



**DIB Bank Kenya**

A subsidiary of Dubai Islamic Bank PJSC

## TREASURY MARKET UPDATE 8<sup>TH</sup> JANUARY 2019

### DOMESTIC NEWS

The Kenyan shilling firmed marginally against the U.S. dollar in active trading on Monday as inflows from remittances, horticulture exports and offshore investors buying government debt outmatched subdued dollar demand from importers. At close of trade, the local currency traded at 101.80/102.00, marginally stronger than Friday's close of 102.00/102.20. We expect the shilling to remain relatively stable and trade in the 101.50/102.50 range in coming days.

Meanwhile, Kenya's economy expanded by 6% in the third quarter of 2018 compared with a 4.7% growth rate in the same period in 2017. The Kenya National Bureau of Statistics (KNBS) said in a statement that the improved economic expansion was mostly supported by a pickup in activities of agriculture, construction, and electricity and water supply, as well as a rebound in the manufacturing sector. The government forecasts that the economy will expand by 6.2% in 2019, up from a forecast 6% this year.

### Indicative Forex rates

|         | Buy Cash | Sell Cash | Buy TT | Sell TT |
|---------|----------|-----------|--------|---------|
| USD/KES | 98.40    | 105.40    | 99.40  | 104.40  |
| GBP/KES | 126.00   | 134.00    | 126.50 | 133.50  |
| EUR/KES | 113.05   | 120.05    | 113.55 | 119.55  |
| AED/KES | 26.25    | 29.25     | 26.25  | 29.25   |

| Money Market Rates | Current | Previous | Change |
|--------------------|---------|----------|--------|
| Interbank Rate     | 4.7966% | 4.7966%  | 0.000  |
| 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          | 5.71%   | 5.58%    | 0.130  |
| CBR RATE           | 9.00%   | 9.50%    | -0.500 |

(Source: Central Bank of Kenya)



(Source: Reuters)

### INTERNATIONAL NEWS

The U.S. dollar fell on Monday, pressured by growing expectations that the U.S. Fed will either pause or halt its interest rate hike cycle. Even after last week's strong U.S. jobs data for December, market watchers believe the world's biggest economy is losing momentum. Recent comments by Fed Chairman Jerome Powell have added to expectations the central bank may adopt a more cautious outlook.

Financial markets are however optimistic about a meeting of U.S. officials and their counterparts in Beijing this week, the first face-to-face talks since U.S. President Donald Trump and Chinese President Xi Jinping agreed on Dec. 1 to a 90-day truce in their trade war.

Waning expectations of a U.S. rate hike boosted the euro, which rose 0.15% to settle at \$1.1440.

The sterling pound also rose to a one-week high on Monday as traders prepared for Britain's parliament to reconvene this week and debate Prime Minister Theresa May's Brexit withdrawal agreement. The pound's strength - as high as \$1.2785, up 0.4% on the day, before settling at \$1.2760 - was largely down to dollar weakness, with a recovery in global risk sentiment since Friday knocking demand for the U.S. currency.

Meanwhile, oil prices were stable in early trading on Tuesday, supported by hopes that talks under way in Beijing involving U.S. and Chinese officials could end trade disputes between the world's biggest economies, while OPEC-led supply cuts also tightened markets. International Brent crude futures were at \$57.43 per barrel, up 10 cents, or 0.1% percent 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  |
|---------|--------|--------|
| EUR/USD | 1.1390 | 1.1490 |
| GBP/USD | 1.2710 | 1.2810 |
| USD/AED | 3.6675 | 3.6785 |
| USD/JPY | 108.40 | 109.40 |

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