



DIB Bank Kenya
A subsidiary of Dubai Islamic Bank PJSC

TREASURY MARKET UPDATE 12TH FEBRUARY 2019

DOMESTIC NEWS

The Kenya shilling weakened further against the U.S. dollar on Monday, as a surge in dollar demand from manufacturers and oil importers exceeded dollar inflows from exports and diaspora remittances amid excess liquidity in the local money market. At close of trade, the local currency traded at 100.45/65, marginally weaker than Friday's close of 100.25/45.

We expect the local currency, which has gained by 1.4% against the greenback this year to remain relative stable and trade in the 100.00/101.00 range in the short term as dollar inflows from foreign investors buying government debt, diaspora remittances and from the country's primary exports meet dollar demand from importers.

Indicative Forex rates

	Buy Cash	Sell Cash	Buy TT	Sell TT
USD/KES	97.05	104.05	98.05	103.05
GBP/KES	125.35	133.35	125.85	132.85
EUR/KES	109.90	116.90	110.40	116.40
AED/KES	25.85	28.85	25.85	28.85

Money Market Rates	Current	Previous	Change
Interbank Rate	1.4272%	1.5450%	-0.118
91-Day T-bill	7.040%	7.061%	-0.021
182-Day T-Bill	8.567%	8.780%	-0.213
364-Day T-Bill	9.644%	9.856%	-0.212
Inflation	4.70%	5.71%	-1.010
CBR RATE	9.00%	9.50%	-0.500

(Source: Central Bank of Kenya)



(Source: Reuters)

INTERNATIONAL NEWS

The U.S. dollar rose against major global currencies on Monday to hit a new 2019 high as concerns grew that the latest round of U.S.-China talks may not yield a deal between the world's largest economies before the March deadline and as an economic slowdown in Europe sent investors into the safe-haven currency.

The dollar index was on track to an eighth consecutive day of gains, settling at 97.05, as investors, in a flight to quality assets, piled into the world's most liquid currency. The rally is the longest since February 2017, when the dollar notched a 10-day winning streak.

The dollar strength reverberated across currency markets, driving the euro to its lowest level since Nov. 14 of \$1.1275. Last week, the E.U. sharply cut its forecasts for euro zone growth for this year and next, with the bloc's largest economies expected to be held back by global trade tensions and domestic challenges.

The pound also weakened against the dollar on Monday, to settle at \$1.2860, after data showed that Britain's economy last year grew at its slowest since 2012, with Brexit uncertainty hitting investment and the slowdown accelerating at the end of 2018. GDP growth in the final quarter of 2018 fell to a quarterly rate of 0.2% from 0.6% in the previous quarter. For 2018, growth dropped to its lowest since 2012 at 1.4%, down 1.8% in 2017.

Meanwhile, global oil prices rose in early trading on Tuesday amid OPEC-led supply cuts and U.S. sanctions against Iran and Venezuela, although analysts expect surging U.S. production and concerns over economic growth to keep markets in check. International Brent crude futures were up 50 cents at \$62.00 per 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

	Bid	Offer
EUR/USD	1.1225	1.1325
GBP/USD	1.2810	1.2910
USD/AED	3.6675	3.6785
USD/JPY	110.10	111.10

For more details, contact our Treasury staff- Peter and Michael 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.