



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

## TREASURY MARKET UPDATE 14<sup>TH</sup> JANUARY 2020

### DOMESTIC NEWS

The shilling was the under-achiever in Monday'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 the manufacturing and energy sectors hit the FX counters through the day, amid limited inflows that caused the shilling to close the trading session on the back foot after failing to anchor itself against the dollar. By close of trade, the local unit stood at 101.50/70, as compared to Friday's close of 101.30/50.

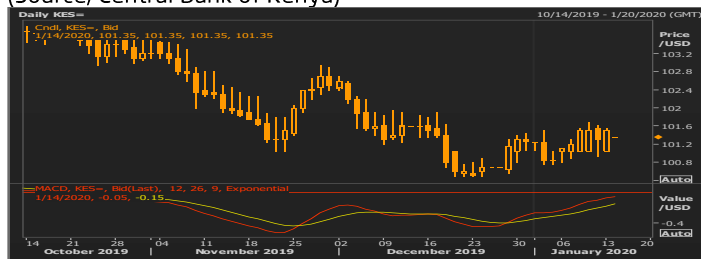
In other news, Kenya's Nairobi Securities Exchange expects the removal of a cap on commercial lending rates to spur stocks trading, lifting valuations and attracting new listing. The government removed the cap last November, fueling a rally in bank shares that helped the market finish the year as one of the best performers on the continent. The NSE partnered with the Shenzhen Stock Exchange in China last year, allowing five Kenyan firms on Ibuka to pitch Chinese investors for capital through Shenzhen's V-Next Connect platform. Meanwhile, the monetary authority was in the market for the 7-day repo in a bid to mop KES 15 billion at a weighted average rate of 4.3059%.

### Indicative Forex rates

	Buy Cash	Sell Cash	Buy TT	Sell TT
USD/KES	98.05	105.05	99.05	104.05
GBP/KES	127.95	135.95	128.45	135.45
EUR/KES	109.60	116.60	110.10	116.10
AED/KES	26.15	29.15	26.15	29.15

Money Market Rates	Current	Previous	Change
Interbank Rate	4.175%	4.359%	-0.184
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 fell to 97.05 on Monday. Downside in the greenback, however, was limited by an ongoing decline in the yen on falling demand for safe havens as sentiment on U.S.-China relations continued to improve ahead of the conclusion of their phase one trade deal later this week. The continued unrest in Iran over the weekend appears to have had little impact on broader sentiment, which is firmly in risk-on mode as the risk of war with the U.S. recedes and the signing of the preliminary trade agreement between China and the U.S. - scheduled for Wednesday - draws nearer.

The GBP/USD pair fell to \$1.2994 on Monday, after data showed unexpected weakness in U.K. industrial production and GDP data in November. The data followed remarks by Bank of England monetary policy member, who said he stood ready to back a rate cut if economic growth failed to improve. Speeches by Governor Mark Carney and Monetary Policy Committee member last week had encouraged hopes of a cut.

The euro rose to \$1.1141 on Monday, with some touting further gains for the single currency on expectations for a hawkish pivot from the European Central Bank. "We see the risk of a hawkish ECB surprise later in the year and generally see other risks as skewed to the downside for USD," Bank of America said in a note.

The Japanese yen has just taken on the 110 handle. Traders are selling the yen in the face of renewed optimism for global growth prospects for 2020 on the notion that a US and Chinese trade deal will be positive for markets.

Elsewhere, global oil prices fell from nine-month highs last week to \$64.00 per barrel and have extended losses into this week, as escalating tensions between the US and Iran subsided.

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	1.2980	1.3060
USD/AED	3.6675	3.6775
USD/JPY	109.85	110.70

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