

DOMESTIC NEWS

The domestic unit remained firm against the dollar in a rather muted trading session on Thursday.

Market activity was subdued, with most of the volume driven by corporate participants. The local currency remained steady, supported by balanced flows across both buy and sell counters.

In the near term, we expect the home unit to remain range bound, with directionality dictated by flows from key sectors.

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	140.45	159.30	3 Months	127.10	135.60
GBP/KES	162.40	183.45	6 Months	129.20	137.70
JPY/KES	80.25	92.45	12 Months	133.40	141.90

Money Market Rates	Previous	Current	Change Bps
Interbank rate	9.44%	9.45%	+1.00
91-Day T-bill	8.0799%	8.0107%	-6.92
182-Day T-bill	8.1732%	8.1195%	-5.37
364-Day T-bill	9.7130%	9.5824%	-13.06
Inflation Rate	3.82%	4.15%	+33.00

Source: Bloomberg



INTERNATIONAL NEWS

The US dollar resumed gains on Thursday, marking its third advance this week. US manufacturing expanded at the fastest pace in more than three years, with the factory PMI rising sharply to 53.3 from 49.8 in July well above forecasts of 49.5, driven by stronger demand and persistent inflationary pressures. The Composite PMI also climbed to 55.4 from 55.1, while the Services PMI eased slightly to 55.4 from 55.7 but still beat expectations of 54.2, highlighting broad-based resilience across sectors.

The EUR/USD fell about 0.40% on Thursday as the US Dollar strengthened on the back of solid economic data, while Eurozone figures showed signs of gradual recovery. The preliminary August HCOB Composite PMI rose to 51.1, beating forecasts of 50.7 and up from July's 50.9. Notably, manufacturing returned to expansion at 50.5 after months below the 50 mark, while services eased slightly to 50.7 from 51.0 but remained in growth territory, signaling resilience across the bloc, especially in the industrial sector.

The GBP fell for a fourth straight day against the US Dollar on Thursday, as mixed UK PMI data weighed on sentiment. The Composite PMI rose to 53.0 in August, its highest since April, driven by resilient services at 53.6 (above 51.8 forecast). However, manufacturing continued to weaken, slipping to 47.3 from 48.0 in July and missing the forecast of 48.3, signaling a deeper contraction. While the data underscores a services-led recovery in the UK economy, the persistent manufacturing slowdown has kept Sterling under pressure.

The Japanese Yen weakened further against a stronger US Dollar for the second consecutive day, hitting a three-week low during Friday's Asian session. Data from Japan's Statistics Bureau showed that the National CPI held at 3.1% year-on-year in July, while core inflation, excluding fresh food, eased to 3.1% from 3.3% in June—its lowest level since November 2024. The cooling inflation figures, coupled with uncertainty over the timing of the Bank of Japan's next rate hike, continue to weigh on the Yen.

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	1.1521	1.1522
GBP\USD	1.3490	1.3497
USD\JPY	145.42	145.45
USD\CHF	0.8165	0.8171