

DOMESTIC NEWS

The home unit held firm against the US Dollar in yesterday's trading session, with the USD/KES pair closing largely unchanged from the previous day's levels.

The stability of the local unit was supported by a balanced interplay between foreign currency inflows from key sectors and demand across various market segments.

Ahead of the weekend, the domestic unit is expected to trade within its recent range in today's session, with movements in the currency pair likely to be guided by the flow dynamics and activity from both demand and supply-side market participants.

Amounts	Spot Rates		Forward Rates		
	Opening		USD/KES		
	Buy TT	Sell TT		Buy	Sell
USD/KES	125.00	133.50	1 month	125.70	134.20
EUR/KES	137.74	157.04	3 Months	127.10	135.60
GBP/KES	161.65	179.76	6 Months	129.20	137.70
JPY/KES	79.51	91.32	12 Months	133.40	141.90

Money Market Rates	Previous	Current	Change Bps
Interbank rate	9.63%	9.61%	-2.00
91-Day T-bill	8.1168%	8.1106%	-0.62
182-Day T-bill	8.4186%	8.4095%	-0.91
364-Day T-bill	9.7193%	9.7178%	-0.15
Inflation Rate	3.80%	4.10%	+30.00

Source: Bloomberg



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INTERNATIONAL NEWS

The US Dollar Index extended its bullish momentum for a seventh consecutive session against six major currencies. The greenback was buoyed chiefly by the Fed keeping interest rates steady and signaling no intent to cut rates in the near-term. Fed Chair Jerome Powell emphasized the ongoing uncertainty surrounding the inflationary implications of former President Trump's tariff policies, which could further delay any monetary policy easing. The labor market and inflation dynamics remain the primary factors influencing future Fed decisions, with upcoming July Nonfarm Payrolls data expected to provide additional cues later on today.

EUR/USD remained steady after mild gains registered in the previous session. The pair held ground ahead of the Eurozone Harmonized Index of Consumer Prices (HICP) data due later in the day. Attention is now shifts to the upcoming US Nonfarm Payrolls report later in the North American session, especially after June data revealed an inflation uptick, partially attributed to increased prices on tariff-affected imported goods.

The GBP/USD pair extended its downward trajectory on Thursday, marking a sixth consecutive session of losses and registering a cumulative decline of nearly 3% from last week's peak. The Pound Sterling weakened further against the US Dollar amid heightened market expectations that the Bank of England (BoE) will implement another 25 basis point rate cut at its upcoming policy meeting on August 7. The anticipated move follows a similar reduction in the benchmark interest rate delivered during the May meeting, as policymakers continue to respond to mounting economic headwinds.

The Japanese Yen (JPY) recovered slightly against its American counterpart, from over a four-month trough touched earlier this Friday. However, further gains remain limited amid deteriorating global risk sentiment. Market uncertainty escalated after former US President Donald Trump signed an executive order imposing elevated tariffs on several key trading partners, prompting a flight to safety that modestly supported the Yen.

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	1.1000	1.2200
GBP\USD	1.2900	1.4000
USD\JPY	140.00	154.00
USD\CHF	0.7700	0.8800