

GLOBAL MARKETS

DAILY MARKET NEWS



Tuesday, February 17, 2026

Domestic Market Developments

The home unit began the week on a firm footing with price action remaining confined to a narrow band in an otherwise quiet session.

Today, we expect the shilling to remain within current levels, with underlying flows continuing to dictate the direction of the USD/KES pair.

International News

US market

The dollar index traded sideways in holiday-thinned trading as US markets were closed for the Presidents' Day holiday. Last week, the dollar came under pressure after benign US inflation data reinforced expectations that the Federal Reserve will cut interest rates later this year. Markets are currently pricing in a Fed rate cut in July, with a strong probability of a move in June as well. Investors now await the release of the Fed's meeting minutes on Wednesday for further guidance on the monetary policy outlook.

Eurozone & UK markets

EUR/USD remained on the back foot, extending its bearish tone in what was a subdued trading session. On the data front, Eurozone industrial production fell 1.4% in December, broadly in line with expectations.

GBP/USD gave back Friday's solid gains, turning lower at the start of the week. The focus now shifts squarely to UK's labour market data due later today, which is likely to keep the quid firmly in the spotlight and could set the tone for Cable's next move.

Japan market

The Japanese yen strengthened against the dollar in early Asian trading on Tuesday, recovering losses from the previous session amid growing speculation of an earlier interest rate hike by the Bank of Japan. Former BOJ board member Saiji Adachi said on Monday that the central bank is likely to raise its benchmark rate in April, having accumulated sufficient data by then to justify a move. BOJ Governor Kazuo Ueda also said that Prime Minister Sanae Takaichi made no specific requests during their regular meeting on Monday, where they discussed the economy. Despite concerns that Takaichi could obstruct the BOJ's policy normalization plans, she has so far refrained from opposing a rate increase amid market pressure.

Short-end market Rates

| Country | | | | |
|----------------|-------|--------|-------|-------|
| 91 Day T-Bill | 7.61% | 10.11% | 5.09% | 8.19% |
| 182 Day T-bill | 7.77% | 11.66% | 5.95% | 8.37% |
| 364 Day T-bill | 8.98% | 12.50% | 6.23% | 8.66% |
| Inflation Rate | 4.40% | 3.20% | 3.30% | 8.90% |
| Interbank | 8.77% | 9.97% | 5.00% | 7.00% |

Quotes on the major currencies.

| | Buy | Sell |
|-----|--------|--------|
| USD | 125.00 | 133.50 |
| EUR | 143.57 | 165.99 |
| GBP | 167.55 | 186.50 |
| CHF | 159.99 | 178.10 |
| JPY | 78.00 | 89.85 |
| ZAR | 6.25 | 10.85 |
| CAD | 87.97 | 101.24 |
| UGX | 0.0282 | 0.0529 |
| TZS | 0.0427 | 0.0646 |
| AED | 30.63 | 41.80 |
| RWF | 0.0599 | 0.1297 |

Indicative Deposit rates

| Tenor | Amounts > KES 20 million | | Amounts > 100,000 | |
|----------|--------------------------|-------|-------------------|------|
| | KES | USD | USD | GBP |
| Call | 2.90% | 0.70% | 0.70% | 0.0% |
| 1 month | 4.45% | 1.90% | 1.90% | 0.0% |
| 3 months | 4.45% | 1.90% | 1.90% | 0.0% |
| 6 months | 4.60% | 1.85% | 1.85% | 0.0% |

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