

Daily Market News



10th January 2017

DOMESTIC NEWS

The shilling seesawed between gains and losses against the greenback on the first trading session of the week yesterday.

The local currency lost ground midway through the session, crossing the key 104.00 level albeit briefly, as pressure from importers mounted against measly foreign currency inflows. The home unit pared its losses later in the session to close slightly softer.

Barring the Monetary authority's intervention, shilling's outlook remains bleak in the near term if demand for foreign currency persists in the absence of increased flows to support the unit.

| Amounts | Today's | |
|---------|---------|---------|
| | Opening | |
| 100,000 | Buy TT | Sell TT |
| USD/KES | 99.00 | 105.50 |
| 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 dollar edged lower against a basket of major currencies on Monday. A fall in U.S. Treasury yields and stocks drove the dollar down against its G10 peers, particularly the Yen. Analyst said there was no fundamental catalyst for the greenback's decline, with traders tacking cue from yields as no major U.S. economic reports are scheduled for release until Friday.

The EUR/USD pair showed little life of its own on Monday, unable to rally despite broad dollar's weakness. German's Industrial Production increased by a meager 0.4% monthly basis, against expectations of a 0.7% gain, while October reading suffered a modest revision up to 0.5%.

The Sterling fell sharply against the dollar on Monday, pressured lower by fears over the prospects of a 'hard Brexit' following comments by British Prime Minister Theresa May on Sunday. The GBP/USD pair fell to 1.2146, a level not seen since October 31. The selloff in the Pound came after May on Sunday said that the country would not be keeping "bits" of European Union membership.

Earlier today in Tokyo, the selling pressure behind the USD/JPY picked-up pace, knocking-off the rate to fresh two-day lows of 115.20.

Indicative Deposit Rates

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