



**DIB Bank Kenya**  
A subsidiary of Dubai Islamic Bank PJSC

## TREASURY MARKET UPDATE 24<sup>TH</sup> JANUARY 2020

### DOMESTIC NEWS

The Kenya shilling strengthened further against the U.S. dollar as activity on the FX supply counter outmuscled demand in Thursday'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 100.70/90 as compared to Wednesday's close of 100.75/95.

In other news, interesting bond auction results as the Central Bank of Kenya came in and mopped up most of the bids submitted. A quick summary of the results: FXD1/2019/5Yr: KES 44.488Bn out of KES 44.515Bn was accepted at a rate of **11.499%** and FXD1/2019/10Yr: KES 19.259Bn out of KES 25.426Bn was accepted at a rate of **12.430%**. In the meantime, Kenya's National Treasury projects that the country's economy will grow by at least 6.1 percent in 2020, up from 5.6 percent recorded in 2019. The National Treasury Cabinet Secretary Ukur Yatani noted that the growth will be supported by the strong services sector, stable macroeconomic environment and ongoing investments in strategic priorities of the government under the Big Four Agenda.

### Indicative Forex rates

	Buy Cash	Sell Cash	Buy TT	Sell TT
USD/KES	97.35	104.35	98.35	103.35
GBP/KES	128.40	136.40	128.90	135.90
EUR/KES	107.90	114.90	108.55	114.55
AED/KES	25.96	28.96	25.96	28.96

Money Market Rates	Current	Previous	Change
Interbank Rate	3.861%	3.839%	0.022
91-Day T-bill	7.279%	7.232%	0.047
182-Day T-Bill	8.212%	8.167%	0.047
364-Day T-Bill	9.859%	9.842%	0.017
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 rose to 97.71 on Thursday, however gains in the greenback were limited despite the White House Organization easing fears about the spread of the deadly coronavirus that originated in China, saying it was "bit too early to consider this event a public health emergency of international concern."

The GBP/USD pair slumped to \$1.3125 on Thursday. The UK Chancellor tried to placate the industries after his early-week comments triggered fears of hard Brexit. Elsewhere, the European Union (EU) leaders keep the head high ahead of the EU-UK trade talks. The same will continue weighing on the risk tone. Market players are waiting for the preliminary readings of January month PMIs for fresh impulse.

The euro fell to \$1.1050 on Thursday after the European Central Bank held rates steady and signaled loose monetary policy would continue at least until the end of the year as it reviews measures to revive inflation. European Central Bank President Christine Lagarde was coy about the possible impact of her review of the bank's monetary policy strategy on interest rates and was careful not to talk up signs of a recent stabilization in eurozone confidence. Lagarde also said risks to the central bank's growth outlook remained "tilted to the downside."

The Japanese yen is currently trading at 109.52 early Friday. Japan's core consumer price index (CPI) rose 0.7% in December from a year earlier following November's 0.5% rise. The headline CPI rose 0.8%, bettering the forecast of 0.4% by a big margin.

Elsewhere, global oil prices edged up on Friday to \$62.28 helped by a decline in U.S. crude stockpiles, on worries that the China coronavirus that has killed 25 so far may spread, curbing travel, fuel demand and economic prospects.

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	1.1010	1.1180
GBP/USD	1.3090	1.3170
USD/AED	3.6675	3.6775
USD/JPY	109.00	110.40

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