

DOMESTIC NEWS

The local unit traded flat against its U.S counterpart on the second trading day of week.

Dollar inflows satiated foreign currency demand from corporate and interbank players throughout the session, subsequently leaving the USD/KES currency pair unchanged from the previous day's close.

As the mid-week trading session begins, we expect the home unit to continue trading within a range in the short term as flows continue to dominate the local FX scene.

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	9.48%	9.46%	-2.00
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 regained some upside traction on Tuesday, while market participants assessed the NFP Annual Revision amid speculation of a rate cut by the Federal Reserve at its meeting next week. The US Bureau of Labor Statistics (BLS) reported its preliminary annual benchmark revision, showing payrolls were overstated by 911,000 jobs through March 2025, equivalent to a 0.6% downward adjustment. The revision underscores that the labor market has been cooling more sharply than previously reported, adding weight to expectations that the Federal Reserve (Fed) will cut rates at its September 16-17 meeting. While the data reinforces the dovish case, the fact that such weakness was widely anticipated prompted a wave of US Dollar short-covering, lifting the Greenback from seven-week lows. Investors will look forward to the release of Producer Prices index today.

EUR/USD slid amid a combination of position-squaring and widening U.S.-EU yield differentials. French President Emmanuel Macron appointed loyalist and former conservative protégé Sébastien Lecornu as prime minister, defying expectations of a shift to the left. The speech by the ECB's Buch will be the only event on the domestic docket.

GBP/USD dropped modestly, fading the initial move to four-week highs. U.K. finance minister Rachel Reeves urged support for the Bank of England's inflation fight and growth efforts ahead of a year-end budget likely to include tax hikes. The UK Retail Sales in August revealed by the British Retail Consortium (BRC) grew 3.1% YoY, up from a previous reading of 1% a year ago.

USD/JPY pair lost momentum during the early Asian session. Japanese Prime Minister Shigeru Ishiba's resignation over the weekend fuels political uncertainty in Japan and could temporarily hinder the Bank of Japan (BoJ) from normalizing policy. This, in turn, might undermine the JPY and help limit the pair's losses.

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