




Daily Treasury Bulletin 31st July 2007

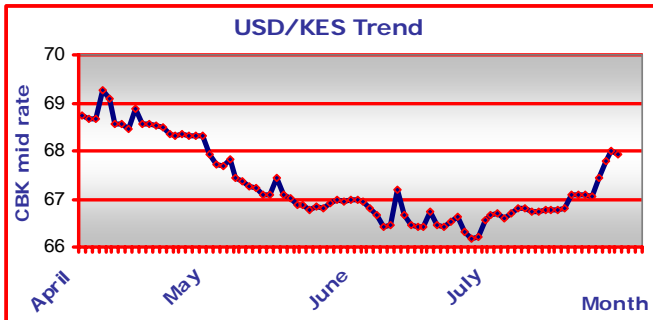
The following are indicative inter-bank buying and selling rates as at **11.00a.m** Kindly note these rates are subject to change at the time of booking with us due to high market volatility. Please contact Fina Bank Treasury Team for firm rates on 249573, 316370, or email: treasury@finabank.com

Currency	USD/KES	EUR/KES	GBP/KES	AUD/KES	ZAR/KES	INR/KES	USD/RWF		INT. RATES
Rate	67.30/50	92.25/55	136.55/95	57.90/10	9.55/65	1.6680/50	549.00	USD 	5.25%
FCY Pairs	USD/JPY	EUR/USD	GBP/USD	AUD/USD	USD/ZAR	USD/INR	NSE INDEX	GBP 	5.75%
Spot	119.00	1.3705	2.0290	0.8605	7.05	40.35	5329.56	EUR 	4.00%

Kenya/Forex

The shilling gained ground against the dollar, opening at a level of 67.60-70 and strengthening to 67.40-50 by close of trade in quiet trading yesterday. Inter-bank activity dominated trade and traders squared off their positions as at end month. We expect the local unit to be range bound within levels of 67.30 and 67.80.

Exporters have hit out at importers stating that the value of the cheaper imports is not being passed onto the consumer which is unfair as with the shilling strength continuing importers are able to source goods at cheaper prices which should translate into savings for consumers. Exporters have called out to the CBK many times to intervene in the market as the strength of the shilling is eroding their revenues but CBK has stated that it will let the market forces determine the level of the USD/KES.



Kenya/Money Markets

MM Results	CBK Repo	Results	91-day T-bills	182-day T-bills
Amt Borrowed (KES bln)	Amt Advertised (KES bln)	Av. Rate	Auction 30/07/07	Auction 30/07/07
13.97	9.0	7.30%	6.902%	7.575%
Av. Rate Lending	Amt Accepted (KES billion)	Tenor (Days)	Auction 23/07/07	Auction 23/07/07
7.25%	4.90	3-28	6.565%	7.305%

International/Forex

The dollar lost ground against the Euro, Sterling, Aussie and Yen but gained ground against the ZAR as risk aversion was seen once again over deteriorating credit markets. Last week traders unwound their carry trades over concerns that the problems in the US sub prime mortgages may have spilled over to other credit markets leading to traders to be slightly cautious before taking on large positions.

Sterling was initially lower against the majors during the European trading session after mixed data releases from the UK housing sector but this did little to change expectations of a Bank of England hike later this year. Hometrack said house price rose 5.90% this month down from 6.4% in June signaling a cool down in the housing sector but mortgage approvals grew at their fastest pace in 3 months in June. The Bank of England meets this week on Thursday 02nd Aug 07, but traders expect the rates to stay steady at 5.75%. The sterling should continue to be supported due to its interest rate differential but at the moment with traders unwinding their positions the sterling is seen under pressure and a successive breach of 2.0335 may see the sterling head higher.

Major data today includes German Retail sales, Unemployment GDP data, Euro zone economic sentiment, UK GFK consumer confidence and CBI distributive trades, US chain stores, Personal consumption index and US Redbook index.

International/Commodities

Oil fell yesterday after traders took profits on their positions with London Brent settling at \$75.74 and US crude settled at \$76.83 a barrel.

Gold rose slightly yesterday trading from a level of \$661 per ounce to \$665 an ounce on the back of the weaker dollar and investors taking on fresh positions as the lower levels attracted some demand.

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.