



DIB Bank Kenya
A subsidiary of Dubai Islamic Bank PJSC

TREASURY MARKET UPDATE 25TH FEBRUARY 2020

DOMESTIC NEWS

Amalgamation of activity across the local foreign currency counters saw the shilling advance further against its American counterpart on Monday. The shilling gained some traction during the session on account of increased foreign currency inflows from various sectors of the economy against dismal activity on the demand counter. Given the current trading levels for the USDKES pair, we still see a range-bound theme dominating trading as market players look out for a shift in market dynamics. By close of trade, the local unit stood at 101.00/20 as compared to Friday's close of 101.10/30.

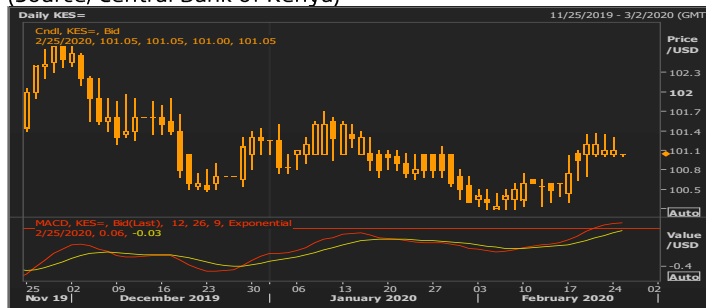
In other news, treasury plans to partially guarantee credit to small traders to ease their access to credit. Opening the ongoing SMEs conference in Nairobi yesterday, the Interior Cabinet Secretary said the move is expected to boost the sector that contributes 30 per cent to the country's economy, creating over 80 per cent of new jobs. The objective of the initiative was to encourage the banking sector to fund for longer tenors and increased loan limits in spite of limited collateral requirements.

Indicative Forex rates

	Buy Cash	Sell Cash	Buy TT	Sell TT
USD/KES	97.65	104.65	98.65	103.65
GBP/KES	126.87	134.87	127.37	134.37
EUR/KES	106.36	113.36	106.86	112.86
AED/KES	26.04	29.04	26.04	29.04

Money Market Rates	Current	Previous	Change
Interbank Rate	4.299%	4.332%	-0.033
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 gave up early-day gains on Monday at 99.13 pressured by growing investor expectations the Fed could deliver a rate cut sooner rather than later to cushion the impact from the coronavirus outbreak. A rapid rise in the number of Covid-19 cases in Iran, Italy, and South Korea over the weekend has increased bets on a near-term Fed rate cut, putting the greenback on the back foot. In the event the spread of the coronavirus continues, the Fed may cut rates as soon as March and it is likely not just cutting 25 basis points.

The GBP/USD pair managed to pick up some gains at \$1.2940 on Monday. While the coronavirus headlines could be considered as backing the latest pullback, traders await the EU's mandate for post-Brexit trade talks, up for signing by 27 members during today, for fresh impulse.

The euro rose to \$1.0860 on Monday, but some have downplayed the prospect of a prolonged run higher for the single currency amid signs of a rise on bearish bets on concerns about growth in the eurozone.

The Japanese yen recovers to 111.00 on Tuesday amid the initial trading hours of Tokyo open on Tuesday. The yen pair benefited from the upbeat Japan data as well as welcome coronavirus updates. Magnifying the market reaction to the risk reset could be the return of Japanese traders from Monday's holiday due to the Emperor's Birthday.

Elsewhere, global oil prices climbed up on Tuesday to \$56.59 per barrel as investors snapped up bargains after crude benchmarks dropped almost 4% in the previous session, but fears that the spreading coronavirus could wreak far greater economic damage than initially thought capped gains.

	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	1.0805	1.0890
GBP/USD	1.2910	1.2985
USD/AED	3.6675	3.6775
USD/JPY	109.60	111.40

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