



DIB Bank Kenya
A subsidiary of Dubai Islamic Bank PJSC

TREASURY MARKET UPDATE 18TH DECEMBER 2019

DOMESTIC NEWS

The shilling continued its winning streak versus the greenback on Tuesday on account of abated dollar demand. Demand for the greenback remained sound through the session but the local unit held its ground steady, supported by foreign currency inflows from various sectors of the economy. Corporate dollar sellers coupled with diaspora remittances made forays into the local foreign exchange market, outpacing waning demand. As the mid-week session begins, our outlook is that the domestic unit will continue a bullish trend, especially if the increased dollar supply continues to outweigh demand. By close of trade, the local unit stood at 101.40/60, as compared to Friday's close of 101.55/75.

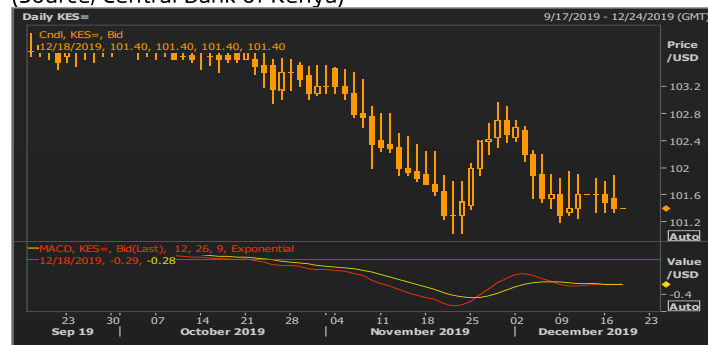
Looking ahead, it remains to be seen whether the shilling will extend its renewed uptick. Further appreciation of the home unit is in the cards, if dollar supply from corporates and yield chasing investors outshines demand. That said, current trading ranges continue to be flow driven, with fundamentals taking a back seat in the interim.

Indicative Forex rates

	Buy Cash	Sell Cash	Buy TT	Sell TT
USD/KES	98.00	105.00	99.00	104.00
GBP/KES	128.95	136.95	129.50	136.50
EUR/KES	109.50	116.50	110.00	116.00
AED/KES	26.13	29.13	26.13	29.13

Money Market Rates	Current	Previous	Change
Interbank Rate	5.814%	5.065%	0.749
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 declined to at 97.07 on Tuesday. The dollar picked up the momentum across the board courtesy of doubts over the details of the US-China Phase One trade deal, with the Chinese officials not very welcoming about the specifics despite several assurances from the White House. Worries over the economic impact of a prolonged dispute still loom.

The GBP/USD pair dropped to \$1.3090 on Tuesday having shed all the gains made during the Conservative Party's big election win over anticipated uncertainty about the extension of the transition period. When the UK leaves the EU on 31 January 2020, difficult and complex negotiations over the future relationship will begin. The country will remain in the single market and customs union until 31 December 2020 with an extension of the arrangement permitted for up to two years if it is both found necessary and agreed before 1 July 2020. The government has said, however, it will legislate to prevent such an extension.

The euro picked up pace at \$1.1130 on Tuesday, however a bigger slide could unfold in Europe if key German data due today disappoints expectations. European Central Bank's President Lagarde is also scheduled to speak today. Lagarde is unlikely to sound dovish and will likely reiterate the need for fiscal stimulus.

The Japanese yen sticks to its range near daily lows of 109.42 early Wednesday morning, underpinned by doubts over the trade deal and fresh tensions between Japan and Russia after the latter seized 5 Japanese fishing vessels.

Elsewhere, global oil prices retreated to \$65.89 per barrel on Wednesday after rising in the previous session as U.S. industry data showed a surprise build in crude stocks but hopes for firmer demand next year checked a deeper fall in prices.

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	1.1095	1.1150
GBP/USD	1.3040	1.3110
USD/AED	3.6675	3.6775
USD/JPY	109.00	109.80

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