



DOMESTIC NEWS

The domestic unit had a poor run against its American counterpart on Wednesday, closing weaker from its previous close. Demand from different economy boroughs filled the market to pick up the elusive dollar. The trifling foreign currency inflows witnessed from various sectors of the economy, did little to save the local unit from losses. That said, the price action continues to be mainly flow driven with fundamentals taking a back seat in the interim. By close of day, the local unit stood at 117.80/118.00 as compared to Tuesday's close of 117.75/117.95.

Meanwhile, The Treasury will not invoke the law that allows the government to control the prices of essential goods in reaction to the surge in inflation. Treasury Principal Secretary said the State will not cap the price of basic items in line with the Price Control (Essential Goods) Act, 2011 as a weapon to control the cost-of-living measure. The Act, which was enacted during the tenure of the late President Mwai Kibaki, allows the finance minister to set maximum prices of gazetted essential commodities upon consultation with the relevant industry. Consumer prices have rocketed this year and inflation hit a 27-month high of 7.1 percent in May, raising the prospect that the State would for the second time use the law to control the cost of essential goods. Kenya's private sector has also been hit by the rising cost of living measure through reduced demand for goods and services. Kenya's private sector has also been hit by the rising cost of living measure through reduced demand for goods and services.

Indicative Forex Rates

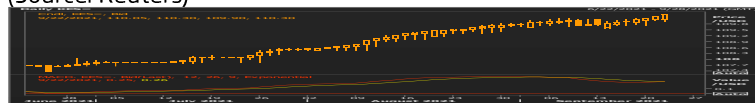
	Buy Cash	Sell Cash	Buy TT	Sell TT
USD/KES	114.40	126.40	113.90	125.90
GBP/KES	139.02	153.52	138.22	153.02
EUR/KES	119.46	139.36	118.67	137.27
AED/KES	30.60	36.60	30.10	37.60

Money Market Rates	Current	Previous	Change
Interbank Rate	5.211%	5.132%	0.079
91-Day T-bill	8.013%	7.925%	0.088
182-Day T-Bill	9.163%	9.096%	0.067
364-Day T-Bill	9.974%	9.961%	0.013
Inflation	7.100%	6.500%	0.600
CBR RATE	7.500%	7.000%	0.500

Source: Central Bank of Kenya

TENOR	USD SOFR RATES	EUR STR RATES	GBP SONIA RATES
3 Months	2.07743	-0.58325	1.55510
6 months	2.59216	-0.57999	2.00098

(Source: Reuters)



(Source: Reuters)

INTERNATIONAL NEWS

The U.S. dollar index was down on Thursday morning to 105.04, after central bank chiefs signaled a resolution to bring down inflation. U.S. Federal Reserve Chair Jerome Powell and his European and U.K. counterparts warned that inflation could be long-lasting during the European Central Bank (ECB)'s annual forum in Portugal. He added that it was important to bring down inflation. In the meantime, the odds of a consecutive 75 basis point (bps) rate hike by the Federal Reserve (Fed) have advanced as the Fed is 'unintentionally committed' to cool the hot-red inflation. This will compel the Fed to announce more rate hikes.

The GBP/USD pair attempted a rebound on Thursday morning at \$1.2128. The pound was hammered strongly by the market participants after Bank of England (BOE) Governor Andrew Bailey uncovered inflation risks. BOE Bailey commented that the UK economy is facing a very large real income shock. A higher inflation rate in the UK economy has diminished the value of 'paychecks' received by the households.

The euro has been hovering around \$1.0430 levels in the early Thursday session. European Central Bank (ECB) President Christine Lagarde made pessimistic comments on Wednesday as she highlighted that the economy is not going to return to the low inflation environment.

Elsewhere, global oil prices edged higher on Thursday to \$113.08, as concerns about global supply tightness outweighed a build in U.S. gasoline and distillate inventories. Meanwhile, the OPEC+ group, which includes allies such as Russia, began two days of meetings on Wednesday, though sources said there was little prospect of pumping more oil.

Indicative Profit Rates on Deposits

	Amounts > 10 million		Amounts >100,000	
	KES	USD	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	1.0360	1.0670
GBP/USD	1.2010	1.2490
USD/AED	3.6645	3.6890
USD/JPY	130.80	137.50