

DOMESTIC NEWS

The Kenyan Shilling remained stable against the U.S. dollar in the latest trading session, underpinned by a well-aligned interplay between foreign currency demand and supply.

Market participants expect the USD/KES pair to remain range-bound in the near term, with price action largely dictated by the ongoing balance between importer demand for hard currency and inflows from export earnings and diaspora remittances. Market awaits the MPC rate decision due later in the day with the probability of a rate cut higher than a hold this meeting.

The domestic unit is projected to maintain its current levels, reflecting resilient underlying fundamentals and broadly stable market sentiment.

Amounts "100,000"	Spot Rates		Forward Rates	
	Opening		USD/KES	
	Buy TT	Sell TT		
USD/KES	125.00	133.50	1 month	125.70 / 134.20
EUR/KES	140.18	159.81	3 Months	127.10 / 135.60
GBP/KES	164.52	182.94	6 Months	129.20 / 137.70
JPY/KES	80.68	92.65	12 Months	133.40 / 141.90

Money Market Rates	Previous	Current	Change Bps
Interbank rate	9.62%	9.60%	-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 traded modestly lower against its major rivals at the beginning of the week amid a dearth of data and as markets kept an eye on trade tariff progress with China. U.S. and China agreed to extend the tariffs truce by 90 days which has quashed concerns over a potential resumption in the trade war. It locks in place, for now, a 30% tariff on Chinese imports, with Chinese duties on US imports at 10%. Today, July Consumer Price Index data from the US will be scrutinized by investors. Markets have fully priced in an interest rate cut at the Federal Reserve's next rate call on September 17, but a resurgence of inflationary pressure could put a pin in rate trim hopes.

The EUR/USD edged lower on Monday, down 0.26% as the Greenback was bid by traders ahead of inflation report in the United States today. This, along with Italy's revelation that prices reached the European Central Bank's target, justified the need to hold rates even at the next meeting. The shared currency halted its advance, even though talks between US President Donald Trump and Russian President Vladimir Putin are expected to show progress on a possible ceasefire in Ukraine. A favourable resolution should favor the Euro as most European Union countries are net importers of energy, and a ceasefire or peace plan could push prices lower due to de-escalation of the conflict.

GBP/USD spun in a circle on Monday, wearing worry lines into the charts as Cable traders buckled down ahead of a slew of key data on both sides of the Atlantic due today. United Kingdom labour figures are due during the upcoming London market session, with United States Consumer Price Index inflation due later during the American trading window.

The Japanese Yen recovered slightly from a one-week low touched against its American counterpart earlier today, though the upside seemed limited amid the mixed Bank of Japan rate hike cues. Investors seemed convinced that the prospects for further policy normalization by the BoJ could be delayed further on the back of domestic political uncertainty and the potential negative impact of higher US tariffs on the economy. Apart from this, the prevalent risk-on environment should contribute to capping the safe-haven JPY. However, an upward revision in the forecast for inflation by the BoJ backs the case for an imminent interest rate hike by the end of this year.

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	
USD			
EUR			
GBP			
JPY			