

DOMESTIC NEWS

The domestic unit was unmoved against the dollar in a rather lull mid-week trading session, as foreign currency demand and supply counters were well matched.

Balanced flows left the currency pair unchanged from the previous day closing levels.

In the absence of any significant catalysts, we expect the local currency to remain range-bound, with USD/KES direction dictated demand and supply factors.

Amounts	Spot Rates		Forward Rates	
"100,000"	Opening		USD/KES	
	Buy TT	Sell TT		
USD/KES	125.00	133.50	1 month	125.70 134.20
EUR/KES	141.41	158.82	3 Months	127.10 135.60
GBP/KES	164.40	182.99	6 Months	129.20 137.70
JPY/KES	80.92	93.21	12 Months	133.40 141.90

Money Market Rates	Previous	Current	Change Bps
Interbank rate	9.59%	9.62%	+3.00
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



ISSUED BY NCBA, NAIROBI P.O. BOX 30437, TEL 2884000, 2734555, 2734661-5 FAX # 2734616, REUTERS DEALING - CBAF, REUTERS INFORMATION CBAF. This Newsletter is produced as a service to our clients. It is prepared by our dealing professionals & is based on their understanding & interpretation of market events. The bank cannot however be held responsible for any losses of whatever nature sustained as a result of action taken based on comments contained in this publication

INTERNATIONAL NEWS

The Greenback drifted lower on Wednesday weighed by fresh worries on stagflation following weak US macroeconomic data and traders remained cautious ahead of Trump's Fed Chair nominee. Some Fed policymakers raised concerns over cooling US labor market conditions and a slowing economy but continued to express uncertainty over inflation outlook. The Boston Fed President Susan Collins expressed uncertainty in the economy, suggesting a wait-and-see approach. Fed Governor Lisa Cook added that July's jobs data was worrying and that big revisions usually can happen at economic turning points. Meanwhile, Collins and Cook's remarks upheld the "status quo" of keeping interest rates unchanged until data indicates an ongoing economic slowdown. Today, the US economic docket will feature the latest Initial Jobless Claims figures today, alongside Atlanta's Fed Raphael Bostic speech.

The Euro surged more than 0.50% on Wednesday reaching its highest level in over a week. The Euro was supported by greenback's renewed selling pressure as traders began to price in Fed rate cuts. Yesterday the Eurozone economic docket revealed that Germany's Factory Orders softened in June, while Retail Sales for the bloc improved in the twelve months to June data. Today, markets eye Germany's Industrial Production print and the Trade Balance.

The Cable rose sharply by 0.37% during the North American session reaching five-day tops ahead of the Bank of England's interest rate decision today. The BoE policy decision is the key focus for UK markets, but market players will also pay attention to the Halifax House Prices Index and BoE's DMP survey. Market widely expects a 25 basis points cut today by the BoE with expectations of 8 to 1 vote on the cut.

The Japanese Yen declined marginally during today's early Asian session in reaction to reports that US President Trump could impose an additional 15% tariff on all Japanese imports. This, along with the uncertainty over the likely timing of the next interest rate hike by the BoJ and a generally positive risk tone, undermined the safe-haven JPY.

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