

DOMESTIC NEWS

The Kenya shilling held steady against the U.S. dollar on Monday.

Market continued to witness matching demand and supply leaving the home unit unchanged from previous close.

Market chatter alludes to range bound trading at current levels, as investors search for fresh economic fundamentals to give price direction.

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	4.10%	4.50%	+40.00

Source: Bloomberg



INTERNATIONAL NEWS

The US dollar slipped back to multi-week lows amid the continuation of the bearish leg and retracement in US yields across the curve. Friday's weak U.S. jobs report cemented an interest rate cut this month. Fed funds futures are pricing in a 90% chance of a standard 25 basis-point cut this month and a 10% chance of 50-bp rate decline. Overall, the dollar index was 0.97% lower after release of the jobs data. On the data front, the NFP Annual Revision will be in the spotlight, seconded by the NFIB Business Optimism Index and the weekly report on US crude oil inventories by the API.

EUR/USD traded with modest gains showing little reaction to news that France's parliament voted to oust Prime Minister Francois Bayrou on Monday. The parliament brought down the government over its plans to tame the ballooning national debt, plunging the euro zone's second-largest economy deeper into political crisis. Investors will be looking forward to speeches from ECB's Montagner and Machado. The European Central Bank is widely expected to hold rates at its policy meeting on Thursday.

GBPUSD advanced at the beginning of the week as traders continued to digest the recent US employment report that keeps investors' hopes of an interest rate cut by the Federal Reserve (Fed). Contrarily, the Bank of England (BoE) is projected to hold rates unchanged due to the latest uptick in inflation. Also, solid Retail Sales revealed last week, could tie the BoE's hands to ease policy next week.

In early Asian trading, the Yen strengthened against the dollar, reversing weakness from Monday after prime minister Shigeru Ishiba resigned. The currency gained 0.2% as speculation turned to who could succeed him. The next LDP president is no longer guaranteed to become premier as the ruling coalition has lost its majorities in both chambers of parliament. The domestic media, however, consider LDP veteran Sanae Takaichi and Shinjiro Koizumi, the farm minister tasked with trying to rein in soaring rice prices, as front runners. They are also the top two picks in public opinion polls on Ishiba's successor.

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