

# Daily Market News



07<sup>th</sup> February, 2019

## DOMESTIC NEWS

The shilling held steady versus the dollar closing the day little changed from previous close.

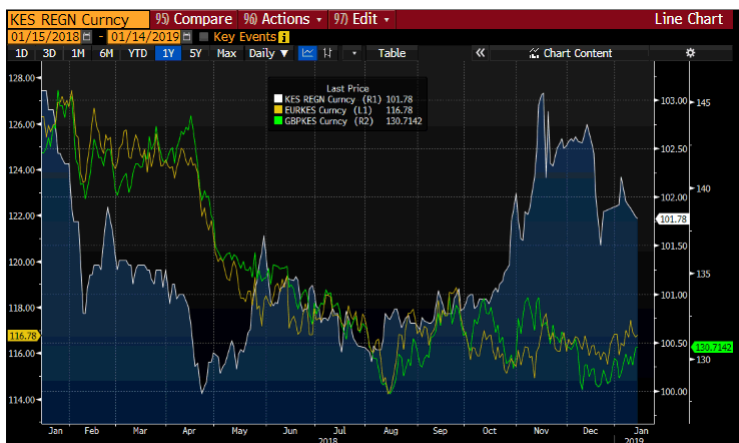
Sideways trading characterized the midweek session, with both import and export counters recording balanced activity. Meanwhile, the reopened treasury bond auction continued to reflect ample liquidity in the money market, receiving bids worth KES 66.6B with only KES 23.43B accepted at a weighted average rate of 10.328% for the 2 year and 12.768% for the 15 year papers.

In today's session, we expect the USDKES pair to trade within its current farrow in the absence of fresh market moving factors.

Amounts "100,000"	Today's Opening	
	Buy TT	Sell TT
USD/KES	94.75	103.20
GBP/KES	125.00	134.00
EUR/KES	107.00	122.00
JPY/KES	0.85	0.99

Forward Rate(USD)(1 month)	
BUY	98.25
SELL	103.50
3 Months	
Buy	100.15
SELL	105.00

Money Market Rates	Previous	Current	Change bps
Interbank Rate	5.42%	5.46%	+4.00
91-Day T-bill	7.122%	7.061%	-6.10
182-Day T-bill	8.833%	8.780%	-5.30
364-Day T-bill	9.905%	9.856%	-4.90
Inflation	5.71%	4.70%	-101.00



Source: Bloomberg

## INTERNATIONAL NEWS

The U.S dollar hit two-week highs against its rivals on Wednesday after data showed the U.S. trade deficit narrowed by more-than-expected, while weakness in the euro also lifted sentiment. The trade deficit narrowed to \$49.3 billion in November, down \$55.70 billion the prior month. That was better than economists' expectations of \$54.0 billion.

EUR/USD hit two-week lows against the dollar as weaker-than-expected German factory orders data underscored the weakness in the country's broader economy, which analysts said continues to drift toward a recession.

Sterling fell to 1.2940 levels against the dollar as the European Union showed little sign of flexibility in renegotiating the UK withdrawal agreement, which sets out the terms on which Britain will depart from the European Union on March 29. European Council President Donald Tusk said on Wednesday that the EU had decided in December that the Withdrawal Agreement was "not open for renegotiation". Focus shifts to Bank of England's monetary policy expected later today.

Earlier today in Asia, the USD/JPY pair remained tucked in below the 110 handle weighed by lack of pivotal drivers to support the pair above the key psychological mark.

### Indicative Deposit Rates

Amounts > KES 20 million	Amounts > 100,000	
	USD	EURO
KES		
Call	4.00%	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	1.0850	1.2150
GBP	1.2500	1.3700
JPY	107.20	117.20
CHF	0.9750	0.9999