

# Daily Market News



09<sup>th</sup> November 2017

## DOMESTIC NEWS

Activity picked up in the local FX market on Wednesday, with the shilling gaining some traction against its U.S. counterpart in an otherwise sea saw trading session.

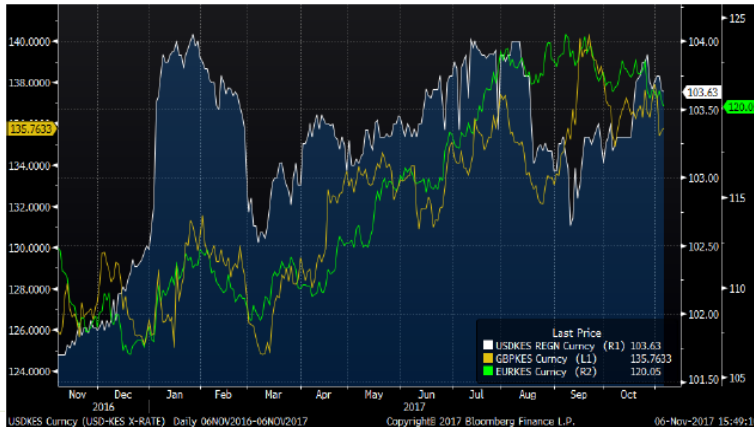
Renewed demand for the buck from manufacturing and energy sectors attempted to weigh on the shilling in early trading. However, the home unit's bout of strength was impelled by unabated tightness in the money market space with the recent upswing in interest rates making the high yielding shilling more attractive to hold in the short term. The market eventually closed around 103.00 – 104.00 levels, a tad firmer for the local unit.

Range bound trading is expected to be the reigning theme due to lack of fresh economic fundamentals and as investors pray for the political clouds to clear.

Amounts	Today's		Forward Rate (USD)	
100,000	Opening		1 month	
	Buy TT	Sell TT	BUY	100.00
USD/KES	99.00	104.50	SELL	105.65
GBP/KES	131.50	137.50	3 Months	
EUR/KES	114.50	121.50	Buy	101.00
JPY/KES	86.50	96.00	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



## INTERNATIONAL NEWS

The dollar held steady near four-month highs against other majors in quiet trade on Wednesday, as investors awaited fresh information on the fate of a U.S. tax reform bill. Sentiment on the greenback remained vulnerable following reports that a key corporate tax cut currently under discussion in U.S. tax reforms plans could be delayed for one year.

The EUR/USD pair traded sideways close to the 1.16 handle in the absence of fresh economic news from both continents. Later today, the ECB economic bulletin and EU economic forecasts will be eagerly awaited for fresh impetus on the EUR.

The Pound fell further towards one month lows weighed down by a spiraling political drama in Westminster and growing doubts over Prime Minister Theresa May's ability to deliver a good Brexit deal. The uncertainty of the progress of Brexit talks and the weak picture for the British economy despite a historic rate hike last week have kept investors frosty towards the sterling.

Earlier today in Asia, the Yen was on the back foot against the dollar, with the USD/JPY pair climbing to a session high of 114.06 levels.

### 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