

## DOMESTIC NEWS

The domestic unit was unchanged against the U S dollar in a muted trading session on Thursday as foreign currency demand and supply counters were well matched.

The session saw scant activity across counters that just evened out with foreign currency supply matching demand to close at the same previous trading levels.

Looking ahead, the local currency is expected to remain range-bound in the near term, with price action largely dictated by prevailing market liquidity and emerging economic cues. Absent of any significant catalysts, the USD/KES pair is likely to consolidate around current levels

Amounts "100,000"	Spot Rates		Forward Rates		
	Opening		USD/KES		
	Buy TT	Sell TT		Buy	Sell
USD/KES	125.00	133.50	1 month	125.70	134.20
EUR/KES	140.10	159.73	3 Months	127.10	135.60
GBP/KES	164.37	182.78	6 Months	129.20	137.70
JPY/KES	80.53	92.47	12 Months	133.40	141.90

Money Market Rates	Previous	Current	Change Bps
Interbank rate	9.63%	9.64%	+1.00
91-Day T-bill	8.1421%	8.1283%	-1.38
182-Day T-bill	8.4404%	8.4310%	-0.94
364-Day T-bill	9.7218%	9.7276%	+0.58
Inflation Rate	3.80%	3.80%	0.00

Source: Bloomberg



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## INTERNATIONAL NEWS

The US Dollar gained positive traction on Thursday, benefitting from positive U.S. data releases which supported the view that the Fed can afford to wait longer before cutting rates. U.S. economic data highlighted strong consumer spending and a tight labor market. Retail sales rose 0.6% in June, beating the 0.1% forecast and recovering from May's 0.9% drop. Core retail sales (excluding autos and gas) increased 0.5%, up from 0.2%. Jobless claims fell to 221K, below the 235K estimates, indicating continued labor market strength. The Philadelphia Fed Manufacturing Index jumped to 15.9 in July from -4.0, far above the expected -1.

The EUR/USD was marginally lower on Thursday, following the release of solid economic data from the U.S., which triggered a reaction by investors, who trimmed their bets that the Fed will cut interest rates. Eurozone inflation data offered limited support for the Euro. In June, headline CPI rose 2.0% year-on-year, matching both forecasts and the ECB's target, while core CPI stayed at 2.3%. High services inflation persisted, but weak energy prices helped ease overall pressure. With inflation stabilizing, the ECB is expected to keep rates unchanged next week.

The Pound Sterling clawed back some of its early losses, down 0.13% against the US Dollar on Thursday. Across the pond, The U.K. ILO Unemployment Rate increased to 4.7%, above expectations, and the prior reading of 4.6%, which weighed on the sterling earlier. However, the report showed that the number of workers added by employers in the three-months ending May came in higher at 134K than the prior reading of 89K. Coming up on Friday, UK data remains free and clear on the data docket.

The Japanese Yen remained weak against the US Dollar on Friday, showing signs of continuing its recent downtrend. Fresh inflation data had little impact on expectations that the BoJ will hold off on rate hikes this year. According to the Japan Statistics Bureau, the National CPI rose 3.3% year-on-year in June, while core CPI (excluding fresh food) also came in at 3.3%, down from 3.7%. CPI excluding both fresh food and energy edged up to 3.4% from 3.3% in May. The figures offer some relief to the BoJ ahead of its July policy meeting, where inflation forecasts will be updated

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	1.0800	1.1820
GBP\USD	1.2800	1.3800
USD\JPY	139.00	150.00
USD\CHF	0.7700	0.8800