

Daily Market News



17th March 2017

DOMESTIC NEWS

The local unit was left shook as its free fall continued for the fourth consecutive session on a day that saw the dollar spear through a key psychological level and leap beyond the comfort of the regulator.

Trading was shambolic on Thursday as major market players swung into action early in droves scrambling to buy foreign currency. CBKs' direct intervention helped salvage the fortunes for the local unit albeit briefly, before a second wave of foreign currency purchases left the shilling ravaged at close of business.

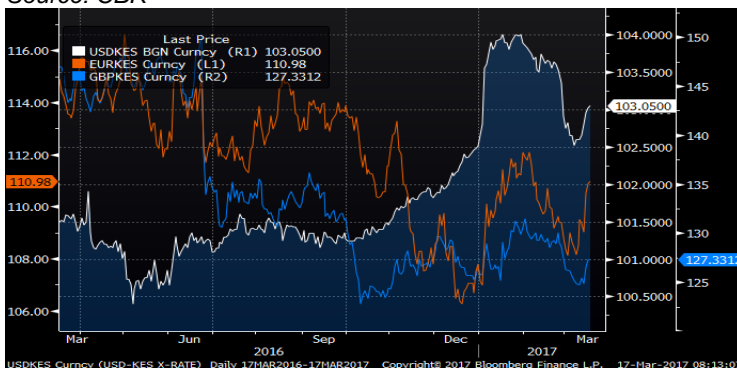
Looking ahead, we anticipate continued price action as the market battles for consolidation. In the money market, the 91 day Treasury bill yield edged up to 8.74% from 8.68% in an undersubscribed auction.

Amounts	Today's	
	Opening	
	Buy TT	Sell TT
USD/KES	99.00	104.50
GBP/KES	122.00	129.00
EUR/KES	103.00	113.00
JPY/KES	86.50	94.50

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	3.348%	4.404%	+106.00
91-Day T-bill	8.686%	8.742%	+5.60
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

The dollar edged back down against other major currencies on Thursday, despite the release of mostly positive U.S. data, as the dovish tone of the Federal Reserve's latest policy statement continued to weigh. The U.S. Department of Labor said initial jobless claims declined by 2,000 to 241,000 in the week ending March 11 from the previous week's total of 243,000. Analysts expected jobless claims to fall by 3,000 to 240,000 last week.

The Euro stood tall among its peers following the outcome of the elections in Netherlands where Dutch voters rejected the populist, right-wing rhetoric of Geert Wilders of the Freedom Party (PVV), choosing to stand with the tried and true rule of a coalition of centrist parties.

Sterling jettied higher across board after outgoing Bank of England policymaker Kristin Forbes unexpectedly voted for a rise in interest rates and others signaled it would not take much for them to follow suit.

The USD/JPY pair weakened despite sharply diverging monetary policy expectation between the US and Japan after the Bank of Japan Governor Haruhiko Kuroda said an uptick in inflation toward 1% won't immediately trigger an interest rate hike.

Indicative Deposit Rates			
Amts > KES 20 million	Amounts > 100,000		
KES	USD	EURO	
Call	7.00%	0.75%	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	117.75
CHF	0.9450	1.0450