

DOMESTIC NEWS

The Kenyan shilling's fluctuation against the U.S. dollar remained limited within a narrow range on Wednesday.

There was a noticeable increase in the demand for foreign currency from various sectors of the economy. This uptick in demand resulted in a slight upward movement in the USDKES currency pair by the time the market closed.

The USDKES is largely guided by the flows on the respective counters and we are likely to continue seeing that into the end of the week.

Amounts "100,000"	Today's Opening	
	Buy TT	Sell TT
USD/KES	159.00	164.50
EUR/KES	171.40	180.80
GBP/KES	199.52	211.33
JPY/KES	107.90	113.56

Forward Rate (USD) (1 month)	
BUY	159.50
SELL	165.00
3 Months	
Buy	163.00
SELL	169.00

Money Market Rates	Previous	Current	Change bps
Interbank Rate	13.5974%	13.6715%	+7.41
91-Day T-bill	16.0589%	16.1452%	+8.63
182-Day T-bill	16.0915%	16.1874%	+9.59
364-Day T-bill	16.2786%	16.3917%	+11.31
Inflation	6.8%	6.63%	-0.17



INTERNATIONAL NEWS

The US dollar touched a one-month high on Wednesday after U.S. retail sales data signaled economic strength, dimming expectations for imminent rate cuts from the Federal Reserve. Retail sales rose 0.6% last month after an unrevised 0.3% gain in November. The retail sales data affirmed comments made the previous day by Fed Governor Christopher Waller that the U.S. should proceed methodically and carefully with rate cuts when the time comes. However, the rally was short lived on increased risk appetite which saw a dollar sell off late in the trading session. Traders now shift their attention to jobs and manufacturing data expected later today.

The Euro saw some gains on Wednesday but still found room to the downside against the US dollar as hotter-than-expected US Retail Sales triggered safety flows back into the US Dollar. Final Core Harmonized Index of Consumer Prices (HICP) from Europe saw a slight uptick in the MoM figure in December but overall printed as expected. European Central Bank (ECB) officials continue to bat down rate cut expectations from money markets.

The GBP registered decent gains on Wednesday after a solid report from the Office for National Statistics (ONS) outshone US Retail Sales data for December. Across the pond, the ONS in the UK revealed that inflation jumped the most in December, for the first time in 10-months, and increased the pressure on the Bank of England (BoE). Figures showed that yearly inflation rose 4%, above the consensus of 3.8%, while underlying inflation surpassed the 5% threshold. The Sterling however moved lower later in the session on the back of better than expected US data.

The Japanese Yen ticked higher against the dollar on Thursday and seemed to have snapped a three-day losing streak to its lowest level since November 28 seen the previous day. That said, the upside remains capped amid bets that the Bank of Japan is unlikely to pivot away from its ultra-dovish stance in the wake of a devastating New Year's Day earthquake in Japan, falling rates of inflation in Tokyo and weaker wage growth.

Indicative Deposit Rates

	Amounts > KES 20 million		Amounts > 100,000	
	KES	USD	USD	EURO
Call	4.25%	1.00%	1.00%	0.00%
1 month	6.25%	2.00%	2.00%	0.00%
3 months	7.00%	2.25%	2.25%	0.00%
6 months	8.00%	2.35%	2.35%	0.00%

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