

## DOMESTIC NEWS

The local currency remained steady versus the dollar, as calm in local trading counters persisted on Wednesday.

Activity from both importers and exporters remained balanced throughout the trading session, limiting price action in the USDKES pair, as volatility stayed at a minimum.

We expect the home unit to continue trading within a range in the short term guided by demand and supply.

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	9.46%	9.46%	0.00
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	4.50%	4.10%	+40.00

Source: Bloomberg



## INTERNATIONAL NEWS

The dollar held steady on Wednesday ahead of U.S. inflation data due today that could help shape the outlook for Federal Reserve policy. US PPI growth slowed in August, easing to 2.6% YoY from 3.3%. Core PPI also moderated coming in at 2.8% YoY versus a downwardly revised 3.5% in July. Mounting speculation of further rate cuts by the Federal Reserve next week has weighed on the greenback since weak labor market data was released on Friday and this view was further reinforced after US Producer Prices rose less than expected in August.

EUR/USD regained some composure on Wednesday's trading session. A wait-and-see attitude prevails ahead of the European Central Bank's (ECB) monetary policy meeting today. Markets are widely expecting interest rates to remain unchanged. The deposit rate is expected to remain at 2.00%, while the main refinancing rate will remain at 2.15%.

GBP/USD clocked decent gains as softer US PPI boosted Fed easing prospects for September. However, gains remained limited as traders continue to assess the economic progress in UK but has largely been supported by expectations that the Bank of England (BoE) is likely to hold interest rates steady at 4% in the monetary policy meeting in September. The upcoming UK GDP data, due Friday, is anticipated to reveal stagnant monthly growth following June's 0.4% increase. Evidence of slowing economic momentum could reinforce market expectations for additional BoE rate cuts later this year.

Earlier today, USD/JPY steadied showing limited reaction to the mixed PPI print. Government data showed PPI inflation fell 0.2% month-on-month in August, slightly more than expectations for a drop of 0.1%. But year-on-year PPI grew slightly to 2.7%. The print showed wholesale inflation in Japan remained relatively sticky- a trend that could spill over into CPI inflation data which is due next week. Sticky inflation gives the Bank of Japan more impetus to hike interest rates, although bets on such a scenario were battered this week following Prime Minister Shigeru Ishiba's unexpected resignation, which portends more political upheaval in Japan.

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