



DIB Bank Kenya
A subsidiary of Dubai Islamic Bank PJSC

TREASURY MARKET UPDATE 10TH FEBRUARY 2020

DOMESTIC NEWS

Friday's trading saw the local unit close a tad lower against the U.S dollar, compared to the previous day, as a consequence of a marginal surge in dollar demand. The shilling gave away some of its gains made previously on account of increased dollar appetite from corporates and interbank players, which overwhelmed the erratic foreign currency inflows, leaving the home unit exposed on the downside. By close of trade, the local unit stood at 100.50/70 as compared to Thursday's close of 100.35/55.

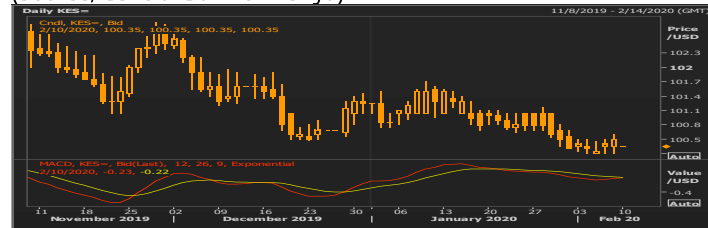
In other news, President Donald Trump has announced the United States intends to initiate trade agreement negotiations with Kenya. The announcement was made by the office of the United States Trade Representative following a meeting at the White House with his Kenyan counterpart President Uhuru Kenyatta. Lighthizer will officially notify Congress of the Trump Administration's intention to start negotiations following the consultations with Congress that are required by the Bipartisan Congressional Trade Priorities and Accountability Act of 2015 - often referred to as Trade Promotion Authority. In the meantime, the monetary authority was in the market for the 7-day repo in a bid to mop KES 5 Billion at a weighted average rate of 3.990%.

Indicative Forex rates

	Buy Cash	Sell Cash	Buy TT	Sell TT
USD/KES	97.10	104.10	98.10	103.10
GBP/KES	125.85	133.85	126.30	133.30
EUR/KES	106.75	113.75	107.20	113.20
AED/KES	25.89	28.89	25.89	28.89

Money Market Rates	Current	Previous	Change
Interbank Rate	5.033%	5.189%	-0.156
91-Day T-bill	7.300%	7.296%	0.004
182-Day T-Bill	8.248%	8.229%	0.019
364-Day T-Bill	9.873%	9.879%	0.006
Inflation	5.780%	5.820%	-0.040
CBR RATE	8.250%	8.500%	-0.250

(Source: Central Bank of Kenya)



(Source: Reuters)

INTERNATIONAL NEWS

The U.S. dollar index edged higher on Friday to 98.55, shrugging off expectations that a continued slowdown in U.S. wages will weigh on the pace of inflation and keep interest rates lower for longer. The U.S. created 225,000 jobs last month, well above the economists' consensus forecast of 160,000. The unemployment rate, however, unexpectedly ticked up to 3.6%, and average hourly earnings slowed to a pace of 0.2% from 0.3%, missing expectations of 0.3%. The annual pace of the wage growth of 3.1% topped economists' forecasts.

The GBP/USD pair slipped to \$1.2890 on Friday as ongoing fears that the U.K. and EU are set for rocky Brexit trade talks in the coming months. Sterling's decline in reaction to the U.K.'s clash with the EU over a trade deal this week could be a sign of things to come for the currency. U.K. Prime Minister Boris Johnson said earlier this week that he was unwilling to accept the EU's request to sign up to its rules in any potential trade deal.

The euro staged a half-hearted bounce from four-month lows to be last at \$1.0953 on Friday. Euro zone bond yields fell after German industrial output tumbled in December to notch its biggest fall since January 2009, fanning concerns about the bloc's biggest economy.

The Japanese takes the bids to 109.84 during the early trading hours of Monday. At its routine bond market operation on Monday, the Bank of Japan increased their buying amounts of the 10-25-year maturity Japanese Government Bonds to JPY 120 billion.

Elsewhere, global oil prices on Monday extended their decline to \$53.63 per barrel, as the specter of excess supplies loomed over the market after the spreading coronavirus outbreak hit demand in China, the world's largest oil importer.

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	1.0905	1.1060
GBP/USD	1.2890	1.2970
USD/AED	3.6675	3.6775
USD/JPY	109.00	110.30

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