



DIB Bank Kenya
A subsidiary of Dubai Islamic Bank PJSC

TREASURY MARKET UPDATE 17TH FEBRUARY 2020

DOMESTIC NEWS

The Kenyan shilling was stable on at the last trading day of the week. The local unit was supported by inflows from offshore investors buying government debt amid subsiding dollar demand from the energy and manufacturing sector. The session saw little activity across the counters that just about evened out during the day with foreign currency demand matching supply to close at the same level as the previous day. By close of trade, the local unit stood at 100.50/70 the same as Thursday's close.

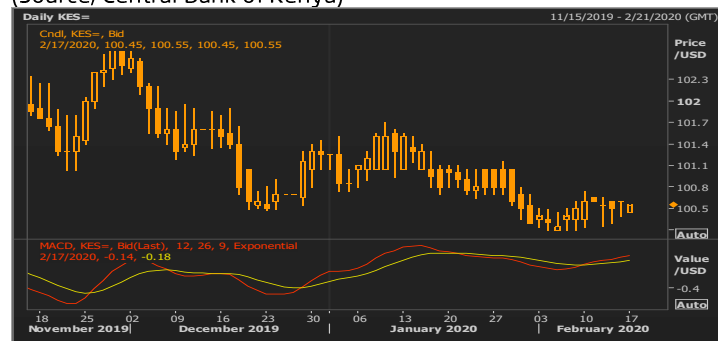
In other news, liquidity levels in the local money market space have improved as the interbank rate and volumes borrowed have dropped significantly this week. The T-bill auction this week was oversubscribed with the Central Bank by rejecting a significant portion of the bids received in the 364D Bill in particular. 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 3.521%.

Indicative Forex rates

	Buy Cash	Sell Cash	Buy TT	Sell TT
USD/KES	97.15	104.15	98.15	103.15
GBP/KES	127.30	135.30	127.80	134.80
EUR/KES	105.60	112.60	106.10	112.10
AED/KES	25.90	28.90	25.90	28.90

Money Market Rates	Current	Previous	Change
Interbank Rate	3.819%	4.132%	-0.313
91-Day T-bill	7.314%	7.300%	0.014
182-Day T-Bill	8.258%	8.248%	0.010
364-Day T-Bill	9.850%	9.873%	-0.023
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 remained in demand on Friday at 99.131 over the announcement of the New York Federal Reserve that it will cut the volume of its open market operations slightly ahead of schedule, tightening liquidity in U.S. funding markets. In addition, most market players expect stronger growth in the United States although data published on Friday provided a mixed picture. U.S. core retail sales was flat last month, lagging expectations of 0.3% growth while its rise in December was revised down to 0.2% from a previously reported 0.5%.

The GBP/USD pair seesawed around \$1.3050 on Friday, attributed to the UK's Finance Minister Sajid Javid's surprise resignation. The Chancellor cited the UK PM Boris Johnson's push to fire the team as a reason for leaving the post. Following his resignation, Rishi Sunak will lead the team and is known to have the Tory leader's support due to bias towards further spending.

The euro was on the back foot on Friday at \$1.0817, as concerns mounted about weakening economic growth in Europe. The euro zone's economy grew by only 0.9% on the year in the fourth quarter, according to data from Eurostat that were revised down from original estimates. In quarterly terms, GDP eked out 0.1% growth as Germany, the region's biggest economy, stagnated.

The Japanese yen declines to 109.80 following the release of Japan's preliminary fourth quarter GDP data as Tokyo opens for Monday trading. The market players seem to emphasize more on the qualitative catalysts than the data.

Elsewhere, global oil prices edged lower on Monday to \$ 56.99 per barrel as investors brace for economic data in Asia due this week that should give a reading on how China's coronavirus epidemic has affected oil demand.

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	8.25%	2.25%
1 year	9.00%	2.50%
Indicative Cross Rates		
	Bid	Offer
EUR/USD	1.0790	1.0910
GBP/USD	1.3010	1.3100
USD/AED	3.6675	3.6775
USD/JPY	109.00	110.40

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