



DIB Bank Kenya
A subsidiary of Dubai Islamic Bank PJSC

TREASURY MARKET UPDATE 12TH FEBRUARY 2020

DOMESTIC NEWS

A somewhat active session saw the local currency come off slightly versus the greenback on Monday. Dollar demand from the manufacturing and energy sectors hit the FX counters through the day, amid fairly limited inflows that caused the shilling to close the trading session on the back foot after failing to anchor itself against the dollar. In the new week, the USDKES pair remains at the mercy of broader market flows to determine its near term direction. By close of trade, the local unit stood at 100.55/75 as compared to Friday's close of 100.50/70. Tuesday was declared a public holiday, to bid farewell to Kenya's longest serving leader Moi.

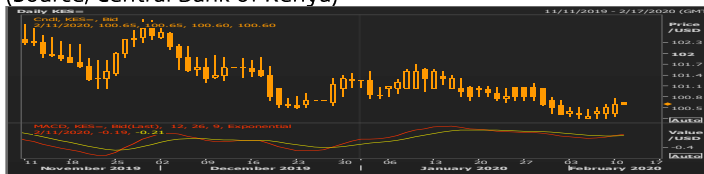
In other news the first shilling-denominated green bond programme was listed on the London Stock Exchange, marking a step forward in the bid to open up Africa's local currency bond market to international investors. Low global rates have bolstered demand for Kenyan and other frontier market local currency government bonds, but corporate risk has proved a stretch too far for most international investors, meaning that access to funding for African corporates is limited to local sources. Acorn Holding's green bond comes with a guarantee by development agency GuarantCo and is dual listed in London and Nairobi. In the meantime, the monetary authority was in the market for the 7-day repo in a bid to mop KES 30 Billion at a weighted average rate of 4.418%.

Indicative Forex rates

	Buy Cash	Sell Cash	Buy TT	Sell TT
USD/KES	97.10	104.10	98.10	103.10
GBP/KES	126.35	134.35	126.90	133.90
EUR/KES	106.25	113.25	107.80	112.80
AED/KES	25.89	28.89	25.89	28.89

Money Market Rates	Current	Previous	Change
Interbank Rate	5.562%	5.033%	0.529
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 was relatively stable on Tuesday at 98.63 as traders weighed weaker-than-expected labor data against positive remarks from Federal Reserve Chairman Jerome Powell on the economy. But the Fed chief stopped short of hinting that any imminent action was needed, claiming he wanted to "resist the temptation to speculate" about the potential disruptions from the outbreak. The Fed's current wait-and-see approach has continued to attract criticism, not least from President Donald Trump who continues to call on the central bank to cut rates.

The GBP/USD pair rose to \$1.2955 on Tuesday. The EU-UK drama over Brexit continues. UK Finance Minister showed readiness to push for 'permanent equivalence' for City in Brexit talks.

The euro gained to \$1.0915 on Tuesday, with European Central Bank President Christine Lagarde adding to the chorus of calls for EU members to adopt more supporter fiscal measures. More supportive fiscal measures, particularly from Germany, the powerhouse of the EU, will likely underpin growth in the economic bloc and support the single currency.

The Japanese takes is stuck in a tight range between 109.76 and 109.88 early Wednesday, as it awaits the next round of catalysts in economic data and a cautiously optimistic Federal Reserve chair Jerome Powell who continues his semi-annual congressional testimony, appearing before the Senate Banking Committee later today in New York.

Elsewhere, global oil prices climbed on Wednesday to \$54.99 per barrel as China reported its lowest daily number of new coronavirus cases since late January, stoking investor hopes that fuel demand in the world's second-largest oil consumer may begin to recover from the epidemic.

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	1.0850	1.0950
GBP/USD	1.2900	1.2990
USD/AED	3.6675	3.6775
USD/JPY	109.00	110.40

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