

Daily Market News

10th July 2018

DOMESTIC NEWS

A dearth in market activity left the USDKES currency pair stuck in what is now a familiar rut in Monday's trading session.

Market participants were slow off their trading blocks, leaving the pair within the 99.80 – 102.00 on account of subdued flows on both the supply and demand counters.

We however expect activity to pick up as the month of July settles in, and guide the shilling's near term trading direction.

Amounts	Today's	
100,000	Opening	
	Buy TT	Sell TT
USD/KES	96.15	102.05
GBP/KES	129.60	135.60
EUR/KES	112.55	120.20
JPY/KES	86.70	92.70

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	4.86%	4.70%	-16.00
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

The U.S. dollar reversed earlier losses against a basket of major currencies on Monday supported by a sharp decline in the pound after U.K. Foreign Secretary Boris Johnson resigned from government over the latest Brexit proposals.

The dollar was on a downward trend after Friday's U.S. jobs report pointed to sluggish wage growth, which dampened expectations for further rate hikes by the Federal Reserve this year.

Boris Johnson become the third minister to quit the U.K. government in twenty-four hours, increasing the likelihood that U.K. Prime Minister Theresa May could face a vote of no confidence, and throwing the future of her government into doubt. The GBPUSD slumped to 1.3259, off an earlier high of 1.3363.

The EURUSD rose to above the 1.1770 handle boosted by positive Eurozone economic data. Germany's trade surplus widened to EUR 20.3 billion, matching estimates, while July Eurozone Investor Confidence came in at 12.1, up from 9.3 the previous month, and beating forecasts of 9.0 points.

Earlier today, the yen came under pressure from the dollar, as demand for safe haven currencies dwindled, with market letting trade tensions between the U.S. and China ease at least for now.

Indicative Deposit Rates

Amts > KES 20 million	Amounts > 100,000		
KES	USD	EURO	
Call	6.65%	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	1.1230	1.2230
GBP/USD	1.2750	1.3750
USD/JPY	106.10	116.10
USD/CHF	0.9715	0.9999