Source: Bloomberg

INTERNATIONAL NEWS

The dollar initially dropped against major currencies on Tuesday after data showed a less-than-expected rise in US inflation last month, creating uncertainty about the timing of the Federal Reserve's tapering of asset purchases. The Consumer Price Index on a monthly basis was 0.3%, a tick lower than the forecasted, while excluding food and energy CPI shrank to 0.1% from 0.3% foreseen. On an annual basis figures, CPI remains unchanged at 5.3%, while the CPI excluding food and energy contracted from 4.3% in the previous reading to 4%.

The common currency reached a new weekly high yesterday, though it retreated some of its gains by closing bell.

Cable cheered the broad US dollar weakness early in the American session, before the market's rush to safety bolstered the greenback. The GBPUSD pair failed to respond to the latest UK employment figures. UK job numbers came in mixed with the Unemployment Rate matching the expected weakness to 4.6% versus prior 4.7%. However, the Claimant Count Change came in a bit higher than the forecast at -71.7K to -58.6K in August. Further, Average Earnings Excluding Bonus matched the softer forecast of 6.8% for 3M/yr July period but inched above 8.2% market consensus to 8.3%, while including the bonus component.

In addition to its safe haven appeal the Japanese Yen remains well supported on the optimism induced reports that Japan is on track to reach the vaccination levels of the US and Europe.

Indicative Deposit Rates

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

Indicative Cross Rates

	Buy	Sell
EUR	1.1040	1.2440
GBP	1.3110	1.4510
JPY	103.35	117.35
CHF	0.8530	0.9930

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