



DIB Bank Kenya
A subsidiary of Dubai Islamic Bank PJSC

TREASURY MARKET UPDATE 18TH JANUARY 2019

DOMESTIC NEWS

U.S. dollar inflows from diaspora remittances and tightening liquidity in the local money market helped the Kenya shilling to remain stable against the greenback on Thursday amid subduing merchant and oil importer dollar demand. At close of trade, the local currency stood at 101.65/85, same as the previous day's close. We expect the shilling to remain relatively stable in the coming week as importer dollar demand remains subdued amid dollar inflows from foreign investors buying the Treasury bonds on offer.

Meanwhile, the Central Bank of Kenya yesterday sold KES 28.5 billion worth of the 91-day, 182-day and 364-day Treasury Bills against a target of KES 24 billion. The Treasury bill yields for the three issues fell marginally as the Central bank continued to reject expensive bids after receiving bids worth KES 38.7 billion.

Indicative Forex rates

	Buy Cash	Sell Cash	Buy TT	Sell TT
USD/KES	98.25	105.25	99.25	104.25
GBP/KES	128.10	136.10	128.60	135.60
EUR/KES	112.40	119.40	112.90	118.90
AED/KES	26.20	29.20	26.20	29.20

Money Market Rates	Current	Previous	Change
Interbank Rate	3.3479%	3.0756%	0.272
91-Day T-bill	7.134%	7.200%	-0.066
182-Day T-Bill	8.927%	8.935%	-0.008
364-Day T-Bill	9.953%	9.958%	-0.005
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 was left flat in Thursday afternoon trade after first rising on a report that U.S. Treasury Secretary Steven Mnuchin had considered easing tariffs imposed on Chinese imports, then retracing those gains after his office denied the claim. Mnuchin discussed lifting some or all tariffs on Chinese goods and suggested offering a tariff rollback during trade discussions scheduled for Jan. 30, the Wall Street Journal reported on Thursday.

The dollar index initially rose 0.1% until a repudiation of the report from the Treasury secretary's office left the index last at 96.05, unchanged from the previous day's close.

The euro weakened marginally against dollar to settle at \$ 1.1390. The single currency was weaker on the back of soft data out of the euro zone. Inflation data for the E.U. showed price pressures receding further from the central bank's target, complicating the situation for the European Central Bank which currently expects to raise interest rates later this year.

Meanwhile, the British pound rose to a two-month high to settle at \$1.2980 against the dollar, extending recent gains on growing expectations that Britain can avoid a no-deal Brexit. Although a multitude of options remain on the table, including fresh elections or even a second referendum vote, market analysts believe the risks of a hard no-deal Brexit have receded considerably.

Elsewhere, oil prices rose on Friday after a report from OPEC and Russia showed oil production fell sharply last month, easing fears about prolonged oversupply. International Brent crude oil futures were up 54 cents, or 0.9% at \$61.752 per 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	1.1340		1.1440	
GBP/USD	1.2930		1.3030	
USD/AED	3.6675		3.6785	
USD/JPY	108.90		109.90	

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