

Daily Market News



06th January 2017

DOMESTIC NEWS

The shilling's downward momentum against the dollar continued in Thursday's trading session, hitting a 15-month low.

Activity by both interbank and corporate players on the demand side weighed on the local currency in a market starved of foreign currency inflows, dragging the unit within a spiking distance of the 104.00 level.

Ahead of the weekend, we expect the market to be dicey as players look out for any fresh factors that might change the direction of the currency price.

Amounts	Today's	
	Opening	
100,000	Buy TT	Sell TT
USD/KES	99.00	105.25
GBP/KES	122.15	129.75
EUR/KES	104.00	111.50
JPY/KES	83.50	92.50

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	7.1311%	6.6849%	-44.62
91-Day T-bill	8.553%	8.552%	-0.1
182-Day T-bill	10.475%	10.467%	-0.80
364-Day T-bill	11.024%	11.010%	-1.40
Inflation	6.68%	6.35%	-33.00

Source: CBK



Source: Bloomberg

INTERNATIONAL NEWS

The U.S. dollar was lower against other major currencies on Thursday after the Federal Reserve minutes pointed to uncertainty over the potential impact of the incoming Trump administration's policies on the economy. The Fed noted that "a further strengthening in the dollar could lead to tighter financial conditions that restrain economic activity and inflation—a key downside risk. Meanwhile, data on Thursday showed that initial jobless claims fell by 27,500 to 235,000, an almost 43 year low.

The Euro moved higher, with EUR/USD rising to 1.0533, extending its recovery from the 14-year trough of 1.0339 set on Monday. The upside movement was triggered by the release of minutes of the US FOMC minutes which were less hawkish than expected.

Sterling was little changed, with GBP/USD at 1.2325 as concerns over Brexit continued to weigh. The pound found some support after data showing that growth in the dominant U.K. service sector accelerated for a third straight month to a 17-month high in December.

The greenback was down against the Japanese Yen earlier today in Tokyo with the USD/JPY pair trading at 115.15

Indicative Deposit Rates			
KES	Amts > KES 20 million	Amounts > 100,000	
		USD	EURO
Call	7.00%	0.75%	0.25%
1 month	7.00%	1.00%	0.50%
3 months	7.10%	1.25%	0.75%
6 months	7.15%	1.50%	1.00%

Indicative Cross Rates		
	Buy	Sell
EUR	1.0200	1.1200
GBP	1.2200	1.2900
JPY	109.00	119.00
CHF	0.9550	1.0550