

DOMESTIC NEWS

The Kenya shilling movement against the U.S. dollar was constrained within a narrow furrow on Wednesday.

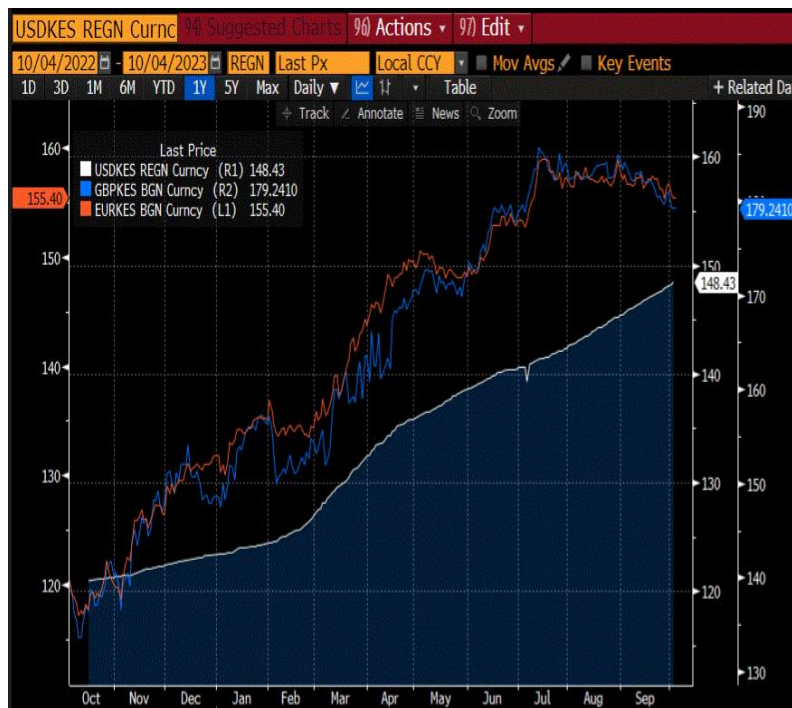
Market activity remained subdued through the day but with corporate demand outweighing inflows, the local unit was a few cents weaker by the end of the day.

Looking ahead, we expect the USDKES pair to remain within the current range guided by demand and supply flows.

Amounts "100,000"	Today's Opening	
	Buy TT	Sell TT
USD/KES	144.35	156.25
EUR/KES	150.52	166.12
GBP/KES	173.32	191.28
JPY/KES	96.84	106.60

Forward Rate (USD) (1 month)	
BUY	145.20
SELL	157.85
3 Months	
Buy	148.95
SELL	159.95

Money Market Rates	Previous	Current	Change bps
Interbank Rate	12.34%	12.58%	+24.00
91-Day T-bill	14.8734%	14.9604%	+8.70
182-Day T-bill	14.9778%	15.0231%	+4.53
364-Day T-bill	15.1867%	15.3368%	+15.01
Inflation	6.7%	6.8%	+10.00



Source: Bloomberg

INTERNATIONAL NEWS

The US dollar surged against major currencies on Wednesday, despite mixed U.S. housing news, propelled by 16-year highs in 10-year Treasury yields. The 10-year yield was 3 basis points shy from 5.00%. Investors closely monitored the Hamas-Israel conflict for signs of escalation. The Fed's Beige Book report was also negative for the greenback as it highlighted stable or slightly weaker growth and a tight labor market in the near term. Thursday's spotlight will be on the U.S. Department of Labor's release of weekly Jobless Claims.

The EUR currency struggled with challenges in its bid for gains and resumed its downward trajectory during yesterday's session. On the data front, Eurozone inflation data came in line with expectations at 4.30% but lower than previous month reading of 5.20%. Dovish comments from an ECB Governing Council member yesterday, increasing geopolitical tensions between Israel and Hamas, alongside broader dollar strength continued to weigh on the EUR/USD pair.

The Cable fell nearly 0.15% yesterday, despite the resilience in UK inflation data and slight rise in UK yields. Positive aspects in the inflation data may elucidate the absence of bullish GBP movement, a sentiment shared by market participants who maintained their expectations for a Bank of England rate hike following the CPI release.

The Japanese Yen seems poised to challenge the Bank of Japan's determination this Thursday, as risk assets falter under the weight of Middle East tensions. USD/JPY is approaching this year's peak witnessed earlier in the month. The prevailing strength in the exchange rate is bolstered by a resurgent US Dollar, riding high on surging Treasury yields as the week progresses. If the weakness in the Japanese Yen extends too far, it may elicit a response from the Bank of Japan.

Indicative Deposit Rates

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

Indicative Cross Rates

	Buy	Sell
EUR	1.0400	1.1550
GBP	1.2000	1.3700

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