



**DIB Bank Kenya**  
A subsidiary of Dubai Islamic Bank PJSC

## TREASURY MARKET UPDATE 31ST JANUARY 2019

### DOMESTIC NEWS

Increased demand from oil and merchandise importers buying dollars to meet end month obligations continued to weaken the Kenya shilling against the greenback on Tuesday despite improved dollar inflows from diaspora remittances. In active trading on the day, the local unit shed 5 cents to close at 100.85/101.05, marginally weaker than Tuesday's close of 100.80/101.00.

We expect the local currency to remain under some pressure against the U.S. dollar in the short term as end month demand from oil and manufacturing importers persists. However, we expect the shilling to continue receiving support from increasing remittances from Kenyans living abroad.

### Indicative Forex rates

	Buy Cash	Sell Cash	Buy TT	Sell TT
USD/KES	97.45	104.45	98.45	103.45
GBP/KES	128.55	136.55	129.05	136.05
EUR/KES	112.65	119.65	113.15	119.15
AED/KES	26.00	29.00	26.00	29.00

Money Market Rates	Current	Previous	Change
Interbank Rate	4.9822%	3.8610%	1.121
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 fell on Wednesday, after the Federal Reserve held interest rates steady, as expected, and struck a cautious tone on its outlook for the economy and future interest rate increases. The greenback hit session lows versus the euro and gave up gains versus the yen immediately after the Fed statement. Prior to the Fed comments, the dollar traded higher across the board.

The Fed said it would be patient in lifting borrowing costs further this year as it pointed to rising uncertainty about the U.S. economic outlook. It also said it would be prepared to use the full range of tools, including altering the size and composition of its balance sheet, if the economy needed more monetary accommodation, than could be achieved with rate cuts.

The euro gained 0.5% against the weaker dollar to close at \$1.1500 despite concerns about weakening growth in the euro zone. The weakening momentum in the bloc led markets to price in an accommodative ECB through much of 2019, likely limiting the upside for the single currency over the medium term.

Meanwhile, the sterling pound recovered on Wednesday after declines triggered by the UK parliament's rejection of amendments to delay Brexit, as investors bet the government would still avoid exiting the European Union without an agreed divorce deal in place. On the day, the British currency rose 0.3% from the previous session to settle at \$1.3125.

Elsewhere, global oil prices rose for a third day on Thursday, pushed up by lower imports into the U.S. amid OPEC efforts to tighten the market, and as Venezuela struggles to keep up its crude exports after Washington imposed sanctions on the nation. Brent crude oil futures were up around 1% at \$62.25 per barrel.

### Indicative Profit Rates on Deposits

	Amounts > 10 Million	
	KES	Amounts >100,000 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	1.1450	1.1550
GBP/USD	1.3075	1.3175
USD/AED	3.6675	3.6785
USD/JPY	108.30	109.30

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.