



DIB Bank Kenya
A subsidiary of Dubai Islamic Bank PJSC

TREASURY MARKET UPDATE 4TH FEBRUARY 2019

DOMESTIC NEWS

Surging dollar inflows from diaspora remittances and portfolio investors buying government debt helped the shilling to strengthen further against the greenback on Friday amid reducing end month importer dollar demand. At close of the trade, the local currency stood at 100.30/50, compared to the opening level of 100.50/70. We expect the local currency to remain relatively stable in the short term as dollar demand from importers remains subdued.

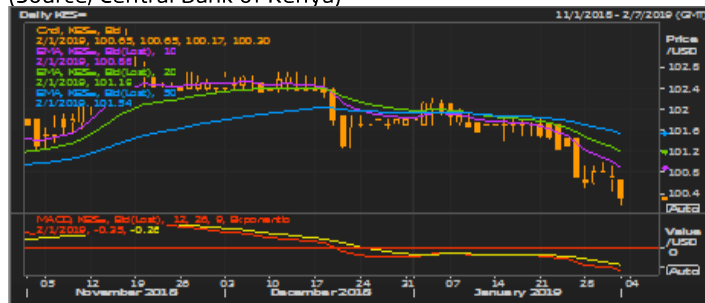
Meanwhile, Kenya is considering floating foreign currency-denominated bonds locally to support the Kenyan shilling, the country's capital market regulator said on Friday. Paul Muthaura, CEO of Capital Markets Authority (CMA), told journalists in Nairobi that the bonds will lead to additional foreign currency inflows into the country and strengthen the local currency. By issuing debt in foreign currency such as U.S. dollars and euros locally, Muthaura said, Kenya will solidify its position as an international financial center.

Indicative Forex rates

	Buy Cash	Sell Cash	Buy TT	Sell TT
USD/KES	96.90	103.90	97.90	102.90
GBP/KES	127.25	135.25	127.75	134.75
EUR/KES	111.40	118.40	111.90	117.90
AED/KES	25.85	28.85	25.85	28.85

Money Market Rates	Current	Previous	Change
Interbank Rate	5.4183%	4.9986%	0.420
91-Day T-bill	7.061%	7.122%	-0.061
182-Day T-Bill	8.780%	8.833%	-0.053
364-Day T-Bill	9.856%	9.905%	-0.049
Inflation	4.70%	5.71%	-1.010
CBR RATE	9.00%	9.50%	-0.500

(Source: Central Bank of Kenya)



(Source: Reuters)

INTERNATIONAL NEWS

The U.S. dollar rose marginally against most of its peers on Friday, supported by a stronger-than-expected U.S. jobs and factory data, although gains were capped by tame wage inflation. Data showed that the U.S. economy created 304,000 jobs in January, the highest in 11 months, which beat estimates. The solid jobs report also allayed concerns of the slowdown in the U.S. economy, leading traders to trim expectations the Fed would need to cut interest rates to support the economy later this year.

Despite the strong labour market, the U.S. central bank is widely expected to keep rates steady this year thanks to heightened worries over global growth, especially in China. Growth in the euro area has also been weaker-than-expected with Europe's main economic engines, France and Germany, slowing down.

The euro held relatively stable against the dollar, rising 0.1% to settle at \$1.1445.

Meanwhile, the sterling pound slid on Friday, putting it on track for its biggest weekly loss in seven weeks, after survey data highlighted the degree of uncertainty sweeping British manufacturers as the country heads towards Brexit in less than two months. PM Theresa May aims to get parliament's approval for a revised deal on Feb. 13. If that fails, parliament will vote on next steps on Feb. 14. On the day, the pound fell 0.15% against the dollar to settle at \$1.3075.

Elsewhere, oil prices rose about 3% on Friday on upbeat U.S. jobs data and signs that U.S. sanctions on Venezuelan exports have helped tighten supply. Brent crude oil futures rose \$1.91 a barrel, or 3.14% to settle at \$62.85 a barrel. The international benchmark notched a weekly gain of about 1.9%.

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	1.1395	1.1495
GBP/USD	1.3025	1.3125
USD/AED	3.6675	3.6785
USD/JPY	109.25	110.25

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