

Daily Market News



7th February 2018

DOMESTIC NEWS

The home unit traded sideways to the dollar as demand and supply forces collided leaving the USDKES pair unchanged at end of Tuesday.

The Kenya Shilling started off the day pressing on the US dollar, hauling it lower to fresh yearly lows following inter-bank and corporate selling. Demand was relatively quiet in the morning but swung in heavily in the afternoon towards close of business. This made the drawback, giving away the gains made earlier to close where it opened the day.

From yesterday's price action, indications are the local unit may be facing headwinds that could make progression to new highs arduous. However, expectations are for the shilling to attempt probing lower but probably with less conviction.

Amounts	Today's		Forward Rate (USD)	
	Opening		1 month	
	Buy TT	Sell TT	BUY	100.10
USD/KES	98.00	102.40	SELL	105.60
GBP/KES	138.00	142.70	3 Months	
EUR/KES	121.30	127.00	BUY	101.00
JPY/KES	88.00	96.00	SELL	108.00

Money Market Rates	Previous	Current	Change bps
Interbank Rate	5.496%	5.546%	+5.00
91-Day T-bill	8.004%	8.005%	+0.01
182-Day T-bill	10.564%	10.438%	-12.60
364-Day T-bill	11.159%	11.156%	-0.03
Inflation	4.50%	4.83%	+33.00

Source: CBK



Source: Bloomberg

INTERNATIONAL NEWS

The US dollar retreated from highs against a basket of major currencies amid mostly bearish economic data and dovish comments from St. Louis Federal Reserve president James Bullard. The St. Louis Federal Reserve president said that he favors low rates for an extended period and also attempted to curb expectations by saying rising wage growth would spur faster inflation, warning that nominal wages were not a good predictor of inflation.

The Euro scooted higher after initially dropping against a backdrop of stronger demand for the greenback in the morning session following the steep decline in US stocks the previous day. The single currency got a lift from sluggish US economic data that showed trade deficit widening to USD 53.1 Billion in December, up by USD 2.7 Billion from November.

Sterling fell for a third straight day on Tuesday, hitting two-week lows against a broadly stronger dollar even though investors remained wary of selling it down too far before this week's Bank of England meeting.

The Yen was weaker against the US dollar after U.S. equities bounced overnight after suffering deep losses earlier in the week.

Indicative Deposit Rates				
	Amts > KES 20 million		Amounts > 100,000	
	KES	USD	USD	EURO
Call	7.00%	0.50%		0.00%
1 month	7.25%	1.00%		0.00%
3 months	7.50%	1.25%		0.00%
6 months	8.00%	1.50%		0.00%

Indicative Cross Rates		
	Buy	Sell
EUR	1.1900	1.2900
GBP	1.3550	1.4550
JPY	104.50	114.50
CHF	0.8750	0.9750