

# Daily Market News

12<sup>th</sup> July 2018

## DOMESTIC NEWS

The Kenya Shilling was slightly weaker on Wednesday amid increased activity on the foreign currency demand counter.

Market activity was slow to pick up as a number of major corporates remained on the sidelines. However, some buying took place later in the day that pushed the USDKES currency pair 10 cents higher by session's close.

We see the local unit trading within recent ranges in the near term as market looks out for fresh factors to offer price direction.

Amounts	Today's	
100,000	Opening	
	Buy TT	Sell TT
USD/KES	96.25	102.15
GBP/KES	129.00	135.00
EUR/KES	112.55	120.20
JPY/KES	86.95	92.95

  

Forward Rate (USD)	
1 month	
BUY	99.25
SELL	103.75
3 Months	
Buy	100.60
SELL	105.25

Money Market Rates	Previous	Current	Change bps
Interbank Rate	4.51%	3.77%	-74.00
91-Day T-bill	7.733%	7.725%	-0.80
182-Day T-bill	9.607%	9.499%	-10.80
364-Day T-bill	10.488%	10.442%	-4.60
Inflation	3.73%	3.95%	+22.00

Source: CBK



Source: Bloomberg

## INTERNATIONAL NEWS

Positive U.S. economic data saw the U.S. dollar index rise further and peak at 94.19 in Wednesday's trading session.

Year on year U.S. Producer Price Index rose by 3.4% in June compared to 3.1% a month earlier. This was the biggest annual increase in 6-1/2 years, fueling prospects of further rate hikes by the Fed to rein in on rising inflation.

The EURUSD continued its downward trend, dipping to below the 1.1700 handle, weighed by a broadly stronger greenback. Market focus now shifts to the release of last month's European Central Bank meeting minutes later today.

The pound was little changed against the dollar, amid a crisis in Prime Minister Theresa May's government, with growing speculation that she will be replaced. The cable oscillated within the 1.3220 -1.3250 range for the majority of the session.

The USDJPY broke through the 112.00 barrier this morning, with the Yen coming under pressure from a resurgent dollar boosted by latest U.S. economic data that has reaffirmed expectations for more Federal Reserve rate hikes this year.

### Indicative Deposit Rates

Amts > KES 20 million	Amounts > 100,000	
	USD	EURO
Call	6.65%	0.00%
1 month	7.00%	0.00%
3 months	7.25%	0.00%
6 months	7.50%	0.00%

### Indicative Cross Rates

	Buy	Sell
EUR/USD	1.1150	1.2150
GBP/USD	1.2700	1.3700
USD/JPY	106.20	116.20
USD/CHF	0.9750	0.9999