



DOMESTIC NEWS

Recent shilling strength was unrelenting during the mid-week lethargic trading session with the local unit continuing its march up against the dollar on the back of diminished dollar appetite against heavy dollar supply. The domestic unit was enveloped in bliss as dollar inflows from corporate players inundated the market earning itself a podium finish by the closing bell. Needless to say, flows into the market and benign demand for the greenback may continue to support the shilling in the short term. There is no clear indication when the supply will start dissipating, which leaves further scope for gains for the home unit. The shilling last traded at its present level on July 4. By close of trade, the local unit stood at 102.00/20, as compared to Tuesday's close of 102.35/55.

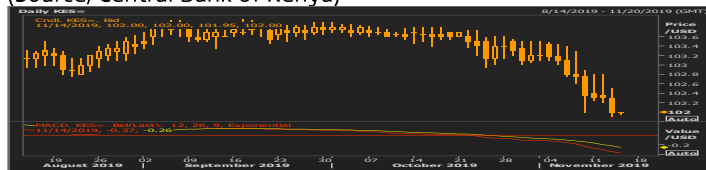
In the meantime, Kenya's government spending will increase by 3% this financial year and its budget deficit will rise, as it reallocates money to priority projects after lowering its revenue collection target, new estimates from the Treasury showed on Wednesday. Overall spending will increase by 86.60 billion shillings (\$844 million) while recurrent expenditures are cut by 5.6 billion shillings. Development spending will rise by 85.76 billion shillings. The supplementary budget, which requires parliamentary approval, sees the fiscal deficit at 6.3% of GDP in financial year 2019-20, which began in July, up from an earlier target of 5.9%.

Indicative Forex rates

	Buy Cash	Sell Cash	Buy TT	Sell TT
USD/KES	98.60	105.60	99.60	104.60
GBP/KES	127.15	135.15	127.60	134.60
EUR/KES	108.85	115.85	109.35	115.35
AED/KES	26.30	29.30	26.30	29.30

Money Market Rates	Current	Previous	Change
Interbank Rate	3.531%	3.847%	-0.316
91-Day T-bill	6.390%	6.390%	0.000
182-Day T-Bill	7.189%	7.261%	-0.077
364-Day T-Bill	9.787%	9.780%	0.007
Inflation	4.950%	3.830%	1.120
CBR RATE	9.00%	9.00%	0.000

(Source; Central Bank of Kenya)



(Source; Reuters)

INTERNATIONAL NEWS

The U.S. dollar index was unmoved at 98.170 on Wednesday after remarks from Federal Reserve Chairman Jerome Powell. Powell, who was testifying in front of Congress, said that while the economy is on track right now, there are risks to the current economic expansion. The Federal Open Market Committee cut rates three times this year and comments from Powell indicate the central bank is keeping downside risks in mind, but a change in rates is unlikely anytime soon. Meanwhile, U.S.-China trade negotiations have 'hit a snag' over farm purchases, with Beijing not wanting a deal that looks one-sided in favor of the United States.

The GBP/USD pair was little moved at \$1.2857 on Wednesday, stuck in a tight range this week, in a limbo ahead of a Dec. 12 election. A poll carried out showed British Prime Minister Boris Johnson's Conservatives have a healthy 10-point lead over main opposition Labour.

The euro stood at \$1.10075. President Trump, is expected to decide on possible tariffs on automobiles from the European Union today, although experts expect him to delay a decision by six months.

The Japanese yen firmed to 108.77 in early Thursday trading. The yen hardly budged after Japan's GDP data showed that the economy grew by an annualized 0.2% in July-September, much below economists' forecast of 0.8%.

Elsewhere, global oil prices rose on Thursday to \$62.53 after industry data showed a surprise drop in U.S. crude inventories while comments from an OPEC official about lower-than-expected U.S. shale production growth in 2020 also provided some support for oil.

Indicative Profit Rates on Deposits			
Amounts > 10 Million		Amounts >100,000	
KES		USD	
2 Weeks	6.50%	1.25%	
1 Month	7.00%	1.75%	
3 Months	8.00%	2.00%	
6 Months	8.50%	2.25%	
1 year	9.00%	2.50%	

Indicative Cross Rates		
	Bid	Offer
EUR/USD	1.0950	1.1040
GBP/USD	1.2795	1.2870
USD/AED	3.6675	3.6775
USD/JPY	108.00	109.60