



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

## TREASURY MARKET UPDATE 12<sup>TH</sup> DECEMBER 2019

### DOMESTIC NEWS

The shilling was the under-achiever in Wednesday's trading against the U.S. dollar, as tenacious greenback appetite from various sectors of the economy hampered the local unit's quest for dominance. Dollar demand from merchandise importers, corporates and government agencies took center stage as they prepare their end of year accounts. That said, the market is still likely to witness sporadic greenback appetite. By close of trade, the local unit stood at 101.60/80, as compared to Tuesday's close of 101.40/60. The Kenyan market was closed on Thursday due to a National holiday.

Looking ahead, the expectation remains largely for the local unit to trade within current ranges, even as market pundits search for fresh factors that will offer price direction for the month of December.

### Indicative Forex rates

	Buy Cash	Sell Cash	Buy TT	Sell TT
USD/KES	98.20	105.20	99.20	104.20
GBP/KES	132.90	140.90	133.40	140.40
EUR/KES	110.15	117.15	110.65	116.65
AED/KES	26.19	29.19	26.19	29.19

Money Market Rates	Current	Previous	Change
Interbank Rate	6.271%	6.778%	-0.507
91-Day T-bill	7.162%	7.162%	0.000
182-Day T-Bill	8.107%	8.201%	-0.094
364-Day T-Bill	9.798%	9.803%	-0.014
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 was hovering near four-month lows on Thursday at 97.09, nursing its steepest losses in weeks after the Federal Reserve forecast that it would keep interest rates on hold through 2020. Fed Chairman Jerome Powell said the economic outlook for the U.S. was favorable as the central bank announced its decision to hold rates steady. In the meantime, Washington agreed to suspend some tariffs on Chinese goods and cut others in return for Beijing's pledge to hike U.S. farm product purchase in 2020, sources said on Thursday, taking a step to de-escalating the bitter trade war.

The GBP/USD pair edged up to \$1.3460. Sterling is priced for a Conservative majority that could control parliament and lead Britain out of the European Union at the end of January, and anything short of that could prompt a slide. A conservative victory would boost hopes of U.K. Prime Minister Boris Johnson getting his Brexit deal approved, ending a long-standing deadlock in Parliament and likely leading to a ramp-up in business investment, which has come under pressure amid Brexit uncertainty.

The euro fell to \$1.1150 as traders digested comments from European Central Bank Governor Christine Lagarde following an unchanged decision on monetary policy from the central bank.

The Japanese yen rallied overnight to 109.53 and has remained better bid on risk appetite and investor optimism owing to the breakthroughs on both Brexit and Sino/US trade wars.

Elsewhere, global oil prices extended gains on Friday to \$64.48, scaling three-month highs as the United States and China moved closer to a resolution to the 18-month trade war between the world's two biggest economies that has raised big questions about global demand for crude.

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	1.1120	1.1195
GBP/USD	1.3385	1.3490
USD/AED	3.6675	3.6775
USD/JPY	109.00	110.05

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