

DOMESTIC NEWS

The Kenya shilling saw minimal movement against the U.S dollar in a session characterized by subdued activity during the midweek trading session.

The local unit performed a balancing act for the better part of the session as foreign currency supply from various sectors in the economy satiated the dollar appetite from the corporate players, leaving the shilling unchanged from previous day's close. Markets awaited the results of the twin Infrastructure bond auction which saw a stellar performance with bid worth KES 193.90bln received against KES 130.80bln accepted.

In the new day, the USDKES pair is likely to trade within the latest trading band and the direction of the pair will be guided by the activity on the respective counters.

"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	127.87	144.46	3 Months	126.45	135.80
GBP/KES	152.64	170.10	6 Months	128.20	138.00
JPY/KES	77.54	88.99	12 Months	131.40	142.60

Money Market Rates	Previous	Current	Change Bps
Interbank ate	10.54%	10.54%	0.00
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



ISSUED BY NCBA, NAIROBI P.O. BOX 30437, TEL 2884000, 2734555, 2734661-5 FAX # 2734616, REUTERS DEALING - CBAF, REUTERS INFORMATION CBAN. This Newsletter is produced as a service to our clients. It is prepared by our dealing professionals & is based on their understanding & interpretation of market events. The bank cannot however be held responsible for any losses of whatever nature sustained as a result of action taken based on comments contained in this publication

INTERNATIONAL NEWS

The U.S. dollar soared after data showed that consumer prices rose more than expected in January, raising bets that the Fed will hold interest rates higher for longer. The headline consumer price index rose by 0.5% in January, while the core index rose by 0.4%, against an expectation of 0.3% rise. CPI for the year increased 3.0% in January, after advancing 2.9% in December. However, the rally was short lived after U.S President Trump said later yesterday that both Russia and Ukraine had expressed a desire for peace, which boosted risk appetite and overshadowing hotter-than-expected inflation data.

The EUR/USD pair trimmed earlier loses following late dollar selloff as markets shook off a fresh batch of US inflation figures that broadly accelerated in January. The shared currency was further bolstered after Bundesbank President Joachim Nagel said the European Central Bank should ease policy gradually as opposed to targeting a difficult-to-define "neutral" level for interest rates.

The Sterling Pound faced renewed pressure following higher-than-expected U.S. inflation data which boosted U.S. yields but was later boosted with a pick-up in risk appetite following possibility of Russia-Ukraine peace talks. The pound is likely to continue trading with a bearish bias ahead of today's GDP and output data, and next week's UK employment and CPI reports.

In early Asia trading, the Japanese yen remained on a downward streak, undermined by a stronger American dollar, following hotter-than- expected U.S inflation data. However, the yen drew some support from a stronger PPI data released from Japan earlier, that reaffirmed bets of a further rate hike by BoJ. Data printed indicated that Japan's Producer Price Index rose 0.3% month on month in January and by 4.2% year on year.

Indicative Deposit Rates				
Amounts > KES 20 million	Amounts > 100,000			
	Tenor	KES	USD	EURO
Call	6.10%	0.05%	0.10%	
1 month	5.20%	0.10%	0.15%	
3 months	5.20%	0.15%	0.25%	
6 months	5.65%	0.20%	0.30%	

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