



DIB Bank Kenya
A subsidiary of Dubai Islamic Bank PJSC

TREASURY MARKET UPDATE 10TH DECEMBER 2019

DOMESTIC NEWS

The Kenya shilling made headway against the U.S. dollar in Monday's trading session in what was a vibrant start to the new week. A drove of foreign currency sellers swung into action and hauled the USDKES pair lower owing to inflows from diaspora remittances. The sweep over the US dollar was exacerbated by the absence of the usual purchases by major corporates in the market. Some dollars buyers emerged from the shadows to take advantage of the perceived good price but were unable to tackle the domestic unit. Market babble alludes to further appreciation of the home unit if recent increased activity on the supply counter persists. By close of trade, the local unit stood at 101.25/45, as compared to Friday's close of 101.55/75.

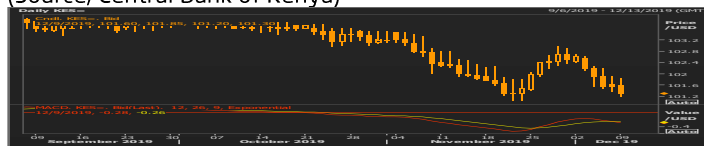
In the meantime, the sale period of the new 5Yr bond, FXD3/2019/5Yr, ends today. The current Yield Curve has the 5Yr space marked at 11.35% which would be a fair valuation for the new paper. The paper being short dated and a relatively small size on offer, KES 25Bn, should mitigate any aggressive push for higher in rates from the market. In other news, The President approved a new law that will give the Kenya Roads Board authority to issue securities in a bid to finance the backlog of new roads and maintenance. The securities issued will be revenue backed infrastructure bonds and will most likely be floated in tranches from the first quarter of next year.

Indicative Forex rates

	Buy Cash	Sell Cash	Buy TT	Sell TT
USD/KES	97.90	104.90	98.90	103.90
GBP/KES	129.35	137.35	129.85	136.85
EUR/KES	108.75	115.75	109.25	115.25
AED/KES	26.11	29.11	26.11	29.11

Money Market Rates	Current	Previous	Change
Interbank Rate	6.828%	6.753%	0.075
91-Day T-bill	7.162%	7.162%	0.000
182-Day T-Bill	8.201%	8.204%	-0.003
364-Day T-Bill	9.803%	9.800%	0.003
Inflation	5.560%	4.950%	0.610
CBR RATE	8.500%	9.00%	-0.500

(Source; Central Bank of Kenya)



(Source; Reuters)

INTERNATIONAL NEWS

The U.S. dollar index fell on Monday to 97.620 amid uncertainty over whether the U.S. and China will be able to finalize a partial trade deal and avoid a ramp-up in trade tensions before a deadline set for the end of this week. Ahead of the Dec. 15 deadline - when the U.S. is slated to impose tariffs on another \$156 billion on Chinese goods -- China said that it hoped to make a trade deal as soon as possible. Beijing wants Washington to agree to roll back the previously imposed tariffs on China goods. Washington has demanded that China agree to purchase a specific minimum amount of U.S. agricultural goods. It is worth mentioning that the US Federal Reserve is having a monetary policy meeting on Wednesday.

The GBP/USD pair rose \$1.3154 on Monday. The pound continues to be supported by polls showing a big lead of the Conservative Party, led by Prime Minister Boris Johnson. If we can get a Tory majority in parliament, that could give us an opportunity to see the Brexit finally enacted. Ultimately, the market is going to be held hostage to headlines, but if we can get some type of certainty out of Brexit, this could send the market much higher.

The euro was on the defensive on Monday at \$1.1040, odds appear stacked against the common currency, German and Eurozone surveys due today need to blow past expectations.

The Japanese yen declines to 108.61 during the session on Tuesday, as the news flow on the US-China trade front has not been so positive.

Elsewhere, global oil prices dropped on Tuesday to \$64.14 as the cons of a slowing global demand outlook outweighed the pros of OPEC's agreement with associated producers at the end of last week to deepen crude output cuts in early 2020.

Indicative Profit Rates on Deposits

Amounts > 10 Million		Amounts >100,000	
KES		USD	
2 Weeks	6.50%	1.25%	
1 Month	7.00%	1.75%	
3 Months	8.00%	2.00%	
6 Months	8.50%	2.25%	
1 year	9.00%	2.50%	

Indicative Cross Rates

	Bid	Offer
EUR/USD	1.1005	1.1120
GBP/USD	1.3100	1.3190
USD/AED	3.6675	3.6775
USD/JPY	108.00	109.50

For more details, contact our Treasury staff- Michael, Loryne and Evelyn on Tel +254 20 5131311, DL +254 20 513 1351/52, Cell +254 709913351/52. The views expressed here are not solicitation for investment but dealers' own opinion. The bank cannot be held responsible for any losses of whatever nature resulting from action taken based on comments contained in this publication. DIB Bank Kenya Ltd is regulated by the Central Bank of Kenya.