



DIB Bank Kenya
A subsidiary of Dubai Islamic Bank PJSC

TREASURY MARKET UPDATE 5TH FEBRUARY 2019

DOMESTIC NEWS

The Kenyan shilling strengthened to its strongest level in six months against the greenback on Monday due to hard currency inflows from horticulture exports, diaspora remittances and offshore investors buying government debt amid thin oil importer dollar demand. At close of business, the local currency had shed 30 cents to the dollar from the previous level to close at 100.00/100.20, the highest level since Aug. 10, 2018, when it stood at 100.20.

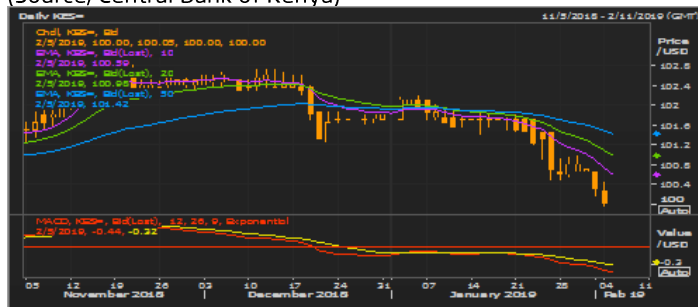
According to the central bank, diaspora remittances have been on the rise, up by 39% in 2018 to 270 billion shillings (USD 2.7 billion) from USD 1.9 billion dollars of 2017. The high remittances are attributed to increased uptake of financial products by the diaspora due to financial services firms, particularly banks. The stronger shilling has led to a pile-up in forex reserves, which stood at 8.14 billion dollars (5.3 months of import cover) having risen by 135 million dollars in January.

Indicative Forex rates

	Buy Cash	Sell Cash	Buy TT	Sell TT
USD/KES	96.60	103.60	97.60	102.60
GBP/KES	126.50	134.50	127.00	134.00
EUR/KES	110.95	117.95	111.45	117.45
AED/KES	25.75	28.75	25.75	28.75

Money Market Rates	Current	Previous	Change
Interbank Rate	5.4183%	5.4183%	0.000
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 strengthened across the board on Monday, as investors took heart from Friday's strong payrolls number and as improved risk appetite helped lift the greenback. The dollar index, which tracks the greenback versus six major global currencies, was up 0.25% to settle at 95.85.

A U.S. Labor Department report on Friday showed non-farm payrolls jumped by 304,000 jobs last month, the largest gain since February 2018. Manufacturing activity numbers for January were also better than expected, pointing to underlying strength in the world's biggest economy. Weak European data and expanding stimulus in China have also increased demand for dollars, despite indications the U.S. Fed has stopped raising interest rates for now.

The euro weakened marginally to settle at \$1.1430 as investors fretted over economic risks to the euro zone after cautious comments from the European Central Bank at its January meeting reaffirmed worries that the euro zone economy was struggling.

Meanwhile, the sterling pound fell towards a one-week low of \$1.3040 as PM Theresa May met lawmakers to try and overcome a parliamentary impasse that has raised fears among investors about a disorderly 'no-deal' Brexit. 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.

Meanwhile, oil prices fell on Monday after disappointing U.S. factory data sparked fresh concerns about a slowdown in the global economy, but losses were limited as OPEC-led supply cuts and U.S. sanctions against Venezuela pointed to tighter supply. Brent crude futures dropped 24 cents, or 0.4% to settle at \$62.50 a 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	1.1380	1.1480
GBP/USD	1.2990	1.3090
USD/AED	3.6675	3.6785
USD/JPY	109.35	110.35

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.