



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

## TREASURY MARKET UPDATE 16<sup>TH</sup> DECEMBER 2019

### DOMESTIC NEWS

The local unit fluttered between gains and losses on Friday, ending the day unchanged versus the dollar, after failing to commit to either direction. Major market players remained on the side lines, with few tickets exchanging hands, to mark a day of low volumes. However, an uptick in activity across the counters saw the pair sway both ways ending the session within similar ranges. By close of trade, the local unit stood at 101.60/80, same as Wednesday's close.

In the new week, devoid of any major market moving events, we expect the domestic unit to continue trading within these elevated levels. In other news, the monetary authority mopped up KES 10 Billion in excess liquidity at a weighted average rate of 6.925% in the 7-day repo.

### Indicative Forex rates

	Buy Cash	Sell Cash	Buy TT	Sell TT
USD/KES	98.20	105.20	99.20	104.20
GBP/KES	132.15	140.15	132.65	139.65
EUR/KES	109.75	116.75	110.25	116.25
AED/KES	26.19	29.19	26.19	29.19

Money Market Rates	Current	Previous	Change
Interbank Rate	5.035%	6.271%	-1.236
91-Day T-bill	7.162%	7.162%	0.000
182-Day T-Bill	8.107%	8.201%	-0.094
364-Day T-Bill	9.798%	9.803%	-0.014
Inflation	5.560%	4.950%	0.610
CBR RATE	8.500%	9.00%	-0.500

(Source: Central Bank of Kenya)



(Source: Reuters)

### INTERNATIONAL NEWS

The U.S. dollar index was up to 96.845 on Friday, after the United States and China agreed to a preliminary trade deal, but profit-taking and caution over the deal's details capped gains. U.S. Trade Representative on Sunday said a deal was "totally done", notwithstanding some needed revisions, and would nearly double U.S. exports to China over the next two years. The "phase one" agreement suspended a threatened round of U.S. tariffs on a \$160 billion list of Chinese imports that was scheduled to take effect on Sunday. The United States also agreed to halve the tariff rate, to 7.5%, on \$120 billion worth of Chinese goods.

The GBP/USD pair now seems to have modified and took bids to \$1.3380 levels on Friday. As investors looked past the UK election results, the British pound lost a bit of steam as investors preferred to take some profits off the table amid extremely overbought conditions on short-term charts. A crushing victory for the incumbent Conservative Party in the most important UK general election will allow Prime Minister Boris Johnson to lead Britain swiftly out of the European Union.

The euro had a rather muted reaction to the US retail sales figures on Friday and remained confined in a narrow trading band below the 1.1200 handle.

The Japanese yen has opened the week on the backfoot but has stabilized above 109.35 handle while risk appetite remains elevated despite some doubts over a recently agreed trade deal.

Elsewhere, global oil prices on Monday slid off near three-month highs hit last week to \$65.00 per barrel, as investors searched for clarity beyond the initial impact of a trade deal between the United States and China that's expected to boost flows between the top two global economies.

### 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	1.1205
GBP/USD	1.3310	1.3420
USD/AED	3.6675	3.6775
USD/JPY	109.00	109.95

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