



DIB Bank Kenya
A subsidiary of Dubai Islamic Bank PJSC

TREASURY MARKET UPDATE 20TH FEBRUARY 2020

DOMESTIC NEWS

The local currency drifted further south, touching fresh monthly lows against the dollar on Wednesday. Markets witnessed incessant demand for foreign currency during the trading session that the overshadowed the trifling inflows. 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 101.20/40 as compared to Tuesday's close of 101.00/20.

In other news, the monetary authority was in the market for the 5-day repo in a bid to mop KES 20 Billion at a weighted average rate of 4.028%. In the meantime, the 15-Year bond, FXD1/2020/15Yr average came out at 12.756% and while the 25-Year bond the FXD1/2018/25Yr came out at 12.400%.

Indicative Forex rates

	Buy Cash	Sell Cash	Buy TT	Sell TT
USD/KES	97.80	104.80	98.80	103.80
GBP/KES	126.80	134.80	127.25	134.25
EUR/KES	105.90	112.90	106.40	112.40
AED/KES	26.08	29.08	26.08	29.08

Money Market Rates	Current	Previous	Change
Interbank Rate	4.177%	4.058%	0.119
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 near three-year highs on Wednesday at 99.52, underpinned by better-than-expected economic data. The greenback had a muted reaction to the minutes of the Federal Reserve January meeting, which suggesting interest rates will likely be on hold for a time. With regard to monetary policy beyond this meeting, participants viewed the current stance of policy as likely to remain appropriate for a time, to support sustained expansion of economic activity, strong labor market conditions, and inflation returning to the Committee's symmetric 2.00% objective.

The GBP/USD pair slipped to \$1.2919 on Wednesday, as the twenty-seven EU member states were unable to agree on the definition of a level playing field, the degree of UK alignment that Brussels will require from London for easy market access. Ministers are set to approve a common EU position by next Tuesday, ahead of negotiations in March. The UK left the bloc on January 31 but maintains most rights and obligations during the transition period which expires at year-end.

The euro pair settled below \$1.0800 on Wednesday after reaching \$1.0781, a new 2020 low. EU data missed the market's expectations while US figures were upbeat, again highlighting the economic imbalances.

The Japanese yen is taking its recovery to 111.50 early Thursday from an overnight plunge undermined by a run of weak data this week.

Elsewhere, global oil prices rose on Thursday to \$59.57, as the market worried about crude supply disruptions and demand concerns were cushioned after a sharp drop in new coronavirus cases at the epicenter of the outbreak.

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	1.0720	1.0850
GBP/USD	1.2850	1.2990
USD/AED	3.6675	3.6775
USD/JPY	110.20	111.85

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