



**DIB Bank Kenya**  
A subsidiary of Dubai Islamic Bank PJSC

## TREASURY MARKET UPDATE 26<sup>TH</sup> FEBRUARY 2020

### DOMESTIC NEWS

The home unit seesawed between gains and losses in Tuesday's session, ending the day unchanged versus its American counterpart. Early trading saw the shilling advance marginally against the dollar on the back of augmented inflows. As the session progressed foreign currency buyers retreated from the sidelines to take advantage of the low levels to the detriment of the local unit. In the new day, we expect demand and supply factors to provide direction for the local unit. By close of trade, the local unit stood at 101.00/20 the same as Monday's close.

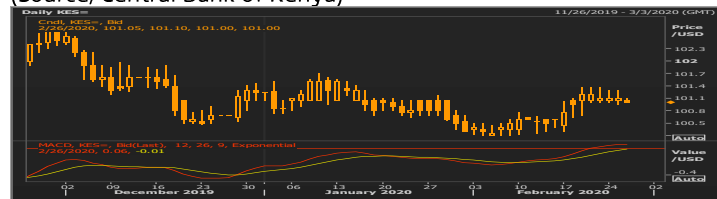
In other news, Kenya and Germany on Tuesday launched 39.4 million euros (4.3 billion shillings) youth empowerment vocational training program that will equip the youth with requisite skills to enable them to contribute effectively to the country's development. Kenyan President Uhuru Kenyatta and his German counterpart Frank-Walter Steinmeier said the program will foster skills development in the East African nation. The program will be implemented in two phases with the first phase costing 26.4 million euros where the German government will provide 25 million euros while Kenya will contribute 1.4 million euros. The second phase will be worth 13 million euros out of which Germany and Kenya will contribute 12 million and one million euros respectively.

### Indicative Forex rates

	Buy Cash	Sell Cash	Buy TT	Sell TT
USD/KES	97.65	104.65	98.65	103.65
GBP/KES	127.35	135.35	127.85	134.85
EUR/KES	106.41	113.41	106.91	112.91
AED/KES	26.04	29.04	26.04	29.04

Money Market Rates	Current	Previous	Change
Interbank Rate	4.214%	4.299%	-0.085
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 fell on Tuesday to 98.920, following a plunge in Treasury yields, as weaker U.S. consumer confidence raised questions about the strength of the economy at a time when traders are betting the rapid spread of coronavirus may trigger a material change to the Fed's outlook on economy, forcing a flurry of rate cuts. The United States 10-Year yield fell to record low of 1.307% in the wake of growing worries the potential impact on global growth from Covid-19 will be worse than expected, forcing the Fed to act in April, June and July. The dollar was also hurt by signs of a wobble in the economy as consumer confidence undershot economists' forecasts.

The GBP/USD pair rose to \$1.3005 on Tuesday on the back of concerns over a no-deal Brexit. Meanwhile, the European Union published its mandate for the post-Brexit trade talks, which emphasized on the need for a 'level playing field' and the need for the UK to be more aligned to current EU rules. Given that the UK Prime Minister Boris Johnson has already ruled out the possibilities and emphasized the need for UK sovereignty, the latest development did little provide any meaningful impetus.

The euro climbed to \$1.0882 on Tuesday owing to economic divergence between the US and Eurozone, as growing German recession fears ramped up ECB Summer rate cut bets to almost 50%.

The Japanese yen regained poise at 110.50 early Wednesday tracking the renewed upside in the Treasury yields.

Elsewhere, global oil prices edged up on Wednesday to \$55.37 per barrel as investors covered short positions after three sessions of losses, even as fears deepened that the rapid spread of the coronavirus will lead to a global pandemic.

### Indicative Profit Rates on Deposits

	Amounts > 10 Million		Amounts >100,000	
	KES	USD	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	1.0930
GBP/USD	1.2920	1.3020
USD/AED	3.6675	3.6775
USD/JPY	109.95	111.50

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