



DOMESTIC NEWS

The Kenyan shilling was unchanged against on Monday against the U.S. dollar as foreign currency demand and supply became matched. An uptick in activity across the counters saw the pair oscillate between gains and losses, ending the session within similar ranges. Price action for the USD/KES pair was largely flow driven. Today's trading is expected to be range bound as players look out for new fundamentals to guide the direction of the home unit. By close of the day, the local unit stood at 113.55/113.75, the same as the previous day's close.

In the meantime, the rate of inflation in the month of January has dropped to **5.39%** compared to December inflation rate of 5.73% as measured by consumer price index, mainly due to lower electricity and transport costs, according to government data released on Monday. The CPI increased by 0.31 per cent from an index of 118.274 in December 2021 to 118.642 in January 2022. This was mainly attributed to increase in prices of some food items, which outweighed the decrease in prices of others. The housing, water, electricity, gas and other fuels' index plunged by 0.75 per cent between December 2021 and January 2022, due to decrease in prices of electricity. Last week, the Central Bank of Kenya's Monetary Policy Committee noted that that inflation expectations remain anchored within the target range. The drop in the prices of some food commodities reflects the impact of improved rainfall on fast-growing food crops.

Indicative Forex Rates

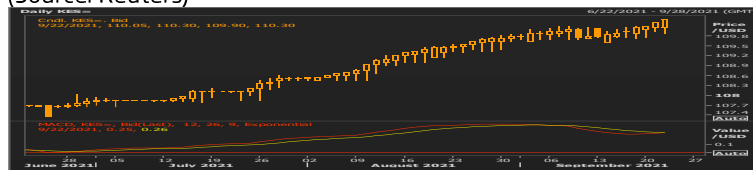
	Buy Cash	Sell Cash	Buy TT	Sell TT
USD/KES	110.15	117.15	111.65	116.65
GBP/KES	148.90	156.90	148.60	157.30
EUR/KES	123.38	131.28	124.18	131.68
AED/KES	29.44	32.44	28.94	32.94

Money Market Rates	Current	Previous	Change
Interbank Rate	5.050%	4.979%	0.071
91-Day T-bill	7.343%	7.331%	0.012
182-Day T-Bill	8.112%	8.069%	0.043
364-Day T-Bill	9.544%	9.510%	0.034
Inflation	5.390%	5.730%	-0.340
CBR RATE	7.000%	7.000%	0.000

Source: Central Bank of Kenya

LIBOR Rates	USD	EUR	GBP
3 Months	0.31657	-0.58057	0.61380
6 months	0.53443	-0.55600	0.96190

(Source: Reuters)



(Source: Reuters)

INTERNATIONAL NEWS

The U.S. dollar index fell on Monday to 96.5840, posting its largest daily fall since last November as investors consolidated gains after hitting a 1-1/2-year high on Friday on expectations of a faster pace of rate hikes by the Federal Reserve. With the Fed clearly signaling last week that it intends to raise interest rates as early as the March 15-16 policy meeting, Wall Street banks are now expecting are now expecting about five to seven rate hikes this year. Investors are also looking to Friday's U.S. nonfarm payrolls for an indication of how aggressive the Fed can be on its tightening path.

The GBP/USD pair firmed up at \$1.3455 on Monday as market players expect the Bank of England to be raising interest rates for the second time in as many months. Most economists polled expect the BoE to raise rates to 0.5% on Feb. 3 from 0.25%. Reaching the 0.5% threshold would also see the bank stop reinvesting maturing gilts and start to reduce its 875-billion-pound government bond holdings.

The euro rose to \$1.1241 on Monday as it cheered the broad US dollar weakness amid inactive markets ahead of the US ISM Manufacturing PMI for January. It's worth noting that the market's wait for the key European Central Bank meeting due Thursday.

Elsewhere, global oil prices edged higher on Tuesday to \$89.40 per barrel, trading near seven-year highs hit last week, as investors bet supplies will stay tight, with a limited production hike by major oil producers and a strong post-pandemic recovery in fuel demand. All eyes are on OPEC+ decision as well as development of the conflict between Russia and the West over Ukraine.

Indicative Profit Rates on Deposits

	Amounts > 10 million		Amounts >100,000	
	KES		USD	
2 Weeks	6.55%	0.25%		
1 Month	6.75%	0.50%		
3 Months	7.00%	0.75%		
6 Months	7.50%	1.00%		
1 year	8.00%	1.25%		

Indicative Cross Rates

	Bid	Offer
EUR/USD	1.1120	1.1350
GBP/USD	1.3305	1.3670
USD/AED	3.6645	3.6890
USD/JPY	112.10	117.90