

Daily Market News



7th January 2019

DOMESTIC NEWS

The Kenya shilling broke its downward trend against the U.S. dollar in Friday's session on the back of increased dollar supply.

After beginning the year on the backfoot, an uptick in foreign currency inflows just about trumped demand, and drove the USDKES currency pair 10 cents lower by session's close.

Ahead of the week, expectations are for market activity to pick up, where an increase in dollar demand seems plausible, which could put some downward pressure on the local currency.

Amounts	Today's	
	Opening	
100,000	Buy TT	Sell TT
USD/KES	97.25	105.25
GBP/KES	124.40	132.40
EUR/KES	109.25	119.25
JPY/KES	87.75	99.20

Forward Rate(USD)(1 month)	
BUY	99.90
SELL	106.75
3 Months	
Buy	100.90
SELL	107.75

Money Market Rates	Previous	Current	Change bps
Interbank Rate	4.06%	4.80 %	+74.00
91-Day T-bill	7.342%	7.316%	-2.60
182-Day T-bill	9.002%	8.997%	-0.50
364-Day T-bill	9.952%	10.011%	+5.90
Inflation	5.53%	5.58%	+5.00



Source: Bloomberg

INTERNATIONAL NEWS

The U.S. dollar ended the week lower against a basket of major currencies on the back of some dovish comments from Federal Reserve Chairman Jerome Powell.

Powell said that the Fed is prepared to adjust policy "quickly and flexibly" if market concerns outweigh strong economic data.

The euro failed to take advantage of a weakening dollar, with the EURUSD trending sideways around the 1.1400 handle, on account of December Eurozone Consumer Price Index (CPI) that rose by 1.6%, slower than the expected 1.8%.

The sterling was higher against the dollar, boosted by U.K. Services Purchasing Managers Index (PMI) that rose to 51.2 in December, compared to forecasts of 50.7.

The Yen gained against the dollar in early morning trading as the malaise surrounding the greenback continued into the new week. Market now shifts focus to Wednesday's minutes of the Federal Reserve's December meeting.

Indicative Deposit Rates

Amts > KES 20 million	Amounts > 100,000	
	USD	EURO
KES		
Call	3.75%	0.00%
1 month	6.70%	0.00%
3 months	7.00%	0.00%
6 months	7.50%	0.00%

Indicative Cross Rates

	Buy	Sell
EUR	1.0820	1.1820
GBP	1.2250	1.3250
JPY	103.00	113.00
CHF	0.9585	0.9999