



DOMESTIC NEWS

The local unit was relatively stable on Thursday, in a low-key trading session where demand and supply counters remained balanced. The session saw recent dollar demand from importers ease, allowing the USDKES currency pair to remain unchanged by close of business. By close of day, the local unit stood at 110.30/110.50 the same as Wednesday's close.

In the meantime, Commodity prices are set to rise as the continued weakening of the Kenya shilling against the US dollar pushes up the cost of imported raw materials. The cost of imported finished products including processed foods, household goods, electric and vehicle components and building materials has also shot up. The local currency has depreciated by approximately eight per cent, trading at an average 110.3 yesterday, Central Bank of Kenya data shows. This is the lowest so far this year, having fallen in recent months from an average of 109.24 in August. It was averaging 101.09 in January 2020. It reflects an eight per cent nominal increase in the price of imported raw materials, the Kenya Association of Manufacturers (KAM) said yesterday. For instance, in the metal sector where Kenya has for years imported raw materials for steel products, it makes the sector subject to changes in global prices. The impact of the weak shilling now adds to the current high fuel and electricity charges, which are threatening to push up the cost of living, with inflation projected to break the government's ceiling target of 7.5 per cent.

Indicative Forex Rates

	Buy Cash	Sell Cash	Buy TT	Sell TT
USD/KES	106.90	113.90	107.40	113.40
GBP/KES	147.50	155.50	148.00	155.00
EUR/KES	124.10	129.70	126.59	132.59
AED/KES	28.06	32.06	28.06	32.06

Money Market Rates	Current	Previous	Change
Interbank Rate	6.268%	6.052%	0.216
91-Day T-bill	6.896%	6.870%	0.026
182-Day T-Bill	7.282%	7.250%	0.032
364-Day T-Bill	7.890%	7.845%	0.045
Inflation	6.570%	6.550%	0.120
CBR RATE	7.000%	7.000%	0.000

Source: Central Bank of Kenya)

LIBOR Rates	USD	EUR	GBP
6 Months	0.15550	-0.53657	0.11200
12 months	0.22525	-0.49614	0.26063

(Source: Reuters)



(Source: Reuters)

INTERNATIONAL NEWS

The U.S. dollar index was up on Thursday to 93.105 but remained near its lowest level in a week. Improving risk sentiment, as concerns about contagion from a potential China Evergrande Group default eased somewhat, erased the U.S. currency's recent gains. The U.S. Federal Reserve also hinted that asset tapering could begin in November, with interest rate hikes following in 2022, when it handed down its own policy decision on Wednesday. Investors were still mulling implications from the Fed's policy statement on Wednesday that it should begin reducing monthly bond purchases as soon as November and signalled interest rate increases may follow more quickly than expected.

The GBP/USD pair consolidated around \$1.3600 on Thursday, led by the optimism of the Bank of England's. The Bank of England (BOE) monetary policy announcement on Thursday, where it kept its interest rate unchanged at 0.1% but warned of a higher inflation rate. Dave Ramsden and Michael Saunders, two of the Monetary Policy Committee (MPC) members, voted for an early end to pandemic-era stimulus.

The euro grind higher at \$1.1745 on Thursday. That said, China's Evergrande is up for the scheduled coupon payment and the latest restructuring also needs justification, which in turn pokes the market's optimism. Also, pre-data cautious mood and a rethink over the Fed's hawkish play tame the EUR/USD by the press time.

Elsewhere, global oil prices were up on Friday to \$77.37 per barrel, rising for a fourth day with the focus on tighter supplies and a strong appetite for riskier assets like crude oil alongside high hopes for the economic recovery from COVID-19.

Indicative Profit Rates on Deposits

	Amounts > 10 million		Amounts >100,000	
	KES	USD	KES	USD
2 Weeks	6.00%	0.25%		
1 Month	6.25%	0.50%		
3 Months	6.50%	0.75%		
6 Months	6.75%	1.00%		
1 year	7.00%	1.25%		

Indicative Cross Rates

	Bid	Offer
EUR/USD	1.1640	1.1890
GBP/USD	1.3520	1.4190
USD/AED	3.6605	3.6870
USD/JPY	108.50	111.60