GLOBAL MARKETS DAILY MARKET NEWS

1st August, 2023

DOMESTIC NEWS

The Kenya shilling continued its bearish trajectory against the buck in yesterday's trading session, weighed down by increased dollar appetite.

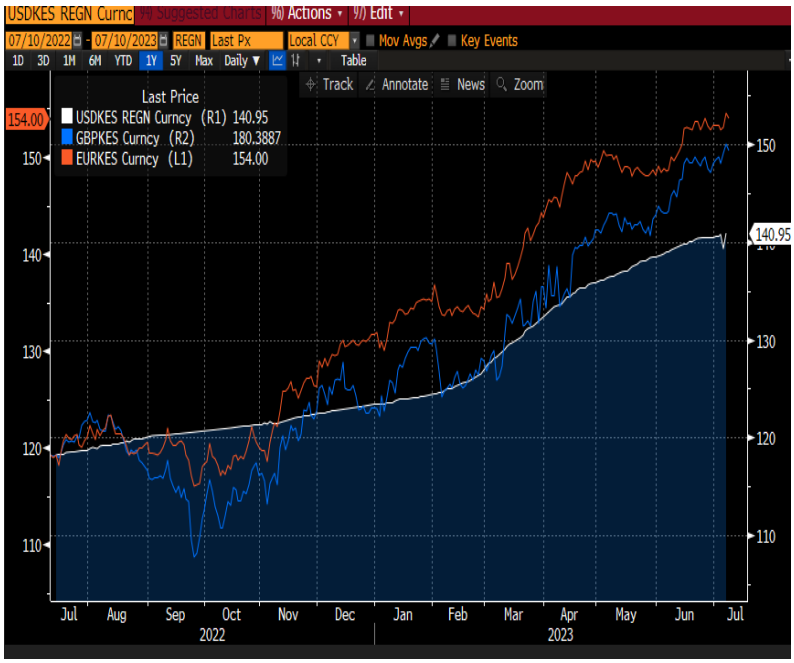
Activity on the demand counter trumped foreign currency inflows to nudge the domestic unit a few cents lower by the day's close.

Looking ahead, market direction is likely to be guided by flows from both counters.

Amounts "100,000"	Today's Opening	
	Buy TT	Sell TT
USD/KES	136.25	147.90
EUR/KES	148.50	164.00
GBP/KES	174.10	191.40
JPY/KES	97.01	106.26

Forward Rate (USD) (1 month)	
BUY	138.10
SELL	149.10
3 Months	
Buy	140.20
SELL	149.90

Money Market Rates	Previous	Current	Change bps
Interbank Rate	14.84%	15.91%	+107.00
91-Day T-bill	12.233%	12.352%	+11.90
182-Day T-bill	12.322%	12.392%	+ 7.00
364-Day T-bill	12.708%	12.728%	+2.00
Inflation	8.00%	7.88%	-12.00



Source: Bloomberg

INTERNATIONAL NEWS

The dollar strengthened on Monday, against a basket of currencies after the release of the Fed's quarterly Senior Loan Officer Opinion Survey, or SLOOS. The survey showed U.S. banks reported tighter credit standards and weaker loan demand from both businesses and consumers during the second quarter of 2023. It also confirmed that banks expect a further tightening in standards over the rest of 2023, adding to evidence that rising interest rates are having an impact on the economy. Looking ahead, Friday's non-farm payrolls will be the first of several data points that will shape the Fed's interest rate decision in late September, thus influencing the direction of the dollar.

The euro withdrew from early gains, after printed data showed economic growth in Europe jolted higher and inflation ticked lower. The data showed euro zone inflation fell further in July, while the bloc returned to growth in the second quarter of 2023 with a greater-than-expected expansion.

The GBP/USD currency pair traded marginally lower on the day, having gained 1.1 percent in July. Traders are divided on whether the BOE will increase interest rates by 25- and 50-basis-point during their policy meeting, scheduled for Thursday, this week.

In early Asian trading, the USD/JPY currency pair ascended to a fresh three-week high as traders continued to digest the Bank of Japan's steps last week to tweak its yield curve control policy. Japan's benchmark 10-year government bond yield surged on Monday to a nine-year high, leading the central bank to conduct additional purchase operations to cap its rise.

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

Indicative Cross Rates		
	Buy	Sell
EUR	1.0550	1.1685
GBP	1.1900	1.3600
JPY	137.05	145.25
CHF	0.8120	0.9950

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