



DIB Bank Kenya

A subsidiary of Dubai Islamic Bank PJSC

TREASURY MARKET UPDATE 25TH JANUARY 2019

DOMESTIC NEWS

In active trading, the shilling posted further gains versus the dollar as market factors remained in its favor. The local unit continued to draw support from improved dollar inflows on the back of lackluster activity from the demand counters. After opening trade at 101.30/50, the bullish run for the shilling gathered oomph in mid-day session, where it attempted to break the key 101 level and closed at 101.00/101.20, 30 cents stronger from the previous close.

We will keenly watch whether the market bulls will prevail today ahead of the week end and have revised our expected trading range for USDKES pair to 100.75-101.75 for the coming days.

Elsewhere, rates in the overnight money market dipped marginally as the market remain awash with liquidity to close at 3.04% compared to 3.16% posted the previous day.

Indicative Forex rates

	Buy Cash	Sell Cash	Buy TT	Sell TT
USD/KES	97.60	104.60	98.60	103.60
GBP/KES	128.76	136.76	129.26	136.26
EUR/KES	111.00	118.00	111.50	117.50
AED/KES	26.02	29.02	26.02	29.02

Money Market Rates	Current	Previous	Change
Interbank Rate	3.040%	3.164%	-0.124
91-Day T-bill	7.122%	7.134%	-0.012
182-Day T-Bill	8.833%	8.927%	-0.094
364-Day T-Bill	9.905%	9.953%	-0.048
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 held firm against most of its peers in the face of the global economic worries, with the European Central Bank proving the latest warning about the dimming outlook, forecasting weaker-than-expected growth in the eurozone for the near term.

The greenback was also supported after U.S. Commerce Secretary Wilbur Ross said yesterday that the US and China are "miles and miles" from resolving trade issues. Trade tensions between the world's two largest economies have kept a lid on investor risk appetite in the new year, as it did for long periods last year.

Overall, the dollar is facing a tough year ahead as growth at home and globally comes under pressure and the Federal Reserve moves ever closer to pressing the pause button on its steady rate-hike cycle. The dollar index, a gauge of its value versus six major peers, was up a little at 96.52.

Following the dovish comments from the ECB chair, the euro was off a touch at \$1.1304, with the market now expecting monetary policy to remain accommodative in the euro area this year.

Meanwhile, the GBP rallied to its early November highs against the dollar this morning after The Sun reported that Northern Ireland's Democratic Unionist Party has privately decided to offer conditional backing for Prime Minister Theresa May's Brexit deal next week. It last traded at \$1.3107.

Oil prices rose by more than one percent on Friday as turmoil in Venezuela triggered concerns that its oil exports could soon be disrupted, with Brent at \$61.89 per barrel, up 1.30% 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	1.1300	1.1400
GBP/USD	1.3075	1.3175
USD/AED	3.6675	3.6785
USD/JPY	109.25	110.25

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