



DIB Bank Kenya
A subsidiary of Dubai Islamic Bank PJSC

TREASURY MARKET UPDATE 15TH JANUARY 2019

DOMESTIC NEWS

The Kenyan shilling gained marginally against the greenback in early trading on Monday, helped by inflows from offshore investors buying government debt, before giving up some of the gains in late afternoon trading as dollar demand from oil importers picked up slightly. At close of trade, the local unit stood at 101.65/85, same as Friday's close. We expect the shilling remain relatively stable against the dollar in coming days.

Meanwhile, Kenya's budget deficit is forecast to fall to 5.0% of gross domestic product in the 2019/20 (July-June) fiscal year from revised deficit of 6.3% of GDP in 2018/19, the Finance Ministry said on Friday. The ministry said in a draft budget policy statement that the deficit was forecast to drop to 3% of GDP in 2022/23.

Indicative Forex rates

	Buy Cash	Sell Cash	Buy TT	Sell TT
USD/KES	98.25	105.25	99.25	104.25
GBP/KES	127.25	135.25	127.75	134.75
EUR/KES	113.30	120.30	113.80	119.80
AED/KES	26.20	29.20	26.20	29.20

Money Market Rates	Current	Previous	Change
Interbank Rate	1.5672%	1.7142%	-0.147
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 weakened marginally against its peers on Monday on heightened expectations the Fed will hold off on raising rates this year due to a slowdown in global growth. Worries over the U.S. economy losing steam as well as a shock contraction in Chinese trade have fanned worries about a sharp global slowdown, which will likely keep the Fed from tightening monetary policy further this year.

Interest rate futures markets are pricing in no further U.S. rate hikes in 2019 after Fed Chairman Jerome Powell said last week the U.S. central bank can be patient on monetary policy given that inflation remains stable.

The euro gained 0.1% against the weaker greenback to settle at \$1.1480 despite Friday's data that showed that Italy, the euro zone's third-largest economy, was at risk of recession.

Meanwhile, the pound rose to a new 7-week high against the dollar on Monday as markets seized onto PM Theresa May's warning that failure to approve her Brexit deal could lead to Britain eventually staying in the E.U. The currency rallied to a high of \$1.2905, up 0.5% on the day, the highest since Dec. 5. May warned lawmakers that Brexit, would be in peril if they voted down her Brexit deal on Tuesday, adding that blocking Brexit was now more likely than Britain leaving the E.U. without a deal.

Elsewhere, oil prices rose 1% in early trading on Tuesday amid supply cuts led by producer club OPEC and Russia, although a darkening economic outlook capped gains. International Brent crude oil futures were at \$59.70 per barrel, up 1.1% from their last close. Looming over oil and financial markets, however, is an economic slowdown.

Indicative Profit Rates on Deposits

	Amounts > 10 Million KES	Amounts >100,000 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	1.1430	1.1530
GBP/USD	1.2855	1.2955
USD/AED	3.6675	3.6785
USD/JPY	108.05	109.05

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