



DIB Bank Kenya
A subsidiary of Dubai Islamic Bank PJSC

TREASURY MARKET UPDATE 19TH DECEMBER 2019

DOMESTIC NEWS

The shilling was the star currency as it made strong headway against the US dollar on Wednesday. Sellers of the US dollar once again stormed into the foreign currency market to dictate the direction the USDKES pair was going to take. The greenback was compelled to march lower following a barrage of foreign currency flow, with little seen in the form of demand in the way to halt its trudge. By close of trade, the local unit stood at 100.80/00, as compared to Tuesday's close of 101.40/60.

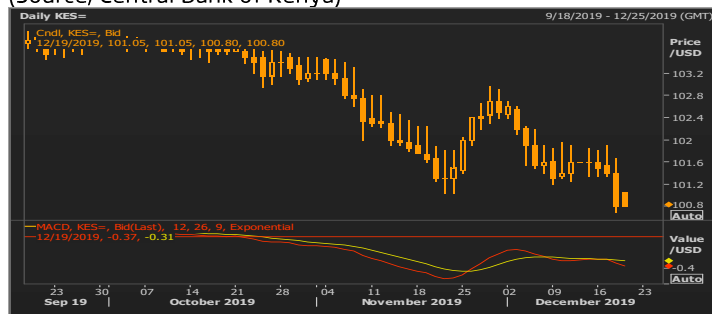
In other news, The Central Bank is seeking KES 9.72Bn via a TAP sale on the recently auction 5Yr bond, FXD3/2019/5Yr. The sale period closes tomorrow or upon attainment of quantum, whichever comes first. The bond is on offer at **11.492%**, the average yield from the auction. The outlook looks glossy for the local unit in the near term. Following the testing of a key psychological level yesterday, there could be a further push lower on the greenback. The catapult for the move possibly lies with the results of the infrastructure bond.

Indicative Forex rates

	Buy Cash	Sell Cash	Buy TT	Sell TT
USD/KES	97.40	104.40	98.40	103.40
GBP/KES	128.00	136.00	128.50	135.50
EUR/KES	108.75	115.75	109.25	115.25
AED/KES	25.97	28.97	25.97	28.97

Money Market Rates	Current	Previous	Change
Interbank Rate	5.721%	5.203%	0.518
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 came under pressure at 96.925 on Wednesday after the impeachment news hit the wires. President Donald Trump was impeached by the US House of Representatives on Wednesday night for the abuse of power. The House also approved a second charge that Trump obstructed a Congress investigation. The losses in the greenback have been moderate and could be reversed as the Senate, which is controlled by Trump's Republican Party, is likely to acquit him of all charges. Put simply, the odds of Trump vacating office are low. The Senate trial is expected to begin in January.

The GBP/USD pair was lower at \$1.3080 on Wednesday for the second day in a row. While Boris Johnson's victory brings some relief for the Bank of England, his adherence to the withdrawal deal and willingness to leave the European Union with a deal or not means the uncertainty remains. Meanwhile, no changes are expected from the Bank of England on Thursday, but the central bank could hint at 2020 easing.

The euro traded back toward \$1.1125 on Wednesday after stronger Eurozone failed to lift the single pair. With the German economy showing signs of bottoming out and heading into the New Year with more confidence, traders may be less inclined to sell euros.

The Japanese yen is currently trading at 109.57 early Thursday. The Bank of Japan maintained the short-term interest rate at -0.1 and kept the 10-year yield target unchanged around 0%, as expected.

Elsewhere, global oil prices remained in touching distance at \$66.16 on Thursday, after data showed U.S. crude inventories had dropped while output cuts by major producers kept supply snug.

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	1.1080	1.1140
GBP/USD	1.3010	1.3105
USD/AED	3.6675	3.6775
USD/JPY	108.85	109.60

For more details, contact our Treasury staff- Michael, Loryne and Evelyn 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.