

DOMESTIC NEWS

The shilling held steady against the greenback in what was characterized as another quiet trading session.

The session saw lacklustre activity with few market players closing transactions. The little demand and supply countered each other well, keeping volatility at a minimum.

In the absence of any major market moving factors, the USD/KES pair remains at the mercy of broader market flows to determine its near-term direction.

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	9.59%	9.59%	+0.00
91-Day T-bill	8.0000%	7.9999%	-1.00
182-Day T-bill	8.0706%	8.0500%	-2.06
364-Day T-bill	9.5734%	9.5691%	-0.43
Inflation Rate	4.10%	4.50%	+40.00

Source: Bloomberg



INTERNATIONAL NEWS

The US Dollar advanced against its major peers as rising long-end yields weighed on the other major currencies. Further, the markets were trading on a risk-off mood triggered by threats to the independence of the Federal Reserve (Fed) and controversial US policy. The last word about the firing of Fed Governor Lisa Cook by US President Donald Trump is awaiting a court ruling as the White House continued to exert pressure on the Fed to reduce interest rates. At the same time, markets are also keyed in on late Friday's U.S. appeals court ruling that most of President Donald Trump's tariffs are illegal. The divided court allowed for the tariffs to remain until October 14 to give the administration a chance to file an appeal with the Supreme Court. The U.S. payrolls data to be released on Friday will likely determine the path of the dollar in coming weeks.

The Euro (EUR) trimmed some of its earlier losses against the US Dollar (USD) on Tuesday, as the greenback lost momentum following the release of mixed US manufacturing Purchasing Managers' Index (PMI) data. However, in Europe, the no-confidence vote in France to be held on September 8, added to the downbeat sentiment surrounding the Euro.

The Pound suffered losses on Tuesday as the UK markets suffered a fresh selloff, with the yield on long-dated bonds hitting the highest level since 1998. The Pound's woes were compounded further by mounting pressure on Prime Minister Keir Starmer to win the confidence of investors in the government's budget after he sidelined Rachel Reeves in a government reshuffle. Yields on the 30-year gilts jumped as much as eight basis points to 5.72% and the Sterling weakened as much as 1.5% against the US Dollar, the biggest drop since April as the currency lagged its major peers.

Early in the Asian trading session, selling bias of the Yen remains unabated amid heightened domestic political and trade-related uncertainties. The Yen extended losses on a report that Secretary General Hiroshi Moriyama intends to step down.

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	1.1160	1.1960	
GBP\USD	1.2920	1.3940	
USD\JPY	142.20	152.60	
USD\CHF	0.7650	0.8271	