



DIB Bank Kenya
A subsidiary of Dubai Islamic Bank PJSC

TREASURY MARKET UPDATE 21ST FEBRUARY 2020

DOMESTIC NEWS

The Kenyan shilling closed the Thursday trading session marginally stronger currency after salvaging some units from the greenback. A drove of foreign currency sellers swung into action and hauled the USDKES pair lower. The sweep over the US dollar was exacerbated by the absence of the usual purchases by major corporates in the market. In the new day, we expect the home unit to remain buoyed. That said, its fortunes may be fleeting if buyers of foreign currency may come to fore and nip the greenback as we approach end-month. By close of trade, the local unit stood at 101.15/35 as compared to Wednesday's close of 101.20/40.

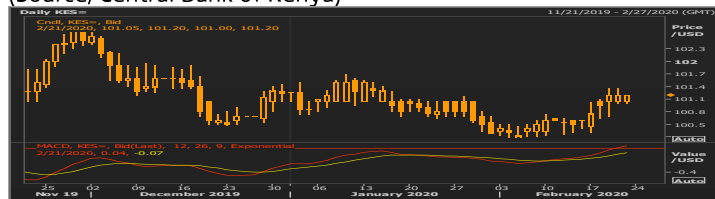
In other news, Kenya will issue 150 billion shillings (\$1.48 billion) roads bond by June. The bond will be the first whose proceeds are dedicated to building and maintaining the East African nation's road network. The principal secretary for the state department of infrastructure, told a parliamentary committee that cash raised from the bond would be used to pay pending bills to contractors and to finance new work. A second such bond will be issued in September, adding that the Treasury would guide the issuance of the bonds, including their structuring. The Treasury, which is trying to rein in a gaping budget deficit and reduce spending, has expressed confidence.

Indicative Forex rates

	Buy Cash	Sell Cash	Buy TT	Sell TT
USD/KES	97.75	104.75	98.75	103.75
GBP/KES	126.55	134.55	127.10	134.10
EUR/KES	105.80	112.80	106.30	112.30
AED/KES	26.06	29.06	26.06	29.06

Money Market Rates	Current	Previous	Change
Interbank Rate	4.217%	4.177%	0.040
91-Day T-bill	7.394%	7.314%	0.005
182-Day T-Bill	8.258%	8.258%	0.000
364-Day T-Bill	9.799%	9.850%	-0.051
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 rose to 99.76 on Thursday. The U.S. Department of Labor, reported that initial jobless claims rose by 4,000 to a seasonally adjusted 210,000, in line with economists' forecasts. Meanwhile, the greenback was still in a cautious mood as optimism over containment of the Covid-19 virus in China was offset by signs of it spreading elsewhere in Asia.

The GBP/USD pair lost its grip, tumbling to \$1.2890 on Thursday, shrugging off better-than-expected U.K. retail sales data amid falling hopes the U.K. is set to unveil a big increase in fiscal spending next month. Adding to the pounds woes are Brexit squabbles as the EU's chief Brexit negotiator turned down the UK's signal for the Canada-style trade deal with the region, he already knew that Tories will stand ready to criticize the move. Additionally, the Britons defied the EU diplomat's demand to return the Elgin Marbles in the post-Brexit trade deal.

The euro fell to \$1.0778 on Thursday to print the lowest level since April 2017. Expectations regarding the growth of Germany's export-oriented sectors of the economy have dropped sharply amid coronavirus outbreak, a recently released Zew survey of the financial market experts showed.

The Japanese yen is seesawing around 112.00 in the minutes of the Tokyo open on Friday, now under pressure following the downbeat fundamentals at home. Not only did the Asian economies sustain failures to reach 2.0% target inflation but the disappointing figures of the fourth quarter GDP.

Elsewhere, global oil prices slipped on Friday to \$59.03 per barrel amid concerns over fuel demand as the coronavirus epidemic spread further beyond China, while major crude producers stood pat on any early action to cut output to support the market.

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	1.0730	1.0860
GBP/USD	1.2840	1.2950
USD/AED	3.6675	3.6775
USD/JPY	110.80	112.70

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