




FINA GROUP

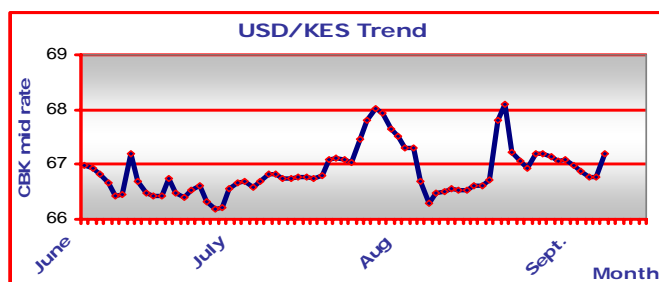
Weekly Forex/Money-Market Bulletin

Sept 03rd – 07th 2007

Inter-bank Closing Levels & General Market Info, 07th September 2007

Spot Rate	Buy	Sell	Spot Rate			1 mnth	3 mnth	6 mnth
USD/KES	67.00	67.20	USD/JPY	113.75	FWD USD/KES	66.95/ 67.45	66.90 /67.70	66.85 /67.95
EUR/KES	92.25	92.55	EUR/USD	1.3765				
GBP/KES	136.00	136.40	GBP/USD	2.0295	Libor			
AUD/KES	55.35	55.55	AUD/USD	0.8260	USD 	5.82%	5.72%	5.57%
ZAR/KES	9.25	9.35	USD/ZAR	7.2200	GBP 	6.66%	6.88%	6.78%
INR/KES	1.6500	1.6580	USD/INR	40.60	EUR 	4.45%	4.75%	4.77%

	Current Rate (%)	Last Change (bp)	Exp. Movement	Repos CBK		Stock Market Indices	Closing Level
Fina Base Rate	13.25			Tenor (days)	3 – 88		
CBK CBR Rate	8.75	+0.25, Aug 07	Steady	Av. Rates (%)	7.50-7.75	NSE 20	5560.23
FED US Rate	5.25	June 06	-25bp Sept, 07	Inter-Bank Mkt		Dow Jones	13113.38
BoE UK Rate	5.75	+25, July 07	+25bp, Dec 07	Av. O/N Rates (%)	7.40>7.52	NASDAQ	2565.70
EUR EU Rate	4.00	+25, June 07	+25bp, Oct 07	Av. amts borrowed within market (bln)	4-7		



	91-day (%)		182-day (%)		1 YR (%)	
	This wk	Last	This wk	Last	This wk	Last
	10 Sept	03 Sep	10 Sept	03 Sep	10 Sept	03 Sep
KES	7.352	7.361	7.80	7.874		
TZS	14.57	14.25	16.18	16.15	16.13	16.03

Kenya: Foreign Exchange & Money Markets

The shilling started the week trading firmly against the dollar opening at a level of 66.75-85 vs previous week closing of 66.85-95. End month demand had been satiated and traders squared off long positions that were held in anticipation of light demand leading to the shilling touching a level of 66.65-75 by end of trading session on Monday as the new month started. On Tuesday the local unit weakened from 66.70-80 to 67.15-25 and on Wednesday and Thursday it oscillated within a narrow range of 66.90-00 and 67.20-30 as inter-bank demand led it to weaken and influx of flows would lead it to strengthen back to its opening levels. By Friday market sold off dollars and the shilling strengthened to a level of 66.75-85 during early morning trade but it closed trade slightly weaker at a level of 67.00-10. Markets expect the same trading range of 66.70 and 67.50 to be seen in the week ahead. Support currently lies at levels of 67.30 and 67.50 and resistance at 66.50. Only a successive breach of 66.50 will pave way for further gains for the shilling.

Kenyan Money Markets: There has been a lot of liquidity in the market this week with CBK mopping up liquidity between levels of 7.50% and 7.70% for tenors between 3-90 days. The 91-day t-bill rate fell slightly to 7.352% from 7.361% and 182-day T-bill fell to 7.80% from 7.872% seen the previous week.

Rating Agency confirms Kenya Rating: Standard and Poor Rating agency affirmed its B+ rating for foreign currency and BB- for long-term local currency sovereign credit rating for Kenya. Credit analyst for Standard & Poors, Mr. Remy Salters stated that the rating on the country was constrained by low levels of economic development and vulnerability to exogenous shocks.

Kenya's Debt: Kenya's domestic debt has risen from 18.6% of GDP in 2004/05 to 20% of GDP in 2005/06 and against expectations of 18.2% of the GDP. The increase was blamed on weak debt management system and economists fear if the same continues the Government may be forced to channel revenue to service the debts and this is likely to leave key sectors like health and security inadequately funded. Minister for Planning and National Development, Mr. Henry Obwocha said that the Government would come up with a strategy to strengthen monitoring and evaluation of development projects and policies.

International: Foreign Exchange

US: The dollar was overall stronger against the majors early in the week as risky trades were unwound and data released from the US showed that though the sub-prime mortgage problems are affecting the markets, markets thought it would not affect the US economy as much as they believed. The ISM manufacturing index fell to 52.90 from 53.80 in July and against market expectation of 53.00 but was more inline with market expectations. The Dow Jones also rallied 91 points on the first day of September which helped lift the dollar as well. The dollar was under pressure by mid week after release of pending Home sales which fell by 12.2% in July vs expectations of 2% fall and the Pending home sales index fell to 89.90 in July, the lowest since September 2001. Dollar selling continued as traders focused on the slumping housing sector and deepening credit crisis and though the credit crisis is affecting the global economy, it is primarily a US problem which led people to re-look at their currency portfolios. The dollar further lost ground on Friday, touching 15-year low against major currencies after disappointing non-farm payroll data from the US which showed a fall of 4,000 jobs vs expectations of an increase of 110,000 jobs in the month of Aug. The jobless rate was steady at 4.60%. This data has put further pressure on the FED to cut interest rates which is likely to weaken the greenback further as others are currently earning a better return. Data from various sources have stated that the slowdown in the employment sector is reflecting the turmoil in the credit markets as well as weak housing data seen recently. In the week ahead we continue to see traders selling the dollar and focus will lie on the upcoming Sept 18th meeting for the FED interest rate decision. Markets are currently pricing in a 75% chance of a rate cut at the meeting and another 25bp cut by the year end.

UK: The sterling was slightly weaker during mid-week due to some carry trade unwinding and though UK data releases have supported the currency in the recent past, market was unsettled and profit taking seemed to be dragging it lower. UK economic data which showed stronger than expected data releases. UK Manufacturing PMI came in at 56.3 vs expectation of 55 showing that UK manufacturers continue to see strong demand despite the strength of the currency and this further suggests that H2 growth in UK should remain firm. British construction sector rose to its fastest rate in more than 9-years and the British Retail consortium stated retail sales had also picked up. The London Inter-bank rates for 3-month soared higher in the week and hit a fresh 8 ½ year high of 6.88% by the end of the week compared to 6.69% seen the previous Friday as banks continued to scramble for liquidity to meet future funding requirements. Commercial Banks were required to up their aggregate reserves at the Central Bank by 6% to GBP17.63bln from 06th Sept thus giving them greater scope to borrow at BoE's main lending rate. The Bank of England left rates steady at 5.75% which led the sterling to weaken initially as markets had expected this decision but strengthened again later in the day as little risk appetite returned to the markets. This time the BoE issued a statement which was not done before when they used to leave the rates steady but with the recent credit market disruptions they felt it was necessary to issue a statement. BoE stated that the economy was sustaining a solid pace of growth even though the sterling rate continued to be at all time highs. By the end of the week the sterling soared higher to levels of 2.0350 on the back of weak US data and technical buying was seen as many stop loss levels were triggered. In the week ahead we expect the sterling to continue its uptrend though some consolidation initially is seen between levels of 2.0100 and 2.0400 but eventually a break of 2.04 is seen to target 2.05.

Euro Zone: The Euro has been trading within a narrow range of 1.3550 and 1.3750 during the week. Early in the week we saw some Euro selling after some uncertainty in the markets, but later in the week Euro was bid on the back of dollar weakness. The overnight lending rates for Euro soared during mid week as banks scrambled for the cash ahead of the critical week whereby some \$113bln of commercial papers required new funding. Euro overnight rates were at 4.69% on Wednesday vs ECB target rate at 4.00% but as ECB injected some liquidity in the market by the end of the week the over night rates settled back under the 4.00% level. ECB left rates steady at 4.00% on Thursday 06th Sept as widely expected by the markets but President Trichet stated that inflation continued to remain the primary concern which was taken to read as rate hiking may resume in the future. The Euro initially weakened against the dollar, but later as the inflation aspect from the speech was scrutinized; the Euro was bid leading it to trade at levels of 1.3700 against the dollar. Trichet also mentioned that the credit market turmoil had increased uncertainty but the policy continues to remain accommodative. By the end of the week the Euro was again bid on the back of weak dollar data and levels of 1.3800 were seen. In the week ahead if the Euro remains supported above the 1.3700 levels we may see levels of 1.3850 targeted.

International: Commodities

Crude Oil: Oil prices inched up through the week with US crude rising from \$74 per barrel to close week at \$76 per barrel. Markets kept a close watch on the hurricane Felix which could have damaged the oil fields thus putting pressure on supplies. However as Hurricane Felix hit Nicaragua, its strength weakened leading to oil prices easing slightly but later in the week a US government report showed a fall in US stocks which put upward pressure on prices and by Thursday oil traded at \$76 per barrel. On Friday after disappointing non-farm payroll data, oil prices fell slightly as investor concerns over wavering economic growth increased but by the end of the trading session gains were again seen as traders focused on tight supplies in the US. US crude settled at \$76.70 per barrel and London crude at \$75.07 a barrel.

Gold: Gold prices started trade at \$667 per ounce and traders were slightly cautious into entering long positions early in the week. However as the week carried on, traders were more confident into taking on long positions which was boosted by strong physical & technical buying as trigger levels were breached, weaker dollar and rising oil prices. By Thursday gold had hit a 16-month high of \$698 per ounce and with technical's pointing towards levels of \$700 and above, investors and funds continued buying taking it above \$700 per ounce by the end of the week. Release of disappointing US data led the dollar to weaken and in turn making dollar denominated gold cheaper and the buying frenzy continued. Gold for December delivery soared to \$716 per ounce shortly after the data.

Rwanda: Forex, Money Markets & Other Highlights

Forex:

BNR is still selling USD to commercial banks individually at its published middle rate which evolved as follows last week:

Date	BNR mid-rate
9/03/2007	547.801312
9/04/2007	547.746532
9/05/2007	547.691757
9/06/2007	547.636988
9/07/2007	547.582224

Rwandese Franc remained stable against majors as well as the dollar, mainly as a result of the suppression of the USD Auction at BNR where the greenback was sold at less than the BNR middle.

Money Markets:

T-Bills

Date	Amounts Requested by BNR	Amts offered by Participants	Amts Retained	Average Rate
06 th Sept 2007	RWF 4.0 bln	RWF 11.000 bln	RWF 4.000 bln	7.08%
30 th Aug 2007	RWF 6.0 bln	RWF 9.000 bln	RWF 6.000 bln	7.36%

Despite the fact that all the bids were not retained, once again participants are driving back T-bills rates to the level seen at the beginning of the year. The auction of week ending 30th Aug 2007 coincided with the maturity of many banks' old bills which was the reason for the increased volumes offered.

Weekly Borrowings:

Date	Amounts Requested by BNR	Amts offered by Participants	Amts Retained	Average Rate
07 th Sept 2007	RWF 15 Bln	RWF 23.50 bln	RWF 15 Bln	5.75%
31 st Aug 2007	RWF 15 Bln	RWF 21.25 bln	RWF 15 Bln	6.00%

With the new capitalization law by B.N.R where all banks will need to have a minimum core capital of RWF 5 Bln, more investment opportunities will need to be explored further as banks won't always rely on the existing loan portfolios plus the few BNR bonds and bills which in most cases generate less than the cost of deposits.

These views/ forecasts/ suggestions, though circulated with the best of intentions, are based on our reading of the market at the time of writing. They are subject to change without notice. Though the information sources are believed to be reliable, the information is not guaranteed for accuracy. Those acting in the market on the basis of these are themselves responsible for any profits or losses that might occur, without recourse to us. World financial markets, and especially the Foreign Exchange markets, are inherently risky and it is assumed that those who trade these markets are fully aware of the risk of real loss involved.