



DIB Bank Kenya
A subsidiary of Dubai Islamic Bank PJSC

TREASURY MARKET UPDATE 23RD DECEMBER 2019

DOMESTIC NEWS

Friday's trading saw the local unit close a tad lower against the U.S dollar, compared to the previous day, because of a marginal surge in FCY demand. The session saw the sporadic activity across the counters just about even out in the day. However, last minute trading saw an uptick in dollar demand which then pushed the USD/KES currency pair moderately higher. By close of trade, the local unit stood at 100.60/80, as compared to Thursday's close of 100.55/75.

That said, the current trading ranges continue to be mainly flow driven with fundamentals taking a back seat in the interim.

Indicative Forex rates

	Buy Cash	Sell Cash	Buy TT	Sell TT
USD/KES	97.20	104.20	98.20	103.20
GBP/KES	127.05	135.05	127.55	134.55
EUR/KES	108.10	115.10	108.60	114.60
AED/KES	25.92	28.92	25.92	28.92

Money Market Rates	Current	Previous	Change
Interbank Rate	5.658%	5.858%	-0.200
91-Day T-bill	7.177%	7.151%	0.026
182-Day T-Bill	8.125%	8.107%	0.018
364-Day T-Bill	9.789%	9.798%	-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 stayed relatively stable at above 97.00 on Friday. U.S. President Donald Trump said that the U.S and China would "very shortly sign their so-called Phase One trade pact. Under the deal, the U.S. would agree to reduce some tariffs in exchange for a big jump in Chinese purchases of American farm products. The market is waiting for further developments that would ease the month-long China-U.S. trade tensions. Furthermore, the Fed left borrowing costs unchanged at its last policy meeting earlier this month and signalled that the U.S. policymakers would not boost the economy soon in 2020. Many investors are on holiday around the corner and trading is thin.

The GBP/USD pair gained to 1.3009 on Friday. The new Parliament voted to back Johnson's Brexit deal. The bill goes for another vote in the House of Commons. It is expected to pass easily. The move was already priced in and markets ignored the vote. Also, on Friday, it was announced that Andrew Bailey will replace Mark Carney in March as Bank of England's governor.

The euro was trading at \$1.1082 on Friday. Many observers expect EUR/USD to gain ground in 2020. However, sustained gains will likely remain elusive if the Eurozone economic data fails to show material improvement.

The Japanese yen is currently trading at 109.42. Last week, the Bank of Japan said it expects rates to remain low or lower than they are now. The pair has backed off from session highs despite the news that China will be lowering import tariffs on 850 US items starting from Jan. 1, 2020.

Elsewhere, global oil prices slipped to \$65.99 per barrel on Monday but held near recent three-month highs amid optimism that the United States and China are close to signing a trade deal.

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	1.1050	1.1140
GBP/USD	1.2985	1.3095
USD/AED	3.6675	3.6775
USD/JPY	108.95	109.75

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