

## DOMESTIC NEWS

The local unit continued to trade within confined ranges against the U.S. dollar in Tuesday's session as foreign currency flows remained well matched.

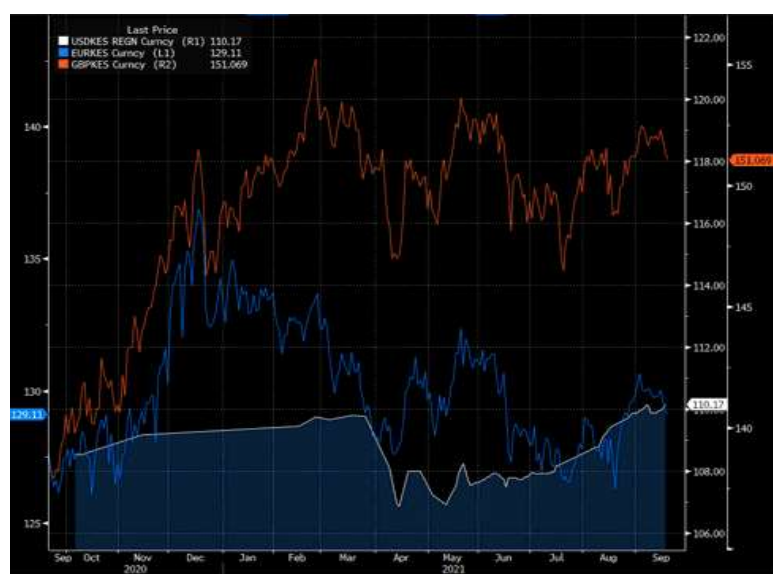
The session saw the shilling hold steady versus the greenback on the back of matching flows on both the demand and supply counters. An uptick in dollar demand later in the day saw the domestic unit marginally weaken by 5 cents.

Looking ahead, we expect the USD/KES currency pair direction to be dominated by the flows in the market.

Amounts "100,000"	Today's Opening	
	Buy TT	Sell TT
USD/KES	103.90	113.30
GBP/KES	141.05	152.50
EUR/KES	120.15	131.80
JPY/KES	93.95	104.10

Forward Rate(USD)(1 month)	
BUY	104.25
SELL	114.25
3 Months	
Buy	105.15
SELL	115.55

Money Market Rates	Previous	Current	Change bps
Interbank Rate	6.69%	6.53%	-16.00
91-Day T-bill	6.896%	6.895%	-0.10
182-Day T-bill	7.282%	7.282%	0.00
364-Day T-bill	7.890%	7.949%	+5.90
Inflation	6.55%	6.57%	+2.00



Source: Bloomberg

## INTERNATIONAL NEWS

The U.S. dollar edged higher on Tuesday, lingering close to the one-year high hit last week, as traders remained circumspect ahead of key payrolls report at the end of the week that could provide clues to the U.S. Federal Reserve's next move.

Moves in the FX market are likely to remain largely muted for the rest of the week as investors await the update on the U.S. labor market that could help provide clues to whether the Fed will begin tapering its asset purchases before year's end, analysts said.

EUR/USD fell 0.17%, despite a bounce after the ISM services employment index fell by 0.7 to an underwhelming 53. The focus for the pairs downturn fundamentally remains on Friday's U.S. jobs report.

The sterling registered its fourth positive day in a row, extending its rebound from last week's year-to-date lows. The markets seem to have shifted the focus from the fuel shortages and supply disruptions in the UK to the possibility that the Bank of England will lead the major central banks on hiking interest rates.

Earlier in Asia, the USD/JPY was up 0.12% on the day, benefiting from US dollar gains. BOJ Governor Haruhiko Kuroda stated that demand in Japan has not recovered as rapidly as it has in the US.

### Indicative Deposit Rates

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

### Indicative Cross Rates

	Buy	Sell
EUR	1.0890	1.2290
GBP	1.2750	1.4150
JPY	104.00	118.00
CHF	0.8600	0.9900

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