



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

## TREASURY MARKET UPDATE 7<sup>TH</sup> JANUARY 2019

### DOMESTIC NEWS

The Kenya shilling held relatively stable against the greenback on Friday, drawing support from diaspora remittances' inflows after coming under pressure in the first week of the year due to increased importer dollar demand as the pace of business picked after the festive season. At close of trade, the local currency stood at 102.00/20, marginally stronger than the day's opening level of 102.10/30. We expect the local unit to remain relatively stable and trade in the 101.50/102.50 range in coming days.

Meanwhile, Kenya's annual inflation rose to a 12-month high of 5.71% in December, indicating tough economic environment endured by Kenyans throughout 2018. The rise was second to the one reported in September which touched an 11-month high of 5.70%. According to Kenya National Bureau of Statistics, prices for both food and non-food items rose marginally, pushing inflation from a low of 5.58% in November.

#### Indicative Forex rates

	Buy Cash	Sell Cash	Buy TT	Sell TT
USD/KES	98.60	105.60	99.60	104.60
GBP/KES	126.15	134.15	126.65	133.65
EUR/KES	113.15	120.15	113.65	119.65
AED/KES	26.30	29.30	26.30	29.30

Money Market Rates	Current	Previous	Change
Interbank Rate	4.7966%	4.0611%	0.736
91-Day T-bill	7.316%	7.342%	-0.026
182-Day T-Bill	8.997%	9.002%	-0.005
364-Day T-Bill	10.011%	9.952%	0.059
Inflation	5.58%	5.53%	0.050
CBR RATE	9.00%	9.50%	-0.500

(Source; Central Bank of Kenya)



(Source; Reuters)

### INTERNATIONAL NEWS

The U.S. dollar retreated against major global currencies on Friday, giving up all the gains logged after a robust U.S. jobs report, following comments from Fed Chairman Jerome Powell that the U.S. central bank will be sensitive to the downside risks the market is pricing in. Powell said the Fed is not on a preset path of interest rate hikes and suggested that it could pause its policy tightening as it did in 2016.

The greenback, which had slipped against most currencies in recent days amid worries about a slowdown in global growth, found support earlier in the session after China announced new measures to support its economy and hopes grew that upcoming U.S.-China trade talks would make some progress. Market sentiment improved when China confirmed that trade talks with the United States would be held in Beijing on Jan. 7-8.

The euro rose 0.25% against the weaker dollar to settle at \$1.1420. Earlier in the day, the single currency fell as low as \$1.1345 after the dollar rose following data that showed U.S. employers hired the most workers in 10 months in December.

Meanwhile, the sterling pound jumped on Friday after suffering heavy losses spurred by fears of a global economic slowdown, but uncertainty about Brexit kept its gains in check. The currency staged a recovery on Friday, trading up 0.8% against the dollar to \$1.2745, but still close to the bottom of its long-term range.

Elsewhere, global oil prices rose by more than 1% in early trading on Monday, lifted by optimism that talks could soon resolve the trade war between the United States and China, while supply cuts by major producers also supported the market. Brent crude futures were at \$57.75 per barrel, up 1.2% from their last close.

#### Indicative Profit Rates on Deposits

	Amounts > 10 Million		Amounts >100,000	
	KES		USD	
2 Weeks	6.50%	2.00%		
1 Month	7.50%	2.50%		
3 Months	8.50%	2.75%		
6 Months	9.00%	3.50%		
1 year	9.50%	3.75%		

#### Indicative Cross Rates

	Bid		Offer	
	Value /USD		Value /USD	
EUR/USD	1.1370	1.1470		
GBP/USD	1.2695	1.2795		
USD/AED	3.6675	3.6785		
USD/JPY	107.70	108.70		

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