

Daily Market News



13th July 2017

DOMESTIC NEWS

The home unit seesawed against the greenback in the midweek session as hefty foreign currency supply battled out with resilient demand for an equilibrium.

The regulator was on show to subside the strong US dollar wave through direct forex sales. This tripped some market players to also offload their foreign currency holdings, helping glide the shilling to fetch lower against the greenback. However, market players in need of foreign currency took this as an opportunity to stock up on their needs, erasing some of the gains made by the local unit.

Expectations remain for sustained pressure on the shilling from the US dollar. However, the regulators' stand on the USDKES movement will be key to watch out for.

| Amounts | Today's | |
|---------|---------|---------|
| | Opening | |
| 100,000 | Buy TT | Sell TT |
| USD/KES | 99.80 | 105.00 |
| GBP/KES | 129.30 | 135.20 |
| EUR/KES | 114.20 | 120.40 |
| JPY/KES | 88.80 | 95.90 |

| Forward Rate (USD) | |
|--------------------|--------|
| 1 month | |
| BUY | 101.00 |
| SELL | 105.60 |
| 3 Months | |
| Buy | 102.00 |
| SELL | 107.75 |

| Money Market Rates | Previous | Current | Change bps |
|--------------------|----------|---------|------------|
| Interbank Rate | 6.164% | 6.406% | +24.20 |
| 91-Day T-bill | 8.284% | 8.221% | -6.30 |
| 182-Day T-bill | 10.329% | 10.312% | -1.70 |
| 364-Day T-bill | 10.895% | 10.889% | -0.60 |
| Inflation | 11.70% | 9.21% | -249.00 |

Source: CBK



INTERNATIONAL NEWS

The dollar eased from highs against a basket of global currencies as Janet Yellen's prepared remarks to congress pointed to a "gradual" tightening in interest rates, revealing that the Federal Reserve remained wary of continually raising rates amid a slowdown in inflation. The statement was seen as quashing the idea of the Federal Reserve adopting an aggressive rate hike path, as the Fed believes it is not that far from the neutral rate.

The Euro came off its highs against the US dollar ahead of the testimony by Fed Chair Janet Yellen as investors braced for more clues on the direction the Fed has on the interest rates.

Sterling recovered from its earlier losses on Wednesday to trade higher on the day after a batch of UK jobs and wage data came in slightly better than forecast. The employment report showed a fall in the jobless rate to 4.5%, compared with an estimate of an unchanged 4.6%.

The Yen inched higher on Thursday against the dollar, after US Federal Reserve Chair Janet Yellen suggested the Fed will hold the course on monetary policy.

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 | 1.0800 | 1.1800 |
| GBP | 1.2450 | 1.3250 |
| JPY | 109.00 | 117.00 |
| CHF | 0.9200 | 1.0200 |