



DOMESTIC NEWS

The shilling waffled to the weaker side on Tuesday 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. In today's session, the home unit remains exposed to further downside risks weighed down by burgeoning dollar demand. That said, players continue to keep an eye on any new developments and flows continue to guide the direction for the USDKES pair. By close of day, the local unit stood at 117.20/117.40 as compared to Monday's close of 117.15/117.35.

Meanwhile, Tea prices at the Mombasa auction declined further on the back of low demand at the weekly trading. The value of the beverage in the latest sale declined to \$2.27 (Sh265.6) from \$2.29 (Sh267) in the previous sale, to remain below the government-set reserve price of \$2.43 a kilo, which largely applies to the Kenya Tea Development Agency (KTDA). The KTDA teas account for over 70 per cent of the total volumes traded at the auction and the lack of demand for this beverage has had a negative effect on the overall price of the tea at the auction, leading to high withdrawals. Thirty per cent of the total teas that were offered for trading at the auction in the latest sale were withdrawn by the sellers on account of lower prices. The minimum tea price has seen traders at the auction opt for cheaper teas from other regional countries, giving a wide berth to expensive Kenyan beverages because of the reserve price.

Indicative Forex Rates

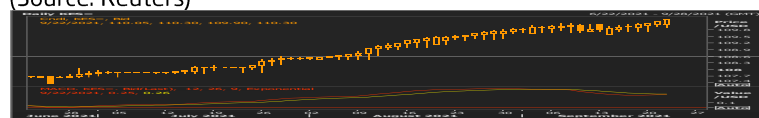
	Buy Cash	Sell Cash	Buy TT	Sell TT
USD/KES	113.70	125.70	113.20	125.20
GBP/KES	136.60	151.10	135.80	150.60
EUR/KES	117.82	137.72	117.62	136.22
AED/KES	30.41	36.41	29.91	37.41

Money Market Rates	Current	Previous	Change
Interbank Rate	4.999%	5.014%	-0.015
91-Day T-bill	7.866%	7.811%	0.055
182-Day T-Bill	9.037%	8.974%	0.063
364-Day T-Bill	9.952%	9.935%	0.017
Inflation	7.100%	6.500%	0.600
CBR RATE	7.500%	7.000%	0.500

Source: Central Bank of Kenya)

Libor Rates	USD	EUR	GBP
3 Months	1.32400	-0.47000	1.28840
6 months	1.82886	-0.39200	1.59040

(Source: Reuters)



(Source: Reuters)

INTERNATIONAL NEWS

The U.S. dollar index was down on Wednesday morning in Asia at 105.27, although investors bet on aggressive interest rate hikes from the U.S. Federal Reserve meeting. Investors are betting with near certainty that the Fed will announce a 75-basis-point rate increase - the largest since November 1994 - at the end of its two-day policy meeting on Wednesday. It would be this year's third-rate increase following two 50-basis-point hikes. Major attention will be given to the Fed's interest rate decision and the economic forecasts as Chairman Jerome Powell has a tough task of pleasing markets and taming inflation at the same time.

The GBP/USD pair pulled back from monthly lows to settle at \$1.2022 as traders brace for the key Fed meeting during the early session on Wednesday. In addition to the market's consolidation, positive news from UK Prime Minister (PM) Boris Johnson also underpins the cable pair's latest rebound. Boris Johnson wants to reverse Rishi Sunak's planned multibillion-pound tax raid on business as he tries to firm up support on the Tory right in the aftermath of last week's confidence vote.

The euro held on to its levels of \$1.0461 on Wednesday morning as it cheers recently hawkish comments from the ECB policymakers and a retreat by the US Treasury bond yields to portray short covering moves ahead of the key Federal Open Market Committee.

Elsewhere, global oil prices made gains on Wednesday at \$121.32, rebounding from losses earlier in the session amid concerns over fuel demand and the broader economy ahead of an expected big hike in interest rates by the U.S. Federal Reserve.

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	1.0240	1.0690
GBP/USD	1.2030	1.2470
USD/AED	3.6645	3.6890
USD/JPY	130.80	137.50