

Daily Market News



15th May 2017

DOMESTIC NEWS

The shilling had an unusual ally in Friday's session, in the form of retail clients, whose flows saw the local currency edge higher against the U.S. unit.

The home unit was up by 30 cents on the day, to trade within the 102.90 – 103.20 range at the closing bell, on the back of the retail dollar inflow coupled with a late foreign currency selloff by the interbank players.

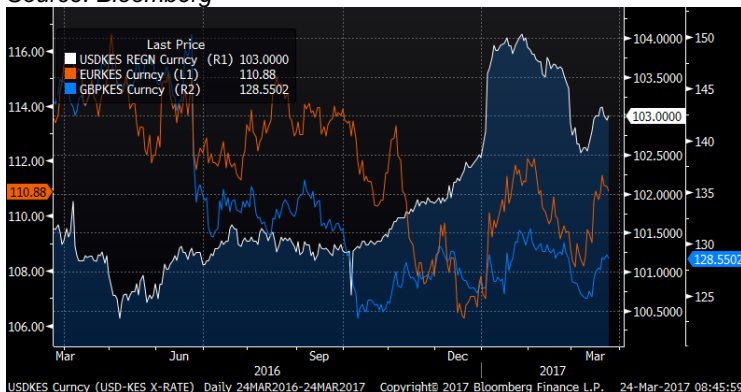
We see competing forces taking centre stage in the local currency market, limiting the movement of the home unit against the greenback within a narrow range.

Amounts	Today's		Forward Rate (USD)	
	Opening		1 month	
	Buy TT	Sell TT	BUY	100.00
USD/KES	99.50	104.6	SELL	105.50
GBP/KES	129.50	134.40	3 Months	
EUR/KES	107.80	113.90	BUY	101.00
JPY/KES	89.80	96.80	SELL	107.75

Money Market Rates	Previous	Current	Change bps
Interbank Rate	3.7693%	4.4595%	+69.02
91-Day T-bill	8.769%	8.773%	+0.40
182-Day T-bill	10.529%	10.525%	-0.40
364-Day T-bill	10.925%	10.925%	0.00
Inflation	9.04%	10.28%	+124.00

Source: CBK

Source: Bloomberg



INTERNATIONAL NEWS

The U.S. dollar fell on Friday after weaker-than-expected U.S. economic data raised doubts about whether the Federal Reserve would assume a hawkish bent through the end of the year. The U.S. core consumer price index (CPI) increased 1.9 percent year-on-year in April, the smallest gain since October 2015.

The impression that the euro-zone recovery is broader and picking up steam propped the euro against the dollar in Frankfurt as the single currency edged higher versus the greenback despite a surprise fall in euro-zone industrial output.

Sterling pound was on the backfoot against the dollar after the Bank of England showed no sign of leaning more towards raising interest rates before the start of Brexit negotiations. Thursday's BoE rates decision quashed some bets in the market that more policymakers would join outgoing Kristin Forbes in voting for a rate hike.

The yen gained slightly in Asia on Monday as producer prices ticked up and investors looked ahead to a data suite from China on fixed assets, retail sales and industrial production.

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	1.2550	1.3350
JPY	109.50	117.50
CHF	0.9475	1.0175