

## DOMESTIC NEWS

The local FX market recorded diminished activity in Monday's Trading session, leaving the Kenya shilling trading flat versus the American counterpart by the sessions end.

There was little by way of volume from both interbank and merchant counters and the tit bits of activity were evenly matched.

In the day ahead, we see the domestic unit holding ground against the dollar as market activity remains somewhat subdued.

Amounts	Spot Rates		Forward Rates		
"100,000"	Opening		USD/KES		
	Buy TT	Sell TT		Buy	Sell
USD/KES	126.00	132.00	1 month	126.50	134.20
EUR/KES	140.45	159.30	3 Months	127.10	135.60
GBP/KES	162.40	183.45	6 Months	129.20	137.70
JPY/KES	80.25	92.45	12 Months	133.40	141.90

Money Market Rates	Previous	Current	Change Bps
Interbank rate	9.57%	9.59%	+2.00
91-Day T-bill	8.0000%	7.9999%	-1.00
182-Day T-bill	8.0706%	8.0500%	-2.00
364-Day T-bill	9.5734%	9.5691%	-1.00
Inflation Rate	4.50%	4.10%	+40.00

Source: Bloomberg



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## INTERNATIONAL NEWS

The US Dollar started the week on the defensive, slipping back to multi-week troughs in a muted session as US financial markets were closed marking a Labor Day holiday. Investors are looking ahead to a raft of U.S. labour market data this week that could affect expectations for the Federal Reserve's monetary easing path and as market watchers try to ascertain the extent to which Trump's policies are affecting industrial activity data and the labour market. Data due include ISM's manufacturing and services purchasing managers' indices and the non-farm payrolls report.

The Euro advanced against the dollar on Monday, gaining over 0.20% amid thin liquidity with the US markets closed. A soft dollar and growing bets that the Federal Reserve will cut rates at the September meeting, boosted the euro's appeal. Eurozone CPI data will be watched later today.

Sterling rose 0.3% on Monday, bolstered by a weaker dollar and a general uptick in market sentiment. Investors will closely watch the questioning of Bank of England Monetary Policy Committee members by the Treasury Committee later this week, looking for guidance on future rate cuts or possible changes to the central bank's quantitative tightening program amid renewed concerns over Britain's fiscal outlook. Markets are tilted into the risk-on side ahead of a data packet docket from the U.S. later this week.

The Japanese Yen extended its steady intraday descent through the Asian session on Tuesday after Bank of Japan Deputy Governor Ryozi Himino struck a dovish tone. He stated the central bank should keep raising interest rates but also warned that global economic uncertainty remained high, suggesting it was in no rush to push up still-low borrowing costs. Apart from this, a generally positive tone around the Asian equity markets undermined the safe-haven JPY. An auction of 10-year Japanese government bonds (JGBs) on Tuesday also drew the strongest demand in almost two years.

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	1.1420	1.1960
GBP\USD	1.3230	1.3940
USD\JPY	142.20	149.60
USD\CHF	0.8165	0.8171