

DOMESTIC NEWS

The Kenya shilling continued to extend its slide against the U.S. dollar as foreign currency demand continued to weigh in.

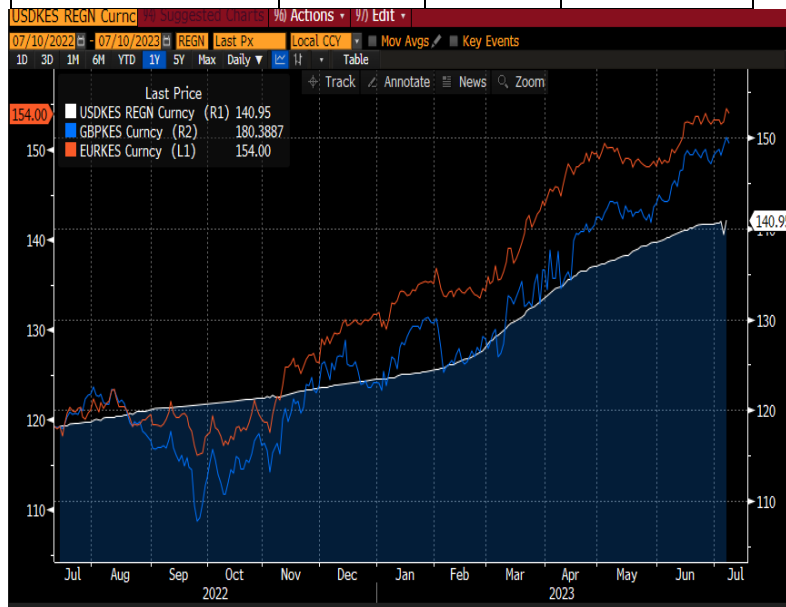
Appetite for the greenback mostly from corporates players saw the USDKES currency pair close the day a shade higher for the second consecutive day this week.

Looking ahead, we expect the local unit to trade on the back foot as the demand-supply mismatch continues to weigh in.

Amounts "100,000"	Today's Opening	
	Buy TT	Sell TT
USD/KES	135.35	145.35
EUR/KES	149.80	164.05
GBP/KES	172.05	188.80
JPY/KES	95.90	105.05

Forward Rate (USD) (1 month)	
BUY	138.10
SELL	146.70
3 Months	
Buy	140.20
SELL	147.50

Money Market Rates	Previous	Current	Change bps
Interbank Rate	11.25%	12.40%	+115.00
91-Day T-bill	12.014%	12.109%	+9.50
182-Day T-bill	12.199%	12.271%	+ 7.20
364-Day T-bill	12.250%	12.452%	+20.20
Inflation	8.00%	7.88%	-12.00



Source: Bloomberg

INTERNATIONAL NEWS

The dollar was range bound oscillating between gains and losses. Overall risk sentiment improved following the latest Chinese stimulus signalling which would focus on boosting domestic demand, crimping the haven appeal of the U.S. currency. Though full pricing in of a 25 basis points Fed hike later today and about a 35% probability of a hike beyond that has been steady lately, the lead time before cuts has lengthened, with less easing expected next year. There's also speculation the pace of quantitative tightening could be increased in lieu of raising rates more than once more.

The Euro fell 0.24% for a fifth daily, it's lowest since July 12, following weak euro zone loan demand and German IFO data. Dovish comments from normally hawkish ECB member Klaas Knot on July 18 raised doubts about an ECB hike beyond this week's 25 basis points expected increase, triggering EUR/USD's slide since then. The Euro continues to remain heavy ahead of Fed and ECB meetings today and tomorrow.

Risk-sensitive sterling rose 0.4%, with improved UK manufacturing orders and key supports halting its recent plunge. The pound remained precariously close to recent trend lows ahead of the expected Fed 25 basis points hike. Some forecasters had forecast UK rates peaking at 6.5-7% in early 2024, but those lofty expectations have diminished significantly with analysts now indicating BoE rates topping out at 5.8% in early 2024.

Earlier in Asia, USD/JPY fell 0.25% despite Treasury-JGB yields spreads rising further and ahead of the Fed and BoJ meetings, the results of which should determine whether resistance by 142 will be overcome for a run at July highs.

Indicative Deposit Rates			
Amounts > KES 20 million	Amounts > 100,000		
	KES	USD	EURO
Call	4.25%	1.00%	0.00%
1 month	6.25%	2.00%	0.00%
3 months	7.00%	2.25%	0.00%
6 months	8.00%	2.35%	0.00%

Indicative Cross Rates		
	Buy	Sell
EUR	1.0165	1.1685
GBP	1.1900	1.3600
JPY	134.05	143.25
CHF	0.8120	0.9950

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