

DOMESTIC NEWS

The Kenya shilling movement against the U.S. dollar was constrained within a narrow furrow on Wednesday.

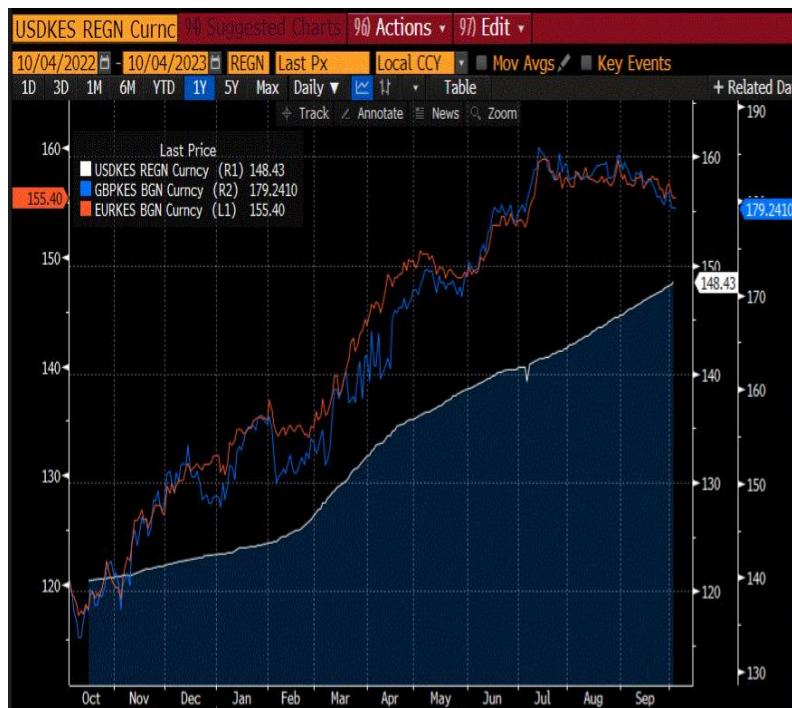
Dollar demand from various corporate players outweighed decreased activity on the supply counter to push the local unit 20 cents lower by yesterday's session close.

Given the current trading levels for the domestic unit, we still see a range bound theme dominating trading, as flows continue to guide the direction of the USDKES pair.

Amounts "100,000"	Today's Opening	
	Buy TT	Sell TT
USD/KES	143.20	155.00
EUR/KES	149.18	168.06
GBP/KES	172.38	190.22
JPY/KES	96.90	111.68

Forward Rate (USD) (1 month)	
BUY	144.50
SELL	157.00
3 Months	
Buy	148.35
SELL	159.30

Money Market Rates	Previous	Current	Change bps
Interbank Rate	12.20%	12.05%	-15.00
91-Day T-bill	14.7866%	14.8206%	+3.40
182-Day T-bill	14.9399%	14.9499%	+10.00
364-Day T-bill	15.2114%	15.0544%	-16.70
Inflation	6.7%	6.8%	+10.00



Source: Bloomberg

INTERNATIONAL NEWS

The US dollar fell on Wednesday, amid a mixed set of data suggesting that there are pockets of weakness in the world's largest economy, diminishing the odds of another interest rate hike by the Federal Reserve before the end of the year. Traders await the initial jobless claims today, expected to print at 210k versus last week's 204k as well as the US Nonfarm Payrolls data on Friday. If the report shows a weaker figure, it might drag the Greenback against its rivals and act as a tailwind for major currency pair.

The EUR recovers some lost ground during the early session on Thursday. The rebound of the EUR is supported by the weaker US Dollar broadly and the softer labor market data. Markets anticipate that the European Central Bank will maintain the interest rate in the next meeting.

The British pound recovered some ground against the greenback yesterday, but remained near its weakest level since mid-March, after a survey revealed UK business activity was less subdued than initially feared in September. The pair's performance yesterday was also driven by investors taking in some key data yesterday such as the ADP nonfarm employment change which came out lower than expected report and a drop in the US ISM Services PMI, leading to a subdued dollar.

The yen received some much-needed relief on Thursday as the dollar settled back and U.S. Treasury yields moderated after mixed U.S. economic data overnight made investors reduce bets on the Federal Reserve raising interest rates again this year. The yen's sharp recovery has sparked speculation that Japanese authorities had intervened to support the currency, but Bank of Japan money market data showed Japan most likely had not intervened.

Indicative Deposit Rates

	Amounts > KES 20 million		Amounts > 100,000	
	KES		USD	EURO
Call	4.25%	1.00%	0.00%	
1 month	6.25%	2.00%	0.00%	
3 months	7.00%	2.25%	0.00%	
6 months	8.00%	2.35%	0.00%	

Indicative Cross Rates

	Buy	Sell
EUR	1.0400	1.1550
GBP	1.2000	1.3700
JPY	140.50	150.50

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