

## DOMESTIC NEWS

The domestic unit held steady against the dollar in a rather active trading session on Friday.

Market activity remained in a lull, with most of the volume driven by corporate participants. However, the local currency remained steady, supported by balanced flows across the 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 shed gains on Friday after Fed Chair Jerome Powell hinted at a possible rate cut at the central bank's September meeting. Taking a rather dovish tone at the Jackson Hole symposium on Friday, the Fed chair signaled unwinding monetary policy, citing downside risks to employment, noting a slowdown in both supply and demand for workers. Markets are now pricing in an 80% probability of 25 basis points cut at the September 17 policy meeting. The shift in the FED come around amid mixed U.S. economic signals that showed a soft payroll report but stronger-than-expected inflation and business activity data. Into the week, markets will focus on the US Durable Goods orders, PCE deflator & GDP data for July, to further provide guidance on the greenback.

The EUR/USD rallied on Friday following broad dollar weakness as markets priced in a Fed rate cut in September. The Euro shrugged off a worse than expected Gross Domestic Product print in Germany, where the economy contracted by -0.3% against economist projections of -0.1%. The ECB is widely expected to hold rates steady at its next meeting.

The Cable posted gains against the greenback on Friday, following remarks by the US Fed Chair citing risks to employment in his speech on Friday, pointing at resumption of rate cuts. On the data front, hotter than expected UK inflation data for July prompted expectations that BoE will further delay interest rate cuts. Markets do not expect a rate cut until March 2026.

The Japanese Yen weakened against the US dollar in the early Asian session on Monday, after advancing against the dollar on Friday. At the Jackson Hole Symposium on Friday, BoJ governor showed optimism for rate hikes, citing acceleration of wages due to a tightening labor market. Japan's core inflation slowed in July but remained above the central bank's target of 2%, further sustaining expectations of a rate hike in the coming months.

Indicative Deposit Rates			
Amounts > KES 20 million	Amounts > 100,000		
	Tenor	KES	USD
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