

DOMESTIC NEWS

The local currency slumped further against its American counterpart as dollar demand continued to outmuscle supply.

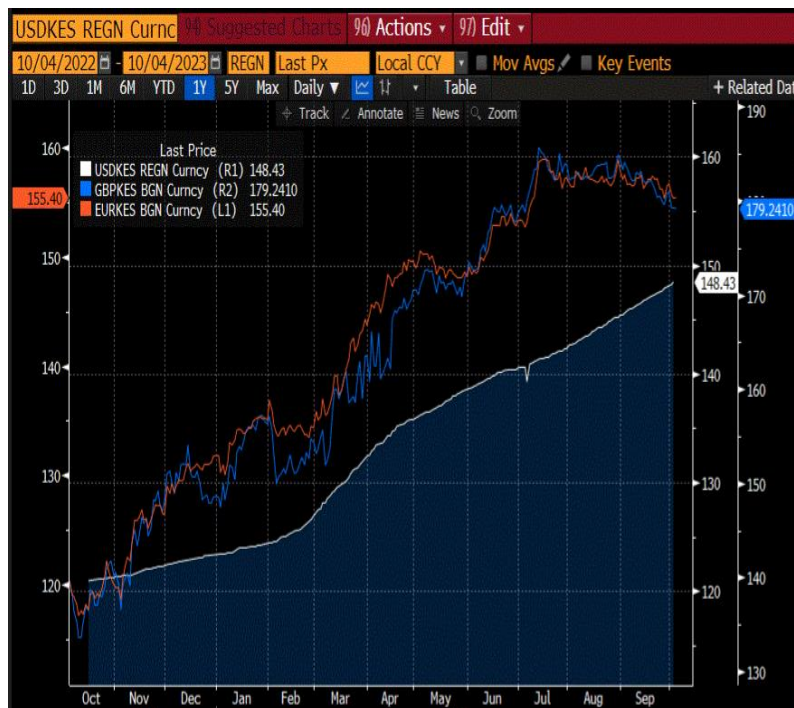
The trading session witnessed ample demand with the price action for the USD/KES pair largely flow driven amidst subdued foreign currency inflows.

Heading into the week, we anticipate the local unit to continue trading within the established ranges, barring any major market moving factors.

Amounts "100,000"	Today's Opening	
	Buy TT	Sell TT
USD/KES	144.65	156.65
EUR/KES	152.91	171.25
GBP/KES	175.60	194.36
JPY/KES	97.14	111.29

Forward Rate (USD) (1 month)	
BUY	145.40
SELL	157.50
3 Months	
Buy	148.95
SELL	159.95

Money Market Rates	Previous	Current	Change bps
Interbank Rate	12.62%	12.66%	+4.00
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 U.S. dollar fell against a basket of currencies on Monday, as traders awaited fresh U.S. economic data due later this week as well as tracking a retreat in U.S. Treasury yields from 5% level hit earlier in the session. The yield on the benchmark 10-year U.S. Treasury note declined on Monday after briefly rising above 5.0%, hitting the July 2007 milestone that it briefly attempted to scale last week. Traders are on watch for several events this week, including a European Central Bank meeting, and the release of U.S. GDP data which is the Federal Reserve's preferred inflation gauge.

The Euro jumped on Monday, amid a broadly weaker dollar. The Euro broke a down trend line and climbed up to the highest level in a month. On Tuesday, Eurozone and US PMI data are scheduled to be released. The consensus is for a marginal improvement in the Euro area and a slight decline in the US.

The GBP continued trading on the upper bounds during the early trading session today. The GBP is benefiting from a broadly subdued US Dollar and a positive shift in risk sentiment. The UK jobs data failed to move the needle around the Pound Sterling. UK Oct flash PMI data are due later today which will be another driver for the sterling.

The yen showed little movement on Tuesday, hovering just shy of the symbolic line against the US Dollar. The BoJ meets on Oct. 30-31 and is expected to maintain policy settings. Traders should be on alert nevertheless, as the BoJ has tweaked policy in the past with no prior warning, which has triggered significant volatility from the yen. Japan is expected to release PMI reports later on today.

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	1.0400	1.1550
GBP	1.2000	1.3700
JPY	140.50	150.50
CHF	0.8120	0.9950

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