



DOMESTIC NEWS

The local unit was relatively stable on Wednesday, in a low-key trading session where demand and supply counters remained balanced. The session saw recent dollar demand from importers ease, allowing the USD/KES currency pair to remain unchanged by close of business as markets players awaited the outcome of the first Monetary Policy meeting in the new year. By close of day, the local unit stood at 113.50/113.70 same as Tuesday's close.

In the meantime, The Central Bank of Kenya has retained the base lending rate at 7.00% for a record 12th time, citing a stable macroeconomic environment despite the pandemic. The Monetary Policy Committee (MPC) met on Tuesday against a backdrop of the Covid-19 pandemic, measures taken by authorities around the world to contain its spread and impact and the evolving global outlook. The MPC reviewed the outcomes of its previous decisions, including measures implemented to mitigate the adverse economic effects and financial disruptions from the pandemic. The economy is expected to remain strong in 2022, supported by the continued strong performance of the services sector, recovery in agriculture, and an improvement in global demand. The Committee will meet again in March 2022 but remains ready to re-convene earlier if necessary. It is worth noting that the International Monetary Fund in its 2022 world economic outlook acknowledged the tough decision faced by Central Banks in emerging markets when it comes to tightening policies.

Indicative Forex Rates

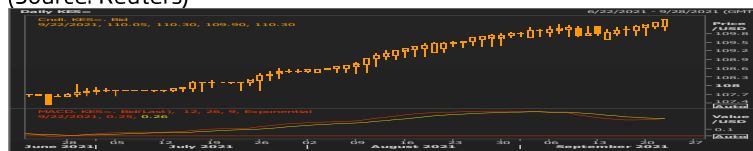
	Buy Cash	Sell Cash	Buy TT	Sell TT
USD/KES	110.15	117.15	111.65	116.65
GBP/KES	148.67	156.67	148.37	157.07
EUR/KES	123.09	130.99	123.89	131.39
AED/KES	29.44	32.44	28.94	32.94

Money Market Rates	Current	Previous	Change
Interbank Rate	4.654%	4.610%	0.044
91-Day T-bill	7.331%	7.309%	0.022
182-Day T-Bill	8.069%	8.081%	-0.012
364-Day T-Bill	9.510%	9.474%	0.036
Inflation	5.730%	5.800%	-0.070
CBR RATE	7.000%	7.000%	0.000

Source; Central Bank of Kenya)

LIBOR Rates	USD	EUR	GBP
3 Months	0.26757	-0.58057	0.57760
6 months	0.45029	-0.55600	0.91360

(Source: Reuters)



(Source: Reuters)

INTERNATIONAL NEWS

The U.S. dollar index got a boost to 96.645 on Wednesday after U.S. Federal Reserve chair Jerome Powell hinted at imminent interest hikes. The Fed left its interest rate unchanged at 0.25% as it handed down its latest policy decision on Wednesday. However, Powell signaled a sustained battle to curb high inflation, saying there was "quite a bit of room to raise interest rates without threatening the labor market" and that the Fed would likely begin hiking interest rates in March 2022. The prospect of imminent interest rate hikes unnerved stock markets and saw bond yields climb.

The GBP/USD pair extended the previous day's losses amid broad US dollar gains post-Fed and worsening Brexit, as well as political conditions in the UK. That said, the sterling plunged to 1.3430 on Wednesday. UK PM Boris Johnson managed to take a sigh of relief on Wednesday, though for a short time, as the Sue Grey report was stopped from publishing. Moving on, the key report conveying the future of UK PM Johnson will be eyed to determine short-term GBP/USD moves.

The euro stayed pressured at \$1.1240 levels on Wednesday after the Fed showdown. However, chairman Jerome Powell's tone was more hawkish than expected which sent US yields and the dollar on a tear, weighing heavily in the euro due to the divergence between the two nations' central banks.

Elsewhere, global oil prices fell on Thursday to \$89.18 per barrel following signs that the U.S. Federal Reserve will tighten monetary policy in the world's biggest oil user. Meanwhile, oil traders are also tracking events in Ukraine on concern that Russia may launch an invasion after massing thousands of troops on the border, potentially disrupting energy supplies.

Indicative Profit Rates on Deposits

	Amounts > 10 million		Amounts >100,000	
	KES	USD	USD	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	1.1190	1.1340
GBP/USD	1.3350	1.3670
USD/AED	3.6645	3.6890
USD/JPY	111.10	116.90