

DOMESTIC NEWS

Tuesday's trading saw the home currency give up marginal ground to the U.S Dollar.

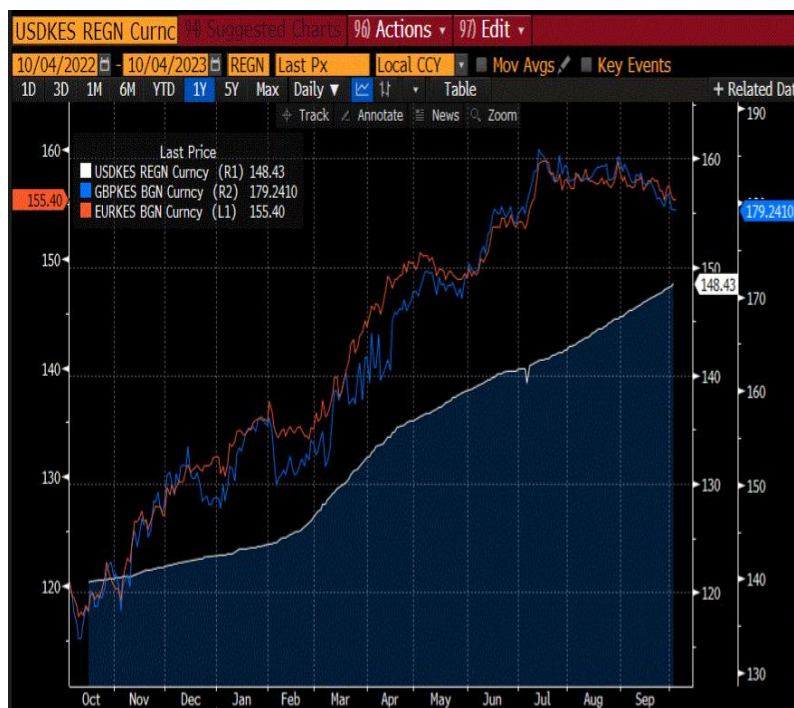
Activity on the demand counter continued to trump foreign currency inflows, forcing the USD/KES currency pair further north.

As the week progresses, we expect the pair to remain range bound in the absence of fresh market moving factors

Amounts "100,000"	Today's Opening	
	Buy TT	Sell TT
USD/KES	161.00	166.50
EUR/KES	172.30	183.25
GBP/KES	201.30	214.25
JPY/KES	109.40	115.10

Forward Rate (USD) (1 month)	
BUY	162.50
SELL	169.50
3 Months	
Buy	167.50
SELL	172.75

Money Market Rates	Previous	Current	Change bps
Interbank Rate	13.6057%	13.6428%	+3.71
91-Day T-bill	16.1452%	16.2347%	+8.95
182-Day T-bill	16.1874%	16.3007%	+11.33
364-Day T-bill	16.3917%	16.4917%	+10.00
Inflation	6.8%	6.63%	-0.17



Source: Bloomberg

INTERNATIONAL NEWS

The dollar climbed to six-week peaks against a basket of currencies on Tuesday, as investors resumed buying the greenback after a brief respite, on continued expectations the Federal Reserve would be in no rush to cut interest rates given a still stable U.S. economy. The currency was also supported by a move higher in Treasury note yields. Investors are also awaiting the release of the S&P Global Purchasing Managers Index (PMI) data on Wednesday.

The Euro encountered downward pressure following the preliminary Consumer Confidence released by the European Commission on Tuesday, indicating a decrease in consumer trust regarding economic activity. Market participants will observe the HCOB Purchasing Managers Index (PMI) data from the Eurozone and Germany today. Thursday marks another rate call and the release of a monetary policy statement from the European Central Bank (ECB).

The Sterling fell 0.2% against the dollar on Tuesday. The main British economic news was a smaller-than-expected budget deficit for December, which could open up room for tax cuts in a budget scheduled for March. Investors await the release of January's UK advanced Manufacturing and Services PMI later today for fresh impetus.

The Japanese Yen (JPY) ticked higher during the Asian session on Wednesday following a volatile session a day earlier, after the BOJ opted to keep stimulus settings unchanged, as expected, but central bank head Kazuo Ueda hinted at a possible end to negative rates in April or even March. This, along with the risk of a further escalation of geopolitical tensions in the Middle East and the uncertain global economic outlook, turn out to be key factors supporting the safe-haven JPY.

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%

Indicative Cross Rates

	Buy	Sell
EUR	1.0300	1.1500
GBP	1.2050	1.3500

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