



DIB Bank Kenya
A subsidiary of Dubai Islamic Bank PJSC

TREASURY MARKET UPDATE 17TH JANUARY 2020

DOMESTIC NEWS

The Kenya Shilling continued to defy odds against it as it tested the 101-key psychological level on Thursday. A hive of activity characterized the trading session as both demand and supply counters flexed their muscles from the onset. It was however the home unit that had the upper hand, as interbank players peddled their surplus dollar holdings which was no match for the existing market appetite. In the absence of any major market moving factors, the USDKES pair remains at the mercy of broader market flows to determine its near term direction. By close of trade, the local unit stood at 100.95/15, as compared to Wednesday's close of 101.25/45.

In other news, Kenya is in advanced talks with the World Bank for a priced loan of 50-100 billion shillings. Kenya plans to issue a sovereign green bond before the end of June to finance deficit. A treasury official said it's extremely confident of funding this year's budget deficit affordably. The Treasury is focusing on lowering the cost of the government's borrowing. In the meantime, the monetary authority was in the market for the 7-day repo in a bid to mop KES 5Billion at a weighted average rate of 4.735%.

Indicative Forex rates

	Buy Cash	Sell Cash	Buy TT	Sell TT
USD/KES	97.45	104.45	98.45	103.45
GBP/KES	127.95	135.95	128.50	135.50
EUR/KES	108.90	115.90	109.40	115.40
AED/KES	25.98	28.98	25.98	28.98

Money Market Rates	Current	Previous	Change
Interbank Rate	3.795%	3.690%	0.105
91-Day T-bill	7.232%	7.200%	0.032
182-Day T-Bill	8.167%	8.142%	0.025
364-Day T-Bill	9.842%	9.833%	0.009
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 dollar edged higher on Thursday to \$97.33 per barrel as better-than-expected U.S. retail sales suggested the consumer will continue to keep the economy on solid footing. The Commerce Department said that core retail sales rose 0.7% last month, topping economists' forecast for a 0.5% rise. The retail sales control group - which has a larger impact on U.S. GDP - rose 0.5%, above expectations for a 0.4% rise. Some have warned, however, that the economy will need to be propped up by other sectors. As well as firmer retail sales, lower-than-expected jobless claims and stronger manufacturing data supported sentiment on the greenback. On the other hand, the USD benefited from the upbeat data as well as the Trump administration's ability to strike the key trade deals with China, Mexico and Canada.

The GBP/USD pair found its footing against the dollar, staying above the \$1.30 handle. The pound wobbled earlier this week as weaker U.K. economic data strengthened calls for a Bank of England rate hike. Traders are expected to look to the purchasing managers' surveys on Jan. 24 for the first sign of how the U.K.'s economy performed following December's general election.

The euro fell to \$1.114 as in-line inflation data from Germany did little to ease worries about the slow pace of growth in eurozone's largest economy.

The Japanese yen is currently trading at 110.20 early Friday morning. The price has been elevated considering the US and China's phase-one agreement and prospects for global growth.

Elsewhere, global oil prices dropped to \$64.57 per barrel on Friday morning in Asia, despite a report from the U.S. Energy Information Administration that confirmed a sharp decline in stockpiles that surpassed analysts' expectations of a drop.

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	1.1105	1.1165
GBP/USD	1.3010	1.3120
USD/AED	3.6675	3.6775
USD/JPY	109.50	110.90

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