

DOMESTIC NEWS

Overall market lethargy left the Kenya shilling trading flat against the buck in the mid-week trading session.

Fickle dollar supply was evenly matched by a dearth in activity on the foreign currency demand counter leaving the home unit stuck within the recently established ranges.

The USD/KES currency pair looks settled going into today's session and will probably remain within the present levels in the interim, barring fresh factors coming into play.

Amounts "100,000"	Spot Rates		Forward Rates		
	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	9.54%	9.52%	-2.40
91-Day T-bill	8.0000%	7.9999%	-0.01
182-Day T-bill	8.0706%	8.0500%	-2.06
364-Day T-bill	9.5734%	9.5691%	-0.43
Inflation Rate	4.50%	4.10%	+40.00

Source: Bloomberg



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INTERNATIONAL NEWS

The U.S. dollar extended losses on Wednesday against major currencies, after economic data showed weakening labor demand, strengthening market hopes for an upcoming Federal Reserve interest rate cut. U.S. Labor Department data showed that job openings, a measure of labor market demand, fell more than expected to 7.181 million in July. U.S. Treasury yields fell after the jobs data. The 2-year note US2YT=RR yield, which typically moves in step with interest rate expectations for the Federal Reserve, fell 4.6 basis points to 3.613%. The yield on benchmark U.S. 10-year notes fell 5.6 basis points to 4.221%.

EUR/USD recovered after Tuesday's losses but remained on the lower side despite broad US Dollar weakness across the board. Economic data in the US strengthened the chances that the Federal Reserve (Fed) could resume its easing cycle at the September meeting. An improvement in market mood prompted investors to buy the Euro.

The British pound gained against the dollar following a selloff in government bond yields. In the gilt market, Britain's 30-year borrowing costs rose to their highest levels since 1998. Although broad-market investor sentiment leaned into the risk-on side as traders clamored for an interest rate cut from the Federal Reserve (Fed), a dovish outing from Bank of England (BoE) Governor Andrew Bailey crimped GBP gains. UK Services PMI jumps to 54.2, easing fiscal worries, while BoE officials stressed inflation risks and policy caution.

The Japanese Yen (JPY) met with some supply during the Asian session on Thursday and stalled the recovery from a one-month low touched against its American counterpart the previous day. Investors remain divided over the likely timing and pace of Bank of Japan (BoJ) rate hikes amid tariff-related uncertainties. Furthermore, concerns about rising debt levels across major economies, including Japan, domestic political uncertainty, and a stable performance around the equity markets turn out to be key factors undermining the 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	1.1220	1.1960
GBP\USD	1.3050	1.3920
USD\JPY	143.20	152.60
USD\CHF	0.7600	0.8500