



DIB Bank Kenya
A subsidiary of Dubai Islamic Bank PJSC

TREASURY MARKET UPDATE 22ND JANUARY 2019

DOMESTIC NEWS

The Kenyan shilling firmed marginally against the greenback on Monday, getting support from surging diaspora remittance inflows and from offshore investors buying government debt as dollar demand from oil and manufacturing exporters remained muted. At close of trade, the local currency traded at 101.55/75, marginally stronger than Friday's close of 101.65/85.

We expect the shilling, which has gained 0.3% against the greenback on a year-to-date (YTD), to remain relatively stable and trade in the 101.00/102.00 range against the U.S. dollar in coming days, getting support from improving dollar inflows from diaspora remittances and the country's main exports as importer demand for the greenback remains subdued.

Indicative Forex rates

	Buy Cash	Sell Cash	Buy TT	Sell TT
USD/KES	98.15	105.15	99.15	104.15
GBP/KES	126.90	134.90	127.40	134.40
EUR/KES	111.95	118.95	112.45	118.45
AED/KES	26.20	29.20	26.20	29.20

Money Market Rates	Current	Previous	Change
Interbank Rate	3.3620%	3.5713%	-0.209
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 held near a two-week high on Monday, shrugging off concerns about weakening global growth and data that showed China's economy slowed sharply in 2018. Going into 2019, weakness in the dollar was a consensus view among currency market traders. The bet was that the U.S. central bank would stop raising interest rates and the economy would slow after a fiscal boost last year.

However, the greenback has enjoyed its first weekly gain since mid-December, buoyed by hopes of a thaw in U.S.-China trade tensions and stronger-than-expected U.S. industrial production numbers.

The euro fell 0.2% to settle at \$1.1355. Later in the week, investors will keep a close eye on Thursday's European Central Bank (ECB) meeting to see if policymakers will react to worsening global economic prospects.

Meanwhile, the sterling pound firmed on Monday after British PM Theresa May promised to be more open with parliament in negotiating the country's future relationship with the E.U. Despite not offering a clear roadmap on the way forward, she refused to rule out leaving the EU without a deal. The pound edged up marginally to settle at \$1.2875 on hopes that May might be pressured into a compromise on her stance.

Elsewhere, oil prices fell in early trading on Tuesday as signs of a spreading global economic slowdown stoked concerns over future fuel demand. Brent crude was at \$62.25 per barrel down 0.8% from their previous close. Despite the darkening outlook, oil prices have been getting some support from OPEC and Russia supply cuts that started in late 2018.

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
EUR/USD	1.1305	1.1405
GBP/USD	1.2825	1.2925
USD/AED	3.6675	3.6785
USD/JPY	108.95	109.95

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