

# Daily Market News



14<sup>th</sup> March 2017

## DOMESTIC NEWS

The first trading day of the week saw the home unit dip against the greenback driven by stoking demand for foreign currency.

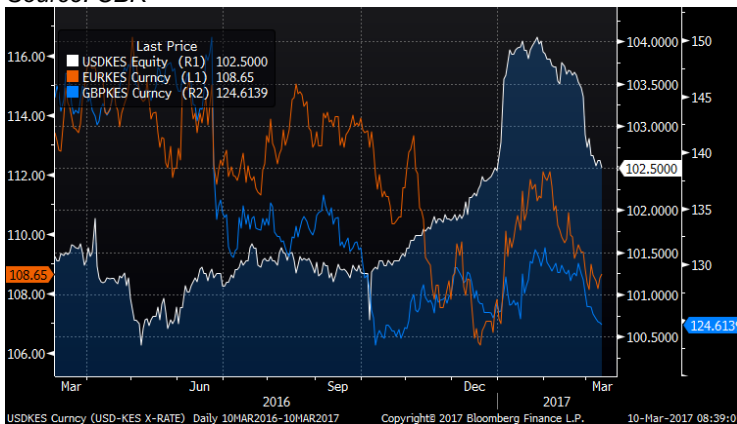
A number of interbank and corporates players were on scene roiling the market in search for decent offers on the US dollar. This saw the shilling chase the elusive dollar, to take the USDKES currency pair higher.

This slight strain of the shilling against the dollar is expected to persist in the coming days. However, the interbank market will be looking out to gauge the regulators' action if the trend continues.

Amounts	Today's		Forward Rate (USD)	
	Opening		1 month	
	Buy TT	Sell TT	BUY	99.50
USD/KES	98.70	103.80	SELL	104.60
GBP/KES	120.50	126.10	3 Months	
EUR/KES	103.10	109.70	Buy	100.50
JPY/KES	86.30	93.80	SELL	106.55

Money Market Rates	Previous	Current	Change bps
Interbank Rate	4.294%	4.024%	-2.70
91-Day T-bill	8.628%	8.686%	+5.80
182-Day T-bill	10.529%	10.525%	-0.40
364-Day T-bill	10.895%	10.901%	+0.60
Inflation	6.99%	9.04%	+205.00

Source: CBK



Source: Bloomberg

## INTERNATIONAL NEWS

The dollar traded lower against a basket of major currencies as investors mulled over the outcome of the Federal Reserve's two-day meeting. Bearish sentiment in the greenback continued, as investors turned attention to the pace of rate hikes this year, after the possibility of rate hike later this week rose to its highest level.

The Euro lost some of its gains but remained strong across board anchored by a report on Friday that the European Central Bank (ECB) had considered the possibility of raising interest rates before the end of its quantitative easing programme.

Sterling was salvaged from its lows after Scotland's First Minister Nicola Sturgeon demanded a fresh Scottish independence referendum but said it should take place at the earliest in late 2018. Also helping the pound is the possibility of the UK Prime Minister Theresa May triggering Article 50 for Brexit this week.

The Yen was little changed from trading on the backfoot against US dollar after the positive US jobs data on Friday, despite Japan PPI climbing to 1.0%, matching the forecast, marking a second straight gain after a long string of declines.

Indicative Deposit Rates			
Amts > KES 20 million		Amounts > 100,000	
KES	USD	EURO	
Call	7.00%	0.50%	0.00%
1 month	7.00%	1.00%	0.00%
3 months	7.10%	1.25%	0.00%
6 months	7.15%	1.50%	0.00%

Indicative Cross Rates		
	Buy	Sell
EUR	1.0200	1.1200
GBP	1.1700	1.2700
JPY	109.00	116.00
CHF	0.9500	1.0500