

Daily Market News



13th April 2017

DOMESTIC NEWS

The home unit made marginal gains against the greenback to close Wednesday's session slightly stronger compared to the previous day.

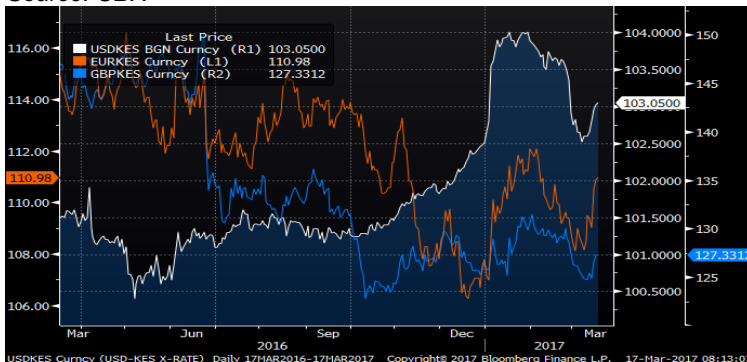
It was a largely uneventful for the better part of the session with the USDKES currency pair movement contained within a tight ring. Market players on either demand and supply counters weighed each other out, collided after which the supply side managed to knock the demand side off balance.

Improved corporate flows and dissipating interim demand for the US dollar could give the shilling a slight edge on the last trading day of the week. Expectations are for a thin market activity ahead of the Easter break.

| Amounts | Today's | | Forward Rate (USD) | |
|---------|---------|---------|--------------------|--------|
| | Opening | | 1 month | |
| | Buy TT | Sell TT | BUY | 100.00 |
| USD/KES | 99.50 | 104.60 | SELL | 105.50 |
| GBP/KES | 125.40 | 131.40 | 3 Months | |
| EUR/KES | 105.80 | 111.90 | Buy | 101.00 |
| JPY/KES | 89.80 | 96.90 | SELL | 107.75 |

| Money Market Rates | Previous | Current | Change bps |
|--------------------|----------|---------|------------|
| Interbank Rate | 4.005% | 3.926% | -7.90 |
| 91-Day T-bill | 8.756% | 8.769% | +1.30 |
| 182-Day T-bill | 10.529% | 10.525% | -0.40 |
| 364-Day T-bill | 10.919% | 10.925% | +0.60 |
| Inflation | 6.99% | 9.04% | +205.00 |

Source: CBK



Source: Bloomberg

INTERNATIONAL NEWS

The greenback fell to session lows against a basket of major currencies on Wednesday, as President Donald Trump jawboned the currency while geopolitical concerns continued to weigh on sentiment. President Trump in an interview with the Wall Street Journal said that the US dollar is getting too strong. He further said that he would prefer the Federal Reserve to keep interest rates low.

The Euro attempted to continue pressing the dollar in the European session but met some resistance as Euro sell off kicked halting its rather sluggish move higher. In other news, the IMF's Managing director, Christine Lagarde, said the Eurozone creditors must provide considerably more detail on debt relief for Greece before the Fund takes a decision to join the countrys bail out programme.

Sterling remained slightly higher against the dollar even after the latest UK jobs report showed that wage growth stagnated, underlining concerns that consumer spending will be eroded as Brexit negotiations get underway.

The Yen continues to benefit at the expense of the dollar as cautious investors move towards the safe haven currency in the midst of escalating geopolitical tensions over Syria and North Korea.

Indicative Deposit Rates

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

Indicative Cross Rates

| | Buy | Sell |
|-----|--------|--------|
| EUR | 1.0200 | 1.1200 |
| GBP | 1.1900 | 1.2900 |
| JPY | 105.00 | 113.00 |
| CHF | 0.9500 | 1.0500 |