



DIB Bank Kenya
A subsidiary of Dubai Islamic Bank PJSC

TREASURY MARKET UPDATE 14TH FEBRUARY 2019

DOMESTIC NEWS

Hard currency inflows from horticulture exports helped the shilling to remain relatively stable against the greenback on Wednesday, as demand from a cross section of importers remained muted. At market close, the local unit traded at 100.15/35, marginally stronger than Tuesday's close of 100.20/40. We expect the local currency to remain relatively stable in coming days, getting support from horticulture exports and remittances as importer dollar remains subdued.

Meanwhile, Kenya earned KES 153.68 billion (\$1.53 billion) from horticulture exports in 2018, 33% higher than KES 115.32 billion a year earlier. Flowers earned KES 113.17 billion, compared with KES 82.25 billion in 2017, according to a statement issued by the Kenya Flower Council. Horticulture exports is one of the leading sources of foreign exchange for the country.

Indicative Forex rates

	Buy Cash	Sell Cash	Buy TT	Sell TT
USD/KES	96.75	103.75	97.75	102.75
GBP/KES	125.00	133.00	125.50	132.50
EUR/KES	109.60	116.60	110.10	116.10
AED/KES	25.80	28.80	25.80	28.80

Money Market Rates	Current	Previous	Change
Interbank Rate	1.2912%	1.4109%	-0.120
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 modestly against its peers on Wednesday, after a measure of inflation excluding energy prices rose, prompting the greenback to reverse the previous day's pullback. The Labor Department reported that its Consumer Price Index was unchanged for the third straight month in January, held down by cheaper gasoline. However, excluding the volatile food and energy components, the CPI gained 0.2%, rising by the same margin for a fifth straight month.

In the latest 12-month period, the core CPI rose 2.2% for a third straight month. Evidence of inflation can increase the value of the dollar by raising expectations that the Fed will tighten monetary policy. The dollar index rose 0.4% to 97.05. On Tuesday, it had fallen on rising hopes of a breakthrough in U.S-China trade talks.

The euro was down 0.6% against the dollar to settle below the psychologically important level of \$1.13 at \$1.1275. The single currency has tumbled 1.6% this month on the back of weaker-than-expected economic data out of the euro zone.

The sterling pound also fell to trade at \$1.2860, below the \$1.29 line as inflation, which fell to a two-year low in January, failed to shake the currency out of its recent trading ranges with markets firmly focused on the progress of Brexit negotiations. With six weeks to go before Brexit, markets are increasingly focused on political developments rather than economic data.

Elsewhere, oil prices rose almost 1.5% on Wednesday after top exporter Saudi Arabia said it would cut crude exports and deliver an even deeper cut to its production, but swelling U.S. crude inventories limited the day's gains. Brent crude was up 1.6% or \$1.00, to settle at \$64.00 a barrel.

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	110.50	111.50

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