



DIB Bank Kenya
A subsidiary of Dubai Islamic Bank PJSC

TREASURY MARKET UPDATE 24TH JANUARY 2019

DOMESTIC NEWS

The shilling maintained its bullish run yesterday, boosted by subdued dollar demand from importers amid rising dollar inflows. After opening trade at 101.50/70, the local unit chalked further gains to the dollar to close 15 cents stronger on the day. At close of trade, the USDKES pair was quoted at 101.30/50 and we think the local unit will remain on a bullish trend for the remaining days of the week in slow trading.

We however cannot rule out modest market correction next week owing to last minute end of month dollar buying and expect the USDKES pair to trade in the 101.00-102.00 range in the short run.

Meanwhile, Kenya has sought proposal for issuance of about USD 2.5 billion Eurobond (either in USD or EUR) for funding 2018/19 budget gap according to a Reuters report.

Indicative Forex rates

	Buy Cash	Sell Cash	Buy TT	Sell TT
USD/KES	97.85	104.85	98.85	103.85
GBP/KES	128.51	136.51	129.01	136.01
EUR/KES	111.89	118.89	112.39	118.39
AED/KES	26.09	29.09	26.09	29.09

Money Market Rates	Current	Previous	Change
Interbank Rate	3.1740%	3.1650%	-0.001
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 dollar remained on the back foot versus its rivals yesterday, weighed by concerns over global growth, the U.S. government shutdown and a yet-unresolved U.S.-Sino trade dispute. To be sure, trade tensions and the partial U.S. government shutdown, now in its 34th day have continued to hurt investor sentiment towards taking risky trading bets.

Global growth concerns have also rattled investor appetite for risk, particularly after the International Monetary Fund (IMF) cut its 2019 and 2020 global growth forecasts earlier in the week, citing a bigger-than-expected slowdown in China and the eurozone and said failure to resolve trade tensions could further destabilize a slowing global economy.

Markets are bearish on the outlook for the dollar this year, with investors now thinking the US Federal Reserve Bank will stand pat on rates in 2019 in the face of growth risks both at home and globally. Meanwhile, the Bank of Japan kept its policy unchanged and cut its inflation forecasts and warned of growing risks to the economy from trade protectionism and slowing global demand.

Market attention will shift to the European Central Bank's monetary policy announcement later today where it is expected to keep its monetary policy unchanged. The single currency was marginally higher at \$1.1383. The GBP traded marginally higher at \$1.3075, hovering near highs last seen in mid-November as markets expect Britain to avoid a chaotic exit from the European Union.

Crude prices dipped on global growth concerns with Brent futures at \$60.89, down 0.4% on the day.

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	1.1335	1.1435
GBP/USD	1.3025	1.3125
USD/AED	3.6675	3.6785
USD/JPY	109.10	110.10

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