

DOMESTIC NEWS

The local unit's movement against the dollar was restricted within tight ranges as calm engulfed the local FX market.

The price action on USDKES pair was skewed to the upside as dollar demand dominated the FX counters in early trading, leaving the shilling marginally softer. Dollar inflows in the afternoon defended the shilling with the pair closing 5 cents higher from the previous trading day.

Looking ahead, direction for the USDKES pair is widely expected to remain flow driven, with players keen on the outcome of this weeks' twin IFB auction later in the day which may guide further price direction.

"100,000"	Opening		USD/KES		
	Buy TT	Sell TT		Buy	Sell
USD/KES	125.00	133.50	1 month	125.45	134.25
EUR/KES	126.94	143.40	3 Months	126.45	135.80
GBP/KES	152.14	169.46	6 Months	128.20	138.00
JPY/KES	77.91	89.40	12 Months	131.40	142.60

Money Market Rates	Previous	Current	Change Bps
Interbank ate	10.59%	10.54%	-4.00
91-Day T-bill	9.5219%	9.1156%	-40.63
182-Day T-bill	10.0275%	9.5190%	-50.85
364-Day T-bill	11.3132%	10.7581%	-55.51
Inflation Rate	3.00%	3.30%	+30.00

Source: Bloomberg



INTERNATIONAL NEWS

The dollar lost some ground in Tuesday's trading session after Federal Reserve Chair Jerome Powell testified that the central bank was keen on a data-dependent approach, signifying that rates will stay steady unless inflation or labor conditions shift. Investors now await tangible evidence regarding potential trade tariffs by U.S. President Donald Trump and the release of Consumer price data for January due today to guide the direction of the American currency.

Euro reversed its losses against the buck, gaining 0.49%, backed by broad based dollar softening and improved market sentiment. European data releases are moderate this week, with release of German final Harmonized Index of Consumer Prices for the year ended January due on Thursday and pan-EU Gross Domestic Product figures for Q4 on Friday. This data which is less likely to move the markets.

The GBP/USD currency pair recovered some ground bolstered by reduced U.S. tariff noise though the move will likely be restricted Wednesday's U.S. CPI release. Players will also be on the lookout for UK Gross Domestic Product (GDP) data print on Thursday.

The Yen traded on the backfoot earlier today amid qualms about President Donald Trump's trade tariffs, although increased bets for another rate hike by Bank of Japan could limit further decline of the Japanese currency.

Indicative Deposit Rates			
Amounts > KES 20 million	Amounts > 100,000		Tenor
	KES	USD	
	6.10%	0.05%	Call
	5.20%	0.10%	1 month
	5.20%	0.15%	3 months
	5.65%	0.20%	6 months

Indicative Cross Rates		
CCY	Buy	Sell
EUR\USD	1.0100	1.1000
GBP\USD	1.1900	1.3000
USD\JPY	150.00	162.00
USD\CHF	0.8500	0.9500