

## DOMESTIC NEWS

The shilling edged higher against the dollar on Wednesday, preserving its upward momentum, on the back of increased dollar selling.

Activity remained muted at the start of the trading session but flows from the horticulture sector as well as end month inflows saw the shilling continue to strengthen during the afternoon session. The local unit closed 20 cents stronger by the end of the trading session.

In the new day, the local unit continues to be guided by flows and sentiment as the path of least resistance for the domestic unit remains higher, given the steadfast foreign currency inflows and the little change in fundamentals as hinted by the Monetary Policy Committee report, which held the benchmark policy rate at 7.00 percent.

Amounts "100,000"	Today's Opening	
	Buy TT	Sell TT
USD/KES	100.35	110.30
GBP/KES	141.65	157.75
EUR/KES	121.00	136.80
JPY/KES	92.80	103.35

Forward Rate(USD)(1 month)	
BUY	101.40
SELL	111.50
3 Months	
Buy	102.00
SELL	112.65

Money Market Rates	Previous	Current	Change bps
Interbank Rate	5.06%	5.10%	+4.00
91-Day T-bill	7.156%	7.155%	- 0.10
182-Day T-bill	7.995%	7.953%	- 4.20
364-Day T-bill	9.365%	9.284%	-8.10
Inflation	5.90%	5.76%	-14.00



Source: Bloomberg

## INTERNATIONAL NEWS

The greenback clipped the wings of a majority of currencies, moving higher, after a notably influential Fed vice chair Richard Clarida made a subtle shift in tone by acknowledging that the time to talk about policy changes might be approaching. His comments sparked a rise in U.S. yields overnight, with the benchmark 10-year Treasury yield rising to 1.5808%. Fed officials have this week downplayed immediate concerns that inflation, whose recent numbers are scheduled for release later this week, will provoke a knee-jerk policy response.

The euro lost 0.5 percent to the dollar as euro zone yields stumbled on new dovish signals from the ECB. Germany's 10-year yield fell below -0.20% even as Italy's 10-year yield fell to 0.92% following comments from ECB President Christine Lagarde that owing to the low inflation, it was too early for the central bank to discuss slowing its pandemic emergency bond purchases (PEPP).

The Sterling pound closed the day slightly lower, despite trading within recent ranges against the buck and euro for the better part of the day, as a lack of fresh economic catalysts in a sparse data calendar kept the currency in consolidation mode.

The Japanese yen traded at a one-week low against the greenback on the back of emerging discussions surrounding the Fed tightening monetary policy, Japan's weakened economic outlook as well as anxiety as traders await crucial U.S. inflation data.

Indicative Deposit Rates			
Amounts > KES 20 million		Amounts > 100,000	
	KES	USD	EURO
Call	2.75%	0.25%	0.00%
1 month	4.70%	0.25%	0.00%
3 months	5.00%	0.35%	0.00%
6 months	5.25%	0.50%	0.00%

Indicative Cross Rates		
	Buy	Sell
EUR	1.1250	1.2855
GBP	1.3300	1.4800
JPY	104.15	114.15
CHF	0.8320	0.9870

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