

Daily Market News



12th September 2017

DOMESTIC NEWS

The home unit reigned in further gains and managed to nestle at near six months highs against the greenback.

The shilling continued with its winning streak as foreign currency sellers continued to sell off the greenback on Monday while the demand side was anaemic, with buyers remaining on the sidelines.

In the coming days, the USDKES currency pair is expected to continue basking near its recent highs, if the lack of foreign currency demand persists. However, the intensity of political uncertainty which has been heightening as we approach the run for fresh elections in mid October could halt further gains for the home unit.

Amounts	Today's		Forward Rate (USD)	
	100,000	Opening		
	Buy TT	Sell TT	1 month	
USD/KES	99.80	104.80	BUY	101.00
GBP/KES	132.40	137.90	SELL	105.60
EUR/KES	116.70	123.60	3 Months	
JPY/KES	89.70	97.10	BUY	102.00
			SELL	107.75

Money Market Rates	Previous	Current	Change bps
Interbank Rate	5.938%	4.473%	-146.50
91-Day T-bill	8.139%	8.130%	-0.90
182-Day T-bill	10.316%	10.313%	-0.30
364-Day T-bill	10.922%	10.920%	-0.20
Inflation	7.47%	8.04%	+57.00

Source: CBK



Source: Bloomberg

INTERNATIONAL NEWS

The dollar rose against a basket of major currencies on Monday, buoyed by a sharp fall in demand for safe-haven currencies as geopolitical uncertainty eased after North Korea did not conduct a nuclear test over the weekend as feared. Investors expressed relief after Hurricane Irma was downgraded to a tropical storm, lowering the potential of further damage to the U.S., as some commenters estimated the damage from Irma to be about \$100 billion.

The Euro eased off from its over two year highs against the US dollar as risk sentiment faded. During the day, one of the ECB's board directors Benoit Coeure cautioned that ECB's policy was set to remain easy for a long time and played down a drag on inflation from a recent rally in the euro.

Britain's pound rose to a three-and-a-half-week high against the euro on Monday, helped by speculation that the Bank of England may sound more hawkish on interest rates this week in defence of the currency.

The Yen tumbled against the greenback this morning in Asian trading as improving investor risk sentiment on worries over North Korea and Hurricane Irma receded lifting the greenback.

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	1.1200	1.2200
GBP	1.2400	1.3400
JPY	103.00	113.00
CHF	0.9050	1.0050