



DIB Bank Kenya

A subsidiary of Dubai Islamic Bank PJSC

TREASURY MARKET UPDATE 30TH JANUARY 2019

DOMESTIC NEWS

The Kenyan shilling weakened marginally against the dollar on Tuesday as an uptick in end month importer dollar demand exceeded dollar inflows from diaspora remittances. At close of trade, the local currency stood at 100.80/101.00, compared to Monday's close of 100.60/100.80. We expect the shilling to remain under some pressure and trade in the 100.75/101.75 range in the short term due to an expected increase in end month dollar demand from importers.

Kenya has room to refinance its debt by reorganization of its debt portfolio, which stood at 56.5% of GDP in September, including replacing more expensive debt with cheaper debt, the CBK governor said on Tuesday. In October, the IMF increased Kenya's risk of defaulting on its debt repayments to moderate from low, citing the government's public investment drive and revenue shortfalls in recent years.

Indicative Forex rates

	Buy Cash	Sell Cash	Buy TT	Sell TT
USD/KES	97.40	104.40	98.40	103.40
GBP/KES	128.10	136.10	128.60	135.60
EUR/KES	111.95	118.95	112.45	118.45
AED/KES	26.00	29.00	26.00	29.00

Money Market Rates	Current	Previous	Change
Interbank Rate	3.8610%	4.5133%	-0.652
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 held near a two-week low on Tuesday as growing concerns over the trade conflict between the U.S and China heightened. The U.S. on Monday announced criminal charges against China's Huawei Technologies Co Ltd, escalating a fight with the world's biggest telecommunications equipment maker, which denies wrongdoing.

Market participants are also focused on the ongoing Fed's policy meeting, where Chairman Jerome Powell is expected to acknowledge growing risks to the U.S. economy as global momentum weakens. Investors expect the Fed to adopt a more cautious stance on policy than it did in 2018.

The euro settled at a two-week high of \$1.1440 against the dollar on Tuesday, moving in tiny ranges, as large derivatives market positions discouraged traders from taking large bets. Keeping the euro in a tight range are large positions worth \$6 billion between \$1.14-1.15 expiring later this week.

Meanwhile, the sterling pound fell sharply after British lawmakers voted down a proposal in parliament that could have prevented a potentially chaotic "no-deal" Brexit. With two months left until Britain is due to leave the E.U, parliament instructed PM Theresa May to renegotiate an exit treaty that the EU says it will not change. On the day, the pound fell 0.7% to settle at a three-day low of \$1.3085.

Elsewhere, oil prices rose on Tuesday as concerns about supply disruptions following U.S. sanctions on Venezuela's oil industry outweighed downward pressure from a darkening outlook for the global economy. International Brent crude oil futures rose 0.6% from the previous session to settle at \$61.70 per 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	1.1390	1.1490
GBP/USD	1.3035	1.3135
USD/AED	3.6675	3.6785
USD/JPY	108.85	109.85

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