

Treasury Newsletter

3rd February 2012

Local Forex Market Update

The Kenyan shilling was steady against the dollar on Thursday after Central Bank of Kenya left its key lending rate unchanged a day earlier. The shilling has gained 1.79 percent against the dollar this year, as expected for a second straight month, but analysts forecast the bank would ease its tightness in the coming months, underpinned by the stability of the currency and as inflation cools. At close of the market, the shilling was trading at 83.50/70 per dollar, unchanged from Wednesday close. The shilling is expected to trade in the range of 83.50/84 against the dollar.

Indicative Exchange Rates		
Currency	Buy	Sell
USD	83.80	84.20
GBP	132.37	133.42
EUR	109.97	110.91
ZAR	10.84	11.11
NGN	1.9118	1.9268
JPY	109.62	110.87

Global Forex Market

Opening Cross Rates against USD		
Currency	Buy	Sell
GBP	1.5796	1.5846
EUR	1.3123	1.3173
ZAR	7.5804	7.7304
NGN	160.97	161.47
JPY	75.95	76.45

GBP/USD: The Sterling hovered near a two-and-half month high versus the dollar on Thursday, supported by a cautious optimistic outlook for riskier currencies and data from UK which pointed at growth in the construction and manufacturing sectors. The pound was trading flat at \$1.5834 after rising to \$1.5884 on Wednesday, its highest since Nov.18. A survey of UK manufacturing on Wednesday had eased some worries over UK economy after a contraction in GDP in the fourth quarter reinforced expectations that more asset purchases would be needed to try and support flagging growth.

EUR/USD: The euro fell against the dollar on Thursday, surrendering early gains as concerns resurfaced about the risk of default in Greece. The euro fell to a low of \$1.3083 against the dollar.

Money Market Update

The weighted average interbank rate fell slightly to 23.3999 percent on Thursday from 23.5501 percent previously and with no borrowing from CBK for two straight days. The weighted average yield on Kenya's 91-day Treasury bill fell to 20.503 percent at auction on Tuesday from 20.6014 percent at last week's sale, the central bank said. CBK had offered bills worth 4 billion shillings and received bids worth 6.7 billion shillings a 168 percent subscription rate. It sold bills worth 4.7 billion shillings of the paper.

Overnight Inter-Bank Rates			
	Low	High	Wtd Avg
Current	19.0000%	27.0000%	23.3999%
Previous	20.0000%	27.0000%	23.5501%

T/Bills Auction Results		
Tenure	Latest Auction	Previous
91 days	20.5030%	20.6140%
182 days	20.7230%	20.8010%
364 days	20.9560%	21.961%

Libor Rates (as at 2nd February 2012)					
CCY	1mth	2mths	3mths	6mths	1yr
USD	0.26250	0.38800	0.53060	0.77000	1.08650
GBP	0.76694	0.87963	1.08019	1.39313	1.89300
EUR	0.63143	0.81214	1.03971	1.35714	1.70929

Major Data Expected Today

Time (GMT)	Region	Data	Prior	Forecast
11.00	UK	Halifax house prices mm (Jan)	-0.9%	0.00
11.58	EZ	Markiti Services PMI (Jan)	54.5	54.5
16.30	US	Non Farm pay rolls (Jan)	200k	150k

Commodities Update

Commodities	Current Price	Previous Price
Gold	\$1758	\$1748
Oil	\$96.51	\$97.58

For firm prices, kindly contact the Treasury Team on 3612010/077/106
Sola Babatunde (Head of Treasury), Eric Musungu (Treasury Sales)

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