



DIB Bank Kenya
A subsidiary of Dubai Islamic Bank PJSC

TREASURY MARKET UPDATE 23RD JANUARY 2020

DOMESTIC NEWS

The Kenya shilling strengthened against the U.S. dollar as activity on the FX supply counter outmuscled demand in Tuesday's trading session. Corporate dollar sellers made forays into the local foreign exchange market, outpacing waning demand, and pushed the home unit higher. We see the USDKES currency pair trading within recently established ranges, albeit with a bullish bias in the near term, as market participants look out for fresh factors to offer price direction. By close of trade, the local unit stood at 100.75/95 as compared to Tuesday's close of 100.90/10.

In other news, President Uhuru Kenyatta yesterday held talks with British Prime Minister Boris Johnson focused on scaling up the robust ties between Kenya and the United Kingdom. At the meeting held at the Prime Minister's office on No.10 Downing Street in London, President Kenyatta and Prime Minister Johnson discussed a wide range of areas of mutual interest between the two countries including the Kenya-UK trade in the post-Brexit era, cooperation in military training and security. On security, the President Kenyatta and the prime minister agreed that Kenya and the UK could cooperate more in the fight against terrorism.

Indicative Forex rates

	Buy Cash	Sell Cash	Buy TT	Sell TT
USD/KES	97.35	104.35	98.35	103.35
GBP/KES	128.45	136.45	128.95	135.95
EUR/KES	108.35	115.35	108.85	114.85
AED/KES	25.95	28.95	25.95	28.95

Money Market Rates	Current	Previous	Change
Interbank Rate	3.839%	3.868%	-0.029
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 edged higher against its rivals on Wednesday to 97.580, as bullish housing data strengthened expectations that the U.S. economy will remain on solid footing. The National Association of Realtors said pending home sales rose 3.6% to a 5.54 million annual rate. That was the strongest pace of growth since February 2018.

The GBP/USD pair dropped to \$1.3124 on Wednesday, ignoring the UK PM Boris Johnson's ability to end the years of Brexit deadlock by winning support for his Brexit Withdrawal Agreement Bill. Also exerting downside pressure on the pair could be the US threat to levy sanctions if the UK moves forward in its punitive measures on Google and Facebook.

The euro was lacking a clear directional bias on Wednesday at \$1.1084, ahead of the all-important European Central Bank rate decision due on Thursday. The European Central Bank is expected to keep interest rates and other key policy tools unchanged, having cut rates by 10 basis points to -0.5% in September 2019. The euro, however, may come under pressure if Lagarde downplays the nascent German/Eurozone economic recovery and stresses more on the downside risks.

The Japanese yen is currently trading at 109.64, early Thursday. There has been a lack of events to really distract the markets from the threat of the virus and even the Trump's impeachment trial has taken a back seat to it. A void of US data left for the week may mean that USD/JPY will be lower for longer.

Elsewhere, global oil prices fell to \$62.39 per barrel on Thursday, sliding more than 1% on concern that the spread of a respiratory virus from China may lower fuel demand if it stunts economic growth in an echo of the SARS epidemic nearly 20 years ago.

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	1.1160
GBP/USD	1.3080	1.3160
USD/AED	3.6675	3.6775
USD/JPY	109.00	110.90

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