



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

## TREASURY MARKET UPDATE 17<sup>TH</sup> JANUARY 2019

### DOMESTIC NEWS

The Kenyan shilling remained steady against the U.S. dollar on Wednesday, defying shockwaves in the market triggered by the terror attack in Nairobi amid subdued demand for the greenback from importers and stable dollar inflows. At close of trade, the local currency traded at 101.65/85, little changed from Tuesday's close of 101.70/90. We expect the local currency to remain relatively stable in coming days.

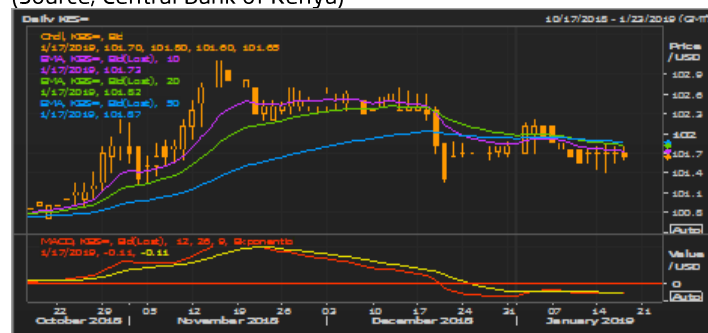
Meanwhile, Sub-Saharan economies will cope with tighter global liquidity this year and grow faster than in 2018, albeit at a lackluster rate compared to the commodity price boom heydays of a decade ago, a Reuters poll found. As interest rates tighten in developed markets and trade tensions between China and the U.S. simmer, the global economic wheels are expected to turn slower - but not enough to put the brakes on the region's momentum with rates expected to be relatively stable in the continent's major economies.

#### Indicative Forex rates

	Buy Cash	Sell Cash	Buy TT	Sell TT
USD/KES	98.25	105.25	99.25	104.25
GBP/KES	126.95	134.95	127.45	134.45
EUR/KES	112.30	119.30	112.80	118.80
AED/KES	26.20	29.20	26.20	29.20

Money Market Rates	Current	Previous	Change
Interbank Rate	3.0756%	2.0942%	0.981
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 Wednesday as worries about the euro zone economy dented the single currency. The euro was down 0.25% against the dollar to settle at \$1.1380, after being compressed in morning trade to a 12-day trough of \$1.1360. Data this week showed Germany barely escaped a recession in the second half of 2018 and European Central Bank chief Mario Draghi warned on Tuesday the euro zone economy was weaker than anticipated.

The dollar rose even though Fed Chair Jerome Powell has signaled his willingness to pause the bank's monetary tightening plan. With inflation showing no sign of rising above the 2% target and mounting worries about trade policy and slowing global growth, Powell has said the central bank will take a "patient" approach to rate hikes this year.

Meanwhile, the sterling pound held on to the day's gains on Wednesday as British Prime Minister Theresa May saw off a no-confidence vote, a day after lawmakers defeated her Brexit divorce deal. May survived the motion after securing the backing of her own party's rebels and Northern Irish allies but must now try to find a consensus with other lawmakers over how to proceed with Brexit. She proposed immediate talks with other party leaders. Against the dollar, the British currency was a shade firmer at \$1.2865. It had hit a two-month high on Monday at \$1.2930.

Elsewhere, oil prices edged higher in early trading on Wednesday, buoyed by a U.S. equity market rally and a supply cut agreement by OPEC, but gains were limited by data showing growing U.S. refined product inventories and record crude production. Brent crude futures rose 68 cents to settle at \$61.05 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	1.1330	1.1430
GBP/USD	1.2815	1.2915
USD/AED	3.6675	3.6785
USD/JPY	108.50	109.50

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