



DIB Bank Kenya
A subsidiary of Dubai Islamic Bank PJSC

TREASURY MARKET UPDATE 9TH JANUARY 2020

DOMESTIC NEWS

The Kenya Shilling continued its losing streak in Wednesday's trading session, as it extended its losses against the U.S. dollar. Foreign currency demand superseded weak supply from the corporate sector for the major part of the day overwhelming erratic foreign currency inflows to leave the home unit some few cents weaker at the closing bell. Further depreciation of the local unit is in the offing at least in the short term, if recent dollar demand in the wake of diminished inflows is anything to go by. By close of trade, the local unit stood at 101.40/60, as compared to Tuesday's close of 101.15/35.

In the meantime, the next meeting of the Monetary Policy Committee will be held on Monday, January 27, 2020. The Monetary Policy Committee lowered the Central Bank Rate to 8.50% at its November 25, 2019 meeting.

Indicative Forex rates

	Buy Cash	Sell Cash	Buy TT	Sell TT
USD/KES	98.05	105.05	99.05	104.05
GBP/KES	129.10	137.10	129.65	136.65
EUR/KES	109.40	116.40	109.90	115.90
AED/KES	26.15	29.15	26.15	29.15

Money Market Rates	Current	Previous	Change
Interbank Rate	4.788%	5.024%	-0.236
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 Wednesday to 96.990. Trump, spoke after the Iranian attack on the U.S. airbases. But he did not speak of a counterattack. He offered Tehran chances for talks if it "changed its behavior," a further sign of diplomacy. The rocket launches were Tehran's first military response to the U.S. killing of Iranian commander Qassem Soleimani last week. Trump said the U.S. "will immediately impose additional punishing economic sanctions on the Iranian regime." The sanctions would remain in force until Iran changes its behavior, he added.

The GBP/USD pair continued to lose ground at \$1.3107 on Wednesday against the greenback as U.K. Prime Minister Boris Johnson kept fears alive that Britain could leave the European Union without a deal at the end of year. Prime Minister Boris Johnson told European Commission Chief that the U.K will not extend its transition out of the European Union beyond December 2020. The European Commission Chief however warned that without an extension of the transition period, beyond 2020 an agreement on a new trade deal would be a risk.

The euro fell to \$1.1111 to on Wednesday. Industrial orders in the euro zone's biggest economy unexpectedly fell 1.3% in November due to weak foreign demand.

The Japanese yen is taking bids to 109.20 during early Thursday. Markets remain on red alert. There is a sense we have not seen the back of the conflict in the Persian Gulf.

Elsewhere, global oil prices climbed on Thursday to \$65.87, after a rocket attack on Baghdad triggered fresh concerns over the potential for conflict in the Middle East, a day after markets were roiled by an Iranian missile strike on Iraqi bases hosting U.S. forces.

Indicative Profit Rates on Deposits

	Amounts > 10 Million		Amounts >100,000	
	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	1.1095	1.1150
GBP/USD	1.3085	1.3160
USD/AED	3.6675	3.6775
USD/JPY	108.95	109.60

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.