

DOMESTIC NEWS

The domestic unit held its ground against the US dollar in a rather muted trading session on Monday.

Market was largely contained within its well-established ranges seen recently as current trading levels are underpinned by an equilibrium between corporate demand for hard currency, and sustained inflows from exporters and diaspora remittances.

Market participants expect the USD/KES pair to remain range bound in the near term.

Amounts	Spot Rates		Forward Rates		
"100,000"	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	9.44%	9.51%	+7.00
91-Day T-bill	8.0799%	8.0000%	-7.00
182-Day T-bill	8.1732%	8.0706%	-10.00
364-Day T-bill	9.5824%	9.5734%	-1.00
Inflation Rate	3.82%	4.15%	+33.00

Source: Bloomberg



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INTERNATIONAL NEWS

The dollar advanced against majors on Monday, rebounding from a steep fall on Friday following remarks from Federal Reserve Chair Jerome Powell that boosted expectations for a rate cut next in September. Markets were also wary of Donald Trump announcing he was firing a Federal Reserve governor, an unprecedented move that further undermines confidence in the Fed's independence. Markets await data this week and with a data rich fortnight for the US Dollar, this week's core PCE and GDP report, next week's Non-Farm Payrolls release and CPI data for August will be watched for further cues on how the economy is faring. Today traders await the durable goods orders.

The EUR weakened on Monday following mixed economic data from the Eurozone's largest economy, Germany. The German current assessment index fell short of market consensus, printing 86.4 against 86.7, and lower from the previous July print of 86.5. The IFO business climate index rose to 89.0 in August, beating economist forecasts of 88.6 and improving from July's reading of 88.6. ECB's president cautious tone around the Euro yesterday citing a resilient but not thriving economy, further acted as a headwind for the Euro.

The Sterling Pound pared gains on Monday, following broader dollar strength and thin trading volumes during the London session as U.K marked a bank holiday yesterday. In a rather lull data week for the Sterling, markets will shift focus to key data releases in the US, as this is likely to shape market bets for policy cuts by the Fed.

The Japanese Yen advanced in the early Asian session on Tuesday, as the US dollar struggled following Trump's threat to remove Fed Governor Lisa Cook. The Yen could gain ground amid increased stability in Japan's domestic politics, with improved public approval after Tokyo reached a trade deal with the United States and the announcement of increasing production of rice. An opinion poll showed a 20% rise in support for Japanese Prime Minister Shiigeru Ishiba, despite his ruling coalition losing its majority in July's parliamentary election.

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	1.1521	1.1522
GBP\USD	1.3490	1.3497
USD\JPY	145.42	145.45
USD\CHF	0.8165	0.8171