



DIB Bank Kenya
A subsidiary of Dubai Islamic Bank PJSC

TREASURY MARKET UPDATE 30TH DECEMBER 2019

DOMESTIC NEWS

The shilling waffled to the weaker side at the end of the week as demand for the greenback dominated the trading session. Heightened activity was realized on the demand counter in early trading as interbank players divested their foreign currency holdings causing the shilling to weaken. The climb up was however not without resistance as foreign currency inflows overshadowed demand at specific ranges crafting a seesaw crusade as the pair sought to find its final equilibrium, as the local unit closed weaker. By close of trade, the local unit stood at 101.15/25, as compared to Tuesday's close of 100.60/80.

In the new day, we expect the home unit's price action to be somewhat limited in light year-end trading. That said, the current trading ranges continue to be mainly flow driven with fundamentals taking a back seat in the interim.

Indicative Forex rates

	Buy Cash	Sell Cash	Buy TT	Sell TT
USD/KES	97.70	104.70	98.70	103.70
GBP/KES	128.75	136.75	129.25	136.25
EUR/KES	109.85	116.85	110.35	116.35
AED/KES	26.05	29.05	26.05	29.05

Money Market Rates	Current	Previous	Change
Interbank Rate	5.784%	5.618%	0.066
91-Day T-bill	7.200%	7.177%	0.023
182-Day T-Bill	8.150%	8.125%	0.025
364-Day T-Bill	9.815%	9.789%	0.026
Inflation	5.560%	4.950%	0.610
CBR RATE	8.500%	9.00%	-0.500

(Source: Central Bank of Kenya)



(Source: Reuters)

INTERNATIONAL NEWS

The U.S. dollar index continued to retreat on Friday at 96.750. markets continue to look forward to the signing of a phase one trade deal between the U.S. and China but are also looking for any spike in tensions in the Korean peninsula, particularly any missile tests in North Korea around the New Year. Last week, Chinese authorities said Beijing was in close contact with Washington about an initial trade agreement. Prior to those comments, U.S. President Donald Trump had talked up a signing ceremony for the recently struck Phase 1 trade deal.

The GBP/USD pair was up to \$1.3115 on Friday, with the sterling pound finding some support after the Ursula von der Leyen, the president of the European Commission, said the EU may need to extend the deadline for Brexit talks. Even with the recent UK general election smoothing the path for Britain's exit from the European Union, Britain's ability to strike a new trading deal between the EU in a relatively short span of time remains a concern for some investors.

The euro rose to \$1.1186 on Friday. Bleak European economic data had prompted hedge funds to bet on a weaker euro but some strength in recent Eurozone data along with weakness in other currencies have lifted the euro.

The Japanese yen is facing selling pressure at 109.12, having faced repeated rejection at a long-term average resistance. The anti-risk Yen is drawing bids, possibly due to the losses in Japanese equities.

Elsewhere, global oil prices hovered around three-month highs on Monday at \$68.28 following a higher-than-expected crude inventory drawdown and optimism over an expected U.S-China trade deal, while traders kept a close eye on Middle East unrest.

Indicative Profit Rates on Deposits

	Amounts > 10 Million		Amounts >100,000	
	KES	Price /USD	USD	Price /USD
2 Weeks	6.50%	103.2	1.25%	103.2
1 Month	7.00%	102.8	1.75%	102.8
3 Months	8.00%	102.4	2.00%	102.4
6 Months	8.50%	102.0	2.25%	102.0
1 year	9.00%	101.6	2.50%	101.6

Indicative Cross Rates

	Bid	Offer
EUR/USD	1.1190	1.1250
GBP/USD	1.3080	1.3160
USD/AED	3.6675	3.6775
USD/JPY	107.65	108.70

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