



DIB Bank Kenya
A subsidiary of Dubai Islamic Bank PJSC

TREASURY MARKET UPDATE 9TH DECEMBER 2019

DOMESTIC NEWS

Friday's choppy trading session saw the shilling pullback slightly versus the greenback. Market witnessed a slight weakening of the home unit in early trading, as increased dollar appetite from corporates and interbank players overwhelmed the erratic foreign currency inflows, leaving the home unit exposed on the downside, as it erased some of the gains garnered in the previous plenaries. By close of trade, the local unit stood at 101.60/80, as compared to Thursday's close of 101.55/75.

In the new week, the USD/KES pair remains at the mercy of broader market flows to determine its near term direction. We expect the home unit to remain buoyed. That said, its fortunes may be fleeting if buyers of foreign currency may come to fore and nip the greenback at these lucrative levels.

Indicative Forex rates

	Buy Cash	Sell Cash	Buy TT	Sell TT
USD/KES	98.20	105.20	99.20	104.20
GBP/KES	129.70	137.70	130.20	137.20
EUR/KES	108.95	115.95	109.45	115.45
AED/KES	26.19	29.19	26.19	29.19

Money Market Rates	Current	Previous	Change
Interbank Rate	6.753%	6.517%	0.236
91-Day T-bill	7.162%	7.162%	0.000
182-Day T-Bill	8.201%	8.204%	-0.003
364-Day T-Bill	9.803%	9.800%	0.003
Inflation	5.560%	4.950%	0.610
CBR RATE	8.500%	9.00%	-0.500

(Source: Central Bank of Kenya)



(Source: Reuters)

INTERNATIONAL NEWS

The U.S. dollar index rallied on Friday to 97.750 as stronger-than-expected U.S. jobs gains last month reaffirmed beliefs that the economy remained intact. The U.S. created 266,000 jobs last month, topping economists' forecast of 186,000. The unemployment rate unexpectedly dropped to 3.50% and wage growth slipped to 0.20% in November, lower than expectations of 0.30%. In the meantime, Top White House economic adviser said on Friday that a Dec. 15 deadline is still in place to impose a new round of U.S. tariffs on Chinese consumer goods, but President Donald Trump said trade talks with China are ongoing.

The GBP/USD pair slipped to \$1.3120 on Friday, giving up some of its gains earlier this week, when the pair hit seven-month highs on bets that the Conservative party in the U.K., led by Prime Minister Boris Johnson, would likely win a majority of the seats in the General Election. With a Tory majority, Boris Johnson will likely be able to get his Brexit deal approved, ending the current parliamentary deadlock on Brexit, which has weighed on economic activity.

The euro is looking heavy after it dived to \$1.1040 on Friday on the back of a blowout Nonfarm Payrolls figure. In addition, the fear of the US-China trade war escalation may keep the euro under pressure.

The Japanese yen seesaws around 108.60 early Monday. Market's risk tone seems to fail to extend the previous gains as traders turn cautious ahead of the key week that comprises key central bank meetings and the general election in the United Kingdom.

Elsewhere, global oil prices dropped on Monday to \$64.19, but are still near 12-week highs after OPEC agreed to bigger output cuts than expected.

Indicative Profit Rates on Deposits

	Indicative Profit Rates on Deposits	
	Amounts > 10 Million KES	Amounts >100,000 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	1.1010	1.1130
GBP/USD	1.3100	1.3160
USD/AED	3.6675	3.6775
USD/JPY	108.00	109.20

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.