



DIB Bank Kenya
A subsidiary of Dubai Islamic Bank PJSC

TREASURY MARKET UPDATE 15TH FEBRUARY 2019

DOMESTIC NEWS

The Kenyan shilling was broadly stable against the U.S. dollar on Thursday, drawing support from inflows by offshore investors buying government debt amid thin dollar demand from importers. At close of trade, the shilling stood at 100.15/35, same as Wednesday's close. We expect the local currency to remain relatively stable against the dollar in the coming week as inflows from remittances and offshore investors meet thin dollar demand from importers.

Meanwhile, the Central Bank of Kenya yesterday sold KES 30.6 billion worth of the 91-day, 182-day and 364-day Treasury Bills against a target of KES 24 billion after receiving bids worth KES 33.6 billion. The Treasury bill yields for the 91-day and 364-day issues fell marginally while the yields for the 182-day issues rose slightly as the Central bank continued to reject expensive bids.

Indicative Forex rates

	Buy Cash	Sell Cash	Buy TT	Sell TT
USD/KES	96.75	103.75	97.75	102.75
GBP/KES	124.30	132.30	124.80	131.80
EUR/KES	109.65	116.65	110.15	116.15
AED/KES	25.80	28.80	25.80	28.80

Money Market Rates	Current	Previous	Change
Interbank Rate	1.2352%	1.2912%	-0.056
91-Day T-bill	7.016%	7.040%	-0.024
182-Day T-Bill	8.843%	8.567%	0.276
364-Day T-Bill	9.551%	9.644%	-0.093
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 held relatively stable against major global currencies on Thursday despite data showing that U.S. retail sales recorded the biggest drop in more than nine years in December. Retail sales fell 1.2%, the largest decline since September 2009, when the economy was emerging from recession. The sharp drop suggested a moderation in the pace of consumer spending, which accounts for more than two-thirds of the U.S. economy.

The data was supportive of the Fed's current inclination towards patience in its rate-hiking cycle. After four increases in 2018, market participants are anticipating the central bank will hold off raises for the next one or two quarters.

The euro was relatively stable against the dollar at \$1.1280. Earlier on Wednesday, the single currency hit a three-month low after economic data showed Germany's economy stalled in the fourth quarter of 2018. Broadly, the euro zone economy slowed as expected year-on-year in the last three months of 2018.

Meanwhile, the sterling pound fell near a one-month low after PM Theresa May lost a symbolic Brexit vote in parliament, weakening her hand as she seeks to renegotiate her withdrawal agreement with Brussels. On the day, the British currency fell 0.4% to close at \$1.2795, a one-month low.

Elsewhere, international Brent crude oil prices hit 2019 highs above \$65 a barrel in early trading on Friday, spurred by OPEC-led supply cuts and a partial shutdown of Saudi Arabia's biggest offshore oil field. Brent rose as high as \$65.10, pushing past the \$65 mark for the first time this year, before edging back to settle at \$64.95 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	1.1230	1.1330
GBP/USD	1.2745	1.2845
USD/AED	3.6675	3.6785
USD/JPY	109.80	110.80

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.