

# Daily Market News

16<sup>th</sup> May 2018

## DOMESTIC NEWS

The Kenya shilling found slippery ground in Tuesday's trading session, giving up some of its recent gains against the U.S. dollar.

The foreign currency supply counter was sluggish while activity on the demand side picked up, tipping the scale against the home unit, to close the session 10 cents weaker against the greenback.

We see USDKES currency pair oscillating within the 99.50-101.20 range albeit with a bearish tinge as competing factors battle for supremacy in the local foreign exchange scene.

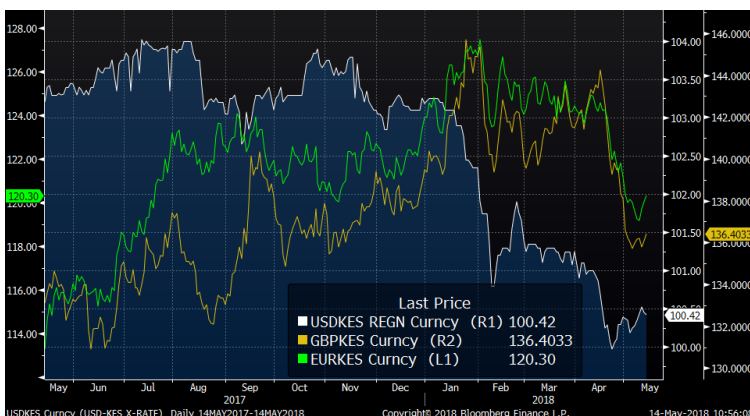
Amounts	Today's	
	Opening	
100,000	Buy TT	Sell TT
USD/KES	95.90	101.90
GBP/KES	132.00	137.50
EUR/KES	113.50	121.00
JPY/KES	89.50	95.50

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

Money Market Rates	Previous	Current	Change bps
Interbank Rate	3.69%	4.85%	+116.00
91-Day T-bill	7.974%	7.967%	-0.70
182-Day T-bill	10.269%	10.265%	-0.40
364-Day T-bill	11.145%	11.141%	-0.40
Inflation	4.18%	3.73%	-45.00

Source: CBK



Source: Bloomberg

## INTERNATIONAL NEWS

The U.S. dollar staged an upturn on Tuesday, rising to a new high against its peers, boosted by surging U.S. bond yields and robust economic data.

The U.S. dollar index hit a new 2018 high of 93.35, lifted by an upward revision of U.S. retail sales for March to 0.8%, confirming that weakness seen in U.S. first-quarter consumer spending was temporary. Adding to upside momentum in the greenback was a surge in the the 10-year Treasury yield to 3.085%, its highest level since July 2011.

The euro plunged against the dollar on strong dollar demand across board backed by rising U.S. Treasury yields. Euro sentiment was further eroded by disappointing German Gross Domestic Product (GDP) that came in at 1.6%, missing economists' forecasts of 1.8%.

Downbeat U.K. employment data saw the pound lose ground against the dollar. U.K. wage growth dropped to 2.6% in March from 2.8% a month earlier, while unemployment claims jumped to 31,200, well above the forecast of 13,300.

Earlier this morning, the Yen came under pressure against the dollar, amid Japan's first-quarter GDP shrinking by 0.6%, marking the first contraction in nine quarters.

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/USD	1.1300	1.2300
GBP/USD	1.3000	1.4000
USD/JPY	105.00	115.00
USD/CHF	0.9900	1.1000