



DIB Bank Kenya
A subsidiary of Dubai Islamic Bank PJSC

TREASURY MARKET UPDATE 28TH JANUARY 2019

DOMESTIC NEWS

The shilling closed the week on a high note and extended gains against the dollar in its best weekly performance this year. It drew support from low activity on the demand counters on the back of improved dollar inflows from diaspora and exports. To be sure, this month has seen lower activity from importers which has bolstered the local unit. Trading was lackluster on the last day of the week, which saw the local unit gain 25 cents on the day to close at 100.75/95 in Friday.

With just a few days to the end of January, we expect the USDKES pair to trade in the 100.25 - 101.75 band as the market wait for the outcome of the CBK MPC meeting due later today.

Elsewhere, the overnight money market rates rose marginally to 3.39% on Friday compared to 3.04% posted the previous day.

Indicative Forex rates

	Buy Cash	Sell Cash	Buy TT	Sell TT
USD/KES	97.30	104.30	98.30	103.30
GBP/KES	129.09	137.09	129.59	136.59
EUR/KES	111.61	118.61	112.11	118.11
AED/KES	25.94	28.94	25.94	28.94

Money Market Rates	Current	Previous	Change
Interbank Rate	3.392%	3.040%	0.352
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 dipped marginally against its peers, with market attention shifting to the coming US Federal Reserve bank meeting and U.S.-China trade talks. As investors wait for this week's Federal Reserve policy meeting, traders are wagering policymakers will signal a pause in their tightening cycle. The Federal Open Market Committee meets between Jan 29-30 and Chairman Jerome Powell is widely expected to acknowledge growing risks to the U.S. economy as global momentum weakens.

Over the past two months or so, Powell and several other Fed policymakers have taken a more cautious approach on further monetary tightening, leaving the dollar under mild pressure after it enjoyed a boost from the Fed's four rate increases last year.

Investors will also anxiously wait for the outcome of high-level U.S.-China trade talks on Tuesday and Wednesday to see if the world's largest economies can reach a compromise that will end their trade war. The dollar index, a gauge of its value versus six major peers was marginally lower at 95.74. A deal to reopen the U.S. government for now after a prolonged shutdown also reduced investor demand for the safety of the greenback.

The yen added 0.2% to trade at 109.34, the GBP was marginally lower at \$1.3193 while the euro was marginally higher at \$1.1411. The single currency appreciated by 0.4% last week despite the ECB downgrading its growth forecasts.

Oil prices fell on Monday after U.S. energy firms added rigs for the first time this year in a sign that crude production there may rise further, amidst signs of economic slowdown. Brent crude oil futures were at \$61.50 a barrel, down 0.2%.

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	1.1350	1.1450
GBP/USD	1.3150	1.3250
USD/AED	3.6675	3.6785
USD/JPY	109.00	110.00

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