



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

## TREASURY MARKET UPDATE 8<sup>TH</sup> JANUARY 2020

### DOMESTIC NEWS

The home unit drifted further south, dropping against its American counterpart. Market witnessed a weakening of the local unit in early trading, as dollar buyers particularly importers from the oil and energy sector who swooped in to take advantage of the moderately fair prices. The trifling foreign currency inflows witnessed from various sectors of the economy, did little to save the shilling from losses. We are likely to see the local currency cede more ground against the dollar if persistent dollar demand continues to typify the local currency market. By close of trade, the local unit stood at 101.15/35, as compared to Monday's close of 101.05/25.

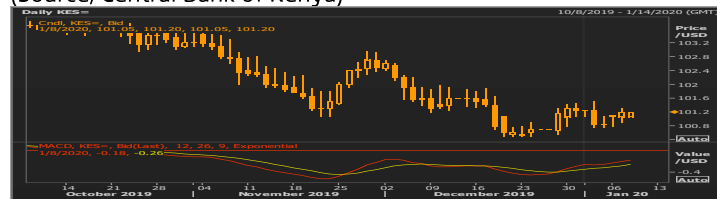
In the meantime, Kenya's private sector activity was up slightly in December, due to higher sales for firms although output rose as heavy rains disrupted goods deliveries during the month, a survey showed. The Markit Stanbic Bank Kenya Purchasing Managers' Index for manufacturing and services rose to 53.3 in December from 53.2 in November. Readings above 50 indicate growth. The Kenya National Bureau of Statistics said agriculture, forestry and fishing, manufacturing, construction, electricity and water sectors all recorded slower growth during the period. The Markit survey said businesses were concerned about cashflow problems, especially from delayed government payments.

### Indicative Forex rates

	Buy Cash	Sell Cash	Buy TT	Sell TT
USD/KES	97.75	104.75	98.75	103.75
GBP/KES	128.85	136.85	129.35	136.35
EUR/KES	109.40	116.40	109.90	115.90
AED/KES	26.06	29.06	26.06	29.06

Money Market Rates	Current	Previous	Change
Interbank Rate	5.024%	5.035%	-0.011
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 rose on Tuesday to 96.980 as better-than-expected non-manufacturing data suggested the economy remained on firm footing. ISM nonmanufacturing data for December showed a reading of 55, beating forecasts of 54.5. The services sector is a critical component of the U.S. economy, accounting for roughly 80% of U.S. private-sector gross domestic product. In other news, U.S. President Donald Trump said that an assessment of casualties and damage from the Iran missile strikes on U.S. air bases in Iraq was under way and that he would make a statement on Wednesday morning. Trump said that "All is well!" and "So far, so good!"

The GBP/USD pair pared earlier gains, falling to \$1.3133 on Tuesday as Brexit returned to focus with U.K. lawmakers resuming their scrutiny of Prime Minister Boris Johnson's Brexit deal. Opposition to the government's Brexit deal is expected to be limited as the ruling Conservative party secured a resounding victory in the general election last month.

The euro fell to \$1.1145 on Tuesday shrugging off firmer eurozone retail sales. The single currency may yet fall further if the German government fails to consider increasing fiscal spending to boost its economy.

The Japanese yen recovered to 108.14 early Wednesday morning on hopes of de-escalation of US-Iran tensions, however fresh headlines are crossing the wires, citing that Tehran announced that the missiles they fired hit the targets they intended.

Elsewhere, global oil prices jumped on Wednesday to \$69.20 after Iran attacked two U.S.-Iraqi airbases in response to a U.S. airstrike that killed a top Iranian general last week, sparking worries of intensifying conflict in the Middle East.

### Indicative Profit Rates on Deposits

	Amounts > 10 Million		Amounts >100,000	
	KES	USD	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	1.1100	1.1205
GBP/USD	1.3090	1.3170
USD/AED	3.6675	3.6775
USD/JPY	107.95	108.60

For more details, contact our Treasury staff- Michael, Loryne and Evelyn 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.