

# Daily Market News



11<sup>th</sup> January 2018

## DOMESTIC NEWS

The Kenya Shilling edged higher against the U.S dollar in Wednesday's session backed by dollar inflows from corporate players.

Increased market activity characterized the session for the better part of the day. A late afternoon sell-off of the greenback by corporate players saw the USDKES currency pair close at the lower bounds of 102.70-104.00 range.

We expect the home unit to continue its range bound theme albeit with a bullish tinge in the short term.

Amounts	Today's		Forward Rate (USD)	
100,000	Opening		1 month	
	Buy TT	Sell TT	BUY	SELL
USD/KES	98.50	104.00	100.00	105.65
GBP/KES	134.50	140.50	3 Months	
EUR/KES	117.00	124.50	Buy	101.00
JPY/KES	86.50	97.00	SELL	108.65

Money Market Rates	Previous	Current	Change bps
Interbank Rate	4.92%	4.89%	-3.00
91-Day T-bill	8.080%	8.080%	0.00
182-Day T-bill	10.649%	10.685%	+3.60
364-Day T-bill	11.151%	11.162%	+1.10
Inflation	4.73%	4.50%	-23.00

Source: CBK



Source: Bloomberg

## INTERNATIONAL NEWS

The U.S. dollar tumbled against a basket of major currencies on Wednesday following reports that China was considering reducing or halting its U.S. Treasury purchases, but later reversed those losses in the absence of any specifics.

Reports stated that officials reviewing China's foreign-exchange holdings considered U.S. government bonds to have become less attractive compared to other assets.

With 50% of China's 3.1 trillion dollar foreign exchange reserves in U.S. dollar assets, and U.S. Treasuries representing between 35% - 40% of that total, investors worried that there would be a significant drop in foreign dollar demand.

The EURUSD seasawed between the 1.1930 – 1.2010 levels for most of the session, as French Industrial Production posted a disappointing decline of 0.5%, against an estimate of -0.4%.

The pound edged lower against the dollar as British Manufacturing Production slowed to 0.4% in November from 0.7% a month earlier.

Earlier today, the Yen depreciated against the dollar after China's foreign exchange regulator eased concerns that China may reduce its buying of U.S. government bonds.

Indicative Deposit Rates			
Amts > KES 20 million		Amounts > 100,000	
KES		USD	EURO
Call	7.00%	0.50%	0.00%
1 month	7.50%	1.00%	0.00%
3 months	8.00%	1.25%	0.00%
6 months	8.50%	1.50%	0.00%

Indicative Cross Rates		
	Buy	Sell
EUR/USD	1.1400	1.2400
GBP/USD	1.2900	1.3900
USD/JPY	108.00	116.00
USD/CHF	0.9485	0.9995