



DOMESTIC NEWS

The shilling waffled to the weaker side on Thursday as demand for the greenback dominated the market. The narrative of a higher dollar demand side persisted in the local FX market as players held on to paltry inflows, leaving the local currency somewhat weaker by close of business. That said, players continue to keep an eye on any new developments with the Kenyan elections as flows continue to guide the direction for the USDKES pair. By close of day, the local unit stood at 119.35/119.55 as compared to Wednesday's close of 119.25/119.45.

Meanwhile, Kenya's Public Debt stands at Kshs 8.6 tn, (equivalent to 69.1% of GDP) as of May 2022, a 14.4% increase from the Kshs 7.5 tn (equivalent to 66.4% of GDP) recorded in May 2021. The government debt is expected to marginally increase to 70.3% of GDP in 2022 on the back of rising debt levels which continues to outpace the economic growth. Kenya's debt mix shifted to 50:50 domestic to external debt as of May 2022, from 49:51 in May 2021, an indication of increasing domestic borrowing in a bid to reduce exposure to external shocks stemming from foreign exchange risks. Notably, banking institutions account for the highest percentage of domestic debt in terms of government securities holdings, at 48.4% as at July 2022. Given the high debt levels and the fiscal challenges the country continues to face, it is advisable that the government works on strategies to reduce the economic consequences of high debt levels and increased risk of debt distress.

Indicative Forex Rates

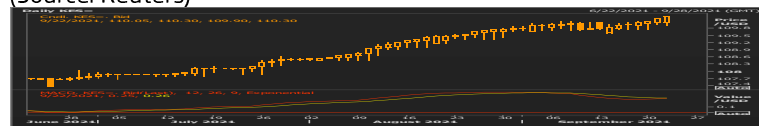
	Buy Cash	Sell Cash	Buy TT	Sell TT
USD/KES	115.95	125.85	115.45	125.45
GBP/KES	141.62	161.12	140.82	155.62
EUR/KES	118.35	144.25	118.65	137.25
AED/KES	28.52	44.52	30.52	38.02

Money Market Rates	Current	Previous	Change
Interbank Rate	5.601%	5.545%	0.056
91-Day T-bill	8.565%	8.473%	0.092
182-Day T-Bill	9.433%	9.400%	0.033
364-Day T-Bill	9.922%	9.920%	0.002
Inflation	8.300%	7.900%	0.400
CBR RATE	7.500%	7.500%	0.000

Source; Central Bank of Kenya)

TENOR	USD SOFR RATES	EUR STR RATES	GBP SONIA RATES
3 Months	2.71174	-0.50148	2.00320
6 months	3.07485	-0.53980	2.40520

(Source: Reuters)



(Source: Reuters)

INTERNATIONAL NEWS

The U.S. dollar index rose to 105.21 on Friday morning on the back of speeches and statements from a bunch of Federal Reserve officials warning investors against being sanguine after this week's slight softening in inflation numbers. The latest was San Francisco Fed President who said on Thursday that a 50-basis point interest rate hike in September "makes sense", given recent economic data, including inflation figures, but that she is open to a bigger rate hike if data warrants. The dollar index is still up 10% this year, rising alongside the 225 basis points of Fed rate rises since March.

The GBP/USD pair takes offers to refresh intraday low around 1.2180 on Friday. The reason could be linked to the political and Brexit-linked pessimism surrounding Britain. On another note, the UK government held talks with the energy bosses about high bills, but outgoing Prime Minister Boris Johnson said, that it is for his successor to "make significant fiscal decisions".

The euro is trading close to the 1.0300 mark. The market mood remains mixed so far this Friday, as investors reassess the Fed rate hike expectations amid easing US consumer and factory-gate inflation while officials at the world's most powerful central bank continue to back big rate increases to tame stubbornly high inflation.

Elsewhere, global oil prices dropped on Friday to \$99.11 per barrel amid an uncertain demand outlook, though benchmark contracts were headed for weekly gains as recession fears eased. Uncertainty capped price gains as the market absorbed contrasting demand views from the Organization of the Petroleum Exporting Countries (OPEC) and the International Energy Agency (IEA).

Indicative Profit Rates on Deposits		
	Amounts > 10 million	Amounts >100,000
	KES	USD
2 Weeks	6.55%	0.35%
1 Month	6.75%	0.55%
3 Months	7.00%	0.80%
6 Months	7.50%	1.25%
1 year	8.00%	1.75%
Indicative Cross Rates		
	Bid	Offer
EUR/USD	0.9905	1.1260
GBP/USD	1.1670	1.2550
USD/AED	3.6650	3.6885
USD/JPY	129.50	139.80