

# Daily Market News



08<sup>th</sup> November 2017

## DOMESTIC NEWS

The local unit was wedged within a tight range on Tuesday in what was a calm trading day in the local foreign currency market.

Subdued demand for the buck was amply met by foreign currency inflows, leaving the shilling little changed from previous close. Tight liquidity in the money market space also offered some backing to the home unit.

Looking ahead it we expect the shilling to continue trading within the current ranges as traders look out for fresh factors to offer price direction for the local unit.

Amounts	Today's	
	Opening	
100,000	Buy TT	Sell TT
USD/KES	99.00	104.50
GBP/KES	131.50	137.50
EUR/KES	114.50	121.50
JPY/KES	86.50	96.00

Forward Rate (USD)	
<b>1 month</b>	
BUY	100.00
SELL	105.65
<b>3 Months</b>	
Buy	101.00
SELL	108.65

Money Market Rates	Previous	Current	Change bps
Interbank Rate	8.51%	8.40%	-11.00
91-Day T-bill	8.011%	8.015%	+0.40
182-Day T-bill	10.389%	10.433%	+4.40
364-Day T-bill	10.989%	10.995%	+0.60
Inflation	7.06%	5.72%	-134.00

Source: CBK



Source: Bloomberg

## INTERNATIONAL NEWS

The U.S dollar continued its rise against other major currencies on Tuesday as investors monitor progress on the U.S. tax bill and the chances of a rate hike. Demand for the dollar was underpinned by expectations that the Federal Reserve is on track to raise interest rates in December for a third time this year after strong U.S. factory and service sector data last week backed the case for continued policy tightening.

The Euro fell against the firmer dollar, with the EUR/USD pair trading at 1.1566, the lowest level since mid-July. Monetary policy divergence between the ECB and the Fed continues to put the euro under pressure, particularly ahead of the December FOMC meeting.

The GBP/USD pair traded lower despite better than expected UK housing data which had little impact on sterling. Brexit remains the dark cloud for the pound after the optimism following PM Theresa May's comments on trade with the EU seem to have now receded.

The Yen was higher against the dollar in Asia earlier today with the greenback weighed by a media report that suggested implementation of U.S. corporate tax cut could be delayed.

Indicative Deposit Rates			
Amts > KES 20 million		Amounts > 100,000	
KES		USD	EURO
Call	7.00%	0.75%	0.00%
1 month	7.25%	1.00%	0.00%
3 months	7.50%	1.25%	0.00%
6 months	7.55%	1.50%	0.00%

Indicative Cross Rates		
	Buy	Sell
EUR	1.1100	1.2100
GBP	1.2500	1.3500
JPY	109.00	117.00
CHF	0.9155	0.9995