



DIB Bank Kenya

A subsidiary of Dubai Islamic Bank PJSC

TREASURY MARKET UPDATE 29TH JANUARY 2019

DOMESTIC NEWS

The Kenya shilling firmed marginally against the dollar on Monday, ahead of a central bank rate setting meeting, due to hard currency inflows from diaspora remittances amid thin importer dollar demand. At close of trade, the local currency stood at 100.60/80, slightly firmer than the opening level of 100.75/95. We expect the shilling, which has gained 1.2% against the greenback on a year-to-date (YTD) basis, to trade in the 100.25-101.75 range with importer dollar demand expected to pick up as we approach end month.

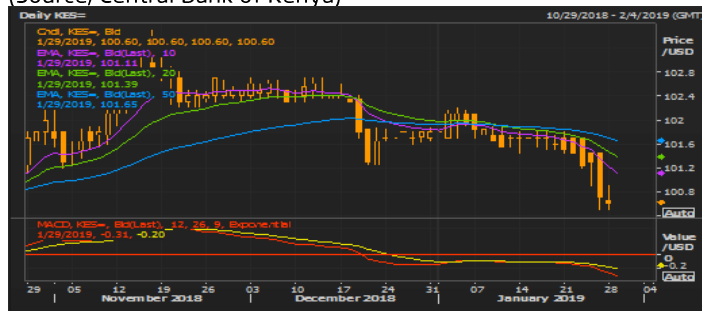
Meanwhile, Kenya's central bank held its benchmark lending rate at 9% on Monday, saying inflation was well anchored within the target range. Policymakers said the decision, the third hold in a row since September, was also supported by their view that the economy was "operating close to its potential". The committee, however, warned of the potential for higher volatility in the global financial markets this year, mainly due to slowing global economic growth, Brexit and the trade war between the U.S. and China.

Indicative Forex rates

	Buy Cash	Sell Cash	Buy TT	Sell TT
USD/KES	97.20	104.20	98.20	103.20
GBP/KES	128.45	136.45	128.95	135.95
EUR/KES	111.65	118.65	112.15	118.15
AED/KES	25.90	28.90	25.90	28.90

Money Market Rates	Current	Previous	Change
Interbank Rate	4.5133%	3.3916%	1.122
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 U.S. dollar was little changed against a basket of currencies on Monday as traders were cautious about staking new positions ahead of the Federal Reserve's two-day policy meeting and trade talks between China and the United States. Safe-haven demand for the dollar dried up as the U.S. government started to reopen after a record-long shutdown.

Policy makers on the Federal Open Market Committee (FOMC) begin meeting on Tuesday. They are expected to signal a pause in tightening and acknowledge growing economic risks. U.S.-China talks also resume on Tuesday and Wednesday to see if the world's two largest economies can end their trade dispute.

The euro rose marginally to settle at \$1.1430 against the greenback. Recent economic readings on Germany and France have been weak and the European Central Bank is expected to remain dovish.

Meanwhile, the sterling pound slipped on Monday after posting its biggest weekly rise in more than 15 months last week, as investors took profits before crucial votes in the British parliament that will aim to break the Brexit deadlock. With less than two months to go before the U.K. leaves the E.U., lawmakers have set up a series of votes in parliament on Tuesday through which parliament and the government will try to find a way forward. On the day, the pound edged 0.4% lower to settle at \$1.3155.

Elsewhere, oil prices fell about 2.5% on Monday, its biggest one-day drop in a month, after an increase in U.S. crude drilling pointed to further supply growth amid continuing concerns about a global economic slowdown. Brent crude oil futures sank \$1.45, or 2.35% to settle at \$60.05 a barrel.

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	1.1380	1.1480
GBP/USD	1.3105	1.3205
USD/AED	3.6675	3.6785
USD/JPY	108.75	109.75

For more details, contact our Treasury staff- Peter and Michael on Tel +254 20 5131311, DL +254 20 513 1351/52, Cell +254 709913351/52. The views expressed here are not solicitation for investment but dealers' own opinion. The bank cannot be held responsible for any losses of whatever nature resulting from action taken based on comments contained in this publication. DIB Bank Kenya Ltd is regulated by the Central Bank of Kenya.