



DIB Bank Kenya
A subsidiary of Dubai Islamic Bank PJSC

TREASURY MARKET UPDATE 15TH JANUARY 2020

DOMESTIC NEWS

The home unit displayed an improved verve in Tuesday's trading against the greenback, closing the day stronger. Foreign currency inflows from various sectors of the economy propped up the shilling. In today's trading, the USDKES pair is likely to keep within a narrow band as market looks out for headlines to tip the range either way. By close of trade, the local unit stood at 101.25/45, as compared to Monday's close of 101.50/70.

In other news, President Uhuru Kenyatta urged the central bank on Tuesday to use all its tools to prevent predatory lending and to boost affordable credit, especially to small and medium enterprises. The East African nation is enjoying a stable foreign exchange rate, low inflation and a reduced current account deficit. He said that the government had paid about 70% of all pending bills to suppliers, after frequent delays in those payments that were blamed for hitting small businesses and costing jobs. In addition, President Uhuru Kenyatta confirmed Ukur Yatani as finance minister on Tuesday while announcing a cabinet reshuffle. Yatani had been acting finance minister since July. In the meantime, the monetary authority was in the market for the 7-day repo in a bid to mop KES 30 billion at a weighted average rate of 4.652%.

Indicative Forex rates

	Buy Cash	Sell Cash	Buy TT	Sell TT
USD/KES	97.90	104.90	98.90	103.90
GBP/KES	128.10	136.10	128.60	135.60
EUR/KES	109.40	116.40	109.90	115.90
AED/KES	26.11	29.11	26.11	29.11

Money Market Rates	Current	Previous	Change
Interbank Rate	3.536%	4.175%	-0.639
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 was relatively stable on Tuesday at 97.340, as sentiment on risk was hurt slightly on a report that U.S. tariffs on Chinese goods will remain in place through the 2020 election despite both sides expected to wrap up the phase one trade deal on Wednesday. Gains in the greenback were also kept in check by tamer U.S. inflation data that strengthened expectations that the Federal Reserve will keep interest rates lower for longer. Citing expectations for subdued inflation to continue, Kansas Federal Reserve president suggested it would be appropriate for the Fed to keep rates on hold.

The GBP/USD pair rose to \$1.3050 on Tuesday, rebounding from lows, meanwhile, even as speculation mounts that the Bank of England will cut interest rates should U.K. economic growth remain sluggish. The purchasing managers' surveys on Jan. 24 will serve as the first sign of how the U.K.'s economy performed following December's general election. Money markets are now pricing in a 43% chance for a 25-basis point cut in rates at the end of this month.

The euro picked up a bid at lows near \$1.1110 during the US trading hours on Tuesday and rose to a high of \$1.1135. European Union's new trade chief is due to meet US Trade Representative and other American officials during Jan. 14-16 meeting.

The Japanese yen is starting out around 109.94 early Wednesday as it awaits to see how the market reacts to the signing ceremony.

Elsewhere, global oil prices slipped on Wednesday to \$64.30 per barrel on concerns that the pending Phase 1 trade deal between the United States and China, the world's biggest oil users, may not boost demand as the U.S. intends to keep tariffs on Chinese goods until a second phase.

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	1.1100	1.1170
GBP/USD	1.2980	1.3060
USD/AED	3.6675	3.6775
USD/JPY	109.00	110.80

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