



**DIB Bank Kenya**  
A subsidiary of Dubai Islamic Bank PJSC

## TREASURY MARKET UPDATE 13<sup>TH</sup> FEBRUARY 2020

### DOMESTIC NEWS

The Kenyan shilling weakened against its U.S. counterpart on Wednesday. The local unit lost marginal ground against the greenback as importer demand was noted at the dip. We are likely to see the local currency cede more ground against the dollar if persistent dollar demand continues to typify the local currency market. That said, the current trading ranges continue to be mainly flow driven with fundamentals taking a back seat in the interim. By close of trade, the local unit stood at 100.60/80 as compared to Monday's close of 100.55/75.

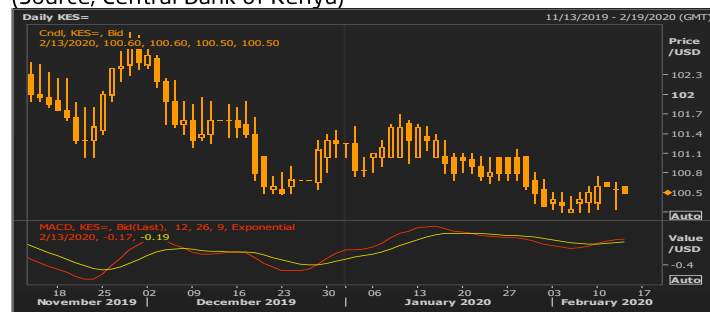
In other news, in a bid to grow retail engagement within the bond space, the Central Bank has rolled out the Treasury Mobile Direct service. Investors with active CDS accounts in the Central Bank will be able to access the following services on their mobile phones - Bid for T-bills and T-bonds, receive auction results, receive updates on payments made and Query your CDS account. In the meantime, the monetary authority was in the market for the 7-day repo in a bid to mop KES 15 Billion at a weighted average rate of 3.607%.

### Indicative Forex rates

	Buy Cash	Sell Cash	Buy TT	Sell TT
USD/KES	97.15	104.15	98.15	103.15
GBP/KES	126.40	134.40	126.90	133.90
EUR/KES	105.90	112.90	106.50	112.50
AED/KES	25.90	28.90	25.90	28.90

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 continued to rack up gains at 98.84 against its rivals Wednesday as Federal Reserve Chairman Jerome Powell's second day of testimony did little to support rate-cut hopes. In his second day of testimony on Capitol Hill, Jay Powell continued to talk up the strength of the economy and suggested there was little reason for the Fed to cut rates as the economy remained in a good place. In the run-up to Powell's testimony, investor hopes were running high that Powell would hint at a further stimulus in the wake of the Covid-19 outbreak. The Fed chief, however, said it was too early to determine the virus' impact on the global economy.

The GBP/USD pair made a run to \$1.3000 on Wednesday, but struggled to stay above water, diving back towards the midpoint of the 1.29 handle. The main focus will be with the UK and EU trade negotiations where there is an aggressive timeline for this phase of negotiations. Investors are wary of such a short period and the risks are stacked up against the pound as a flare-up could be in the offering between the UK and EU's negotiators.

The euro traded at \$ 1.0865 on Wednesday, the lowest level since May 2017. Eurozone's industrial output suffered its steepest drop in four years in December.

The Japanese yen declines to 109.90 as the Tokyo open welcomes the fresh risk aversion wave on Thursday. The recent surge in coronavirus cases from Hubei changed the markets' bias towards riskier assets.

Elsewhere, global oil prices rose on Thursday to \$55.96 per barrel on expectations that major producers are likely to enact deeper output cuts to offset the slump in demand caused by the coronavirus outbreak in China.

	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	7.50%	2.00%
6 Months	8.25%	2.25%
1 year	9.00%	2.50%

	Indicative Cross Rates	
	Bid	Offer
EUR/USD	1.0800	1.0930
GBP/USD	1.2900	1.2995
USD/AED	3.6675	3.6775
USD/JPY	109.00	110.60

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