



DIB Bank Kenya
A subsidiary of Dubai Islamic Bank PJSC

TREASURY MARKET UPDATE 18TH FEBRUARY 2019

DOMESTIC NEWS

U.S. dollar inflows from offshore investors buying Government debt and diaspora remittances helped the Kenya shilling to remain in a firm position against the greenback on Friday amid thin importer dollar demand. By close of business, the local unit traded at 100.10/30, 5 cents stronger than Thursday's close of 100.15/35.

We expect the shilling, which has appreciated against the greenback by 1.7% this year, to remain relatively stable in the short term and trade in the 99.70/100.70 range, supported by improving diaspora remittances and exports' inflows as dollar demand from importers remains subdued. Kenya's forex reserves currently stand at USD 8.1 billion, equivalent to 5.3-months of import cover, compared to the one-year average of 5.1-months and above the EAC Region's convergence criteria of 4.5-months of imports cover.

Indicative Forex rates

	Buy Cash	Sell Cash	Buy TT	Sell TT
USD/KES	96.70	103.70	97.70	102.70
GBP/KES	125.35	133.35	125.85	132.85
EUR/KES	109.85	116.85	110.35	116.35
AED/KES	25.80	28.80	25.80	28.80

Money Market Rates	Current	Previous	Change
Interbank Rate	1.7701%	1.2352%	0.535
91-Day T-bill	7.016%	7.040%	-0.024
182-Day T-Bill	8.843%	8.567%	0.276
364-Day T-Bill	9.551%	9.644%	-0.093
Inflation	4.70%	5.71%	-1.010
CBR RATE	9.00%	9.50%	-0.500

(Source: Central Bank of Kenya)



(Source: Reuters)

INTERNATIONAL NEWS

The U.S. dollar fell versus a basket of its peers on Friday as rising expectations of a U.S.-Sino trade deal led investors to shift away from the safety of the greenback into riskier assets. Both the U.S. and China reported progress in five days of negotiations in Beijing last week. Negotiations will continue this week in Washington as investors hope for an end to the trade war between the world's two largest economies.

The dollar index, a gauge of its value versus six major peers, was down 0.25% to settle at 96.80.

The fall in the dollar drove the euro up from a three-month low to close the day 0.25% stronger against the dollar at \$1.1310. Despite Monday's gains, traders are betting on a weaker euro in the coming months as they expect the European Central Bank to keep its monetary policy accommodative due to low growth in the common area, tepid inflation and political uncertainties.

Meanwhile, the pound also rallied against the dollar, helped by reports of a conciliatory tone on Brexit from the Irish foreign minister and strong British retail sales published earlier in the day. The move up to the day's high against the dollar came in the face of Thursday's Brexit vote defeat in parliament for Prime Minister Theresa May. On the day, the pound jumped 0.5% to close at \$1.2910.

Elsewhere, oil prices rose more than 2% to their highest this year on Friday after an outage at Saudi Arabia's offshore oilfield boosted expectations for tightening supply, while progressing U.S.-Sino trade talks strengthened demand sentiment. The international Brent crude benchmark rose \$1.35, or 2.1%, to settle at \$66.30 a barrel, its highest since November.

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	1.1260	1.1360
GBP/USD	1.2860	1.2960
USD/AED	3.6675	3.6785
USD/JPY	110.05	111.05

For more details, contact our Treasury staff-Peter and Michael on Tel +254 20 5131311, DL +254 20 513 1351/52, Cell +254 709913351/52. The views expressed here are not solicitation for investment but dealers' own opinion. The bank cannot be held responsible for any losses of whatever nature resulting from action taken based on comments contained in this publication. DIB Bank Kenya Ltd is regulated by the Central Bank of Kenya.