



**DIB Bank Kenya**

A subsidiary of Dubai Islamic Bank PJSC

## TREASURY MARKET UPDATE 21<sup>ST</sup> JANUARY 2019

### DOMESTIC NEWS

Subdued dollar demand from oil and manufacturing importers helped the Kenya shilling to hold stable against the U.S. dollar in the week amid improving dollar inflows from diaspora remittances. At close of trade on Friday, the local currency stood at 101.65/85, little changed from the week's opening level. We expect the local currency, which has gained marginally by 0.2% against the greenback this year, to remain relatively stable in coming days.

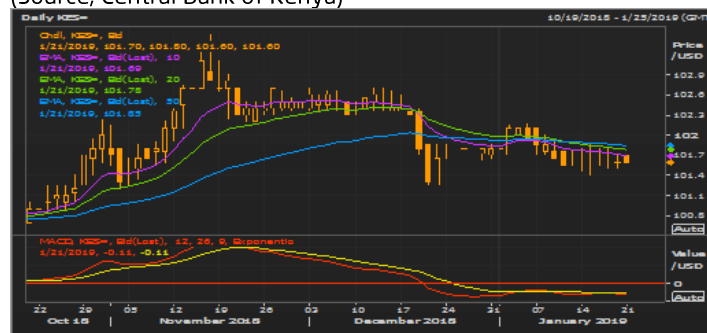
Meanwhile, Kenyans in the diaspora sent home \$244 million (Sh24.82 billion) in December, according to data from the Central Bank. This was 10.75% more than in November. North America, Europe and the rest of the world accounted for 45%, 32% and 23% respectively of the total remittances. The cumulative foreign cash inflows for 2018 grew 39% to Sh274.37 billion compared to Sh198.07 billion in 2017. Diaspora inflows have stood as Kenya's leading foreign exchange earner since 2015.

#### Indicative Forex rates

	Buy Cash	Sell Cash	Buy TT	Sell TT
USD/KES	98.25	105.25	99.25	104.25
GBP/KES	126.90	134.90	127.40	134.40
EUR/KES	112.25	119.25	112.75	118.75
AED/KES	26.20	29.20	26.20	29.20

Money Market Rates	Current	Previous	Change
Interbank Rate	3.5713%	3.3479%	0.223
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 rose near a two-week high against a basket of currencies on Friday, on optimism about talks to end the trade war between China and the United States and as investor risk appetite held up despite the latest data showing China's 2018 economic growth slowing to a near three-decade low. The dollar index, which measures its strength against a group of six major currencies, was last at 96.30, its strongest since Jan. 4.

The U.S.-China trade friction has already put pressure on China's economy, with the latest data showing the world's second-biggest economy slowing further in the last quarter of 2018.

The euro fell 0.15% against the stronger greenback to settle at \$1.1375, remaining close to a two-week low of \$1.1350 brushed in early trading on Friday.

Meanwhile, the sterling pound weakened on Friday to settle at \$1.2865 as investors took profits after a stellar rally that set the currency up for its biggest weekly gain in more than a year on growing confidence that a no-deal Brexit can be avoided. Theresa May will on Monday put forward a motion on her proposed next steps. Over the following week, lawmakers will be able to propose alternatives. They will debate these plans on Jan. 29 and voting on them should indicate whether any could get majority support.

Elsewhere, oil prices rose to their highest level in 2019 in early trading on Monday after data showed refinery processing in China, the world's second-largest oil consumer, climbed to a record in 2018, despite a slowing economy last year. Prices are further being supported by supply cuts led by OPEC. International Brent crude oil futures were at \$62.90 per barrel up 0.4% from their last close. Brent earlier rose above \$63 for the first time in 2019.

#### 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	1.1325	1.1425
GBP/USD	1.2815	1.2915
USD/AED	3.6675	3.6785
USD/JPY	109.10	110.10

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.