



**DOMESTIC NEWS**

The Kenya shilling strengthened against the greenback on Thursday as dollar inflows from increasing diaspora remittances and offshore investors buying government debt and securities at the NSE outweighed end month dollar demand from importers. At close of trade, the local currency stood at 100.50/70, significantly stronger than the day's opening level of 100.85/101.05. We expect the shilling to remain relatively stable in the coming week as dollar inflows match demand from importers.

Meanwhile, Kenya's annual inflation fell in January, helped by falling transport prices. Year-on-year Inflation fell to 4.7% in January from 5.7% in December, while month-on-month, inflation was 0.35% lower. The transport index fell by 1.43% compared with December, helped by lower fuel prices. On Monday, the central bank held its benchmark lending rate at 9%, saying inflation was anchored within the preferred band of between 2.5% and 7.5% in the medium term.

**Indicative Forex rates**

	Buy Cash	Sell Cash	Buy TT	Sell TT
USD/KES	97.10	104.10	98.10	103.10
GBP/KES	127.75	135.75	128.25	135.25
EUR/KES	111.60	118.60	112.10	118.10
AED/KES	25.90	28.90	25.90	28.90

Money Market Rates	Current	Previous	Change
Interbank Rate	4.9986%	4.9822%	0.016
91-Day T-bill	7.061%	7.122%	-0.061
182-Day T-Bill	8.780%	8.833%	-0.053
364-Day T-Bill	9.856%	9.905%	-0.049
Inflation	4.70%	5.71%	-1.010
CBR RATE	9.00%	9.50%	-0.500

(Source; Central Bank of Kenya)



(Source; Reuters)

**INTERNATIONAL NEWS**

The U.S. dollar index rose against its major peers on Thursday, rebounding from a three-week low to settle at 95.60, despite the Fed's cautious outlook on the U.S. economy. Over the last two months, the dollar index, which tracks the greenback against six major rivals, has fallen around 1.7%, its worst two-month performance in a year.

On Wednesday, the Fed said it would be patient in raising rates further this year as it pointed to growing uncertainty about the U.S. economic outlook. The market is now looking to Friday's U.S. non-farm payrolls report for January, with economists forecasting job gains of 165,000, down from 312,000 in December.

The euro slid from three-week highs against the dollar after Jens Weidmann, the Bundesbank president and a member of the European Central Bank Governing Council, painted a bleak picture of the German economy, saying the country's slump will last longer than initially thought. The euro was down 0.5% at \$1.1440 pressured by comments from the Bundesbank's President.

The sterling pound also fell as Britain prepared to resume negotiations with the E.U. over how to resolve the issue of Irish border arrangements after Brexit. Sterling has strengthened 4% this year due to a weaker dollar and expectations that Britain can avoid a no-deal Brexit. On the day, the pound fell 0.25% to settle at \$1.3095.

Elsewhere, oil prices fell on Friday, torn between hopes the U.S. and China could soon settle their trade disputes and new data raising fresh concerns over China's economic slowdown. Brent crude oil futures traded at \$60.95 a barrel, 2% lower from their last close.

**Indicative Profit Rates on Deposits**

	Amounts > 10 Million		Amounts >100,000	
	KES		USD	
2 Weeks	6.50%	2.00%		
1 Month	7.00%	2.50%		
3 Months	8.00%	2.75%		
6 Months	8.50%	3.50%		
1 year	9.00%	3.75%		

**Indicative Cross Rates**

	Bid		Offer	
	Value / USD		Value / USD	
EUR/USD	1.1390	1.1490		
GBP/USD	1.3045	1.3145		
USD/AED	3.6675	3.6785		
USD/JPY	108.40	109.40		