



DIB Bank Kenya
A subsidiary of Dubai Islamic Bank PJSC

TREASURY MARKET UPDATE 8TH FEBRUARY 2019

DOMESTIC NEWS

U.S. dollar inflows from offshore investors buying government debt helped the shilling to hold relatively stable against the greenback on Friday as dollar demand from importers remained subdued. At close of trade, the local currency stood at 100.05/25, little changed from Wednesday close of 100.00/20. We expect the shilling to hold relatively stable against the dollar in the coming week as inflows from diaspora remittances and offshore investors buying government debt match oil importer demand.

Elsewhere, the weighted average yield on Kenya's 15-year Treasury bond fell slightly in Wednesday's auction to 12.768% from 12.857% at its last sale. The yield on a 2-year bond which was also auctioned in the same sale fell to 10.328% from 10.701% at its previous auction. The bank had offered a total KES 12 billion (\$119.94 million) for the two bonds. It received bids worth a total of KES 66.60 billion and accepted KES 23.43 billion.

Indicative Forex rates

	Buy Cash	Sell Cash	Buy TT	Sell TT
USD/KES	96.65	103.65	97.65	102.65
GBP/KES	125.70	133.70	126.20	133.20
EUR/KES	110.05	117.05	110.55	116.55
AED/KES	25.75	28.75	25.75	28.75

Money Market Rates	Current	Previous	Change
Interbank Rate	1.7886%	2.1721%	-0.384
91-Day T-bill	7.040%	7.061%	-0.021
182-Day T-Bill	8.567%	8.780%	-0.213
364-Day T-Bill	9.644%	9.856%	-0.212
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 gained against the euro on Thursday after the European Commission sharply cut its forecasts for euro zone economic growth this and next year as it expects the bloc's largest countries to be held back by global trade tensions and domestic challenges.

The dollar index was up 0.10% at 96.50, on pace for its sixth session of gains. The dollar's recent gains come despite the Federal Reserve's dovish shift on interest rates last week.

The euro fell 0.10% to settle at \$1.1340 on pace for its fourth session of losses. Global trade tensions and growing public debt are hastening a slowdown in the largest countries of the bloc, complicating the ECB's plans for an interest rate hike this year and weakening the single currency.

Meanwhile, the sterling pound advanced on Thursday despite the Bank of England saying that Britain faced its weakest economic growth in a decade due to uncertainty about Brexit. Having fallen more than half a percent immediately after the Central Bank cut its growth forecast and left interest rates unchanged, the pound subsequently recouped its losses and strengthened to close at \$1.2950, on hopes that Britain will make some progress in coming days in negotiations on its departure from the European Union.

Elsewhere, oil markets fell in early trading on Friday, pulled down by an economic slowdown, although supply cuts led by producer club OPEC and U.S. sanctions against Venezuela provided crude with some support. International Brent crude oil futures were down almost 2% from the previous session to settle at \$61.25 per 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	1.1290	1.1390
GBP/USD	1.2900	1.2950
USD/AED	3.6675	3.6785
USD/JPY	109.25	110.25

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.