

DOMESTIC NEWS

The Kenya shilling movement against the U.S. dollar was constrained within a narrow furrow on the first trading day of the week.

In a day characterized by muted activity, dollar demand from the corporate players matched the supply counter leaving the USDKES pair unchanged by session's close.

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

Amounts	Spot Rates		Forward Rates		
"100,000"	Opening		USD/KES		
	Buy TT	Sell TT		Buy	Sell
USD/KES	125.00	133.50	1 month	125.70	134.20
EUR/KES	140.10	157.35	3 Months	127.10	135.60
GBP/KES	163.47	181.92	6 Months	129.20	137.70
JPY/KES	81.16	93.49	12 Months	133.40	141.90

Money Market Rates	Previous	Current	Change Bps
Interbank rate	9.60%	9.60%	-0.00
91-Day T-bill	8.1168%	8.1106%	-0.62
182-Day T-bill	8.4186%	8.4095%	-0.91
364-Day T-bill	9.7193%	9.7178%	-0.15
Inflation Rate	3.80%	4.10%	+30.00

Source: Bloomberg



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INTERNATIONAL NEWS

The U.S. dollar recovered modestly during Monday's session consolidating recent moves after Friday's disappointing events. Traders weighed on whether the rising odds of a Fed rate cut will support risk appetite and offset the economic impact of U.S. tariffs. On the data front, Factory Orders fell sharply by 4.8% MoM in June, matching expectations but marking a steep reversal from May's 8.2% surge. Today's calendar will feature the ISM Services PMI, Jobless Claims, Consumer Sentiment data, and Fed speakers.

The Euro steadied on Monday, bouncing back from a seven-week low touched on Friday as broad dollar weakness followed disappointing US jobs data. In other news, the EU announced on Monday that it will delay its planned retaliatory tariffs against the US tariffs for six months, which were set to take effect on Thursday after US/EU trade agreement. Data released yesterday showed the Eurozone Sentix Investor Confidence Index tumbled in August to -3.7, following July's 4.5. Market participants await today's HCOB Composite and Services PMI data from the Eurozone and Germany.

The Sterling consolidated on Monday after a sharp rebound driven by renewed Greenback weakness. The UK data docket is relatively quiet this week on both of the Atlantic, though the Bank of England's interest rate decision looms ahead on Thursday. Traders will watch out for remarks from BoE members for cues on future monetary policy direction.

The Yen steadied in the early Asian session as Bank of Japan's meeting indicated that policymakers remain open to further rate hikes. Still, the board maintained that current rates are appropriate amid persistent uncertainty. BoJ board members noted that inflation is falling short of projections but stressed the need to monitor economic developments closely due to downside risks to growth stemming from U.S. tariff policy. The Economy Minister and chief trade negotiator, Ryosei Akazawa, mentioned that he will push the US to give an order to take the auto tariff into effect promptly.

Indicative Deposit Rates			
Amounts > KES 20 million		Amounts > 100,000	
Tenor	KES	USD	EURO
Call	6.10%	0.05%	0.10%
1 month	5.20%	0.10%	0.15%
3 months	5.20%	0.15%	0.25%
6 months	5.65%	0.20%	0.30%

Indicative Cross Rates		
CCY	Buy	Sell
EUR\USD	1.1000	1.2200
GBP\USD	1.2900	1.4000
USD\JPY	140.00	154.00
USD\CHF	0.7700	0.8800