DOMESTIC NEWS

Steady and gradual dollar demand in the local currency market, amid a decline in foreign currency inflows depressed the local unit marginally, against its American Counterpart, on the first trading day of August.

Dollar appetite from the corporate sector continued to put pressure on the shilling. Some foreign currency inflows later in the day helped the local unit and stemmed the USDKES currency pair's climb by the closing bell.

We see the home unit trading within these ranges albeit with a bearish tinge as foreign currency demand from the various sectors continues to manifest.

Amounts "100,000"	Today's Opening	
	Buy TT	Sell TT
USD/KES	136.50	148.00
EUR/KES	148.00	164.05
GBP/KES	173.40	190.77
JPY/KES	96.28	106.00

Forward Rate (USD) (1 month)	
BUY	138.10
SELL	149.10
3 Months	
Buy	140.20
SELL	149.90

Money Market Rates	Previous	Current	Change bps
Interbank Rate	15.91%	16.55%	+64.00
91-Day T-bill	12.233%	12.352%	+11.90
182-Day T-bill	12.322%	12.392%	+ 7.00
364-Day T-bill	12.708%	12.728%	+2.00
Inflation	8.00%	7.88%	-12.00

Source: Bloomberg

INTERNATIONAL NEWS

The dollar advanced against major currencies on Tuesday after relatively solid data on U.S. manufacturing and construction in June offset a decline in job openings last month, which was the lowest level in more than two years. The report suggested that U.S. manufacturing might be stabilizing at weaker levels in July amid a gradual improvement in new orders, though factory employment dropped to a three-year low.

The dollar was also underpinned by U.S. job openings, which fell to the lowest level in more than two years in June, but remained at levels consistent with tight labor market conditions, which could spur the Federal Reserve to keep interest rates elevated for some time.

The euro was down by 0.2 percent as analysts began speculating of a likelihood of a pause in rate hikes by the European Central Bank after softer than expected data releases recently. Euro zone inflation fell further in July and the bloc returned to growth in the second quarter with a greater-than-expected expansion.

The Sterling Pound traded lower on Tuesday after broad based dollar strength and money markets pricing in a 60 percent probability that the Bank of England will hike rates by 25 basis points, instead of 50 basis points on Thursday.

Early Wednesday Morning, the safe-haven yen was a tad stronger after minutes of the Bank of Japan's June policy meeting showed that the board agreed on the need to keep ultra-loose policy for the time being.

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	1.0550	1.1685
GBP	1.1900	1.3600
JPY	137.05	145.25
CHF	0.8120	0.9950

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