



DIB Bank Kenya
A subsidiary of Dubai Islamic Bank PJSC

TREASURY MARKET UPDATE 16TH JANUARY 2019

DOMESTIC NEWS

Kenyan shilling was stable against the U.S. dollar on Tuesday, as muted dollar demand from importers was matched by dollar inflows from diaspora remittances and horticulture exports. At close of trade, the local unit stood at 101.70/90, little changed from Monday's close of 101.65/85. We expect the shilling, which has gained 0.1% against the dollar on a year-to-date (YTD) basis to remain relatively stable in the short term.

Meanwhile, Kenya's real GDP will expand by 6.2% in the fiscal year of 2019/2020, the Treasury projected in a policy statement on Monday. The ministry noted that it expects the country's GDP to grow by 6.4% in 2020/2021 and 7% in 2022/2023. The growth will be supported by a pickup in agricultural and manufacturing activities underpinned by improved weather conditions, stable macroeconomic environment, ongoing public infrastructural investments and sustained business and consumer confidence.

Indicative Forex rates

| | Buy Cash | Sell Cash | Buy TT | Sell TT |
|---------|----------|-----------|--------|---------|
| USD/KES | 98.30 | 105.30 | 99.30 | 104.30 |
| GBP/KES | 126.85 | 134.85 | 127.35 | 134.35 |
| EUR/KES | 112.65 | 119.65 | 113.15 | 119.15 |
| AED/KES | 26.20 | 29.20 | 26.20 | 29.20 |

| Money Market Rates | Current | Previous | Change |
|--------------------|---------|----------|--------|
| Interbank Rate | 2.0942% | 1.5672% | 0.527 |
| 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 rose against the euro on Tuesday after data showed Germany's economy slowed in 2018, underscoring fears about a broader slump in Europe. However, the greenback gave back some gains after the U.S. Labor Department reported that producer prices fell in December by the most in more than two years.

The euro dropped to a five-day low of \$1.1405 as growth in Europe's largest economy slowed to 1.5% in 2018, the slowest rate of GDP growth in five years. Analysts said that while the German economic figures were in line with expectations, the gloomy picture added to growing doubts about whether the European Central Bank will raise interest rates at all in 2019.

Meanwhile, the sterling pound steadied at \$1.2850 in early trading on Wednesday but remained on the backfoot following a volatile overnight session after British lawmakers defeated PM Theresa May's Brexit divorce deal by a crushing margin. Parliament voted 432-202 against May's deal, the worst parliamentary defeat for a government in recent British history. Investors' short-term focus is now on a confidence vote on May's government by lawmakers later in the day.

The market is now factoring in the March Brexit deadline being extended. In the longer run it may boil down to two scenarios - a no-deal Brexit or no Brexit at all.

Elsewhere, oil prices rose about 3% on Tuesday, along with world stock markets, supported by China's plan to introduce policies to stabilize a slowing economy, reversing the previous session's losses due to grim data in the world's second-largest economy. Brent crude rose \$1.65, or 2.8%, to settle at \$60.65 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 |
|---------|------------|------------|
| | Value /USD | Value /USD |
| EUR/USD | 1.1355 | 1.1455 |
| GBP/USD | 1.2800 | 1.2900 |
| USD/AED | 3.6675 | 3.6785 |
| USD/JPY | 108.00 | 109.00 |

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