



Daily Market Update-Kenya 17 March 2010

Local Foreign Exchange Market

Tuesday saw the shilling remain under pressure closing lower on the day at 76.85/77.05 as dollar demand continued to filter through the markets largely through interbank activity.

The local unit opened trade on Tuesday at 76.75/76.95 to a very slow market which seemed to favour the shilling as some light selling pushed the shilling to a session high of 76.70/76.90, however this was short lived as dollar demand started to come through late in the morning and continued through most of the afternoon. The shilling quickly touched a low of 77.00/77.20 before profit taking eased pressure to see the local unit close trade at 76.85/77.05. The central bank stayed out of the market yesterday after 3 consecutive days of activity.

Looking ahead we see the shilling coming under pressure from end of month demand. We expect the local unit to trade within the 76.70-77.20 range for today.

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 11.304 billion changing hands at an average rate of 2.2436%. Banks borrowed Kes 1.084 billion from the CBK window. The Central bank stayed out of the Repo market.

This week the Central Bank of Kenya (CBK) offered the 91 days T-Bill. The cut-off rate dipped Marginally to stand at 6.099% compared with 6.248% in the last auction. CBK managed to raise shillings 5.995 Bio out of shillings 5.00 Bio on offer total bids amounted to Kes 11.061 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.

SYDNEY, March 17 (Reuters) - The dollar was hovering near one-month lows against a basket of currencies on Wednesday as investors cut long positions after the U.S. Federal Reserve retained its dovish bias by pledging to keep interest rates low.

The dollar was also on the defensive against the yen at 90.30 yen, as the two-day Bank of Japan (BoJ) meeting ends later in the session. Support for the dollar is seen around the 90 yen level.

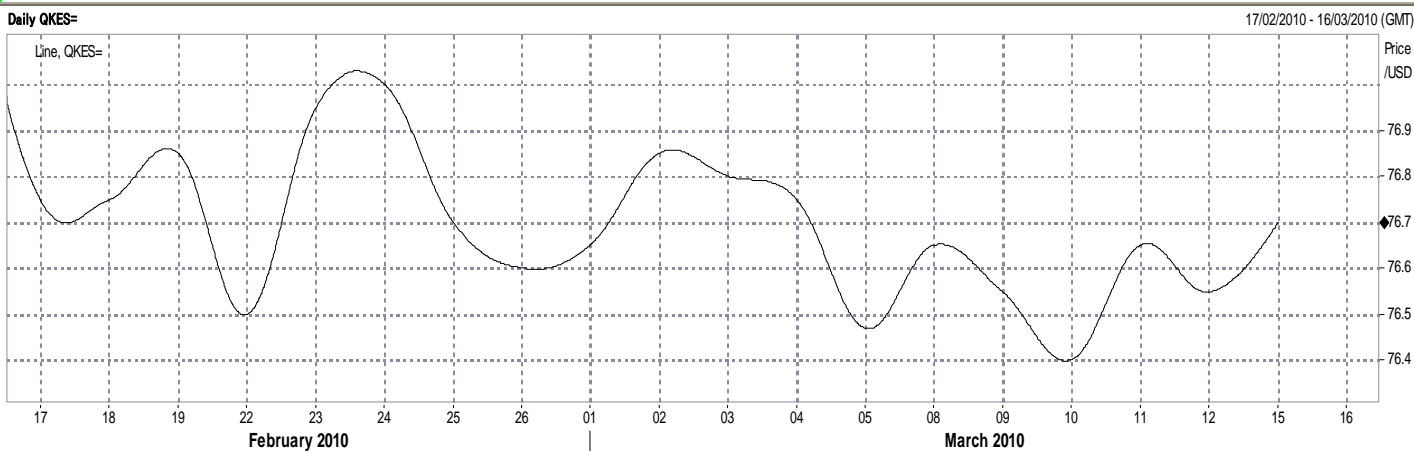
The euro also held onto broad gains against the dollar at \$1.3765, having jumped nearly 0.7 percent on Tuesday. It was helped by the Fed's statement and by Standard and Poors' removing Greece from negative ratings watch.

Corporate Indicative Rates

	Cross Rates against USD	Against Kes
USD		76.45– 77.45
GBP	1.5195-1.5295	116.53-118.10
EUR	1.3735-1.3835	105.38-106.76
JPY	89.70-90.70	0.8476-0.8588
ZAR	7.2580– 7.4580	10.38-10.54
CHF	1.0490-1.0590	72.52-73.50
SEK	6.9714-7.1714	10.81-10.95
CAD	1.0085-1.0185	75.40-76.39
UGX	2050-2150	27.51-27.09
TZS	1305-1405	17.76-17.47

91 - Day T. Bill Average Rate	6.099%
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



Contact Us

For firm quotes and information on other Treasury and Money Market products please reach us on the following numbers.

Treasury team: Philip Wambua -3275251 Kennedy Butiko-3275242 Robert Gatobu-3275244
 Duncan Kinuthia-3275221 Peter Mutuku -3275245

River Road branch-Elizabeth Wangeci-225278

Uhuru Highway-Collins Mmbulika-650153/4

Westlands Branch-Betty Mureithi-4450566/67

Mombasa Branch-Shilpa Shah-041-2315818/9

Thika Branch-Juma Ndege -06720180

Ruaraka Branch-Davis Tayo-605606

Kisumu Branch-Idar Kasenge - 2020728/30

Monrovia Branch - Felix Kimani -316500

Nakuru Branch -George Amollo - 051 2217213

Ngong Road Branch - Alice Kaaru - 3275411

Disclaimer

Whilst every care has been taken in compiling this market update, the Bank will not be responsible for and shall be exempt from all liabilities in respect of any loss of any kind whatsoever, incurred by any persons as a consequence of relying on the above information or otherwise.