

DOMESTIC NEWS

The Kenyan Shilling was firm against the greenback on Friday, helped by slowing demand for the hard currency.

The session was characterized by a delicate balance between foreign currency demand and supply counters. The Kenya shilling's closing level was unchanged from the previous day's levels.

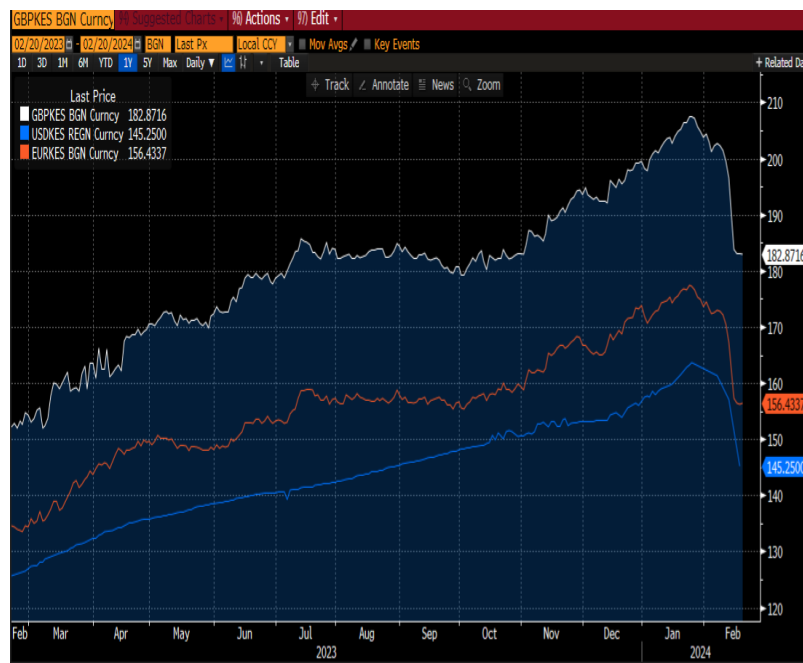
Range bound trading is expected to continue as demand and supply remain well matched.

Amounts "100,000"	Today's Opening	
	Buy TT	Sell TT
USD/KES	143.00	150.00
EUR/KES	153.15	163.79
GBP/KES	179.27	192.52
JPY/KES	95.53	101.92

Forward Rate (USD) (1 month)	
BUY	146.50
SELL	154.00
3 Months	
Buy	148.50
SELL	158.75

Money Market Rates	Previous	Current	Change bps
Interbank Rate	14.0894%	13.9638%	-12.56
91-Day T-bill	16.5539%	16.5895%	+3.56
182-Day T-bill	16.7155%	16.7344%	+1.89
364-Day T-bill	16.9188%	16.9194%	+0.05
Inflation	6.63%	6.9%	+0.27

Source: Bloomberg



INTERNATIONAL NEWS

The US dollar was on track for its first weekly fall in 2024 on Friday on profit taking following an almost two-month rally built on expectations that the Federal Reserve will begin cutting rates later than previously expected. This week, markets await January's Personal Consumption Expenditure (PCE) figures, an important data set on US inflation. Market expectations indicate a decreased likelihood of a rate cut in the near term as indicated by the CME Fed Watch Tool with low odds of easing in March or May. Market players will keep an eye on the US Gross Domestic Product Annualized for the fourth quarter (Q4) on Wednesday.

The GBP jumped higher in Friday's session as the United Kingdom's economic outlook strengthened somewhat. While uncertainty over the timing of BoE rate cuts continues to persist, investors hope that the central bank could reduce interest rates in the early part of the second half of this year. BoE Governor Andrew Bailey said price pressures are expected to come down to the 2% target in spring before picking up again. This may allow the BoE to consider heavily unwinding its historically restrictive monetary policy stance.

The EUR cycled on Friday as markets settled in for the weekend, gearing up for the long wait for significant data. On the rates front, ECB policymakers want to wait until first-quarter data confirms declining inflationary pressure and this has so far helped support the single currency. Key data this week is German January Retail Sales and the first reading of German Consumer Price. Traders will take cues from the data and find trading opportunities around the EUR/USD pair.

The Japanese Yen struggled to gain any meaningful traction and oscillated in a range against its American counterpart on Monday. The near-term bias, meanwhile, seemed tilted in favor of bears in the wake of expectations that the Bank of Japan will delay its plan to tighten policy amid a recession in Japan. Apart from this, a modest US Dollar strength, bolstered by bets that the Federal Reserve (Fed) will keep interest rates higher for longer, acts as a tailwind for the USD/JPY pair.

Indicative Deposit Rates

	Amounts > KES 20 million		Amounts > 100,000	
	KES	USD	USD	EURO
Call	10.00%	1.00%	1.00%	0.00%
1 month	12.00%	2.50%	2.50%	0.00%
3 months	12.35%	2.75%	2.75%	0.00%
6 months	12.45%	2.85%	2.85%	0.00%

Indicative Cross Rates

	Buy	Sell
EUR	1.0270	1.1500
GBP	1.2050	1.3500
JPY	141.00	157.50
CHF	0.8040	0.9250