



DIB Bank Kenya
A subsidiary of Dubai Islamic Bank PJSC

TREASURY MARKET UPDATE 20TH JANUARY 2020

DOMESTIC NEWS

The shilling was on the front foot on Friday as foreign currency inflows from investors continued to offer support. The local currency market maintained a sense of calm in early trading, but this changed later in the session a bout of dollar selling from players overwhelmed demand for the greenback, lifting the home unit. In the new week, it remains to be seen whether the domestic unit will hold on to its recent shine. That said, trading for the USDKES pair is expected to remain flow driven in the near term. By close of trade, the local unit stood at 100.85/05 as compared to Thursday's close of 100.95/15.

In other news, Kenya National Chamber of Commerce and Industry and the United Arab Emirates Trade Center on Friday signed a memorandum of understanding to boost bilateral ties between Kenya and the Gulf state. The president of KNCCI stated that under the agreement, Kenyan businesses will receive capacity building to produce globally competitive products and services. He noted that despite the well-established transportation links, bilateral trade between UAE and Kenya remains below the potential. In the meantime, the monetary authority was in the market for the 5-day repo in a bid to mop KES 10 Billion at a weighted average rate of 6.400%.

Indicative Forex rates

	Buy Cash	Sell Cash	Buy TT	Sell TT
USD/KES	97.45	104.45	98.45	103.45
GBP/KES	127.30	135.30	127.80	134.80
EUR/KES	108.50	115.50	109.05	115.05
AED/KES	25.98	28.98	25.98	28.98

Money Market Rates	Current	Previous	Change
Interbank Rate	3.787%	3.795%	0.008
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 advanced on Friday to 97.61 as bullish housing data offset weaker labor data, adding to growing expectations that the U.S. economy will continue to expand. The Commerce Department said housing starts rose to 16.9% to a seasonally adjusted annual rate of 1.61 million units in December, well above economists' estimates for 1.38 million and the biggest gain in 13 years. However, the U.S. Labor Department's latest Job Openings and Labor Turnover Survey report, a measure of labor demand, showed job openings in November were 6.8 million, well below expectations for 7.23 million. Sentiment on the economy was also supported by ongoing signs that the consumer remains in good shape.

The GBP/USD pair dipped to \$1.3010 on Friday as disappointing retail sales data raised expectations that the Bank of England will cut rates at its next meeting. Not only the pessimism spread through the comments of the UK's Finance Minister, but news from the UK Express also threatened the Brexit optimists.

The euro fell to \$1.1100 on Friday as bearish sentiment on the single currency continued ahead of the European Central Bank meeting next week.

The Japanese yen is currently trading near 119.20 early Monday as it seems to lack ammunition amid mixed plays over oil export blockage in Libya. The oil-rich nation is undergoing a power play where one of the top leaders, Khalifa Haftar recently blocked the country's exports by 800,000 barrels per day.

Elsewhere, global oil prices rose to \$65.59 per barrel on Monday after two large crude production bases in Libya began shutting down amid a military blockade, setting the stage for crude flows from the OPEC member to be cut to a trickle.

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	1.1040	1.1120
GBP/USD	1.2980	1.3060
USD/AED	3.6675	3.6775
USD/JPY	109.50	110.70

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