

DOMESTIC NEWS

The home unit traded flat against its U.S. counterpart on what was a calm day in the local foreign exchange market on Thursday.

Demand from importers was well countered by supply which evened out limiting the movement of the USD/KES pair.

Ahead of the weekend, we see limited market activity in today's session, caging the movements in the currency pair within the recent trading ranges.

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	9.52%	9.48%	-3.86
91-Day T-bill	7.9999%	7.9865%	-1.34
182-Day T-bill	8.0500%	8.0331%	-1.69
364-Day T-bill	9.5691%	9.5790%	+0.99
Inflation Rate	4.50%	4.10%	+40.00

Source: Bloomberg



INTERNATIONAL NEWS

The U.S. dollar regained fresh upside impulse and partially reversed Wednesday's downtick in a volatile week ahead of a crucial jobs report and with data indicating labor market weakness. Data showed on Thursday that the number of Americans filing new applications for jobless benefits increased more than expected last week, consistent with softening labor market conditions. Furthermore, the ADP National Employment Report showed U.S. private payrolls increased less than expected in August. Markets were relatively steady, reflecting investor wariness of making any big moves ahead of Friday's more comprehensive non-farm payrolls report which will be the salient event today for cues on Fed policy.

The euro EUR=EBS fell 0.13% as soft Eurozone retail sales and stronger dollar weighed on momentum. A tranche of US economic data showed that the labor market is deteriorating which drove the greenback higher against the Euro. Softer than expected Retail Sales report, exerted pressure on the Euro. Despite this, further EUR/USD upside is seen, after Isabel Schnabel, member of the European Central Bank (ECB) was hawkish, calling for steady rates as the economy remains steady.

The pound drifted on Thursday, in what has been its most volatile week in months, as investors grow increasingly nervous about Britain's finances and the government's ability to keep them under control, which has rattled the bonds market too. Yields on 30-year British government bonds or gilts, briefly shot up this week to their highest since 1998, swept along in a rout that has punished the long-dated debt of most major economies.

The Japanese Yen regained positive traction on Friday in reaction to upbeat domestic data. Furthermore, trade optimism overshadowed the risk-on mood and further supported the JPY. Data released today showed that real wages in Japan turned positive for the first time in seven months. Moreover, a rise in Japan's household spending in July, although at a slower-than-expected pace, reaffirmed market bets that the Bank of Japan (BoJ) will stick to its policy normalization path.

Indicative Deposit Rates			
Amounts > KES 20 million		Amounts > 100,000	
Tenor	KES	USD	EURO
Call	3.30%	1.10%	0.10%
1 month	4.80%	2.35%	0.15%
3 months	4.80%	2.35%	0.25%
6 months	4.85%	2.20%	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