

# Daily Market News



17<sup>th</sup> July 2017

## DOMESTIC NEWS

The home unit traded within a marginal band against the US dollar in Fridays' lucklustre session to close the week at the 104.00 levels.

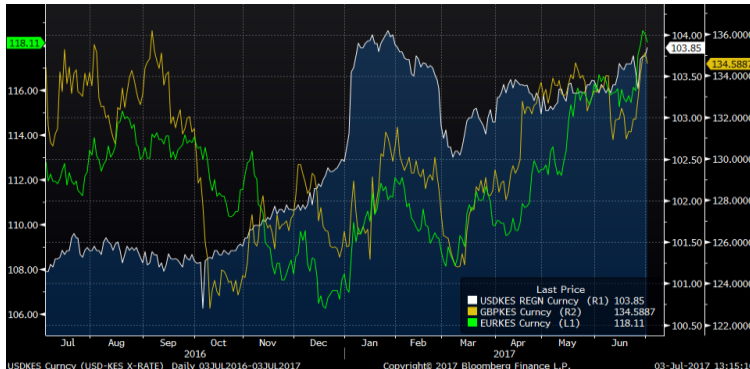
Activity in the foreign exchange market was subdued with few tickets exchanging hands as market players from both demand and supply counters kept away for the better part of the day. Late in the afternoon there was a slight pick up after some late buyers came in to the market, and pushed the USDKES pair up slightly.

The Central Bank remains the key player to watch out for at current levels, ahead of the MPC meeting which takes place today with wide expectations that the interest rate will be left on hold at 10%.

Amounts	Today's		Forward Rate (USD)	
	Opening		1 month	
	Buy TT	Sell TT	BUY	101.00
USD/KES	99.80	104.80	SELL	105.60
GBP/KES	131.85	137.65	3 Months	
EUR/KES	114.30	120.50	Buy	102.00
JPY/KES	88.70	95.50	SELL	107.75

Money Market Rates	Previous	Current	Change bps
Interbank Rate	6.406%	6.873%	+46.70
91-Day T-bill	8.221%	8.205%	+1.60
182-Day T-bill	10.312%	10.323%	-1.10
364-Day T-bill	10.889%	10.893%	+0.40
Inflation	11.70%	9.21%	-249.00

Source: CBK



Source: Bloomberg

## INTERNATIONAL NEWS

The US dollar sank on Friday after a barrage of poor economic data in the form of consumer price data and U.S. retail sales for June. Core consumer price index was up only 0.1% against a forecast of 0.2% while the headline CPI in June was flat when it was forecast to rise 0.1%. Despite the data, the Fed remains confident that inflation is low due to temporary factors and anticipates that a strong labour market will lift inflation via wage increases.

The Euro ticked higher following good Germany CPI released earlier. On the data release front, Germany continues to be seen as the catalyst of the eurozone's economic recovery after final CPI improved to 0.2% in June, compared to -0.2% in May. The eurozone trade surplus edged up to EUR 19.7 billion, falling short of EUR 20.3 billion.

Sterling rose against the dollar as investors still weighed on the likelihood of an interest rate hike from the Bank of England after labour market data this week offset some worries over Britain's exit from the European Union.

The Yen made gains against the greenback on the back of the disappointing data from the US on Friday, which is seen to raise concerns about the U.S. Federal Reserve's plan of action in the second half of the year.

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	1.2550	1.3550
JPY	106.00	116.00
CHF	0.9100	1.0100