

# Daily Market News



16<sup>th</sup> March 2017

## DOMESTIC NEWS

The home unit tripped further against the dollar on Wednesday's session to close slightly lower on the day.

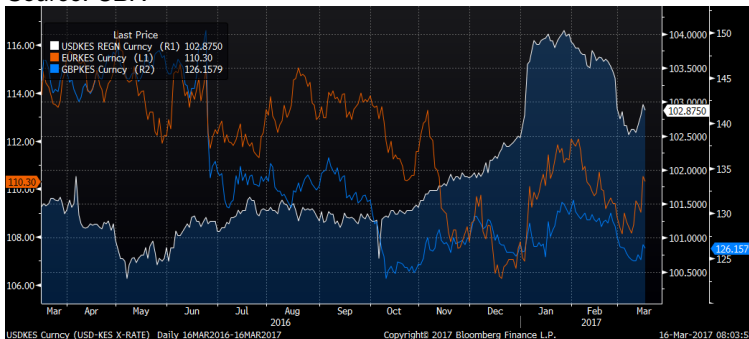
Corporate demand remained firmly on the drivers seat as they firmed up on their obligations, cementing the theme for a strong dollar locally. Foreign currency supply was also relatively tepid, bungling any prospects of the shilling.

The shilling is seen trading in a precarious position, as the dollar probes a psychological level that could eventually see the local unit tumble further. In the Treasury bills, the 364 day paper continues to receive interest with KES 16.55 Billion worth of treasury bills sold at 10.909%.

Amounts	Today's		Forward Rate (USD)	
	Opening		1 month	
100,000	Buy TT	Sell TT	BUY	SELL
USD/KES	98.70	103.80	99.50	104.60
GBP/KES	120.50	126.10	<b>3 Months</b>	
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	3.609%	3.348%	-26.10
91-Day T-bill	8.628%	8.686%	+5.80
182-Day T-bill	10.529%	10.525%	-0.40
364-Day T-bill	10.901%	10.909%	+0.80
Inflation	6.99%	9.04%	+205.00

Source: CBK



Source: Bloomberg

## INTERNATIONAL NEWS

Following the Fed meeting, the dollar collapsed against its major peers. The Fed hiked the federal fund rates by 25bps to 0.75-1.00% as widely expected but the markets were left disappointed with the less hawkish than anticipated projections. The Fed effectively did not give further upward revisions in the projected rate path after the median projections were held at 1.4% by the end of 2017.

The Euro wallowed as markets were on pause during the European trading session, anxious on two fronts; the outcome of the Fed meeting as well as the Dutch elections. Early indications of the exit polls showed that the Netherlands' center-right Prime Minister Mark Rutte roundly saw off a challenge by anti-Islam and anti-EU Geert Wilders.

Britain's battered pound recovered against the dollar, propped up by corporate demand as investors looked for bargains after it hit two-month lows the previous day.

The Yen traded stronger against the greenback in the wake of the U.S. Federal Reserve's second interest rate hike in three months. On the other hand, the Bank of Japan kept monetary policy steady, underscoring the diverging policy paths of major global central banks.

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	110.00	117.00
CHF	0.9500	1.0500