



DIB Bank Kenya
A subsidiary of Dubai Islamic Bank PJSC

TREASURY MARKET UPDATE 9TH JANUARY 2019

DOMESTIC NEWS

The Kenyan shilling held relatively stable against the greenback on Tuesday, supported by inflows from diaspora remittances amid high liquidity in the local money market. At close of trade, the local unit stood at 101.85/102.05, little changed from Monday's close of 101.80/102.00 as the weighted average interbank lending rate fell to a new low of 4.1115%, compared with 6.7310% a week ago. We expect the local currency to hold relatively stable in coming days.

Meanwhile, expansion in Kenya's private sector picked up pace in December as new orders rose sharply. The Markit Stanbic Bank Kenya Purchasing Managers' Index (PMI) for manufacturing and services rose to 53.6 from November's 53.1. Any reading above 50.0 indicates growth. The index average for the year was the highest since 2014.

Indicative Forex rates

	Buy Cash	Sell Cash	Buy TT	Sell TT
USD/KES	98.45	105.45	99.45	104.45
GBP/KES	125.85	133.85	126.35	133.35
EUR/KES	113.30	120.30	113.80	119.80
AED/KES	26.25	29.25	26.25	29.25

Money Market Rates	Current	Previous	Change
Interbank Rate	4.1115%	4.6960%	-0.585
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 eased against some of its peers on Tuesday, as hopes of progress in the Sino-U.S. trade dispute boosted commodity-linked and riskier currencies. The rally in risk assets has accelerated since last Friday when Federal Reserve Chairman Jerome Powell said he was aware of risks to the economy and would be patient and flexible in policy decisions this year.

The dollar index, which measures the greenback against a basket of six peers, gave up 0.1% to settle at 95.78, hovering close to an 11-week low of 95.35 touched early this week.

The euro gained 0.2% to settle at \$1.1455, but its rebound was not big enough to recover a slightly steeper loss booked during the previous session on concerns about a slowdown in the euro zone economy. An unexpected fall in German industrial output for the third straight month, however, weighed on the euro.

Meanwhile, the sterling pound dropped 0.15% to settle at \$1.2735 as investors took advantage of an early surge to cut their positions ahead of what is expected to be a volatile week as British lawmakers debate PM Theresa May's Brexit withdrawal agreement. British parliament is due to vote on the agreement on Jan. 15, and the run-up is likely to dominate trading of the British currency, with May set to lose the vote unless she can convince opponents within and outside her party to back her deal.

Elsewhere, oil prices rose in early trading on Wednesday, extending gains from the previous session on hopes that Washington and Beijing can resolve the trade dispute that has triggered a global economic slowdown. International Brent crude futures were up 0.7% to settle at \$59.55 per barrel.

Indicative Profit Rates on Deposits

	Amounts > 10 Million		Amounts >100,000	
	KES	USD	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	1.1405	1.1505
GBP/USD	1.2685	1.2785
USD/AED	3.6675	3.6785
USD/JPY	108.35	109.35

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