



DIB Bank Kenya
A subsidiary of Dubai Islamic Bank PJSC

TREASURY MARKET UPDATE 27TH JANUARY 2020

DOMESTIC NEWS

An uptick in foreign currency demand in Friday's session in the local FX market saw the domestic unit close the day weaker against the dollar. The USD/KES currency pair took an upbeat momentum from the onset, despite the prevalent lackluster trading, on account of corporate foreign currency buyers taking advantage of the low-price levels. The expectation remains largely for the Kenya shilling to trade within current ranges, even as market pundits search for fresh factors. By close of trade, the local unit stood at 100.80/00 as compared to Thursday's close of 100.75/95.

In other news, liquidity chasing government paper and the Central Bank of Kenya happily gobbling up a big chunk of it has been a key factor as to how last week has played out. The oversubscribed T-bill auction, with bids skewed towards the longer dated 364D T-bill, closely followed the oversubscribed T-bond auction as the Central Bank of Kenya this week has managed to lock in KES 90.69Bn from an advertised target of KES 74.00Bn. In the meantime, the local market will be keen on the Monetary policy meeting outcome due today.

Indicative Forex rates

	Buy Cash	Sell Cash	Buy TT	Sell TT
USD/KES	97.40	104.40	98.40	103.40
GBP/KES	127.80	135.80	128.30	135.30
EUR/KES	107.80	114.80	108.30	114.30
AED/KES	25.97	28.97	25.97	28.97

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 climbed against its rivals on Friday to 97.87 as data showing ongoing strength in the U.S. services sector offset a continued slowing in manufacturing to a three-year low. In the interim, The U.S. Federal Reserve is expected to keep policy on hold at a meeting ending Jan. 29. Data on the U.S. housing market, durable goods, and consumer confidence will be released before the Fed's decision.

The GBP/USD pair fell to \$1.3080 on Friday and more losses could follow when trade negotiations between the U.K. and the EU begin after the U.K. leaves the trading bloc on Jan. 31. Meanwhile, The Bank of England is closer to cutting interest rates this week than at any time in the last three years when it announces its policy decision on Jan. 30. Growth at end of 2019 slowed to its weakest since 2012, prompting BOE Governor Mark Carney and two other policymakers to speak publicly about the possibility of a rate cut.

The euro dipped to \$.1013 on Friday shrugging off better-than-expected PMIs from Germany amid expectations that the European Central Bank is set to persist with negative rates at least until the end of the year.

The Japanese yen has dropped heavily in the open early Monday, breaking below the 109 handle to print a fresh low of 108.88 as traders prepare for a risk-off week when considering the implications of the Coronavirus. The World Health Organisation headquarters in Geneva will be one to watch for the week ahead.

Elsewhere, global oil prices fell more on Monday to \$59.33 as the rising number of cases of the new coronavirus in China and city lockdowns their deepened concerns over oil demand, even as Saudi Arabia's energy minister sought to calm the market.

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	1.1005	1.1160
GBP/USD	1.3010	1.3120
USD/AED	3.6675	3.6775
USD/JPY	108.90	109.50

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