



DIB Bank Kenya
A subsidiary of Dubai Islamic Bank PJSC

TREASURY MARKET UPDATE 21ST JANUARY 2020

DOMESTIC NEWS

The Kenya shilling gave up some of its gains on the first trading day of the week against its American counterpart to close the day weaker. Foreign currency demand from importers outweighed dollar inflows from various sectors of the economy to leave the home unit softer versus the U.S. unit. In the day ahead, range bound trading is expected to remain dominant with flows being the prevailing driver of the USDKES pair direction. By close of trade, the local unit stood at 101.10/20 as compared to Friday's close of 100.85/05.

In other news, Kenya plans to export two crude cargoes a year under the early oil pilot scheme up to late-2023, when first oil from the major Turkana oil development is expected to come online, Petroleum Principal Secretary said. The East African country will send two consignments totaling 400,000 barrels a year from 2021 to 2023. The early oil pilot scheme remains suspended due to severe damage to roads caused by adverse weather in the fourth quarter of last year. In August last year, Kenya exported its maiden crude cargo. In the meantime, the monetary authority was in the market for the 7-day repo in a bid to mop KES 15 Billion at a weighted average rate of 5.950%.

Indicative Forex rates

	Buy Cash	Sell Cash	Buy TT	Sell TT
USD/KES	97.60	104.60	98.60	103.60
GBP/KES	127.55	135.55	128.10	135.10
EUR/KES	108.70	115.70	109.25	115.25
AED/KES	26.02	29.02	26.02	29.02

Money Market Rates	Current	Previous	Change
Interbank Rate	3.923%	3.787%	0.136
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 was relatively stable on Monday at 97.40, with the U.S. holiday providing little incentive for traders to take risks. That said, the greenback still looked strong against its main competitors. Figures released by the Commerce Department on showed U.S. housing starts in December were well above economists' estimates for 1.38 million and were the biggest gain in 13 years. Retail sales were also on the rise and a gauge of manufacturing activity rebounded to its highest in eight months. The positive data reduced chances that the Federal Reserve would slash rates when it meets later this month.

The GBP/USD pair built on the momentum further beyond the key 1.30 psychological mark on Monday to trade at \$1.3018. However, market concerns that Britain will crash out of the European Union at the end of this year might further hold investors from placing any aggressive bullish bets.

The euro was locked in a narrow range at \$ 1.10968 on Monday before a European Central Bank meeting on Thursday where it is expected to launch a comprehensive review of the central bank strategy, including the ECB's inflation target.

The Japanese yen extends losses while taking rounds to 110.00 during early Tuesday. The pair shrugged off the Bank of Japan holding its monetary policy intact while keeping forward guidance on interest rates intact.

Elsewhere, global oil prices retreated on Tuesday to \$64.83 per barrel after trading higher over the weekend as production were hit in Iraq and Libya. Two major oilfields in Libya were shut down on Sunday after forces loyal to Russian-backed Khalifa Haftar closed a pipeline, potentially reducing national output to a fraction of its normal level.

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	1.1030	1.1110
GBP/USD	1.2970	1.3050
USD/AED	3.6675	3.6775
USD/JPY	109.40	110.80

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