



DIB Bank Kenya
A subsidiary of Dubai Islamic Bank PJSC

TREASURY MARKET UPDATE 14TH JANUARY 2019

DOMESTIC NEWS

The Kenyan shilling held stable against the U.S. dollar on Friday due to subdued dollar demand from importers amid improving inflows from diaspora remittances. At close of trade, the local currency stood at 101.65/85, unchanged from Thursday's close. We expect the shilling to remain relatively stable in the short term and trade within a range of 101.50/102.50, supported by health inflows from remittances and the country's primary exports as dollar demand remains suppressed.

Meanwhile, the rate at which Kenyan banks borrow money from each other fell to an eight-year low last week as liquidity surged in the money market. On Friday, the interbank rate traded at 1.7142% from 4.8565% at the beginning of the year. The last time the rate stood at such a low was on March 30, 2011. The money market has been liquid partly due to government payments which offset tax payments in the week.

Indicative Forex rates

	Buy Cash	Sell Cash	Buy TT	Sell TT
USD/KES	98.25	105.25	99.25	104.25
GBP/KES	126.70	134.70	127.20	134.20
EUR/KES	113.30	120.30	113.75	119.75
AED/KES	26.20	29.20	26.20	29.20

Money Market Rates	Current	Previous	Change
Interbank Rate	1.7142%	2.2607%	-0.547
91-Day T-bill	7.200%	7.316%	-0.116
182-Day T-Bill	8.935%	8.997%	-0.062
364-Day T-Bill	9.958%	10.011%	-0.053
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 rose against most of its peers on Friday, although heightened investor expectations that the Federal Reserve will not raise rates this year are most likely to cap the greenback's gains. After a stellar 2018, in which the greenback gained 4.3% due to the U.S. central bank hiking rates four times, investors now expect the Fed to halt its monetary tightening policy. Market participants think that worries of slowing domestic and global growth as well as tame U.S. inflation will make Fed policymakers hesitant to raise borrowing costs in the world's largest economy.

Fed Chairman Jerome Powell reiterated last week that the U.S. central bank can be patient on monetary policy given that inflation remains stable.

The euro fell 0.5% against the rising greenback to settle at \$1.1475 after data showed that Italy, the euro zone's third-largest economy, was at risk of recession.

Meanwhile, the sterling pound jumped on Friday on growing expectations that Britain will seek to delay its scheduled departure date from the European Union. A series of setbacks suffered by May in parliament ahead of the vote on her Brexit deal next week had pushed sterling to a one-week low. On the day, the pound rose 0.6% to close at \$1.2845, its highest since late November.

Elsewhere, global oil prices fell nearly 2% on Friday as investors worried about a global economic slowdown, snapping a nine-day winning streak spurred by U.S.-China trade hopes, but clung to some gains from that rally to end the week higher. Brent crude futures dropped \$1.2 to settle at \$60.30 a barrel, a 1.95% loss.

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	1.1425	1.1525
GBP/USD	1.2795	1.2895
USD/AED	3.6675	3.6785
USD/JPY	107.60	108.60

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.