



**DIB Bank Kenya**  
A subsidiary of Dubai Islamic Bank PJSC

## TREASURY MARKET UPDATE 10<sup>TH</sup> JANUARY 2020

### DOMESTIC NEWS

The Kenya shilling was on the back foot against the U.S. dollar on Thursday on account of increased dollar demand. Corporates and retail consumers sidled in to the local FX market to have a nip at the buck. Dollar appetite was rampant throughout the day forcing the home unit to march further south despite the evident foreign currency inflows from the horticultural sector. A further fall for the home unit may be plausible if the foreign currency demand witnessed recently continues to manifest itself, in the absence of opposing dollar flows. By close of trade, the local unit stood at 101.45/65, as compared to Tuesday's close of 101.15/35.

In the new day, the foreign currency buyers seem well poised to scuffle for supremacy which may weigh in on the home unit later in the day, in the absence of any market moving news. The market still remains flow driven, with players inclined to a weaker shilling amid limited foreign currency inflows.

#### Indicative Forex rates

	Buy Cash	Sell Cash	Buy TT	Sell TT
USD/KES	98.10	105.10	99.10	104.10
GBP/KES	128.85	136.85	129.40	136.40
EUR/KES	109.35	116.35	109.85	115.85
AED/KES	26.16	29.16	26.16	29.16

Money Market Rates	Current	Previous	Change
Interbank Rate	4.607%	4.788%	-0.181
91-Day T-bill	7.200%	7.200%	0.000
182-Day T-Bill	8.142%	8.147%	-0.005
364-Day T-Bill	9.833%	9.828%	0.005
Inflation	5.820%	5.560%	0.260
CBR RATE	8.500%	9.00%	-0.500

(Source: Central Bank of Kenya)



(Source: Reuters)

### INTERNATIONAL NEWS

The U.S. dollar index dollar inched higher to 96.170 on Thursday, on improved risk sentiment amid optimism that the U.S-China trade war may be nearing an end and easing tensions in the Middle East, despite that it was confirmed that the Ukrainian plane was taken down by an Iranian missile. The market showed no reaction to the header, as it was already suspected. In addition, China's commerce ministry said on Thursday that Vice Premier Liu He is set to sign the phase one trade deal in Washington next week, stoking hopes that the partial deal will eventually pave a path for both nations to end their months-long trade war.

The GBP/USD pair was down to 1.3064 on Thursday after the passage of Prime Minister's Boris Johnson's Brexit bill, which sets the stage for the United Kingdom to leave the European Union by January 31. Meanwhile, the pound continued to wobble after Bank of England Governor Mark Carney suggested the central bank was mulling near-term stimulus as its economic forecasts may have been somewhat lofty.

The euro pair remained at the bottom of its weekly range, around \$1.1100 on Thursday, encouraging German data put a halt to the EUR's decline.

The Japanese yen takes the bids to 109.55 during the trading session on Friday, subsequent of a de-escalation of the Iran/US conflict which lead the markets to believe that its back to business as usual ahead of a likely signing of the US/China phase-one trade deal.

Elsewhere, global oil prices dropped on Friday to \$65.17 extending days of losses as the threat of war in the Middle East receded and investors switched attention to economic growth prospects and the rise in U.S. crude oil and product inventories.

#### 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	1.1090	1.1140
GBP/USD	1.3020	1.3120
USD/AED	3.6675	3.6775
USD/JPY	109.00	109.80

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