



Date: 15th September 2009

US DOLLAR: The shilling opened trading yesterday at 75.80/76.00 with little activity witnessed in intraday trading. The Kenyan shilling lost marginal ground against the dollar as dealers anticipated Central Banks return to the market to buy dollars. CBK however stayed away. The market will be watching to see how the sale of the KenGen's 15 billion shilling 10 year bond proceeds, which has attracted a lot of offshore interest. The pair closed trading at 75.75/75.95.

EURO: The euro tipped lower against the U.S. dollar for the second day but remained supported above 1.4500, and the EUR/USD may continue to retrace the advance from the previous week as the economic outlook weakens. Industrial production in the Euro-Zone weakened for the second month in July, with outputs falling 0.3% from the previous month amid expectations for a 0.2% decline, while the annualized rate of production tumbled 15.9% from the previous year after falling 16.7% in June. The breakdown of the report showed outputs of capital goods plunged 1.8% during the month, with production of durable consumer goods slipping 0.8%, while energy outputs fell 1.2% after rising 2.2% in June. Economic activity is likely to remain subdued over the coming months as businesses continue to scale back on production and employment in an effort to weather the downturn in global trade. The EURUSD is currently trading at \$1.4603.

STERLING POUND: The British pound halted the four-day rally and pared gains from the previous week to reach a low of 1.6521 against the greenback, and the GBP/USD may continue to retrace the September advance as the economic outlook for the U.K. remains weak. The European Commission anticipates economic activity to expand 0.2% in the third quarter but forecasts the economic recovery to remain weak following the slump in private sector spending, and projects GDP to expand 0.5% in the final three-months of the year. Moreover, the EU expects the annual rate of growth to fall 4.3% from the previous year amid an initial forecast for a 3.8% drop in GDP, and the downturn in the labor market may continue to weigh on economic activity going That said, the cable rallied to trade at \$1.6690.

KENYAN INTEREST RATES:

The over-night rates are between 4.10% - 4.50%

T.BILLS TENDER AVERAGE (LAST AUCTION)

91 DAYS = 7.272% 182 DAYS = 8.121%
364 DAYS = 8.712%

INDICATIVE EXCHANGE RATES:

CURRENCY	BUY	SELL
U.S. DOLLAR	75.60	76.40
STERLING POUND	125.90	128.10
EURO	109.60	111.80
JAPANESE YEN	81.25	84.45
SWISS FRANC	71.85	74.45
SOUTHAFRICAN RAND	9.90	11.10
CANADIAN DOLLAR	69.45	71.55
UGANDA SHILLING	24.75	27.55
TANZANIA SHILLING	16.55	18.45

CROSS RATES (Quoted against the U.S. Dollar)	BUY	SELL
STERLING POUND	1.6320	1.6740
EURO	1.4285	1.4625
JAPANESE YEN	89.40	93.60
SWISS FRANC	1.0100	1.1100
SOUTH AFRICAN RAND	6.855	8.025
CANADIAN DOLLAR	1.0580	1.0940
UGANDA SHILLING	1870	2030
TANZANIA SHILLING	1210	1420

<u>INDICATIVE INTEREST RATES: \$250000></u>		
CURRENCY	1 MONTH	3 MONTH
KENYA SHILLING	6.00	7.00
U.S. DOLLAR	0.50	1.00
STERLING POUND	0.75	1.20
EURO	0.75	1.25
SOUTH AFRICA RAND	6.00	6.50
UGANDA SHILLING	4.50	5.50
TANZANIA SHILLING	3.00	4.00

For more information and firm pricing, please contact our dealers Sankul Mandavia, Bernard Matimu, Maxwell Mutinda, Lorna Mwangi, Brenda Wabule and James Mwai on 2888291,327- 332, 2716478 or 2721820 or visit our website www.nic-bank.com

