

# Daily Market News

11<sup>th</sup> June 2018

## DOMESTIC NEWS

The Kenya Shilling edged lower against the U.S dollar on Friday to close the week on the back foot amid increased dollar demand from interbank players.

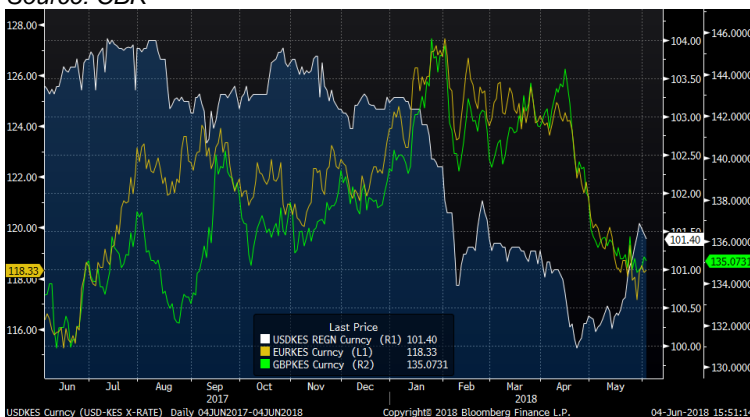
Subdued market activity characterized the session for the better part of the day. Late afternoon buying of the greenback by banks seeking to cover their end-week positions saw the USDKES currency pair close at the upper bounds of 100.85-102.20 range.

Ahead of the week, we expect the USDKES pair to continue with its range bound albeit choppy theme, as any strengthening of the home unit could be followed by dollar buying.

Amounts	Today's		Forward Rate (USD)	
	Opening		1 month	
	Buy TT	Sell TT	BUY	99.25
USD/KES	96.60	102.50	SELL	103.75
GBP/KES	131.20	137.20	3 Months	
EUR/KES	113.55	121.20	Buy	100.60
JPY/KES	87.20	93.20	SELL	105.25

Money Market Rates	Previous	Current	Change bps
Interbank Rate	3.77%	3.63%	-14.00
91-Day T-bill	7.938%	7.850%	-8.80
182-Day T-bill	10.196%	10.061%	-13.50
364-Day T-bill	11.083%	11.949%	+13.40
Inflation	3.73%	3.95%	+22.00

Source: CBK



Source: Bloomberg

## INTERNATIONAL NEWS

After consecutive days of weakness, the U.S. dollar rose marginally against a basket of major currencies on Friday, but still posted its biggest weekly loss since March as market remained cautious amid escalating trade tensions.

Investors shifted focus to what might be a hostile G7 meeting after U.S. President Donald Trump had earlier lashed out at Canada and the European Union in a tweet, accusing them of levying "massive tariffs" and creating non-monetary barriers.

The euro dropped against the dollar as traders sought to take profit after it rose for 4 consecutive sessions. The EURUSD retreated to 1.1725 on the day from a high of 1.1840 a day earlier.

The pound traded within a range against the dollar, with the cable oscillating around the 1.3400 handle, unperturbed by an Inflation attitudes survey released by the Bank of England for May, which showed inflation expectations from current to two years ahead were unchanged from the previous quarter.

The safe-haven yen edged higher against the dollar this morning after Trump caused havoc at the annual G7 summit by refusing to sign a joint communique with the group and insulting his host, Canadian Prime Minister Justin Trudeau, calling him a "dishonest liar" over the contentious trade tariffs.

### Indicative Deposit Rates

Amts > KES 20 million	Amounts > 100,000	
	USD	EURO
KES		
Call	6.75%	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	1.1250	1.2250
GBP/USD	1.2900	1.3900
USD/JPY	104.00	114.00
USD/CHF	0.9650	0.9995