

Daily Market News



10th January 2019

DOMESTIC NEWS

The mid-week trading session saw the USDKES pair trade sideways as foreign currency demand and supply battled for supremacy in the local FX market.

Market activity was slightly skewed towards the demand counter in the morning session. Late afternoon dollar inflows from corporate players turned the tide in favour of the local currency to end the day 5 cents stronger.

We expect the shilling to consolidate within the 100.30 – 102.90 range in the interim as market remains flow-driven.

Amounts 100,000	Today's Opening	
	Buy TT	Sell TT
USD/KES	97.05	105.05
GBP/KES	124.40	132.50
EUR/KES	110.25	120.25
JPY/KES	87.50	98.95

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	4.11 %	2.82 %	-129.00
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 reversed its earlier gains against the majors on Wednesday following dovish comments from U.S. Federal Reserve officials that increased expectations of a slower pace of interest rate hikes.

At an event in Tennessee, Federal Reserve President Jon Bostic said that the Fed needs to be patient and get better insights on economic risks, and that the hike in December took rates to neutral.

The euro pushed higher against the dollar, with the EURUSD increasing to 1.1533 intraday, following a dollar selloff prompted by a dovish sounding Fed.

The pound was marginally higher against the dollar but still remained fragile amid an uncertain future for Britain, as she is unlikely to get another deal if the draft bill fails, increasing the chances of a hard Brexit come March 29.

The Yen paused its slide against the dollar, with the USDJPY trending sideways earlier this morning as growing expectations for the U.S. Fed pausing its rate tightening cycle this year, was countered by optimism around the Sino-U.S. trade talks.

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	1.1050	1.2050
GBP	1.2270	1.3270
JPY	102.50	112.50
CHF	0.9575	0.9999