



DOMESTIC NEWS

Kenya shilling edged lower on Tuesday with traders citing dollar demand from manufacturers and oil importers before next month's election as a factor for its continuing decline.

Commercial banks quoted the shillings at 118.40/60 per dollar same as Friday's close of 118.20/40

In other local news, Kenya's official foreign reserves have fallen to Sh941.5 billion (\$7.953 billion) in the week ended July 14, with the import cover dropping to the lowest level in a year at 4.59 months.

The reserves have declined by Sh102.3 billion from the week ended December 30 when they were recorded at Sh1.04 trillion (\$8.817 billion) representing 5.39 months' import cover. Analysts have attributed the drop to external debt repayments, which remain the biggest source of outflows, including Eurobond coupon repayment made in June.

External debt service in the month of May and June were Sh29.6 billion and Sh31.1 billion respectively according to World Bank Debtor Reporting System.

Indicative Forex Rates

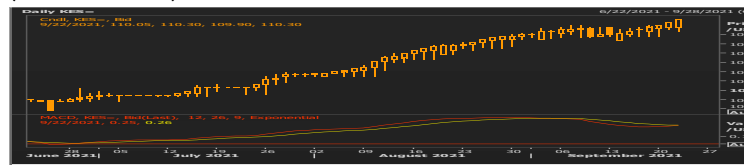
	Buy Cash	Sell Cash	Buy TT	Sell TT
USD/KES	114.60	127.60	115.10	126.60
GBP/KES	138.67	158.17	137.87	152.67
EUR/KES	116.57	142.47	116.87	135.47
AED/KES	28.29	44.29	30.29	37.79

Money Market Rates	Current	Previous	Change
Interbank Rate	5.320%	5.310%	-0.010
91-Day T-bill	8.248%	8.167%	0.081
182-Day T-Bill	9.305%	9.253%	0.052
364-Day T-Bill	9.986%	9.980%	0.006
Inflation	7.910%	7.080%	0.830
CBR RATE	7.500%	7.000%	0.500

Source; Central Bank of Kenya)

LIBOR Rates	USD	JPY	GBP
6 Months	3.26743	0.04823	2.51800
12 months	3.86300	-	-

(Source: Reuters)



INTERNATIONAL NEWS

The dollar is down this morning in Asia as the Nord Stream pipeline may reopen following maintenance, and the European Central Bank may deliver a more aggressive rate hike.

The US Dollar Index that tracks the greenback against a basket of other currencies edged down 0.14% to 106.53 by 11:33 PM ET (3:33 AM GMT). Against the Japanese Yen the dollar inched down 0.07% to stop at USD/JPY 138.09 The AUD/USD pair gained 0.32% to 0.6916, and the NZD/USD pair was up 0.53% to 0.6262. The Reserve Bank of Australia's July policy meeting showed the need for higher interest rates to curb rising inflation, even after recent rate hikes, as unemployment drops to its lowest level in nearly 50 years.

It is expected that the European Central Bank may consider raising interest rates by a larger-than-expected 50 basis points at their meeting on Thursday due to the worsening inflation backdrop.

In the commodities market, Oil prices edged down on Wednesday, pressured by global central bank efforts to tame inflation and ahead of expected builds in U.S. crude inventories as product demand weakens.

Brent crude prices for September fell 37 cents, or 0.3%, to \$106.98 a barrel by 0340 GMT, while U.S. West Texas Intermediate (WTI) crude for August slipped 69 cents, or 0.7%, to \$103.53 per barrel. The WTI contract will expire later Wednesday. The more active September WTI contract was at \$100.24 a barrel, down 50 cents.

Gold was down Wednesday morning in Asia, continuing along a downward trend and moving inversely to rising interest rates.

Gold futures for August delivery were down 0.15% to \$1,708.25 by 10:10 PM ET (2:10 AM GMT). The US Dollar Index, which tracks the dollar against a basket of currencies, was little changed, down just 0.04% to 106.64.

Indicative Profit Rates on Deposits		
	Amounts > 10 million	Amounts >100,000
	KES	USD
2 Weeks	6.00%	0.35%
1 Month	6.55%	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	1.0035	1.0437
GBP/USD	1.1820	1.2229
USD/AED	3.6527	3.6931
USD/JPY	136.21	139.90