



DIB Bank Kenya
A subsidiary of Dubai Islamic Bank PJSC

TREASURY MARKET UPDATE 18TH FEBRUARY 2020

DOMESTIC NEWS

The shilling drifted further south on the first day of the week against its American counterpart. In the early morning session, mild foreign currency demand from both the corporate and interbank players was balanced out by inflows, with the USDKES currency pair alternating between gains and losses. However, increased dollar demand later in the day rattled markets, leaving the local unit weaker against the U.S. dollar. We are likely to see the home unit cede more ground against the dollar if persistent dollar demand continues to typify the local currency market, even as market pundits search for fresh factors that will offer price direction. By close of trade, the local unit stood at 100.90/10 as compared to Friday's close of 100.50/70.

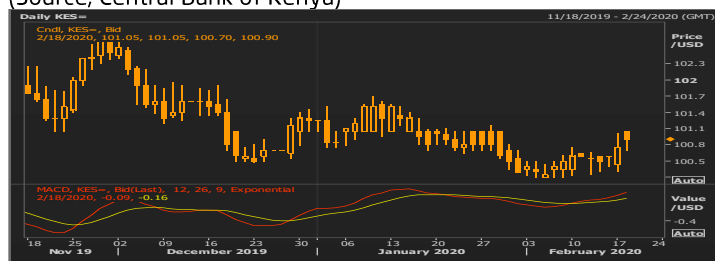
In other news, liquidity levels remain high in the local money market space but pricing on the long end portion of the yield curve remains hazy. This month's 15-Year and 25-Year bond auction which comes to a close today will give clarity on pricing as we expect to see a big push from market players for higher yields. 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 3.982%.

Indicative Forex rates

	Buy Cash	Sell Cash	Buy TT	Sell TT
USD/KES	97.50	104.50	98.50	103.50
GBP/KES	127.30	135.30	127.80	134.80
EUR/KES	105.90	112.90	106.40	112.40
AED/KES	26.00	29.00	26.00	29.00

Money Market Rates	Current	Previous	Change
Interbank Rate	3.974%	4.202%	-0.228
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 was mixed against developed-market peers on Monday after hitting a new four-month high in overnight trading of 99.007 owing to the People's Bank of China adding to its already extensive stimulus measures since the outbreak of the Covid-19 virus in cutting its medium-term financing rate to a new record low. Nevertheless, trading was relatively quiet, not just because of the U.S. President's Day holiday, but also because of key business sentiment surveys later in the week.

The GBP/USD pair slipped to \$ 1.2998 on Monday, after the UK's Brexit negotiator David Frost propelled the odds of fierce trade negotiations between the European Union and Britain during the next month. Also weighing on the pound was the Independent news surrounding the Tory government's preparedness for a no-deal Brexit and an exit of a controversial aide. Though, markets are now awaiting the key employment data from the UK for fresh impulse.

The euro continued to remain weighed down at \$1.0823 on Monday by mounting fears of a recession in Germany. Meanwhile, the German central bank, Bundesbank, reported in its monthly report on Monday, the economic growth will likely remain weak in the first quarter of 2020.

The Japanese yen strengthened in Asia to 109.70 early Tuesday. The equity market losses and the uptick in the anti-risk Japanese yen could be associated with lingering concerns over the economic impact of the coronavirus outbreak in China.

Elsewhere, global oil prices fell on Tuesday to \$57.07 per barrel, tracking losses in financial markets on lingering concerns over the economic impact of the coronavirus outbreak in China and its effect on 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	1.0780	1.0895
GBP/USD	1.2950	1.3060
USD/AED	3.6675	3.6775
USD/JPY	109.10	110.70

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