



DIB Bank Kenya
A subsidiary of Dubai Islamic Bank PJSC

TREASURY MARKET UPDATE 2ND JANUARY 2020

DOMESTIC NEWS

The shilling waffled to the weaker side on the last day of the year as demand for the greenback dominated the trading session. A number of interbank and corporates players were on scene roiling the market in search for decent offers on the US dollar. This saw the shilling chase the elusive dollar, to take the USDKES currency pair higher. By close of trade, the local unit stood at 101.25/45, as compared to Monday's close of 100.90/10.

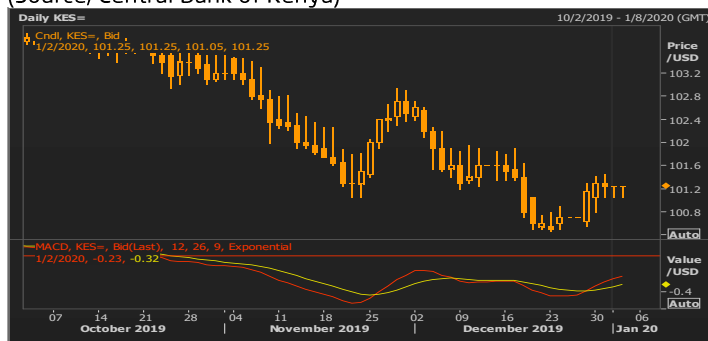
In the meantime, Kenya's annual inflation rose in December, pushed up by rising prices for food, including vegetables, the statistics office said on Tuesday. Inflation in December rose to **5.82%**, hitting a five-month high from 5.56% in November. On a monthly basis, prices rose 0.90%. Main upward pressure came from prices of food, amid higher demand during the festive season. Cost also advanced faster for transport, clothing and footwear. In other news, the monetary authority mopped up KES 20 Billion in excess liquidity at a weighted average rate of 7.391% in the 7-day repo.

Indicative Forex rates

	Buy Cash	Sell Cash	Buy TT	Sell TT
USD/KES	97.85	104.85	98.85	103.85
GBP/KES	129.80	137.80	130.35	137.35
EUR/KES	110.10	117.10	110.55	116.55
AED/KES	26.09	29.09	26.09	29.09

Money Market Rates	Current	Previous	Change
Interbank Rate	5.662%	5.456%	0.206
91-Day T-bill	7.177%	7.151%	0.026
182-Day T-Bill	8.125%	8.107%	0.018
364-Day T-Bill	9.789%	9.798%	-0.014
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 was down to 96.388 on Tuesday. The Phase 1 trade agreement, which was reached earlier in December, has reduced demand for the safe-haven currency. December's move has undone much of the dollar's strong 2019 thanks to the relative outperformance of the U.S. economy and a long period of uncertainty in the negotiations between Washington and Beijing. U.S. President Donald Trump said on Tuesday that Phase 1 of trade deal with China would be signed on Jan. 15 at the White House, though uncertainty surrounds details about the agreement.

The GBP/USD pair hit two-week highs at \$1.3210 on Tuesday, although the possibility of a 'no-deal' Brexit at the end of 2020 means the currency is still not close to where it was on Dec. 12, the day Prime Minister Boris Johnson won the British election. Additionally, December month Manufacturing PMI data from the US and the UK will also be the key to follow.

The euro was up at \$1.1240 on Tuesday. Signs that the euro zone economy may be stabilizing have lifted the common currency in recent weeks as investors unwound short positions.

The Japanese yen remains under pressure while trading around 108.70 during early Thursday, despite positive sentiment surrounding the trade headlines. A phase-one deal between the US and China only addresses the easy stuff, and for that reason, we can expect more demand for the yen.

Elsewhere, global oil prices kicked off the new year higher at \$66.22 on Thursday as warming trade relations between the United States and China eased demand concerns, while rising tensions in the Middle East fueled worries about supply. Oil markets were closed on Wednesday for New Year's Day.

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	1.1180	1.1250
GBP/USD	1.3170	1.3260
USD/AED	3.6675	3.6775
USD/JPY	108.00	109.00

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