



DIB Bank Kenya
A subsidiary of Dubai Islamic Bank PJSC

TREASURY MARKET UPDATE 10TH JANUARY 2019

DOMESTIC NEWS

Surging diaspora remittances and excess liquidity in the local money market helped the Kenya shilling to strengthen marginally against the greenback on Wednesday amid subdued dollar demand from importers. At close of trade, the local unit traded at 101.75/95, marginally stronger than Tuesday's close of 101.85/102.05. We expect the shilling to remain relatively stable and trade in the 101.50/102.50 range in coming days.

Meanwhile, Kenyans living abroad sent Sh50.45 billion more for the 11 months to November 2018 compared to a similar period in 2017. Diaspora remittance increased 28.4% during the review period to Sh227.98 billion from Sh177.53 billion over the same period in 2017. The growth has been driven by a better global economic outlook and the tax amnesty on remittance imposed by the Kenya Revenue Authority last year. Diaspora inflows have stood as Kenya's leading foreign exchange earner since 2015.

Indicative Forex rates

	Buy Cash	Sell Cash	Buy TT	Sell TT
USD/KES	98.35	105.35	99.35	104.35
GBP/KES	126.20	134.20	126.70	133.70
EUR/KES	114.25	121.25	114.75	120.75
AED/KES	26.25	29.25	26.25	29.25

Money Market Rates	Current	Previous	Change
Interbank Rate	2.8175%	4.1115%	-1.294
91-Day T-bill	7.316%	7.342%	-0.026
182-Day T-Bill	8.997%	9.002%	-0.005
364-Day T-Bill	10.011%	9.952%	0.059
Inflation	5.71%	5.58%	0.130
CBR RATE	9.00%	9.50%	-0.500

(Source; Central Bank of Kenya)



(Source; Reuters)

INTERNATIONAL NEWS

The U.S. dollar tumbled on Wednesday to its lowest level since October as commodity-linked and other riskier currencies gained at the expense of the dollar after several Fed policymakers said last month they could be patient about future interest rate increases. A few of the officials also did not support the central bank's rate increase that month, according to the Dec. 18-19 policy meeting minutes.

The dollar index fell 0.8% to settle at 95.20. News that China and the U.S. had extended trade talks in Beijing for an unscheduled third day also boosted broader sentiment earlier in the day.

After initially slipping following poor German and French economic data earlier, the euro recovered to post its highest in about three months. The euro rose almost 1% to settle at \$1.1560. Europe's single currency briefly gave up gains after disappointing trade data out of Germany and a fall in consumer confidence in France.

The sterling pound also rose against the weaker dollar to settle at \$1.2785 despite British PM May suffering an early setback to her Brexit plans ahead of a key vote in parliament next week. With less than three months before Britain is due to leave the EU, parliament began a five-day battle over May's Brexit plan, demanding the government come up with a plan B within days if she loses a vote on her deal to leave the European Union.

Meanwhile, oil prices jumped about 2.2% on Wednesday to their highest levels in nearly a month as U.S.-China trade talks raised hopes of easing tensions between the world's two largest economies, while OPEC-led crude output cuts also provided support. Brent crude futures gained \$1.35 to settle at \$60.96 a barrel.

Indicative Profit Rates on Deposits

	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

	Indicative Cross Rates	
	Bid	Offer
EUR/USD	1.1510	1.1610
GBP/USD	1.2735	1.2835
USD/AED	3.6675	3.6785
USD/JPY	107.45	108.45

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