

DOMESTIC NEWS

The Kenyan shilling traded flatly against the US dollar during Thursday's subdued session.

The forex market saw balanced supply and demand dynamics, resulting in minimal price action.

As we head into the weekend, the USD/KES pair is expected to remain range-bound in the near term, with directionality in today's session likely dictated by flows from key market players and broader risk sentiment.

Amounts	Spot Rates		Forward Rates		
	Opening		USD/KES		
	Buy TT	Sell TT		Buy	Sell
USD/KES	126.00	132.00	1 month	125.70	134.20
EUR/KES	140.64	160.34	3 Months	127.10	135.60
GBP/KES	165.89	184.50	6 Months	129.20	137.70
JPY/KES	81.37	93.45	12 Months	133.40	141.90

Money Market Rates	Previous	Current	Change Bps
Interbank rate	9.52%	9.48%	-4.00
91-Day T-bill	8.1106%	8.0107%	-9.99
182-Day T-bill	8.4095%	8.1195%	-29.00
364-Day T-bill	9.7178%	9.5824%	-13.54
Inflation Rate	3.82%	4.15%	+33.00

Source: Bloomberg



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INTERNATIONAL NEWS

The US Dollar snapped two consecutive days of losses on Thursday underpinned by solid US data and higher US yields across the curve. The US PPI (producer price index) for final demand jumped 0.9% in July, the largest advance since June 2022, after remaining unchanged in June amid a surge in the costs of goods and services. A separate report from Labor Department showed initial claims for state unemployment benefits dropped 3,000 to a seasonally adjusted 224k against expectations of 228k for the week. While tensions on the trade front appeared somewhat mitigated, investors remain watchful of the upcoming Trump-Putin meeting today. Retail Sales will be the salient event today, seconded by the preliminary U-Mich Consumer Sentiment gauge, Import/Export Prices, Business Inventories, Industrial/Manufacturing Production, the NY Empire State Manufacturing Index, and TIC Flows.

EUR/USD dived lower on Thursday as the latest inflation report in the United States caught traders off guard, who were betting on a slim chance of a 50 basis points Federal Reserve rate cut in September. In the Eurozone, Gross Domestic Product figures came in as expected, though Industrial Production tanked in June, influenced by a dip in Germany and weak consumer goods production.

GBP/USD recoiled from rising US inflation metrics on Thursday, sending the US Dollar broadly higher and snapping a two-day winning streak. Despite getting trimmed lower by around one-third of one percent, GBP/USD still held firmly onto the bullish side. Cable was supported by UK Q2 GDP Data which showed the UK economy grew by 0.3%, exceeding expectations of lower growth, after achieving 0.7% in Q1. The economy slowed less than expected despite the shock of U.S. import tariffs and a weaker jobs market, offering help to finance minister Rachel Reeves in meeting her budget goals. The next batch of inflation figures is due on August 20 after last month's CPI figure for June showing UK inflation rising to 3.6% - its highest since January 2024.

The Japanese Yen regained positive traction during the early trading session today following the release of Japan's GDP report, which showed that Japan's economy expanded more than expected in the second quarter despite US tariff headwinds. This, in turn, reaffirmed market expectations that the Bank of Japan will stick to its policy normalization path and provided a goodish lift to 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