

### DOMESTIC NEWS

The local FX market recorded diminished activity in Tuesday's Trading session, leaving the Kenya shilling trading flat versus the American counterpart.

There was little by way of volume from both interbank and merchant counters, and the fit bits of activity were evenly matched.

In the day ahead, we see the domestic unit holding ground against the dollar as market activity remains somewhat subdued.

Amounts "100,000"	Spot Rates		Forward Rates		
	Opening		USD/KES		
	Buy TT	Sell TT		Buy	Sell
USD/KES	126.00	132.00	1 month	126.50	134.20
EUR/KES	143.77	161.49	3 Months	127.10	135.60
GBP/KES	168.01	186.96	6 Months	129.20	137.70
JPY/KES	81.48	93.88	12 Months	133.40	141.90

Money Market Rates	Previous	Current	Change Bps
Interbank rate	9.46%	9.47%	+1.00
91-Day T-bill	7.9865%	7.9716%	-1.49
182-Day T-bill	8.0331%	8.0194%	-1.37
364-Day T-bill	9.5790%	9.5483%	-3.07
Inflation Rate	4.10%	4.50%	+40.00

Source: Bloomberg



### INTERNATIONAL NEWS

The US Dollar remained under pressure on Tuesday, extending Monday's losses and weakening against most G10 currencies as traders focus on the Fed meeting ending today. US retail sales rose 0.6% to \$732 billion in August, matching July's revised 0.6% gain and beating expectations of 0.2%. Year-on-year, sales grew 5%, while sales for June–August 2025 were up 4.5% compared to the same period last year with households boosting spending at restaurants and bars.

EUR/USD hit its highest level since early July on Tuesday, supported by stronger German and Eurozone data. Germany's ZEW Economic Sentiment Index rose to 37.3 in September (from 34.7 in August), beating expectations of a drop to 27.3. However, the Current Situation Index worsened to -76.4 (vs -68.6 prior, forecast -75). In the Eurozone, sentiment also surprised to the upside at 26.1 (vs. 25.1 prior, consensus 20.3). Industrial production rebounded 0.3% in July after a 1.3% June fall, while annual growth accelerated to 1.8% (vs. 0.7% in June, beating 1.7% forecast).

The Pound Sterling strengthened on Tuesday, hitting a two-month high against the US Dollar after UK labor market data. The ONS reported the unemployment rate was steady at 4.7%, a four-year high, matching forecasts. Employment rose by 232K in the three months to July, close to the 220K estimate and slightly below the previous 239K. Wage growth slowed: average earnings excluding bonuses rose 4.8% annually (vs. 5% prior), while earnings including bonuses increased 4.7%, up from 4.6% and in line with expectations.

The JPY slipped after an early Asian uptick, retreating from its strongest level since July 24 after release of trade deficit data. Japan's August trade deficit widened to ¥242.5B from ¥118.4B but beat forecasts of ¥513.6B, with exports down just 0.1% versus an expected 1.9% drop. The finalized US-Japan trade deal also eased pressure on exporters. Traders continue to focus on the yield differentials and with diminishing differentials, Yen is likely to remain supported. The BoJ is expected to keep rates at 0.5%, balancing domestic headwinds with global risks from US tariffs.

Indicative Deposit Rates				
Amounts > KES 20 million	Amounts > 100,000			
	Tenor	KES	USD	EURO
Call	3.30%	1.10%	0.10%	
1 month	4.80%	2.35%	0.15%	
3 months	4.80%	2.35%	0.25%	
6 months	4.85%	2.20%	0.30%	

Indicative Cross Rates		
CCY	Buy	Sell
EUR\USD	1.1220	1.1960
GBP\USD	1.3050	1.3920
USD\JPY	143.20	152.60
USD\CHF	0.7600	0.8500