

Daily Market News

8th June 2018

DOMESTIC NEWS

After posting gains against the dollar a day earlier, the Kenya shilling was on the backfoot in Thursday's trading session as a chaotic week in the local FX market continued to unfold.

The morning session saw the shilling strengthen slightly versus the greenback on increased foreign currency supply. Appetite for the dollar from mostly interbank players increased in late afternoon trading, which saw the USDKES currency pair close 15 cents higher.

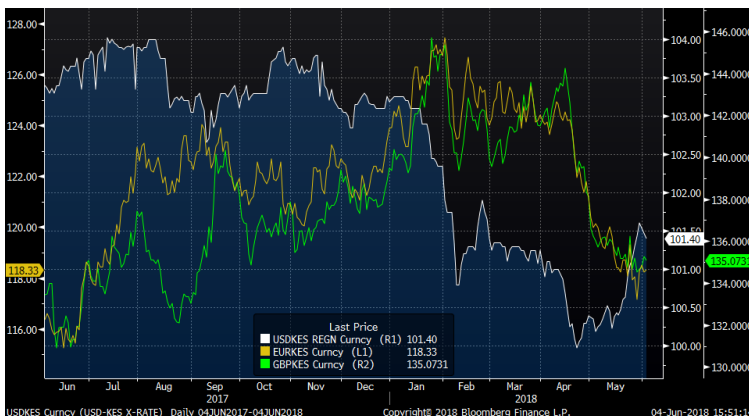
The home unit could continue trading on the defensive in today's session, with a slowdown in market activity expected ahead of the weekend.

Amounts	Today's	
	Opening	
	Buy TT	Sell TT
USD/KES	96.50	102.40
GBP/KES	131.00	137.00
EUR/KES	113.85	121.50
JPY/KES	87.20	93.20

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	4.01%	3.77%	-24.00
91-Day T-bill	7.939%	7.938%	-0.10
182-Day T-bill	10.232%	10.196%	-3.60
364-Day T-bill	11.111%	11.083%	-2.80
Inflation	3.73%	3.95%	+22.00

Source: CBK



Source: Bloomberg

INTERNATIONAL NEWS

The U.S. dollar dropped further against a basket of major currencies on Thursday despite positive U.S. employment data.

U.S. Unemployment Claims ticked up to 222,000, just below the estimate of 223,000. Market was instead monitoring developments relating to heightened trade tensions, with U.S. President Donald Trump set to clash with other Group of Seven leaders at a weekend summit in Canada.

The euro extended its gains against the dollar as recent remarks by European Central Bank officials continued to fuel speculation that the bank's June meeting could see an announcement on when its massive bond purchase program would end. The EUR/USD hit a 3-week high of 1.1837 intraday.

The pound posted slight gains against the dollar on account of strong housing data, where the British Housing Pricing Index (HPI) for May increased by 1.5%, beating estimates of a 1.1% increase.

Earlier today, the Yen came under pressure from the dollar after Japan released weaker-than-expected Gross Domestic Product (GDP) figures, where its economy contracted by 0.2% in the 1st quarter of 2018, compared to the estimated -0.1%.

Indicative Deposit Rates			
Amts > KES 20 million	Amounts > 100,000		
KES	USD	EURO	
Call	6.75%	0.75%	0.00%
1 month	7.00%	1.00%	0.00%
3 months	7.25%	1.25%	0.00%
6 months	7.50%	1.50%	0.00%

Indicative Cross Rates		
	Buy	Sell
EUR/USD	1.1300	1.2300
GBP/USD	1.2900	1.3900
USD/JPY	104.00	114.00
USD/CHF	0.9650	0.9995