

## DOMESTIC NEWS

The Kenya shilling held firm against the U.S. dollar on Wednesday.

Dollar inflows quenched foreign currency demand from interbank and corporate players for the majority of the session, subsequently leaving the USDKES currency pair unmoved. The twin bond auction was well received with bids worth KES 323B received and KES 95B accepted.

We see a continued lull in market activity, consequently constraining the movement of the local unit within current ranges.

Amounts	Spot Rates		Forward Rates	
"100,000"	Opening		USD/KES	
	Buy TT	Sell TT		
USD/KES	126.00	132.00	1 month	125.70 / 134.20
EUR/KES	141.17	160.95	3 Months	127.10 / 135.60
GBP/KES	166.26	184.92	6 Months	129.20 / 137.70
JPY/KES	81.77	93.90	12 Months	133.40 / 141.90

Money Market Rates	Previous	Current	Change Bps
Interbank rate	9.64%	9.52%	-12.00
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 extended its losses for the second successive session on Wednesday. The Greenback faced challenges amid easing risk appetite for it following the latest United States inflation data, which strengthened expectations for a US Federal Reserve rate cut in September. The CME Fed Watch tool indicated that markets are now pricing in approximately 96% odds of a Fed rate cut at the September meeting, up from 86% a day ago. PPI data and Initial jobless claims data will be awaited by traders later today to further gauge activity in the U.S and future rate expectations.

The Euro extended its gains for the second consecutive session on Wednesday, climbing to its highest level in nearly three weeks, supported by broad US Dollar weakness after the latest US Consumer Price Index (CPI) report. The Euro ignored soft European data with the ZEW Economic Sentiment Index for the Eurozone dropping sharply to 25.1 in August from 36.1, while Germany's reading fell to 34.7 from 52.7, reflecting increased caution over the growth outlook. Meanwhile, Germany's Harmonized Index of Consumer Prices (HICP), released on Wednesday by the German statistics office Destatis, was in line with expectations, rising 0.4% on the month and holding steady at 1.8% YoY. Markets await the Eurozone Q2 GDP data.

GBP/USD gained even more ground on Wednesday, climbing nearly 0.6% as US Dollar flows continued to wither. The Pound Sterling is enjoyed a much-needed bullish shift in fundamentals as United Kingdom economic data outpaced new soft spots appearing in key economic figures from the United States. Markets await the Q2 GDP data from the UK which is expected to have improved and likely to support the sterling.

The Japanese Yen scaled higher against its American counterpart for the third straight day and advanced to over a three-week top during the early trading session today. The Yen received a boost after speculation over a rate hike by the Bank of Japan after U.S Treasury Secretary Scott Bessent warned that the BOJ was falling behind in its efforts to curb inflation. Growing acceptance that the Bank of Japan will stick to the policy normalization path and hike interest rates by the end of this year continued to underpin the JPY.

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