

Daily Market News



04th January 2017

DOMESTIC NEWS

The shilling started the year on a low note, rapidly losing ground against its American counterpart on 2017's first trading session on Tuesday.

The renewed upside of the USDKES pair was largely on the back of adamant demand by importers filling up their dollar requirements ahead of the year. Foreign currency inflows remained on the dip seeing the pair trade within a spiking distance of the 103.00 level by session's close.

Looking ahead, our view for the home unit remains in the bearish camp as foreign currency demand continues piling pressure on the local currency in the short run.

Amounts 100,000	Today's Opening	
	Buy TT	Sell TT
USD/KES	98.50	102.70
GBP/KES	120.15	127.50
EUR/KES	104.05	110.20
JPY/KES	88.50	94.60

Forward Rate (USD)	
1 month	
BUY	98.75
SELL	105.50
3 Months	
Buy	99.25
SELL	107.75

Money Market Rates	Previous	Current	Change bps
Interbank Rate	4.50%	4.85%	+0.35
91-Day T-bill	8.230%	8.200%	-0.03
182-Day T-bill	10.302%	10.318%	+1.60
364-Day T-bill	10.717%	10.817%	+10.00
Inflation	6.34%	6.47%	+13.00

Source: CBK



Source: Bloomberg

INTERNATIONAL NEWS

The dollar was on track to post its largest gain in over two weeks against a basket of the other major currencies on Tuesday, climbing back towards December's 14-year peaks on the first full trading day of 2017. The greenback also remained supported after data showing an index of U.S. factory activity rose to a two-year high in December.

The Euro extended losses against the greenback in the wake of the U.S. manufacturing report, with EUR/USD touching lows of 1.0341, the weakest level since December 2002.

Sterling was weaker, with GBP/USD trading at 1.2280 despite data showing that UK manufacturing activity rose to a 2 ½ high in December. The data indicated that UK factories ended 2016 on a strong note despite June's Brexit vote.

Earlier today, renewed uptick in USD/JPY pair lost steam near 118.20 levels, with the retreat in treasury yields sending the rate back to 118 handle. The USD/JPY pair is seen enjoying some gains as full markets return and reflect their renewed confidence in the US economy and Trump's policy by piling onto the US dollar against a basket of major currencies.

Indicative Deposit Rates

Amts > KES 20 million	Amounts > 100,000	
	USD	EURO
KES		
Call	7.00%	0.75%
1 month	7.00%	0.50%
3 months	7.10%	0.75%
6 months	7.15%	1.00%

Indicative Cross Rates

	Buy	Sell
EUR	1.0400	1.1600
GBP	1.1800	1.2600
JPY	95.50	105.00
CHF	0.9250	1.0250