



Daily Market Update-Kenya 10 March 2010

Local Foreign Exchange Market

The Kenyan shilling slipped marginally against the US unit on Tuesday undermined by weak inflows amid a surge in importer demand to end the day at 76.80/76.90 compared with 76.60/76.70 at the close on Monday.

The local unit had opened trade at 76.60/76.70 but ticked higher at the open to touch a session high of 76.55/76.65 before renewed importer demand pushed the local unit lower again. The shilling slipped further late in the afternoon as dealers squared off their positions to settle at 76.80/76.90.

In the days ahead holding other factors constant, we expect the local unit to trade in the range of between 76.50/77.00 with the CBK buying interest acting as a barrier for more aggressive rises. Importer demand remains muted and we are unlikely to see the local unit weaken drastically.

Money Markets

Interest rates in the overnight inter-bank money market edged up marginally with banks quoting between 2.00% and 2.50% with a volume of Kes 11.151 billion changing hands at an average rate of 2.2746%. Banks borrowed Kes 400 million from the CBK window. The Central bank injected Kes 2.089 billion into the market at an average rate of 2.602%

This week the Central Bank of Kenya (CBK) offered the 182 days T-Bill. The cut-off rate dipped Marginally to stand at 6.497% compared with 6.599% in the last auction. CBK managed to raise shillings 8.601 Bio out of shillings 8.50 Bio on offer total bids amounted to Kes 16.289 Bio.

The third infrastructure bond (IFB1/2010/08) attracted huge demand from investors. Total bids amounted to Kes 35.287 billion. The government was looking to raise Kes 14.5 billion and accepted Kes 16.263 billion at a lower average rate of 9.579% compared to the previous rate of 12.537%, the cut-off rate also dropped heavily to stand at 9.649% compared to the previous rate of 12.995%.

Foreign Exchange - International Markets.

TOKYO, March 10 (Reuters) - The yen held firm on Wednesday on expectations of a pick up in Japanese repatriation flows before the end of the financial year, while the Australian dollar was supported ahead of trade data from China.

The dollar was steady around 90 yen, having lost over 0.3 percent on Tuesday. Support for the greenback is seen around the 89.30 yen level, which forms the base of the Ichimoku cloud. The euro also drifted sideways around 122.30, having lost nearly 0.6 percent on Tuesday.

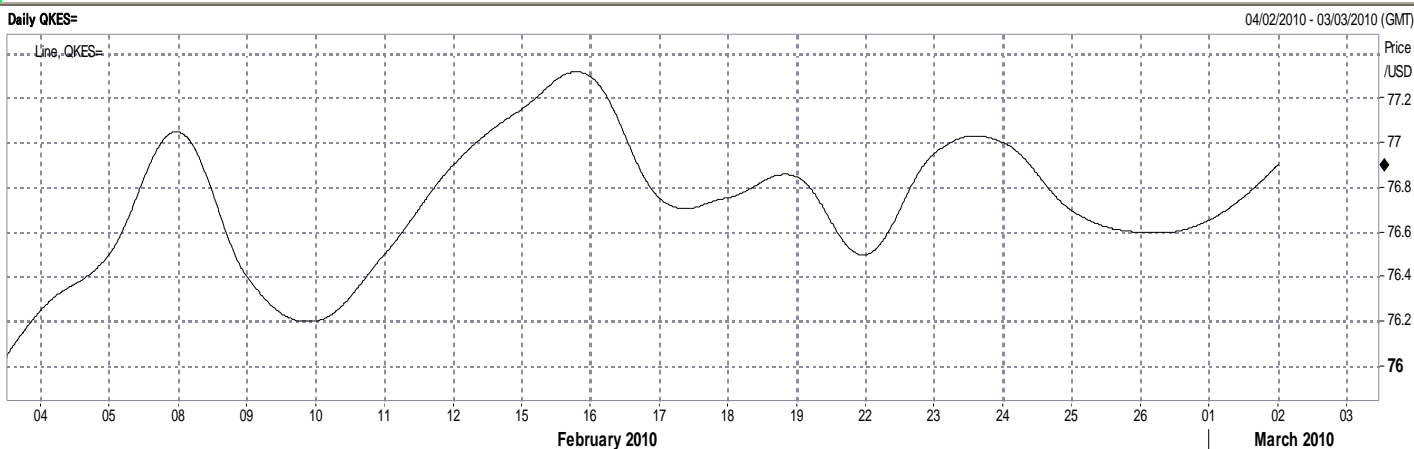
The euro and the pound were subdued on fresh worries about Europe's fiscal health. The euro eased 0.1 percent against the U.S. dollar, trading around \$1.3590. The common currency had come under fresh pressure after the Fitch ratings agency said it still has a negative outlook on Portugal's credit rating. The pound was struggling below \$1.5000, having been hit by weak data, and fears around Britain's sovereign rating as well as the credit ratings of its banks.

Corporate Indicative Rates

	Cross Rates against USD	Against Kes
USD		76.40- 77.40
GBP	1.4926-1.5026	114.39-115.93
EUR	1.3557-1.3657	103.93-105.33
JPY	89.50-90.50	0.8487-0.8599
ZAR	7.3023- 7.5023	10.31-10.47
CHF	1.0698-1.0798	71.07-72.03
SEK	7.0302-7.2302	10.71-10.86
CAD	1.0214-1.0314	74.42-75.39
UGX	2010-2110	27.03-26.55
TZS	1305-1405	17.77-17.49

91 - Day T. Bill Average Rate	6.248%
182 - Day T. Bill Average Rate	6.497%
364 - Day T-Bill Average Rate	7.383%
Central Bank Rate	7.00%
Average annual inflation	4.70%
Gross domestic debt	580.20 Bio
European Central bank Rate	1.00%
3 Month Euro Libor rate	0.86188%
US Feds Fund Rate	0.25%
3 Month USD Libor Rate	0.47938%
Bank Of England Rate	0.50%
3 Month GBP Libor Rate	0.88750%

Usd/Kes Trend



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