

DOMESTIC NEWS

The domestic unit remained stable against the USD dollar in Monday's trading session.

Demand for the dollar from different corporate entities remained soft and foreign currency inflows continued to trickle throughout the day leading the market to close at the same levels as the previous day.

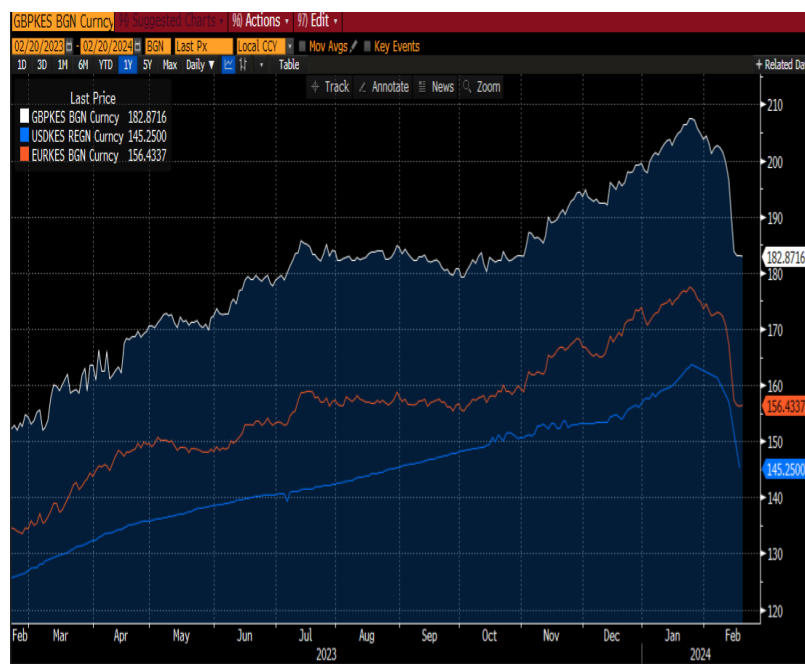
Range bound trading is expected amid heightened investor confidence and foreign currency supply across various sectors in the economy.

Amounts "100,000"	Today's Opening	
	Buy TT	Sell TT
USD/KES	142.50	149.50
EUR/KES	152.29	164.38
GBP/KES	177.95	192.11
JPY/KES	95.53	101.92

Forward Rate (USD) (1 month)	
BUY	146.00
SELL	153.50
3 Months	
Buy	148.50
SELL	158.75

Money Market Rates	Previous	Current	Change bps
Interbank Rate	13.9638%	14.1373%	+17.35
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 slightly weaker across the board amid a dearth of data. Despite its first weekly loss in 2024, the dollar remained near three-month highs, supported by Fed officials' cautious stance on interest rates amid persistent inflation concerns. The upcoming release of the PCE price index, the FED's preferred inflation gauge is expected to show a 0.4% monthly increase. Additionally, more Fed speeches are due this week with officials anticipated to affirm expectations of prolonged higher interest rates.

The GBP remained range-bound as investors awaited clearer signals from the Bank of England (BoE) regarding interest rates. The GBP/USD lacked direction due to uncertainty surrounding potential rate cuts by both the BoE and the Federal Reserve (Fed). Policymakers are hesitant to provide specifics on timing, awaiting further evidence that inflation will align with the 2% target. Wage growth and service inflation in the UK are higher than necessary for price stability.

The Euro had a quiet start to a busy week on the economic front, with markets gradually getting into gear on Monday. It edged up about 0.25% as traders awaited key inflation and growth data from both Europe and the US. The week's highlights include EU Consumer Confidence on Wednesday, German Retail Sales and CPI inflation data from the euro area on Thursday.

The Japanese yen strengthened on Tuesday due to higher-than-expected consumer inflation figures, sparking expectations for a possible change in the Bank of Japan's policy. This, coupled with a subdued mood in equity markets, supports the yen's safe-haven status amid speculation of Japanese intervention to prevent further currency weakening. Japan's Statistics Bureau reported a 0.1% month-on-month increase in January's CPI, though the year-on-year rate slowed from 2.6% to 2.2%.

Indicative Deposit Rates

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