



DIB Bank Kenya
A subsidiary of Dubai Islamic Bank PJSC

TREASURY MARKET UPDATE 7TH JANUARY 2020

DOMESTIC NEWS

An uptick in foreign currency demand on the first day of the week trading saw the domestic unit close the day weaker against the dollar. The shilling gave away some of its gains made previously on account of increased dollar appetite from corporates and interbank players, which overwhelmed the erratic foreign currency inflows, leaving the home unit exposed on the downside. In the new day, the USDKES pair remains at the mercy of broader market flows to determine its near-term direction. By close of trade, the local unit stood at 101.05/25, as compared to Friday's close of 100.90/10.

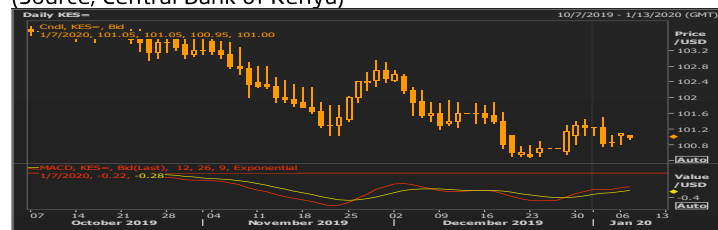
In the meantime, Kenya plans to refinance or substitute commercial loans with cheaper options from friendly nations or development financiers, its acting finance minister said on Monday. The East African nation wants to avoid raising more debt from overseas capital markets, after a borrowing binge in recent years including Eurobond offerings, a package of Chinese loans and syndicated commercial loans. The government was committed to bringing its debt, which has risen to above 62% of gross domestic product, to a more sustainable level. Economic growth slowed to 5.1% in the third quarter of last year from 6.4% growth in the same period a year earlier.

Indicative Forex rates

	Buy Cash	Sell Cash	Buy TT	Sell TT
USD/KES	97.60	104.60	98.60	103.60
GBP/KES	129.15	137.15	129.70	136.70
EUR/KES	109.70	116.70	110.15	116.15
AED/KES	26.02	29.02	26.02	29.02

Money Market Rates	Current	Previous	Change
Interbank Rate	5.035%	5.222%	-0.187
91-Day T-bill	7.200%	7.200%	0.000
182-Day T-Bill	8.147%	8.150%	-0.003
364-Day T-Bill	9.828%	9.815%	0.013
Inflation	5.820%	5.560%	0.260
CBR RATE	8.500%	9.00%	-0.500

(Source: Central Bank of Kenya)



(Source: Reuters)

INTERNATIONAL NEWS

The U.S. dollar index declined to 96.650 on Monday. The United States has no plans to pull its troops out of Iraq, Defense Secretary Mark Esper said, following reports of a U.S. military letter informing Iraq officials about the repositioning of troops in preparation to leave. This came after Friday's drone strike in Baghdad ordered by U.S. President Donald Trump that killed Iranian military commander Qassem Soleimani, widely seen as Iran's second most powerful figure behind Supreme Leader Ayatollah Ali Khamenei. In other news, The United States and China are expected to sign a preliminary deal on Jan. 15 to de-escalate a prolonged trade war, but rising geopolitical risks threaten to overshadow the benefits of reduced trade friction.

The GBP/USD pair took the bids to a three-day high at \$1.3180 on Monday. UK PM Johnson announced that the UK would conduct post-Brexit trade talks with the US while it negotiates the terms of the future relationship with the EU.

The euro was quoted at \$1.1193 on Monday, on the back of upbeat macroeconomic data releases from Germany and the euro area. The pair, therefore, could revisit 1.1239 and will likely break higher if the US ISM non-manufacturing data for December due today prints below November's reading.

The Japanese yen is currently trading at 108.50. The market has taken the opinion that there will not be a threat of outright war from the recent verbal provocations since the termination of one of Iran's top generals in last week's US drone strike.

Elsewhere, global oil prices fell more than 1% to \$67.86 per barrel on Tuesday as investors reconsidered the likelihood of Middle East supply disruptions in the wake of the United States killing a top Iranian military commander.

Indicative Profit Rates on Deposits		
	Amounts > 10 Million	Amounts >100,000
	KES	USD
2 Weeks	6.50%	1.25%
1 Month	7.00%	1.75%
3 Months	8.00%	2.00%
6 Months	8.50%	2.25%
1 year	9.00%	2.50%
Indicative Cross Rates		
	Bid	Offer
EUR/USD	1.1110	1.1250
GBP/USD	1.3130	1.3195
USD/AED	3.6675	3.6775
USD/JPY	108.00	108.85

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