

DOMESTIC NEWS

The Kenya shilling was on the back foot against the U.S. dollar on Tuesday on account of increased dollar demand.

The day begun in the same lethargic vein as the past few days, with the home unit holding steady against the greenback in the morning hours. An uptick in foreign currency demand in the afternoon session drove the USDKES currency pair 10 cents higher by the closing bell.

The local unit may garner some support from flows expected from the upcoming infrastructure bond as well as tax payments, which may suffice to fill dollar demand in the near term.

Amounts "100,000"	Today's Opening		Forward Rate(USD)(1 month)	
	Buy TT	Sell TT	BUY	SELL
USD/KES	105.30	113.05	105.65	115.65
GBP/KES	144.50	154.60		
EUR/KES	125.35	136.95		
JPY/KES	102.15	111.45		

Money Market Rates	Previous	Current	Change bps
Interbank Rate	4.22%	4.09%	-13.00
91-Day T-bill	6.895%	6.884%	-1.10
182-Day T-bill	7.479%	7.522%	+4.30
364-Day T-bill	8.363%	8.445%	+8.20
Inflation	5.30%	5.60%	+0.30


INTERNATIONAL NEWS

The U.S. dollar reversed some earlier gains against a basket of major currencies on Tuesday, and U.S. Treasury Secretary nominee Janet Yellen's confirmation testimony to Congress later in the day did little to subvert the trend. As expected, she called for "big spending" to take advantage of the low interest rate environment and indicated a hands-off approach to USD exchange rates.

The euro got a lift against the dollar largely due to positive E.U. economic data. According to the ZEW survey, the Economic Sentiment in Germany improved to 61.8 for the month of January, while rising to 58.3 in the broader euro area, confirming the upbeat morale in the region.

The pound rose against the dollar mainly due to improved risk appetite, while boosted further by a sharp drop in new Covid-19 cases in the U.K., an affirmation that the latest lockdown is working.

Earlier today, the yen was up 0.13% against the dollar as investors digested U.S. Treasury nominee Janet Yellen's big spending comments. Focus now shifts to the Bank of Japan's policy decision announcement on Thursday.

Indicative Deposit Rates			
Amounts > KES 20 million	Amounts > 100,000		
	KES	USD	EURO
Call	2.75%	0.25%	0.00%
1 month	4.70%	0.25%	0.00%
3 months	5.00%	0.35%	0.00%
6 months	5.25%	0.50%	0.00%

Indicative Cross Rates		
	Buy	Sell
EUR	1.1295	1.2885
GBP	1.2775	1.4365
JPY	99.35	114.20
CHF	0.8370	0.9360

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